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Marketech International Corp.

2020 Annual Report

Printed on May 7, 2021

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any between the English and Chinese versions, the Chinese version shall prevail.

1. The name, title, telephone number, and e-mail address of the spokesman or acting spokesman :

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2. The address and telephone number of the company's headquarters, branch offices, and factories :

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Hukou Factory : No.35, Guangfu S. Rd., Hukou Township, Hsinchu County 303, Taiwan, R.O.C.
Tel : +886-3-5974779

Toufen Factory : No.15, Lane 430, Zonghua Rd, Toufen Township, Miaoli County 351, Taiwan, R.O.C.
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MIC-TECH Wuxi Factory : No. 11, Xin Xi Rd., Wuxi National High-Tech DEV Zone, Wuxi City, Jiangsu Province, China 214028
Tel : + 86-510-85200505

Myanmar Factory : Lot No. B12, Tailawa Special Economic Zone A, Yangon Region, Myanmar
Tel : +95-1-535-927

3. The name, address, e-mail address, and telephone number of the agency handling shares transfer :

Company : KGI Securities Co., Ltd., Stock Administration Department
Address : 4F, No.2, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City 100, Taiwan, R.O.C.
Website : <https://www.kgieworld.com.tw>
Tel : +886-2-23892999

4. The name of the certified public accountant who duly audited the annual financial report for the most recent fiscal year, and the name, address and telephone number of said person's accounting firm :

Auditors : Account Chang, Shu-Chiung & Account Weng, Shih-Jung
Accounting Firm : PricewaterhouseCoopers Taiwan
Address : 27F, Taiwan No.333., Sec. 1, Keelung Rd, Taipei City, Taiwan 11012, R.O.C.

Website : <https://www.pwc.tw>

Tel : +886-2-2729-6666

5. **The name of any exchanges where the company's securities are traded offshore, and the method by which to access information on said offshore securities : None.**
6. **Corporate Website : <https://www.micb2b.com>**

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Part 1. Report to the Shareholders

1. Preface

Dear shareholders,

Covid-19 was a pause button for the entire world in 2020 as most of the countries were forced to suspend their economic activities. According the Global Economic Outlook report released by Organization for Economic Co-operation and Development (OECD), the global GDP dropped by 4.2% in 2020. Among player countries, the economic growth rate of the United States, Korea and Russia were -3.7%, -1.1% and -4.3%, respectively, whereas European Union (EU), Japan and India had their economic growth rate stood at -7.5%, -5.3% and -9.9%, indicating a greater loss. China, on the other hand, had a slight economic growth at 1.8%. Nevertheless, Taiwan is one of the few stars that rises among the others. According to the estimate of Academia Sinica, Taiwan's GDP had a growth of 2.71% in 2020, making it one of the few world economies that truly achieved a positive growth in the year.

The output value of Taiwan's semiconductor industry officially reached NTD3 trillion in 2020. Comparing with the last time when we reached the NTD2 trillion output value, Taiwan spent only 6 years to reach this goal. The semiconductor flagship fleet by Taiwan Semiconductor Manufacturing Company (TSMC) has, with its complete industrial chain and advanced production technology, won 19.7% of global market share in regard to the output value of semiconductor industry. With this wave of semiconductor manufacturing facility expansion, MIC also presented a brilliant report: In 2020, the Company's revenue reached high at NTD25.1 billion, where the annual operating income reached NTD1.2 billion with an increase of 46.6%; net income was NTD875 million with an increase of 30.7 % comparing with the previous year; and the consolidated earnings per share was NTD4.88.

Continuing the momentum generated from the semiconductor manufacturing facilitate expansion in the previous year, MIC considers 2021 as a start of another challenge. Our staffs will do our very best to serve our customers. We will, with the greatest effort, continue to provide the most advanced and complete product and service portfolio to optimize the Company's profits. I therefore sincerely thank every staff who works hard on the front line. Also, at last but not least, I would like to express my greatest gratitude to every shareholder who supports MIC. In the brand new year, MIC will definitely continue to pursue excellence, create good returns for shareholders and fulfill our corporate social responsibilities to create Taiwan's excellent industrial value.

Margaret Kao
Chairman & CEO

2. Business Report

2.1 The operating results of 2020

2.1.1 Operating results

In 2020, MIC group's consolidated revenue was NT\$ 25,119,857 thousand with an increase of 3.88% comparing with NT\$24,182,681 thousand in 2019; consolidated net income was NT\$875,502 thousand with an increase of 30.84% comparing with NT\$669,120 thousand in 2019; and earnings per share was NT\$4.88 with an increase of 29.10% comparing with NT\$3.78 in 2019.

The company will continue to stabilize growth and profitability as the operational goals in the future, thus to create the largest shareholder equity.

Summary of the 2020 and 2019 Consolidated Financial Statement is listed as follows:

(1) Summary of Consolidated Financial Statement

| Unit : NT\$ thousands | | | | |
|-------------------------|------------|------------|---------------|--------------|
| Items | 2019 | 2020 | Variance (\$) | Variance (%) |
| Operating Revenue | 24,182,681 | 25,119,857 | 937,176 | 3.88% |
| Gross Profit | 2,566,979 | 3,100,342 | 533,363 | 20.78% |
| Operating Income | 819,338 | 1,201,498 | 382,160 | 46.64% |
| Net Income | 669,120 | 875,502 | 206,382 | 30.84% |
| EPS(in dollars) (Note2) | 3.78 | 4.88 | 1.10 | 29.10% |

Note 1: The above information is summarized from Audit Reports of 2019 and 2020.

Note 2: The Earnings per share is based on the weighted average number of outstanding shares to calculate the basic earning per share.

2.1.2 Budget Implementation

In 2020, MIC Group's performance was below the expectation in the first half of the year as the industry economy was rather vague. In the second half of the year, due to continuous rise of economy and momentum of enlarging production capacity in both China and Taiwan, customers from different industry sectors had an increasing demand and resulted in a consolidated income that is slightly lower than the budget in 2020. However, as the Group's profits reached expected levels, MIC will continue to strive for stable growth and achievement of operational goals.

2.1.3 Analysis of Receipts, Expenditures, and Profitability

| Items | | Consolidated Financial Statement | |
|---------------------|--|----------------------------------|--------|
| | | 2019 | 2020 |
| Financial Structure | Ratio of liabilities to assets (%) | 70.29 | 68.58 |
| | Ratio of long-term capital to fixed assets (%) | 319.46 | 410.58 |
| Solvency | Current ratio (%) | 124.21 | 143.84 |
| | Quick ratio (%) | 96.60 | 113.06 |
| | Times interest earned | 11.56 | 18.08 |
| Profitability | Return on total assets (%) | 3.89 | 4.66 |
| | Return on shareholders' equity (%) | 11.56 | 14.35 |
| | Ratio of operating income to paid-in capital (%) | 43.85 | 64.18 |
| | Ratio of pre-tax income to paid-in capital (%) | 47.69 | 61.41 |
| | Profit margin (%) | 2.77 | 3.49 |
| | Earnings per share (dollar) (Note) | 3.78 | 4.88 |

Note: The Earnings per share is based on the weighted average number of outstanding shares to calculate the basic earning per share.

2.1.4. Research and Development

(1) Expenditure involved

Unit : NT\$ thousands

| Items \ Year | Consolidated Financial Statement | |
|---------------------------------------|----------------------------------|------------|
| | 2019 | 2020 |
| Research and development expenses (A) | 220,168 | 184,401 |
| Operating revenue (B) | 24,182,681 | 25,119,857 |
| Ratio (A)/(B)(%) | 0.91 | 0.73 |

(2) Developed technologies and products in 2020

Featured with the capability of integrating high-technology production, auto-control and precision machinery technologies, the R&D team of MIC Group has shown extraordinary results in developing high-technology system and facilities. Its major performance in 2020 is shown below:

| Year | R&D Performance | Applications |
|------|--|---|
| 2020 | Sapphire wafer automatic loading machine -2nd generation | LED industry |
| | PSS sapphire wafer Aoi machine -2nd generation | LED industry |
| | Sapphire wafer laser marking machine -2nd generation | LED industry |
| | Sapphire wafer morphology measure and sort machine -2nd generation | LED industry |
| | Polymerase Chain Reaction (PCR) Instrument | Biotechnology industry 、 Laboratories and Inspection office (Screening) |
| | Centrifugation | Biotechnology industry 、 Laboratories and Inspection office (Screening) |
| | Digital Wireless X-Ray Flat Panel Detector | Medical radiography |
| | Auto pipetting system | Biotechnology industry 、 Medical industry 、 Semiconductor industry |

2.2 Highlights of 2021 Business Plan

2.2.1 Operating Strategies

- (1) Go further in high-tech equipment and material product lines to increase the operating revenue.
- (2) Upgrade capabilities in turnkey service of engineering, design and system integration.
- (3) Cooperate with well-known international manufacturers to develop capabilities in production relevant processing equipment.
- (4) Research and develop customized equipment and production.
- (5) Upgrade and extend equipment maintenance services.
- (6) Actively develop IoT, Big Data and AI applications and installation capabilities.

2.2.2 Sales volume forecast and basis thereof

Directorate General of Budget, Accounting and Statistics, Executive Yuan projected that the growth rate of 2021 would be 3.83%. In the meanwhile, International Monetary Fund (IMF) has, in its World Economic Outlook Report published in January 2021, mentioned that the recently approved COVID-19 vaccines will make people more optimistic about the improvement of the pandemic situation in late 2021. Nevertheless, the upcoming pandemic situation and viral mutations have shadowed the economic outlook. Affected by great uncertainty, the global economy is estimated to have a growth of 5.5% and 4.2% in 2021 and 2022, respectively.

Terry Tsao, Global Chief Marketing Officer and President of SEMI (Semiconductor Equipment and Materials International) Taiwan, expressed that the global semiconductor equipment market continued to grow due to not only the increasing demand for semiconductor front- and back-end equipment, but also the demand for 5G and high performance computation (HPC) applications. SEMI therefore holds

an optimistic view on the global economic prospects in the following 2 years.

Terry Tsao further pointed out that this expansion wave was driven by the increasing demand for both semiconductor front- and back-end equipment. According to Tsao, the front-end foundry equipment (including wafer process, foundry and optical mask equipment) will have an increase of 15% in 2020, reaching USD59.4 billion; and is expected to have 4% and 6% growth in 2021 and 2022, respectively. Besides, facilitated by advanced packaging applications, wafer assembly and packaging equipment departments are expected to have 20% growth in 2020, with a total amount of USD3.5 billion; and grow further at about 8% and 5% in 2021 and 2022, respectively. On the other hand, the semiconductor test equipment market will rise by 20% with a total amount of USD6 billion in 2020; and this growth is expected to continue in 2021 and 2022 due to the demand for 5G and HPC applications.

Looking into 2021, MIC forecasts that the Group's business performance will be benefited from the estimated growth of microeconomy and semiconductor sales.

2.2.3 Important Production and Sales Policies

- (1) To integrate MIC Group's business units and build up the Company's core technology.
- (2) Increase the efficiency and reduce the costs to enhance the Company's business competitiveness.
- (3) To provide customer a full line service through synergy of the company's business units.
- (4) To enhance sales office's supply service to provide appropriate and on-time integrated services.
- (5) To enhance its relationship with customers in Asia and to extend the Company's capability to provide local services.

2.3 Future Development Strategy

Centered on four major business groups – business agency, engineering design, system applications, and R&D and Manufacturing – MIC aims to further diversify its services and to include non-IT customers in order to expand its business in Asia.

Regarding the management system, MIS has implemented ISO9001, ISO13485, ISO14001, ISO45001, SA8000 and GMP work standards to enhance its work quality and efficiency to ensure the Group's competitiveness, to make employees confident, to bring customers a good protection and to maximize shareholders' benefits.

2.4 Impacts of External Competitive Environment, Regulatory Environment and Macroeconomic Environment

Impacted by the fierce competition of macroeconomic environment, the industry generally has the costs increased and profitability decreased. MIC Group is now making effort on the project and purchase management in order to enhance our competitiveness in the industry by controlling the costs and expenditure. As for the regulations, amendments concerning the protection of our environment, consumers and investors, as well as our social responsibilities were made, creating more restrictions on the business and turning the macroeconomic environment even more complicated. MIC Group values the spirit of ESG, therefore we will provide even more professional services to confront the incoming challenges. Upholding the spirit of "innovations", MIC Group will optimize our advantages and expand our market by offering "integrated", "eco-friendly", "differentiated" and "smart" solutions and services.

A Good Health and All the Bests to our Shareholders.

Sincerely yours,

Chairman: Margaret Kao

President: Scott Lin

Accounting Director: Chung Chi-Wen

Part 2. Company Profile

1. Date of Incorporation : December 27, 1988

2. Company History :

2.1 Company History

| | |
|------|--|
| 1988 | Marketch International Corp. was established with paid-in capital of NT\$ 5 million in December. |
| 1989 | Cooperated with US TPI Systems and introduced the hi-tech products as well as technologies in February. |
| 1995 | Set up MIC's 1st semiconductor cleaning room in June. |
| 1997 | Started overseas business expansion from Singapore in July. |
| 1997 | Tainan representative office was established to support customers in Tainan Science Park in October. |
| 1997 | Co-marketed with J.P.C. to expand business in overseas markets in December. |
| 1998 | Set up MIC's 2nd semiconductor cleaning room in January. |
| 1998 | Changed company organization and name to Marketch International Corp. |
| 2000 | Divisions of Equipment & Material and Chemical Engineering received ISO 9002 certification in September. |
| 2000 | Hsin Chu office was officially opened. |
| 2000 | MIC-TECH VENTURES ASIA PACIFIC INC. was established and in charge of investment projects in China in December. |
| 2001 | MARKET GO PROFITS LTD. was established and in charge of overseas investment projects in February. Acquired MARKETECH INTEGRATED PTE LTD. |
| 2001 | MIC-Tech (WuXi) Co., Ltd. was established and in charge of equipment manufacturing business in May. MIC-Tech Shanghai Corp. Ltd. was established and in charge of trading business in China. |
| 2001 | Hsin Chu branch office was established in July. |
| 2001 | Tao Yuan bonded warehouse was established and operated in August. |
| 2001 | Received ISO 9001 certification (modified version by year 2000) in September. |
| 2001 | Exclusive agent for selling semiconductor backend packaging detection equipment in Taiwan was licensed in October. Kaohsiung representative office was established to provide customers in time service. Tainan bonded warehouse was established to speed up material supply for production. |
| 2002 | Acquired Shanghai Maohua Electronics Engineering Co., Ltd. to expand business in China in January. |
| 2002 | Officially listed on Emerging Stock Market in April. |
| 2002 | Officially listed on OTC Market in October. |
| 2003 | Issued MIC's 1 st domestic unsecured convertible bond of NT\$ 500 million in January. |
| 2003 | Started building Hu Kou factory in February. Fuzhou Jiwei System Integrated Co., Ltd. was established to expand the business in South China. |
| 2003 | Got approval to set up official office in Tainan Science Park in May. |
| 2003 | MIC-Tech Electronics Engineering Corp. was established in June. |
| 2003 | Tainan Science Park branch office was established in August. |

| | |
|------|---|
| 2003 | Hu Kuo factory was official opened in September. |
| 2003 | Started building Shan Hua factory in October. |
| 2003 | Issued MIC's 2 nd domestic unsecured convertible bond of NT\$ 580 million in October. |
| 2004 | Started building Tainan Science Park factory in March. |
| 2004 | Worked as OEM of US equipment supplier in March. |
| 2004 | Officially listed on Taiwan Security Exchange Market in May. |
| 2004 | Shan Hua factory was officially opened and operated in September. |
| 2004 | MIC-TECH GLOBAL CORP. was established in October. |
| 2005 | Tainan Science Park factory was officially opened and operated in May. |
| 2005 | Wu Xi factory was officially opened and operated in June. |
| 2005 | Relocated headquarter to Nangang Soft Park in November. |
| 2006 | Worked as OEM of US well-known flat panel display equipment supplier. Worked as OEM of Japan Lasertech in March. |
| 2006 | Phase I of Tou Fen factory was officially opened and operated in November. |
| 2007 | Received ISO 14001 and OHSAS 18001 certification in January. |
| 2008 | Started building Phase II of Tainan Science Park factory in January. |
| 2008 | Phase II of Tainan Science Park factory was officially opened and operated in July. |
| 2009 | Marketch International Sdn. Bhd. was established for business expansion in Malaysia in February. |
| 2010 | MIC-Tech Viet Nam Co., Ltd. was established for business expansion in Vietnam in January . |
| 2011 | Transferred semiconductor thermal process from Japan HiKE in June. |
| 2011 | Recognized as certified AEO company by Custom Administration, Minister of Finance in June. |
| 2011 | Hoa Phong Marketch Co., Ltd. was established for business expansion in Vietnam in July. |
| 2013 | Phase III of Tou Fen factory was officially opened and operated in June. |
| 2014 | Marketch Engineering Pte. Ltd. was established in January. |
| 2014 | Marketch Integrated Construction Co., Ltd. was established for business expansion in Myanmar in April. |
| 2015 | Established the subsidiary (Marketch Integrated Manufacturing Company Limited) in Myanmar in March. |
| 2015 | Started to build factory in Myanmar in December. |
| 2015 | Received the SA8000 certification in December |
| 2016 | PT Marketch International Indonesia set-up |
| 2016 | Central Taiwan Science Park Branch set-up |
| 2016 | Issued MIC's 3 rd domestic unsecured convertible bond of NT\$ 500 million. |
| 2017 | Marketch Netherlands B.V. set-up. |
| 2018 | Phase III of Tainan Science Park factory was officially opened and operated in June. |

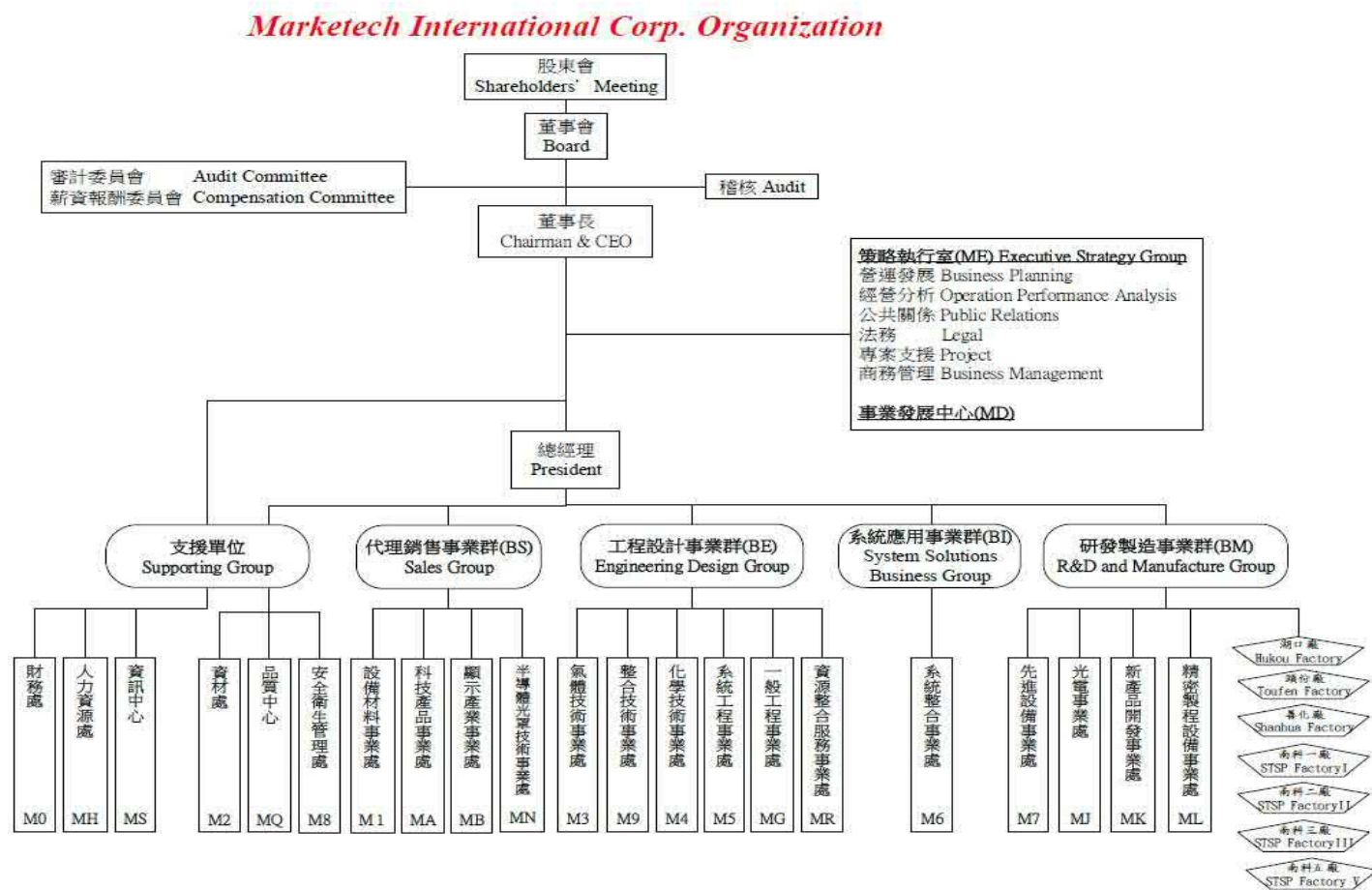
| | |
|------|---|
| 2018 | The factory in Myanmar was officially opened and operated in December. |
| 2018 | The new office in Shanghai was officially opened and operated in December. |
| 2018 | Received the ISO 45001 certification in December. |
| 2018 | Established the subsidiary (Marketch International Corporation USA). |
| 2020 | Issued MIC's 4 th domestic unsecured convertible bond of NT\$ 1.5 billion. |

2.2 In the most recent year up to the date of publication of the annual report, our company has not handled the merger and reorganization of the company, nor has there been many directors, supervisors, or shareholders with more than 10% of the shares transferred or replaced. There are also no changes in management rights, major transforms in business methods or business content, and others that are sufficient to affect the equity of shareholders.

Part 3. Corporate Governance Report

1. Organization

1.1 Organization Chart



1.2 Major corporate functions

| Division | Functions |
|-------------------------------|--|
| Executive Strategy office | Analyzes the overall business and schemes the business strategy, Assesses the investment projects and the new product line Implements and improves robust management practices. Plans, co-ordinates and executes assigned projects. Conforms to all business activities with legal compliance. Establishes and maintains public relations, and coordination among division. |
| Enterprise Development Center | Integrate and develop the various offshore subsidiaries' sales agent, engineering design (the technology, general, transportation, petrochemical, and the like), system application, manufacture, trade development and related five major group businesses. |
| Audit Office | Conducts inspection and evaluates internal controls within various divisions. Assists subsidiaries with internal audit tasks. Evaluates the robustness of internal control systems and related policies. Determines whether the internal control systems continues to be effective, and assesses the progress made by each department, while offering suggestions to improve the company's operations. |
| Finance & Accounting Division | Financing deployment and capital management, stock affairs, accounting transactions management, financial reports and analysis, and tax planning and filing. |
| Equipment & Material Division | Provides the hi-tech manufacturing process and testing equipment and supplies. Provides in time after service, technical support, and maintenance. |
| Logistics Division | Responsible for the purchasing, shipping and warehousing of materials, equipment and tools. Develops a robust supplier system that facilitates order tracking and strategic purchases. Handles processes such as import, export, and bonded warehouses. |
| Gas Engineering Division | Provides total solution of UHP gas system which includes gas piping and equipment. Provides gas cabinet (GC) and valve manifold box (VMB) certified with SEMI. Represents variety of gases, chemicals, equipment and consuming parts from worldwide. Specialized in UHP gas/ liquid system module OEM and ODM. |
| Chemical Engineering Division | Turnkey projects for Central Chemical Supply System (CCSS), including system design, manufacturing, construction and installation Testing and providing on-site maintenance service for equipment Replacement of chemical and gas supply materials Operations of the monitoring and control system. |
| System Engineering Division | Constructs cleanrooms for local high-tech and bio tech industries; provides construction services for electromechanical engineering projects such as planning, design, supervision and turnkey solutions. Constructs pumping station facilities, waste water treatment facilities, pumping station automation, air pollution control and other environmental protection facilities. Represents boiler and waste solvents. Provides installation services for energy and recycle facilities. Acted as the agent of Japan's A-Win wind turbine facility to provide the installation service of power and resource regeneration facilities. |
| Optoelectronics Division | Design and production of automated LCD production facilities. Production of LCD production checking facilities as an OEM. Design and production of LED production facilities. Software design and development. Design and production of automated logistics or specialized machines for biotechnology and other industries. |
| System Integration Division | The surveillance of factory services for high-technology and power-generation industry, Facility automation, Production surveillance design, construction, installation and tests. |

| Division | Functions |
|---|--|
| ISEP Division | Enhances employees' safety and health within the company; plan and counsel the prevention of occupational disasters, labor health management, the maintenance and promotion of the ISO 45001 occupational safety and health management system and the ISO 14001 environmental management system. |
| Turnkey Engineering Division | Spacial planning and project schedule management for the integration of high-technology industry, including removing, moving in, installing, planning, designing and constructing the facilities as well as the turnkey testing for the distribution system of the secondary supply machine. Spatial planning and design, equipment manufacturing and installation, piping design and construction, system function testing and after-sales warranty and maintenance services of the Total Gas Supply System (TGSS) of the entire plant's automatic gas supply system. Supplying factories and customers with the demand of building or reconstructing factory offices the infrastructure (civil engineering, machinery and power-generating equipment, air-conditioning, internal installation, water supply and discharge etc.), clean room and production system. From the design, planning, construction management and the transfer after launched the operations. The business scope includes: space map and big data management, special gas supply system, manufacturing and sales of special gas equipment. |
| High-Tech Producs Division | Provides production and testing equipment, instruments, parts and materials for Semiconductor Back-end packaging and testing, and Light-Emitting Diod Provides after service, technical support and maintenance services. |
| Display Industry Division | Provides production for flat panel displays, color filter and testing equipment, instruments, parts and materials Provides after service, technical support and maintenance service. |
| Human Resource & Administration Division | The planning, establishment and execution of the group's human resource, general affairs and administration related system and management. |
| Information & System Division | Development and management of information systems and networks. Responsible for the development, maintenance and security management of various information systems and databases. Software access control, introduction and maintenance. |
| Q.C. Center | Develops, implements, enhances and improves ISO 9001 quality management system. |
| General Engineering Division | Provides machinery and electric engineering services include design 、consultant & construction of petro-chemical plant 、traditional industry 、intelligent buildings engineering 、hospital building 、office 、shopping mall 、hotel and transportation system. |
| Resources Services Division | Handles all engineering demand involving in consulting, planning, design, maintenance, repair, or alteration. Provides services including equipment relocation, trading or sales of new and used equipment, and relocation implementation. |
| Advanced Manufacturing Division | The OEM and ODM production of flat panel displays, semiconductors and solar energy related equipments. |
| New Product Development Division | Expanding and developing the category and quantity of testing facilities, production equipments, passive elements, LED, IC and other new products. |
| Precision Process Equipment Enterprise Division | The flat monitor processing and LCD production automation equipment's design/manufacture, the flat monitor processing and LCD process screening equipment's OEM manufacture; the LED process equipment's design/manufacture; the CIM software design development; the biotech industry and other industries' logistics and dedicated servers' automated design/manufacture. |
| Semiconductor Mask Technology Business Division | Provided high-tech industry process, repair service, immediate after-sales service and technical support. |

2.Directors, Supervisors, President, Vice President, Assistant Vice President and Department Heads

2.1 Information on the directors and supervisors

2.1.1 Information on the directors and supervisors (I)

March 30, 2021

Unit: NTD per thousand; shares; %

| Position (Note 1) | Nationality or registered origin | Name | Gender | Appointed (incumbent) date | Tenure | Initial appointed date (Note 2) | Shareholdings when appointed | | Initial appointed (incumbent) date | | Shareholding held by spouse, minor offspring | | Shareholding held by the name of others | | Major exposure (education)(Note3) | Position currently also serve at the company and other companies | Related to other executive, director or auditor as the spouse or blood relative within two tiers | | |
|----------------------|---|---|--------|----------------------------------|--------|---------------------------------------|---------------------------------|----------------------------|---------------------------------------|----------------------------|---|----------------------------|---|----------------------------|---|--|---|------|----------|
| | | | | | | | Share count | Share- holding ratio | Share count | Share- holding ratio | Share count | Share- holding ratio | Share count | Share- holding ratio | | | Title | Name | Relation |
| Director | ROC | Ji-Xuan Investment Corp. representative: Sung Kao,Hsin-Ming | F | 2019/05/30 | 3 | 2001/10/22 | 11,005,795 | 5.93% | 11,005,795 | 5.87% | 0 | 0.00% | 0 | 0.00% | Master of International Business Management, National Taiwan University Institute for Industrial Research electronics research institute section head | Chairman and CEO, Marktech International Corp. Director, WT Microelectronics Chairman, Microtec Technology Corp. Chairman, JI-XUAN INVESTMENT CO., LTD. Chairman, Smart Health Corp. Supervisor, Probeleader Co., Ltd | Nil | Nil | Nil |
| Director | ROC | E-Win Investment co representative: Lin Yue- Yeh | M | 2019/05/30 | 3 | 2001/10/22 | 6,647,112 | 3.58% | 6,647,112 | 3.55% | 0 | 0.00% | 0 | 0.00% | Cheng Chi University business administration research institution master IRIF Western US Office superintendent IRIF electronics research institute section head | President and director, Marktech International Corp. Chairman, E-Win INVESTMENT CO., LTD. Chairman, Probeleader Co., Ltd Chairman, eZoom Information, Inc. | Nil | Nil | Nil |
| Director | ROC | Ennoconn international investment co., Ltd. representative: Chu,Fu- Chuan | M | 2019/05/30 | 3 | 2019/05/30 | 83,468,613 | 44.95% | 83,468,613 | 44.95% | 0 | 0.00% | 0 | 0.00% | St. John's University of electrical engineering master Senior manager, Hon Hai Precision Industry Co., Ltd. | Director, Marktech International Corp. Chairman, ENNOCONN CORPORATION Director, ENNOCONN INTERNATIONAL INVESTMENT CO., LTD Chairman, GOLDTEK TECHNOLOGY CO., LTD. Chairman, CASWELL, INC Director, ENNOMECH PRECISION CO., LTD. Chairman, DEXATEK TECHNOLOGY LTD. Director, Veow Co., Ltd. Director, S&T AG Chairman, AIS Cayman Technology Director, Ennoconn (Suzhou) Technology Co., Ltd Director, ENGA Technology Co., Ltd Director, POSLAB TECHNOLOGY CORPORATION | Nil | Nil | Nil |
| Director | ROC | Ennoconn international investment co., Ltd. representative: Lou Chao Tsung | M | 2019/05/30 | 3 | 2018/10/31 | 83,468,613 | 44.95% | 83,468,613 | 44.56% | 0 | 0.00% | 0 | 0.00% | FengChia University B.A Nan Ya Plastic Corporation, engineering administrator | Director, Marktech International Corp. Vice President, Hon Hai Precision Ind. Co., Ltd. Director, Shihchun International Investment Co., Ltd. Director, Innovative systems integration limited. Chairman, Ennoconn international investment co., Ltd. Director, GOLDTEK TECHNOLOGY CO., LTD. Director, CASWELL, INC. Chairman, ENNOMECH PRECISION CO., LTD. Chairman, EnnoMech Precision (Cayman) Co., Ltd. Chairman, Ennoconn Investment Holding Co., Ltd Chairman, Ennoconn (Foshan) Investment Co., Ltd. Chairman, Ennoconn Investment Co., Ltd. Chairman, ENGA Technology Co., Ltd. Chairman, Ennoconn (Suzhou) Technology Co., Ltd | Nil | Nil | Nil |
| Director | ROC | Ennoconn international investment co., Ltd. representative: Li,Yu-Lung(Note 6) | M | 2019/05/30 (Note 6) | 3 | 2019/05/30 (Note 6) | 83,468,613 | 44.95% | 83,468,613 | 44.56% | 0 | 0.00% | 0 | 0.00% | Qing Hua University Materials Science and Engineering master Special Assitant, Ennoconn Coporation | Note 6 | Nil | Nil | Nil |
| Director | ROC | Ennoconn international investment co., Ltd. representative: Wu, You-Mei | F | 2019/05/30 | 3 | 2019/11/12 | 83,468,613 | 44.95% | 83,468,613 | 44.56% | 0 | 0.00% | 0 | 0.00% | National Chengchi University Finance Master University of Reading,U.K.MSc International curities Investment and Banking Financial Supervisory Commission of | Director, Marktech International Corp. CFO, Ennoconn Coporation Supervisor, ENNOCONN INTERNATIONAL INVESTMENT CO., LTD. | Nil | Nil | Nil |

| | | | | | | | | | | | | | | | | | | | |
|----------------------|-----|--|---|------------------------|---|------------------------|------------|--------|------------|--------|---|-------|---|-------|--|--|-----|-----|-----|
| | | | | | | | | | | | | | | | Securities and Futures Bureau, Chief of management | | | | |
| Director | ROC | Ennoconn international investment co., Ltd. representative: Tsai, Neng-Chi(Note 6) | M | 2021/02/19 (Note 6) | 3 | 2021/02/19 (Note 6) | 83,468,613 | 44.95% | 83,468,613 | 44.56% | 0 | 0.00% | 0 | 0.00% | MBA, West Coast University President, Ennoconn Corp. | Director, Marktech International Corp. President, Ennoconn Corp. Chairman, American Industrial Systems Inc. Chairman, VECOW CO., LTD. Director, AIS Cayman Technology Group Director, CASWEL Director, ENNOCONN INTERNATIONAL INVESTMENT CO., LTD | Nil | Nil | Nil |
| Independent director | ROC | Lin Hsiao-Ming | M | 2019/05/30 | 3 | 2016/05/31 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | Taiwan University MBA Chairman and CEO, Taiwan Finance Corp. | Independent Director, Marktech International Chairman and CEO, Taiwan Finance Corp. Independent Director, GODEX INTERNATIONAL CO., LTD. | Nil | Nil | Nil |
| Independent director | ROC | Wu Chung-Pao | M | 2019/05/30 | 3 | 2009/06/19 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | Master of International Business Management, National Taiwan University Chairman, Protech Systems Co., Ltd. Chairman, Prox Systems Co., Ltd. | Independent Director, Marktech International Corp Chairman, Protech Systems Co., Ltd. Chairman, Prox Systems Co., Ltd. Director, Chenbro Micom Co., Ltd. Services, Co., Ltd. Director, CPC Corporation, Taiwan Independent Director, EVE Airways Corporation | Nil | Nil | Nil |
| Independent director | ROC | Wang, Yi-Chun | M | 2019/05/30 | 3 | 2019/05/30 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | PHD of Electronic Engineering National Taipei University of Technology President for Administration and Distinguished Professor at St. John's University | Independent Director, Marktech International Corp Independent Director, CASWELL, INC Professor, National Taipei University of Technology Department of Electrical Engineering, AI and Big Data | Nil | Nil | Nil |

* Which pertains to the representative's personal shareholding count and shareholding ratio.

Note 1: The institutional shareholder is to enlist the name of the institutional shareholder and its representative separately (as an institutional shareholder representation, the name of the institutional shareholder shall be noted), and shall also fill out the below table 1.

Note 2: To enter the time first serving as company director or auditor, and if there is an interruption, please footnote the explanation.

Note 3: When having worked at the auditing CPAs Office or its affiliated enterprise in relevant exposure prior to serving the current position, the position served and the responsible job description shall be described.

Note 4: When the Company's Chairman and the President or equivalent (the highest ranked managerial officer) are the same person, or relatives such as spouses or the first degree of kinship, the information such as the reason, reasonableness, necessity and response measures (For example, increasing the number of independent directors, and having more than half of the directors who do not serve concurrently as employees or managerial officers, etc.) should be provided.

Note 5: The book closure date of the Company's 2021 regular shareholders' meeting is on March 30, 2021. The numbers of current shareholding listed in the table are the numbers of shareholding recorded in the 2021 shareholders' registry.

Note 6: Mr. Li, Yu-Lung was released on February 19, 2021, and appointed Mr. Tsai, Neng-Chi as the representative of the corporate director of Ennoconn International Investment Co., Ltd.

2.1.2 Major shareholders as institutions shareholders

Table I: Major shareholders as institutional shareholders

March 30, 2021

| Name of institutional shareholders (Note 1) | Major shareholders as institutional investors (Note 2) |
|---|--|
| Ennoconn international investment co., Ltd. | Ennoconn Coporation(100.00%) |
| Ji-Xuan Investment Company | Sung Kao,Hsin-Ming (16.06%), Sung Bing-zhong (23.42%), Sung Feng-pei (22.56%), Bai Shuan Investment Company (19.02%), Ji Yung Investment Company (18.94%), Song En-rui (0.89%), Song Yi-le (0.89%) |
| E-Win Investment Company | Lin Yu-Yeh (95%), Chen Wen-shu (2.5%), Lin Yu-jeh (0.5%), Lin Yu-yao (0.5%), Chen Lian-zhe (0.5%), Zheng Li-jen (0.5%), Feng Shu-jen (0.5%) |

Note 1:When a director or supervisor is of an institutional share representative, the name of said institutional shareholder shall be entered.

Note 2:To enter the name of said institutional entity's major investors (the top ten in shareholdings by percentage) and their shareholding ratio.

Note 3:If the legal person shareholder is not a company or organization, the aforementioned name of the shareholder and shareholding ratio that should be disclosed is the name of the capital contributor or sponsor and the contribution or sponsoring ratio.

Note 4:The book closure date of the Company's 2021 regular shareholders' meeting is on March 30, 2021. The numbers of current shareholding listed in the table are the numbers of shareholding recorded in the 2021 shareholders' registry.

Table II: Major shares of institutional investors as institutional shareholders

March 30, 2021

| Name of institutional shareholders (Note 1) | Major shareholders as institutional investors (Note 2) |
|---|---|
| Ennoconn Corporation | Bao Shin International Investmen Co., Ltd(34.24%), New Labor Pension Fund(7.61%), Fubon Life Insurance Co., Ltd(6.89%), Old Labor Pension Fund(2.75%), Hyield Venture Capital Co., Ltd(2.13%), TransGlobe Life Insurance Inc.(1.77%), JPMorgan Chase Bank Hosting Vanguard STAR Developed Markets Index Fund(1.03%), Chu,Fu-Chuan(0.94%), JPMorgan Chase Bank in custody for International Explorer Fund Investment Account(0.93%), Public Service Pension Fund Managemnet Board(0.90%) |
| Ji Yung Investment Company | Ji-Xuan Investment Company (68.44%), Sung Bing-zhong (21.45%), Sung Kao,Hsin-Ming (0.25%), Sung Feng-pei (5.94%), Song En-rui (1.96%), Song Yi-le (1.96%) |
| Bai Shuan Investment Company | Ji-Xuan Investment Company (98.04%), Sung Feng-pei (1.84%), Sung Bing-zhong (0.10%), Sung Kao,Hsin-Ming (0.02%) |

Note 1:When one of the major shareholders in the above table is of an institutional shareholder, the name of said institutional shareholder shall be entered.

Note 2:To enter the name of said institutional investor's major shareholders (the top ten in shareholdings by percentage) and their shareholding ratio.

Note 3:If the legal person shareholder is not a company or organization, the aforementioned name of the shareholder and shareholding ratio that should be disclosed is the name of the capital contributor or sponsor and the contribution or sponsoring ratio.

Note 4:The book closure date of the Company's 2021 regular shareholders' meeting is on March 30, 2021. The numbers of current shareholding listed in the table are the numbers of shareholding recorded in the 2021 shareholders' registry.

2.1.3 Information on the directors and supervisors (II)

March 30, 2021

| Name | Criteria | Whether commanding five years or longer of working experience and the below professional qualifications | | | State of independent conformance (Note 1) | | | | | | | | | | | | also serving as other companies' independent directorship count |
|--|----------|--|--|--|---|-----|-----|---|-----|-----|-----|-----|---|----|----|-----|---|
| | | As business, law, finance, accounting or company business required relevant public/private college/university lecturer or higher | As judge, prosecutor, legal counsel, CPA or other professional certified technician required of the company operation and accredited with professional certification | Business, law, finance, accounting or company operation related working experience | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | |
| Ji-Xuan Investment Corp. Representative: Sung Kao,Hsin-Ming | | Nil | Nil | ✓ | Nil | Nil | Nil | ✓ | Nil | Nil | Nil | Nil | ✓ | ✓ | ✓ | Nil | 0 |
| E-Win investment co Representative: Lin Yue-Yeh | | Nil | Nil | ✓ | Nil | Nil | Nil | ✓ | Nil | Nil | Nil | Nil | ✓ | ✓ | ✓ | Nil | 0 |
| Ennoconn international investment co., Ltd. representative: Chu,Fu-Chuan | | Nil | Nil | ✓ | Nil | Nil | ✓ | ✓ | Nil | Nil | ✓ | Nil | ✓ | ✓ | ✓ | Nil | 0 |
| Ennoconn international investment co., Ltd. representative: Lou Chao Tsung | | Nil | Nil | ✓ | Nil | Nil | ✓ | ✓ | Nil | Nil | ✓ | Nil | ✓ | ✓ | ✓ | Nil | 0 |
| Ennoconn international investment co., Ltd. representative: Li,Yu-Lung (Note 4) | | Nil | Nil | ✓ | Nil | ✓ | ✓ | ✓ | Nil | ✓ | ✓ | Nil | ✓ | ✓ | ✓ | Nil | 0 |
| Ennoconn international investment co., Ltd. representative: Wu, You-Mei | | Nil | Nil | ✓ | Nil | Nil | ✓ | ✓ | Nil | Nil | ✓ | Nil | ✓ | ✓ | ✓ | Nil | 0 |
| Ennoconn international investment co., Ltd. representative: Tsai, Neng-Chi(Note 4) | | Nil | Nil | ✓ | Nil | Nil | ✓ | ✓ | Nil | Nil | ✓ | Nil | ✓ | ✓ | ✓ | Nil | 0 |
| Lin, Hsiao-Ming | | Nil | Nil | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 1 |
| Wu ,Chung-Pao | | Nil | Nil | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 1 |
| Wang, Yi-Chun | | ✓ | Nil | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 1 |

Note 1: When various directors, supervisors who conform to the following criteria two years prior to being appointed and during the period of whose tenure, please place a checkmark in the blank box under various criteria codes.

(1)Not as a hired help of the company or its affiliated enterprises.

(2)Not as a director, supervisor to the company's affiliated enterprise (except where it if of a company independent director as the company's parent firm, of a subsidiary the company holds, directly or indirectly, over fifty percent of the voting rights.

(3)Not as the individual and whose spouse, minor offspring, or as a neutral person shareholder holding over one hundred percent of the company total shares issued, or as top ten shareholders.

(4)Not as the spouse to those enlisted under the preceding par III, blood relatives within two tiers, or direct blood relatives within five tiers.

(5)Not as the director, auditor or hired help of an institutional shareholder holding over five percent of the company's total shares issued, or as top five institutional shareholders' director, auditor or hired help by shareholding, unless they are concurrently serving as independent directors established by the Company and its parent company, its subsidiary or a subsidiary of the same parent company in accordance with this Act or the local laws of the country of the company.

(6)Not a director, supervisor, employee of the other company controlled by the same person holding a director seat or more than half of the voting rights of the Company, unless they are concurrently serving as independent directors established by the Company and its parent company, its subsidiary or a subsidiary of the same parent company in accordance with this Act or the local laws of the country of the company.

(7)Not a director, supervisor, or employee of the other company or organization whose chairperson, president or the person of equivalent position is the same as the person of the Company or their spouse, unless they are concurrently serving as independent directors established by the Company and its parent company, its subsidiary or a subsidiary of the same parent company in accordance with this Act or the local laws of the country of the company.

(8)Not as the director (managing director), auditor (managing auditor), manager, or shareholder holding over five percent of the shares of a specific company or entity with financial or business transaction with the company, unless the particular company or organization holds more than 20%, but not more than 50%, of the Company's total issued shares, and they are concurrently serving as independent directors established by the Company and its parent company, its subsidiary or a subsidiary of the same parent company in accordance with this Act or the local laws of the country of the company.

(9)Not provide audit services, or provide commerce, receiving less than NTS 500,000 in the past two years, to the Company or to any affiliate of the Company, the business owner, partner, director (managing director), auditor (managing auditor), manager and their spouse of a sole ownership, partnership, incorporated entity or organization, except as a member of the payroll remuneration council for exercising its fiduciary duties per article 7 of the stock launching or securities dealers business office trading company's payroll remuneration council set up and exercising its fiduciary duty measures.

(10)Not related to the other directors as a spouse or blood relation within two tiers.

(11)Not involved in any of the circumstances specified under article 30 of the Corporate Law.

(12)Not nominated as a governmental or institutional shareholder, or as the representative as stipulated under article 27 of the Corporate Law.

Note 2: All the independent directors formed the Audit Committee to replace the functions of supervisors.

Note 3:The book closure date of the Company's 2021 regular shareholders' meeting is on March 30, 2021. The numbers of current shareholding listed in the table are the numbers of shareholding recorded in the 2021 shareholders' registry.

Note 4:Mr. Li,Yu-Lung was released on February 19, 2021, and appointed Mr. Tsai, Neng-Chi as the representative of the corporate director of Ennoconn International Investment Co., Ltd..

2.2 Information on the president, vice president, senior manager, various departmental and branch organization supervisors

March 30, 2021

Unit: NTD per thousand; share; %

| Title (Note 1) | Nation- ality | Name | Gender | Appointed (incumbent) date | Shareholdings held | | Shareholdings held by spouse, minor offspring | | Shareholdings held under the name of others | | Main exposure (education) (Note 2) | The position who also currently serves at other companies | Managers related as spouse or within two tiers of blood relation | | | Noted (Note 3) |
|---------------------|------------------|--------------------------------|--------|----------------------------------|--------------------|----------------------------|---|----------------------------|---|----------------------------|---|--|---|------|----------|-------------------|
| | | | | | Share count | Share- holding ratio | Share count | Share- holding ratio | Share count | Share- holding ratio | | | Title | Name | Relation | |
| Chairman and CEO | ROC | Sung Kao, Hsin-Ming | F | 1989/01/01 | 2,010,513 | 1.07% | 0 | 0.00% | 0 | 0.00% | Master of International Business Management, National Taiwan University, Institute for Industrial Research electronics laboratory section head | Director, WT Microelectronics Chairman, Machrotec Technology Corp. Chairman, JE-XUAN INVESTMENT CO., LTD. Chairman, Smart Health Corp. Supervisor, Probeleader Co., Ltd | Nil | Nil | Nil | Nil |
| President | ROC | Lin, Yue- Yeh | M | 2004/07/01 | 5,986,097 | 3.20% | 0 | 0.00% | 0 | 0.00% | Cheng Chi University business administration research institute master Institute for Industrial Research western USA office superintendent IFIE electronics research institute section head Tamkang University school of applied physics B.A. | Chairman, E-Win INVESTMENT CO., LTD. Chairman, Probeleader Co., Ltd Chairman, eZoom Information, Inc. | Nil | Nil | Nil | Nil |
| Group GM | ROC | Chen, Jian- tsuen | M | 2010/04/01 | 216,700 | 0.12% | 0 | 0.00% | 0 | 0.00% | | Nil | Nil | Nil | Nil | Nil |
| Group VGM | ROC | Wei, Jian- ming (Note 5) | M | 2010/04/01 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | State of Connecticut University USA information science doctoral Rainbow QX Technologies Corp president Axonet Inc president and CEO | Independent Director, Great Wall Enterprise Co., Ltd., Independent Director, Asix Electronics Corporation | Nil | Nil | Nil | Nil |
| Divison GM | ROC | Huang Zhong- wen | M | 2010/02/01 | 183,983 | 0.10% | 0 | 0.00% | 0 | 0.00% | Murray State University USA business administration research institute master Asia Word Hotel departmental superintendent | Nil | Nil | Nil | Nil | Nil |
| Divison GM | ROC | Chang Ruei-ru | M | 2010/02/01 | 176,048 | 0.09% | 0 | 0.00% | 0 | 0.00% | Taiwan Technology University EMBA global strategy section master China Precision Diecast co technical section head Jia Rong Company sales superintendent | Nil | Nil | Nil | Nil | Nil |
| Divison VGM | ROC | Li Ruei- wen | M | 2017/02/01 | 76,700 | 0.04% | 1,700 | 0.00% | 0 | 0.00% | National Chiao Tung University Department of Communications Engineering B.A. Applied Materials Taiwan Quality Assurance manager. | Nil | Nil | Nil | Nil | Nil |
| Divison VGM | ROC | Lin Chih-jen | M | 2018/04/11 | 28,000 | 0.01% | 0 | 0.00% | 0 | 0.00% | Master, Graduate School of Environmental Engineering, National Cheng Kung University | Nil | Nil | Nil | Nil | Nil |
| Divison VGM | ROC | Lu Chien-kuo | M | 2018/04/11 | 62,029 | 0.03% | 82,700 | 0.04% | 0 | 0.00% | Graduate School of Biotech Healthcare Management, National Yang-Ming University | Nil | Nil | Nil | Nil | Nil |
| Divison VGM | ROC | Lo Ssu-yuan | M | 2018/04/11 | 112,700 | 0.06% | 0 | 0.00% | 0 | 0.00% | B.A., Department of Mechanical Engineering, Hsiuping University of Science and Technology Deputy Section Head, Rexon Industrial Corporation Limited | Nil | Nil | Nil | Nil | Nil |
| Divison VGM | ROC | Tseng Lieh- huang | M | 2018/04/11 | 30,000 | 0.02% | 0 | 0.00% | 0 | 0.00% | Master, Graduate School of Civil Engineering, National Taiwan University Senior Manager, Gamuda Bhd., Malaysia Manager, Transport Enterprise Department, Pacific Engineers & Constructors Ltd. Manager, Construction Administration, Dong Hung Construction Co., Ltd. | Nil | Nil | Nil | Nil | Nil |

| Title (Note 1) | Nation- ality | Name | Gender | Appointed (incumbent) date | Shareholdings held | | Shareholdings held by spouse, minor offspring | | Shareholdings held under the name of others | | Main exposure (education) (Note 2) | The position who also currently serves at other companies | Managers related as spouse or within two tiers of blood relation | | | Noted (Note 3) |
|--|------------------|-------------------|--------|----------------------------------|--------------------|----------------------------|---|----------------------------|---|----------------------------|---|---|---|------|----------|-------------------|
| | | | | | Share count | Share- holding ratio | Share count | Share- holding ratio | Share count | Share- holding ratio | | | Title | Name | Relation | |
| Divison VGM | ROC | Hou Kun-you | M | 2018/11/01 | 146,535 | 0.08% | 8,000 | 0.00% | 0 | 0.00% | Fengjia University International Trade Department CYMER SOUTHEAST ASIA LTD.Manager Evergreen Marine Corporation. Sales and Marketing Specialist WINTEK CORPORATION business engineer | Nil | Nil | Nil | Nil | Nil |
| Divison VGM | ROC | Yang Yuan-zhi | M | 2018/11/01 | 50,000 | 0.03% | 0 | 0.00% | 0 | 0.00% | Middlesex University, UK FMM Department of Atmospheric Sciences, National Central University Director, Human Resources Department, China Industrial and Commercial Research Institute Assistant Researcher, Taiwan Economic Research Institute | Nil | Nil | Nil | Nil | Nil |
| GM Finance | ROC | Hsieh Ming-ju | F | 1998/07/01 | 531,459 | 0.28% | 0 | 0.00% | 0 | 0.00% | Taipei Business College school of accounting and statistics B.A. Lung Pu Group financial specialist Cathay group adminisrator | Nil | Nil | Nil | Nil | Nil |
| Director, Finance & Accounting Divison | ROC | Zhong Chi- wen | F | 2006/04/21 | 78,973 | 0.04% | 0 | 0.00% | 0 | 0.00% | Soochow University accounting research institute master PWC CPA Office Director Daiwa Securities co assistant manager | Nil | Nil | Nil | Nil | Nil |
| Chief Audit | ROC | Lin Ya- qing | F | 2016/09/01 | 5,000 | 0.00% | 0 | 0.00% | 0 | 0.00% | Soochow University school of business administration B.A. KPMG CPA Office assistant manager TransAsia Airways senior accountant | Nil | Nil | Nil | Nil | Nil |

Note 1: It shall include information on the president, vice presidents, senior managers, various departmental and branch organizational executives, and those with a position comparable to the president, vice president and senior manager, regardless of the job title, shall also be disclosed.

Note 2: When having worked in a certified public accountants office or related enterprise with pertinent exposure related to the current position, it shall describe the individual's job title and responsible job description.

Note 3: When the company's President or equivalent (the highest ranked managerial officer) and the Chairman are the same person, or relatives such as spouses or the first degree of kinship, the information such as the reason, reasonableness, necessity and response measures (For example, increasing the number of independent directors, and having more than half of the directors who do not serve concurrently as employees or managerial officer, etc.) should be provided.

Note 4: The book closure date of the Company's 2021 regular shareholders' meeting is on March 30, 2021. The numbers of current shareholding listed in the table are the numbers of shareholding recorded in the 2021 shareholders' registry.

Note 5: Mr. Wei, Jian-ming retired and released the position of Group VGM on December 31, 2020.

3. The remunerations dispensed to the Directors, Supervisors, President and Vice President in the most recent fiscal year

3.1 The company, when in one of the following circumstances, shall disclose the remunerations dispensed to its directors or auditors individually; and the rest may adopt the means of a consolidated tally as coordinated with a scale by which to disclose the names, or by means of disclosing the names and remunerations individually (when adopting individual disclosure, please enter individually the position, name and amount, without having to fill out a table of remunerations by scale):

3.1.1 When there is after-tax deficit in the most recent three years' individual entity or individual financial statements, it is a must to reveal every director and supervisor's remuneration, except those that already have after-tax net profit and the said profit is enough to cover the deficit.

3.1.2 If the circumstance of shares held by the directors should fall short for three consecutive months or longer in the most recent year, the remunerations of individual directors shall be disclosed; when the circumstance of shares held by the auditors should fall short by three consecutive months or longer in the most recent years, the remunerations of individual auditors shall be disclosed.

3.1.3 If the directors or auditors' average mortgaging percentage exceeds 50% in any given three months in the most recent year, the particular month of the remunerations of the individual directors or auditors with a mortgaging ratio exceeding 50% shall be disclosed.

(Note: the entire directors' monthly average mortgaging ratio: the entire directors' mortgaged share count / the entire directors' shareholdings (including the retained voting right trust share count); the entire auditors monthly average mortgaging ratio: the entire auditors mortgaging share count / the entire auditors shareholdings (including the retained voting right trust share count).

3.1.4 When the entire directors and auditors collecting the directors and auditors remunerations in all companies stated in the financial statements to the after-tax net earnings should exceed two percent, and that the remunerations the individual directors or auditors collect also exceed NT\$15 million, the individual remunerations of the directors or auditors shall be disclosed.

3.1.5 A TWSE-listed or TPEx-listed company which is ranked in the lowest tier in the corporate governance evaluation for the most recent fiscal year, or in the most recent fiscal year or as of the printing date of the annual report for that year, has been placed under an altered trading method, been suspended from trading, been delisted from the exchange, or the situations deemed by the Corporate Governance Evaluation Committee that it shall be excluded from evaluation.

3.1.6 A TWSE-listed or TPEx-listed company with the average annual salary of full-time non-supervisory employees in the most recent year being less than NT\$ 500,000.

3.2 If a TWSE-listed or TPEx-listed company has one of the situations specified in the above (1) or (5) of the preceding paragraph, the remuneration information of the supervisors with the highest five remuneration levels shall be individually disclosed.

In the absence of any of the foresaid par 3.1 to par 3.2 circumstances among company directors, presidents and vice presidents, the company has therefore adopted the means of consolidated tally, as coordinated with scale in disclosing the names.

3.1 The remunerations of the directors (including the independent directors)

Year 2020

The remunerations of the directors (including the independent directors)

Unit: NTD per thousand; shares

| Title | Name | Director remunerations | | | | | | | | The ratio of the sum of the four items A, B, C and D to the after-tax net earnings(Note 10) | | Pertinent remunerations doubling employees collect | | | | | | | | The ratio of the sum of the seven items A, B, C, D, E, F and G to the after-tax net earnings (Note 10) | | Whether collecting remunerations from reinvested entities beyond the subsidiaries (Note 11) | |
|---|--|------------------------|--|------------------------|--|---|--|--|--|---|--|--|--|-------------------------|---|--|---|--------|---|--|--|---|--|
| | | Return (A) (Note 2) | | Retirement pension (B) | | Directors' Remuneration (C) (Note 3) | | Business execution expenditure (D) (Note 4) | | | | Wages, bonuses and special expensed expenditure etc. (E) (Note 5) | | Retirement pensions (F) | | Employees' Remuneration (G) (Note 6) | | | | The company | All companies in the financial statements (Note 7) | | |
| | | The company | All companies in the financial statements (Note 7) | The company | All companies in the financial statements (Note 7) | The company | All companies in the financial statements (Note 7) | The company | All companies in the financial statements (Note 7) | The company | All companies in the financial statements (Note 7) | The company | All companies in the financial statements (Note 7) | The company | | All companies in the financial statements (Note 7) | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | |
| Chairman and CEO and subsidiary president | Ji-Xuan Investment Corp. representative: Sung Kao, Hsin-Ming | | | | | | | | | | | | | | | | | | | | | | |
| Chairman President | E-Win Investment co representative: Lin, Yue-Yeh | | | | | | | | | | | | | | | | | | | | | | |
| Director | Ennoconn international investment co., Ltd. representative: Chu,Fu-Chuan | | | | | | | | | | | | | | | | | | | | | | |
| Director | Ennoconn international investment co., Ltd. representative: Lou Chao Tsung | 0 | 0 | 0 | 0 | 8,531 | 8,531 | 480 | 480 | 0.99% | 0.99% | 24,459 | 26,060 | 0 | 0 | 11,604 | 0 | 11,604 | 0 | 4.93% | 5.11% | None | |
| Director | Ennoconn international investment co., Ltd. representative:Li,Yu-Lung | | | | | | | | | | | | | | | | | | | | | | |
| Director | Ennoconn international investment co., Ltd. representative: Wu, You-Mei | | | | | | | | | | | | | | | | | | | | | | |
| Independent director | Lin, Hsiao-Ming | | | | | | | | | | | | | | | | | | | | | | |
| Independent director | Wu, Chung-Pao | 0 | 0 | 0 | 0 | 4,265 | 4,265 | 444 | 444 | 0.51% | 0.51% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.51% | 0.51% | None | |
| Independent director | Wang, Yi-Chun | | | | | | | | | | | | | | | | | | | | | | |
| 1. Please state the policy, system, standards and structure of independent directors' remuneration payment, and describe the relevance to the amount of remuneration, responsibilities, risks, time invested and other factors: (1) The independent directors execution fees includes the execution fees of directors and the carriage fees. (2) The independent directors execution fees is based on the overall consideration of the company's operating participation and performance evaluation. The considerations include: business goals and tasks, duties and responsibilities, professional ability and quality decision-making, management and communication ability of internal and external relations, continuous training, and measuring whether there are other special contributions. (3) The independent directors carriage fees is based on the normal level of payment in the same industry, and are submitted to the Remuneration and Compensation Committee for consideration and the amount is given by the resolution of the Board of Directors. (4) In consideration of changes economic environment in the future, the operating performance and achievement rate and contribution of the management team as a measure, and taking into account the behavior of not guiding directors and managers to pursue the company's risk appetite in pursuit of salary and compensation, independent The directors' remuneration policy includes operating performance and future risks in the evaluation criteria, and reviews the remuneration system at any time according to the actual operating conditions and related laws and regulations. | | | | | | | | | | | | | | | | | | | | | | | |
| 2. Other than above-mentioned changes, all the services provided recently in the company by the members of the Board of Directors in relation to the financial report such as holding the position as non-employee consultants have not incurred any additional remuneration. | | | | | | | | | | | | | | | | | | | | | | | |
| * Please list the relevant information of directors (general directors of non-independent directors) and independent directors separately. | | | | | | | | | | | | | | | | | | | | | | | |

Remunerations Scale Table

Year 2020

| Remunerations dispensed to individual company directors by scale | Name of the directors | | | |
|--|--|---|---|---|
| | Total sum of the remunerations of the first four items (A+B+C+D) | | Total sum of the first seven items(A+B+C+D+E+F+G) | |
| | The company (Note 8) | All companies stated in the financial statements (Note 9) (H) | The company (Note 8) | All companies stated in the financial statements (Note 9) (I) |
| Less than \$1,000,000 | Nil | Nil | Nil | Nil |
| \$1,000,000 (inclusive) ~ \$2,000,000 (preclusive) | Director : Sung Kao, Hsin-Ming, Lin, Yue-Yeh , Chu,Fu-Chuan, Lou, Chao Tsung,Li,Yu-Lung, Wu, You-Mei, Independent Director: Lin,Hsiao-Ming Wu, Chung-Pao, Wang, Yi-Chun | Director : Sung Kao, Hsin-Ming, Lin, Yue-Yeh , Chu,Fu-Chuan, Lou, Chao Tsung, Li,Yu-Lung, Wu, You-Mei, Independent Director: Lin,Hsiao-Ming Wu, Chung-Pao, Wang, Yi-Chun | Director : Chu,Fu-Chuan, Lou, Chao Tsung, Li,Yu-Lung, Wu, You-Mei, Independent Director: Lin,Hsiao-Ming Wu, Chung-Pao, Wang, Yi-Chun | Director : Chu,Fu-Chuan, Lou, Chao Tsung, Li,Yu-Lung, Wu, You-Mei, Independent Director: Lin,Hsiao-Ming Wu, Chung-Pao, Wang, Yi-Chun |
| \$2,000,000 (inclusive) ~ \$3,500,000 (preclusive) | Nil | Nil | Nil | Nil |
| \$3,500,000 (inclusive) ~ \$5,000,000 (preclusive) | Nil | Nil | Nil | Nil |
| \$5,000,000 (inclusive) ~ \$10,000,000 (preclusive) | Nil | Nil | Nil | Nil |
| \$10,000,000 (inclusive) ~ \$15,000,000 (preclusive) | Nil | Nil | Nil | Nil |
| \$15,000,000 (inclusive) ~ \$30,000,000 (preclusive) | Nil | Nil | Director : Sung Kao,Hsin-Ming, Lin Yu-yeh | Director : Sung Kao,Hsin-Ming, Lin Yu-yeh |
| \$30,000,000 (inclusive) ~ \$50,000,000 (preclusive) | Nil | Nil | Nil | Nil |
| \$50,000,000 (inclusive) ~ \$100,000,000 (preclusive) | Nil | Nil | Nil | Nil |
| Over \$100,000,000 | Nil | Nil | Nil | Nil |
| Total | 9 | 9 | 9 | 9 |

* As the content of the remunerations disclosed in the table varies from the concept of income by the Income Tax Law, thus the purpose of the table has been for the purpose of information disclosure, and is not intended for tax levy purpose.

Note 1: The name of the directors shall be enlisted separately (of institutional shareholders, the institutional shareholder name and the representative shall be enlisted separately), with amount of various payouts to be disclosed in a consolidated manner. If the directors also doubling as the president or vice presidents, the table and the below table (3-1), (3-2-1) or (3-2-2) shall be entered.

Note 2: Which refers to the most recent year's directors' remunerations (including the directors remunerations, position stipends, resignation payout, various bonuses, incentive payouts and the like).

Note 3: Referst to directors' remuneration distributed upon the approval of Board of Directors of the year.

Which pertains to entering the directors' remuneration amount in the proposed earnings distribution proposal as motioned through the management board and voted before the shareholders meeting. The distribution of the remunerations company 2019 earnings distribution is formulated and finalized by the management board, and is motioned through before the 2021 shareholders' meeting.

Note 4: Which pertains to the most recent year's directors' pertinent business execution expenditures (including the travel expenses, special dispensed expenditures, various subsidies, dormitory, car allocation and related tangible goods allocation and so forth). When allocating with housing, car, other transportation means or exclusive personal expenditures, it shall disclose the nature of the asset allocated, the actual or market value actuated rent, fuel and other payouts. Also when allocating with a driver, please include in the footnote explaining pertinent remuneration the company pays said driver, but excluding from the remunerations.

Note 5: Which refers to the most recent year in which the directors doubling as employees (including doubling as the president, vice president, other managers and employees) have collected of the wages, position stipends, resignation payouts, various bonuses, incentive payouts, travel expenses, specially dispensed expenditures, various subsidies, dormitory, car allocation and related tangible goods allocation and the like). When allocating with housing, car, other transportation means or exclusive personal expenditures, it shall disclose the nature of the asset allocated, the actual or market value actuated rent, fuel and other payouts. Also when allocating with a driver, please include in the footnote explaining pertinent remuneration the company pays said driver, but excluding from the remunerations. Company Chairman Sung Kao.Hsin-Ming is allocated with one leased company vehicle, which carries a monthly lease at NT\$75,000 spanning from Jan. 1, 2020 to Dec. 31 2020; President Lin Yu-Yeh is allocated with one leased company vehicle, which carries a monthly lease at NT\$31,905 from Jan. 1, 2020 to Dec. 31 2020.

Note 6: Which refers to when directors who serve as employee (including the position of president, vice president, other manager and employee) receive employees' remuneration (including stock and cash), the percentage of employees' remuneration shall be distributed based the board of directors' approval of the year. Those who unable to estimate the amount shall have this year's amount calculated based on last year's amount and to fill up the attached form 1-3.

Note 7: The total sum of various remunerations dispensed to company directors by all companies (including the company) stated in the consolidated financial statements.

Note 8: The total sum of various remunerations the company dispenses to each director, and disclosing the name of the directors that fall within the scale of pay propensity.

Note 9: It is mandated to disclose the total sum of various remunerations dispensed to each company director by all companies (including the company) stated in the consolidated financial statements, and disclosing the name of the directors that fall within the scale of pay propensity.

Note 10: The after-tax net return refers to the most recent year's after-tax net return; when adopting the International Financial Statement Reporting Criteria, the after-tax net return refers to the after-tax net return of an individual entity or individual financial statements. The Company's net after-tax return on the 2020 consolidated financial statement is NT\$913,736 thousands.

Note 11 a.The column shall precisely enter the pertinent remuneration amount company directors collect from reinvested entities beyond the subsidiaries.

b.If company directors collect pertinent remunerations from reinvested entities beyond the subsidiaries, the remunerations company directors collect from reinvested entities beyond the subsidiaries shall be merged into the remuneration scale table column J, and also change the column name to "all reinvested entities".

c.The remuneration refers to pay, remuneration (including remuneration for employee, director and supervisor) and expenses of executing business received by the Company's directors who employ as director, supervisor or manager in reinvested companies other than the subsidiaries.

3.2 The remunerations of the supervisors

All the entire independent directors are to form an audit committee, which is to replace the auditors' fiduciary power, thus no remuneration will be dispensed to the auditors.

3.3 The remunerations of the president and the vice presidents

The remunerations of the president and vice presidents

Year 2020

Unit: NTD per thousand; shares

| Title | Name | Wage (A) (Note 2) | | Retire-ment pension (B) | | Bonus and special expense etc. (C) (Note 3) | | Employee bonus amount in the earnings distribution (D) (Note 4) | | | | The percentage of the total sum of the four items A, B, C and D to the after-tax net return (%) (Note 8) | | Whether collecting remuneration from reinvested entities beyond the subsidiaries (Note 9) |
|--|----------------------------|----------------------|---|-------------------------|---|---|---|---|---|---|---|--|---|--|
| | | The company | All companies in the financial statements (Note 5) | The company | All companies in the financial statements (Note 5) | The company | All companies in the financial statements (Note 5) | The company | | All companies in the financial statements (Note 5) | | The company | All companies in the financial statements (Note 5) | |
| Chairman doubling as CEO, also as subsidiary president | Sung Kao, Hsin- Ming | 91,499 | 94,316 | 1,603 | 1,603 | 6,352 | 6,352 | 26,171 | 0 | 26,171 | 0 | 13.75% | 14.06% | None |
| President | Lin, Yue-Yeh | | | | | | | | | | | | | |
| Group GM | Chen Jian-Tsuen | | | | | | | | | | | | | |
| Group VGM | Wei Jian-Ming (Note 10) | | | | | | | | | | | | | |
| Divison GM | Huang Zhong-Wen | | | | | | | | | | | | | |
| Divison GM | Chang Ruei-Ru | | | | | | | | | | | | | |
| Divison VGM | Li Ruei-Wen | | | | | | | | | | | | | |
| Divison VGM | Lin Chih-jen | | | | | | | | | | | | | |
| Divison VGM | Lu Chien-kuo | | | | | | | | | | | | | |
| Divison VGM | Lo Ssu-yuan | | | | | | | | | | | | | |
| Divison VGM | Tseng Lieh-huang | | | | | | | | | | | | | |
| Divison VGM | Hou Kun-you | | | | | | | | | | | | | |
| Divison VGM | Yang Yuan-zhi | | | | | | | | | | | | | |
| GM Finance | Hsieh Ming-Ju | | | | | | | | | | | | | |

Remuneration Scale Table

Year 2020

| The remunerations dispensed to each individual company president and vice presidents | Name of the president and vice presidents | |
|--|---|--|
| | The company (Note 6) | All companies stated in the financial statements (Note 7) (E) |
| Less than \$1,000,000 | Nil | Nil |
| \$1,000,000 (inclusive) ~ \$2,000,000 (preclusive) | Nil | Nil |
| \$2,000,000 (inclusive) ~ \$3,500,000 (preclusive) | Nil | Nil |
| \$3,500,000 (inclusive) ~ \$5,000,000 (preclusive) | Yang Yuan-zhi, Lin Chih-jen | Yang Yuan-zhi, Lin Chih-jen |
| \$5,000,000 (inclusive) ~ \$10,000,000 (preclusive) | Huang Zhong-wen, Wei Jian-ming(Note 10), Chen Jian-tsuen, Chang Ruei-ru, Li Ruei-Wen, Hsieh Ming-ju, Lo Ssu-yuan, Lu Chien-kuo, Tseng Lieh-huang, Hou Kun-you | Huang Zhong-wen, Wei Jian-ming, Chen Jian-tsuen, Chang Ruei-ru, Li Ruei-Wen, Hsieh Ming-ju, Lo Ssu-yuan, Lu Chien-kuo, Tseng Lieh-huang, Hou Kun-you |
| \$10,000,000 (inclusive) ~ \$15,000,000 (preclusive) | Nil | Nil |
| \$15,000,000 (inclusive) ~ \$30,000,000 (preclusive) | Sung Kao, Hsin-Ming, Lin, Yue-Yeh | Sung Kao, Hsin-Ming, Lin, Yue-Yeh |
| \$30,000,000 (inclusive) ~ \$50,000,000 (preclusive) | Nil | Nil |
| \$50,000,000 (inclusive) ~ \$100,000,000 (preclusive) | Nil | Nil |
| Over \$100,000,000 | Nil | Nil |
| Total | 14 | 14 |

* Regardless of the position, all positions comparable to that of the president and vice presidents (i.e. the chairman, CEO, director and so forth) shall all be disclosed.

* As the content of the remunerations disclosed in the table varies from the concept of income by the Income Tax Law, thus the purpose of the table has been for the purpose of information disclosure, and is not intended for tax levy purpose.

Note 1: The name of the president and vice presidents shall be itemized separately, and their respective payout amounts disclosed in a consolidated manner. The directors doubling as the president or vice presidents shall fill out the table and the preceding table (1-1) or (1-2).

Note 2: Which pertains to entering the most recent year's president and vice presidents' wages, position stipends, resignation payouts.

Note 3: Which pertains to entering the most recent year's president and vice presidents' various bonuses, incentive payouts, travel stipends, special dispensed expenditures, various subsidies, dormitory, car allocation and related tangible supply of goods and other remuneration amounts. When allocating with housing, car, other transportation means or exclusive personal expenditures, it shall disclose the nature of the asset allocated, the actual or market value actuated rent, fuel and other payouts. Also when allocating with a driver, please include in the footnote explaining pertinent remuneration the company pays said driver, but excluding from the remunerations. Company Chairman Sung Kao, Hsin-Ming is allocated with one leased company vehicle, which carries a monthly lease at NT\$75,000 spanning from Jan. 1, 2020 to Dec 31, 2020; President Lin Yu-Yeh is allocated with one leased company vehicle, which carries a monthly lease at NT\$31,905 from Jan. 1, 2020 to Dec. 31 2020; President Chen Jian-tsuen, VGM Chang Ruei-ru, Huang Zhong-wen, Vice President Wei Jian-ming, Hou Kun-you, Li Ruei-Wen, Lo Ssu-yuan, Lin Chih-jen, Lu Chien-kuo, Tseng Lieh-huang and Yang Yuan-zhi are allocated with one leased company vehicle, which carries an average monthly lease at NT\$338,803 from Jan. 1, 2020 to Dec. 31, 2020.

Note 4: Which refers to when president and vice president who serve as employee receive employees' remuneration (including stock and cash), the percentage of employees' remuneration distributed based on the remuneration amount approved by the board of directors this year. Those who unable to estimate the amount shall have this year's amount calculated based on last year's amount and to fill up the attached form 1-3. The after-tax net return refers to the most recent year's after-tax net return; when adopting the International Financial Statement Reporting Criteria, the after-tax net return pertains to the after-tax net return stated in the most recent year's individual entity or individual financial statements.

Note 5: It is mandated to disclose the total sum of various remunerations dispensed to company president and vice presidents by all companies (including the company) stated in the consolidated financial statements.

Note 6: The total sum of various remunerations the company dispenses to each president and vice president, and disclosing the name of the president and vice presidents that fall within the scale of pay propensity.

Note 7: It is mandated to disclose the total sum of various remunerations dispensed to each company president and vice president by all companies (including the company) stated in the financial statements, and disclosing the name of the president and vice presidents that fall within the scale of pay propensity.

Note 8: The after-tax net return refers to the most recent year's after-tax net return; when adopting the International Financial Statement Reporting Criteria, the after-tax net return refers to the after-tax net return of an individual entity or individual financial statements. The company's 2020 individual financial statements' after-tax net return is at NT\$913,736 thousands.

Note 9:a. The column shall precisely enter the pertinent remuneration amount company president and vice presidents collect from reinvested entities beyond the subsidiaries.

b. If company president and vice presidents collect pertinent remunerations from reinvested entities beyond the subsidiaries, the remunerations company president and vice presidents collect from reinvested entities beyond the subsidiaries shall be merged into the remuneration scale table column E, and also change the column name to "all reinvested entities".

c. The remuneration refers to pay, remuneration (including remuneration for employee, director and supervisor) and expenses of executing business received by the Company's presidents and vice presidents who employ as director, supervisor or manager in reinvested companies other than the subsidiaries.

Note 10: Mr. Wei, Jian-ming retired and released the position of Group VGM on December 31, 2020.

3.4 Name of the managers received the employee remuneration and the deployment of remuneration.

December 31, 2020

Unit: NTD per thousand; shares

(Except where the market value of each share is indicated in NTD)

| | Position (Note 1 & Note 2) | Name (Note 1 & Note 2) | Stock Amount | Cash Amount | Total | Percent of the total amount to the after-tax net return (%) |
|----------|--|------------------------|--------------|-------------|--------|---|
| Managers | Chairman and CEO | Sung Kao, Hsin-Ming | 0 | 27,271 | 27,271 | 2.98% |
| | President | Lin, Yue-Yeh | | | | |
| | Group GM | Chen Jian-Tsuen | | | | |
| | Group VGM | Wei Jian-Ming (Note 5) | | | | |
| | Divison GM | Huang Zhong-Wen | | | | |
| | Divison GM | Chang Ruei-Ru | | | | |
| | Divison VGM | Li Ruei-Wen | | | | |
| | Divison VGM | Lo Ssu-yuan | | | | |
| | Divison VGM | Lin Chih-jen | | | | |
| | Divison VGM | Lu Chien-kuo | | | | |
| | Divison VGM | Tseng Lieh-huang | | | | |
| | Divison VGM | Hou Kun-you | | | | |
| | Divison VGM | Yang Yuan-zhi | | | | |
| | GM Finance | Hsieh Ming-Ju | | | | |
| | Director, Finance & Accounting Divison | Zhong Chi-Wen | | | | |

Note 1: Individual's name and job title shall be disclosed. However, it is a must disclose the state of distributing profits.

Note 2: Which refers to when managers who serve as employee receive employees' remuneration (including stock and cash), the percentage of employees' remuneration distributed based on the remuneration amount approved by the board of directors this year. Those who unable to estimate the amount shall have this year's amount calculated based on last year's amount. The after-tax net return refers to the most recent year's after-tax net return; when adopting the International Financial Statement Reporting Criteria, the after-tax net return pertains to the after-tax net return stated in the most recent year's individual entity or individual financial statements. The company's 2020 individual financial statements' after-tax net return is at NT\$913,736 thousands.

Note 3: Of the applicable scope of managers, as stipulated under the former Securities and Futures Management Council, Ministry of Economic Affairs March 27, 2003 Taiwan MOF Securities III No. 0920001301 directive, its scope is as follows:

- (1) The president and those on the comparable level.
- (2) The vice presidents and those on the comparable level.
- (3) The senior managers and those on the comparable level.
- (4) The finance department executives.
- (5) Accounting department executives.
- (6) Other individuals empowered with managing company affairs and as authorized signatories.

Note 4: Directors, president and vice president who have received employees' remuneration (including stock and cash) shall fill out attached form 1-2 and this form.

Note 5: Mr. Wei, Jian-ming retired and released the position of Group VGM on December 31, 2020.

3.5 Analysis in a comparative explanation on the company and the combined statements of all companies on the amount of remunerations dispensed to company directors, supervisors, president and vice presidents in percentage on the individual or individual financial statements in after tax percentage analysis, and also explain the remunerations policy, standards and combination, remuneration formulation procedure, and its relevancy to the operating performance and future risks

3.5.1. Analysis on the most recent years in percentage

| Position \ Item | The percentage of the total remuneration amount to the after-tax return | | | |
|--|---|-------------------------|---------------------------|-------------------------|
| | Year 2019 | | Year 2020 | |
| | Parent company statements | Consolidated statements | Parent company statements | Consolidated statements |
| Directors, President and vice presidents | 20.61% | 21.25% | 19.19% | 19.68% |

The ratio of total remuneration paid by the Company and by all consolidated entities for directors, president and vice presidents to net income in the last two years changed mainly due to the change in net income of the parent company.

3.5.2 The company's remunerations policy, standards and combination, remuneration formulation procedure, and its relevancy to the operating performance and future risks

(1) The remuneration payout policy, standards and combination:

The remunerations of the company's directors and supervisors are paid according to Article 20 of the Company's Articles of Incorporation, where the remuneration distribution is proposed by the Board of Directors and reported at the Shareholders' Meeting. Of the directors, supervisors attendance travel stipends and the managers' wage remunerations, it is reviewed and finalized by the wage remuneration council, and voted before the management board.

The remuneration for presidents and vice presidents can be divided into wage, bonus and employee remuneration. The wage bonus are deliberated by the Compensation Committee and finalized by the Board of Directors. Employees' remuneration is distributed based on the company's operations and Articles of Incorporation, which shall be finalized by the Board of Directors and report at the Shareholders' Meeting.

(2) The remuneration formulation procedure:

The company directors and supervisors travel allowance stipends and the president and the vice presidents wage remunerations are reviewed and finalized by the wage remuneration council, and voted before the management board.

(3) Of company directors and supervisors who are entitled to the meeting attendance travel allowance stipends, the rest of whose remunerations are tied to the earnings status in company operating performance by which to distribute the remunerations.

(4) Presidents and vice presidents' remunerations shall be reviewed in accordance with the Company's Rules Governing Performance Appraisal and be used as an accordance of adjusting their wage. Employees' remuneration shall, on the other hand, be finalized by the Board of Directors according to the status of profit and the proportion stated in Articles of Incorporation, and then reported at the Shareholders' Meeting.

4. Implementation of Corporate Governance

4.1 Board of Directors

A total of 8 meetings of the board of directors were held in the previous year (2020).

The directors' attendance status is as follows:

| Title | Name | Attendance in Person | By Proxy | Attendance Rate in Person (%) | Remarks |
|----------------------|--|----------------------|----------|-------------------------------|------------------------------|
| Chairman | Ji-Xuan Investment Corp. representative: Sung Kao, Hsin-Ming | 8 | 0 | 100% | Re-elected on May 30, 2019 |
| Director | E-Win Investment co representative: Lin, Yue-Yeh | 8 | 0 | 100% | Re-elected on May 30, 2019 |
| Director | Ennoconn international investment co., Ltd. representative: Chu, Fu-Chuan | 8 | 0 | 100% | Elected on May 30, 2019 |
| Director | Ennoconn international investment co., Ltd. representative: Lou Chao Tsung | 8 | 0 | 100% | Elected on May 30, 2019 |
| Director | Ennoconn international investment co., Ltd. representative: Li, Yu-Lung | 8 | 0 | 100% | Elected on May 30, 2019 |
| Director | Ennoconn international investment co., Ltd. representative: Wu, You-Mei | 8 | 0 | 100% | Elected on November 12, 2019 |
| Independent Director | Lin, Hsiao-Ming | 8 | 0 | 100% | Re-elected on May 30, 2019 |
| Independent Director | Wu, Chung-Pao | 8 | 0 | 100% | Re-elected on May 30, 2019 |
| Independent Director | Wang, Yi-Chun | 8 | 0 | 100% | Elected on May 30, 2019 |

Other matters to be disclosed :

1. If there are the circumstances referred to in Article 14-3 of Securities and Exchange Act and resolutions of the directors' meetings objected to by Independent Directors or subject to qualified opinion and recorded or declared in writing, the dates of meetings, sessions, contents of motions, all independents' opinion and the Company's response to independent directors' opinion should be specified: None.
2. If there is Directors' avoidance of motions in conflict of interest, the Directors' names, contents of motions, causes for avoidance and voting should be specified:
 - (2.1) Regarding the discussion of Compensation Committee's proposal for "End-of-term Performance Bonus" held by the Board of Directors on the 9th of January, 2020, as two directors – Ms. Sung Kao Hsin-Ming and Mr. Lin Yu-Yeh – were also managers of the Company, they did not join the voting to avoid conflict of interest. All of other directors had joined the meeting and passed the said proposals.
 - (2.2) Regarding the discussion of Compensation Committee's proposal for "Management's employee compensation" held by the Board of Directors on the 4th of August, 2020, as two directors –Ms. Sung Kao Hsin-Ming and Mr. Lin Yu-Yeh – are also managers of the Company, they did not join the voting to avoid conflict of interest. All of other directors had joined the meeting and passed the said proposals.
 - (2.3) Regarding the discussion of Compensation Committee's proposal for "Remunerations of the directors" held by the Board of Directors on the 4th of August 2020. Based on the avoid conflict of interest, the proposal was divided into three groups for voting, and each vote All of directors had joined the meeting and passed the said proposals.

3. The listed company's board of directors shall disclose the evaluation cycle, period, scope, methods and content, and fill in the implementation method of the board evaluation :

| Cycle | Period | Scope | Method | Content |
|---------------|---------------------|--|---|---------|
| Once per year | 2019.1.1~2019.12.31 | The board of directors, board members and the functional committees. | Internal self-evaluation of the board of directors, self-evaluation of board members. | Note |

Note:1. The measurement items for the performance evaluation of board, which include the following aspects :

- (1)Participation in the company's operation.
- (2)Improve the decision-making quality of board.
- (3)Board composition and constructure.
- (4)Directors' selection and continuing education.
- (5)Internal control.

2. The measurement items for the performance evaluation of directors, which include the following aspects :

- (1)Mastery of company goals and tasks.
- (2)Awareences of directors' duties.
- (3)Participation in the company's operation.
- (4)Internal relationship management and communication.
- (5)Directors' profession and continuing education.
- (6)Internal control.

3. The measurement items for the performance evaluation of functional committees, which include the following aspects :

- (1)Participation in the company's operation.
- (2)Awareences of functional committees' duties.
- (3)Improve the decision-making quality of functional committees.
- (4)Functional committees' composition and member selection.
- (5)Internal control.

4. Measures taken to strengthen the functionality of the Board:

(4.1) Strengthen the functionality of the Board:

The Company has implemented the "Board of Directors Meeting Rules" in accordance with the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies." To reinforce corporate governance, the Company provides continuing education/training programs to directors to strengthen their knowledge and capabilities on corporate governance.

(4.2) Improving information transparency

Financial information, resolutions on material issues, board meeting participation, and director/supervisor ongoing education information are published on the Market Observation Post System as required by relevant laws. The Company's business performance and product information are also made accessible to the public on its website.

(4.3) Establishing Audit Committee

To enhance the governance system and strengthen the function of the board of directors of the Company, Audit Committee was established to replace supervisors' duties. In accordance with "Regulations Governing the Exercise of Powers by Audit Committees of Public Companies", the Company set up an "Audit Committee Charter".

Note 1: Where directors and supervisors are juridical persons, the name of judicial person shareholder and its representative shall be exposed. To enhance the governance system and strengthen the function of the board of directors of the Company, Audit Committee was established to replace supervisors' duties.

Note 2: (1) Where directors and supervisors resign the job before the end of the year, their date of resignation shall be noted down in remarks. Their actual attendance rate (%), it shall be calculated by the number of Board of Directors meetings during their employment and the number of times of their attendance.

(2) Where directors and supervisor are re-elected before the end of the year, it is a must to list the new and old directors and / or supervisors and to note down the date of re-election and their status (old / new / reappointment) in remarks. Their actual attendance rate (%), it shall be calculated by the number of Board of Directors meetings during their employment and the number of times of their attendance.

4.2 Audit Committee or Attendance of Supervisors for Board Meeting

Audit Committee

A total of 8 meetings of the audit committee were held in the previous year (2020). The attendance status of the members is as follows:

| Title | Name | Actual Attendance (B) | Attendance Rate (%) (B/A)(Note) | Remarks |
|----------------------|-----------------|-----------------------|---------------------------------|---------------------------|
| Independent Director | Lin, Hsiao-Ming | 8 | 100% | Re-elected on 30 May 2019 |
| Independent Director | Wu, Chung-Pao | 8 | 100% | Re-elected on 30 May 2019 |
| Independent Director | Wang, Yi-Chun | 8 | 100% | Elected on 30 May 2019 |

Other matters to be disclosed :

1. In the event of any of the following in the audit committee, the dates of audit committee meetings, sessions, contents of motions, resolutions of the audit committee meetings and the Company's response to audit members' opinion should be specified: None.
2. If there is independent directors' avoidance of motions in conflict of interest, the independent directors' names, contents of motions, causes for avoidance and voting should be specified: None.
3. Communications between independent directors and the Company's chief internal auditor and CPA (e.g. the items, methods and results of the audits of corporate finance or operations, etc.)

(3.1) Communications between the independent directors and the internal auditors:

| Date | The Major Items of the Communication | Result |
|------------|---|----------------------|
| 2020/01/07 | The internal audit report for November and December 2019. | For Board's approval |
| 2020/02/27 | A. No sign of material weaknesses in Control Self-Assessment for 2019. Issuance of the internal control statement report stating that the company's internal control system is designed and implemented effectively. B. The internal audit report for January 2020. | For Board's approval |
| 2020/04/10 | The internal audit report for February and March 2020. | For Board's approval |
| 2020/05/08 | The internal audit report for April 2020. | For Board's approval |
| 2020/06/24 | The internal audit report for May 2020. | For Board's approval |
| 2020/08/04 | The internal audit report for June 2020. | For Board's approval |
| 2020/09/30 | The internal audit report for July and August 2020. | For Board's approval |
| 2020/10/28 | A. The internal audit report for September 2020. B. Formulate annual audit plan for 2021 based on risk assessment results. | For Board's approval |

(3.2) Communications between the independent directors and the independent auditors:

The independent directors and the independent auditors would communicate in advance before announcing the significant investment, bank financing or audited financial statements.

| Date | The Major Items of the Communication | Result |
|------------|---|---|
| 2020/03/05 | 1. Reviewing 2019 audited consolidated financial statements and 2019 audited parent financial statements (including the draft of audit report, key audit matters, materiality, related parties transactions, discussion on significant matters with the management, financial analysis, critical accounting estimates and accounting principles, significant events after the balance sheet date and independent auditor independence) and other related matters. 2. Independent auditor reported to independent directors the matters mentioned above, and responded to any audit questions raised from the independent directors. 3. All of above matters were acknowledged and agreed by all of the independent directors. | All of the independent directors raised no objection. |
| 2020/05/08 | 1. Reviewing 2020 first quarter reviewed consolidated financial statements (including materiality, related parties transactions, significant matters, critical accounting estimates and accounting principles, fraud and unlawful | All of the independent directors |

| | | | |
|--|------------|--|---|
| | | <p>events, significant events after the balance sheet date and management declaration) and independent auditor independence.</p> <p>2. Communicating all of reviewed matters mentioned above from the independent auditor in a written form.</p> <p>3. All of above matters were acknowledged and agreed by all of the independent directors.</p> | raised no objection. |
| | 2020/08/04 | <p>1. Reviewing 2020 second quarter reviewed consolidated financial statements (including materiality, related parties transactions, significant matters, critical accounting estimates and accounting principles, fraud and unlawful events, significant events after the balance sheet date and management declaration) and independent auditor independence.</p> <p>2. Communicating all of reviewed matters mentioned above from the independent auditor in a written form.</p> <p>3. All of above matters were acknowledged and agreed by all of the independent directors.</p> | All of the independent directors raised no objection. |
| | 2020/10/28 | <p>1. Reviewing 2020 third quarter reviewed consolidated financial statements (including materiality, related parties transactions, significant matters, critical accounting estimates and accounting principles, fraud and unlawful events, significant events after the balance sheet date and management declaration) and independent auditor independence.</p> <p>2. Communicating all of reviewed matters mentioned above from the independent auditor in a written form.</p> <p>3. All of above matters were acknowledged and agreed by all of the independent directors.</p> | All of the independent directors raised no objection. |
| | 2020/12/30 | <p>1. Reviewing 2020 audit plan of consolidated financial statements and parent financial statements before auditing (including the communication plan, the role and responsibilities of the auditor, the audit plan, the key audit matters and independent auditor independence) and other related matters.</p> <p>2. Communicating all of reviewed matters mentioned above from the independent auditor in a written form.</p> <p>3. All of above matters were acknowledged and agreed by all of the independent directors.</p> | All of the independent directors raised no objection. |

Note 1:*Where Independent Director resign the job before the end of the year, their date of resignation shall be noted down in remarks. Their actual attendance rate (%), it shall be calculated by the number of Board of Audit Committee during their employment and the number of times of their attendance.

*Where Independent Director are re-elected before the end of the year, it is a must to list the new and old Independent Director and to note down the date of re-election and their status (old / new / reappointment) in remarks. Their actual attendance rate (%), it shall be calculated by the number of Board off Audit Committee during their employment and the number of times of their attendance.

Note 2:*Audit Committee was established to replace supervisors' duties.

4.3 Corporate Governance Implementation and its Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”

| Item | Implementation Status (note 1) | | | Non-implementation and Its Reason(s) |
|--|--------------------------------|----|---|--------------------------------------|
| | Yes | No | Summary | |
| 1. If the company has established corporate governance policies based on “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”, please describe any discrepancy between the policies and their implementation. | V | | The company has established "Corporate Governance Practical Rules" based on the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies." These practices are disclosed on the Market Observation Post System and the Company's website, which can be easily accessed by shareholders and the public. | None |
| 2. Shareholding Structure and Shareholders' Rights | | | | |
| (1) Method of handling shareholder suggestions or complaints | V | | (1) The Company has appointed a spokesperson, a PR person and stock affair specialists to handle shareholder suggestions or complaints. In addition, the Company also established columns for shareholders and stakeholders on its website to facilitate the communication. | None |
| (2) The company's possession of a list of major shareholders and a list of ultimate owners of these major shareholders | V | | (2) The Company tracks the shareholdings of major shareholders by its designated department and persons and report to the competent authority in accordance with relevant regulations. | |
| (3) Risk management mechanism and “firewall” between the company and its affiliates | V | | (3) The company and each of its affiliated enterprises operate independently from each other. The subsidiaries are governed by the internal control system, the "Finance and Business Policy for Group Members and Related Parties," and the "Subsidiary Management Policy." | |
| (4) Internal regulation to prevent insider trading | V | | (4) The company has established “Information Disclosure and Insider Trading Prevention Procedure” and “Ethical Corporate Management Principle” and addressed them to insiders regularly through educational programs. | |
| 3. Composition and Responsibilities of the Board of Directors | | | | |
| (1) The diversity of board members | V | | (1) The Company has established "Corporate Governance Practical Rules" specifying that the composition of board of directors should consider the diversity of knowledge and capabilities. Our directors have specialties in different domains, such as operation, accounting and management that fulfills our operation needs. | None |
| (2) The establishment of other functional committees beside of Compensation Committee and Audit Committee | V | | (2) Beside Compensation Committee in accordance with law, Audit Committee was set up in 2016 to execute supervisors' responsibilities. | |
| (3) Board Performance Evaluation and Director Appraisal and report the results of the performance evaluation to the Board of Directors, and apply them as a reference for individual directors' remuneration and nomination for reappointment. | V | | (3) The Company has formulated the Regulations Governing Performance Evaluation of the Board of Directors, which specify the measurement items for the performance evaluation, including the level of participation in the Company's operations, improving the quality of the Board's decision-making, composition and structure of the Board of Directors, selection of the Board of | |

| | | | | |
|--|---|--|--|------|
| (4) Regular evaluation of external auditors' independence | V | | <p>Directors, continuous training, and internal control. After the end of the year, the evaluation is carried out based on various evaluation indicators, and reported to the Board of Directors in the following year. If there are any significant differences among the evaluation results of individual directors, they will be listed as a reference for nomination and performance.</p> <p>(4) The Company regularly evaluates the independence and suitability of external auditors, examining whether they pay the directors, supervisors, shareholders of the Company or not, and confirming that they are not interested parties. The assessment of the independence and suitability of the external auditors is also reported to the board meetings and approved by the audit committee. If necessary, the external auditors may be invited to attend the board meetings to ensure their independence and suitability. External auditors should avoid conflicts of interest against assignments or themselves, and its rotation should follow relevant rules.</p> | |
| 4. Does a listed company establish full (part)-time governance units or personnel in charge of governing relevant matters (including but not limited to providing directors and supervisors with the information to do their business, holding board meetings and shareholders' meetings in accordance with law, dealing with company registration and change of registration, making the minutes of board meetings and shareholders' meetings?) | V | | Executive Strategy Office is responsible for corporate governance, and some associated units may provide directors and supervisors with the information to do their business, hold board meetings and shareholders' meetings in accordance with law, deal with company registration and change of registration, make the minutes of board meetings and shareholders' meetings, etc. | None |
| 5. Communication Channel with Stakeholders | V | | The Company has designated PR Department to handle stakeholders' complaints and suggestions promptly. The Company also set up Stakeholder Center on its website that the issues brought up by stakeholders will be handled and replied on a case by case basis, as needed. | None |
| 6. Share Transfer Agent and Registrar | V | | In addition to its own stock affairs specialists, the Company also has appointed "KGI Securities" as the share transfer agent and registrar. | None |
| 7. Information Disclosure | | | | None |
| (1) Establishment of a corporate website to disclose information regarding the Company's financials, business and corporate governance status | V | | (1) The Company's financials, business and corporate governance status are published on the Market Observation Post System regularly. The Company fully discloses business and financial information on its official website, including monthly revenue, financial statements, corporate governance, etc. | |
| (2) Other information disclosure channels (e.g., maintaining an English-language website, appointing responsible people to handle information collection) | V | | (2) The Company has designated a responsible person of Finance & Accounting Division to handle information collection and disclosure and has appointed a spokesperson. | |

| | | | | |
|--|---|--|--|------|
| and disclosure, appointing spokespersons, webcasting investors conference) (3) Does the company announce and register the annual financial report within two months after the end of the fiscal year, and announce and register the first, second and third quarter financial reports and the monthly operating situations before the prescribed time limit? | V | | (3) The Company announces and registers the annual and quarterly financial reports and monthly operating situations before the prescribed time limit, in response to the laws and regulations and the Group's overall planning. | |
| 8. Other important information to facilitate better understanding of the company's corporate governance practices (e.g., employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors): | V | | <p>(1) Employee rights: The process of recruitment is open and fair. Employees are provided with benefits such as health checkups and insurance. The rights of handicapped and aboriginal employees are under well protection.</p> <p>(2) Employee wellness: The Company provides employees with a fair working environment and an organized training system for career development.</p> <p>(3) Investor relations: The Company has devoted to enhance internal communication and informatization. Meanwhile, a platform to communicate with investors and to improve transparency has been established as a mechanism of dual communication between investors and the management.</p> <p>(4) Supplier relations: To fulfill the social responsibility, the Company has assisted suppliers to build up environmental protection, safety and hygiene management system, industrial safety evaluation rules and high-risk operations skills certification system.</p> <p>(5) Rights of stakeholders: "Related-party Transaction Procedure" has been established to protect the Company's and stakeholders' rights. Purchase Agreements are signed with all suppliers to assure mutual relationship and rights.</p> <p>(6) Directors' and supervisors' training records: The Company provides directors and supervisors with information concerning regulatory requirements and developments from time to time. Directors and supervisors also attend training programs on corporate governance topics.</p> <p>(7) Implementation of risk management policies and risk evaluation measures: Internal control system, managing regulations and accounting systems are established and implemented under supervision of internal auditors, board of directors and supervisors.</p> <p>(8) Customer relations policies: The Company has obtained ISO 9001 and ISO 14001 certification and continuously provides products and services in a high quality. Strict compliance with contracts and customers' rights are assured.</p> <p>(9) Purchasing insurance for directors and supervisors: From 2014 the Company has taken out liabilities insurance for directors,</p> | None |

| | | | | |
|---|--|--|---|--|
| | | | supervisors and officers pursuant to the shareholder resolution, which can reduce risks resulting from fault and misconduct by directors, supervisors and officers. | |
| <p>9. As regards the assessment conducted by Taiwan Stock Exchange Corporate Governance Center for the most recent year, please illustrate things that have been improved and provide solutions to those that need to be strengthened.(If the company is not in the assessment list, please ignore this item. In accordance with Taiwan Securities Exchange Corporation has announced of the “6th term public listed on April 30, 2020, over-the-counter traded enterprise companies’ governance evaluation” findings, the Company is ranked at between 36% ~50% among public listed companies, and of items not reaching the evaluation indicators, the Company has sought improvement gradually, which are described below: The communications between the independent directors and the internal auditors and between the independent directors and the independent auditors that had been disclosed in the annual report and company website.</p> | | | | |

Note 1: Whether “Yes” or “No” has been selected for the implementation status, a description shall be made in the summary.

Note 2: Here the “corporate governance evaluation” refers to the evaluation conducted by the Company itself according to the Company’s governance self-evaluation items, which shall be reported and described by the Company based on their operating and execution status.

4.4 Composition, Responsibility and Operations of Compensation Committee

(1) Information on Compensation Committee Members

March 30, 2021

| Title (Note 1) | Name | Meet the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience | | | Independence Criteria (Note 2) | | | | | | | | | | Number of Other Taiwanese Public Companies Concurrently Serving as a Compensation Committee Member in Taiwan | Remarks |
|-------------------------|-------------------------------------|---|---|---|-----------------------------------|-----|---|---|---|---|---|---|---|----|---|---------|
| | | An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University | A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialists Who Has Passed a National Examination and Been Awarded a Certificate in a Profession Necessary for the Business of the Company | Have Work Experience in the Area of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | | |
| Independent Director | Wu, Chung-Pao | Nil | Nil | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 2 | Nil |
| Independent Director | Lin Hsiao- Ming | Nil | Nil | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 1 | Nil |
| Other | Hsiao, Min-zhi (Note3) | Nil | Nil | ✓ | ✓ | Nil | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 2 | Nil |
| Other | Chao, Rong- Shiang (Note3) | Nil | Nil | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 1 | Nil |

Note 1: Enter Director, Independent Director or Other in the Position column.

Note 2: Please tick the corresponding boxes if the committee members have been any of the following during the two years prior to being elected or during the term.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the Company or any of its affiliates. The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, or any subsidiary in which the Company holds, directly or indirectly, more than 50% of the voting shares.
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under any other's name, in an aggregate amount of 1 percent or more of the total number of issued shares of the Company or ranking in the top 10 in shareholding.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.
- (5) Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company or ranks as one of its top five shareholders;
- (6) Not a director, supervisor, employee of the other company controlled by the same person holding a director seat or more than half of the voting rights of the Company, unless they are concurrently serving as independent directors established by the Company and its parent company, its subsidiary or a subsidiary of the same parent company in accordance with this Act or the local laws of the country of the company.
- (7) Not a director, supervisor, or employee of the other company or organization whose chairperson, president or the person of equivalent position is the same as the person of the Company or their spouse, unless they are concurrently serving as independent directors established by the Company and its parent company, its subsidiary or a subsidiary of the same parent company in accordance with this Act or the local laws of the country of the company.
- (8) Not a director, supervisor, officer, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the Company, unless the particular company or organization holds more than 20%, but not more than 50%, of the Company's total issued shares, and they are concurrently serving as independent directors established by the Company and its parent company, its subsidiary or a subsidiary of the same parent company in accordance with this Act or the local laws of the country of the company.
- (9) Not provide audit services, or provide commerce, receiving less than NT\$ 500,000 in the past two years, to the Company or to any affiliate of the Company, the business owner, partner, director (managing director), auditor (managing auditor), manager and their spouse of a sole ownership, partnership, incorporated entity or organization, except as a member of the payroll remuneration council for exercising its fiduciary duties per article 7 of the stock launching or securities dealers business office trading company's payroll remuneration council set up and exercising its fiduciary duty measures.
- (10) Not been a person of any conditions defined in Article 30 of the Company Law.

Note 3: Mr. Hsiao, Min-zhi resigned the position of the member of Compensation Committee on October 22, 2020, and the effective date of resignation was on October 28, 2020. The company also approved the appointment of Mr. Chao, Rong-Shiang as a member of the Compensation Committee on October 28, 2020, and the new appointment took affect on October 29, 2020.

Note 4: The book closure date of the Company's 2021 regular shareholders' meeting is on March 30, 2021. The numbers of current shareholding listed in the table are the numbers of shareholding recorded in the 2021 shareholders' registry.

- (2) The Compensation Committee's duty is to establish and review the evaluation of supervisors and executives, to compensation policies of the Company's directors of the board and, to report its suggestions to the board of directors.

(3) Information on Operations of Compensation Committee

The Compensation Committee consists of 3 members.

In 2020, Compensation Committee held 3 meetings(A). The Committee members' attendance status is as follows:

| Title | Name | Attendance in Person | By Proxy | Attendance Rate in Person (%) (B/A)(Note) | Remarks |
|---|-------------------------------|----------------------|----------|---|--|
| Chairman | Wu Chung-Pao | 3 | 0 | 100% | Re-elected on June 6, 2019 |
| Member | Lin Hsiao-Ming | 3 | 0 | 100% | Elected on June 6, 2019 |
| Member | Hsiao, Min-zhi (Note 3) | 3 | 0 | 100% | Elected on June 6, 2019 and resigned on October 28, 2021 |
| Member | Chao, Rong-Shiang (Note 3) | 0 | 0 | 0 | Elected on October 29, 2021 |
| Other matters to be disclosed : | | | | | |
| 1. If the board of directors declines to adopt, or modifies a recommendation of the remuneration committee, the date of the Board of Directors meeting, term, content of motions, board resolution results and Company handling of remuneration committee opinions shall be specified. (if the compensation approved by the Board of Directors exceeds that proposed by the remuneration committee, the circumstances and cause of the difference shall be specified): None. 2. If any committee member has an objection or qualified opinion together with a record or written statement regarding a remuneration committee resolution, the remuneration committee date, term, content of motions, all members opinions and how the opinions were handled shall be specified: None. | | | | | |

Note: (1) Where directors and supervisors resign the job before the end of the year, their date of resignation shall be noted down in remarks. Their actual attendance rate (%), it shall be calculated by the number of Board of Directors meetings during their employment and the number of times of their attendance.

(2) Where directors and supervisor are re-elected before the end of the year, it is a must to list the new and old directors and / or supervisors and to note down the date of re-election and their status (old / new / reappointment) in remarks. Their actual attendance rate (%), it shall be calculated by the number of Board of Directors meetings during their employment and the number of times of their attendance.

(3) Mr. Hsiao, Min-zhi resigned the position of the member of Compensation Committee on October 22, 2020, and the effective date of resignation was on October 28, 2020. The company also approved the appointment of Mr. Chao, Rong-Shiang as a member of the Compensation Committee on October 28, 2020, and the new appointment took affect on October 29, 2020.

(4) Compensation committee meeting proposal, resolution results and the company's handling of members' opinions

| Date | Proposal content and follow-up processing | Resolution results | Handling situations |
|------------|--|---|--|
| 2020/01/07 | Reviewed the end-of-term Performance Bonus of 2019. | 1. Matters were acknowledged and agreed by all of the members. 2. Recommended to modify the manager performance' appraisals. | 1. All of above matters were acknowledged and agreed by all of the directors. 2. Based on recommendations, to modify the Contribution Rate. |
| 2020/02/27 | 1. Reviewed the remunerations of the directors of 2019. 2. Reviewed the remunerations of the employee of 2019. | All of matters were acknowledged and agreed by all of the members. | All of above matters were acknowledged and agreed by all of the directors. |
| 2020/07/30 | 1. Reviewed the remunerations of the directors of 2019. 2. Reviewed the management's employee compensation of 2019. | All of matters were acknowledged and agreed by all of the members. | All of above matters were acknowledged and agreed by all of the directors. |

4.5 Implementation of Social Responsibility

| Item | Implementation Status(Note 1) | | | Deviation from “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and reason(s) |
|--|-------------------------------|----|---|--|
| | Yes | No | Summary(Note 2) | |
| 1. Does the company conduct risk assessments on environmental, social and corporate governance issues related to the company's operations and formulate relevant risk management policies or strategies based on the principle of materiality? (Note3) | V | | The Company implements ISO 14001 (environmental management system) and has also passed ISO 45001 (occupational safety and health management system) to incorporate sustainable environmental development strategies into the management system, such as climate change, resource efficiency improvement, suppression of environmental impacts caused by pollutants, etc. The Company fulfills the commitment of sustainable development, and meets the requirements of laws and regulations and customer requirements of continuous improvement, moving towards the goal of environmental safety and health sustainability. | None |
| 2. Dedicated organization for the promotion and execution of corporate social responsibility | V | | Executive Strategy Group is responsible for corporate social responsibility planning and implementation. Executions carried out by all departments are in compliance with corporate social responsibility best practices principles. Executive Strategy Group examines execution results, issues corporate social responsibility report and presents to the board of directors. | None |
| 3. Sustainable Environment Development | | | | None |
| (1) Environmental management system designed to industry characteristics | V | | (1) The Company has obtained ISO 9001 and ISO 14001 certification and implemented OHSAS 18001. Policies in relation to safety management are established as required by government, such as Safety in Production Rules, Personal Protective Equipment Management Rules and Emergency Response Rules. | |
| (2) Commitment to improving resources utilization and the use of renewable materials | V | | (2) The Company has launched the first “Solar battery partial selected emitter laser processing machine” in Taiwan which can improve the efficiency of solar batteries. The implementation of electronic document system and the adoption of LED lighting and inverter air conditioners also contribute to energy efficiency and carbon reduction. | |
| (3) Company strategy for climate change, energy conservation and greenhouse gas reduction | V | | (3) To minimize the impact of operations on the environment, the Company has adopted a series of practices, such as LED lighting adoption, chillers adjustment, chilled water pumps replacement, etc.. In the meantime, it has promoted carbon reduction and greenhouse gas inspection to continuously monitor power consumption facilities to reduce impacts caused by its operations to the natural environment. | |
| (4) Does the company calculate the greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulate policies for energy saving, carbon reduction, greenhouse gas reduction, water use reduction or other waste management? | V | | (4) The Company sets an energy saving and carbon reduction target of 1% per year, and calculates the discharge amounts of various discharge sources, electricity consumption, water consumption and waste recycling in each plant area. For the management of waste, in addition to adopting the method of source reduction, the Company continues to improve the recycling rate of waste, through the greenhouse gas inventory results, sets the priority of the reduction, confirms the reduction results, carries out the solar power planning of Nanke Plant, conducting sustainable environmental protection such as pollution prevention and energy management. | |

| Item | Implementation Status(Note 1) | | | Deviation from “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and reason(s) |
|--|-------------------------------|----|---|--|
| | Yes | No | Summary(Note 2) | |
| 4. Promotion of social welfare | | | | None |
| (1) Compliance with labor regulations, international recognized human right principles, and appropriate management measures and procedures | V | | (1) The Company strictly complies with government laws and regulations. The process of recruitment is open and fair. The rights of handicapped and aboriginal employees are under well protection. | |
| (2) Does the company establish and implement reasonable employee welfare measures (including compensation, leaves, other benefits, etc.), and appropriately reflect the operating performance or results in employee compensation? | V | | (2) The Group's Human Resources Department and the Remuneration Compensation Committee jointly formulate policies on compensation and remuneration. The design of compensation is mainly to support the Company's goals, effective recruitment, incentives and retention of talents. The Company continues to collect and analyze information on the salary market externally, and make adjustment in response to inflation, in order to maintain the overall salary level and competitiveness. Internally, it is expected to provide incentives to excellent employees and comply with internal fairness. Regarding the salary of newly recruited employees, the Company provides different salaries according to the background conditions such as the position and level of responsibility, academic background and work experience, and will not discriminate against factors such as gender, race, religious belief, political position, marital status, groups participated, etc. There are also reasonable and complete specifications on the distribution of bonuses. The Company also establishes the Regulations Governing Reward and Punishment, and the relevant reward and punishment will also reflect in the adjustment of the annual performance assessment as a basis for salary adjustment and promotion. | |
| (3) Safety and health in working environment, and the condition for providing periodical safety and health training to employees | V | | (3) The Company provides a fair, appropriate and safe working environment to employees in compliance with government laws and regulations. The physical working environment is examined every year to ensure a healthy environment. Breastfeeding rooms are provided to meet female employees' needs. To enhance knowledge of health and to prevent occupational injuries, health checkups and seminars are regularly held. | |
| (4) Effective capabilities development program for employees | V | | (4) Different employee career development structure and capabilities training programs are designed based on the function and the level of employees. Employee trainings are achieved through subsidies, authorization, on-job instructions and coursed. | |
| (5) Compliance with products and services marketing and labeling regulations and international standards | V | | (5) The Company has obtained ISO 90001 certification, and the product labeling follows “Outgoing Product Control Procedure” and “Outgoing Product Inspection Standard.” Government regulations and industry standards are complied with to assure the quality of products and services. | |
| (6) Evaluation of suppliers | V | | (6) The Company evaluates suppliers according to “Suppliers Control Procedure” and investigates into suppliers' social responsibility status and records before deal. Tracks and appraisals are performed periodically after deal. The Company has also assisted suppliers to build up environmental protection, safety and hygiene management system, industrial safety | |

| Item | Implementation Status(Note 1) | | | Deviation from “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and reason(s) |
|--|-------------------------------|----|--|--|
| | Yes | No | Summary(Note 2) | |
| | | | evaluation rules and high-risk operations skills certification system. | |
| 5. Enhancement of Information Disclosure (1) Does the company take reference to international reporting standards or guidelines to prepare reports such as the corporate social responsibility report, etc., that disclose the company’s non-financial information? | V | | The Company has the aforementioned report obtained the confirmation or assurance opinion of a third-party certification unit? The Company’s report issued every year is prepared in the spirit of GRI Standards. The corporate social responsibility report prepared by the Company has not obtained the confirmation or assurance opinions of a third-party certification unit. | None |
| 6. If the company has established its corporate social responsibility code of practice according to “Listed Companies Corporate Social Responsibility Code of Practice”, please describe the operational status and differences: The Company has followed corporate governance related operations to set and implement “Listed Companies Corporate Social Responsibility Code of Practice”. | | | | |
| 7. Other important information to facilitate better understanding of the company’s implementation of corporate social responsibility: The information of the Company’s implementation of corporate social responsibility has been disclosed in “Corporate Social Responsibility Report” published on the official website. | | | | |

Note 1: Whether “Yes” or “No” has been selected for the implementation status, a description shall be made in the summary.

Note 2: Company that has made corporate social responsibility report shall note down the method of checking its corporate social responsibility report and page of index in the section of “Summary” for replacement.

Note 3: The principle of materiality refers to those have material impacts on the company’s investors and other stakeholders in relation to environmental, social and corporate governance issues.

4.6 Implementation of Corporate Conduct and Ethics

| Item | Implementation Status | | | Deviation from “Corporate Conduct and Ethics Best Practice Principles for TWSE/GTSM Listed Companies” and reason(s) |
|---|-----------------------|----|--|---|
| | Yes | No | Summary | |
| 1. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures (1) The company’s guidelines on corporate conduct and ethics are provided in internal policies and disclosed publicly. The Board of Directors and the management team demonstrate their commitments to implement the policies. (2) The company establishes relevant policies for preventing any unethical conduct. The implementation of the relevant procedures, guidelines, disciplines and appealing mechanism are provided in the policies. | V V | | (1) “Integrity, Careness, Profession, Innovation, Dedication and Cooperation” is the Company’s most important core value. The Company has established the Code of “Ethics and Business Conduct” and is committed to acting ethically in all aspects of our business. For conflicts of interest avoidance, directors must recuse themselves from discussion and voting on issues in which they have a direct personal or pecuniary interest. (2) The Company has established the Code of “Ethics and Business Conduct” and formed the corporate culture based on integrity. The prevention of unethical conduct and its penalty are clearly stated in the Company’s service regulation, employment contract and Reward and Discipline Policy. The Company also provides employee appealing mechanism that accepts complaints through a mail box. | None |

| Item | Implementation Status | | | Deviation from “Corporate Conduct and Ethics Best Practice Principles for TWSE/GTSM Listed Companies” and reason(s) |
|--|---------------------------------------|----|--|--|
| | Yes | No | Summary | |
| (3) The company establishes appropriate measures for preventing bribery and illegal political contribution for higher potential unethical conduct in the relevant policies. | V | | (3) The Company is in compliance with “Corporate Conduct and Ethics Best Practice Principles for TWSE/GTSM Listed Companies.” The management regularly audits and reviews the compliance status to prevent unethical conduct. For higher potential unethical conduct, promotion on ethics is addressed to employees and related persons. Any delivery of gifts has to be cautiously evaluated and approved. | |
| 2. Corporate Conduct and Ethics Compliance Practice (1) The company shall prevent doing business with whomever has unethical records and include business conduct and ethics related clauses in the business contracts. (2) The company sets up dedicated unit in charge of promotion and execution of the company’s corporate conduct and ethics. The board of directors supervises such execution and compliance of the policies. (3) The company establishes policies to prevent conflicts of interest and provides appropriate communication and complaint channels. (4) The company establishes effective accounting and internal control systems for the implementation of policies, and the internal auditors audit such execution and compliance. (5) Internal and external training programs on corporate conduct and ethics | V V V V V | | (1) The Company performs credit verification on new suppliers, vendors and partners to understand their ethical records. All business contracts have to be previewed by the legal personnel and contain clauses of contract termination and penalty as a result of unethical conduct. (2) The Company has not yet established a unit that promotes Ethics and Business Conduct. However, while conducting business, departments of the Company shall follow “Ethics and Business Conduct”. The Executive Strategy Office shall also supervise to ensure if the departments have violated the said Conduct. Any matter that is found violating the said Conduct shall be reported to directors at Board of Director Meeting. (3) Directors must rescue themselves from discussion and voting on issues in which they have a direct personal or pecuniary interest. (4) The company has established accounting and internal control systems, and the systems are reviewed at all times to ensure conformation with regulations and operation needs. Internal auditors regularly audit the execution and report to the board of directors. (5) The Company regularly promotes corporate conduct and ethics policies, principles and corporate values to employees. The results of unethical conduct are will be carried out according to a clear and effective reward and discipline mechanism. | None |
| 3. Operational Status of Reporting Mechanism (1) The company establishes reporting and reward system as well as convenient reporting channels and designates an appropriate person in charge | V | | (1) The Company has explicitly specified the Company’s reporting channel and reward system in its Ethics and Business Conduct Regulations Governing the Management and Communication of Corporate Social Responsibility and Reward and Discipline Policy, where reporter may conduct the report anonymously and the Company shall keep the confidentiality on reporter information and reported content. A reporting mailbox is established under and managed by Human Resources & Administration Division. The mailbox related information shall be announced on the Company’s | None |

| Item | Implementation Status | | | Deviation from “Corporate Conduct and Ethics Best Practice Principles for TWSE/GTSM Listed Companies” and reason(s) |
|---|-----------------------|----|--|--|
| | Yes | No | Summary | |
| (2) The standard of procedure for processing ethical irregularities reporting and the confidentiality | V | | internal website and be propagated in trainings for new employees. (2) In order to solve problems at work, communicate and improve efficiency, a mail box has been maintained to receive employee opinions and complaints. The procedure of reporting includes: A. An employee can file complaints in writing for any suggestions on the Company’s policies and administrative measures, or any impairment to employees’ rights and improper treatment without reasonable responses from his department. B. The appeal should be sealed up and delivered to the President directly by Human Resources & Administration Division in confidential class. The investigation on the reporting should be processed cautiously and kept confidential. Sexual harassment complaints are processed according to Sexual Harassment Prevention Policy. | |
| (3) Measures to protect reporters | V | | (3) The opinions received through employee communication mail box directly go to the top management. The process of reporting is under control of the Company’s information safety system. Violation of confidentiality will be judged according to the reward and discipline system. | |
| 4. Information Disclosure (1) Disclosure of corporate conduct and ethics policies and such execution on the company’s website and the Market Observation Post System | V | | The Company has disclosed information of corporate conduct and ethics on the official website and published on the Market Observation Post System. | None |
| 5. If the company has established the Code of “Ethics and Business Conduct” based on “Corporate Conduct and Ethics Best Practice Principles for TWSE/GTSM Listed Companies”, please describe any discrepancy between the policies and their implementation: The Company has already stipulated Ethics and Business Conduct and implemented it accordingly. | | | | |
| 6. Other important information to facilitate better understanding of the company’s corporate conduct and ethics compliance practices: (1) The Company provides promotion and training programs on service regulations to employees to facilitate employees’ better understanding of the Company’s determination, policies, prevention measures on corporate conduct and ethics as well as the results of violation. (2) Suppliers, vendors and partners are required to follow the Company’s service regulation and to report the violation or unethical conduct of the Company’s employees. (3) Please refer to the section of “Implementation of Corporate Social Responsibility” in this annual report and “Corporate Social Responsibility Report” on the official website for more information. | | | | |

Note 1: Whether “Yes” or “No” has been selected for the implementation status, a description shall be made in the summary.

4.7 Principles and relevant regulations on corporate governance of the Company can be found at the official website <https://www.micb2b.com>. Please refer to the section of “Implementation of Corporate Governance” in this annual report.

4.8 Other important information to facilitate better understanding of the company’s corporate governance: None

4.9 Internal control system executio

4.9.1. Internal control statement

Marketch International Corp. Internal Control Statement

Date: February 26, 2021

Based on the results of examination from the 2020 internal control system of the company, the following are stated:

- I. The company is ascertain of the establishment, implementation and maintenance of the internal control system of the company in terms of the responsibilities of the board of director and the managers as the company has already established such system. The objective is to, within a reasonable range, ensure operation results and efficiency (including profitability, performance and the protection of asset safety); the reliability, timeliness and transparency of reports; and compliance of relevant rules and regulations.
- II. There are still natural limitations of the internal control system regardless of the comprehensiveness of the design. The effectiveness of the internal control system can only provide reasonable guarantees to the goal-achievement of the three aforementioned objectives; also, due to the environmental and situational changes, the effectiveness of the internal control system may alter. Still, the internal control system of the company is set with a self-supervision mechanism. Once the defect is detected, the company will adopt a corrective action for modification.
- III. With the reference of the content of determination within the “Guidelines of the Internal Control System of Public Company” (hereinafter referred to as “the Guideline”), the effectiveness of the design and the implementation of internal control system shall be determined. The evaluation items that the Guidelines has adopted for internal control refers to the management and control process, where the internal control system is divided into five constituents: 1. Environment control; 2. Risk assessment; 3. Control operations; 4. Information and communication, and; 5. Supervision. Each constituent would contain several other items. For the aforementioned items, please refer to the regulations of the Guideline.
- IV. The Company has already adopted aforementioned internal control assessment items to evaluate the design of internal control system and the efficiency of implementation.
- V. Based on the results of aforementioned assessment, the Company believes that the internal control system (including the supervision and management of subsidiaries) it has adopted on the 31 of December 2020 ensures an effective design and implementation of relevant internal control measures, where the objectives of understanding the operation results and efficiency, providing reliable, on-time and transparent reports, and ensuring the compliance of relevant rules and regulations can all be reached.
- VI. This statement will become the main content of the annual report of the company and an open statement for the public. In the event of any faking or illegal situations of the aforementioned content, it shall be obliged with the legal responsibilities stated in Article 20, 32, 171 and 174 of Securities and Exchange Act.
- VII. This statement was approved by the board on February 26, 2021 with the presence of 9 directors without any objection. The rest also agreed with the content of the statement.

Marketch International Corp.

Chairman of the board: Sung Kao, Hsin-Ming

General Manager: Lin, Yue-Yeh

2. Accountant is entrusted to inspect the internal control system shall disclose the inspection reports of the accountant: None.

4.10 For the last date of the annual report printing of the closest year, there is punishment, main defect and improvement situations for the internal staff due to violation of the law or internal control regulations: None.

4.11 For the last date of the annual report printing of the closest year, there were important resolutions of the shareholders and board of directors.

4.11.1. Important Resolutions at Shareholders' Meeting

| Date | Resolutions |
|------------|--|
| 2020/05/27 | <ol style="list-style-type: none"> 1. Recognized company 2019 operating report and financial report proposal. State of implementation: voted and approved in the 2020 shareholders' meeting. 2. Recognized company 2019 earnings distribution proposal. State of implementation: a resolution voted in the 2020 shareholders' meeting approving for distributed cash dividend of NT\$2.6 per share, with cash dividend having been distributed as of August 12, 2020. 3. Approved amending company "Article of Incorporation" proposal. State of implementation: a resolution has been approved in the 2020 shareholders' meeting, with relevant matters having been executed per the amended Article of Incorporation. 4. Approved amending company "Acquisition or Disposal of Assets" proposal. State of implementation: a resolution has been approved in the 2020 shareholders' meeting, with relevant matters having been executed per the amended endorsement, guarantee operating procedure. 5. Approved dismissal of non-competition restrictions on directors proposal. State of implementation: a resolution has been approved in the 2020 shareholders' meeting, with relevant matters having been executed by related law and regulations. |

4.11.2. Important Resolutions at Board of Directors' Meeting

| Date | Resolutions |
|------------|--|
| 2020/01/09 | <ol style="list-style-type: none"> 1. Approved the Company's internal control system Proposal. 2. Approved the Company's bank financing quota. 3. Approved the proposal for the company to provide the bank financing guarantor to its subsidiaries MIC-Tech Electronics Engineering Corp., MIC-Tech (Shanghai) Co. Ltd and MIC-Tech (WuXi) Co., Ltd. 4. Approved the amendment proposal for the company to provide endorsements and guarantees to its subsidiaries MIC-Tech Electronics Engineering Corp and MIC-Tech (Shanghai) Co. Ltd. 5. Approved the proposal for the company to provide the bank financing guarantor to its subsidiaries Marketch International Corporation USA. 6. Approved the company capital lending proposal to its subsidiary Marketch International Sdn. Bhd. 7. Approved the Company's 2018 undistributed surplus for substantive investment proposal. 8. Approved the independent review of CPAs (certified public accountant) and accounting firm to which they belong in 2020. 9. Approved the purchase of ordinary stocks with issued employee stock option for the issuance of new shares. 10. Approved the proposal in regard to the year-end and performance bonus of the Company's management personnel proposed by the Remuneration Committee. |
| 2020/03/05 | <ol style="list-style-type: none"> 1. Approved the Company's 2019 Individual Financial statements and Consolidated Financial Statements. 2. Approved the Company's 2019 Distribution of Compensations of Board Directors and Employees. 3. Approved the Company's 2019 Earnings Distribution. 4. Approved the Company's 2019 Internal Control Statement. 5. Approved the date of, location of and reasons for holding the Company's 2020 Shareholders' Meeting. 6. Approved company 2019 individual financial report and consolidated financial report proposal. 7. Approved company "Articles of Incorporation" amendment proposal 8. Approved the case of mending the Company's "Procedures for Acquisition or Disposal of Assets". 9. Approved the case of dismissal of non-competition restrictions on newly elected directors. 10. Approved the company's bank financing quota . 11. Approved the proposal for the company to provide the bank financing guarantor to its subsidiaries |

| Date | Resolutions |
|------------|--|
| | MIC-Tech (WuXi) Co., Ltd. |
| | 12. Approved company capital lending proposal to its subsidiary Marketch Integrated Pte. Ltd. |
| | 13. Approved the consolidated financial budgets of 2019. |
| | 14. Approved the proposal of building the clean room in Phase I of Tainan Science Park factory. |
| | 15. Approved the proposal of building the Solar photovoltaic system. |
| | 16. Approved the proposal of investing Kinestral Technologies, Inc.'s bridge loan. |
| 2020/04/10 | 1. Approved the purchase of ordinary stocks with issued employee stock option for the issuance of new shares. |
| 2020/05/08 | 1. Approved the company's bank financing quota. |
| | 2. Approved the proposal for the company to provide the bank financing guarantor to its subsidiaries MIC-Tech Electronics Engineering Corp., MIC-Tech (Shanghai) Co. Ltd. |
| | 3. Approved the deduction proposal for the company to provide endorsements and guarantees to its subsidiaries Marketch International Corporation USA. |
| 2020/06/24 | 1. Approved the Company's cash dividend distribution base date. |
| | 2. Approved the Company's bank financing quota. |
| | 3. Approved the proposal for the company to provide the bank financing guarantor to its subsidiaries MIC-Tech Electronics Engineering Corp., MIC-Tech (Shanghai) Co. Ltd., and MIC-Tech (WuXi) Co., Ltd. |
| | 4. Approved dismissal of the proposal for the company to provide endorsements and guarantees to its subsidiaries MIC-Tech Electronics Engineering Corp., MIC-Tech (Shanghai) Co. Ltd., and MIC-Tech (WuXi) Co., Ltd. |
| | 5. Approved the purchase of ordinary stocks with issued employee stock option for the issuance of new shares. |
| 2020/08/04 | 1. Approved the Company's bank financing quota. |
| | 2. Approved the proposal for the company to provide the bank financing guarantor to its subsidiaries MIC-Tech Electronics Engineering Corp., MIC-Tech (Shanghai) Co. Ltd., and MIC-Tech (WuXi) Co., Ltd. |
| | 3. Approved the amendment proposal for the company to provide endorsements and guarantees to its subsidiaries MIC-Tech Electronics Engineering Corp. |
| | 4. Approved the proposal for the company to provide associated guarantees for the subsidiaries Marketch Integrated Pte. Ltd. and Shanghai Maohua Electronics Engineering Co.,Ltd. |
| | 5. Approved the proposal for the amendments to the "Internal audit implementation rules .". |
| | 6. Approved the proposal for Directors' Remuneration of 2019. |
| | 7. Approved the proposal for Employees' Compensation of 2019. |
| 2020/09/30 | 1. Approved the proposal for overdue payment examination in the second quarter of 2020. |
| | 2. Approved the proposal for the company to provide the bank financing guarantor to its subsidiaries Marketch International Sdn. Bhd. |
| | 3. Approved the proposal for the amendments to the "Rules of Operation Management of Subsidiary.". |
| | 4. Approved the purchase of ordinary stocks with issued employee stock option for the issuance of new shares. |
| | 5. Approved offering the 4 th domestic unsecured convertible bonds. |
| 2020/10/28 | 1. Approved the proposal for overdue payment examination in the third quarter of 2020. |
| | 2. Approved the Company's bank financing quota. |
| | 3. Approved the Company's 2020 Audit Plan. |
| | 4. Approved the proposal for the company to provide the bank financing guarantor to its subsidiaries eZoom Information, Inc.. |
| | 5. Approved the proposal for re-electing member of remuneration committee. |
| 2021/01/07 | 1. Approved the Company's bank financing quota. |
| | 2. Approved the proposal for the company to provide the bank financing guarantor to its subsidiaries MIC-Tech Electronics Engineering Corp., MIC-Tech (Shanghai) Co. Ltd. |
| | 3. Approved the company capital lending proposal to its subsidiary Marketch International Sdn. Bhd. |
| | 4. Approved the proposal of increasing the Company's investment to its subsidiary Marketch International Corporation USA. |
| | 5. Approved the purchase of ordinary stocks with issued employee stock option for the issuance of new shares. |
| | 6. Approved the consolidated financial budgets of 2021. |
| | 7. Approved the amendment proposal for "Remuneration Committee Charter.". |
| | 8. Approved the amendment proposal for each directors' carriage fees. |
| | 9. Approved the proposal in regard to the year-end and performance bonus of the Company's management personnel proposed by the Remuneration Committee. |
| 2021/02/26 | 1. Approved the Company's 2020 Individual Financial statements and Consolidated Financial Statements. |

| Date | Resolutions |
|------------|---|
| | 2. Approved the Company's 2020 Distribution of Compensations of Board Directors and Employees. |
| | 3. Approved the Company's 2020 Earnings Distribution. |
| | 4. Approved the Company's 2020 Internal Control Statement. |
| | 5. Approved company 2020 individual financial report and consolidated financial report proposal. |
| | 6. Approved the case of mending the Company's "Procedure for Endorsements and Guarantees". |
| | 7. Approved the date of, location of and reasons for holding the Company's 2021 Shareholders' Meeting. |
| | 8. Approved the Company's bank financing quota. |
| | 9. Approved the proposal for the company to provide the bank financing guarantor to its subsidiaries Marketch Integrated Pte. Ltd.. |
| | 10. Approved the proposal for overdue payment examination in the forth quarter of 2020. |
| | 11. Approved the appointment of CPAs Lin Jun-Yao and Weng Shih-Jung to be responsible for auditing companies' financial reports. |
| | 12. Approved the independent review of CPAs (certified public accountant) and accounting firm to which they belong in 2020. |
| | 13. Approved the proposal for CPAs fees in 2021 and 2022. |
| | 14. Approved the case of dismissal of non-competition restrictions on newly elected directors. |
| | 15. Approved the purchase of ordinary stocks with issued employee stock option for the issuance of new shares. |
| | 16. Approved offering the 4th domestic unsecured convertible bonds convert into ordinary shares. |
| 2021/05/07 | 1. Approved the Company's bank financing quota. |
| | 2. Approved the proposal for overdue payment examination in the first quarter of 2021. |
| | 3. Approved the company capital lending proposal to its subsidiary MIC-Tech Viet Nam Co., Ltd.. |

4.12 For the last date of the annual report printing of the closest year, there were disagreements with recorded or written statements for the passing of important resolutions by the directors or supervisors. The main content consists: None.

4.13 For the last date of the annual report printing of the closest year, the compilation of the resignations and dismissals of director of the board, president, accounting supervisor, financial supervisor, internal auditing supervisor and R&D supervisor: None.

5. Information Regarding the Company's Audit Fee and Independence

| Name of the Accountant's firm | Accountant's name | | Auditing period | Note |
|-------------------------------|-------------------|----------------|------------------------------|------|
| PwC Taiwan | Chang Shu-Chiung | Weng Shih-Jung | Jan. 1, 2020 – Dec. 31, 2020 | None |

Note: If there is any change of accountant or accounting firm in the year, the inspection period shall be listed separately and specified the reason of the change in the column of "Note."

Unit: NTD/thousand

| Public expense | | Audit Fee | Non-audit Fee | Total |
|----------------|-------------------------|-----------|---------------|-------|
| Amount | | | | |
| 1 | Below 2,000 | 0 | 150 | 150 |
| 2 | 2,000 (included)~4,000 | 0 | 0 | 0 |
| 3 | 4,000 (included)~6,000 | 0 | 0 | 0 |
| 4 | 6,000 (included)~8,000 | 6,297 | 0 | 6,297 |
| 5 | 8,000 (included)~10,000 | 0 | 0 | 0 |
| 6 | Above 10,000 (included) | 0 | 0 | 0 |

Note 1: Audit fee refers to the payment for the certification of the auditing, revision and tax certification for the accountants.

Note 2: Non-audit public expense is the service public expense paid for the issuance of the 4th domestic unsecured convertible corporate bond

5.1 If the audit fee is above 1/4 in terms of the payment to the accountants, the firms that the accountants belong to and the non-audit fee of the affiliated companies, the audit fee and non-audit fee amount as well as the content of the non-audit service shall be disclosed: There is no such situation.

5.2 If there is a decrease of audit fee in comparison to the audit fee of the previous year or the changing of accounting firm, the audit fee amount and reason of the year and the previous year shall be disclosed: There is no such situation.

5.3 If the audit fee is less than more than 10 percent comparing to the one of the previous year, the reduced amount of the audit fee, the proportion and the reason shall be disclosed: There is no such situation.

6. Information on Replacement of Certified Public Accountant

If there is any change in terms of the accountant in the latest two years and the previous year, the following items shall be disclosed:

6.1 About the previous accountant

| | | | |
|--|--|---------------|------------------------------------|
| 1. About the previous accountant | | | |
| Date of change | February 26, 2021 | | |
| Reason of the change and description | Due to the structural organizational adjustment of PricewaterhouseCoopers Taiwan, the company certification accountant of 2020 is changed to Lin, Jun-Yao and Weng, Shih-Jung. | | |
| Description of the termination or non-appointment of the entrustee or accountant | Situation | Party | Accountant |
| | Active termination of appointment | Not available | |
| | No further appointment is accepted (continued) | | |
| Reason and opinion of approved audit report without further opinion of the latest two years | Not available | | |
| Disagreement with the publisher | YES | | Accounting principles or practices |
| | | | Disclosure of financial report |
| | | | Audit scope or procedure |
| | | | Other |
| | None | V | |
| | Description | Not available | |
| Other disclosure (The discloser shall be included based on Article 10.6(1.4~1.7) of the Guideline | None | | |

6.2 About the successor-account

| | |
|--|-----------------------------------|
| Firm name | PricewaterhouseCoopers Taiwan |
| Accountant name | Lin, Jun-yao and Weng, Shih-Jung. |
| Appointment date | February 26, 2021 |
| For the accountant of particular transaction before the appointment, the management approach or accounting principles and the counselling and results of the approval of the financial report. | Not available |
| Written opinions of the successor-accountant against the previous accountant. | Not available |

6.3 Reply of the previous accountant towards Article 10 Paragraph 6 Item 1 and 2-3 of "Guidelines of Mandatory Recordings in the Annual Report of the Public Company".

7. The Chairman, President and the Manager in charge of finance or accounting matters who has worked for the independent auditor or related parties in the most recent year: None.

8. Information on shareholding transfer and pledge by Directors, Supervisors, Department Heads and Shareholders with over 10% shareholding in the most recent year and up to the printing of the annual report

8.1 The equity changes or modification of pledge of the directors, supervisors, managers and shareholders with more than 10% of the shares.

Unit: share

| Title (Note 1) | Name | 2020 | | As of March 30, 2020 | |
|---|--|--|--|--|--|
| | | The increased (decreased) number of possessed shares | The increased (decreased) number of pledged shares | The increased (decreased) number of possessed shares | The increased (decreased) number of pledged shares |
| Shareholder(Note 1) (4 seats) | Ennoconn International Investment Co., Ltd. (Note 2) | 0 | 0 | 0 | 0 |
| Director (1 seat) | Ji-Xuan Investment Corp. | 0 | 0 | 0 | 0 |
| Director (1 seat) | E-Win Investment Company | 0 | 0 | 0 | 0 |
| Independent director | Wu, Chung -pao | 0 | 0 | 0 | 0 |
| Independent director | Lin, Hsiao-Ming | 0 | 0 | 0 | 0 |
| Independent director | Wang, Yi-Chun | 0 | 0 | 0 | 0 |
| Chairman and CEO | Sung Kao,Hsin-Ming | 0 | 0 | 0 | 0 |
| President | Lin, Yue-yeh | 0 | 0 | 0 | 0 |
| Group GM | Chen Jian-Tsuen | 94,700 | 0 | 0 | 0 |
| Group VGM | Wei Jian-Ming(Note 4) | 0 | 0 | 0 | 0 |
| Divison GM | Huang, Zhong-wen | 72,200 | 0 | 0 | 0 |
| Divison GM | Chang Ruei-Ru | 89,700 | 0 | 0 | 0 |
| Divison VGM | Li Ruei-wen | 99,700 | 0 | (82,000) | 0 |
| Divison VGM | Lin Chih-jen | (55,000) | 0 | 28,000 | 0 |
| Divison VGM | Lu Chien-kuo | 15,000 | 0 | 0 | 0 |
| Divison VGM | Lo Ssu-yuan | 69,700 | 0 | 0 | 0 |
| Divison VGM | Tseng Lieh-huang | 7,500 | 0 | 0 | 0 |
| Divison VGM | Hou Kun-you | 54,700 | 0 | 0 | 0 |
| Divison VGM | Yang Yuan-zhi | 25,000 | 0 | 0 | 0 |
| Vice General Manager and Financial Supervisor | Hsieh, Ming-Ju | 0 | 0 | 0 | 0 |
| Accounting Supervisor | Zhong, Chi-wen | (30,000) | 0 | 0 | 0 |

Note 1: Shareholders with more than 10% of the shares shall be specified as the biggest shareholder of the company and belisted separately.

Note 2: Ennoconn International Investment Co., Ltd. has more than 10% of the shares which makes it the biggest shareholder.

Note 3: The book closure date of the Company's 2021 regular shareholders' meeting is on March 30, 2021. The numbers of current shareholding listed in the table are the numbers of shareholding recorded in the 2021 shareholders' registry.

Note 4: Mr. Wei,Jian-ming retired and released the position of Group VGM on December 31,2020.

8.2 Share pledge

Directors, supervisors, managers and other shareholders with more than 10% of shares have no right to pledge.

8.3 Share pledge

Directors, supervisors, managers and other shareholders with more than 10% of shares have no right to pledge.

9.Relationship information among the Top Ten Shareholders and any one is a related party or a relative within the second degree of kinship of another

March 30, 2021
Unit: Shares ; %

| Name (Note 1) | Personal shareholding | | Shareholding of the spouse and under age children | | Total shareholding using other's name | | Relationship with the 10 largest shareholders or relationship as the spouse or second lineage. Title or name and relationship (note 3) | | Other |
|---|--------------------------|----------------------|---|----------------------|---------------------------------------|----------------------|--|---|-------|
| | No. of shares | Percentage of shares | No. of shares | Percentage of shares | No. of shares | Percentage of shares | Title (or name) | Relationship | |
| Ennoconn International Investment Co., Ltd.:Lou, Chao Tsung | 83,468,613 *0 | 44.56% *0.00% | 0 *0 | 0.00% *0.00% | 0 *0 | 0.00% *0.00% | None | None | None |
| Ji-Xuan Investment Corp: Sung Kao,Hsin-Ming | 11,005,795 *2,010,513 | 5.87% *1.07% | 0 *0 | 0.00% *0.00% | 0 *0 | 0.00% *0.00% | Sung Kao,Hsin-Ming | Person in charge of the company | None |
| E-Win Investment Company: Lin, Yu-yeh | 6,647,112 *5,986,097 | 3.55% *3.20% | 0 *0 | 0.00% *0.00% | 0 *0 | 0.00% *0.00% | Lin, Yu-yeh | Person in charge of the company | None |
| Lin, Yu-yeh | 5,986,097 | 3.20% | 0 | 0.00% | 0 | 0.00% | <ul style="list-style-type: none"> • Probeleader Co., Ltd. • Lin, Yu-Yao | <ul style="list-style-type: none"> • Person in charge of the company • Brother relationship | None |
| Ji Chang Investment Company: Sung, Bing-Zhong | 2,898,955 *2,081,492 | 1.55% *1.11% | 0 *0 | 0.00% *0.00% | 0 *0 | 0.00% *0.00% | <ul style="list-style-type: none"> • Sung Kao,Hsin-Ming | <ul style="list-style-type: none"> • Mother and son in relationship | None |
| Lin, Yu-Yao | 2,159,515 | 1.15% | 0 | 0.00% | 0 | 0.00% | Lin, Yu-yeh | Brothers | None |
| Chunghwa Post Co., Ltd. | 2,159,000 | 1.15% | 0 | 0.00% | 0 | 0.00% | None | None | None |
| Ya Tai Investment Company:0 Yang,Yi-Shun | 2,150,000 *232,000 | 1.15% *0.12% | 0 *0 | 0.00% *0.00% | 0 *0 | 0.00% *0.00% | None | None | None |
| Sung, Bing-Zhong | 2,081,492 | 1.11% | 230,000 | 0.12% | 0 | 0.00% | <ul style="list-style-type: none"> • Ji Chang Investment Company • Sung Kao,Hsin-Ming | <ul style="list-style-type: none"> • Person in charge of the company • Mother and son in relationship | None |
| Sung Kao,Hsin-Ming | 2,010,513 | 1.07% | 0 | 0.00% | 0 | 0.00% | <ul style="list-style-type: none"> • Ji-Xuan Investment Corp • Sung, Bing-Zhong | <ul style="list-style-type: none"> • Person in charge of the company • Mother and son in relationship | None |

*The No. of shares and the percentage of the shares by each of the individuals.

Note 1: The ten largest shareholders shall be listed. Corporate shareholders shall be listed with the name and the name of the representative.

Note 2: The calculation of the percentage of the shares refers to the calculation of the percentage of the shares with its name, the spouse's, the underage children's or with others' names.

Note 3: The aforementioned shareholders include corporates and natural persons. The relationship between each other shall be disclosed in the financial reports of the issuers.

Note 4: The book closure date of the Company's 2021 regular shareholders' meeting is on March 30, 2021. The numbers of current shareholding listed in the table are the numbers of shareholding recorded in the 2021 shareholders' registry.

10. The shareholding of the same invested company by the Company, the Directors, the Supervisors, the Managers or other business that is controlled by the Company directly or indirectly

December 31, 2020

Unit : Share ; %

| Invested enterprises (Note 1) | Investment of our company(Note 1) | | Investments made by Directors, Supervisors, Managers and the Company' s Directly or Indirectly Controlled Businesses(Note 2) | | Combined investment | |
|--|-----------------------------------|----------------------|--|----------------------|---------------------|----------------------|
| | No. of shares | Percentage of shares | No. of shares | Percentage of shares | No. of shares | Percentage of shares |
| Market Go Profits Ltd. | 41,069,104 | 100.00% | 0 | 0.00% | 41,069,104 | 100.00% |
| Marketech Integrated Pte Ltd. | 10,085,678 | 100.00% | 0 | 0.00% | 10,085,678 | 100.00% |
| Headquarter International Ltd. | 1,289,367 | 100.00% | 0 | 0.00% | 1,289,367 | 100.00% |
| Tiger United Finance Ltd. | 1,410,367 | 100.00% | 0 | 0.00% | 1,410,367 | 100.00% |
| MIC-Tech Global Corp. | 131,560 | 100.00% | 0 | 0.00% | 131,560 | 100.00% |
| MIC-Tech Viet Nam Co., Ltd. | 0 | 100.00% | 0 | 0.00% | 0 | 100.00% |
| Marketech Co., Ltd. | 0 | 100.00% | 0 | 0.00% | 0 | 100.00% |
| Marketech Engineering Pte. Ltd. | 937,533 | 100.00% | 0 | 0.00% | 937,533 | 100.00% |
| Marketech Integrated Manufacturing Company Limited | 1,535,600 | 100.00% | 0 | 0.00% | 1,535,600 | 100.00% |
| eZoom Information, Inc. | 20,000,000 | 100.00% | 0 | 0.00% | 20,000,000 | 100.00% |
| Marketech International Sdn. Bhd. | 12,242,750 | 100.00% | 0 | 0.00% | 12,242,750 | 100.00% |
| Marketech Netherlands B.V. | 900,000 | 100.00% | 0 | 0.00% | 900,000 | 100.00% |
| Marketech International Corporation USA. | 750,000 | 100.00% | 0 | 0.00% | 750,000 | 100.00% |
| Spiro Technology Systems Inc. | 19,982 | 100.00% | 0 | 0.00% | 19,982 | 100.00% |
| PT Marketech International Indonesia | 1,199,000 | 99.92% | 1,000 | 0.08% | 1,200,000 | 100.00% |
| ADAT Technology CO., LTD. | 3,500,000 | 26.74% | 3,325,000 | 25.40% | 6,825,000 | 52.14% |
| MIC-Tech Ventures Asia Pacific Inc. | 0 | 0.00% | 40,966,604 | 100.00% | 40,966,604 | 100.00% |
| Marketech Integrated Construction Co., Ltd. | 0 | 0.00% | 63,500 | 97.69% | 63,500 | 97.69% |
| MIC-Tech (WuXi) Co., Ltd. | 0 | 0.00% | 0 | 100.00% | 0 | 100.00% |
| MIC-Tech (Shanghai) Co. Ltd. | 0 | 0.00% | 0 | 100.00% | 0 | 100.00% |
| Fuzhou Jiwei System Integrated Co., Ltd. | 0 | 0.00% | 0 | 100.00% | 0 | 100.00% |
| MIC-Tech Electronics Engineering Corp. | 0 | 0.00% | 0 | 100.00% | 0 | 100.00% |
| MIC-Tech China Trading (Shanghai) Co., Ltd | 0 | 0.00% | 0 | 100.00% | 0 | 100.00% |
| Rusky H.K. Limited | 0 | 0.00% | 833,000 | 100.00% | 833,000 | 100.00% |
| Shanghai Maohua Electronics Engineering Co.,Ltd. | 0 | 0.00% | 0 | 87.00% | 0 | 87.00% |
| Frontken MIC Co., Limited | 0 | 0.00% | 2,337,608 | 100.00% | 2,337,608 | 100.00% |
| Frontken MIC (WuXi) Co. Ltd | 0 | 0.00% | 0 | 100.00% | 0 | 100.00% |
| MICT International Limited | 0 | 0.00% | 5,400,000 | 60.00% | 5,400,000 | 60.00% |
| Integrated Manufacturing & Services Co., Ltd. | 0 | 0.00% | 0 | 60.00% | 0 | 60.00% |
| Glory Technology Service Inc. | 5,968,371 | 29.24% | 0 | 0.00% | 5,968,371 | 29.24% |
| MIC Techno Co., Ltd. | 200,000 | 20.00% | 120,000 | 12.00% | 320,000 | 32.00% |
| Smart Health Corp. | 50,000 | 100% | 0 | 0.00% | 50,000 | 100% |
| Vertex System Corporation | 2,000,000 | 38.83% | 0 | 0.00% | 2,000,000 | 38.83% |
| Leader Fortune Enterprise Co., Ltd. | 0 | 0.00% | 303,000 | 31.43% | 303,000 | 31.43% |
| Macrotec Technology(Shanghai) Co.LTD. | 0 | 0.00% | 0 | 31.43% | 0 | 31.43% |
| Fortune Blessing Co., Limited | 0 | 0.00% | 500,000 | 27.78% | 500,000 | 27.78% |
| Fortune International Corporation | 0 | 0.00% | 0 | 27.78% | 0 | 27.78% |

Note 1: The above investments are recognized by equity method.

Note 2: Investments made by the Company's directly or indirectly controlled business refers to investment made by the Company's directly or indirectly controlled subsidiary through equity method.

Part 4. Information on capital raising activities

1. Capital and Shares

1.1 Sources of the capital for shares

The sources of the capital for the shares issued by the company in recent years and by the print date of the annual notice are as follows:

March 30, 2021

Unit : NTD per share

| mm/yy | Issue price | Rated capital for shares | | Actual received capital for shares | | Note | | |
|-----------|-------------|--------------------------|---------------|------------------------------------|---------------|--|--|--------|
| | | Shares | Amount | Shares | Amount | Source of the capital | Stock offset by assets other than cash | Others |
| Feb. 2020 | 10 | 250,000,000 | 2,500,000,000 | 186,839,950 | 1,868,399,500 | shares changed from the equity for employee's dividends: 170,000 | N/A | Note 1 |
| Apr. 2020 | 10 | 250,000,000 | 2,500,000,000 | 187,075,700 | 1,870,757,000 | shares changed from the equity for employee's dividends: 235,750 | N/A | Note 2 |
| Jul. 2020 | 10 | 300,000,000 | 3,000,000,000 | 187,114,950 | 1,871,149,500 | shares changed from the equity for employee's dividends: 39,250 | N/A | Note 3 |
| Oct. 2020 | 10 | 300,000,000 | 3,000,000,000 | 187,142,700 | 1,871,427,000 | shares changed from the equity for employee's dividends: 27,750 | N/A | Note 4 |
| Jan. 2021 | 10 | 300,000,000 | 3,000,000,000 | 187,219,200 | 1,872,192,000 | shares changed from the equity for employee's dividends: 76,500 | N/A | Note 5 |

Note 1: As stipulated under the Financial Supervisory Commission's Taiwan FSC correspondence No. 10901012350 directive on February 4, 2020.

Note 2: As stipulated under the Financial Supervisory Commission's Taiwan FSC correspondence No. 10901066860 directive on April 28, 2020.

Note 3: As stipulated under the Financial Supervisory Commission's Taiwan FSC correspondence No. 10901138680 directive on July 21, 2020.

Note 4: As stipulated under the Financial Supervisory Commission's Taiwan FSC correspondence No. 10901199450 directive on October 23, 2020.

Note 5: As stipulated under the Financial Supervisory Commission's Taiwan FSC correspondence No. 11001011280 directive on January 29, 2021.

March 30, 2021 : Unit: shares

| March 30, 2021 : Unit. shares | | | | | | |
|-------------------------------|--------------------------|---------------|-------------|-----------------|-------------|------|
| Share type | Rated capital for shares | | | | | Note |
| | Issued shares (note) | | | Unissued shares | Total | |
| | Listed (note) | OTC (counter) | Total | | | |
| Registered ordinary shares | 187,338,200 | 0 | 187,338,200 | 112,661,800 | 300,000,000 | N/A |

Note1: Please note that a share belongs to the listed one or trade OTC. (If it is restricted to be listed or trade OTC, then it should be noted.)

Note2: The book closure date of the Company's 2021 regular shareholders' meeting is on March 20, 2021. The numbers of current shareholding listed in the table are the numbers of shareholding recorded in the 2021 shareholders' registry.

Related information of General Application System: not applicable

1.2 Structure of shareholders

For ordinary shares, the price of each share is 10 dollars

March 30, 2021

Unit: shar; person; %

| Structure of shareholders | Government agency | Financial institutions | Other juristic person | Individual | Foreign constitution and foreigner | Total |
|----------------------------|-------------------|------------------------|-----------------------|------------|------------------------------------|-------------|
| Number (person) | 0 | 4 | 71 | 18,441 | 85 | 18,601 |
| Number (share) | 0 | 2,154,000 | 114,126,575 | 65,371,892 | 5,685,733 | 187,338,200 |
| Ration of shareholding (%) | 0.00% | 1.15% | 60.92% | 34.89% | 3.04% | 100.00% |

1.3 Allocation of shares

For ordinary shares, the price of each share is 10 dollars

March 30, 2021

Unit: shar; person; %

| Shareholding level | Shareholder (persons) | Number (shares) | Shareholding ration (%) |
|----------------------|-----------------------|-----------------|-------------------------|
| 1 to 999 | 2,573 | 514,852 | 0.27% |
| 1,000 to 5,000 | 14,503 | 24,789,019 | 13.23% |
| 5,001 to 10,000 | 873 | 6,982,042 | 3.73% |
| 10,001 to 15,000 | 196 | 2,487,089 | 1.33% |
| 15,001 to 20,000 | 146 | 2,742,343 | 1.46% |
| 20,001 to 30,000 | 110 | 2,792,029 | 1.49% |
| 30,001 to 40,000 | 45 | 1,591,912 | 0.85% |
| 40,001 to 50,000 | 30 | 1,397,629 | 0.75% |
| 50,001 to 100,000 | 49 | 3,379,430 | 1.80% |
| 100,001 to 200,000 | 42 | 5,715,520 | 3.05% |
| 200,001 to 400,000 | 12 | 3,111,795 | 1.66% |
| 400,001 to 600,000 | 4 | 1,960,059 | 1.05% |
| 600,001 to 800,000 | 1 | 781,000 | 0.42% |
| 800,001 to 1,000,000 | 2 | 1,830,000 | 0.98% |
| Above 1,000,001 | 15 | 127,263,481 | 67.93% |
| Total | 18,601 | 187,338,200 | 100.00% |

Note: The book closure date of the Company's 2021 regular shareholders' meeting is on March 30, 2021. The numbers of current shareholding listed in the table are the numbers of shareholding recorded in the 2021 shareholders' registry.

1.4 Name list of major shareholders

The names, shareholding numbers and ratios of the shareholders who hold more than 5% of total shares or have the shareholding ratios which rank top 10 are as follows:

March 30, 2021

| Names of major shareholders | Share held (shares) | Shareholding ratio (%) |
|---|---------------------|------------------------|
| Ennoconn International Investment Co., Ltd. | 83,468,613 | 44.56% |
| Ji-Xuan Investment Corp | 11,005,795 | 5.87% |
| E-Win Investment Company | 6,647,112 | 3.55% |
| Lin, Yu-yeh | 5,986,097 | 3.20% |
| Ji Chang Investment Company | 2,898,955 | 1.55% |
| Lin, Yu-Yao | 2,159,515 | 1.15% |
| Chunghwa Post Co., Ltd. | 2,159,000 | 1.15% |
| Ya Tai Investment Company | 2,150,000 | 1.15% |
| Sung, Bing-Zhong | 2,081,492 | 1.11% |
| Sung Kao, Hsin-Ming | 2,010,513 | 1.07% |

Note: The book closure date of the Company's 2021 regular shareholders' meeting is on March 30, 2021. The numbers of current shareholding listed in the table are the numbers of shareholding recorded in the 2021 shareholders' registry.

1.5 Market Price, Net Worth, Earnings, and Dividends per Share of the Past Two Years

Unit : NT\$; thousand shares ; %

| Item | 2019 | 2020 | As of Mar 31, 2021(Note 8) |
|--------------------------------|--|----------------------------------|----------------------------|
| Market Price per Share(Note 1) | Highest Market Price(Note 1) | 94.80 | 137.50 |
| | Lowest Market Price(Note 1) | 44.85 | 47.15 |
| | Average Market Price(Note 1) | 56.08 | 97.64 |
| Net Worth per Share(Note 2) | Before Distribution | 31.04 | 33.50 |
| | After Distribution(Note 2) | 28.44(Note 2) | 30.00(Note 2) |
| Earnings per Share | Weighted Average Shares | 186,085 | 187,080 |
| | Earning (loss) per share (before the retroactive adjustment)(Note 3) | 3.78 | 4.88 |
| | Earning (loss) per share (after the retroactive adjustment) (Note 3) | 3.78 | 4.88 |
| Dividends per Share | Cash Dividends | 2.60(Note 2) | 3.50(Note 2) |
| | Stock Dividends | Dividends from Retained Earnings | 0 |
| | | Dividends from Capital Surplus | 0 |
| | Accumulated Undistributed Dividends(Note 4) | | 0 |
| Return on Investment | Price - Earnings Ratio (Note 5) | 14.84 | 20.01 |
| | Price - Dividend Ratio(Note 6) | 21.57(Note 2) | 27.90(Note 2) |
| | Cash Dividend Yield Rate(Note 7) | 4.64%(Note 2) | 3.58%(Note 2) |

Note 1: The highest and lowest market price for common shares of the year, where the averaged market prices are calculated based on the annual trading value and volume.

Note 2: Refers to the number of issued shares at the end of the year and the distribution finalized at Annual Shareholders' Meeting; 2020 Profit Distribution is not yet finalized at Shareholders' Meeting.

Note 3: Earning per share before and after the adjustment shall be listed if retroactive adjustment is made due to stock grant. The annual weighted average outstanding shares shall be used to adjust the number of increased shares, which are considered as the result of capital increase by earnings.

Note 4: Regarding the issuance of equity securities, if it is regulated that undistributed dividend shall be accumulated and released as the annual dividend, the undistributed dividend and annual dividend shall have the undistributed dividend stated until the end of the year.

Note 5: Price-Earnings Ratio = average closing price per share of the year / earning per share.

Note 6: Price-Dividend ratio = average closing price per share of the year / cash dividend per share.

Note 7: Cash Dividend Yield Rate = cash dividend per share / averaged closing price per share of the year

Note 8: The net value and earning per share shall be specified on the information audited (reviewed) by the accountant in the most recent quarter up to the printing of the annual report; other columns shall fill the annual information up to the printing of the annual report. Aforementioned net value per share and earning per share (or basic earning per share) shall be revealed on the 2019 and 2020 consolidated financial statement certified by the accountant and 2021Q1 consolidated financial statement certified by the accountant.

1.6 The dividend application status

1.6.1. The policy

Article 20 of the Article of Incorporation :

If there is any surplus profit of the year, the Company shall firstly pay directors' remuneration, which shall not exceed 3%. Then 1% to 15% of the remaining amount shall then be paid as employees' remuneration. However, if the Company has any left-over deficit, the amount to make up the deficit shall be reserved in advance.

Upon closing of accounts, if there is surplus profit, the Company shall firstly estimate and reserve the all taxes and dues, make up the losses for preceding years, set aside a legal reserve of 10% of the net profit and then set aside a special reserve in accordance with applicable laws or regulations of the competent authority. Then the remaining profit shall be added with the remaining profit of precedent year. The Board of Directors shall draft a surplus distribution proposal, in which will be submitted to shareholders' meeting to decide whether to distribute or reserve the surplus profit.

However, if legal reserve amounts reach to the total paid-in capital, this provision shall not apply.

Article 20-1:

The appointed profit shall not exceed 50% to ensure that the development needs of future operation and security of the financial status could be optimized for the Company to response to the overall environment development and the features of industry growth.

1.6.2. The proposed appointment

Unit : In TWD dollar

| Items | Amount |
|---|------------------|
| Beginning unappropriated retained earnings | \$1,621,320,531 |
| Plus: Net income in 2020 | \$ 913,735,854 |
| Less: Adjusted retained earnings in 2020(Note 1) | (8,729,700) |
| Total | 905,006,154 |
| Less: Legal reserve | (90,500,615) |
| Plus: Reversal of special reserve (Note 2) | 3,150,351 |
| Retained earning available for distribution | 2,438,976,421 |
| Distribution item(s): (Note 3) | |
| Shareholders' dividend – Cash dividends 3.5 / per share | 655,267,200) |
| Unappropriated retained earnings | \$1,783,709, 221 |

Note 1: Refers to re-measurements of defined benefit plans, which was recognized as other comprehensive income due to actuarial assumption variables of defined benefit / pension plan of 2020 and then transferred into retained earnings was NT\$8,729,700.

Note 2:As stipulated under the Financial Supervisory Commission R.O.C (Taiwan) No. 1010012865 directive, to reversal of special reserve.

Note 3:The distributed profit was generated mainly in 2020 as the priority.

Note 4:Regarding the dividend distribution rate set in profit distribution proposal, if the employees' execution of employee stock option affects the Company's no. of the weighted average outstanding shares and results in a change of shareholders' dividend declared ratio, it is hereby proposed at the Shareholders' Meeting to fully authorize the Chairman to make an adjustment according to the resolution of the board of directors

Note 5:The distributed cash profit shall be counted only until digit in ones. Digits below shall all be rounded off (shall be rounded down to an integer). Fractional amount less than one dollar should be recorded

1.6.3. The explanation for severe policy adjusting: None.

1.7 The influence of share appointment:

As the Company's shareholders' meeting in 2021 does not have any proposal regarding the stock dividend distribution, it makes no effect upon business performance, earnings per share and shareholders' equity return ratio.

1.8 The dividends and the compensation for directors and supervisors

1.8.1.The percentages or ranges with respect to employee, director, and supervisor compensation, as set forth in the company's Articles of Incorporation.

Subject to the Article of Incorporation, if there is any surplus profit of the year, the Company shall firstly pay directors' remuneration, which shall not exceed 3%. Then 1% to 15% of the remaining amount shall then be paid as employees' remuneration. However, if the Company has any left-over deficit, the amount to make up the deficit shall be reserved in advance.

Upon closing of accounts, if there is surplus profit, the Company shall firstly estimate and reserve the all taxes and dues, make up the losses for preceding years, set aside a legal reserve of 10% of the net profit and then set aside a special reserve in accordance with applicable laws or regulations of the competent authority. Then the remaining profit shall be added with the remaining profit of precedent year. The Board of Directors

shall draft a surplus distribution proposal, in which will be submitted to shareholders' meeting to decide whether to distribute or reserve the surplus profit.
However, if legal reserve amounts reach to the total paid-in capital, this provision shall not apply.

1.8.2. The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period.

- (1) The Company's 2020 Employees' Compensation and Directors Remuneration were estimated based on the pre-tax net profit of the year. Employees' compensation and directors' remuneration were recognized as wage expenses.
- (2) Accounting treatment for discrepancy between the actual distributed amount and estimated amount: discrepancy between the amount of remuneration actually distributed to employees and directors, and the estimated amount in financial statement shall be considered as changes in accounting estimates and shall be listed as the loss / profit of next year.

1.8.3. Information on any approval by the board of directors of distribution of compensation:

- (1) The amount of any employee compensation distributed in cash or stocks and compensation for directors and supervisors:

- (1.1) Drafted amount of compensation / remuneration to be distributed to employees, directors and supervisors:

Regarding the 2020 Employees' Compensation and Directors Remuneration, Board of Director already approved the proposal in the meeting held on February 26, 2021, and where NT\$ 127,959,618 will be distributed to employees as compensation and NT\$ 12,795,962 will be distributed to directors as remuneration.

Unit: dollars

| Subject | Amount to be appointed |
|---|------------------------|
| Employees' Compensation-Cash dividends | 127,959,618 |
| Employees' Compensation-Stock dividends | 0 |
| Director and supervisor compensation | 12,795,962 |

- (1.2) The cause of the difference and the operation:

Above proposed employees' compensation and directors' remuneration for 2020 resolved by the Board of Directors were in agreement with those amounts recognised in the 2020 financial statements, which were NT\$127,959,618 and NT\$12,795,962, respectively.

- (2) The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation: N/A

1.8.4. The actual distribution of employee, director, and supervisor compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated.

Unit: TWD

| Item | The appointed profit for 2020 | | | |
|-------------------------------|-------------------------------|------------------|------------|-------|
| | The appointed amount | Estimated amount | Difference | Cause |
| Status | | | | |
| 1. Cash dividends | 98,676,035 | 98,676,035 | 0 | 0 |
| 2. Stock dividends | | | | |
| (1) Stock | 0 | 0 | 0 | 0 |
| (2) Cash | 0 | 0 | 0 | 0 |
| 3. Compensation for directors | 9,867,603 | 9,867,603 | 0 | 0 |

1.9 Buy-back: None

2. Bonds :

2.1 Issuance of Corporate Bonds

| Types of Corporate Bond (Note 2) | | The 4th Domestic Unsecured Convertible Bonds (Note 5) |
|---|---|---|
| Issue Date | | September 30, 2020 |
| Denomination | | NT\$100,000 |
| Issuance & Trading Location (Note 3) | | Not Application |
| Offering Price | | Par |
| Total Amount | | NT\$1.5 billion |
| Coupon rate | | 0% |
| Tenor and Maturity Date | | Tenor: Three Years Maturity Date: December 15, 2023 |
| Guarantee Institution | | None |
| Trustee | | Fubon Bank's Trust Department |
| Underwriter | | Fubon Securities Co., Ltd. |
| Bond Lawyer | | Yang-Yi Cheng |
| Bond Accountant | | Chang, Shu-Chiung & Wong, Shu-Rong |
| Repayment Method | | According to the Clause 6 of the issue and conversion method of our company's 4th domestic unsecured convertible bond for 2020, denomination in cash is to be paid upon maturity, except those cases when the convertible bond holders convert the bond into common stocks in accordance with clause 10 or early redemption from the securities company's business office in accordance with Clause 18. |
| Outstanding | | NT\$1.5 billion |
| Redemption or Advance Repayment Clause | | Please refer to the issue and conversion method of our company's 4th domestic unsecured convertible bond for 2020. |
| Restriction Clauses (Note 4) | | Please refer to issue and conversion method. |
| Credit Rating Agency Name, Rating date, Rating Outcome | | Not Applicable |
| Other Attached Rights | Up till the time of the printing of the annual report, the amount money of the conversion (exchange or buyback) of bonds into common stocks, overseas depositary receipt or other securities. | After the issuance of the corporate bond, the accumulated exercised conversion right amount up till the time of the printing of the annual report is NT\$0. |
| | Issue & Conversion (Exchange or Buyback) Method | Please refer to the issue and conversion method of our company's 4th domestic unsecured convertible bond for 2020. |
| Issue and conversion, exchange or buyback methods, issue conditions that may dilute equity and affect the present shareholders' equity. | | Calculate the remaining corporate bond value according to the present conversion price if all convertible bonds are exchanged to become common stocks, then our company needs to reissue common stocks of 13,066,202 shares with a capital inflation rate of 6.97%, which would have limited influence on shareholders' equity. |
| Entrusted Institution of the Convertible Bonds | | Not Applicable |

Note1: Corporate bond issuance process includes the process of public and private equity of corporate bond. The processing of public equity of corporate bond means the process has been approved and in effect. The processing of private equity of corporate bond means it has been passed by the Board of Directors.

Note 2: The number of columns can be adjusted according to the number of processing times.

Note 3: For offshore corporate bond holders to fill in.

Note 4: Such as restrictions on the payment of cash dividends, investment abroad or request maintaining a certain equity asset ratio, etc.

Note 5: For private equity holders, please mark in a noticeable manner.

Note 6: For convertible corporate bond, exchange corporate bond, shelf registered corporate bond or equity warrant bond, please disclose relevant information according to the features in the table format.

2.2 Convertible Corporate Bond Information

Unit: New Taiwan Dollar

| Types of Corporate Bond (Note 1) | | The 4th Domestic Unsecured Convertible Bonds | |
|---|---------|--|------------------------------|
| Item / Year | | Year 2020 | As of March 31, 2021(Note 4) |
| Market Price of Convertible Corporate Bond (Note 2) | Maximum | 115.45 | 127.00 |
| | Minimum | 108.00 | 113.80 |
| | Average | 110.02 | 117.98 |
| Conversion Price | | 114.80 | 114.80 |
| Issue Date & Conversion Price at Issuance | | Issue Date: December 15, 2020 Conversion Price at Issuance: NT\$ 114.80/Share | |
| Obligation Method for Executing the Conversion (Note 3) | | Issue new shares | |

Note 1: The number of columns can be adjusted according to the number of processing times.

Note 2: If there are multiple trading locations for offshore corporate bond, please list the prices according to trading locations.

Note 3: Deliver issued shares or new shares.

Note 4: The annual information should be filled up to the time of the printing of the annual report.

(3) Shelf registered corporate bond: None

(4) Information on equity warrant bond: None

3. Preferred Stock : None

4. Global Depositary Receipts : None

5. Employee Stock Options :

5.1 Unexpired employee subscription warrants issued by the company in existence as of the date of printing of the annual report, and the effect of such warrants upon shareholders' equity.

April 30, 2021

| | |
|--|---|
| Types of Employee Subscription Warrants (Note 2) | 1 st Employee Subscription Warrants of 2015 |
| Report Effective Date | July 15, 2015 |
| Issuance (handling) date (Note4) | September 11, 2015 |
| Number of issued units | 3,956,000 units Every unit can subscribe one common stock |
| Percentage of issued subscription shares to total issued shares (%) | 2.2192%(Note 6) |
| Validity of share subscription (stock option) | September 11, 2017 to September 10, 2021 |
| Method of Performance (Note 3) | To issue new shares |
| Period with limitations in share subscription and the ratio (%) | Share subscribers may, two years after the second day of the issuance date, perform their share subscription according to below schedule. The proportion of performing share subscription accumulated during the share subscription warrant granting period. After 2 years 50% After 3 years 75% After 4 years 100% |
| Acquired number of shares | 3,735,250 shares |
| Amount of subscribed shares | NT\$ 62,207,250 |
| Number of non-subscribed shares | 50,000 shares |
| The subscription price of each share for people have not yet subscribed the share. | NT\$15.20 |
| Percentage of non-subscribed shares to total issued shares (%) | 0.0267% (Note6) |
| Effect of warrant upon equity to shareholders | The validity employees' share subscription warrant is 6 years. Share subscribers shall, starting 2 years after the second day of the issuance date, implement it three times in three years, which helps to lessen effect on the equity to original shareholders year by year. Therefore, the dilution effect is somehow limited. |

Note 1: The status of processing employee share subscription warrants may refer to ongoing public or private placement for employee share subscription warrants. The ongoing public placement for employee share subscription warrants refer to those that have become effective, whereas ongoing private placement for employee share subscription warrants refers to those that have passed resolution of the Shareholders' Meeting

Note 2: The number of columns shall be adjusted according to the number of times of holding it.

Note 3: Shall note down the consignment of issued shares or issuance of new shares

Note 4: Those with different issuance and handling dates shall have them listed separately.

Note 5: Those that belong to private placement shall be marked in obvious ways.

Note 6: Here the "total issued shares" in "Percentage of issued subscription shares to total issued shares (%)" is calculated based on the total number of issued shares up to the printing of the annual report (as of April 30, 2021), which is 187,338,200 shares.

Note 7: The Company's 1st Employee Stock Option Certificates (Share Subscription Warrants) Plan of 2015 was approved by the competent authority to issue 4,000,000 units. The Company has, on September 11 of 2015, issued 3,956,000 units. Up to the printing of the annual report (as of April 30, 2021), the number of approved non-issued employee share subscription warranty is 44,000 units.

5.2 Up to the printing of the annual report, the name and acquisition / subscription status of managers who have acquired employee share subscription warrants and the top ten employees who have acquired share subscription warrants and are eligible to subscribe the shares.

April 30, 2021

| | Job Title (Note 1) | Name | Number of share subscription with subscription (thousand shares) | Percentage of share subscription to the total issued shares (Note4) | Performed (Note 2) | | | | To be Performed (Note 2) | | | |
|--------------------|---|-------------------------------------|--|---|--|--|--|---|--|--|--|---|
| | | | | | Quantity of share subscription (thousand shares) | Price of share subscription (NT\$) (Note5) | Amount of share subscription (NT\$1,000) | Quantity of share subscription to the total issued shares (Note4) | Quantity of share subscription (thousand shares) | Price of share subscription (NT\$) (Note6) | Amount of share subscription (NT\$1,000) | Quantity of share subscription to the total issued shares (Note4) |
| Managers | Group GM | Chen Chien-Tun | 594 | 0.32% | 594 | 15.20 、 15.70 、 16.70 、 17.30 | 9,656.73 | 0.32% | - | - | - | - |
| | Divison GM | Huang Tsung-Wen | | | | | | | | | | |
| | Divison GM | Chang Jui-Ju | | | | | | | | | | |
| | Divison VGM | Li Ruei-wen | | | | | | | | | | |
| | Divison VGM | Lin Chih-jen | | | | | | | | | | |
| | Divison VGM | Lu Chieh-Kuo | | | | | | | | | | |
| | Divison VGM | Lo Ssu-yuan | | | | | | | | | | |
| | Divison VGM | Hou Kun-you | | | | | | | | | | |
| | Divison VGM | Yang Yuan-zhi | | | | | | | | | | |
| | Vice General Manager / Supervisor of Financial Department | Hsieh Ming-Chu | | | | | | | | | | |
| Employees (Note 3) | Top Ten Employees | Supervisor of Accounting Department | 625 | 0.33% | 625 | 15.20 、 15.70 、 16.70 、 17.30 | 9,872.50 | 0.33% | - | - | - | - |
| | | Hou Fu-Chia | | | | | | | | | | |
| | | Chen Kuo-Ching | | | | | | | | | | |
| | | Li Chi-Ming | | | | | | | | | | |
| | | Lin Tzu-Min | | | | | | | | | | |
| | | Li Te-ching | | | | | | | | | | |
| | | Chung Li-kai | | | | | | | | | | |
| | | Huang, Yin-nan | | | | | | | | | | |
| | | Liu, Chign-pao | | | | | | | | | | |
| | | Yang zhe-jie | | | | | | | | | | |
| | | Su Yu-xu | | | | | | | | | | |
| | | Hsu Ta-chang | | | | | | | | | | |

Noe 1: Managers or employees (those who already resigned or dead shall be noted down accordingly), their names and job titles shall be revealed. However, their status of acquisition and subscription shall be stated in a summarized form.

Noe 2: The number of columns shall be adjusted according to the number of times of holding it.

Noe 3: The top ten employees refer to employees who have acquired share subscription warrants and are eligible to subscribe the shares. However, managers are excluded in the case.

Noe 4: Here the "total issued shares" refers to the total number of issued shares up to the printing of the annual report (as of April 30, 2021), which is 187,338,200 shares.

Noe 5: When the rights of the employ stock option have been executed, the option price should be disclosed.

Noe 6: When the rights of the employ stock option have not been executed, the adjusted option price according to the issue method should be disclosed.

6. New Restricted Employee Shares:

6.1 As to the report was printed, the related regulation was not applicable.

6.2 The top-10 employees applicable for the share limitation: N/A

7. Status of New Issuance in Connection with Mergers and Acquisitions:

7.1 Share issuance for merger: N/A

7.2 Share issuance for acquisition: N/A

8. Financing Plans and Implementation:None.

Part 5. Overview of operations

1. Business Activities

1.1 Business Range

1.1.1. Contents of business range

MIC and its subsidiaries (referred to collectively as MIC hereafter) perform business in the following four categories:

- (1) Sales and service of high-tech equipment and materials: MIC provides sales, distribution, service and technical support for process and factory management infrastructure for high-tech industries such as semiconductor manufacturing and photo-electronics, as well as the associated materials, chemicals and parts/components.
- (2) Automatic supplying systems: MIC provides planning, design, construction, supervision, installation, testing, operating consultation and warranty service for gas supply, automatic chemical feeding system, special gas and factory monitoring systems for high-tech industry facilities such as those in semiconductor manufacturing, photo-electronics and biochemical and pharmaceutical companies.
- (3) Total Facility Engineering Turnkey Project: for this part, MIC provides service for turn-key projects for high-tech industry facilities such as those in semiconductor manufacturing, photo-electronics and biochemical and pharmaceutical companies from electrical system, clean room, factory peripherals to process equipment. Also, MIC is known for the integration of electrical systems in, for example, petrochemical compound, traditional industry facilities and smart buildings.
- (4) R&D and manufacturing of customized equipment: MIC designs and builds automatic factory and process equipment to the needs of clients in semiconductor manufacturing, photo-electronics and other high-tech industries as well as traditional industries.

1.1.2. Business percentages

In NT\$1,000 ; %

| Product or service cat. | Year | 2019 | | 2020 | |
|--|------|------------------|------------|------------------|------------|
| | | Business incomes | Business % | Business incomes | Business % |
| R &D and manufacturing of customized equipment | | 5,597,464 | 23.15 | 6,885,049 | 27.41 |
| Total Facility Engineering Turnkey Project | | 4,806,170 | 19.87 | 6,079,385 | 24.20 |
| Sales and service of high-tech equipment and materials | | 7,094,866 | 29.34 | 4,912,176 | 19.56 |
| Automatic Supplying system | | 6,684,181 | 27.64 | 7,243,247 | 28.83 |
| Total | | 24,182,681 | 100.00 | 25,119,857 | 100.00 |

Note: Disclosed based on the consolidated financial reports of 2019 and 2020 as certified by accountant.

- 1.1.3. Current lines of product (service) offered by MIC
 - (1) Sales and service of high-tech equipment and materials:
 - (1.1) Semiconductor mask process
 - (1.2) IC manufacturing process
 - (1.3) IC packaging process
 - (1.4) LCD and color filter processes
 - (1.5) GaAs process for LEDs
 - (1.6) Front end process for LEDs
 - (1.7) Solar power equipment
 - (2) Total Facility Engineering Turnkey Project:
 - (2.1) Design, manufacturing, construction, installation and testing of automatic supply system of gas/chemical/ultrapure water/pure steam/injection water/wastewater treatment
 - (2.2) Factory automation
 - A. Factory management and control system (FMCS)
 - B. Computer-integrated manufacturing (CIM)
 - C. Importing of automation products
 - (2.3) Information, communications, corporate information and program service
 - A. Information/communication solution introduction and system integration
 - B. Value-added service system
 - C. Planning and consulting for communication systems
 - D. Importing and sales of software and hardware of communications and corporate information service
 - E. Outsourced management for information/communication systems
 - F. Sensing and messaging platform
 - G. Application System Performance
 - H. New Generation Internet Surveillance and Warning System
 - I. Automated meeting room asset management system - AMM
 - J. Radio voice integration solution - KoKoRadio
 - K. E-Commerce Platform design and installation services - eCommerce Service
 - L. Smart Healthcare Service Platform and Smart Hospital Solution
 - (3) Total facility engineering turnkey project
 - (3.1) Turn-key projects for high-tech factories, pharmaceutical factories and biotechnical labs
 - (3.2) Engineering projects for mass transit system
 - (3.3) Water resource and energy management
 - (3.4) Information data center project
 - (4) R&D and manufacturing of customized equipment
- 1.1.4. New product planning and development (service)

According to the needs of markets and customers, MIC will continue to cooperate with the original equipment manufacturer to develop equipment modules and customized equipments in the future.

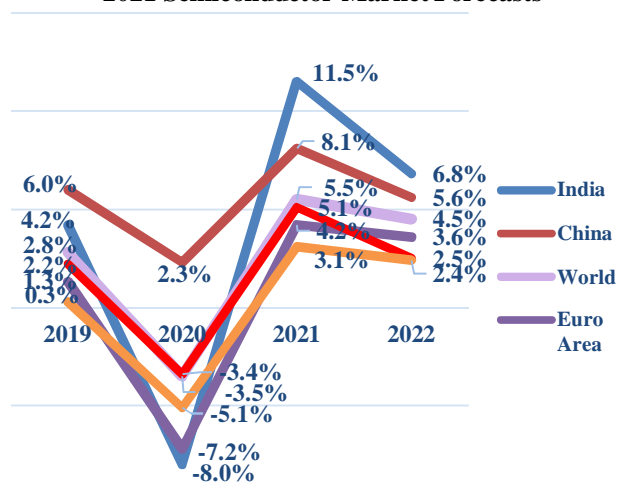
1.2 Current status of industry

1.2.1 Global macroeconomic environment

The International Monetary Fund (IMF) released its World Economic Report 2020, which shows that since 2018, the global economic uncertainty has increased with the disputes between the U.S. and China over trade issues, which continue to spread to other aspects, as well as the ineffective resolution of the Brexit issue and the emergence of geopolitical events. Furthermore, the global economy is estimated to shrink by 3.5% due to the impact of the global outbreak of COVID-19 in 2020. In the outlook for 2021, the IMF forecasts that the

global economy will expand strongly by 5.5%, up 0.3 percentage points from the 5.2% forecast in the previous report. The reason for the increase is that the market expects the rollout of vaccines will stimulate growth, coupled with the significant improvement in the U.S. economy, offsetting the downward revisions in the Eurozone and the U.K., as well as policy stimulus from various countries.

2021 Semiconductor Market Forecasts



World Output (Real GDP, annual percent change)
Source : IMF World Economic Output (Update) , 2021/01

Chart 1 IMF Global Economic Growth Forecast

The IMF report shows that the U.S. economy is expected to grow by 5.1% in 2021, which is 2 percentage points higher than the previous estimate. The main reason is the continuation of the strong growth momentum in the second half of 2020 and the benefit of the new bailout bill passed by Congress. By contrast, the growth rate in the Eurozone will fall by 1 percentage point to 4.2% in 2021 compared to the previous estimate, while it will decline by nearly 1.5 percentage points to 4.5% in the UK. In addition, the IMF estimates that China's economy will grow at 8.1% in 2021 and expand at 5.6% in 2022, slightly lower than the previous forecast of 8.2% and 5.8%, respectively. India is expected to grow by 11.5% in 2021, 2.7 percentage points higher than the previous estimate, as the country's economic recovery in 2020 is stronger than expected.

As various countries have approved a variety of vaccines and have begun a large scale administration of vaccination, it has raised hopes that the pandemic will eventually end. But the organization also warns that the global economy continues to face "extraordinarily high uncertainty" due to the risks of a new wave of infections and virus mutations.

In addition, according to the latest forecast by the research institute IHS Markit and the World Bank (WB) in January 2021, the global economy will grow at 4.4% and 4.0%, respectively, in 2021 with a low base period. But the premise lies in the implementation of the control of the epidemic and the implementation of investment policies in various countries. WB believes that if the global diagnosis rate increases and the vaccine prevalence rate is too low, the growth forecast may still be revised downward to 1.6%, indicating that there are still major variables in the international economy. In 2020, countries will be affected by the pandemic differently, and their economic performance will be uneven. Among the major economies, the Eurozone will see the largest rebound (10.5 percentage points) in 2021 due to the low base period, with economic growth of 3.4%, while Japan, the US and China will grow by 2.3%, 4.0% and 7.6%, respectively.

Global and Major Countries Economic Growth Forecast (%)



Source : IHS Markit, World overview ; World Bank(WB) ; 2021/01

Chart 2 World Economic Growth Forecast for 2021

The major forecasting agencies have a consensus that the global economy will rebound significantly in 2021, but also emphasize that the low base period has played a significant role. Taking into account the recent resurgence and intensification of the global COVID-19 pandemic, vaccine shortages, and slow vaccination rates, there is a high degree of uncertainty in the international economic outlook. In addition to the pandemic risk of COVID-19, the external factors, including the new Biden administration's policy direction, the evolution of U.S.-China trade relations, geopolitical turmoil, etc., may affect the global economy.

In Taiwan, despite the global COVID-19 pandemic is raging around the world, the Directorate General of Budget, Accounting and Statistics preliminarily calculates that the economic growth rate in 2020 reaches 3.11%, which ranks first among the world's top 30 countries in terms of GDP, with Taiwan ranking 21st, South Korea ranking 10th, and the United States and China ranking first and second in terms of GDP, respectively. The outlook for 2021 is still optimistic. In February 2021, the Directorate General of Budget, Accounting and Statistics revised Taiwan's economic growth rate for 2021 from the original forecast of 3.83% to 4.64%, the highest in nearly seven years, and the annual GDP exceeded NT\$20 trillion for the first time.

Table 1 Forecast of Taiwan's Economic Growth Rate in 2021 by Taiwan's Domestic Institutions

Unit : %

| Forecast institution | Month of forecast released | Growth rate in 2021 2021 | Growth rate in 2020 2020 |
|--|----------------------------|--------------------------|--------------------------|
| Directorate General of Budget, Accounting and Statistics | 2021/02 | 4.64% | 3.11% |
| Central Bank | 2020/12 | 3.68% | 2.58% |
| Taiwan Institute of Economic Research | 2021/01 | 4.30% | 1.91% |
| Chung-Hua Institution for Economic Research | 2020/12 | 3.73% | 2.38% |
| Academia Sinica | 2020/12 | 4.24% | 2.71% |

Source: Directorate General of Budget, Accounting and Statistics, National Development Council, and other agencies ; 2020/12~2021/01

Looking forward to 2021, the IMF, IHS Markit, WB and other institutions predict that with the widespread use of vaccines, the global economy will be on the road to recovery

in the second half of the year. Global business activities will explode and the global supply chain will continue to reorganize, providing new impetus for Taiwan's economic growth. The Directorate General of Budget, Accounting and Statistics of the Executive Yuan predicts that Taiwan's economic growth rate will be 3.83% in 2020, and some institutions even predict that it will be more than 4%. The growth momentum is expected to be better than that of most economies.

1.2.1 Current status and development of industry

The Group sells and serves customers in the semiconductor industry, display industry, light-emitting diode industry, etc., as well as in general industries such as petrochemical plants, traditional industrial plants, and intelligent buildings. The following is an analysis of the current situation and development of the industry in which the Group operates :

1.2.1.1 IC (Semiconductor) Industry

Looking back at the state of the semiconductor industry market in 2020, according to a research report by Gartner, an international research and advisory organization, global semiconductor revenues totaled US\$449.8 billion in 2020, an increase of 7.3% over 2019. In 2020, the world's top 10 semiconductor companies will have a combined revenue of US\$251.8 billion, accounting for 56% of the global semiconductor market. Among the top 10 companies, Intel continues to be the world's largest manufacturer, while Qualcomm squeezes out Broadcom to become the world's fifth largest manufacturer and the world's largest IC design company. Samsung Electronics, SK Hynix, Micron Technology, Qualcomm, Broadcom, Texas Instruments, MediaTek, Kioxia, and NVIDIA ranked 2nd to 10th in the global semiconductor industry in 2020.

Table 2 Top 10 Global Semiconductor Manufacturers by Revenue in 2020

Unit: 100 million U.S. dollars

| Ranking in 2020 | Ranking in 2019 | Companies | Revenue in 2020 | Market share in 2020 (%) | Revenue in 2019 | Growth rate in 2019~2020 (%) |
|-----------------|-----------------|-----------------------------|-----------------|--------------------------|-----------------|------------------------------|
| 1 | 1 | Intel | 70,244 | 15.6 | 67,754 | 3.7 |
| 2 | 2 | Samsung | 56,197 | 12.5 | 52,191 | 7.7 |
| 3 | 3 | SK hynix | 25,271 | 5.6 | 22,297 | 13.3 |
| 4 | 4 | Micron | 22,098 | 4.9 | 20,254 | 9.1 |
| 5 | 6 | Qualcomm | 17,906 | 4.0 | 13,613 | 31.5 |
| 6 | 5 | Broadcom | 15,695 | 3.5 | 15,322 | 2.4 |
| 7 | 7 | TI | 13,074 | 2.9 | 13,364 | -2.2 |
| 8 | 13 | MediaTek | 11,008 | 2.4 | 7,959 | 38.3 |
| 9 | 14 | Kioxia | 10,208 | 2.3 | 7,827 | 30.4 |
| 10 | 16 | Nvidia | 10,095 | 2.2 | 7,331 | 37.7 |
| | | Others (outside the top 10) | 198,042 | 44.0 | 191,236 | 3.6 |
| | | Total | 449,838 | 100.0 | 419,148 | 7.3 |

Source : Gartner , 2021/01

According to Gartner's statistics, Intel will remain the world's No. 1 manufacturer in 2020, but due to the impact of processor shortages, its annual revenue growth rate is only 3.7%, which is lower than the industry's average growth rate of 7.3%. Due to the fall in memory prices in 2020, three memory manufacturers, including Samsung, SK Hynix, and Micron, ranked second to fourth largest manufacturers, increased their bit shipments due to technology scaling and expansion of new production capacity. In 2020, their revenues maintained growth and were better than the industry average. As for Taiwan's MediaTek, benefiting from the strong shipment of 5G mobile chips and the increasing market share in application-specific integrated circuits (ASICs) for the Internet of Things and networking devices, MediaTek's annual revenue growth rate will be among the top 10 in 2020, moving up five spots to the eighth in the world and becoming the third largest IC design company in the world. In terms of growth rate, the best performers include Qualcomm, MediaTek, CAYIN, and Pheda, with annual revenue growth rate of more than 30% in 2020. Among them, MediaTek has the largest growth rate, with an annual growth rate of

38.3%.

The Semiconductor Industry Association (SIA) released the 2020 global semiconductor industry revenue statistics based on the data from the World Semiconductor Trade Statistics (WSTS). According to WSTS data, the global semiconductor market's total annual sales value in 2020 reached \$440.4 billion, an increase of 6.8% compared to 2019; the total sales volume in 2020 reached 953.7 billion chips, an increase of 2.3% compared to 2019.

In terms of regional markets, the U.S. region will have the highest growth rate in total semiconductor sales value in 2020, with total sales reaching US\$95.4 billion, up 21.3% from 2019. Europe's market share declined by 5.8%, while Japan and Asia Pacific grew at a single-digit rate.

It is estimated that by 2021, the global semiconductor market will grow by 10.9%, equivalent to US\$488 billion in sales. The market is driven by sensors' 16.8%, followed by analog's 15.2% and logic's 13.0%. Except for the Americas, all geographic regions are expected to achieve double-digit growth.

Table 3 Total Annual Sales Value of Global Semiconductor Market in 2020

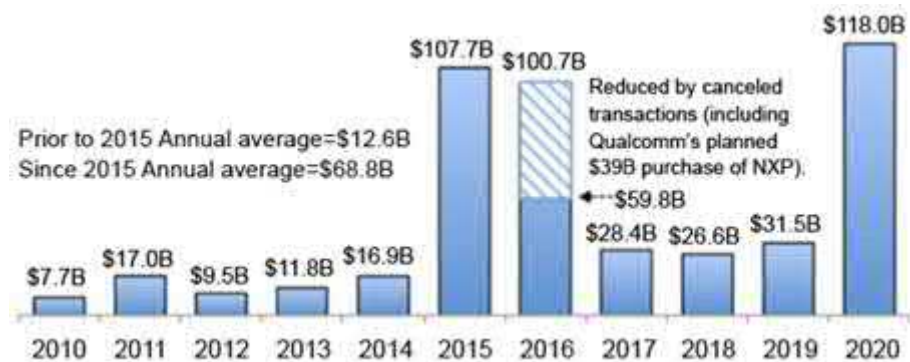
| Fall 2020 Q4 Update CORRECTED | Amounts in US\$M | | | Year on Year Growth in % | | |
|----------------------------------|------------------|----------------|----------------|--------------------------|------------|-------------|
| | 2019 | 2020 | 2021 | 2019 | 2020 | 2021 |
| Americas | 78,619 | 95,366 | 104,663 | -23.7 | 21.3 | 9.7 |
| Europe | 39,816 | 37,520 | 42,975 | -7.3 | -5.8 | 14.5 |
| Japan | 35,993 | 36,471 | 40,350 | -9.9 | 1.3 | 10.6 |
| Asia Pacific | 257,879 | 271,032 | 300,287 | -8.8 | 5.1 | 10.8 |
| Total World - \$M | 412,307 | 440,389 | 488,274 | -12.0 | 6.8 | 10.9 |
| Discrete Semiconductors | 23,881 | 23,804 | 26,189 | -0.9 | -0.3 | 10.0 |
| Optoelectronics | 41,561 | 40,397 | 43,966 | 9.3 | -2.8 | 8.8 |
| Sensors | 13,511 | 14,962 | 17,471 | 1.2 | 10.7 | 16.8 |
| Integrated Circuits | 333,354 | 361,226 | 400,648 | -15.2 | 8.4 | 10.9 |
| Analog | 53,939 | 55,658 | 64,105 | -8.2 | 3.2 | 15.2 |
| Micro | 66,440 | 69,678 | 76,262 | -1.2 | 4.9 | 9.5 |
| Logic | 106,535 | 118,408 | 133,856 | -2.5 | 11.1 | 13.0 |
| Memory | 106,440 | 117,482 | 126,424 | -32.6 | 10.4 | 7.6 |
| Total Products - \$M | 412,307 | 440,389 | 488,274 | -12.0 | 6.8 | 10.9 |

Source : WSTS · 2021/03

Although the semiconductor industry has shown strong resilience in 2020, with a dazzling report card, while the industry is booming, the industry concentration is also increasing. Compared with the mergers and acquisitions in the past few years, there are many cases of large semiconductor companies merging with each other in 2020, such as NVIDIA's acquisition of Arm, AMD's acquisition of Xilinx, and ADI's acquisition of Maxim. If all of the aforementioned major mergers and acquisitions that have caught the attention of the industry can be successfully approved, according to IC Insights, the size of mergers and acquisitions in the semiconductor industry will reach US\$118 billion in 2020, breaking the record set in 2015.

According to IC Insights' historical data, the top three mergers and acquisitions in 2020 also accounted for the first, third and fifth largest mergers and acquisitions in the semiconductor industry in the past 21 years. First of all, NVIDIA's acquisition of Arm took the position of the largest merger and acquisition in the semiconductor industry with a scale of US\$40 billion, while AMD's acquisition of Xilinx in the third place and ADI's acquisition of Maxim in the fifth place.

As in the past few years, semiconductor mergers and acquisitions in 2020 are driven mainly by large companies merging with each other in the industry. In order to occupy a favorable position in markets with high growth potential such as artificial intelligence (AI), embedded machine learning (ML), self-driving cars, electric vehicles, etc., many large companies with plenty cash on hand or persistently strong stock prices are willing to spend heavily on mergers and acquisitions to acquire the technology they need or to enhance the integrity of their product portfolios.



Source : IC insights · 2020/01

Chart 3 Scales of Global Semiconductor Mergers and Acquisitions in 2010~2020

Capital expenditure is an important indicator of foundries' views on the future trend and investment status of the semiconductor industry. With the help of the increase in global demand for semiconductors in 2020, foundries are raising capital expenditures to increase supply in response to strong demand momentum.

According to IC Insights' Global Wafer Capacity 2021-2025, the report provides in-depth detail, analyses, and forecasts for IC industry capacity by wafer size, process geometry, region, and product type from 2021 to 2025. According to IC Insights, the top five global semiconductor manufacturers in terms of monthly installed capacity by the end of 2020, in order, are Samsung, TSMC, Micron, SK Hynix and Kioxia/WD (formerly Toshiba). The combined capacity of the top five companies represented 54% of total global wafer capacity, up one point from 53% in 2019. Among them, Samsung (Korea) has the largest production capacity, and TSMC has the second largest production capacity and is also the world's largest pure-play wafer foundry, indicating a clear trend of the big ones getting bigger in market concentration and production capacity.

Table 4 2020 Global Leaders in Wafer Production Capacity

| Worldwide Wafer Capacity Leaders | | | | | | | | |
|---|-----------|-----------|---------------------|---------------------------|---------------------------|--------------|--------------------------|--|
| (Monthly Installed Capacity in Dec 2020, 200mm-equivalents) | | | | | | | | |
| 2020 Rank | 2019 Rank | Company | Headquarters Region | Dec 2019 Capacity (K w/m) | Dec 2020 Capacity (K w/m) | Yr/Yr Change | Share of Worldwide Total | Inclusion or Exclusion of Capacity Shares from JV Fabs |
| 1 | 1 | Samsung* | South Korea | 2,935 | 3,060 | 4% | 14.7% | |
| 2 | 2 | TSMC | Taiwan | 2,505 | 2,719 | 9% | 13.1% | + shares of SSMC & VIS |
| 3 | 3 | Micron | North America | 1,841 | 1,931 | 5% | 9.3% | |
| 4 | 4 | SK Hynix | South Korea | 1,743 | 1,878 | 8% | 9.0% | |
| 5 | 5 | Kioxia/WD | Japan | 1,406 | 1,598 | 14% | 7.7% | |

*Line 13 partially excluded in 2020 due to conversion to image sensors.

Source : IC Insight (Global Wafer Capacity 2021~2025 Report) · 2021/02

The report shows that as of December 2020, only TSMC is in the top 10 in terms of production capacity in all three wafer size categories. TSMC ranks first in 200mm (8") wafer capacity, second in 300mm (12") diameter wafer capacity after Samsung, and 10th in ≤150mm (6") diameter wafer capacity in 2020.

Installed Capacity Leaders at Dec-2020 – by Wafer Size (Ranked by Share of Total WW Monthly Installed Capacity)

| 300mm Wafers | | | 200mm Wafers | | | ≤150mm Wafers | | |
|--------------|-----------------|--------------------|--------------|-----------------|--------------------|---------------|-----------------|--------------------|
| WW Share | Top 10 Relative | Top 10 in Capacity | WW Share | Top 10 Relative | Top 10 in Capacity | WW Share | Top 10 Relative | Top 10 in Capacity |
| 21% | | Samsung | 10% | | TSMC | 9% | | CR Micro |
| 15% | | TSMC | 6% | | STMicro | 8% | | Silan |
| 14% | | Micron | 6% | | UMC | 8% | | Nuvoton |
| 13% | | SK Hynix | 6% | | Infineon | 7% | | ON Semi |
| 11% | | Kioxia/WD | 6% | | TI | 5% | | STMicro |
| 6% | | Intel | 5% | | SMIC | 4% | | TI |
| 4% | | GlobalFoundries | 4% | | Vanguard | 3% | | Rohm + Lapis |
| 3% | | UMC | 4% | | NXP | 3% | | Toshiba |
| 2% | | Powerchip | 4% | | ON Semi | 3% | | Diodes |
| 2% | | TI | 3% | | Toshiba | 3% | | TSMC |

WW Share is each company's share of total industry capacity for that wafer size.

Blue bars indicate the relative amount of capacity held by each company among the top 10 leaders.

Note: Includes shares of capacity from joint ventures.

Source : IC Insight (Global Wafer Capacity 2021~2025 Report) , 2021/02

Chart 4 Capacity Ranking and Market Share of Top 10 Global Wafer Fab Leaders (by Wafer Size)

In terms of the global semiconductor materials market, the latest Materials Market Data Subscription (MMDS), published by the Semiconductor Equipment and Materials International (SEMI) in March 2021, shows that the sales of the global semiconductor materials market grow by 4.9% in 2020, with revenues reaching US\$55.3 billion. It has exceeded the expected high of US\$52.9 billion set in 2018.

Table 5 Semiconductor Materials Market Size by Region in 2019 and 2020

Unit: billion of US dollars

| Region | 2019** | 2020 | Change % |
|---------------|--------|--------|----------|
| Taiwan | 11,449 | 12,383 | 8.2% |
| China | 8,717 | 9,763 | 12.0% |
| South Korea | 8,885 | 9,231 | 3.9% |
| Japan | 7,708 | 7,947 | 3.1% |
| Other* | 6,415 | 6,759 | 5.4% |
| North America | 5,623 | 5,590 | -0.6% |
| Europe | 3,919 | 3,634 | -7.3% |
| Total | 52,716 | 55,308 | 4.9% |

Source : SEMI Materials Market Data Subscription, 2021/03

Note : The statistics are explained as follows :

* Other regions are defined as Singapore, Malaysia, the Philippines, other regions in Southeast Asia and smaller global markets.

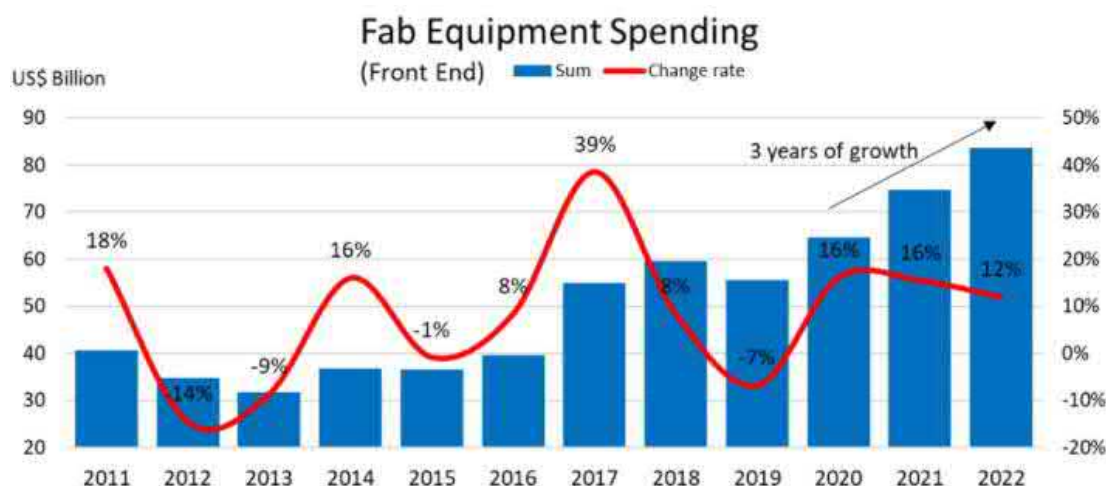
**2019 data has been updated based on the information collected by SEMI.

***The amount may be rounded, which may result in a slight discrepancy between the total and the actual total amount.

Wafer fabrication materials and packaging materials revenues totaled US\$34.9 billion and US\$20.4 billion, respectively, in 2020 for year-over-year increases of 6.5% and 2.3%. The photoresist and photoresist ancillaries, wet chemicals, and CMP segments accounted for the strongest growth in wafer fabrication materials, while the packaging materials expansion was driven by the growth in the organic substrates and bonding wire markets.

For twelve consecutive years, Taiwan, at US\$12.4 billion, was the world's largest market for semiconductor materials with advanced wafer technology and packaging techniques. China also surged ahead, reaching US\$9.763 billion, up 12% year-on-year, surpassed Korea to claim the second spot. Due to the impact of a series of factors such as the COVID-19 pandemic, the European and American regions have declined to varying degrees.

In terms of global semiconductor equipment expenditure, according to the latest quarterly World Fab Forecast published by the Semiconductor Equipment and Materials International (SEMI) in March 2021, due to the surge in demand for electronic equipment driven by the pandemic, global fab equipment spending will reach a new high for three consecutive years, a rare record in the history of the global semiconductor industry. Global fab equipment spending in 2020 grew 16%. SEMI points out that the global pandemic continues to spread, and industries such as communications, computing, medical and online services benefit the most. As the backbone of digital transformation, electronic devices are experiencing explosive growth in demand, driving the related industry to expand equipment spending. From 2020 to 2023, global fabs will increase equipment spending by approximately US\$10 billion each year. It is estimated that there will be 15.5% and 12% growth in 2021 and 2022, respectively, and the fab equipment spending in 2022 will be able to climb to the US\$80 billion mark.



Source : SEMI , 2021/03

Chart 5 Global Fab Equipment Spending, 2011-2022

SEMI believes that fab equipment spending is usually cyclical. For example, after one to two years of growth, it will be corrected the next year. The last time it appeared, it grew into 2016 for three consecutive years. Prior to 2016, the semiconductor industry had not seen such a boom for nearly 20 years, with the last one dating back to the mid-1990s, with four consecutive years of growth.

Most fab investments in 2021 and 2022 will be in the foundry and memory sectors, with foundry spending estimated to grow 23% to US\$32 billion in 2021. Memory spending will grow by a single digit to US\$28 billion in 2021, which will remain flat in 2022. DRAM will overtake NAND flash memory in the same year, and will see significant growth of 26% in 2022, driven by investment in DRAM and 3D NAND. There will be a significant spending growth in the rest, such as power components and MPU microprocessor chips, with the former seeing 46% and 26% growth in investment in 2021 and 2022, respectively, and the latter growing 40% in 2022 as microprocessor investment climbs.

In addition, according to the "WWSEMS Worldwide Semiconductor Equipment Market Statistics Report" published by SEMI in April 2021, the global semiconductor manufacturing equipment market has grown by 19%, and total sales have also reached a record high. The annual US\$59.8 billion climbed to US\$71.2 billion.

SEMI further stated that China became the largest market for new semiconductor equipment for the first time, with sales increasing by 39% to US\$18.72 billion; Taiwan followed closely at US\$17.15 billion. After a substantial increase in sales in 2019, sales remained flat in 2020, at the second place. South Korea grew by 61% to 16.08 billion U.S. dollars, continuing at the third place.

SEMI pointed out that in 2020, Japan and Europe would also continue to recover from the decline of 2019, with annual expenditures increasing by 21% and 16% respectively; North America declined 20% for the first time in 2020 after three

consecutive years of positive growth.

SEMI also pointed out that global wafer process equipment sales would increase by 19% in 2020, while sales of other front-end equipment would increase slightly by 4%; packaging equipment had strong growth in all regions, and the market would dramatically increase by 34% in 2020, and test equipment total sales also increased by 20%.

Based on the information provided by SEMI and SEAJ Japan Semiconductor Equipment Association members, the Global Semiconductor Equipment Market Report summarized the monthly shipment data of global semiconductor equipment. The categories covered wafer processing, assembly and packaging, testing, and other front-end equipment. Other front-end equipment included mask/reduction mask manufacturing, wafer manufacturing, and fab facilities

Table 6 Semiconductor equipment shipments in various regions of the world in 2020

Unit: billion of US dollars

| Regions | FY 2020 | FY 2019 | Rate |
|---------------|--------------|--------------|------------|
| China | 18.72 | 13.45 | 39% |
| Taiwan | 17.15 | 17.12 | 0.2% |
| Korea | 16.08 | 9.97 | 61% |
| Japan | 7.58 | 6.27 | 21% |
| North America | 6.53 | 8.15 | -20% |
| Europe | 2.64 | 2.28 | 16% |
| Others | 2.48 | 2.52 | -1% |
| Total | 71.19 | 59.75 | 19% |

Source : Worldwide Semiconductor Equipment Market Statistics Report , 2021/04

VLSI Research has released its ranking of the worldwide semiconductor manufacturing equipment vendors for 2020.

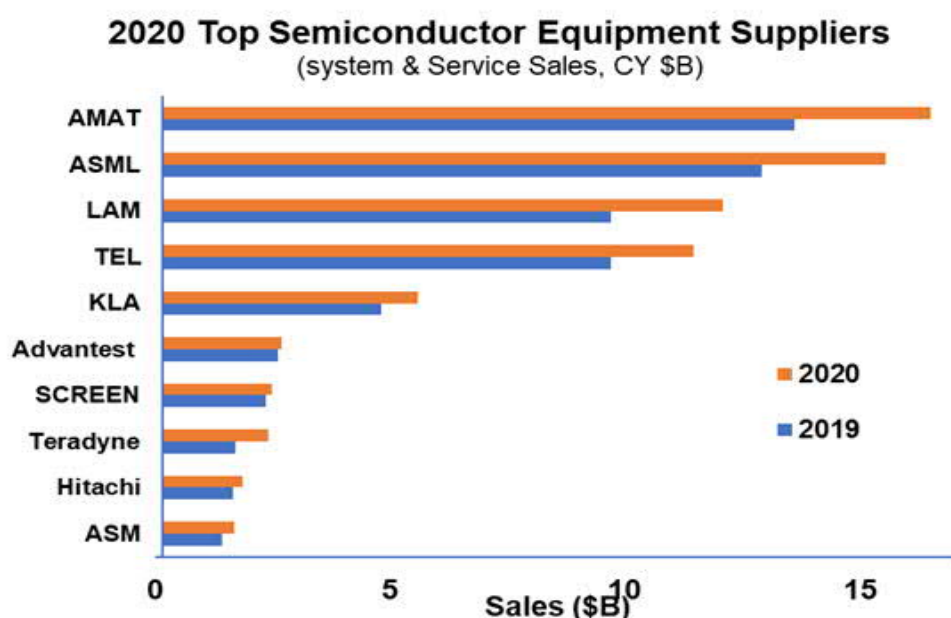


Chart Approved for Public Release with Attribution. Copyright © VLSI Research Inc. All rights reserved.

Source : VLSI Research , 2021/03

Chart 6 Ranking of the Worldwide Semiconductor Manufacturing Equipment Vendors in 2020

Table 7 Ranking of the world's top 15 semiconductor equipment manufacturers in 2020

| 2020 Rank | AOW | COMPANY | 2019 | 2020 | Growth | 2020 Share |
|-----------|--------|------------------------|--------|--------|--------|------------|
| 1 | USA | Applied Materials | 13,468 | 16,365 | 21.5% | 17.7% |
| 2 | Europe | ASML | 12,770 | 15,396 | 20.6% | 16.7% |
| 3 | USA | Lam Research | 9,549 | 11,929 | 24.9% | 12.9% |
| 4 | Japan | Tokyo Electron | 9,552 | 11,321 | 18.5% | 12.3% |
| 5 | USA | KLA | 4,704 | 5,443 | 15.7% | 5.9% |
| 6 | Japan | Advantest | 2,470 | 2,531 | 2.5% | 2.7% |
| 7 | Japan | SCREEN | 2,200 | 2,331 | 6.0% | 2.5% |
| 8 | USA | Teradyne | 1,553 | 2,259 | 45.5% | 2.4% |
| 9 | Japan | Hitachi High-Tech | 1,490 | 1,717 | 15.2% | 1.9% |
| 10 | Europe | ASM International | 1,261 | 1,516 | 20.2% | 1.6% |
| 11 | Japan | Kokusai Electric | 1,127 | 1,455 | 29.1% | 1.6% |
| 12 | Japan | Nikon | 1,104 | 1,085 | -1.7% | 1.2% |
| 13 | Korea | SEMES | 489 | 1,056 | 116.0% | 1.1% |
| 14 | ROW | ASM Pacific Technology | 894 | 1,027 | 14.9% | 1.1% |
| 15 | Japan | Daifuku | 1,107 | 940 | -15.1% | 1.0% |
| Others | | | 14,294 | 16,034 | 12.2% | 17.4% |
| Total | | | 78,032 | 92,405 | 18.4% | 100% |

Source : VLSI Research · 2021/03

According to VLSI Research, the world's top five semiconductor manufacturing equipment vendors continue to be Applied Materials (USA), ASML (Netherlands), Lam Research (USA), Tokyo Electron (Japan) and KLA (USA).

The COVID-19 pandemic has led to a surge in the demand for electronic equipment, which has become a strong driving force for semiconductor manufacturing and a huge logistics challenge. As a result, the sales of the top 15 equipment manufacturers in 2020 have increased by 18% compared with 2019.

With the rapid expansion of emerging technology applications such as 5G, Internet of Things and high-performance computing, coupled with the surge in demand for semiconductor process advancement to 7nm and 5nm processes, major semiconductor companies are being driven to expand their production capacity in response to this wave of demand, and to promote investment in advanced technology equipment for semiconductor equipment. In the future, more companies will introduce AI and big data to continuously improve semiconductor equipment to help them meet future challenges.

Taiwan has been deeply cultivating in the semiconductor industry market, with a complete industry chain and leading technology worldwide. Its position in the global semiconductor industry has shown its effect. According to the Taiwan Semiconductor Industry Association (TSIA) and the Industry, Science and Technology International Strategy Center, Industrial Technology Research Institute (ITRI), the output value of Taiwan's IC industry will exceed the NT\$3 trillion mark for the first time in 2020, reaching a scale of NT\$3.22 trillion (US\$108.9B), a 20.9% increase from 2019 and a new record high. It is estimated that the annual production value will increase by 8.6% to reach NT\$3.5 trillion in 2021 due to the shortage of semiconductor production capacity. Among them, the output value of the IC design industry this year (2021) will reach NT\$945.9 billion, an annual increase of 10.9%, and the foundry output value will reach NT\$1.77 trillion, an annual increase of 8.5%. The output value of the IC design industry was NT\$852.9 billion (USD\$28.8B), an increase of 23.1% over 2019. (using an exchange rate of 29.6 New Taiwan dollars to one US dollar.).

Table 8 Taiwan's IC Industry Output Value, 2017~2021

| NT\$100 million | 2017 | Growth rate in 2017 | 2018 | Growth rate in 2018 | 2019 | Growth rate in 2019 | 2020 | Growth rate in 2020 | 2021(e) | Growth rate in 2021(e) |
|---|--------|---------------------|--------|---------------------|--------|---------------------|--------|---------------------|---------|------------------------|
| IC industry output value | 24,623 | 0.5% | 26,199 | 6.4% | 26,656 | 1.7% | 32,222 | 20.9% | 34,981 | 8.6% |
| IC design | 6,171 | -5.5% | 6,413 | 3.9% | 6,928 | 8.0% | 8,529 | 23.1% | 9,459 | 10.9% |
| IC manufacturing | 13,682 | 2.7% | 14,856 | 8.6% | 14,721 | -0.9% | 18,203 | 23.7% | 19,657 | 8.0% |
| Wafer foundry | 12,061 | 13.8% | 12,851 | 6.6% | 13,125 | 2.1% | 16,297 | 24.2% | 17,675 | 8.5% |
| Memory and other manufacturing | 1,621 | -11.8% | 2,005 | 23.7% | 1,596 | -20.4% | 1,906 | 19.4% | 1,982 | 4.0% |
| IC packaging | 3,330 | 2.8% | 3,445 | 3.5% | 3,463 | 0.5% | 3,775 | 9.0% | 4,025 | 6.6% |
| IC testing | 1,440 | 2.9% | 1,485 | 3.1% | 1,544 | 4.0% | 1,715 | 11.1% | 1,840 | 7.3% |
| IC output value of IC products | 7,792 | -6.9% | 8,418 | 8.0% | 8,524 | 1.3% | 10,435 | 22.4% | 11,441 | 9.6% |
| Global semiconductor market (US\$100 million) and growth rate (%) | 4,122 | 21.6% | 4,688 | 13.7% | 4,121 | -12.0% | 4,404 | 6.8% | 4,883 | 10.9% |

Source : TSIA : Industry, Science and Technology International Strategy Center, Industrial Technology Research Institute, 2021/02

Note 1 : (e) represents an estimated value.

Note 2 : Description of the statistics

* IC industry's output value = IC design industry + IC manufacturing industry + IC packaging industry + IC testing industry

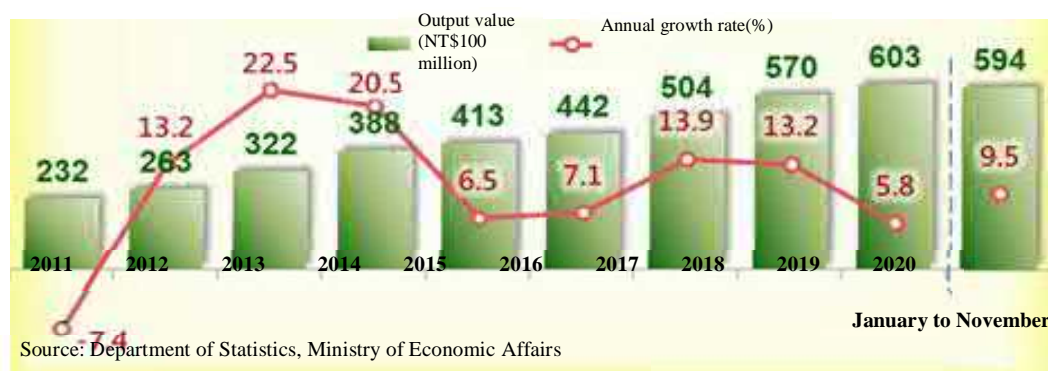
* IC products' output value = IC design industry + Memory and other manufacturing

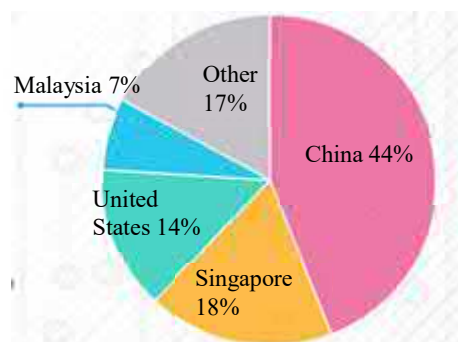
* IC manufacturing's output value = Wafer foundry + Memory and other manufacturing

* The above calculation of output value is based on companies headquartered in Taiwan.

The Department of Statistics, Ministry of Economic Affairs, Taiwan measures the output value of Taiwan's semiconductor equipment to reach NT\$59.4 billion from January to November 2020, an annual increase of 9.5%. The output value is expected to reach NT\$65 billion in 2020, reaching a record high for nine consecutive years.

According to the Ministry of Economic Affairs, with the rapid expansion of emerging technology applications such as 5G, Internet of Things and high-performance computing, the semiconductor market continues to boom. In response to this wave of demand, major semiconductor companies are actively expanding their production capacity. In addition, the government is actively promoting the upgrading of the domestic semiconductor equipment and parts industry, and companies are building local procurement supply chains to attract major international companies to invest and build factories in Taiwan. This has led to eight consecutive years of positive growth in semiconductor equipment production since 2012, during which the production volume exceeded NT\$50 billion and NT\$60 billion in 2017 and 2019, respectively, and is expected to reach over NT\$65 billion in 2020.

**Chart 7 Output Value and Annual Growth Rate of Taiwan's Semiconductor Equipment**



Source : Department of Statistics, Ministry of Economic Affairs, 2021/02

Chart 8 Major Export Markets of Taiwan's Semiconductor Equipment's in 2020

The Ministry of Economic Affairs further analyzed that semiconductor production equipment and components are the main source of growth. The domestic semiconductor equipment includes two major categories of production and testing, of which production equipment and components account for a bigger share, mainly for the domestic market, with the proportion of domestic sales accounted for about 70%. In recent years, production equipment manufacturers have actively invested in R&D and manufacturing, and have continued to receive orders from major domestic manufacturers. Since 2012, the output value has grown in double digits for eight consecutive years. The proportion of the overall output value has been increasing year by year, reaching 75% in 2019, which is the main source of the continuous growth of Taiwan's semiconductor equipment output value.

From January to November 2020, the output value will continue to increase by 15.0%; in addition, each of the domestic and foreign sales of testing equipment and parts accounts for about half of the total sales. With the strong demand for capacity expansion of domestic semiconductor manufacturers, the domestic output value grew by 11.0% from January to November 2020, and the domestic sales share exceeded 60%.

In addition, according to statistics from the Department of Statistics, Ministry of Economic Affairs, Singapore, the United States and Malaysia will be the main contributors to the growth of semiconductor equipment exports in 2020. According to customs' import and export statistics, the export value of Taiwan's semiconductor equipment (excluding re-exports) in 2020 was US\$1.5 billion, an annual increase of 29.0%. Of which, mainland China was the largest export market (44.0%), and the export value was about US\$700 million, an annual increase of 3.7%, followed by Singapore (accounting for 18.0%), the United States (accounting for 14.4%) and Malaysia (accounting for 6.9%), with an annual increase of 89.5%, 53.9% and 67.3%, respectively. These three countries together contributed 21.1 percentage points to the export growth, making them the main sources of the export growth in 2020.

As for Taiwan's main import sources of semiconductor equipment, they are Japan, the United States, and the Netherlands. According to the Department of Statistics, Ministry of Economic Affairs, the statistics of the Semiconductor Equipment and Materials International (SEMI) show that the global sales of the semiconductor manufacturing equipment will hit a new record of US\$68.9 billion in 2020, of which Taiwan is the world's second largest demand in the equipment market.

According to the customs' statistics, except for the Netherlands, which jumped to be Taiwan's largest importer in 2019 due to the import of high unit price chip lithography equipment, Japan and the United States are the main sources of Taiwan's imports of semiconductor equipment. In 2020, Taiwan's import value of semiconductor equipment (excluding re-imports) will be US\$23 billion, an annual decline of 1.1%, with US\$5.5 billion of imports from Japan accounted for 23.7%, followed by imports from the United States accounted for 22.2%, and imports from the Netherlands accounted for 21.7. %.

According to the Ministry of Economic Affairs, Taiwan has the world's most complete semiconductor industry cluster and professional division of labor, but most of the main production equipment and materials have to rely on foreign countries. In order to improve the self-sufficiency rate of the semiconductor supply chain, the

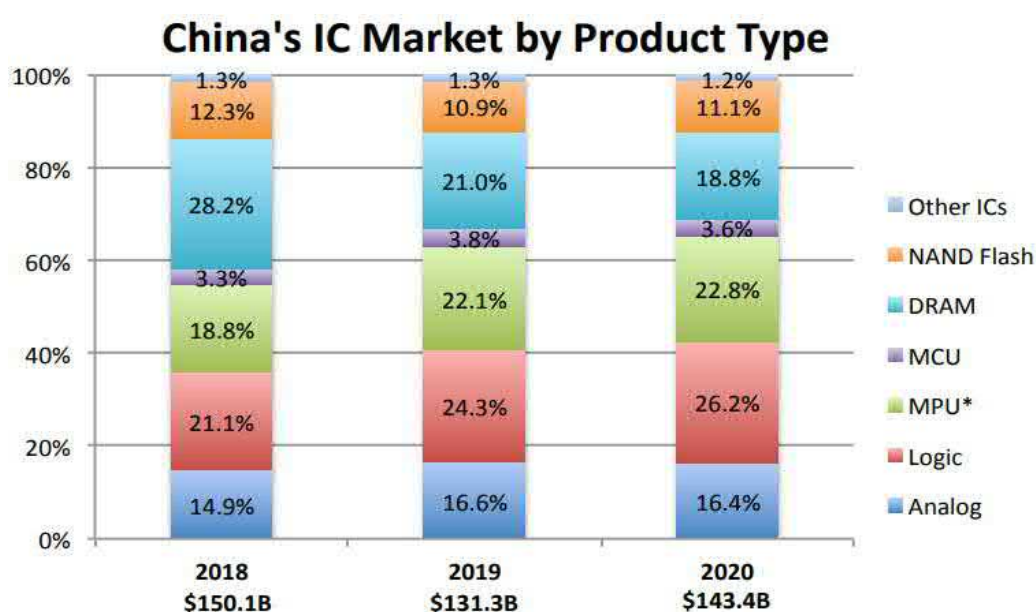
government is actively promoting Taiwan to become a "semiconductor advanced process center," looking forward to attracting more international equipment and material companies to invest in Taiwan. At the same time, domestic industry players' R&D and technical capability will be strengthened. In addition to implementing the autonomy and localization of the supply chain, it also hopes to improve the international competitiveness of Taiwan's industries.

Analyzing the size of China's IC market, IC Insights points out that, although China is the largest consumer of ICs since 2005, China's production capacity has not been able to keep up with the dramatic growth in market demand. As shown in the figure below, China's locally produced ICs, with a total scale of US\$143.4 billion in 2020, will only account for 15.9% of the China's IC market. Although it is higher than the 10.2% in 2010, the growth rate is still not sufficient to achieve the target in the 2025 plan. According to IC Insights' analysis and forecast, it is expected that ICs produced in China will only account for 19.4% of its IC market in 2025, which is far from the 70% target of "Made in China 2025." In fact, there is still a big gap between China's IC market and the local IC production in China.



Source : IC Insights · 2021/02

Chart 9 Trends of China's IC Market and China's IC Production



Source : WSTS · IC Insights · 2021/02

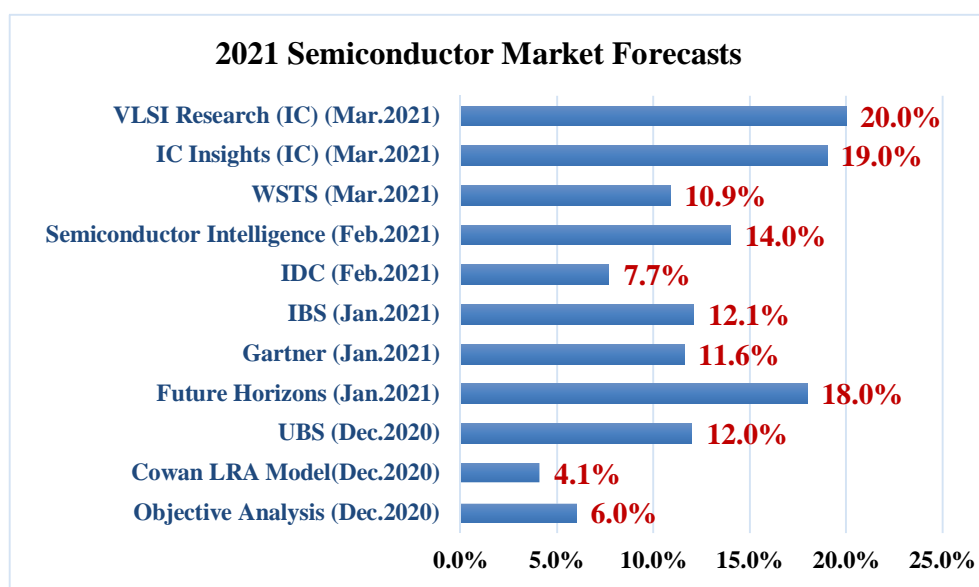
Chart 10 China's IC Market (by Product Type)

IC Insights estimates that 60% (US\$86 billion) of China's US\$143.4 billion IC market is integrated into electronic equipment and then exported, while only 40% (US\$57.4 billion) is integrated and used in China's domestic electronic equipment.

By product type, the sales of logic components account for the largest share in the Chinese market, which will account for 26% (US\$37.5 billion) of the China's IC market in 2020. IC Insights forecasts that the logic components market will remain the largest IC product segment in China in 2025, with a forecasted compound annual growth rate of 10.5%.

After the United States imposed various measures to restrict China's semiconductor, it has highlighted the importance of China's formation of a localized semiconductor supply chain. Obviously, semiconductor equipment, silicon intellectual property, core chips, excellent semiconductor talents, etc., will be China's first line of defense for breakthroughs in the semiconductor industry. Only when these core foundations are in place can China continue to refine its integrated circuit design, foundry, and memory manufacturing, and close the gap with international technology standards. Otherwise, blindly investing in a large number of semiconductor companies at this stage will only lead to investment bubbles or the predicament of financial crisis of semiconductor conglomerates.

Looking ahead to 2021, the semiconductor market is still poised for growth. According to major market research surveys and research institutions, the global semiconductor market will grow at an annual rate of about 10% in 2021, and the growth momentum of memory will be the strongest. Among various market surveys or research institutions' estimates, IDC's estimates are relatively conservative. IDC estimates that the annual growth rate reaches 7.7%, mainly because it believes that the impact of the prolonged pandemic on terminal demand will take a long time to recover. However, WSTS estimates that the global semiconductor market will grow at an annual rate of 10.9% in 2021, Gartner at 11.6%, IC Insights at 19%, and VLSI Research at 20%. All of which are optimistic that demand driven by digital transformation will be better than expected in the post-pandemic era. Overall, most industry players still expect the global semiconductor market to grow at about 10% from 2020.



Source : Data compiled by the Semiconductor Industry Association (SIA) from various research institutions for the period of 2020/12~2021/03, 2021/03

Chart 11 Annual Growth Forecast of the Semiconductor Market by Various Research Institutions for 2021

From the perspective of growth momentum, the memory market has significantly improved and prices have risen, which are the main driving forces for the growth of the semiconductor market. IC Insights estimates that the DRAM market will grow by 18% this year compared to last year, and the NAND Flash market will grow by 17% compared to last year. These are the two largest growth segments in the semiconductor market.

Strong demand for 5G chips will also drive semiconductor growth. According to IDC, 2021 will be a particularly important year for semiconductor vendors, as 5G smartphones will account for 30% of all cell phone shipments, and the built-in silicon content in 5G smartphones will significantly increase, accounting for 54 % of the overall cell phone chip market. IDC forecasts that cell phone-related semiconductor sales will grow 11.4% to US\$128 billion in 2021.

In addition, there is a large shortage of automotive chips. The United States, the European Union, Japan, etc., have required semiconductor companies to give priority to supply automotive chips. With the influx of orders, international IDMs, including Texas Instruments, Infineon, NXP, etc., have not only shifted their production capacity to prioritize the production of automotive chips, but foundries, including TSMC, Samsung, UMC, Vanguard, etc., have also adjusted their production capacity and order releasing priority to advance the production schedule of automotive chips. Regardless of whether there is an over-order situation, automotive chips will become another major driving force for the growth of the semiconductor market in 2021 when the global semiconductor factories are actively engaged in production.

In 2021, the semiconductor industry will be vigorous, and the equipment and material markets are expected to continue to grow. Currently, the global semiconductor market is relatively less affected by the pandemic, and is greatly affected by the trade war. Although further trade restrictions will bring more challenges to the overall equipment and materials market, an overview of the semiconductor industry shows that both equipment and materials markets are expected to continue to grow in 2021.

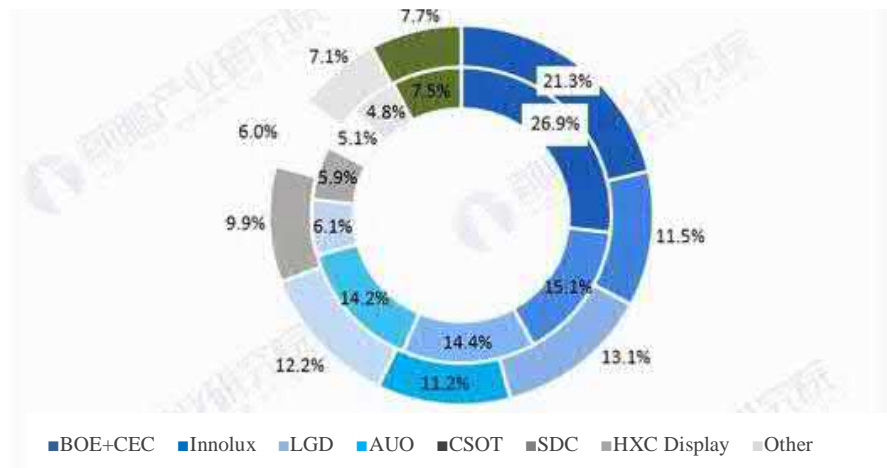
1.2.2.2 Display Panel Industry

The role of information display technology in people's social activities and daily life is increasing. 80% of human information is obtained from vision. The interaction between various information system terminal devices and people needs to be realized through information display. The panel industry has become the leader of the optoelectronic industry, second only to the microelectronics industry in the information industry, and has become one of the most important industries.

From the perspective of the supply chain, the panel industry can be divided into upstream basic materials, midstream panel manufacturing, and downstream terminal products. Among them, the upstream basic materials include: glass substrates, color films, polarizers, liquid crystals, target materials, etc.; midstream panel manufacturing includes: Array, panel assembly (Cell), module manufacturing process (Module); downstream end products include: televisions, computers, mobile phones and other consumer electronics. Currently, the two mainstream products in the panel market are LCD and OLED. LCD is better than OLED in terms of price and product life, while OLED is better than LCD in brightness and contrast.

In fact, since the transfer of LCD production capacity from South Korea and Taiwan to mainland China, the competitive landscape of the global LCD market has undergone significant changes. At present, BOE has become the world's largest supplier of LCD panels. Whether it is the volume of large-size LCD panels supplied or the area of large-size LCDs, BOE's global market share in 2020 is more than 20%. Moreover, in the middle of 2020, BOE announced that it would acquire CEC Panda. With BOE completing the acquisition of the CEC Panda production line in the future, BOE's market position in the LCD field will be further strengthened. According to Omdia's calculations, after the acquisition, BOE will account for 32% market share of large-size LCD shipments, in terms of panel quantities, and 27.3%, in terms of panel area.

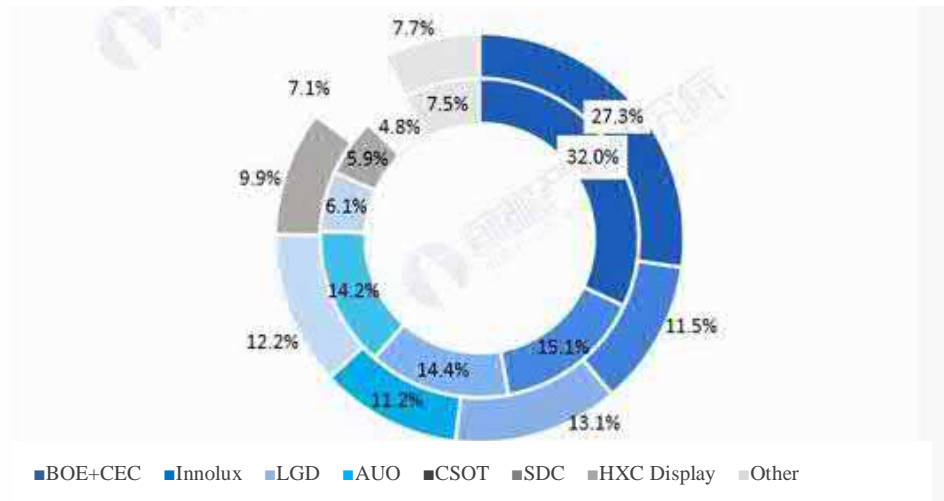
Inner circle is based on shipment quantity; outer circle is based on shipment area.



Source: HIS Omdia DSCC, 2021/03

Chart 12 2019-2020 Global competition status in large-size LCD panels

Inner circle is based on shipment quantity; outer circle is based on shipment area.



Source: HIS Omdia DSCC, 2021/03

Chart 13 BOE's Market share in global large-size LCD panels after acquisition of CEC Panda

At present, Chinese LCD manufacturers are mainly focusing on high-generation LCDs. From 2020 to 2021, BOE, Huaxing Optoelectronics, Huike, and CEC will successively put into production a total of 8 important production lines of 7th generation or above in mainland China.

Table 9 2020-2021 China's LCD manufacturers' key production lines and capacity over 7th generation

| Company | Plant | Launch Schedule | Incremental Capacity (Pcs per qrtr) | Incremental Capacity Area (10K m ² /qrtr) |
|---------|--------------------------|-----------------|-------------------------------------|--|
| BOE | Hefei Gen10.5 Line(B9) | 2020Q2 | 45 | 45 |
| | Wuhan Gen10.5 Line(B17) | 2020Q3 | 180 | 178 |
| CSOT | Shenzhen Gen11 Line(T7) | 2020Q3 | 180 | 178 |
| | Shenzhen Gen11 Line(T7) | 2021Q3 | 90 | 89 |
| HKC | Chuzhou Gen 8.6 Line(H2) | 2020Q2 | 225 | 132 |
| | Mianyang Gen8.6Line(H4) | 2020Q2 | 360 | 211 |
| | Changsha Gen8.6Line(H5) | 2021Q2 | 396 | 232 |
| CEC | Xianyang Gen8.6 Line(H5) | 2020Q2 | 36 | 21 |

Source: HIS, 2021/03

According to the IDC Worldwide Large Sized LCD Panel Monthly Shipment Volume Report (IDC Worldwide Large Sized LCD Panel Monthly Shipment Volume Report), IDC's global professional foundry and display industry research team shows that large-size LCD panels shipments increased significantly in 2020, the application of which includes Portable PC Panel (Portable PC Panel), Monitor Liquid Crystal Display Panel (LCD Monitor Panel), TV Liquid Crystal Display Panel (LCD TV Panel), with the growth rate up to 7.28% and the volume up to 658.9 million units, the highest record in the past ten years.

In 2020, the otaku economy and WFH, caused by the COVID-19 epidemic, benefits the global large-size LCD panel industry and supports the demand for large-size LCD panels for various applications; at the same time, the Korean factories' planning to gradually cut the production capacity of LCD panels boosts the shipment volume and price of large-size LCD panels throughout 2020.

In 2020, the demand for LCD panels is quite strong. Observation of the number of LCD panel shipments in 2020 shows that shipments of portable computer LCD panels reached as high as 224.3 million units, monitor LCD screen panels 163.4 million, setting a new high since 2013. Although TV LCD panel shipments declined by 5.0% to 271.2 million units, in 2019, with South Korean LCD panel makers cutting production capacity, and major panel makers not actively producing large-size TV panels, the supply-demand balance and prices of large size LCD panels are reversed in 2020, showing a pattern of short supply.

Table 10 2019-2020 Large-size panel shipments by applications(in million units)

| Applications | 2020 Shipments | 2019 Shipments | Growth rate |
|-------------------|----------------|----------------|-------------|
| Portable PC Panel | 224.3 | 186.1 | 20.5% |
| LCD Monitor Panel | 163.4 | 142.7 | 14.5% |
| LCD TV Panel | 271.2 | 285.4 | -5.0% |

Source: IDC's global professional foundry and display industry research team, 2021/01

In 2020, the shipments of the top five large-size LCD panel manufacturers accounted for 75.5% of the total shipments. The trend among manufacturers has changed slightly. CSOT has launched its 10.5 generation capacity, and at the same time has entered the portable computer and monitor markets, raising its shipment ranking to the fifth place with 6.8%. Secondly, AUO Optoelectronics (AUO) benefited from strong IT panel demand and reduced production by Korean factories, and its market

share in shipments also increased to 14.4%. BOE and Innolux continue to occupy the first and second positions, with a market share of 22.6% and 17.0%, respectively.

Table 11 2019-2020 Market share of top 5 companies' large-size LCD panel shipment

| Market share ranking | Panel makers | 2020 Share in shipments | 2019 Share in shipments |
|----------------------|--------------|-------------------------|-------------------------|
| 1 | BOE | 22.6% | 23.2% |
| 2 | Innolux | 17.0% | 17.3% |
| 3 | AUO | 14.4% | 15.2% |
| 4 | LG Display | 14.3% | 16.7% |
| 5 | CSOT | 7.2% | 6.8% |
| Others | | 24.5% | 20.8% |
| Total | | 100.0% | 100.0% |

Source: IDC global professional foundry and display industry research team, 2021/01

Looking forward to the first quarter of 2021, the demand for large-size LCD panels will continue to remain strong. Coupled with a slight reduction in the production capacity of large-size LCD panels, the prices of various application panels will continue to rise month by month. Among them, the quarterly price increase of portable computer HD TN panels will reach 12.6%, FHD IPS 9.1%, the mainstream sizes of 23.8-inch and 21.5-inch monitor LCD panels 17.1% and 14.6% respectively, the mainstream sizes of TV LCD panels ranging between 9.3% and 13.6%. With panel prices of all mainstream applications about to exceed their highest since the second quarter of 2017, large-size LCD panel manufacturers are expected to make profits in 2021.

In the OLED market, it is currently dominated by Korean manufacturers. Samsung's mature AMOLED technology and sufficient production capacity have absolute advantages. In 2019, the strategic cooperation with the brand will be more in-depth. According to data from Sigmaintell, its OLED market share reached 85.4% in 2019, and the flexible OLED market share reached 81.6%. However, in recent years, Chinese manufacturers also actively broke into the OLED market, especially in flexible products. At present, BOE has a total of 6 OLED lines, in production or under construction.

In recent years, with the slowdown of the LCD technology generation line upgrade, Mini LED backlight has become the main innovation direction of LCD technology upgrade, served as competitive products to OLEDs. Compared with the main advantages of OLED such as contrast and color, MiniLED backlight products are nothing inferior, and have low capital expenditure (low cost), flexible specifications (wide applications), and long life (especially suitable for TV scenarios). In addition, Micro LED is also a direction of current panel technology innovation, but its technology still faces great obstacles and will take some time to reach commercialization. Therefore, MiniLED is taken as the transition to MicroLED. Mini LED display also ushered in the first year of large-scale commercialization in 2019. Companies such as BOE, Innolux, Hisense, TCL, ASUS and other companies have launched MiniLED terminal display products. In the future, Mini LED has great potential for development.

In addition, according to Omdia's "OLED Display Market Tracker-Pivot-Forecast-3Q20" report, AMOLED would account for 29% of total smartphone screen shipments in 2020. In 2020, flexible OLED shipments surpassed rigid OLEDs in smartphone screens. In 2019, rigid OLEDs accounted for 19.6% of the total shipments of smartphone screens, but this dropped to 13.8% in 2020. At the same time, in 2019, flexible OLED accounted for 9.9% of the total smartphone screen

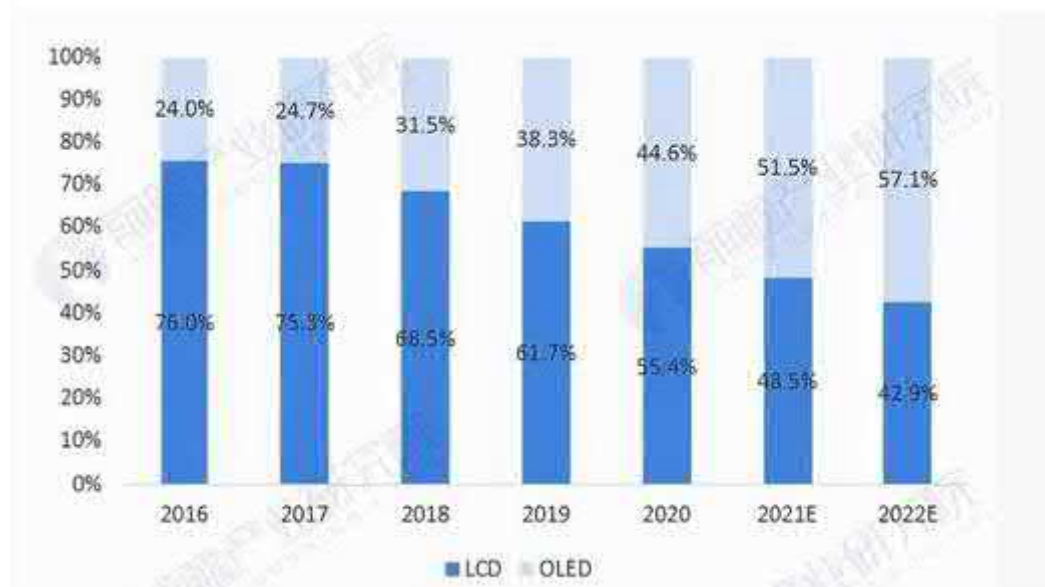
shipments, and in 2020 it rose to 15.1%. It is expected that shipments of OLED smart phone screens will continue to increase.



Source: Omdia, 2021/03

Chart 14 2018-2027 Market shares of smartphone screen technology applications

OLED substituting for LCD in the field of smart phones has gradually become a trend, and mobile phone brands such as Apple, Huawei, Samsung, OPPO, and Vivo have already applied OLED screens to mobile phone displays. According to DSCC data, the share of global smartphone screen OLED panel shipments has risen from 24% in 2016 to 44.6% in 2020. It is expected that global smartphone OLED shipments will begin to surpass LCDs in 2021, and will account for 57.1% in 2022.



Source: DSCC, 2021/03

Chart 15 2016-2020 Global smartphone display shipments (%)

When it comes to TV panels, based on the 2020 supply and demand of TV panels, the supply side wanes due to reduction in the production capacity of Korean factories and the slowdown in production ramp-up of new Chinese panel factories caused by epidemic, while the demand side will surge sharply due to the extension of home time due to the epidemic prevention policy. In the case of tight supply and demand, the price of 40-55-inch TV panels has increased by more than 60% in only half a

year; and the price of 32-inch panels has doubled, putting the white-label products, who originally relied on low-price impulse to survive in the market, on the verge of survival. TrendForce(WitView) stated that the TV industry panel supply will be tight in 2020, and the demand recovery rate in the second half of the year has exceeded expectations, which indirectly caused the already tight IC wafer production capacity to fall into a more severe predicament. Therefore, the situation of suppliers picking customers is becoming more and more obvious. First-tier brands have obtained more resources by virtue of the number of orders. The market share of the top five brands has reached 60% for the first time, showing that the capacity for the second- and third-tier brands and white-label products is likely to be squeezed out under this circumstance of insufficient resources.

Table 12 2020-2021 TV panel shipment and rankings (in million pcs)

| LCD Manufacturers | Rank | 2020 | Rank | 2021 |
|-------------------|------|--------------|------|--------------|
| BOE | 1 | 47.2 | 1 | 65.2 |
| CSOT | 3 | 39.7 | 2 | 42.2 |
| HKC | 4 | 31.3 | 3 | 41.9 |
| Innolux | 2 | 42.0 | 4 | 38.0 |
| LGD | 6 | 23.6 | 5 | 25.0 |
| AUO | 7 | 20.1 | 6 | 18.1 |
| Others | | 65.1 | | 38.5 |
| Total | | 269.0 | | 268.9 |

Note: Samsung Display ranked 5th in 2020 and will fall out of the rankings in 2021 because of the production cut.
Source: TrendForce, 2021/04

TrendForce pointed out that 2021 will be affected by the extended production schedule of Samsung Display (SDC)'s 8.5-generation LCD factory in South Korea, and the slow pace of second-tier panel makers to transfer TVs to IT products. The TV panel shipments in 2021 are expected to return to the similar level as in 2020, reaching 269 million pieces. With the consolidation of panel makers, production capacity decrease, technological improvement, and rising demand, in 2021, not only will panel makers in 2021 put in force the production strategy of large-size development, but also brand makers will actively begin to adjust product size under the pressure of climbing panel prices and reduce profitability. Therefore, it is expected that the average size of TV panels this year has a chance to increase by 1.6 inches, moving to 50 inches.

As to monitor panels, according to Sigmaintell's statistics, global monitor panel shipments will reach 162 million in 2020, an annual increase of 12.9%. Under the epidemic, PC demand has become a new rigid demand. It is predicted that monitor panel shipments will get to 166 million in 2021, an annual growth of 2.5%.

Due to the continuation of the epidemic and the high demand for replenishment of channels and brands at the end of 2020, it is expected that the annual growth of the overall shipment scale in the first half of 2021 will remain high. In the second half of the year, as rigid demand gradually enters a period of saturation, coupled with the slowdown of the epidemic, overall demand will fall back to steady.

According to Qunzhi Consulting's statistics, in 2020, Samsung Display will account for 12% of the global monitor market, with shipments close to 20 million units, especially in the e-sports and curved surface market with a share of 38% and 61%. As Samsung stopped shipments in the first quarter of 2021, the supply of e-sports and curved products has drastically reduced, attracting other panel makers to enter.

After BOE acquired CEC Panda, its market share is expected to rise to 33%, an increase of 7 percentage points from the previous year. Although LGD has shut

down its 8.5-generation TV panel production capacity in South Korea, it maintains the production of monitor panels and focuses on the mid-to-high-end product line of IPS technology. It is estimated that the market share will remain at 22% in 2021.

AUO is the only major supplier in the global monitor panel field with a complete product line of TN, IPS, VA, flat and curved surfaces. AUO has strong cooperation with major brands in the commercial and consumer markets. With a leadership position, AUO will be the direct beneficiary of Samsung's withdrawal. It is expected that AUO's market share will increase by 1 percentage point to 17% in 2021.

Innolux is actively expanding its IPS production capacity through production line transformation, but as the demand for IT panels is high, the choice of production capacity has become a problem. It is expected that Innolux's supply priority of monitors will decline in 2021, and the overall market share will be slightly down to 10%. TCL Huaxing and Huike are actively entering the display panel market this year. Qunzhi Consulting predicts that Huaxing will account for about 8% of the market in 2021, and Huike is expected to grab 7% of the market.

The increase in the average size of monitor panels has resulted in a significant consumption of panel production capacity. In 2020, the average size of the global monitor panel market has increased by 0.7 inches. Coupled with the increase in shipment scale, the monitor panel shipments will account for about 55,000 units of 8.5-generation production capacity, and this trend is expected to continue until 2021.

Table 13 2019-2021 Market shares of key monitor panel suppliers

| LCD Manufacturers | 2021 | 2020 | 2019 |
|-------------------|------|------|------|
| BOE | 33% | 26% | 24% |
| LGD | 22% | 21% | 22% |
| AUO | 17% | 16% | 18% |
| Innolux | 10% | 13% | 17% |
| SDC | 2% | 12% | 11% |
| CSOT | 8% | 4% | 1% |
| HKC | 7% | 1% | - |

Source: Sigmaintell, 2021/02

Regarding the shipment analysis of notebook computer monitors, according to TrendForce research, the demand for laptops due to the epidemic began to heat up in the second quarter of 2020, and the demand for notebooks in the third and fourth quarters is even more in short supply. There is still no sign of alleviation so far. It is estimated that the demand for laptops in the first quarter of 2021 will push up laptop panel shipments to a record high of 65.3 million units, with a quarterly increase of 3.5% and an annual increase of 46.5%. Since the shortage of supply has lasted for more than three quarters since the second quarter of 2020, under this tight market condition, it is not ruled out that customers have overbooking due to concerns about lack of materials affecting shipments. Therefore, When the real market demand is met early, the possibility of a slowdown in panel shipments in the second half of the year cannot be ruled out. Nevertheless, the new life model brought about by the epidemic will continue to promote the global digitalization process. For example, in response to the digitalization of remote education, the demand for Chromebooks in education applications will become the norm. Therefore, TrendForce is optimistic that the annual notebook panel shipments will reach 249 million pieces, an annual growth of 10.5%.

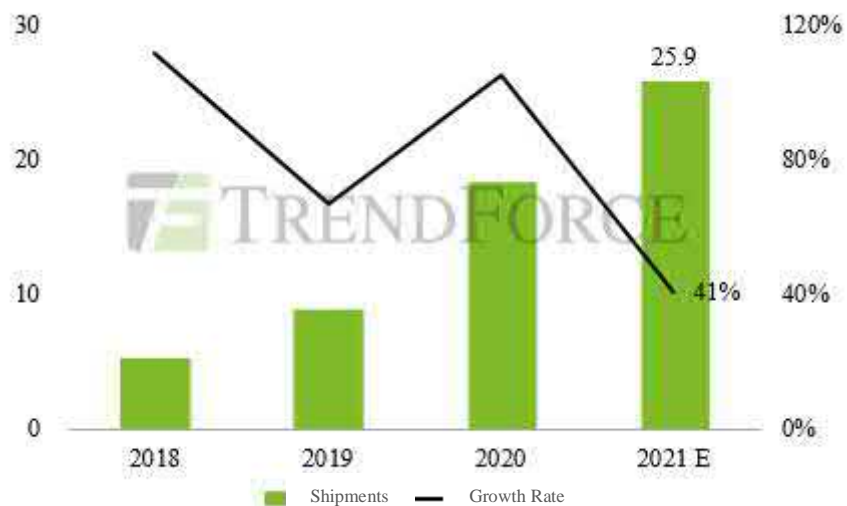


Source: TrendForce, 2021/03

Chart 16 2018-2021 Laptop monitor shipments and growth rate

In terms of e-sport panels, TrendForce's survey shows that in 2020, the shipment of e-sport LCD monitors (defined as refresh rates above 100Hz) reached 18.4 million units, with an annual growth rate of 105%. On account of e-sports products being the focal point of LCD monitor brands and panel manufacturers and also of the demand from the otaku economy, it is estimated that this growth will sustain in 2021, with shipments up to 25.9 million units, an annual increase of 41%.

Samsung Display (SDC) will account for as much as 35% of the market in 2020, and now that it fades out of the supply of LCD monitor panels, e-sport panels will become the competition hot spot for other panel manufacturers in 2021. Among them, AUO (AUO) ranked second in the market for e-sports panels in 2020. Under the plan to continue expanding the supply of e-sports products in 2021, AUO will be expected to stand out among the panel manufacturers and become the leader in this year's e-sports panel shipments.



Source: TrendForce, 2021/03

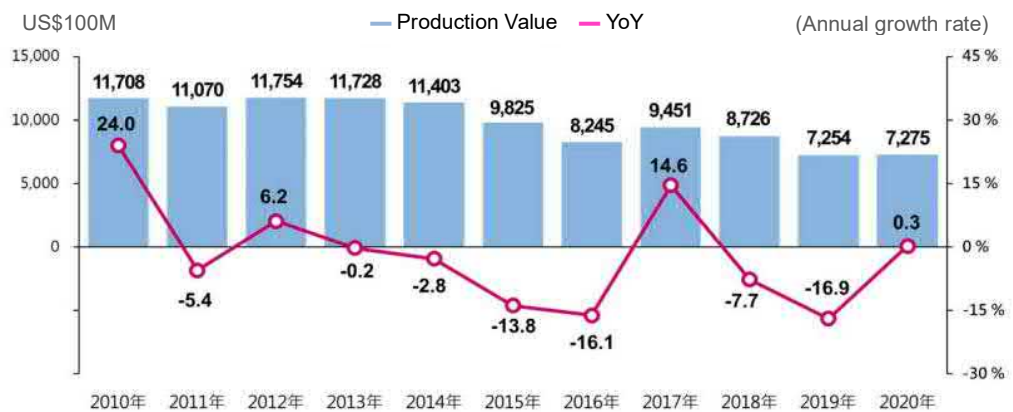
Chart 17 2018-2021 e-sport monitor panel shipments and growth rate (in million units)

Analyzing the current situation of Taiwan's panel industry, according to statistics from Taiwan's Ministry of Economic Affairs, the output value of Taiwan's panel industry in 2020 will be 727.5 billion yuan, a slight increase of 0.3%, ending two consecutive years of negative growth, and getting rid of the 16% drop in 2019. At the same time, Taiwan's panel export output value has also squeezed out of South

Korea, ranking second in the world, and Taiwan's panel industry finally got rid of its worst performance in 14 years.

Taiwan's panel industry is mainly export sales. In 2020, the export value is 6.92 billion US dollars, an annual increase of 5.3%, which is better than the negative growth of the mainland, Japan and South Korea. It is worth mentioning that as South Korea has successively closed LCD panel factories and some Taiwan manufacturers have concentrated on high-end product production capacity, Taiwan's exports will squeeze South Korea and jump to the second place in the world in 2020. But the boss is still mainland China, with US\$22.3 billion in the whole year, more than three times that of Taiwan.

In terms of export regions, since most of the rear panel module manufacturing process is assembled in mainland China, Taiwan's exports are mainly from mainland China and Hong Kong, accounting for 92.5%, which is only 2% compared to Japan, and even less than 2% in the United States, Germany and South Korea. In particular, South Korea's annual decline was 14.8%, which continued to decrease.



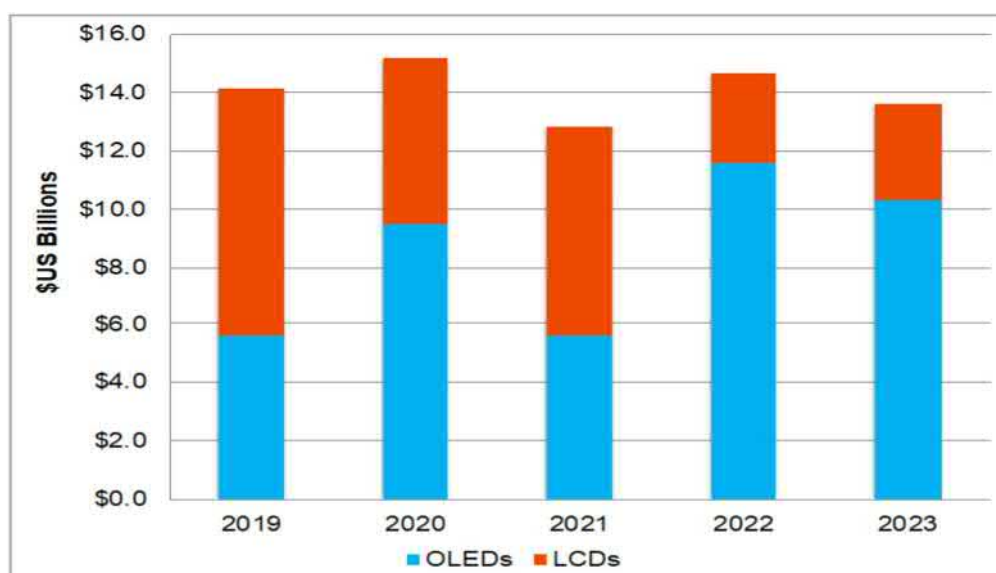
Source: Statistics Department of the Ministry of Economic Affairs, 2021/04

Chart 18 2010-2020 Taiwan's LCD panel industry production value statistics



Source: DSCC's Quarterly Display Capex and Equipment Market Share Report, 2021/02

Chart 19 Capital expenditure forecast of equipment for manufacturing panels



Source: DSCC's Quarterly Display Capex and Equipment Market Share Report, 2021/02

Chart 20 LCD and OLED equipment expenditure (statistics on equipment installation move-in basis)

In terms of OLED frontplane equipment, DSCC reveals the quarterly and yearly market shares of 70 different display equipment market segments of 2020 in the "Quarterly Display Capex and Equipment Market Share Report". According to the statistics for the equipment installation of panel factories in 2020, of the top 25 equipment suppliers in 2020, 11 in Korea, 8 in Japan, 3 in the United States, and 3 in China.

With the help of the growth of CF lithography technology, Canon, the display equipment supplier, has grown 271%, of which evaporation equipment increased by 541%, and exposure equipment increased by 150%, thus regaining the first place in 2020. AMAT won its market share the fourth consecutive year, with its strong position in the LCD and OLED fields, revenue increased by 18%; Nikon lost market share due to a 30% decline in revenue, but was still ahead of Canon in lithography.

Table 14 2020 Display Equipment Supplier Rankings, Share and Growth (Move-in Basis)

| 2020 Rank | Country | Company | Share | | | | Growth | | |
|-----------|---------|--------------|--------|--------|--------|--------|--------|------|------|
| | | | 2017 | 2018 | 2019 | 2020 | 2018 | 2019 | 2020 |
| 1 | Japan | Canon/Tokki | 10.5% | 11.4% | 4.1% | 14.2% | -8% | -73% | 271% |
| 2 | USA | AMAT | 8.2% | 8.9% | 9.0% | 9.9% | -9% | -24% | 18% |
| 3 | Japan | Nikon | 5.1% | 6.4% | 9.1% | 5.9% | 4% | 8% | -30% |
| 4 | Japan | TEL | 3.7% | 4.5% | 5.7% | 3.4% | 2% | -5% | -35% |
| 5 | Korea | Wonik IPS | 0.6% | 1.0% | 1.1% | 2.2% | 35% | -17% | 109% |
| 6 | Japan | SCREEN | 1.5% | 1.7% | 1.9% | 2.1% | -3% | -18% | 18% |
| 7 | Korea | Iruja | 0.9% | 0.8% | 0.7% | 1.7% | -23% | -41% | 186% |
| 8 | Japan | V Technology | 1.8% | 2.6% | 3.6% | 1.6% | 17% | 5% | -51% |
| 9 | Korea | Invenia | 0.2% | 1.4% | 1.3% | 1.6% | 529% | -31% | 31% |
| 10 | Korea | AP Systems | 2.4% | 2.2% | 0.5% | 1.5% | -22% | -83% | 226% |
| | | Other | 65.1% | 59.1% | 63.0% | 55.8% | -24% | -20% | -5% |
| | | Total | 100.0% | 100.0% | 100.0% | 100.0% | -16% | -25% | 7% |

Source: DSCC's Quarterly Display Capex and Equipment Market Share Report · 2021/02

The DSCC report shows that lithography equipment or exposure equipment accounts for a relatively high proportion of display equipment, accounting for about 23% of the 18 billion TFT backplane expenditure in 2020. DSCC' preliminary rankings is based on the 2021 estimated orders and the equipment expenditure plans announced so far. DSCC believes that Canon will continue to lead, followed by AMAT, Nikon, V Technology, TEL, Invenia, ULVAC, AP Systems, Viatron and

SCREEN. AMAT, ranked at top 10 will be listed for the fifth consecutive year, and TEL will see YoY revenue decline for the third consecutive year, and fall from fourth to fifth. As the market declines by 15% in 2021, few suppliers will see growth. Among the top 25 suppliers in 2021, DSCC estimates, there are 10 in South Korea, 9 in Japan, 3 in the United States, 2 in Taiwan, and 1 in China.

Table 15 Preliminary 2021 Display Equipment Supplier Rankings, Share and Growth (Move-in Basis)

| 2021 Rank | Country | Company | Share | | | | Growth | | |
|-----------|---------|--------------|--------|--------|--------|--------|--------|------|------|
| | | | 2018 | 2019 | 2020 | 2021 | 2019 | 2020 | 2021 |
| 1 | Japan | Canon/Tokki | 11.4% | 4.1% | 14.2% | 11.2% | -73% | 271% | -33% |
| 2 | USA | AMAT | 8.9% | 9.0% | 9.9% | 10.4% | -24% | 18% | -12% |
| 3 | Japan | Nikon | 6.4% | 9.1% | 5.9% | 4.8% | 8% | -30% | -32% |
| 4 | Japan | V Technology | 2.6% | 3.6% | 1.6% | 3.2% | 5% | -51% | 65% |
| 5 | Japan | TEL | 4.5% | 5.7% | 3.4% | 3.1% | -5% | -35% | -23% |
| 6 | Korea | Invenia | 1.4% | 1.3% | 1.6% | 2.3% | -31% | 31% | 25% |
| 7 | Japan | ULVAC | 2.5% | 4.2% | 1.4% | 1.9% | 23% | -63% | 14% |
| 8 | Korea | AP Systems | 2.2% | 0.5% | 1.5% | 1.5% | -83% | 226% | -20% |
| 9 | Korea | Viatron | 1.1% | 0.4% | 0.1% | 1.4% | -74% | -68% | 992% |
| 10 | Japan | SCREEN | 1.7% | 1.9% | 2.1% | 1.2% | -18% | 18% | -53% |
| | | Other | 57.3% | 60.3% | 58.2% | 59.0% | -21% | 4% | -14% |
| | | Total | 100.0% | 100.0% | 100.0% | 100.0% | -25% | 7% | -15% |

Note 1 : The statistical data does not include service income, repair spare parts income and upgrade service income.

Note 2 : The revenue calculated by the market share of each company covers 76 different market areas for TFT backplanes, OLED backplanes, color filters, batteries and modules of more than 130 different companies.

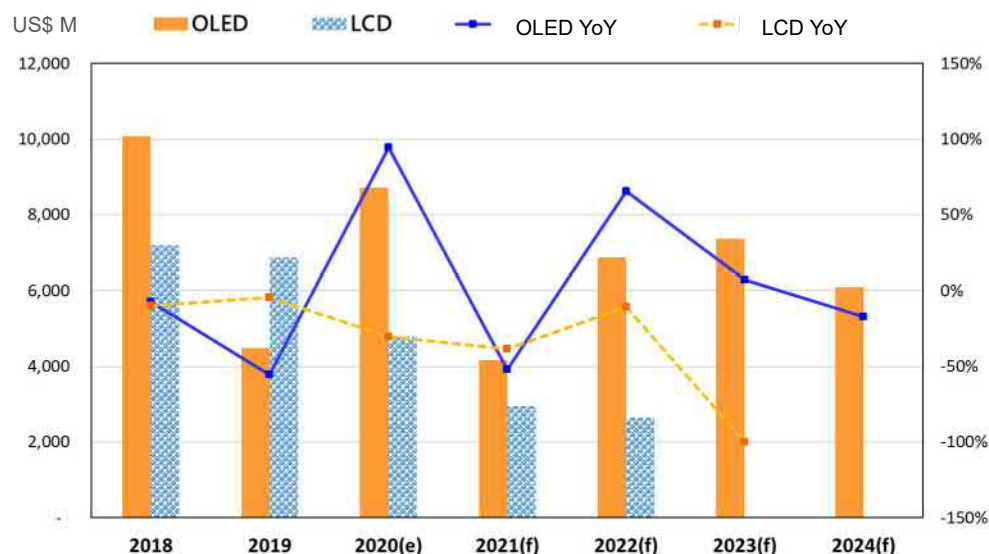
Source: DSCC's Quarterly Display Capex and Equipment Market Share Report, 2021/02

Promoted by government policies and plans, mainland China has invested heavily in the production of high-generation LCD panels, while South Korean manufacturers are fully betting on investment in new display technology OLED, which has brought about high equipment market value for three consecutive years from 2016 to 2018, creating a peak in equipment investment. After two years of good performance in the display application market and investment market, the occurrence of the Sino-US trade war in 2019 has a great impact on the display equipment market. In the face of an unclear market, the display investment plan underway or planned is suspended or even ceased. The investment reduction in OLED equipment appears more notable. As the process technology and yield rate of OLED are not as mature and stable as LCD, investment plans will naturally tend to be affected when the application market prospect is uncertain. In 2019, compared with 2018, the investment in OLED equipment was reduced by 56%, while the investment in LCD equipment decreased slightly by 4%, mainly because the large-generation (10.5 and 11-generation) LCD factory construction plans in mainland China have started before, and the construction plans would just continue in 2019. Especially in the atmosphere of Sino-US trade war, the procurement of key equipment will not stop.

Faced with huge investment in the LCD industry by China, sponsored by Chinese government resources, South Korea has lost its price advantage. Therefore it gradually withdraws from LCD production-either selling LCD production lines or changing to OLED production lines to focus on the OLED market. With the long-term efforts of Samsung and LGD in OLED, the current high-end mobile device display market is dominated by OLED, and South Korea's OLED production capacity accounts for more than 80%. Although the OLED investment plan in 2019 is temporarily suspended or reduced, the OLED industry is the main battlefield of Samsung and LGD, and the R&D investment and capital investment in OLED will continue in the next few years.

In recent years, mainland China mainly invested in large-generation (8-generation and above) LCD production lines, while it never loosens its grip on the development

of OLED. Although the technology and yield rate are not as good as those of the two major South Korean manufacturers, mainland China will not allow South Korea to be the sole player in the OLED market as the dominance of OLED over the mobile device applications takes place. It is estimated that by 2024, mainland China will compete with South Korea for OLED investment and production.



Source: Digitimes Research, 2020/12

Chart 21 2018-2024 Global display equipment market (exclu. Service market)

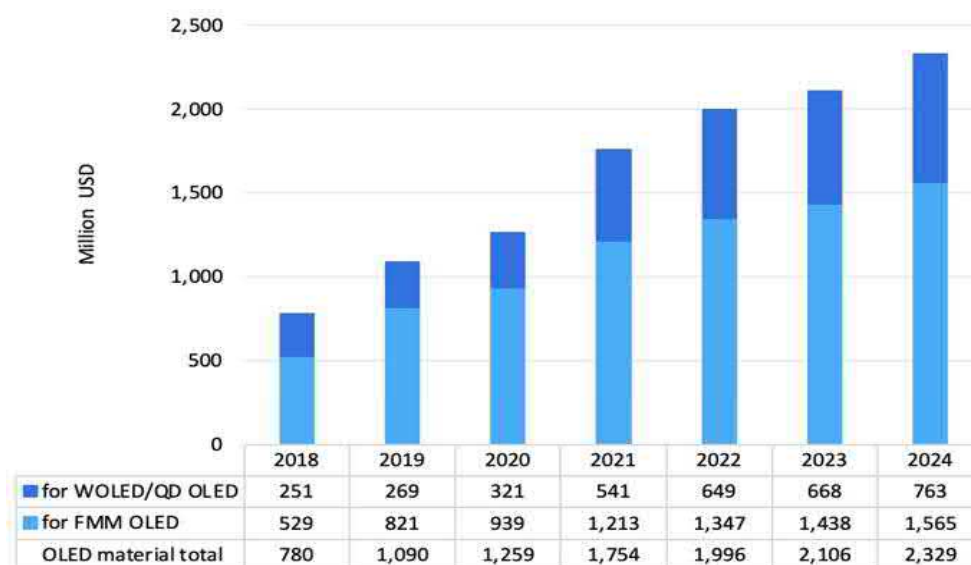
It can be seen from the chart above that the LCD equipment market has declined year by year since 2018. It is estimated to be US\$4.8 billion in 2020 (excluding the service market). By 2023, it will be entirely OLED equipment market demand. In the next three years, the LCD equipment market will focus on the expansion of the current 10.5/11 generation production line in mainland China, and on the increase in production capacity, efficiency, and yield. There is no demand for new plant construction.

Due to the impact of the Sino-US trade war on OLED investment plans, the demand for OLED equipment fell sharply in 2019. The demand for OLED equipment rebounded again in 2020, estimated to be 8.72 billion US dollars (excluding the service market). Although there will be changes and adjustments next year, the demand for OLED equipment will be the main focus of the market in the next few years.

In terms of the global display material market, starting from 2020, there have been more and more attempts to new display technologies in the TV field. One obvious trend is that more and more manufacturers have launched OLED TVs and are vigorously popularizing OLED TV to consumers. For example, in terms of contrast and color accuracy, OLED panels can do better than LCD TVs due to their organic self-luminous characteristics. Of course, in the field of mobile phones, OLED applications are more common.

According to data released by market research company Omdia, as of the end of 2020, the global market for OLED materials for display screens has achieved double-digit growth. In 2020, the global OLED material revenue reached 1.259 billion US dollars, a year-on-year increase of 16% (YoY). In 2021, the OLED material market will grow by 40% to reach 1.754 billion U.S. dollars, which is much higher than the 16% annual growth rate in 2020. At the same time, Omdia also pointed out that the growth of the OLED material market in 2021 will benefit from the adoption of OLED in the fields of smart phones, TVs and PCs, as well as the

mass production of QLED. For TV panels, the growth of OLED materials will also further drive the price growth of TV sets, and the data also shows that materials used in large-size OLED panels will account for about 30% of the entire OLED material market in 2021. The market size is expected to increase 69% and reach 541 million US dollars.



Source: Omdia, 2021/03

Chart 22 OLED Display Materials Market (US\$ million)

With the continuous expansion of China's LCD panel production capacity in the global market, the consumption of LCD materials, the core main raw material supporting the LCD panel industry chain, is also rising in mainland China. According to CINNO Research market statistics, in 2020, China's LCD material consumption accounted for about 56% of the world's total, Taiwan accounted for about 24%, and South Korea and Japan together will account for about 20%. In the future, with the continuous release of new panel production capacity in mainland China, and considering that South Korea's Samsung Display (SDC) and LG Display (LGD) will gradually close their LCD production lines, the LCD material consumption in mainland China will account for up to 70% of the world by 2023.

According to the CINNO Research industry survey statistics, from 2015 to 2020, the annual demand for liquid crystal in the Chinese market has grown from about 200 tons to about 400 tons, and the local share of liquid crystal materials in the Chinese market has also increased year by year, reaching about 60% in 2020. The increased demand for liquid crystals in the Chinese market will help domestic liquid crystal material manufacturers continue to increase their share. At the same time, various liquid crystal material manufacturers in China are actively expanding their production capacity to continuously meet the market's demand for mixed crystal materials and increase the rate of domestic production.

1.2.2.3 LED (Light-Emitting Diode) Industry

In 2020, the global LED industry was hit by COVID-19, and the global market was stalled at one time. Although the market gradually returned to normal, the supply side of the market was hard to overfulfil due to difficulties in the development and mass production for Mini/Micro LED, and the overall LED industry was still in the destocking stage; the market demand side had failed to break through as expected and the growth rate of Mini/Micro LED applications had slowed down, making the overall market in 2020 worse than

expected in 2019. It's still in a state of oversupply and hadn't been improved. According to TrendForce's Optoelectronics Research Office, the estimated output value of the global LED industry in 2020 would only reach 15.127 billion US dollars, a year-on-year decrease of 10%, which was a rare decline in previous years.



Chart 23 2019-2021 Global LED Market output value and growth rate forecast

From a global perspective, China became a major force foundry in the LED industry in recent years. In 2020, some Chinese companies were forced to withdraw from the LED chip market with the impact of COVID-19, and some Chinese companies were withdrawn from the low-end and medium-end LED chip market, and moved to high profit, large size and Mini/Micro LED markets. This had caused a short-term imbalance between supply and demand in the LED market for low- and medium-end products, and the price of chips had risen, with an overall increase of 10% to 20%. At the end of 2020, with the reduction of terminal inventory and the recovery of international market demand, the total production capacity of LED epitaxial wafers in China in 2020 was still increase by 21%, reaching 3.5 million (4-inch) in a single month.

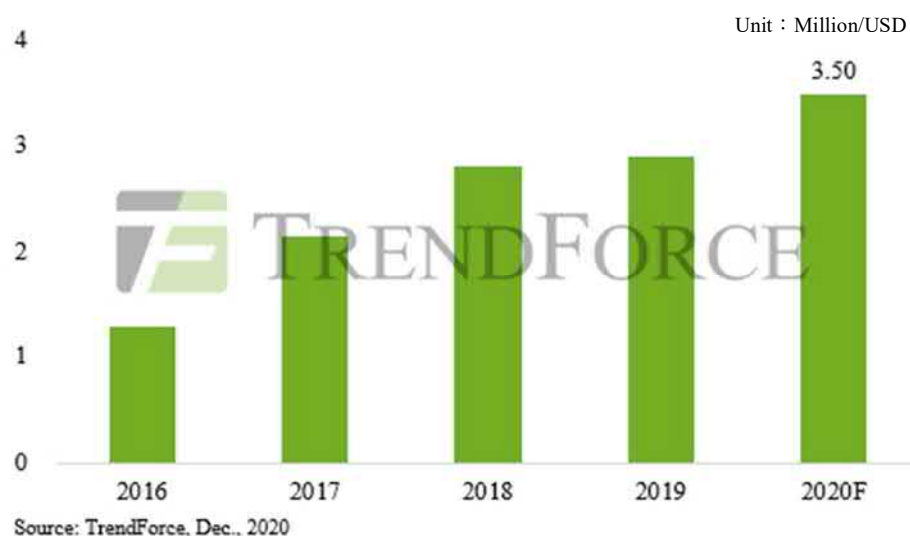


Chart 24 Total production capacity of LED epitaxial wafers in China

As the key substrate material for LED chip manufacturing — sapphire and PSS and other key upstream chip materials, the material prices had increased by 5-10% because of the structural shortage at the end of 2020, which may further aggravate the chip price increase and shortage in the future. Based on the CSA data, the price of sapphire had been risen by 50% since April 2019.

Due to the diversification of LED applications, the recovery situation in various industries were different after the COVID-19 pandemic slowing down. In the case of UV LEDs, the global demand for sterilization and disinfection products had significantly increased under the COVID-19 pandemic, which prompted the UV LED market attracting attention again. Moreover, it also made the UV LED market has become a new place to compete because of its sterilization function, launched more UVC LED products and solutions in the market, and even developed a technology that can kill the virus, ushering in a new trend for the industry. According to 2020 Deep UV LED Application Market and Branding Strategies by TrendForce, the global UV LED market has a compound annual growth rate of 27%, and UVC LED products have a compound annual growth rate of 60% during 2019 to 2024.

In the market of lamps and lighting, lighting products were the necessities of people's lives. During the pandemic, lighting market demand still existed, and overall market demand had not decreased but increased. From the perspective of general lighting, LED lighting applications had declined significantly due to the impact of the pandemic and the commercial activities having decreased, which led to decline in the demand in commercial lighting and outdoor landscape lighting obviously. From the perspective of display applications, the output value of LED displays declined by 9.3% in 2020. Looking forward to 2021, the gradual recovery of various commercial performances and the rising demand for higher-resolution fine-pitch LED displays, it is estimated that the output value of LED displays will return to the level of approximately US\$1.48 billion before the pandemic. In contrast to the general lighting market, under the development of 5G and the Internet of Things (IoT) in 2020, the smart lighting market was benefit from the increasing demand of end consumers and the cost adjustment of smart lighting products. The performance was significantly better than the general LED lighting market, with an annual growth rate of 27 %. In the automotive lighting market, the global automotive sales led to a decline in sales in the lighting market in 2020. It is expected that the output value of automotive LED lighting in 2021 will return to the level of US\$2.6 billion with the pandemic slowing down.

From the perspective of LED backlight applications, as telework and distance learning being the norm of life derived from the pandemic, which increased the demand for consumer electronic products, such as tablets and laptops. LED backlight related industries benefited from strong panel demand and had good performance. However, as the LED market had adjusted its product structure in recent years, and moved towards high-end products, Mini/Micro LEDs have become the future trend of LEDs, bringing light on the winter depressed LED industry. In the past two or three years, various manufacturers have worked hard to hone their technology and actively form alliances with upstream and downstream industries to promote the development of the ecosystem. Nowadays, display products equipped with Mini LED backlight technology and automotive products using Micro LED technology have been

seen in the market.

In compared with traditional LEDs and OLEDs, Mini LED had the advantages of multi-zone control backlight technology, lower manufacturing cost and long life. It could be applied to backlight displays and commercial small-pitch displays, such as TV backlights, TVs and IT products. Some Mini LED backlight applications had been produced in 2019. Some Mini LED commercial transfer processes were lowed down due to the impact of the pandemic in 2020, which affected some manufacturers originally planned to increase the mass production of Mini LED TVs and monitors in mid-2020, the output can be increased in the first half of 2021 after much delay. DSCC market survey poited out, 2021 will be the year of breakthroughs in Mini LED technology. Mini LED will be widely used and keep pace with OLED technology, even catching up with OLED. Mini LED sales in all applications will reach 48 million in 2025, including 4 million IT products (monitors, laptops and tablets), more than 4 million TVs and 200,000 car monitors. TrendForce pointed out, it is estimated that the penetration rate of Mini LED applications will rise to 18% within 5 years. Nowadays, Mini LED related products have gradually appeared in the market, such as gaming laptops, gaming monitors, and high-end TVs. Consumers can already find products with Mini LED backlights from manufacturing suppliers, such as Asus and Acer. Additionally, what makes the entire industry look forward to is Apple also expects MacBook and iPad to use Mini LED backlight technology. Apple's adoption will undoubtedly detonate related demand again and make the LED industry move up again.

With the gradual maturity of Mini LEDs, Micro LEDs have also begun to step out of their market positioning. Mini LED are mainly used in multi-zone backlight displays and large RGB small-pitch displays currently, and also have several advantages, such as greater application flexibility, light weight, high brightness, low energy consumption, high resolution and so on. However, at this stage, it is still at the stage of technical bottlenecks such as removing the sapphire substrate, scaling down, and material integration. There is still a long way to go before commercialization. It is estimated that mass production will only be possible in 2021. In the future, it will be widely used in automobiles and motorcycles, film and television entertainment, games, health care, PCs, wearables, etc., high-end TVs and large-scale commercial display screens and other niche products will enter the market. In the future, there will be opportunities to slowly penetrate into medium-sized flat panels, The development of laptops and desktop displays.

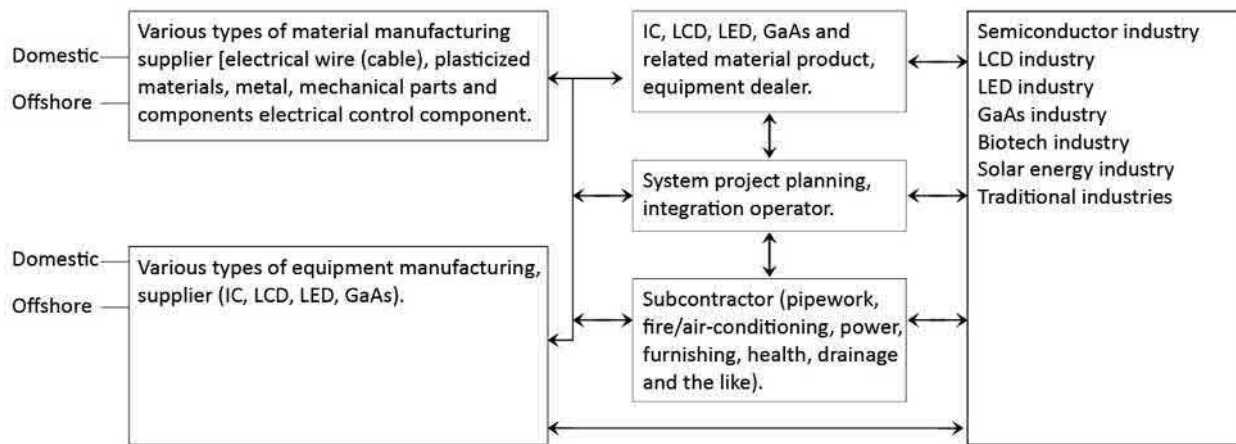
According to the latest "LED Industry Demand and Supply Database" report released by TrendForce's Optoelectronics Research Office, it is estimated that the global Mini/Micro LED market will reach US\$4.2 billion in 2024. The market prospects attract all kinds of capital to invest in this field. In 2019 and 2020, the total planned investment in China's Mini / Micro LED related projects will reach RMB\$39.1 billion and RMB\$ 25.2 billion, respectively. The investment scope covers equipment, chips, packaging, panels, display screens and other links in the industry chain. TrendForce also pointed out in the report that the participation of these related industry giants will drive capital to invest in the development of Mini/Micro LED technology. Regardless of investment in new equipment, material development, introduction of new manufacturing processes, etc., it will use capital power

to accelerate China's relevant supply chain. Of maturity.

Based on the analysis of the current situation of Taiwan's LED industry, since the rise of China's LED industry, Taiwan's LED output value has declined year after year. In 2019, the output value only reached NT\$75.2 billion, a decline of about 11% from 2018. The emergence of Mini/Micro LED has undoubtedly ignited new hopes for Taiwan's LED industry. It can develop related technologies with the advantages of mature and complete LED, panel, and semiconductor industry chains, and cross-domain supply chains are gradually being formed under the series connection of major brands. A number of leading Taiwanese LED manufacturers have long established layouts in Micro LED and Mini LED, and are actively accelerating technology research and development through industrial alliances, shortening product commercialization timelines, integrating bilateral upstream, midstream, and downstream advantages, and expanding outlets for vertical tandem resources to avoid duplication. The purpose of investment and cost reduction is to promote the listing of Mini/Micro LED products in the shortest possible time and to open the gap with competitors.

In 2021, with the steady progress of related projects and the gradual release of production capacity, the output of Mini/Micro LEDs will increase substantially. In the short term, due to the advancement of Mini LED technology, the Mini LED backlight market will continue to grow due to the normalization of the pandemic in 2020 and business opportunities such as the housing economy, which will bring huge benefits to the industrial supply chain. Therefore, the Mini LED industry should be the first to achieve mass production. The industry has high hopes for Mini LEDs, and they all look forward to a real high-volume moment in 2021. In the long run, Micro LED is the ultimate goal of display products. Despite the current difficulties, Micro LED has already surrendered substantial results in the two target markets of small-size wearable devices and large-size high-definition displays. In addition, as the new crown pneumonia vaccines are available in early 2021, TrendForce analyzes that the demand for the LED industry that has been suppressed for a long time will bottom out. It is estimated that the global LED output value in 2021 is expected to reach US\$15.7 billion, with an annual increase of 3.8%.

1.2.2 The upstream, midstream and downstream



1.2.3 The products' various development trends

(1) Sales and services of high-tech equipment and materials

① Integrated circuitry component processing

In the face of future market development trends, with 5G, AI artificial intelligence, high-performance computing, automotive and other related emerging semiconductor applications. All kinds of AI acceleration and collaborative chips required from the cloud to the edge have been proposed. The development trend of architecture chips will affect the development direction of the semiconductor industry and the transfer of semiconductor application blocks.

IC designers will introduce a new generation of silicon intellectual property, strengthen ASIC and chip customization capabilities, and accelerate the application of 7nm EUV and 5nm. In terms of manufacturing, the adoption rate of the 7-nanometer node has increased, the R&D timing of 5nm and 3 nm is more and more clear, and the proportion of advanced manufacturing will increase in the future days. Due to a new challenges in the global semiconductor manufacturing landscape, competition for advanced manufacturing processes under 10 nm is dominated by Taiwan and Korea, and it will also affect the future end-customer's order selection. As the 7nm process will be gradually put into mass production in recent years, the solution will come out after 7nm. Global wafer manufacturers predict higher-than-expected demand for high-end chips for 5G mobile phones and base stations. Both the 5nm and 7nm enhanced versions are introduced into the EUV process. EUV plays an important role in the advanced process, and related capital expenditures continue to be invested.

② IC packaging processing

Semiconductor OEM and IDM factories have successively invested R & D resources in 3D packaging technology, which will lead a new trend of 3D packaging and testing technology. Through the bumping density, the overall computing speed between the CPU / GPU processor and the memory is improved. It is expected to continue to extend through SoIC packaging technology and serve as a new solution for various advanced packaging in the back end of Integrated Fan-out and Chip on Wafer on Substrate.

③ LED processing

The whole LED industry face the risk of oversupply but the prospects for special applications are still optimistic. The main motivations include small-pitch LED display screens, Mini LED backlights, UV-C LEDs, automotive lighting and high-efficiency LED lighting.

Mini LED could be applied to the LCD, with the direct-type area backlight technology. It can increase the contrast and brightness of the LCD, also provide consumers having another choice. The independent control of the backlight with multi-zones will help to

improve the contrast and bring better display. However, due to the high technical cost at this stage, it can only be applied to high-end models. If the cost of Mini LED and the process of mass transfer can achieve breakthrough development in the future, Mini LED backlight technology is expected to be widely used in various displays. It will effectively boost the chip demand of the LED industry.

④ Display Panel processing

The display panel industry has a wide range of application markets, including LCD TVs, LCD monitors, notebook computers, tablet computers, mobile phones, wearable devices, public displays, digital signage, industrial computers, automobiles, smart classrooms, medical equipment, e-sports, national defense. It has a wide range of uses and is required in all kinds of human-machine interfaces. With the development of AI, Internet of Things and big data in the future, it drives that the size of the panel market shows a trend of continuous expansion.

From the perspective of the progress of Micro LED, more and more panel manufacturers have launched Micro LED solutions for glass backplanes. However, larger-size displays are realized by glass splicing due to yield problems. The cost of Micro LED is still high in the short term since Micro LED combined with mass transfer technology can combine different display backplanes to create transparent, projection, curved, flexible and other display effects. There will be opportunities for oversupply displays in the future.

(2) Automatic supplying system

① Gas automated supply system

Through many years of efforts, the group has become one of the primary industry suppliers, in terms of the operating scaled and technical sophistication. In the future, the company vies to put its competitive focus on optimizing the cost control model, in a bid to bring the clients with high quality, high efficiency total solution proposals.

② Chemical automated supply system

With the chemical automated supply system being a requisite chemical conveying supply facility in high-tech industry plant launching. MIC focus on the future technical aspect, unless there is innovative development on the use of chemical materials, the current system design, equipment and implementation will continue to undergo changes corresponding to the customer's processing change, and exactly for is service uniqueness, and high technical thresholds, the saturating market will prevent potential rivals from entering into the market.

③ Special gas monitoring system

The group is currently pursuing the total chemical management (TCM), total gas management (TGM) and total water management (TWM) work, which will facilitate offering more comprehensive and all-encompassing services; as for the facility operating service for small and medium plants, currently a set of comprehensive facility operating contracts have been signed, and the group vies to actively underwrite projects by choosing the suitable customers as a breakthrough to the operation.

④ Factory automated operation

MIC have many years of experiences in acility management control system (FMCS), computer-integrated manufacturing (CIM) and automated product representation operation.

(3) Total Facility Engineering Turnkey Project

① High tech/biotech and pharmaceutical plant facility planning, design, work implementation and turnkey testing.

② High-tech factory equipment/server integrated server installation project (total turnkey hookup projects).

③ Electromechanical systems integration for general industry, communication industry and smart building.

(4) R&D and manufacturing of Customized equipment

To help research and design the production of OEM and ODM equipments, and cooperate with the important academic and research groups to jointly build our own brands in the equipment manufacturing market.

1.2.4Competitive status

(1)Sales and services of high-tech equipment and materials:

Due to the diversified and complex types of equipment and materials sold by the Group, and the various businesses have been intertwined in major technology companies.

(2)Automatic Supplying system

①Gas automated supply system

The group has successfully developed with gas material vendors a modularized panel to command a competitive edge in pricing and production speed; in product development aspect, it is able to offer customized product catering to the client's needs; in onsite maintenance/repair aspect, the reasoned software/firmware engineers are able to provide speedy, real-time services.

②Chemical automated supply system

MIC created its own brand in 2000, and since then, the whole chemical automated supply system has been copied to semiconductor industry and optoelectronic industry. From 2005, MIC took advantage of this chemical automated supply system to complete the establishment of several 300mm fabs with systems engineering, ranked one of the top brands. The group has its own brand so that the price is more competitive, and services quality is improved. As a result, we have not only won high reputation from our customers, but also accounted for high market share in newly-established high-technology market.

③Special gas monitoring system

For a decrease of manpower and for professional consideration, outsourcing some of the operations is an existing situation in Europe, the U.S. and Japan. In Taiwan, currently only TCM (Total Chemical Management) and TGM (Total Gas Management) & Total Water Management (TWM) in facility system would do outsourcing to provide equipment maintenance, replacement of chemical and gas supply materials, monitoring and control system, etc. Main providers of technical services are certainly the original equipment suppliers, but still no independent and professional "technical services providers" exist.

④Factory automated operation

A. Special gas and facility management control system (GMS & FMCS)

A. This kind of service is heading towards comprehensive and integrated service, main customers of which are IC and LCD plants in Taiwan and China. They tend to seek for cooperation with stable and all-encompassing companies, like Mitec, where skilled personnel and technical support sufficient. In this way, system-integrated competitors with relatively less capital, workforce and technique can hardly enter the market, which makes the threshold higher, and by contrast, it is more difficult to compete.

B. Computer-integrated manufacturing (CIM)

B. Taiwan's manufacturer must pay attention to the transparency of production in the future, to immediately adjust the production with product traceability, and respond to customer needs for additional business value. "Lean production", which presents an approach that integrates management with technology, is not likely to succeed on the first try. Enterprises should identify their key technologies based on industrial characteristics when turning to Industry 4.0. The difference between Industry 4.0 and traditional industries lies not only in the degree of automation and informatization, but in the use of cyber-physical system (CPS), big data and other technologies to achieve smart factory. Therefore, the core technologies of Industry 4.0 are IoT (for collection of all-round information), big data (for analysis and forecasting), intelligent robot, and cyber-physical system, which will be integrated by Marketch International

Corp. in terms of its computer-integrated manufacturing to make productions more responsive.

C. Automated product representation operation

The group provides customers with purpose-specific automated products and customized services which feature fast-integrating advantages and short establishment period. Meanwhile, every system can be inter-compatible and integrated, breaking the traditional frame. Hence, a huge flexibility and agility of expansion can be supplied to customers to help them completely understand the whole picture of developing information strategy planning. Unlike general automated products with multi functions on the market, great performance and results can be presented immediately under this operation, which makes our products more competitive and valuable.

D. Prognostic and Health Management

This management system can reduce product defects and increase the utilization of facilities, and it has become a trend. However, as the strength of manufacturing industry in Taiwan, semiconductor and optoelectronic industries have no sound solutions to improve defects and utilization. As a result, based on the expertise in system integration for more than twenty years, the Company cooperated with a domestic professional corporation, Industrial Technology Research Center, to establish Prognostic and Health Management using big data analysis. The system was first developed by Taiwanese, providing a sound solution from in-time monitoring of the status of equipment to predicting breakdown and management of the remaining service life. In the meantime, it can be perfectly integrated with parts retailers to optimize products maintenance, so the products are highly competitive.

(3) Total Facility Engineering Turnkey Project

From equipment expansion integration supply systems of large IC and LCD fabs to project planning, design, construction and test, a different competition field is differentiated from the companies mentioned previously, which only pays attention to design and construction monitoring of initial factory arrangement. Additionally, for special factory building requirement of middle and small factories or foreign customers, the barrier for foreign vendors to enter such field is always difficult due to cost and localized services after sales. This situation allows the Group to become one of the few professional vendors that can get across such a threshold in the industry.

To maintain competitive advantages and reduce cost, high technology industries have shifted decentralized manufacturing, which even makes market competition expanded from Taiwan to China and Southeast Asia. Accordingly, the Group has developed and deployed in such a large global market with a great result.

(4) R&D and manufacturing of Customized equipment

There has been serviced a number of semiconductor equipment customers and panel industry equipment customers, and Biomedicine equipment Customers, whom were from Europe, America and Japan. In order to allow process equipment technology to take root in Taiwan, MIC has been cooperated with international manufacturers and has been developed self-branded panel equipments.

1.3 Technology and R&D status

1.3.1. The operating business's technical level and R&D

The group, at its initial inception, primarily caters to TSMC, UMC and related IC manufacturing companies, and through the close-knit cooperation with globally renowned semiconductor and electronic materials plants, it has introduced various high-tech products when Taiwan's semiconductor industry is at a budding stage, and as it has also utilize the opportunity of collaborating with globally renowned producers to steadfastly introduce the technology to laid a sound foundation on the group's automated supply system and integrated system professional know-how.

In the aspect of gas automated system, chemical supply systems and integration projects,

the group commands relevant professional design personnel in semiconductor, mechanical automated control and chemical engineering and related domains, and also relies on equipment distributor's orientation training and pertinent technology outsourced orientation training to absorb local and foreign peers' technology, and also work through the interactive exchange with key customers and local vendors in fully discerning the producers and users' needs, to develop on its own the international SEMI certified highly clean special gas supply system equipment, technology and know-how.

In recent years, the Group has actively attentive in the research and development and technical development of customized equipment, especially to enhance the design, assembly and testing capabilities of customized equipments. Moreover, the Group will self-develop and manufacture Colorfilter PI Repair, OLED PI Repair, Flexible OLED PI Repair and other panel repair machines.

1.3.2. R&D personnel and their education/exposure

Unit: persons; %

| Year Education | 2019 | | 2020 | | As of March 31, 2021 | |
|-------------------|-----------|-----------|-----------|-----------|----------------------|-----------|
| | Personnel | Ratio (%) | Personnel | Ratio (%) | Personnel | Ratio (%) |
| Doctoral | 4 | 9.76% | 6 | 15.38% | 7 | 16.66% |
| Master | 21 | 51.22% | 20 | 51.28% | 19 | 45.24% |
| B.A. | 13 | 31.70% | 9 | 23.08% | 10 | 23.81% |
| College | 3 | 7.32% | 4 | 10.26% | 6 | 14.29% |
| Total | 41 | 100.00% | 39 | 100.00% | 42 | 100.00% |
| Average seniority | 4.57 | | 4.82 | | 5.10 | |

1.3.3. The injected R&D expenditure in the most recent year and up to the annual report publication date

Unit: NTD per thousand

| Item | Year | 2020 | As of March 31, 2021 |
|---------------------------------------|------|------------|----------------------|
| | | | |
| Research and development expenses (A) | | 184,401 | 43,795 |
| Operating income (B) | | 25,119,857 | 6,568,581 |
| Ratio (A)/(B) (%) | | 0.73 | 0.67 |

Note: The figures are disclosed based on the 2020 CPA-audited consolidated financial statements and the 2021 Q1 CPA-reviewed consolidated financial statements.

1.3.4. Successfully developed technology or products

The group research and development team commands high-tech manufacturing, automated control, laser, optoelectronics, software, precise machinery technology integration capability, and has had rather excellent results in developing high-tech system equipment, with some of the critical R&D practical performances as enlisted below:

| Year | RYD track record | Application domain |
|------|--|---|
| 2019 | Sapphire wafer automatic loading machine - 2nd generation | LED industry |
| | PSS sapphire wafer Aoi machine -2nd generation | LED industry |
| | Sapphire wafer laser marking machine -2nd generation | LED industry |
| | Sapphire wafer morphology measure and sort machine -2nd generation | LED industry |
| | Polymerase Chain Reaction (PCR) Instrument | Biotechnology industry 、 Laboratories and Inspection office (Screening) |

| | | |
|--|--|---|
| | Centrifugation | Biotechnology industry 、 Laboratories and Inspection office (Screening) |
| | Digital Wireless X-Ray Flat Panel Detector | Medical radiography |
| | Auto pipetting system | Biotechnology industry 、 Medical industry 、 Semiconductor industry |

1.4 Long-, short-term business development plans

1.4.1. Short-term operating strategies

- (1) To expand the depth and propensity of the high-tech equipment/material sale product lines.
- (2) To integrate the electrical and mechanical engineering, facility design and facility integration implementing capability.
- (3) To enforce ISO 9001, ISO 14001 and OHSAS 18001 working standards, quality and working safety requirements, and also to strengthen the enterprise resource integration system development, with which to assist the group to operate on a systematic and standardized foundation.
- (4) To research and develop, design, manufacture customized private label equipment.
- (5) To actively expand into non-high tech industry customers.

1.4.2. Mid-term operating strategies

- (1) To actively rally for potentially dynamic industry processing equipment/material representation rights.
- (2) To accumulate high-tech industry's customer base and technology, and expand into the Asian markets.
- (3) To actively introduce relevant high-tech technology, develop the localized assembly-related processing equipment technical capability, with which to assist localizing the original manufacturer equipment.
- (4) To integrate the initial plant and customer resources to jointly expand the Asian markets.

1.4.3. Long-term operating strategies

- (1) To excel in the high-tech industry, i.e. IC, TFT-LCD, LED, OLED, petrochemical, solar energy battery and biotech, electrical and mechanical, telecommunications, foods and related industry services, and also to expand the sale and service network in securing its footing in the Asian markets.
- (2) To continue accumulated experience on customized equipment R&D and manufacturing by jointly developing future fabrication equipment.
- (3) To continue excelling automated supply system's relevant technology and seeking higher end design development.
- (4) To develop enterprise-to-enterprise e-commerce system, bearing to become a customer end and supply end's information exchange hub.

2. Market and Sales Overview

2.1 Market analysis

2.1.1. Key products (services) sale (supply) areas

With the group's sale or service areas in the most recent two years catering mainly to the Taiwanese and Mainland Chinese markets, the group, in a bid to expand its operating performance and stepping up its customer service and also securing the timeliness, has since launched service offices in Singapore, Vietnam, Malaysia, Myanmar, Korea, Shanghai, Wushi and so forth, which will facilitate offering high tech manufacturers in these areas with equipment or materials, offering technical support and plant automated system and related product service needs.

Unit: NTD per thousand; %

| Sale or service area \ Year | 2019 | | 2020 | |
|-----------------------------|------------|-----------|------------|-----------|
| | Amount | Ratio (%) | Amount | Ratio (%) |
| Taiwan | 10,647,154 | 44.03 | 11,400,180 | 45.38 |
| Mainland China | 7,642,606 | 31.60 | 7,203,398 | 28.68 |
| Other | 5,892,921 | 24.37 | 6,516,279 | 25.94 |
| Total | 24,182,681 | 100.00 | 25,119,857 | 100.00 |

Note: The above figures are disclosed based on the the 2019 and 2020 CPA audited consolidated financial statements. The consolidated income in above sales or service areas were classified according to the country where the customers located.

2.1.2. Market Share

(1) Sales and Service Business for High Technology Equipment

For proxy chemicals and consumables required for advanced semiconductor manufacturing processes, including etching solutions, abrasive slurry, abrasive brushes, tube equipment used in diffusion processes, ball planting machines and ball filling machines in advanced back-end process. Also, photoresist are widely used in many well-known panel Fab.

(2) Automatic Supply System

(2.1) Gas Automatic Supply System

For gas supply equipment, the gas cabinet used by semiconductor fabs and photoelectric plants are all designed, soldered, assembled, tested, installed and guaranteed by the Company in our own plants. There is no difference for valve manifold box (VMB). Since the building speed and quantity for new plants are not as before, the competition for gas automatic supply system is getting more and more intense. With respect to development strategy, the Group still focuses on introducing certification of high standard and specification requested by large companies. We also engage in development of LED plants, solar energy plants and research units in order to increase market share of equipments and profit rate.

(2.2) Chemistry Automatic Supply System

For this system, Air-Liquid, Mitsubishi, Sumitomo, Kanto and the Group keep as competitors with each other.

The Group has a 30% to 35% of market share for business. Currently, we have our own brand both to enhance price competitiveness, and to maintain and increase market share.

(2.3) Plant Automation Business

Facility monitoring control system (FMCS): The major suppliers in Taiwan are the Company and the automation business department of MITAC. In response to drastic price competition and drastically increased raw material cost, in addition to original technical capability, the Group complies with the trend of technological development by introducing wireless technology solution to improve competitiveness and reduce cost.

(3) Total Facility Engineering Turnkey Project

Plant plan, design, construction and test (turn-key) for high technology/biotechnology and pharmaceutical plants:

Due fast handling of market trend and early response, the Group has invested in the market actively and enhanced technology level together with integrated construction capability, and has developed biotechnology and pharmaceutical plant building business actively, including construction, steel structure, internal installation, electro mechanics, clean room, gas, chemistry, water systems, special pharmaceutical requirement plant systems, secondary distribution etc. These turn-key professional performance wins admission and trust from customers. In the future, the market business will be further expanded.

(4) R&D and Manufacturing of Customized Equipment

The groups has been serviced in the automated industry and has provided comprehensive and complete solutions to our clients for several years. Besides, the groups have fully control the industry trends and client demands, and service the OEM and ODM in real time.

2.1.3. Future Supply and Demand in the Market and Growth Prospect

(1) Sales and Service Business for High Technology Equipment

(1.1) Equipment Business

SEMI pointed out that the sales of global original equipment manufacturers in 2020 reached approximately 69 billion US dollars, an annual increase of 16%, creating a new record. It is expected that there will be another double-digit percentage growth in 2021, exceeding US\$76 billion in one fell swoop, and Taiwan is also expected to return to market leadership in 2021.

As for the overall global semiconductor market outlook, SEMI is optimistic about the overall market outlook in 2021. The main market forecasts include GDP, electronic product sales, semiconductor sales, and capital expenditures all showing positive growth. Although the global semiconductor market is relatively less affected by the COVID-19 pandemic, geopolitical tensions and the continuation of factors such as the US-China trade war will bring more challenges to the overall electronics industry supply chain. Benefited from the popularization of 5G, data centers, high-performance computing (HPC) and artificial intelligence (AI), these applications will continue to be the main driving forces driving the development of the semiconductor industry in the future. The strong demand for products in notebook computers and servers is also expected to continue until 2021.

(1.2) Material Business

Materials are sold for supporting production requirement of factories of customers all over the world. Therefore, the sales of various related materials would increase in response to outputs of various industries. With respect to supply, increase of customer satisfaction in technology, cost and after sales service is focused to increase market share.

(2) Automation System Business

(2.1) Gas Automatic Supply System

MIC Group not only ensures continuous orders from existing customers, but also actively develops new customers and orders. Despite the intense competition, the Company will be able to earn a place in the gas dispense system market owing to years of solid foundation, research and development resources it continuously invests in, as well as innovative gas dispense systems developed with customers with advanced technologies.

(2.2) Chemistry Automatic Supply System

With respect to supply, all competitors are engaging in localized production now in order to reduce cost and increase delivery speed.

(2.3) Running Service Business

Judging from the current industry situation, existing customers will continue to designate the original manufacturers to supply equipment for operations. Under the pressure of cost reduction, outsourcing is an inevitable trend. If the professional ability of an outsourced company is recognized by customers and "suppliers", the professional operation business volume will greatly increase in response to market demands.

(2.4) Plant Automation Business

A. Facility Monitoring Control System (FMCS)

This system is an important investment that introduces facility monitoring for whole plant into factory building in high technology industry. In addition to high technology, other industries will also increase the demands for such automatic plant monitoring facility due to advanced technique. However, expansion of potential market demand results in the trend of increased

participant companies.

B. Automatic Special Gas Monitoring System (GMS)

GMS, like the central brain, is a design necessary for safety measure in building factories for high technology industry. Additionally, because life and security of people are involved, the threshold for new competitors is very high. The Group can still be one of the leaders in this field as long as the technological function keeps improved. This should be an apparent fact. Such monitoring system market has increased due to production expansion of original IC, LCD and LED industries. Other peripheral related industries also have to introduce use of such system because of production related equipments or materials with respect to security and monitoring requirements.

C. Manufacturing Integration Business (CIM, Computer-Integrated Manufacturing)

With the advent of Industry 4.0, all industries are turning to automation, digitization and smart plant. MIC helps enterprises with Customer Relationship Management (CRM) and Supply Chain Management (SCM) systems, and establish a horizontal integration system. We also integrate Enterprise Resource Planning (ERP), Computer-Integrated Manufacturing (CIM) and Manufacturing Execution System (MES), to strengthen the vertical integration system. Through horizontal, vertical and related systematic integration, we achieve massive custom, efficient production, independent decision-making and fault prediction targets to meet customer needs.

D. Information & Communication and Software Services

Products combined cloud technology and Web structure, together with high extensibility of software and hardware structures, are applied to energy saving and carbon reduction, equipment status monitoring special applications to provide clients with quick introduction solutions.

E. Prognostic and Health Management

Especially for semiconductor and optoelectronic industries, how to reduce product defects and increase the utilization of facilities has been the most significant issue in every manufacturing industry. The Company developed the first Taiwanese-built prognostic and health management system focusing on important instruments in semiconductor and optoelectronic industries. As technology has advanced, the demand for monitoring remotely the health state of equipment and predicting breakdown will also increase in other industries, like precision machinery.

(3) Integrated System Business

From equipment expansion integration supply systems of large high-tech fabs to project plan, design, construction and test, a different competition field is differentiated from design and construction monitoring of initial factory arrangement, to which the companies mentioned above pay attention to. Additionally, for special factory building requirement of middle and small factories or foreign customers, the barrier for foreign vendors to enter such field is always difficult due to cost and local after sales service convenience, so that the Group is one of the few professional vendors that can get across such a threshold in the industry.

To maintain competitive advantages and reduce cost, high technology industries have shifted decentralized manufacturing to China, such that market competition has expanded from Taiwan to China and Southeast Asia. Accordingly, the Group has developed and deployed in such a large Chinese market with a great result.

(4) Customized Equipment R&D and Manufacturing Business

The large environment mentioned above is very advantageous to development of customized equipment assemblage, maintenance and process R&D for the Company. With several years of efforts, there have been several ongoing projects running smoothly. In addition to continuous development of talents, the Company employs experts to join operation team in order to occupy a position when there is an

opportunity.

2.1.4. Competition Niche

- (1) Wide business range capable of reducing single industry business cycle risk effectively.
- (2) High technological level facilitating to win whole plan turn-key engineering business because there are few vendors with both automatic supply system and process equipment linking integration capabilities in our nation.
- (3) Providing customers with diversified services, based on which deepness and breadth of products can be further expanded from process equipment, material agent, automatic supply system and integration system to localized assemblage, manufacturing design (OEM, ODM), installation, maintenance service.
- (4) Business sites are located in Taiwan, China, Singapore, Malaysia, Vietnam, Myanmar, Korea, Japan and United States for providing customers with local services and handling local market.
- (5) We have robust operation team and rich experiences, and excellent professional staffs, and integrate transversely related technologies of various business divisions, go into different industries deeply, and deploy related business in Asia.

2.1.5. Advantageous and Disadvantageous Factors of Development Vision and Response Strategy

(1) Advantageous Factors

- (1.1) The business of the Company covers, for example, IC, TFT- LCD, LED, IC packaging, OLED, petrochemical, lithium iron battery, solar cell, electro mechanics, telecom, food industries, which are still the industries with large growth for the coming 10 years in Taiwan, China and Southeast Asian region. The coming growth trend is a definite fact although there is still business cycle.
- (1.2) As for high technology equipment material sales and service business, the Group and various suppliers have keep long term cooperative partnership. In addition to business transaction, we also obtain long term common interest with each other through cooperative production plan actively.
- (1.3) The high industry has grown quickly in Taiwan such that talents in building factories are insufficient for all companies. In the future, the professional vendor with "integrated system" capability will be advantageous of attracting talents. For 30 years, the Company has introduced foreign technologies and developed integration in depth as the only one choice in our nation now. Moreover, the companies with such capabilities in Europe and America are very rare. Furthermore, under "localization" requirement in our nation, the development of the Company is far superior to other European and American companies.
- (1.4) In order to reduce production cost and excessively large equipment (e.g., process equipment beyond 8.5G TFT-LCD) factors, the opportunity that foreign vendors search for OEM cooperation has increased. Currently, the customized equipment manufacturing business of the Group has been developed for many years, and cooperation projects with multiple original vendors are ongoing. The development with respect to capability of such technology facilitates to R&D of future equipments of high technology industry and accelerates improvement of both manufacturing quality and quantity for introducing foreign process equipments into Taiwan.
- (1.5) The Company has been approved with ISO 9001 international quality certification and ISO 14001, ISO13485 、OHSAS 18001 certifications to provide customers better service quality.

(2) Disadvantageous Factors and Countermeasure

- (2.1) The growth of high technology industry grows excessively fast and graduate talents are insufficient. Moreover, excellent professional talents of the Group are susceptible to be poached by other companies and customers.
Countermeasure:

Provide internal trainings for talents actively in order to improve comprehensively product design and technical abilities, and realize professional experiences and R&D results with effective accumulation, together with offering bonus, share allotment and stock option certification programs for employees in order for employees to be more stable and in order to hire good talents.

- (2.2) After participation in WTO (World Trade Organization), foreign operation sites have entered our nation such that market competition is more and more intense. Therefore, partial products may suffer from reduction of price and product gross margin due to competition with companies in the same industry and mature market.

Countermeasure:

In addition of deep development of original niche market with inherent advantages with respect to domestic laws, language and culture, the Group creates products, services and technologies with "integration" and with "differentiation" compared to competitors actively. Also, with standardization of work flow, MIS system cost control budget is enhanced to save labor, increase efficiency for cost down and reduce labor waste. Moreover, domestic business is promoted, together with sales promotion in Singapore, Malaysia, Vietnam, Myanmar, Japan, Korea and China markets in response to challenge of market opening.

- (2.3) There are very engineering variables for automatic system and integrated system business, which are susceptible to mutual interaction of various engineering. Therefore, if the engineering work period is relatively long, increase of expenses of materials, equipments and outsourcing fees will result in increased cost, which causes business risk and financial maneuver risk.

Countermeasure:

The Group has to evaluate the factors that undertaken cases might influence work periods, and list them into predicted engineering cost, keep good cooperation relationship with suppliers, and develop long term good outsourcing vendors. During construction period, procurement and outsourcing prices have to be handled immediately, the possibility of price fluctuation has to be predicted, and discussion meetings for countermeasure in response to price fluctuation have to be held regularly or irregularly and collaborative procurement with relative enterprises should be done to reduce variation risk of procurement and outsourcing prices effectively. Also, short term engineering business should play the major role, and company has to adopt steady financial policy with sufficient operation revolving fund to pay revolving fund necessary for engineering operation. Thereby, not only belief of proprietors to credits and trust of the company may be increased, but also capital cost may be reduced.

2.2 Important purposes and production processes of major products

2.2.1. Important purposes of major products

- (1) Sale and service of hi-tech equipment materials

MIC sales the important equipment, chemicals and consumables required in the front-end process of semiconductors, including vertical diffusion furnace tubes of major Japanese manufacturers, etching liquids, abrasive slurry, abrasive brushes. Our groups also sale Japan's advanced ball planting machine, ball filling machine and advanced materials and consumables for LCD、OLED and other displays for the display industry.

- (2) Automation SupplyingSystem

MIC is the leading brand of automation system integration services in the industry's factory engineering business. It has been serived in the field of automated supply systems for gas, chemicals, and pure water for several years. The Group also assists owners to operate TCM, TGM, TWM, the whole plant management monitoring system provides the purpose of integrating the monitoring and, data collection and sub-division of each subsystem to

improve the operation efficiency of the factory management system and simplify manpower. For the monitoring of the most sensitive special gases, the overall plan provided by the Group can maintain production operations and ensure the safety of staff under the most economic considerations. In the manufacturing integration business, the mission of Fanxuan is to help the machine diagnose and connect, and then further integrate and analyze the data to assist the management layer to use the information management system ERP to fully grasp the field control system MES of the operation layer operation. The hardware report software allows information streaming, collection, and integration to help customers build better smart factories. (3)

Total Facility Engineering Turnkey Project

Business includes planning, design, construction, manufacturing supervision, and testing. Including electromechanical, clean room, UPW water, gas, chemical, sewage treatment, exhaust emission treatment and equipment integration connection. Our customers can rely on professional manufacturers to quickly complete the work of building factories and profit with the most streamlined labor and cost.

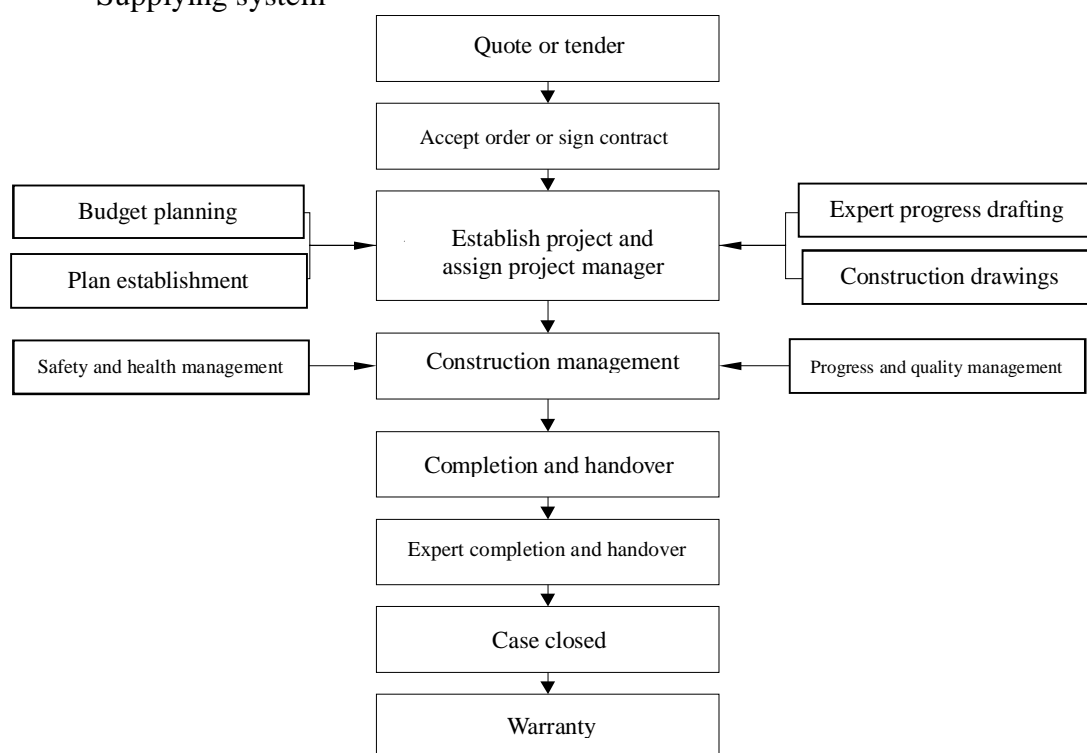
(4) R &D and manufacturing of customized equipment

To provide OEM services for major international semiconductor and panel equipment manufacturers, and provide advanced and complete services to become the industry's leading OEM brand.

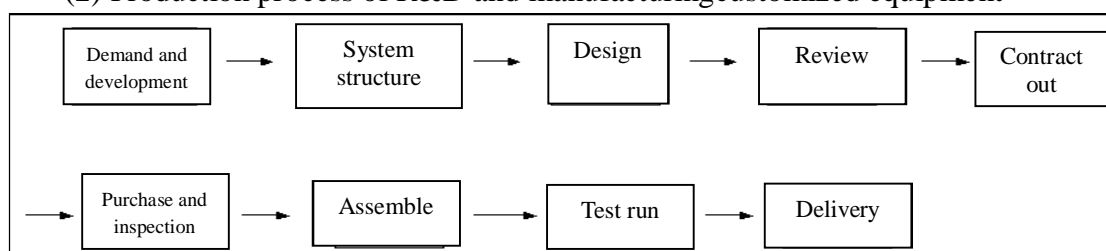
2.2.2. Production process of major product

Our high-tech equipment material sales and service are not production businesses, thus there is no manufacturing process. Our plant affairs and process system planning and integration service, and production process of customized equipment R&D and manufacturing are as follows:

(1) Workflow of Total Facility Engineering Turnkey Project and Automatic Supplying system



(2) Production process of R&D and manufacturing customized equipment



2.3 Status of major material supply

For a hi-tech equipment sales and service business, the products we are authorized to sell as an agent are from long-term cooperating firms, thus the supplying is quite stable. Regarding plant affairs and process system planning and integration, stocked items are mainly raw materials required for piping constructions, such as pipe sitting materials and control valves. Because construction collaborations with owners are handled as projects, suitable equipment and materials are assigned by customers according to contractual requirements. Therefore, suppliers differ with the items purchased for each project and their specifications. However, as the quality of important construction materials, such as pipe fitting, affects the stability and safety of an automation supply system, we adopt the strategy of long-term cooperation with two to three outstanding pipe fitting suppliers. As for customized equipment R&D and manufacturing, supply and quality of materials are normal and steady without any supply shortage or interruption.

2.4 Name of customer with over ten percent of total purchase (sales) in one year for the previous two years and its amount and ratio of purchase (sales), explain the reason for the variation

2.4.1. Information of customer with over ten percent of total sales (service) in one year for the previous two years:

Unit: thousand NTD; %

| Item | 2019 | | | | 2020 | | | | As of March 31, 2021(Note 2) | | | |
|------|------------|------------|-------------------------------|--------------------------|------------|------------|-------------------------------|--------------------------|------------------------------|-----------|-------------------------------|--------------------------|
| | Name | Amount | Net ratio of annual sales (%) | Relationship with issuer | Name | Amount | Net ratio of annual sales (%) | Relationship with issuer | Name | Amount | Net ratio of annual sales (%) | Relationship with issuer |
| 1 | Customer A | 3,416,765 | 14.13 | Non-related | Customer A | 3,942,913 | 15.70 | Non-related | Customer A | 1,278,391 | 19.46 | Non-related |
| 2 | Customer B | 2,255,338 | 9.33 | Non-related | Customer B | 2,580,701 | 10.27 | Non-related | Customer B | 421,352 | 6.42 | Non-related |
| | Other | 18,510,578 | 76.54 | | Other | 18,596,243 | 74.03 | | Other | 4,868,838 | 74.12 | |
| | Net sales | 24,182,681 | 100.00 | | Net sales | 25,119,857 | 100.00 | | Net sales | 6,568,581 | 100.00 | |

Note 1: The names of customers with over ten percent of total sales for the previous two years and their amount and ratio of sales are listed, but if the contract forbids disclosure of customer names or whether the counterparties are individuals and non-related parties, codes may be used. The above net sales refer to the net revenue from goods sold and service rendered.

Note 2: Listed company or company that has its stock listed and traded on the stock exchange shall have the information stated up to the season of the printing of the annual report. Besides, it is also a must to note whether the financial information has or has not been certified and reviewed by accountant.

Note 3: The above information shall be revealed on the 2019 and 2020 consolidated financial statement certified by the accountant and 2021Q1 consolidated financial statement certified by the accountant.

Variation analysis:

We act as an agent for multiple critical materials and equipment required by semiconductor and photoelectric businesses, and we collaborate with OEM in developing related equipment modules. Our steady goods supply and elevated added values, such as technical support, have won the trust of customers. As we have years of technical and managerial experience as well as outstanding construction performance, our expert system integration construction services for automation gas and chemical supply system and plant affairs control system are highly praised by our customers. As for related equipment module development through collaboration with OEM, our steady goods supply and elevated added values, such as technical support, have won the trust of customers. We have built solid and close supply value chain system with customers, thus in the recent two years, the status of our sales and service targets are quite stable without any changes or abnormality.

2.4.2. Information of major purchasing customer with over ten percent of total purchase in one year for the previous two years

No purchase by firm or outsourcing has exceeded 10% of total purchase (outsourcing) in one year for the previous two years.

2.5 Yield and output value for the recent two years

Unit: thousand NTD

| Major merchandise (dept.) / Yield & output value / Year | 2019 | | | 2020 | | |
|---|----------|-------|--------------|----------|-------|--------------|
| | Capacity | Yield | Output value | Capacity | Yield | Output value |
| Sales and service of high-tech equipment and materials | Note | Note | 4,441,060 | Note | Note | 5,674,260 |
| Automation supply system | | | 4,341,611 | | | 5,394,618 |
| Total Facility Engineering Turnkey Project | | | 7,041,681 | | | 4,726,097 |
| R&D and manufacturing of customized equipment | | | 5,791,350 | | | 6,224,540 |
| Total | | | 21,615,702 | | | 22,019,515 |

Note 1: We supply materials and equipment required by semiconductor and photoelectric businesses, and we provide construction contracting service of automation supply system and total integration system. Application of these materials and equipment extends to high-tech industries, such as semiconductor, photoelectrics and solar energy, thus there are numerous types of products and no uniform unit for quantity statistics. The plant construction projects we contract are created based on owners' requirements, thus the nature of each project is different and each project has its own uniqueness. As the production and marketing output values cannot be calculated, the statistics are gathered according to product or service category.

Note 2: The above information is revealed in the CPA certified consolidated financial reports for 2019 and 2020.

Variation analysis:

The 2020 consolidated operating income was slightly more than the previous year, and the entirely output value increased by the customer demand. In the overall, there was no occurrence of significant unusual situations.

2.6 Sales volume for the recent two years

Unit: thousand NTD

| Major merchandise (dept.) / Sales volume / Year | 2019 | | | 2020 | | |
|---|------------|-----------|-----------|------------|-----------|-----------|
| | Region | | | Region | | |
| | Taiwan | China | Other | Taiwan | China | Other |
| Sales and service for hi-tech equipment and materials | 2,885,856 | 2,240,402 | 471,206 | 3,398,621 | 2,944,207 | 542,221 |
| Automation supply system | 3,138,542 | 1,567,425 | 100,203 | 4,129,086 | 1,646,993 | 303,306 |
| Total Facility Engineering Turnkey Project | 3,917,315 | 2,891,660 | 285,891 | 2,791,686 | 1,960,750 | 159,740 |
| R&D and manufacturing of customized equipment | 705,441 | 943,119 | 5,035,621 | 1,080,787 | 651,448 | 5,511,012 |
| Total | 10,647,154 | 7,642,606 | 5,892,921 | 11,400,180 | 7,203,398 | 6,516,279 |

Note 1: We supply materials and equipment required by semiconductor and photoelectric businesses, and we provide construction contracting service of automation supply system and total integration system. Application of these materials and equipment extends to high-tech industries, such as semiconductor, photoelectrics and solar energy, thus there are numerous types of products and no uniform unit for quantity statistics. The plant construction projects we contract are created based on owners' requirements, thus the nature of each project is different and each project has its own uniqueness. As the production and marketing output values cannot be calculated, the statistics are gathered according to product or service category.

Note 2: The above information is revealed in the CPA certified consolidated financial reports for 2019 and 2020.

Variation analysis:

In the past two years, our group mainly focused on providing sales services to Taiwan and China. From the changes in our sales figures, our analysis is that our group benefited from the continual economic upturn of the semiconductor and panel industries in 2019. Thus, our orders on demand from clients from all different industries had risen, resulting in our consolidated revenue increase in 2020 compared to the previous year. All in all, the changes in the consolidated revenue of Marketech International Corporation according to sales and regional categories are due to reasonable causes such as customer demand, market demand and supply, the nature of engineering works, and continued relationships in cooperation. There was no occurrence of significant unusual situations.

3. Human Resources

The employee profile for the recent two years and as of the printing date of annual reports is as follows:

| | | Unit: person(s); % | | |
|----------------------------------|-----------------|--------------------|-------|----------------------|
| Item/Year | | 2019 | 2020 | As of March 31, 2021 |
| Number of employees | Direct worker | 891 | 882 | 875 |
| | Indirect worker | 823 | 832 | 835 |
| | Total | 1,714 | 1,714 | 1,710 |
| Average age | | 37.59 | 37.28 | 38.39 |
| Average years of service | | 7.68 | 7.75 | 8.42 |
| Education distribution ratio (%) | Doctor | 0.82 | 0.93 | 0.94 |
| | Master | 11.38 | 12.66 | 12.87 |
| | University | 45.50 | 46.56 | 46.60 |
| | Junior college | 26.14 | 24.51 | 23.86 |
| | Other | 16.16 | 15.34 | 15.73 |

4. Environmental Protection Expenditure

For the previous year and as of the printing date of annual reports, provide the total amount of losses (including damages) and penalties due to environmental pollution, and describe future countermeasures (including improvement measures) and possible expenses (including estimated amounts of losses, penalties and damages that may occur if the countermeasures are not adopted; for those that cannot be reasonably estimated, explain the reason): None.

The business we operate does not cause any pollution. When semiconductor process consumable materials, such as chemical-mechanical polishing liquid, have to be discarded due to uncontrolled temperature or humidity or expiration, or when raw materials have to be discarded during production process, they are removed and transported by expert waste treatment firms as regulated. All air, water, waste, toxin and noise levels are qualified through inspection by local government authorities. Plant affairs and process system planning and integration services refer to hi-tech industrial facility design, planning, construction and installation. The construction process does not generate pollutants such as waste water or waste gas. Regarding machine to be self designed and assembled as required by customer, because the assembling is carried out in a clean room, thus it does not generate pollutants such as waste water or waste gas. In addition, the wastes generated from production or assembly are divided and bagged by categories in accordance with government regulations and owner norms before they are handed over to qualified expert waste treatment firms. Furthermore, our products do not involve regulations of EU Environmental Directive (RoHS), thus we are not affected by RoHS. There is no environmental pollution involved in our business.

5. Labor Relations

5.1 List each employee benefit practice, continuing education, training, retirement system and their implementation, as well as labor-capital agreements and each employee rights maintenance measure

5.1.1. Employee benefit practices

To promote labor harmony, bring together unity amongst employees and take care of employee benefits, we provided not only the social insurance regulated by local governments but also employee's group insurance and physical examination. We have setup nursery rooms, reading spaces and dormitories in part of the office areas, as well as provide shuttle buses, for our employees. Our Employee Benefit Committee or personnel administrative unit is responsible for promoting employee benefit practices, such as incentive tour, group seminar, outdoors activity and year-end party, and providing assistance in communicating labor-capital opinions.

5.1.2. Employee continuing education

To cope with the industrial environment and technology development that are changing rapidly, we provide employee funds every year for subsidizing employees' learning to create employees with competitiveness and potential, allowing employees to elaborate learning results, apply new

knowledge and develop creations, and acquiring rich profits.

5.1.3. Employee training

To enhance employee literacy and working skills, as well as strengthen work efficiency and quality, we established the “Regulations for Guidance for New Employees”, the “Regulations for Educational Training Expense Write-off and Language Subsidy Management” and the “Procedure for Human Resource Control”; guidance and educational training are implemented once new employees report to work. Industrial safety training is held regularly to maintain work safety. We have planned annual educational training programs for implementing general training and expert training for employees of all levels and functions to train excellent professional talents and further enhance operational performance as well as effectively develop and use human resources.

5.1.4. Retirement system and its implementation

(1) Employees of the Company and its domestic subsidiaries who choose the old labor pension system

Retirement includes voluntary retirement and compulsory retirement. An employee who has served the Company for 25 years or is 55 years old and has worked for over 15 years or is over 60 years old may apply for voluntary retirement. An employee who is over 65 years old or is not qualified for the job due to state of insanity or physically disabled must be compelled to retire. Pension payment and calculation shall be handled in accordance with the regulations of the Labor Standards Act.

(2) Employees of the Company and its domestic subsidiaries who choose the new labor pension system

(2.1) For an employee who chooses the new system, 6% of his/her wage will be allocated monthly to a personal account at the Bureau of Labor Insurance in accordance with the labor pension. For voluntary allocation, the wage withheld will be remitted to a personal account at the Bureau of Labor Insurance in accordance with the voluntary allocation rate.

(2.2) Monthly retirement payment: according to the annuity table, the amount calculated using bases of life expectancy and interests for an employee’s personal pension account and accumulated gains is the retirement payment paid regularly.

(2.3) Lump-sum retirement payment: collect the capital of the employee personal pension account and accumulated gains all at once. The abovementioned annuity table, life expectancy, interest and amount calculation shall be established by the Bureau of Labor Insurance and filed to the central competent authority for approval.

(2.4) An employee who is over 60 years old and has worked for over 15 years may apply for monthly retirement payment. But an employee who has not worked for over 15 years shall apply for lump-sum retirement payment.

(3) In accordance with the Labor Act of the People’s Republic of China, a certain ratio of the wage of an employee working at a subsidiary in China is allocated monthly as endowment insurance funds. Part of the amount allocated will be designated as social funds for management and usage by the government; the rest will be remitted to the employee’s personal account to ensure his/her basic living requirements in old age and provide stable and reliable living sources.

(4) Other subsidiaries conform to related regulations of the Labor Act established by the local government, and allocate an amount of certain ratio for retirement payment according to the wage cap to ensure his/her living rights in old age.

5.1.5. Labor-capital agreements and employee rights maintenance measures

We see labor and capital as one, and handle industrial relations in accordance with the operational principles of co-existence and co-prosperity, thus we value the opinions of employees. Employees may communicate living or work related problems through our formal or informal channels. Through the opportunity for two-way communication, the Company and employees can further understand and recognize each other, gather common consensus and achieve together excellent performance.

(1) Industrial coordination mechanism:

Establish unions or industrial meetings in accordance with regulations stipulated by local governments for two-way communication between the Company and employees regarding

issues such as government orders, working environment and safety and health, as well as for strengthening a mutual trusting relation between each other.

(2) Beneficial activities:

We have an Employee Benefit Committee, of which members are warm-hearted workers good at communication. They are designated by employees and elected through public and fair election, thus they can provide complete insights on behalf of employees toward the Company's banefit measures during committee meetings and achieve full communication and consensus. In addition, to advocate recreational activities, we hold on irregular basis tours and sports competitions. We also encourage employees to organize different clubs to enhance communication through cross-departmental organizations and harmonized atmosphere.

(3) Physical examination:

To maintain employees' health, we implement physical examination every year at the Company's cost. Special physical examination is implemented every year for employees engaged in special operations.

(4) Group insurance:

In addition to the basic security of social insurance, we have planned group insurance to provide injury and illness treatment for compensating insufficiencies in the basic security of social insurance. Travel accident insurance is provided for employees on business trip abroad, of which the premium is paid fully by the Company.

5.2 For the recent year and as of the printing date of annual reports, list the losses incurred by industrial conflicts, and disclose estimated amounts and responsive measures for losses that may occur now or in the future; if a loss cannot be estimated reasonably, state the reason

We have always valued employee benefits and our industrial relations are harmonious, thus no industrial disputes were encountered. We will continue to follow our principles in the future for industrial relations to be more stable and harmonized and achieve mutual benefits.

6. Important Contracts

Listed below are significant agreements that are still effective as of the printing date of annualreports and due in the recent year:

| Nature | Contracting party | Commencement date and termination date | Mainn contents | Restriction terms |
|------------------|--------------------|--|---|--------------------------|
| Agency agreement | Ripsey Corporation | From 1998.02.16; automatically extended annually if not terminated in writing by either party in advance | Distribution rights to polishing brush for semiconductor production process | For use in Taiwan, China |
| Agency agreement | ADEKA | From 2012.01.18; the validity is 5 years and if no written notification for terminating the contract is sent to the Party 90 days before the expiry date, the contract will be renewed automatically | Semiconductor process precursor gas material | For use in Taiwan |
| Agency agreement | Taisei Corporation | From 2012.11.16; the contract will be renewed for a year automatically after the expiry date | Anti-Vibration System | For use in Taiwan |
| Agency agreement | Athlete | From 2021.02.03; the contract will be renewed for a year automatically after the expiry date | Wafer level, panel level ball planting machine & ball filling machine | For use in Taiwan, China |
| Agency agreement | Rohm & Hass | From 2020.11.20; automatically extended annually if not terminated in writing by either party in advance | Photoresist | For use in Taiwan |

Part 6. Overview of the company's financial status

1. Condensed Balance Sheets and Statements of Comprehensive Income for the past 5 fiscal years, and the name of the Certified Public Accountant and the Auditors Opinion given thereby

1.1 Consolidated Financial Information – Based on IFRS

1.1.1. Consolidated Financial Statement

(1) Consolidated Condensed Balance Sheet – Based on IFRS (Consolidated Financial Statement)

Unit: NT\$ thousands

| Year Item | Financial Summary for The Last Five Years (Note1) | | | | | As of March 31,2021 Financial Information (Note3) |
|---|---|------------|------------|------------|------------|---|
| | 2016 | 2017 | 2018 | 2019 | 2020 | |
| Current assets | 12,178,315 | 13,643,594 | 15,268,921 | 15,635,023 | 16,013,346 | 16,561,717 |
| Property, Plant and Equipment (Note 2) | 1,388,586 | 1,864,277 | 2,231,933 | 2,211,675 | 2,223,383 | 2,369,298 |
| Intangible assets | 21,619 | 20,115 | 19,441 | 16,695 | 52,792 | 49,863 |
| Other assets (Note 2) | 494,262 | 543,157 | 707,911 | 1,789,485 | 1,971,902 | 2,126,399 |
| Total assets | 14,082,782 | 16,071,143 | 18,228,206 | 19,652,878 | 20,261,423 | 21,107,277 |
| Current liabilities | Before distribution | 8,845,356 | 10,372,850 | 12,123,395 | 12,587,440 | 11,132,653 |
| | After distribution | 9,208,509 | 10,815,391 | 12,680,169 | 13,073,224 | (Note6) 11,787,920 |
| Non-current liabilities | | 632,231 | 554,291 | 367,508 | 1,227,470 | 2,762,387 |
| Total liabilities | Before distribution | 9,477,587 | 10,927,141 | 12,490,903 | 13,814,910 | 13,895,040 |
| | After distribution | 9,840,740 | 11,369,682 | 13,047,677 | 14,300,694 | (Note6) 14,550,307 |
| Equity attributable to shareholders of the parent | | 4,607,611 | 5,144,977 | 5,666,734 | 5,800,013 | 6,272,404 |
| Capital stock | | 1,650,698 | 1,770,164 | 1,855,913 | 1,868,400 | 1,872,192 |
| Capital surplus | | 648,446 | 843,057 | 970,381 | 982,882 | 1,029,109 |
| Retained earnings | Before distribution | 2,335,452 | 2,612,401 | 2,981,371 | 3,118,978 | 3,538,201 |
| | After distribution | 1,972,299 | 2,169,860 | 2,424,597 | 2,633,194 | (Note6) 2,882,934 |
| Other equity interest | | (26,985) | (80,645) | (140,931) | (170,247) | (167,098) |
| Treasury stock | | 0 | 0 | 0 | 0 | 0 |
| Non-controlling interest | | (2,416) | (975) | 70,569 | 37,955 | 93,979 |
| Total equity | Before distribution | 4,605,195 | 5,144,002 | 5,737,303 | 5,837,968 | 6,366,383 |
| | After distribution | 4,242,042 | 4,701,461 | 5,180,529 | 5,352,184 | (Note6) 5,711,116 |

- Company that has compiled individual financial statement shall also compile individual condensed balance sheet and statement of comprehensive income information for the most recent 5 fiscal years.
- Company that has adopted International Financial Reporting Standards for its financial information less than five years shall compile its financial information with Financial Reporting Standards of the R.O.C. separately.

Notes:

1. The year of financial statement that has not been certified by an accountant shall be stated. The Company's financial statements mentioned above have all been checked and verified by an accountant.
2. Company that has conducted asset-revaluation shall state the date of holding the asset revaluation and the revaluated added amount. This Company hasn't held asset-revaluation in the above-mentioned years.
3. Listed company or company that has its stock listed and traded on the stock exchange shall have the information stated up to the season of the printing of the annual report. Besides, it is also a must to note whether the financial information has or has not been certified and reviewed by accountant. The financial statements for the year ended March 31, 2021 have been reviewed by the accountant.
4. Regarding above-mentioned figures after distribution, please write-in with regards to the resolution of Shareholders' Meeting next year.
5. Financial information that shall be self-corrected or compiled as noted by the competent authority shall list revised or corrected figures, and have its conditions and reasons noted down.
6. Up to the printing of the annual report, the Company's 2020 profit distribution has not yet been approved by Shareholders' Meeting.

(2) Consolidated Condensed Statement of Comprehensive Income – Based on IFRS
(Consolidated Financial Statement)

Unit: NT\$thousands
(Except Earnings Per Share using NT\$.)

| Year Item | | Financial Summary for The Last Five Years (Note1) | | | | | As of March 31,2021 Financial Information (Note2) |
|--|---|---|------------|------------|------------|------------|---|
| | | 2016 | 2017 | 2018 | 2019 | 2020 | |
| Operating revenue | | 18,650,941 | 20,211,994 | 24,415,723 | 24,182,681 | 25,119,857 | 6,568,581 |
| Gross profit | | 2,247,657 | 2,301,337 | 2,819,196 | 2,566,979 | 3,100,342 | 724,741 |
| Operating Income | | 700,300 | 800,699 | 875,753 | 819,338 | 1,201,498 | 301,639 |
| Non-operating Income/expense | | (27,687) | 13,276 | 125,086 | 71,683 | (51,748) | (27,044) |
| Earnings before tax | | 672,613 | 813,975 | 1,000,839 | 891,021 | 1,149,750 | 274,595 |
| Net income from continuing operations | | 511,263 | 648,829 | 782,164 | 669,120 | 875,502 | 198,152 |
| Loss from discontinued operations(Note3) | | 0 | 0 | 0 | 0 | 0 | 0 |
| Net income (loss) | | 511,263 | 648,829 | 782,164 | 669,120 | 875,502 | 198,152 |
| Other comprehensive income (net after tax) | | (65,992) | (62,830) | (45,658) | (38,855) | (5,215) | (26,944) |
| Current comprehensive income/loss | | 445,271 | 585,999 | 736,506 | 630,265 | 870,287 | 171,208 |
| Net earnings attributable to owners of the parent | | 515,151 | 652,951 | 792,582 | 703,006 | 913,736 | 207,729 |
| Net earnings attributable to non-controlling interest | | (3,888) | (4,122) | (10,418) | (33,886) | (38,234) | (9,577) |
| Comprehensive income/loss attributable to owners of the parent | | 449,009 | 589,971 | 747,730 | 665,065 | 908,156 | 180,9656 |
| Comprehensive income/loss attributable to non-controlling interest | | (3,738) | (3,972) | (11,224) | (34,800) | (37,869) | (9,758) |
| Earnings per share (in dollars) | Basic earnings per share — current(Note5) | 3.12 | 3.77 | 4.40 | 3.78 | 4.88 | 1.11 |
| | Diluted earnings per share — current(Note5) | 2.95 | 3.51 | 4.21 | 3.74 | 4.85 | 1.10 |
| | Adjusted Diluted Earnings per Share(Note6) | 2.95 | 3.51 | 4.21 | 3.74 | 4.85 | 1.10 |

- Company that has compiled individual financial statement shall also compile individual condensed balance sheet and statement of comprehensive income information for the most recent 5 fiscal years.
- Company that has adopted International Financial Reporting Standards for its financial information less than five years shall compile its financial information with Financial Reporting Standards of the R.O.C. separately.

Notes:

1. The year of financial statement that has not been certified by an accountant shall be stated. The Company's financial statements mentioned above have all been checked and verified by an accountant.
2. Listed company or company that has its stock listed and traded on the stock exchange shall have the information stated up to the season of the printing of the annual report. Besides, it is also a must to note whether the financial information has or hasnot been certified and reviewed by accountant. The financial statements for the year ended March 31, 2021 have been reviewed by the accountant.
3. The loss of unit that has suspended the operations shall be listed in net value after deducted the income tax.
4. Financial information that shall be self-corrected or compiled as noted by the competent authority shall list revised or corrected figures, and have its conditions and reasons noted down.
5. Calculated by weighted average outstanding shares of the year.
6. Earning per share of the year shall be calculated based on the weighted average outstanding shares of the year, which are adjusted according to the number of increased shares over the years due to capital increase by earnings.

1.1.2 Separate Financial Information – Based on IFRS

(1) Separate Condensed Balance Sheet – Based on IFRS (Individual Financial Statement)

Unit:NT\$thousands

| Year Item | | Financial Summary for The Last Five Years (Note1) | | | | |
|--|---------------------|---|------------|------------|------------|-----------------------|
| | | 2016 | 2017 | 2018 | 2019 | 2020 |
| Current assets | | 8,040,543 | 8,819,329 | 10,679,609 | 10,497,307 | 11,451,527 |
| Property, Plant and Equipment (note 2) | | 1,120,544 | 1,453,359 | 1,719,499 | 1,672,574 | 1,717,285 |
| Intangible assets | | 15,515 | 15,270 | 14,032 | 11,377 | 48,026 |
| Other assets(note 2) | | 1,861,272 | 2,133,410 | 2,497,035 | 3,590,436 | 3,926,712 |
| Total assets | | 11,037,874 | 12,421,368 | 14,910,175 | 15,771,694 | 17,143,550 |
| Current liabilities | Before distribution | 5,773,977 | 6,716,027 | 8,880,579 | 8,739,835 | 8,107,640 |
| | After distribution | 6,137,130 | 7,158,568 | 9,437,353 | 9,225,619 | (Note6) 8,762,907 |
| Non-current liabilities | | 656,286 | 560,364 | 362,862 | 1,231,846 | 2,763,506 |
| Non-current liabilities | Before distribution | 6,430,263 | 7,276,391 | 9,243,441 | 9,971,681 | 10,871,146 |
| | After distribution | 6,793,416 | 7,718,932 | 9,800,215 | 10,457,465 | (Note6) 11,526,413 |
| Capital stock | | 1,650,698 | 1,770,164 | 1,855,913 | 1,868,400 | 1,872,192 |
| Capital surplus | | 648,446 | 843,057 | 970,381 | 982,882 | 1,029,109 |
| Retained earnings | Before distribution | 2,335,452 | 2,612,401 | 2,981,371 | 3,118,978 | 3,538,201 |
| | After distribution | 1,972,299 | 2,169,860 | 2,424,597 | 2,633,194 | (Note6) 2,882,934 |
| Other equity interest | | (26,985) | (80,645) | (140,931) | (170,247) | (167,098) |
| Total equity | Before distribution | 4,607,611 | 5,144,977 | 5,666,734 | 5,800,013 | 6,272,404 |
| | After distribution | 4,244,458 | 4,702,436 | 5,109,960 | 5,314,229 | (Note6) 5,617,137 |

- Company that has compiled individual financial statement shall also compile individual condensed balance sheet and statement of comprehensive income information for the most recent 5 fiscal years.
- Company that has adopted International Financial Reporting Standards for its financial information less than five years shall compile its financial information with Financial Reporting Standards of the R.O.C. separately.

Notes:

1. The year of financial statement that has not been certified by an accountant shall be stated. The Company's financial statements mentioned above have all been checked and verified by an accountant.
2. Company that has conducted asset-revaluation shall state the date of holding the asset revaluation and the revaluated added amount. This Company hasn't held asset-revaluation in the above-mentioned years.
3. Listed company or company that has its stock listed and traded on the stock exchange shall have the information stated up to the season of the printing of the annual report. Besides, it is also a must to note whether the financial information has or has not been certified and reviewed by accountant.
4. Regarding above-mentioned figures after distribution, please write-in with regards to the resolution of Shareholders' Meeting next year.
5. Financial information that shall be self-corrected or compiled as noted by the competent authority shall list revised or corrected figures, and have its conditions and reasons noted down.
6. Up to the printing of the annual report, the Company's 2020 profit distribution has not yet been approved by Shareholders' Meeting.

(2) Separate Condensed Statement of Comprehensive Income – Based on IFRS (Individual Financial Statement)

Unit: NT\$thousands
(Except Earnings Per Share using NT\$.)

(Except Earnings Per Share using NIS.)

| Year Item | | Financial Summary for The Last Five Years (Note1) | | | | |
|--|--|---|------------|------------|------------|------------|
| | | 2016 | 2017 | 2018 | 2019 | 2020 |
| Operating revenue | | 13,308,343 | 15,319,550 | 16,757,545 | 17,631,899 | 18,404,137 |
| Gross profit | | 1,749,009 | 1,849,529 | 1,937,844 | 1,855,600 | 2,376,304 |
| Operating Income | | 770,176 | 875,580 | 748,195 | 752,258 | 1,071,831 |
| Non-operatingIncome/expense | | (98,650) | (59,192) | 244,957 | 125,959 | 67,010 |
| Earnings before tax | | 671,526 | 816,388 | 993,152 | 878,217 | 1,138,841 |
| Net income from continuing operations | | 515,151 | 652,951 | 792,582 | 703,006 | 913,736 |
| Loss from discontinued operations(Note3) | | 0 | 0 | 0 | 0 | 0 |
| Net income (loss) | | 515,151 | 652,951 | 792,582 | 703,006 | 913,736 |
| Other comprehensive income (net after tax) | | (66,142) | (62,980) | (44,852) | (37,941) | (5,580) |
| Current comprehensive income/loss | | 449,009 | 589,971 | 747,730 | 665,065 | 908,156 |
| Earnings per share (in dollars) | Basic earnings per share — current (Note5) | 3.12 | 3.77 | 4.40 | 3.78 | 4.88 |
| | Diluted earnings per share — current (Note5) | 2.95 | 3.51 | 4.21 | 3.74 | 4.85 |
| | Adjusted Diluted Earnings per Share(Note6) | 2.95 | 3.51 | 4.21 | 3.74 | 4.85 |

- Company that has compiled individual financial statement shall also compile individual condensed balance sheet and statement of comprehensive income information for the most recent 5 fiscal years.
- Company that has adopted International Financial Reporting Standards for its financial information less than five years shall compile its financial information with Financial Reporting Standards of the R.O.C. separately.

Notes:

1. The year of financial statement that has not been certified by an accountant shall be stated. The Company's financial statements mentioned above have all been checked and verified by an accountant.
2. Listed company or company that has its stock listed and traded on the stock exchange shall have the information stated up to the season of the printing of the annual report. Besides, it is also a must to note whether the financial information has or has not been certified and reviewed by accountant.
3. The loss of unit that has suspended the operations shall be listed in net value after deducted the income tax.
4. Financial information that shall be self-corrected or compiled as noted by the competent authority shall list revised or corrected figures, and have its conditions and reasons noted down.
5. Calculated by weighted average outstanding shares of the year.
6. Earning per share of the year shall be calculated based on the weighted average outstanding shares of the year, which are adjusted according to the number of increased shares over the years due to capital increase by earnings.
7. Up to the printing of the annual report, the Company's 2020 profit distribution has not yet been approved by Shareholders' Meeting.

1.2 The uniformed comparison items affecting the current financial report, such as accounting changes, corporate combinations or the discontinuation of business departments: None

1.3 The names and the certifying remarks made by the accountants of the laterst five years:

| Years | Accounting Firms | Names of accounts | Certifying remarks |
|-------|-------------------------------|------------------------------------|--------------------|
| 2016 | PricewaterhouseCoopers Taiwan | Lin, Chun-Yao & Chang, Shu-Chiung | Unqualified |
| 2017 | PricewaterhouseCoopers Taiwan | Chang, Shu-Chiung & Wong, Shu-rong | Unqualified |
| 2018 | PricewaterhouseCoopers Taiwan | Chang, Shu-Chiung & Wong, Shu-rong | Unqualified |
| 2019 | PricewaterhouseCoopers Taiwan | Chang, Shu-Chiung & Wong, Shu-rong | Unqualified |
| 2020 | PricewaterhouseCoopers Taiwan | Chang, Shu-Chiung & Wong, Shu-rong | Unqualified |

Notes: Due to the internal reorganization of the firm, the certifying accountants of the FY 2017 changed to Chang, Shu-Chiung and Wong, Shu-rong.

2. Financial Analysis in the past 5 fiscal years

2.1 Below data is analyzed based on IFRS

2.1.1. Consolidated Capital Structure Analysis — IFRS (Consolidated Financial Report)

| Items (Note4) | | Year | Financial Analysis over the last Five Years (Note1) | | | | | As of Mar. 31, 2021 (Note 2) |
|--------------------------------|---|------|---|--------|--------|--------|--------|------------------------------------|
| | | | 2016 | 2017 | 2018 | 2019 | 2020 | |
| Capital structure analysis (%) | Debts Ratio | | 67.30 | 67.99 | 68.53 | 70.29 | 68.58 | 69.02 |
| | Long Term Funds to Fixed Assets | | 377.18 | 305.66 | 273.52 | 319.46 | 410.58 | 397.84 |
| Liquidity analysis (%) | Current Ratio | | 137.68 | 131.53 | 125.95 | 124.21 | 143.84 | 141.78 |
| | Quick Ratio | | 102.89 | 94.30 | 91.11 | 96.60 | 113.06 | 109.48 |
| | Interest Guarantee (times) | | 12.88 | 13.98 | 16.15 | 11.56 | 18.08 | 21.29 |
| Operating performance analysis | Average Collection Turnover (times) | | 4.55 | 4.45 | 5.18 | 4.49 | 4.85 | 5.29 |
| | Average Collection Days | | 80 | 82 | 70 | 81 | 75 | 69 |
| | Average Inventory Turnover (times) | | 3.44 | 2.96 | 2.72 | 2.77 | 3.86 | 3.94 |
| | Average Payables Turnover (times) | | 4.16 | 3.90 | 4.23 | 4.10 | 4.20 | 4.45 |
| | Average Days in Sales | | 106 | 123 | 134 | 132 | 95 | 93 |
| | Fixed Asset Turnover (times) | | 13.28 | 12.43 | 11.92 | 10.88 | 11.33 | 11.44 |
| | Total Asset Turnover (times) | | 1.43 | 1.34 | 1.42 | 1.28 | 1.26 | 1.27 |
| Return on investment analysis | Return on Total Asset (%) | | 4.29 | 4.65 | 4.87 | 3.89 | 4.66 | 4.04 |
| | Return on Total Equity (%) | | 11.27 | 13.31 | 14.38 | 11.56 | 14.35 | 12.28 |
| | Pre-tax Profit to Capital Stocks (%) (Note 8) | | 40.75 | 45.98 | 53.93 | 47.69 | 61.41 | 58.63 |
| | Net Income to Sales (%) | | 2.74 | 3.21 | 3.20 | 2.77 | 3.49 | 3.02 |
| | Earnings per Share(NT) (Note 3) | | 3.12 | 3.77 | 4.40 | 3.78 | 4.88 | 1.11 |
| Cash flow analysis | Cash Flow Ratio(%) | | (2.71) | 12.10 | 0.80 | 7.75 | 12.99 | (5.35) |
| | Cash Flow Adequacy Ratio (%) (Note 6) | | 5.28 | 26.81 | 27.82 | 31.48 | 58.24 | 55.96 |
| | Cash Flow Reinvestment Ratio (%) | | (8.65) | 12.69 | (4.61) | 5.53 | 9.84 | (6.26) |
| Leverage | Operating Leverage | | 2.46 | 2.17 | 2.55 | 2.33 | 2.07 | 1.89 |
| | Financial Leverage | | 1.09 | 1.08 | 1.08 | 1.11 | 1.06 | 1.05 |

Note on variation in capital ratio in the previous two years (Not applicable if the variation is < 20%)

- (1) Financial structure analysis:
Increase in long-term funds to fixed assets: which primarily attributes to issue of convertible bonds in 2020 to repay bank loans and to increase working capital.
- (2) Liquidity analysis:
Increase in interest guarantee: which primarily attributes to the increase in the revenue of 2020 and to the decrease in financial costs because of the decrease in interest expenses on bank loans.
- (3) Return on investment analysis:
 1. Increase in return on total equity: which primarily attributes to the increase in profits in 2020, and the increase in profit is greater than the increase in average total assets.
 2. Increase in pre-tax profit to capital stocks, net income to sales and earnings per share: which primarily attributes to the increase in operating revenue and profits in 2020.
- (4) Cash flow analysis:
 1. Increase in cash flow ratio: which primarily attributes to an increase in net cash inflows from operating activities this year.
 2. Increase in flow adequacy ratio: which primarily attributes to an increase in inventories, capital expenditures, cash dividends and the substantial increase in net cash inflows from operating activities in the last five years.
 3. Increase in cash reinvestment ratio: which primarily attributes to an increase in fixed assets and the substantial increase in net cash inflows from operating activities.

* Entity capital ratio analysis should be included if an entity report is filed

* For any data adopts IFRS reporting standard for less than five years should file a separate report that adheres to local accounting principles.

Note 1 : Special note should be added to those years that were not audited by a certified accountant. All financial data included in this report has completed the due audit process.

Note 2 : Public companies should disclose up to the quarter of publication. Special note should be added to whether the data had been subject to audits. All financial data included in this report in the first quarter of this year has completed the due audit process

Note 3 : Adjusted for diluted EPS

Note 4 : The following formulas should be shown at the end of the report

1. Financial structure

(1) Debt ratio = Total liabilities / Total Assets

(2) Ratio of long-term capital to fixed assets = (Shareholders' equity + noncurrent liabilities) / Net property, plant and equipment

2. Solvency

(1) Current ratio = Current assets / Current liabilities

(2) Quick ratio = (Current assets - inventories - prepaid expenses) / Current liabilities

(3) Interest earned ratio (times) = Earnings before interest and taxes / Interest expenses

3. Operating performance

(1) Accounts receivable turnover (times) (includes accounts collectable & checks collectable) = Net sales / Average trade receivables (includes accounts collectable & checks collectable)

(2) Average collection period = 365 / Accounts receivable turnover (times)

(3) Inventory turnover (times) = Cost of goods sold / Average inventory

(4) Accounts payable turnover (times) (includes accounts payable & checks payable) = Cost of goods sold / Average payable (includes accounts payable & checks payable)

(5) Average days in sales = 365 / Inventory turnover (times)

(6) Fixed assets turnover (times) = Net sales / Average net property, plant and equipment

(7) Total assets turnover (times) = Net sales / Average total Asset

4. Profitability

(1) Return on total assets = [Net income + interest expense × (1 - effective tax rate)] / Average total asset

(2) Return on Stockholders' equity = Net Income attributable to shareholders of the parent / Average equity attributable to shareholders of the parent

(3) Profit ratio = Net income / Net sales

(4) Earnings per share = (Net income attributable to shareholders of the parent - preferred stock dividend) / Weighted average number of shares outstanding (note 5)

5. Cash flow

(1) Cash flow ratio = Net cash provided by operating activities / Current liabilities

(2) Cash flow adequacy ratio = Five-year sum of cash from operations / Five-year sum of capital expenditures, inventory additions, and cash dividend

(3) Cash reinvestment ratio = (Cash provided by operating activities - cash dividends) / (Gross property, plant and equipment + Long-term Investments + Other Noncurrent Assets + working capital) (note 6)

6. Leverage

(1) Operating leverage = (Net sales - variable cost) / Income from operations (note 7)

(2) Financial leverage = Income from operations / (Income from operations - Interest expenses)

Note 5 : the above formulas should note the following:

1. weighted average number of common share, not outstanding number of shares

2. capital increase by cash or common stock buyback should be calculated average weighted number of shares

3. Annual or semiannual EPS should be calculated by capital increase ratio for those by profit or by additional paid in capital, regardless of the issuance period.

4. If preferred stocks are non-convertible and accumulative, dividend should always be deducted from net profit, or added to net loss, regardless of distribution. If the preferred stock is non-accumulative, the dividend should be deducted from net profit, if there is a loss, then no adjustment

is required.

Note 6 : Cash analysis should note the following:

1.net operating cash flow is net cash inflow in the cash flow statement

2.capital expenditure is the annual net cash outflow

3.increase in inventory is only added when EOP balance is greater than BOP balance. If the balance is negative, than the increase will be null.

4.cash dividend includes common stocks and preferred stocks

5.gross fixed asset has taken consideration of accumulative depreciation

Note 7 : issuer should classify the operating costs & expenses as fixed and variable accordingly. Prudence, rationality and consistency should be exercised while items are subjected to view.

Note 8 : Stocks with no face value or a face value that is not NTD 10 are included in group equity ratio

2.1.2. Entity Capital Structure Analysis – IFRS(Individual Financial Statement)

| Year Items (Note4) | | Financial Analysis over the last Five Years (Note1) | | | | |
|-------------------------|---|--|--------|--------|--------|--------|
| | | 2016 | 2017 | 2018 | 2019 | 2020 |
| Financial structure (%) | Debts Ratio | 58.26 | 58.58 | 61.99 | 63.23 | 63.41 |
| | Long Term Funds to Fixed Assets | 469.76 | 392.56 | 350.66 | 420.42 | 526.17 |
| Solvency (%) | Current Ratio | 139.25 | 131.32 | 120.26 | 120.11 | 141.24 |
| | Quick Ratio | 100.19 | 90.05 | 80.88 | 87.14 | 107.21 |
| | Interest Guarantee (times) | 55.50 | 71.29 | 58.29 | 24.93 | 30.31 |
| Operating performance | Average Collection Turnover (times) | 5.10 | 5.15 | 5.38 | 5.41 | 5.99 |
| | Average Collection Days | 72 | 71 | 68 | 67 | 61 |
| | Average Inventory Turnover (times) | 3.55 | 3.05 | 2.37 | 2.55 | 3.56 |
| | Average Payables Turnover (times) | 4.06 | 4.02 | 4.02 | 4.39 | 4.52 |
| | Average Days in Sales | 103 | 120 | 154 | 143 | 103 |
| | Fixed Asset Turnover (times) | 11.85 | 11.90 | 10.56 | 10.40 | 10.86 |
| | Total Asset Turnover (times) | 1.31 | 1.31 | 1.23 | 1.15 | 1.12 |
| Profitability | Return on Total Asset (%) | 5.16 | 5.65 | 5.90 | 4.77 | 5.74 |
| | Return on Total Equity (%) | 11.36 | 13.39 | 14.66 | 12.26 | 15.14 |
| | Pre-tax Profit to Capital Stocks (%) (Note 8) | 40.68 | 46.12 | 53.51 | 47.00 | 60.83 |
| | Net Income to Sales(%) | 3.87 | 4.26 | 4.73 | 3.99 | 4.96 |
| | Earnings per Share(NT) (Note 3) | 3.12 | 3.77 | 4.40 | 3.78 | 4.88 |
| Cash flow | Cash Flow Ratio(%) | 2.03 | 11.16 | 0.29 | 8.71 | 13.84 |
| | Cash Flow Adequacy Ratio (%) (Note 6) | 45.60 | 40.23 | 29.15 | 28.98 | 42.54 |
| | Cash Flow Reinvestment Ratio (%) | (3.45) | 11.32 | (6.34) | 3.05 | 7.28 |
| Leverage | Operating Leverage | 1.92 | 1.79 | 2.17 | 2.01 | 1.90 |
| | Financial Leverage | 1.02 | 1.01 | 1.02 | 1.05 | 1.04 |

Note on variation in capital ratio in the previous two years (Not applicable if the variation is < 20%)

(1) Financial structure analysis:

Increase in long-term funds to fixed assets: which primarily attributes to issue of convertible bonds in 2020 to repay bank loans and to increase working capital.

(2) Liquidity analysis:

1. Increase in quick ratio: which primarily attributes to issue of convertible bonds in 2020 to increase working capital and the cost of inventory and construction in progress due to business growth needs.
2. Increase in interest guarantee: which primarily attributes to the increase in the revenue of 2020 and to the decrease in financial costs because of the decrease in interest expenses on bank loans.

(3) Operating performance analysis:

Increase in inventory turnover rate and decrease in average days in sales: which primarily attributes to the expansion of the scale of operations, increase in sales costs and decrease in the average inventory.

(4) Return on investment analysis:

1. Increase in return on total asset and return on total equity: which primarily attributes to the increase in profits in 2020, and the increase in profit is greater than the increase in average total assets
2. Increase in pre-tax profit to capital stocks, net income to sales and earnings per share: which primarily attributes to the increase in operating revenue and profits in 2020.

(5) Cash flow analysis:

1. Increase in cash flow ratio: which primarily attributes to an increase in net cash inflows from operating activities this year.
2. Increase in flow adequacy ratio: which primarily attributes to an increase in inventories, capital expenditures, cash dividends and the substantial increase in net cash inflows from operating activities in the last five years.
3. Increase in cash reinvestment ratio: which primarily attributes to an increase in fixed assets and the substantial increase in net cash inflows from operating activities.

* Companies with its own financial statement shall prepare individual financial ratio analysis °

* Company who prepare financial reports under IFRSs, International Financial Reporting Standards less than five years shall prepare another financial report under Financial Accounting Standards, Taiwan.

Note 1: Company shall notify financial reports of which year are not being audited and certified by a certified public accountant. We've had our financial reports audited and certified by a certified public accountant within five years

Note 2: Public company or company which trades securities on over-the-counter markets shall have financial information by last season of annual report published date of the year incorporated into analysis.

Note 3: Number of shares increased annually due to surplus or additional paid in capital have been retroactively adjusted in basic earning per share calculation.

Note 4: Calculation formula shown as below shall be listed in the end of annual reports:

1. Financial structure

(1) Debt ratio = Total liabilities / Total Assets

(2) Ratio of long-term capital to fixed assets = (Shareholders' equity + noncurrent liabilities) / Net property, plant and equipment

2. Solvency

(1) Current ratio = Current assets / Current liabilities

(2) Quick ratio = (Current assets - inventories - prepaid expenses) / Current liabilities

(3) Interest earned ratio (times) = Earnings before interest and taxes / Interest expenses

3. Operating performance

(1) Accounts receivable turnover (times) (includes accounts collectable & checks collectable) = Net sales / Average trade receivables (includes accounts collectable & checks collectable)

(2) Average collection period = 365 / Accounts receivable turnover (times)

(3) Inventory turnover (times) = Cost of goods sold / Average inventory

(4) Accounts payable turnover (times) (includes accounts payable & checks payable) = Cost of goods sold / Average payable (includes accounts payable & checks payable)

(5) Average days in sales = 365 / Inventory turnover (times)

(6) Fixed assets turnover (times) = Net sales / Average net property, plant and equipment

(7) Total assets turnover (times) = Net sales / Average total Asset

4. Profitability

(1) Return on total assets = [Net income + interest expense × (1 - effective tax rate)] / Average total asset

(2) Return on Stockholders' equity = Net Income attributable to shareholders of the parent / Average equity attributable to shareholders of the parent

(3) Profit ratio = Net income / Net sales

(4) Earnings per share = (Net income attributable to shareholders of the parent - preferred stock dividend) / Weighted average number of shares outstanding (note 5)

5. Cash flow

(1) Cash flow ratio = Net cash provided by operating activities / Current liabilities

(2) Cash flow adequacy ratio = Five-year sum of cash from operations / Five-year sum of capital expenditures, inventory additions, and cash dividend

(3) Cash reinvestment ratio = (Cash provided by operating activities - cash dividends) / (Gross property, plant and equipment + Long-term Investments + Other Noncurrent Assets + working capital) (note 6)

6. Leverage

(1) Operating leverage = (Net sales - variable cost) / Income from operations (note 7)

(2) Financial leverage = Income from operations / (Income from operations - Interest expenses)

Note 5: Please refer to the followings in calculation formula of earnings per share:

1. Based on weighted-average ordinary shares instead of stock shares issued by the end of the year.

2. Companies with seasoned equity offering or treasury stock trading shall take its circulation period into calculation of weighted-average shares.

3. Companies with capital increase out of surplus or additional paid in capital shall have annual or semi annual earning per share calculation retroactively adjusted instead of release duration.

4. The annual dividend (whether payout or not) of non-convertible cumulative preferred shares shall consider net profit or loss after tax deduction. When there's net profit after tax deduction in non-cumulative preferred shares, the dividend shall be deducted from net profit after tax deduction; No adjustment needed when loss

Note 6: Please refer to the followings in cash flows analysis:

1. Net cash flow from operating activities refers to net cash inflows of operating activities in statements of cash flows.

2. Capital expenditures refers to annual amount of cash outflows in capital investment.

3. Inventory increase shall only be counted when the ending balance is greater than the opening balance. Count as 0 when ending inventory decrease.

4. Cash dividend includes cash dividend in ordinary shares and preferred shares.

5. Gross of real estate, plant and equipment refers to the net of accumulated depreciation of real estate, plant and equipment

Note 7: Issuing entity shall divide each operating costs and operating expenses into fixed and changes by its property, maintain consistency and rationality while estimates or subjective judgements involved.

Note 8: Shares of no value or none-NTD.10 value per share, the calculation of accounts paid in capital ratio above shall be altered to equity ratio attributable to owner of parent company in balance sheet

3. Supervisor's or Audit Committee's Report in the most recent fiscal year

Marketch International Corp.

Audit Committee Audit Report

To: Members of the 2021 Shareholders' Meeting

We, as the Audit Committee of MIC Group, have audited the 2020 Business Report, Financial Statements and Earnings Distribution Proposal made and submitted by the board of directors. The said Financial Statements were audited by Independent Accountant Chang Shu-Chiung and Independent Accountant Weng Shih-Jung of PricewaterhouseCoopers (PwC) Taiwan, and are supported with an audit report issued by PwC. We believe that there is no inconsistent information of aforementioned Business Report, Financial Statements and Earnings Distribution Proposal and hereby submit these documents to you according to Article 14-4 of Securities and Exchange Act and Article 219 of the Company Act.

Sincerely yours,

Chairperson of Audit Committee, Lin Hsiao-Ming

February 26, 2021

- 4. Consolidated Financial Statement in the most recent fiscal year :** please refer to CPA's consolidate report.
- 5. Separate Financial Statement of the Parent Company and Related Party in the most recent fiscal year and during the current fiscal year up to the date of printing of the annual report :** please refer to CPA's parent company report.
- 6. Financial difficulties of the Company and Related Party in the most recent fiscal year and during the current fiscal year up to the date of printing of the annual report:**
None.

Part 7 Review and Analysis of the Company's Financial Position and Financial Performance, and the Listing of Risks

1. Analysis of Financial Position

1.1 Analysis of the consolidated financial situation (consolidated financial statement)

1.1.1. The last two annual balance sheets reported significant changes and impact on the assets and liabilities, owing to:

Unit: NT\$thousands ; %

| Description \ Year | As of December 31, 2020 | As of December 31, 2019 | Difference | |
|--|-------------------------|-------------------------|----------------|---------------|
| | | | Amount | % |
| Current assets | 16,013,346 | 15,635,023 | 378,323 | 2.42 |
| Property, plant and equipment | 2,223,383 | 2,211,675 | 11,708 | 0.53 |
| Intangible assets | 52,792 | 16,695 | 36,097 | 216.21 |
| Other assets | 1,971,902 | 1,789,485 | 182,417 | 10.19 |
| Total assets | 20,261,423 | 19,652,878 | 608,545 | 3.10 |
| Current liabilities | 11,132,653 | 12,587,440 | (1,454,787) | (11.56) |
| Non-current liabilities | 2,762,387 | 1,227,470 | 1,534,917 | 125.05 |
| Total liabilities | 13,895,040 | 13,814,910 | 80,130 | 0.58 |
| Capital stock | 1,872,192 | 1,868,400 | 3,792 | 0.20 |
| Capital surplus | 1,029,109 | 982,882 | 46,227 | 4.70 |
| Retained earnings | 3,538,201 | 3,118,978 | 419,223 | 13.44 |
| Other equity interest | (167,098) | (170,247) | 3,149 | -1.85 |
| Equity attributable to shareholders of the parent | 6,272,404 | 5,800,013 | 472,391 | 8.14 |
| Non-controlling interests | 93,979 | 37,955 | 56,024 | 147.61 |
| Total equity | 6,366,383 | 5,837,968 | 528,415 | 9.05 |
| Analysis of ratio of change: (if the change is greater than 20% and the amount changed is NT\$10,000,000) | | | | |
| (1) Increase in Intangible assets: which primarily attributes to business needs, increasing intangible assets such as patent rights and computer software. | | | | |
| (2) Increase in non-current liabilities: which primarily attributes to issue of convertible bonds in 2020. | | | | |
| Increase in non-controlling interests: which primarily attributes to increase capital of the subsidiaries. | | | | |

1.1.2. If significant changes are felt, they should be indicated in future response plans:

Changes in the Group's last two annual balance sheets did not have any significant impact. The group continued to focus on improving the business performance, the stability of its earnings and the company's financial structure in order to reduce the financial burden.

1.2 Analysis of the individual financial situation (individual financial statement)

1.2.1. The last two annual balance sheets reported significant changes and impact on the Assets and Liabilities, owing to:

Unit : NT\$ thousands ; %

| Description \ Year | As of December 31,2020 | As of December 31,2019 | Difference | |
|--|---------------------------|---------------------------|------------------|-------------|
| | | | Amount | % |
| Current assets | 11,451,527 | 10,497,307 | 954,220 | 9.09 |
| Property, plant and equipment | 1,717,285 | 1,672,574 | 44,711 | 2.67 |
| Intangible assets | 48,026 | 11,377 | 36,649 | 322.13 |
| Other current assets | 3,926,712 | 3,590,436 | 336,276 | 9.37 |
| Total assets | 17,143,550 | 15,771,694 | 1,371,856 | 8.70 |
| Current liabilities | 8,107,640 | 8,739,835 | (632,195) | (7.23) |
| Non-current liabilities | 2,763,506 | 1,231,846 | 1,531,660 | 124.34 |
| Total liabilities | 10,871,146 | 9,971,681 | 899,465 | 9.02 |
| Capital stock | 1,872,192 | 1,868,400 | 3,792 | 0.20 |
| Capital surplus | 1,029,109 | 982,882 | 46,227 | 4.70 |
| Retained earnings | 3,538,201 | 3,118,978 | 419,223 | 13.44 |
| Other equity interest | (167,098) | (170,247) | 3,149 | 1.85 |
| Total equity | 6,272,404 | 5,800,013 | 472,391 | 8.14 |
| Analysis of ratio of change: (if the change is greater than 20% and the amount changed is NT\$10,000,000) | | | | |
| (1) Increase in Intangible assets: which primarily attributes to business needs, increasing intangible assets such as patent rights and computer software. | | | | |
| (2) Increase in non-current liabilities: which primarily attributes to issue of convertible bonds in 2020. | | | | |

1.2.2. If significant changes are felt, they should be indicated in future response plans:

Changes in the company's last two annual balance sheets did not have any significant impact. The company continued to focus on improving the business performance, the stability of its earnings and the company's financial structure in order to reduce the financial burden.

2. Analysis of Financial Performance

2.1 Consolidated Financial Performance Analysis (consolidated financial statement)

2.1.1. The last two Profit and Loss accounts reported significant changes in net profit and pre-tax profit, owing to:

Unit : NT\$ thousands ; %
(In addition to earnings per share, NT\$)

| Year | 2020 | 2019 | Amount increased (decreased) | Proportion change (%) |
|---|--------------------------------|------------|------------------------------|-----------------------|
| Description | | | | |
| Net Operating Income | 25,119,857 | 24,182,681 | 937,176 | 3.88 |
| Operating Cost | 22,019,515 | 21,615,702 | 403,813 | 1.87 |
| Gross profit | 3,100,342 | 2,566,979 | 533,363 | 20.78 |
| Operating expenses | 1,898,844 | 1,747,641 | 151,203 | 8.65 |
| Operating income from operations | 1,201,498 | 819,338 | 382,160 | 46.64 |
| Non-operating income and expenses | (51,748) | 71,683 | (123,431) | (172.19) |
| Income before tax | 1,149,750 | 891,021 | 258,729 | 29.04 |
| Income Tax | 274,248 | 221,901 | 52,347 | 23.59 |
| Net Income of Continuing Operations | 875,502 | 669,120 | 206,382 | 30.84 |
| Income from discontinued operations | 0 | 0 | 0 | 0 |
| Net income | 875,502 | 669,120 | 206,382 | 30.84 |
| Other comprehensive income (income after tax) | (5,215) | (38,855) | 33,640 | 86.58 |
| Total comprehensive income | 870,287 | 630,265 | 240,022 | 38.08 |
| Net income attributable to shareholders of the parent | 913,736 | 703,006 | 210,730 | 29.98 |
| Net income attributable to noncontrolling interests | (38,234) | (33,886) | (4,348) | (12.83) |
| Total comprehensive income attributable to shareholders of the parent | 908,156 | 665,065 | 243,091 | 36.55 |
| Total comprehensive income attributable to the noncontrolling interests | (37,869) | (34,800) | (3,069) | (8.82) |
| EPS(NT\$) | Basic EPS for current period | 4.88 | 3.78 | 1.10 |
| | Diluted EPS for current period | 4.85 | 3.74 | 1.11 |

(1) The company's analysis of change in the profit and loss ratio for the past two years shows that if the operating margin changes by more than 20%, then a different analysis should be made as in (2). Change in the proportion of variation analysis: (if the change is greater than 20% and the amount changed is NT\$10,000,000)

1. Increase in operating profit and Operating income from operations: which primarily attributes to the increase in demand for equipment and consumables from semiconductors, panels and high-tech customers this year, and the increase in demand for automated supply system business services in line with customers' plant construction and expansion plans in 2020.
2. Decrease in net benefits of non-operating income and expenses: which primarily attributes to the decrease in financial assets at fair value through profit and the increase in foreign currency exchange loss this year.
3. Increase in income before tax: which primarily attributes to the growth in demand from semiconductor and panel industries in 2020, which resulted in operating income and gross profit increased compared with the previous year. With the proper control of operating expenses, operating profit increased relatively. Although the net profit of non-operating income and expenses decreased, the pre-tax net profit was still higher than the previous year.
4. Increase in income Tax: which primarily attributes to an increase in profits in 2020.
5. Increase in net income: which primarily attributes to an increase in profits in 2020.
6. Increase in other comprehensive income (income after tax): which primarily attributes to an increase in the impact of the foreign currency exchange, which resulted in an increase in the net profit of the conversion difference in the financial statements of foreign operating institutions.
7. Increase in total comprehensive income, net income attributable to shareholders of the parent, total comprehensive income attributable to shareholders of the parent: which primarily attributes to an increase in profits in 2020.
8. Increase in EPS: which primarily attributes to an increase in profits in 2020.

(2) Analysis of changes in operating profit:

1. Change Description: which primarily attributes to the increase in demand for equipment and consumables from semiconductors, panels and high-tech customers this year, which resulted in an increase in operating revenue and gross profit this year.
2. Price and volume analysis: Not applicable.

2.1.2. Expected sales volume and its possible impact on the company's future financial operations and the response plan:

The forecast of the Group's sales or service volumes in 2021 aims to assess changes of the industry conditions, future business environment, company and department's operation plans, market supply and demand, and future development plan. It is compiled under reasonable assumptions including the operating performance of 2020 and orders to be released. Therefore, it does not have big impacts on the Group's finances.

2.2 Individual Financial Performance Analysis (individual financial statement)

2.2.1. The last two Profit and Loss accounts reported significant changes in net profit and pre-tax profit, owing to:

Unit : NT\$ thousands ; %
(In addition to earnings per share, NT\$)

| Description \ Year | 2020 | 2019 | Amount increased (decreased) | Proportion change (%) |
|---|--------------------------------|------------|------------------------------|-----------------------|
| Net Operating Income | 18,404,137 | 17,631,899 | 772,238 | 4.38 |
| Operating Cost | 16,027,833 | 15,776,299 | 251,534 | 1.59 |
| Gross profit | 2,376,304 | 1,855,600 | 520,704 | 28.06 |
| Operating expenses | 1,304,473 | 1,103,342 | 201,131 | 18.23 |
| Operating income from operations | 1,071,831 | 752,258 | 319,573 | 42.48 |
| Non-operating income and expenses | 67,010 | 125,959 | (58,949) | (46.80) |
| Income before tax | 1,138,841 | 878,217 | 260,624 | 29.68 |
| Income Tax | 225,105 | 175,211 | 49,894 | 28.48 |
| Net Income of Continuing Operations | 913,736 | 703,006 | 210,730 | 29.98 |
| Income from discontinued operations | 0 | 0 | 0 | 0 |
| Net income | 913,736 | 703,006 | 210,730 | 29.98 |
| Other comprehensive income (income after tax) | (5,580) | (37,941) | 32,361 | 85.29 |
| Total comprehensive income for the year | 908,156 | 665,065 | 243,091 | 36.55 |
| EPS(NT\$) | BasicEPS for current period | 4.88 | 3.78 | 1.10 |
| | Diluted EPS for current period | 4.85 | 3.74 | 1.11 |

(1)The company's analysis of change in the profit and loss ratio for the past two years shows that if the operating margin changes by more than 20%, then a different analysis should be made as in (2). Change in the proportion of variation analysis: (if the change is greater than 20% and the amount changed is NT\$10,000,000)

1. Increase in operating profit and Operating income from operations: which primarily attributes to the increase in demand for equipment and consumables from semiconductors, panels and high-tech customers this year, and the increase in demand for automated supply system business services in line with customers' plant construction and expansion plans in 2020.
2. Decrease in net benefits of non-operating income and expenses: which primarily attributes to the decrease in financial assets at fair value through profit and the increase in foreign currency exchange loss this year.
3. Increase in income before tax: which primarily attributes to the growth in demand from semiconductor and panel industries in 2020, which resulted in operating income and gross profit increased compared with the previous year. With the proper control of operating expenses, operating profit increased relatively. Although the net profit of non-operating income and expenses decreased, the pre-tax net profit was still higher than the previous year.
4. Increase in income Tax: which primarily attributes to in an increase in profits in 2020.
5. Increase in net income: which primarily attributes to in an increase in profits in 2020.
6. Increase in other comprehensive income (income after tax): which primarily attributes to in an increase the impact of the foreign currency exchange, which resulted in an increase the net profit of the conversion difference in the financial statements of foreign operating institutions.
7. Increase in total comprehensive income: which primarily attributes to in an increase in profits in 2020.
8. Increase in EPS: which primarily attributes to in an increase in profits in 2020.

(2)Analysis of changes in operating profit:

1. Change Description: which primarily attributes to the increase in demand for equipment and consumables from semiconductors, panels and high-tech customers this year, which resulted in an increase in operating revenue and gross profit this year.
2. Price and volume analysis: Not applicable.

2.2.2. Expected sales volume and its possible impact on the company's future financial operations and the response plan:

The forecast of the Company's expected sales or service volume in 2021 was prepared mainly according to evaluations of economic changes in the industry, future business environment, operational plans of the Company and its departments, supply and demand in the market, future development plans, etc. and also referred to 2020 annual business performance under reasonable assumptions of unfinished production of orders, which has no significant impact on the Company's results of operations and financial position.

3. Analysis of Cash Flow

Analyses of cash flows in the future one year from changes of cash flows in the latest year:

3.1 Analysis of consolidated cash flows (Consolidated Financial Statements)

3.1.1. Changes of cash flows in the latest year

Unit : NT\$ thousands

| Cash and cash equivalents at beginning of period (December 31, 2019) | Net cash flow from operating activities for the entire year | Net cash flow from investing activities for the entire year | Net cash flow from financing activities for the entire year | Effects of exchange rate change on cash | Cash and cash equivalents at end of period (December 31, 2020) |
|---|---|---|---|---|--|
| 2,560,943 | 1,445,727 | (436,442) | (558,118) | (19,731) | 2,992,379 |
| Analyses of changes in cash flows for the year (2020) are as follows: | | | | | |
| (1) Net operating activity cash inflow at NT\$1,445,727 thousand, which primarily attributes to the increase in the cash collection of accounts receivable. | | | | | |
| (2) Investment activity net cash outflow at NT\$436,442 thousand, which primarily stems from building, purchasing real estate, plant, and equipment in response to operating and manufacture needs. | | | | | |
| (3) Capital raising activity net cash inflow at NT\$558,118 thousand, which primarily stems from cash inflow in cash dividend distribution. | | | | | |
| Thus, the cash flow in 2020 was net cash inflow resulting in an increase in the cash balance in the end of the year compared to the beginning of the year. | | | | | |

3.1.2. Liquidity analysis in the latest year

Unit: %

| Item \ Year | 2020 | 2019 | Variance(%) |
|--|-------|-------|-------------|
| Cash Flow Ratio | 12.99 | 7.75 | 67.61 |
| Cash Flow Adequacy Ratio | 58.24 | 31.48 | 85.01 |
| Cash Reinvestment Ratio | 9.84 | 5.53 | 77.94 |
| Analyses of changes in the proportion of increase & decrease: (Explanation for analyses of the proportion of increase & decrease above 20% between two periods) | | | |
| (1) Increase in cash flow ratio: which primarily attributes to the increase in the operating activities. | | | |
| (2) Increase in cash flow adequacy ratio: which primarily attributes to the increase in the operating activities, inventories, capital expenditures, cash dividends and the substantial increase in net cash inflows from operating activities in the last five years. | | | |
| (3) Increase in cash reinvestment ratio: which primarily attributes to the increase in operating activities and fixed assets. | | | |

3.1.3. Liquidity analysis in the future one year

Unit : NT\$ thousands

| Cash and cash equivalents at beginning of period (December 31, 2020) | Net cash flow from operating activities ② | Cash outflow③ | Cash surplus (deficit) ①+②-③ | Leverage of cash deficit | |
|--|--|---------------|---------------------------------|--------------------------|-----------------|
| | | | | Investment plans | Financing plans |
| 2,992,379 | 613,509 | (505,579) | 3,100,309 | Not applicable | |

- (1) Analyses of expected changes in cash flows for the year (2021) are as follows:
- ① Operating activities: Net cash provided by operating activities is expected for the future one year mainly due to the business growth and the increase in cash collections of accounts receivables, and the net cash inflow was generated.
 - ② Investing activities: Net cash used in investing activities is expected for the future one year mainly due to the increase in long-term investments and the purchase of assets such as equipment.
 - ③ Financing activities: Net cash used in financing activities is expected for the future one year mainly due to the distribution of cash dividends.
- (2) Contingency plans expected for projected insufficient cash position and the liquidity analysis: Not applicable.

3.2 Analysis of individual cash flows (Individual Financial Statements)

3.2.1. Changes of cash flows in the latest year

Unit : NT\$ thousands

| Cash and cash equivalents at beginning of period (December 31, 2019) | Net cash flow from operating activities for the entire year | Net cash flow from investing activities for the entire year | Net cash flow from financing activities for the entire year | Cash and cash equivalents at end of period (December 31, 2020) |
|--|---|---|---|--|
| 1,249,502 | 1,122,178 | (528,693) | (280,494) | 1,562,493 |

Analyses of changes in cash flows for the year (2020) are as follows:

- ① Net operating activity cash inflow at NT\$1,122,178 thousands, which primarily attributes to the increase in the cash collection of accounts receivable.
- ② Investment activity net cash outflow at NT\$528,693 thousands, which primarily stems from long-term investments, and the building, purchasing real estate, plant, and equipment in response to operating and manufacture needs.
- ③ Capital raising activity net cash outflow at NT\$280,494 thousands, which primarily stems from cash outflow in cash dividend.

Thus, the cash flow in 2020 was net cash inflow resulting in an increase in the cash balance in the end of the year compared to the beginning of the year.

3.2.2. Liquidity analysis in the latest year

Unit: %

| Item \ Year | 2020 | 2019 | Variance (%) |
|--------------------------|-------|-------|--------------|
| Cash Flow Ratio | 13.84 | 8.71 | 58.93 |
| Cash Flow Adequacy Ratio | 42.54 | 28.98 | 646.80 |
| Cash Reinvestment Ratio | 7.28 | 3.05 | 139.18 |

Analyses of changes in the proportion of increase & decrease: (Explanation for analyses of the proportion of increase & decrease above 20% between two periods)

- (1) Increase in cash flow ratio: which primarily attributes to the increase in the operating activities.
- (2) Increase in cash flow adequacy ratio: which primarily attributes to the increase in the operating activities, inventories, capital expenditures, cash dividends and the substantial increase in net cash inflows from operating activities in the last five years.
- (3) Increase in cash reinvestment ratio: which primarily attributes to the increase in operating activities and fixed assests.

3.2.3. Liquidity analysis in the future one year

Unit : NT\$ thousands

| Cash and cash equivalents at beginning of period (December 31, 2020)① | Net cash flow from operating activities for the entire year② | Cash outflows for the entire year ③ | Cash surplus (deficient) ①+②-③ | Contingency plans for projected insufficient cash position | |
|---|--|-------------------------------------|--------------------------------|--|-----------------|
| | | | | Investment plans | Financial plans |
| 1,562,493 | 619,117 | (459,594) | 1,722,015 | Not applicable | |

| |
|---|
| <p>(1) Analyses of expected changes in cash flows for the year (2021) are as follows:</p> <ul style="list-style-type: none"> ① Operating activities: Net cash provided by operating activities is expected for the future one year mainly due to the business growth and the increase in cash collections of accounts receivables, and the net cash inflow was generated. ② Investing activities: Net cash used in investing activities is expected for the future one year mainly due to the increase in long-term investments and the purchase of assets such as equipment. ③ Financing activities: Net cash used in financing activities is expected for the future one year mainly due to the distribution of cash dividends. <p>(2) Contingency plans expected for projected insufficient cash position and the liquidity analysis: Not applicable.</p> |
|---|

4. The Effect upon Financial Operations of any major capital expenditures during the most recent fiscal year:

4.1 Operation condition of major capital expenditure and its capital resources in recent years: none.

4.2 Expected benefits: Not applicable

5. Investment Policy in the most recent fiscal year, Main Causes for profits or losses, Improvement Plans and the Investment Plans for the coming year:

5.1 Shift Policies in Investment in Recent Years

Based on the requirements of expanding business and enlarge service customers, the Group has invested and set service and dealing bases in Singapore, South Korea, Shanghai, Wuxi, Vietnam, Malaysia and Myanmar etc, so as to establish sales and service network and service customers in the neighborhood, and thus to improve market share and competitiveness of the company. In the last year, the group took product development and district development of the industry as the investment spindle and continued expand service fields. With regional resource distribution and integrated flexible scheduling support, the Group gave full play to the complementary synergy effect and improved business efficiency and scale. It will keep a foothold in Asia and become an integrated system service dealer with international reputation for professional high-tech industry process equipments, materials and factory service system facilities etc.

5.2. Causes Analysis of Benefits and Losses of Shift in Investment

Unit: A Thousand TWD : %
Dec. 31, 2020

| Name of Invested Company | Description | Direct or indirect shareholding ratio of the company | Ending investment book amount (Note 2) | Current Term (Losses) Benefits of Invested Company | Major Caused of Benefits or Losses | Improvement Plan | Investment Plan in the next 1 year |
|--|---|--|--|--|---|--|---|
| Direct Investment | | | | | | | |
| Marketch Integrated Pte .Ltd. (shortened as MIPL) | Directly invested subsidiary of the Company | 100% | (37,181) | (5,107) | Net losses were mainly caused by reduction of hired engineering business and plant service system and the whole plant turnkey project revenue are insufficient to cope with the operation costs and expenses. Losses are shown, so it is listed as investment losses in current period. | MIPL is mainly engaged in automation supply systems business in the semiconductor industry. With the increased market demands in Southeast Asia, the company will expand agent business actively in the future and strengthen costs and expenses control. It will make a profit instead of suffering a loss and have balances to the parent company's investment benefits. | Take timely assessment according to the market requirements and industry development. |
| Market Go Profits Ltd. (shortened as Market Go) | Directly invested subsidiary of the Company | 100% | 1,386,248 | 142,606 | It is the holding company of abroad shift investment business. Investment gains were mainly caused by gains of indirectly invested subsidiary in mainland. | Not applicable. | Take timely assessment according to the market requirements and industry development. |
| Headquarter International Ltd. (shortened as Headquarter) | Directly invested subsidiary of the Company | 100% | 35,329 | (471) | It is abroad holding and shift investment business. Major business is to purchase real estate in mainland and provide to local employees for accommodation. The benefits source is rental income. Benefits | With the growth demands of business in mainland, it will expand leasing business scale in the future and have balances to the parent company's investment benefits. | Take timely assessment according to the market requirements and industry development. |

| Name of Invested Company | Description | Direct or indirect shareholding ratio of the company | Ending investment book amount (Note 2) | Current Term (Losses) Benefits of Invested Company | Major Caused of Benefits or Losses | Improvement Plan | Investment Plan in the next 1 year |
|--|---|--|--|--|---|---|---|
| | | | | | in this year were mainly because the rental income is sufficient to cope with operation costs. | | |
| Tiger United Finance Ltd. (shortened as Tiger) | Directly invested subsidiary of the Company | 100% | 34,314 | (495) | It is abroad holding and shift investment business. Major business is to purchase real estate in mainland and provide to local employees for accommodation. The benefits source is rental income. Losses in this year were mainly caused by insufficient rental income. | With the growth demands of business in mainland, it will expand leasing business scale in the future and have balances to the parent company's investment benefits. | Take timely assessment according to the market requirements and industry development. |
| MIC-Tech Global Corp. (shortened as MICK) | Directly invested subsidiary of the Company | 100% | 12,581 | 5,825 | Company business expansion as of expected, as its operating income is enough to cover the operating cost and expenditure. | Supporting the East Asia market's increasing demand, company would continue to develop new business, as it is expected to achieve a turnaround to contribute investment return to the parent company. | Take timely assessment according to the market requirements and industry development. |
| Marketch Engineering Pte Ltd. (shortened as MEPL) | Directly invested subsidiary of the Company | 100% | 2,131 | (6,870) | It is the holding company of abroad shift investment business. Investment gains in this year were mainly caused by losses of indirectly invested subsidiary in Myanmar. | Not applicable. | Take timely assessment according to the market requirements and industry development. |
| Marketch Integrated Manufacturing Company Limited (shortened as MIMC) | Directly invested subsidiary of the Company | 100% | 356,748 | (39,014) | Company business was still in development, resulting in operating losses. | Established for the increasing demand in Myanmar, MIMC mainly provides design, production and assembly services for equipments and | Take timely assessment according to the market requirements and |

| Name of Invested Company | Description | Direct or indirect shareholding ratio of the company | Ending investment book amount (Note 2) | Current Term (Losses) Benefits of Invested Company | Major Caused of Benefits or Losses | Improvement Plan | Investment Plan in the next 1 year |
|---|---|--|--|--|--|--|---|
| | | | | | | components of automated production machines. In the future, MIMC will proactively expand its business and efficiently hold its advantages in the market. The scale of its production business will gradually expand and have the profit increased, which will bring benefits to the parent company's investment. | industry development. |
| MIC-Tech Viet Nam Co., Ltd. (shortened as MIC-Tech VN) | Directly invested subsidiary of the Company | 100% | 85,787 | (1,948) | Company business expansion falls short of expected, as its operating income falls short of covering the operating cost and expenditure to result in deficit. | MIC-Tech VN mainly focuses on professional engineering works and maintenance service through contracts. In the future, we also plan to increase sales expansion in cooperation with the increase in market demand in Vietnam to effectively grasp the market advantage by increasing the scales of engineering works. Thus, we expect to turn the loss into profit to ensure the beneficial investment return of the parent company on us. | Take timely assessment according to the market requirements and industry development. |
| Marketch Co., Ltd. | Directly invested subsidiary of the Company | 100% | 16,751 | (10,094) | Company business expansion falls short of expected, as its operating income falls short of | Marketch Co., Ltd. is mainly engaged in professional engineering | Take timely assessment according to the |

| Name of Invested Company | Description | Direct or indirect shareholding ratio of the company | Ending investment book amount (Note 2) | Current Term (Losses) Benefits of Invested Company | Major Caused of Benefits or Losses | Improvement Plan | Investment Plan in the next 1 year |
|--|---|--|--|--|---|---|---|
| | | | | | covering the operating cost and expenditure to result in deficit. | contracting and related maintenance services. With the increased market demands in Vietnam, the company will expand business actively and master the advantages of existed markets in future. Engineering business will be expanded gradually. It will make a profit instead of suffering a loss and have balances to the parent company's investment benefits. | market requirements and industry development. |
| PT Marketch International Indonesia (PTMI) | Directly invested subsidiary of the Company | 99.92% | 33,131 | 223 | Company business was still in development, affecting its current period's profits mainly by bank interest receipt and foreign currency exchange gain. | PTMII mainly focuses on international trade on machinery and components. In the future, we also plan to increase sales expansion in cooperation with the increase in market demand in Indonesia to effectively grasp the market advantage by increasing the scales of international trade. Thus, we expect to increase profit to ensure the beneficial investment return of the parent company on us. | Take timely assessment according to the market requirements and industry development. |
| eZoom Information, Inc. (shortened as "eZoom") | Directly invested subsidiary of the Company | 100% | 100,863 | (20,255) | Company business expansion falls short of expected in 2019, as its income in computer | EZoom is mainly engaged in software building tenders and self-developed software | Take timely assessment according to the |

| Name of Invested Company | Description | Direct or indirect shareholding ratio of the company | Ending investment book amount (Note 2) | Current Term (Losses) Benefits of Invested Company | Major Caused of Benefits or Losses | Improvement Plan | Investment Plan in the next 1 year |
|---|--|--|--|--|---|--|---|
| | | | | | information and cloud computing and related integration technology falls short of covering the operating cost and expenditure to result in deficit. | business with cloud application services. The company is now in business and human power integration stage. It will expand information and cloud business. It will make a profit instead of suffering a loss and have balances to the parent company's investment benefits. | market requirements and industry development. |
| Marketech Ntherlands B.V. (shortened as MNBV) | Invested company of the Company adopting equity method | 100% | 12,543 | (7,181) | Company business was still in development, resulting in operating losses. | MNBV primarily operates in machinery, equipment, parts sales and technical services, with said company currently at operations and manpower integrating stage, it is actively expanding its operations and effectively seizing its market edge, and is expected to achieve a turnaround, to contribute investment gains to the parent company. | Take timely assessment according to the market requirements and industry development. |
| Marketech International Sdn. Bhd. (shortened as MISB) | Invested company of the Company adopting equity method | 100% | 58,483 | (1,814) | Company business expansion falls short of expected, as its income in computer information and cloud computing and related integration technology falls short of covering the operating cost and expenditure to result in deficit. | MISB mainly engages in the contracting services of automated supply systems for the semiconductor industry. While the demand in South-East Asia is increasing, the Company aims to proactively expand its business while mastering its advantages in | Take timely assessment according to the market requirements and industry development. |

| Name of Invested Company | Description | Direct or indirect shareholding ratio of the company | Ending investment book amount (Note 2) | Current Term (Losses) Benefits of Invested Company | Major Caused of Benefits or Losses | Improvement Plan | Investment Plan in the next 1 year |
|--|--|--|--|--|---|--|---|
| | | | | | | current market and the scale of its engineering services will gradually increased with an expectation to turn the deficit into surplus profits. This surely will bring positive influences to the parent company's investment. | |
| Marketch International Corporation USA (shortened as MICU) | Invested company of the Company adopting equity method | 100% | 11,729 | (4,469) | Company business was still in development, resulting in operating losses. | MICU mainly engages in the contracting services of automated supply systems for the semiconductor industry. While the demand in US is increasing, the Company aims to proactively expand its business while mastering its advantages in current market and the scale of its engineering services will gradually increased with an expectation to turn the deficit into surplus profits. This surely will bring positive influences to the parent company's investment. | Take timely assessment according to the market requirements and industry development. |
| Spiro Technology Systems Inc. (shortened as STS) | Invested company of the Company adopting equity method | 100% | 21,383 | (1,758) | Company business was still in development, resulting in operating losses. | Spiro primarily operates in machinery, equipment, parts sales and technical services, with said company currently at operations and manpower integrating stage, it is actively expanding its operations and | Take timely assessment according to the market requirements and industry development. |

| Name of Invested Company | Description | Direct or indirect shareholding ratio of the company | Ending investment book amount (Note 2) | Current Term (Losses) Benefits of Invested Company | Major Caused of Benefits or Losses | Improvement Plan | Investment Plan in the next 1 year |
|--|--|--|--|--|---|--|---|
| | | | | | | effectively seizing its market edge, and is expected to achieve a turnaround, to contribute investment gains to the parent company. | |
| Smart Health Corp. | Invested company of the Company adopting equity method | 100% | 476 | (67) | Company business was still in development, resulting in operating losses. | Smart Health Corp. primarily operates in smart health consulting services and investment, and with said company currently at operations and manpower integrating stage, it is actively developing its smart health business, and is expected to contribute investment gains to the parent company. | Take timely assessment according to the market requirements and industry development. |
| ADAT Technology Co., LTD. (shortened as "ADAT") | Invested company of the Company adopting equity method | 26.74% | 23,954 | (38,769) | Company business was still in development, resulting in operating losses. | ADAT primarily operates in information software R&D, application and services, and with said company currently at operations and manpower integrating stage, it is actively developing its information and AI business, and is expected to contribute investment gains to the parent company. | Take timely assessment according to the market requirements and industry development. |
| Glory Technology Service Inc. (shortened as "Glory") | Invested company of the Company adopting equity method | 29.24% | 67,579 | 12,911 | Net profits mainly were caused by actively business expanding and effectively grasping the market tendency, so that the business income and profits | The company will continue developing new business to increase benefits. | Take timely assessment according to the market requirements and |

| Name of Invested Company | Description | Direct or indirect shareholding ratio of the company | Ending investment book amount (Note 2) | Current Term (Losses) Benefits of Invested Company | Major Caused of Benefits or Losses | Improvement Plan | Investment Plan in the next 1 year |
|---------------------------|--|--|--|--|--|--|---|
| | | | | | were all in growth tendency. | | industry development. |
| MIC techno Co., Ltd. | Invested company of the Company adopting equity method | 20% | 1,824 | (50) | Company business expansion falls short of expected, as its operating income falls short of covering the operating cost and expenditure to result in deficit. | The company is mainly engaged in panel equipments and materials sales. The company will continue developing new business to increase benefits, including development and marketing of laminating machine. The company will enter into touch panel area, and seek sales and OEM opportunities of touch panel materials and products. It will improve operation performance. | Take timely assessment according to the market requirements and industry development. |
| Vertex System Corporation | Invested company of the Company adopting equity method | 38.83% | 18,046 | (5,032) | Company business expansion falls short of expected, as its operating income falls short of covering the operating cost and expenditure to result in deficit. | The company is mainly engaged in the design and manufacture of RF signal wave generators, IoT management and 5G-related business integration and application. The company is at the stage of business and manpower integration. In the future, it will actively expand its 5G business and is expected to turn losses into profits. Operational performance. | Take timely assessment according to the market requirements and industry development. |

| Name of Invested Company | Description | Direct or indirect shareholding ratio of the company | Ending investment book amount (Note 2) | Current Term (Losses) Benefits of Invested Company | Major Caused of Benefits or Losses | Improvement Plan | Investment Plan in the next 1 year |
|--|---|--|--|--|---|---|---|
| Indirect investment | | | | | | | |
| MIC-Tech Ventures Asia Pacific Inc. (shortened as MIC-Tech Ventures) | Shift invested subsidiary of Subsidiary Market Go | 100% | 1,384,843 | 142,746 | It is the holding company of abroad shift investment business. Investment losses in 2019 were mainly caused by losses of directly and indirectly invested subsidiary in mainland. | Not applicable. | Take timely assessment according to the market requirements and industry development. |
| Marketch Integrated Construction Co., Ltd. (shortened as MICC) | Shift invested subsidiary of Subsidiary MEPL | 97.69% | 1,218 | (6,909) | Company business expansion falls short of expected, as its income in computer information and cloud computing and related integration technology falls short of covering the operating cost and expenditure to result in deficit. | MICC is mainly engaged in mechanical and electrical installation and other engineering business. With the increased market demands in Southeast Asia, the company will expand business actively and master the advantages of existed markets in future. Engineering business will be expanded gradually. It will make a profit instead of suffering a loss and have balances to the parent company's investment benefits. | Take timely assessment according to the market requirements and industry development. |
| MIC-Tech (Wu Xi) Co., Ltd. (shortened as MTW) | Shift invested subsidiary of Subsidiary MIC-Tech Ventures | 100% | 16,715 | (18,272) | Company business expansion falls short of expected, as its income in computer information and cloud computing and related integration technology falls short of covering the operating | MIT-Tech (Wu Xi) primarily operates in OEM customized equipment and parts assembly, backed by Mainland China's overall mild economic growth trend, it is currently actively | Take timely assessment according to the market requirements and industry development. |

| Name of Invested Company | Description | Direct or indirect shareholding ratio of the company | Ending investment book amount (Note 2) | Current Term (Losses) Benefits of Invested Company | Major Caused of Benefits or Losses | Improvement Plan | Investment Plan in the next 1 year |
|---|---|--|--|--|--|--|---|
| | | | | | cost and expenditure to result in deficit. | expanding its business, including the good and slaughter industry's rear-end automated equipment manufacture, and smart warehousing development. While the capacity utilization of plant gradually increases, MIT-Tech (Wu Xi) is able to effectively reduce the adverse impact of high depreciation on plant machinery/ equipment, and is expected to achieve a turnaround in earnings. | |
| MIC-Tech (Shanghai) Corp. Ltd. (shortened as SMTS) | Shift invested subsidiary of Subsidiary MIC-Tech Ventures | 100% | 497,616 | 112,451 | The profit was primarily generated from the income and profit of selling semiconductor equipments and materials. | SMTS is mainly engaged in semi-conductor production, testing equipment and supplies, power generation boilers wholesales, import and export agent and other trade services. The company will continue developing new agent business to increase benefits. | Take timely assessment according to the market requirements and industry development. |
| Fuzhou Jiwei System Integrated Co., Ltd. (shortened as FJS) | Shift invested subsidiary of Subsidiary MIC-Tech Ventures | 100% | (1,810) | (254) | Company business expansion falls short of expected, resulting in operating deficit. | FFJS is mainly engaged in clean room and power system equipment, piping systems equipment installation and other services. China mainland is promoting economic reform and opening | Take timely assessment according to the market requirements and industry development. |

| Name of Invested Company | Description | Direct or indirect shareholding ratio of the company | Ending investment book amount (Note 2) | Current Term (Losses) Benefits of Invested Company | Major Caused of Benefits or Losses | Improvement Plan | Investment Plan in the next 1 year |
|---|---|--|--|--|--|--|---|
| | | | | | | up policy actively and encouraging hi-tech industry development continuously. Plus the implementation of westward expansion of hi-industry in Taiwan, related factory facility services demand will be increased. It will make a profit instead of suffering a loss. | |
| MIC-Tech Electroics Engineering Corp.. (shortened as MTE) | Shift invested subsidiary of Subsidiary MIC-Tech Ventures | 100% | 537,392 | 20,178 | The profit gained was mainly due to our company's active expansion of sales to effectively take advantage of the market trend so that our operating income and profit display a growing trend. | MTEi mainly engages in contracting electrical and electronic engineering construction projects, projects of installing chemical and petrol equipments and pipelines, and relevant maintenance service. To increase the profit, the company will continue to expand its businesses including gas engineering, electrical engineering, production base expansion and purification engineering for biopharmaceutical industry in mainlander China, clean room and air-conditioning installation, and factory affairs system engineering for the | Take timely assessment according to the market requirements and industry development. |

| Name of Invested Company | Description | Direct or indirect shareholding ratio of the company | Ending investment book amount (Note 2) | Current Term (Losses) Benefits of Invested Company | Major Caused of Benefits or Losses | Improvement Plan | Investment Plan in the next 1 year |
|---|---|--|--|--|--|--|---|
| | | | | | | semiconductor industry. It is expected the Company will have its deficit turned into profits. | |
| MIC-Tech China Trading (Shanghai) Co., Ltd.. (shortened as MCT) | Shift invested subsidiary of Subsidiary MIC-Tech Ventures | 100% | 32,857 | 13,605 | The profit gained was mainly due to our company's active expansion of sales to effectively take advantage of the market trend so that our operating income and profit display a growing trend. | SMCT is mainly engaged in import and export business of chemical products, semiconductors, testing equipment, and solar energy equipment, etc. The company will integrated market demand and may increase benefits. | Take timely assessment according to the market requirements and industry development. |
| Russky H.K. Limited (shortened as Russky) | Shift invested subsidiary of Subsidiary MIC-Tech Ventures | 100% | (634) | 11,055 | It is the holding company of abroad shift investment business. Investment losses were mainly caused by losses of indirectly invested subsidiary in mainland. | Not applicable. | Take timely assessment according to the market requirements and industry development. |
| Shanghai Maohua Electronics Engineering Co., Ltd. | Shift invested subsidiary of Subsidiary Russky | 87% | (3,284) | 12,753 | Company business expansion falls short of expected, resulting in operating deficit. | The company is mainly engaged in waste barrel recycling in semiconductor manufacturing industry, piping systems and related equipment repair and installation services. China mainland is promoting economic reform and opening up policy actively and encouraging hi-tech industry development continuously. Plus the implementation of westward expansion of hi- | Take timely assessment according to the market requirements and industry development. |

| Name of Invested Company | Description | Direct or indirect shareholding ratio of the company | Ending investment book amount (Note 2) | Current Term (Losses) Benefits of Invested Company | Major Caused of Benefits or Losses | Improvement Plan | Investment Plan in the next 1 year |
|--|--|--|--|--|--|--|---|
| | | | | | | industry in Taiwan, related factory facility services demand will be increased. It will increase benefits. | |
| Leader Fortune Enterprise Co., Ltd. (shortened as Leader) | Shift invested subsidiary of Subsidiary Russky | 31.43% | (3,395) | 3,982 | It is the holding company of abroad shift investment business. Investment gains were mainly caused by the deficit of indirectly invested subsidiary in mainland.. | Not applicable. | Take timely assessment according to the market requirements and industry development. |
| Macrotec Technology (Shanghai) Co., Ltd. (shortened as JM) | Invested company of SubsidiaryLeaderadopting equity method | 31.43% | (3,399) | 1,251 | Company still reports profits, primarily stems from company operations still in an adjustment stage, preventing its revenue and profitability yet to manifest. | JM is main engaged in back plane agent and sales business and expands development of food equipment agents, group purchase business, channel sales and Internet transactions. With increased demands of green industry, it will make a profit instead of suffering a loss. | Take timely assessment according to the market requirements and industry development. |
| Frontken MIC Co., Limited (shortened as Frontken MIC) | Invested company of SubsidiaryMIC-Tech Ventures adopting equity method | 100% | 5,002 | (193) | It is the holding company of abroad shift investment business. Investment losses were mainly caused by the deficit of indirectly invested subsidiary in mainland.. | Not applicable. | Take timely assessment according to the market requirements and industry development. |
| Frontken-MIC (WuXi) Co., Ltd. (shortened as Forken-MIC) | Invested company of SubsidiaryFrontken MICadopting equity method | 100% | 4,983 | (194) | Company still reports deficit, primarily stems from company operations still in an adjustment stage, preventing its revenue and | Forken-MIC is mainly engaged in semiconductor device and equipment cleaning. It will continue | Take timely assessment according to the market |

| Name of Invested Company | Description | Direct or indirect shareholding ratio of the company | Ending investment book amount (Note 2) | Current Term (Losses) Benefits of Invested Company | Major Caused of Benefits or Losses | Improvement Plan | Investment Plan in the next 1 year |
|--|--|--|--|--|---|---|---|
| | | | | | profitability have yet to manifest. | expanding business and control cost strictly, and will make a profit instead of suffering a loss. | requirements and industry development. |
| MICT International Limited (shortened as MICT) | Invested company of SubsidiaryMIC-Tech Ventures adopting equity method | 60% | 37,872 | (23,808) | It is the holding company of abroad shift investment business. Investment losseswere mainly caused by the deficit of indirectly invested subsidiary in mainland.. | Not applicable. | Take timely assessment according to the market requirements and industry development. |
| Integrated Manufacturing & Services Co., Ltd. (shortened as IMS) | Invested company of SubsidiaryRuixuan adopting equity method | 60% | 37,159 | (23,798) | Company still reports deficit, primarily stems from company operations still in an adjustment stage, preventing its revenue and profitability have yet to manifest. | IMSis mainly engaged in semiconductors, flat panel industry, solar and LED industries. It uses differentiation technology and niche products with a small variety and high added values as Market Segment. It will make a profit instead of suffering a loss in future. | Take timely assessment according to the market requirements and industry development. |
| Fortune Blessing Co., Limited (shortened as 「Fortune」) | Invested company of SubsidiaryMIC-Tech Ventures adopting equity method | 27.78% | 11,121 | (8,041) | It is the holding company of abroad shift investment business. Investment losseswere mainly caused by the deficit of indirectly invested subsidiary in mainland.. | Not applicable. | Take timely assessment according to the market requirements and industry development. |

| Name of Invested Company | Description | Direct or indirect shareholding ratio of the company | Ending investment book amount (Note 2) | Current Term (Losses) Benefits of Invested Company | Major Caused of Benefits or Losses | Improvement Plan | Investment Plan in the next 1 year |
|---|---|--|--|--|--|---|---|
| Fortune International Corp. (shortened as Fortune International) | Invested company of Subsidiary Fortune adopting equity method | 27.78% | 6,377 | (8,053) | Company business was still in development, resulting in operating losses. | Fortune International is mainly engaged in semiconductors industry. It uses differentiation technology and niche products with a small variety and high added values as Market Segment. It will make a profit instead of suffering a loss in future. | Take timely assessment according to the market requirements and industry development. |
| PT Marketch International Indonesia (shortened as PTMII) | Invested company of Subsidiary Russkys adopting equity method | 0.08% | 28 | 223 | Company operation still in development, while its current period's deficits is affected mainly by exchange losses. | PTMII mainly focuses on international trade on machinery and components. In the future, we also plan to increase sales expansion in cooperation with the increase in market demand in Indonesia to effectively grasp the market advantage by increasing the scales of international trade. Thus, we expect to increase profit to ensure the beneficial investment return of the parent company on us. | Take timely assessment according to the market requirements and industry development. |

Note 1: The table discloses subsidiaries directly and indirectly invested by the Company and information of invested company of the Company or subsidiaries using equity method by the end of December 31, 2020.

Note 2: It is the investment boo amount by the end of December 31, 2020

6. Analysis of Risk Management

6.1 By the latest annual report and the publish date of the annual report this year, the impact of the interest rate, exchange rate changes and inflation on our company and future response measures.

6.1.1 The interest rate risk of our group is mainly from bank loans and loans at floating rates which may cause interest rate risk for cash flow. We regularly assess interest rate for bank loan, and closely contact with banks for more favorable borrowing rates in order to lower the impact of interest rate change on the company. And in the future, we will review and consider the amount and cost of a variety of funding sources for raising the necessary funds.

6.1.2 As we operate internationally, the relevant currency risk is mainly from future commercial transactions, recognized assets and liabilities and net investments on foreign organizations. Our group's procurement personnel shall refer to the recent currency trend for the abroad suppliers' quotes to avoid increasing procurement cost due to currency fluctuation. The finance department should occasionally collect exchange rate information for references with exchange rate changes, so the purchase payment shall depend on the level of exchange rate to be paid by our foreign currency cash like U.S. dollars or by our foreign currency deposits account, with offset effect of foreign currency income and expense which the exchange rate changes may cause a certain hedge effect, in order to reduce the harmful impact on the company due to the exchange rate changes.

6.1.3 Our Group pays attention to the inflation all the time: our quotation for import and sales activities and service transactions is based on the market price in order to reduce influences caused by the inflation.

6.1.4 Our group has established appropriate risk management mechanisms, and will continue to monitor changes in interest rate, exchange rate and inflation, in order to avoid any harmful influence on company profit and loss account caused by the aforesaid situations.

6.2 By the latest annual report and the publish date of the annual report this year, the main reasons and future response measures for policy profits or losses of the engaged in high-risk and highly leveraged investments, capital lending to others, endorsement and derivatives financial commodity transactions.

6.2.1 Engaging in high-risk and highly leveraged investments and derivatives financial commodity transactions:

We focus upon our business operations, and for ensuring safety of assets, we do not engage in high-risk and highly leveraged investments and derivatives financial commodity transactions. And we shall take more robust fixed time deposits or risk-free bond funds for free capital flows to prevent losses.

6.2.2 Capital lending to others:

By the latest annual report and the publish date of the annual report this year, the capital lending to others we engaged in is mainly the short-term financing for working capital needs within company's subsidiaries, which should be operated in accordance with "Operation Procedures for Capital Lending to Others" and the relevant regulations and laws, and the amount of capital lending does not exceed the limit.

6.2.3 Endorsement

In recent years and up to the printing of the annual report, the endorsement guarantees provided by the Group include: the Company's bank financing guarantee to its subsidiaries and joint guarantee as required by subsidiaries' construction performance bond; and joint guarantee signed among subsidiaries due to engineering contracting bonds. And such endorsements operation shall be complied with the "Endorsement Operation Procedure" and the relevant regulations and laws, and the amount of endorsements does not exceed the limit.

6.3 The future R&D Plan and estimated R&D cost of the latest year and by the annual report's publish date.

Our company's research and development team has integration capability of high-tech process, automatic control and precision machinery technology in developing high-tech system equipment, which has achieved superb results. In the future, Our company will continue to develop automatic testing equipment and products used in related industries such as semiconductors, LEDs and biotechnology, and will continue to invest in equipment and products that have been successfully developed to improve their performance. The estimated R&D-related expenses that are expected to be invested this year are at least NT\$50 million.

- 6.4 By the latest annual report and the publish date of the annual report this year, the impact of important domestic and international policy and legislation changes on the company's financial operations and response measures.
Recent domestic and foreign policy and legislation changes have no obvious effects on our current operations. We will closely monitor the important domestic and foreign policy and legislation changes, and under the quickest condition, assist in the company's internal transformation and change to enhance the overall operation capacity.
- 6.5 The impact of technological and industry changes on the company's finances and the response measures for the most recent year and the latest annual report:
The company has dedicated staff that collects the latest industry dynamics and market information. With a strong management team and experienced and excellent professionals, the company has rich experience in market development, customer relationship management, marketing and adaptiveness to industry changes, allowing itself to flexibly react to market dynamics, customer demand, technological development and supply and demand. The company also actively integrates and introduces advanced products and technology in the role of a supplier and a marketer, instantly and consistently delivers products and the supporting services of applications. Overall, technological change can bring more opportunities to the company's business development.
As the market development has gradually shifted to Asia, and with the globalization strategy and the establishment of oversea operations of the technology industry in general, the company establishes offices in China (Shanghai, Wuxi and others), Singapore, Malaysia, Vietnam, Myanmar, Indonesia and Korea to expand its business and serve more clients. In response to technological development, the company provides international sales of advanced technology, high-tech equipments and materials to reduce the communication barrier.
The company will make good use of technological and industry changes to enhance its business management capacity and reduce cost to improve the overall competitiveness.
- 6.6 The impact of image change on the company's risk management and the response measures for the most recent year and the latest annual report:
The corporate image has always been about modesty and stability. The company also operates honestly and maintains the shareholders' best interests for the company philosophy. In addition to improving business growth, the company also strives for transparency and enhances the relationship with shareholders and various investment institutions. If the media or the outside parties have any questions, the company maintains its openness and transparency and quickly offers explanation to achieve active communication.
- 6.7 The expected benefits, possible risk and the response measures of acquisitions of the most recent year and the latest annual report: None.
- 6.8 The expected benefits, possible risk and the response measures of plant expansion of the most recent year and the latest annual report:
Bue to the business and capacity' expansion, MIC group bought a manufacturing plant in Tainan, to solve the problem of insufficient production area and maintain high capacity demand, and which helps MIC will develop business and increase competitive entirely.
- 6.9 The risks and the response measures of purchase and sales of the most recent year and the latest annual report:
1. Risks and the response measures for purchase: None.
2. Risks and the response measures for sales: None.
- 6.10 The impact and the risks of directors, supervisors and major shareholders with more than ten percent of the equity and the transfer or change of equity in large volume and the response measures for the most recent year and the latest annual report: None.
- 6.11 The impact and risks of changes in right to operate and the response measures for the most recent year and the latest annual report: None.
- 6.12 For the most recent year and the latest annual report, any litigation and non-litigation cases of the company, directors, supervisors, general manager, person in charge, major shareholders with more than ten percent of the equity and the subsidiaries should be clearly listed. For the results that can potentially present huge impact to the rights of shareholders and share price, the dispute, money, lawsuits starting date and the major parties to the suit should be disclosed:None
- 6.13 Other major risks and the response measures of the most recent year and the latest annual

report:None

7.Other Important Matters: None.

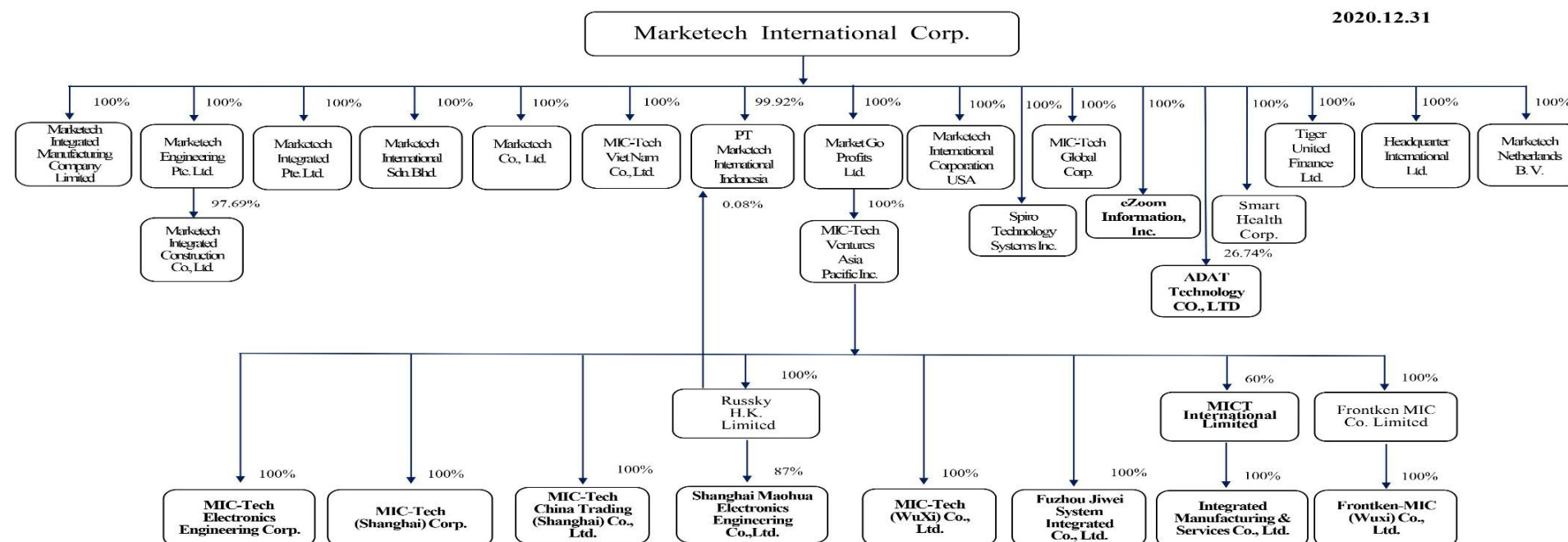
Part 8. Other items deserving special mention

1.Information related to the Company's Affiliates

1.1 Consolidated report on subsidiaries

1.1.1. Organization profile of subsidiaries

(1) Organizational chart of subsidiaries



(2) Controlled company and affiliation under the presumption of Article 369-3 of the Company Law: None.

(3) Affiliation with personnel, finances or business operations directly or indirectly controlled by the company under the second item of Article 369-2 of the Company Law: None.

1.1.2. Basic information of subsidiaries

December 31, 2020

| Company Name | Date of establishment | Address | Paid in capital | | Main businesses or production |
|---|-----------------------|---|-------------------|--------------------|--|
| | | | Original currency | NTD (in thousands) | |
| Marketch Integrated Pte. Ltd. | Jul. 10, 1997 | 86 KaKi Bukit Industrial Terrace, Singapore 416166 | SGD 10,085,678 | 217,447 | Handles the business of automated supply system in the semiconductor industry |
| Market Go Profits Ltd. | Dec. 20, 2000 | P.O. Box 957 Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands | USD 41,069,104 | 1,169,648 | Engaged in holdings and reinvestment |
| Headquarter International Ltd. | Dec. 10, 2002 | P.O. Box 957 Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands | USD 1,289,367 | 36,721 | Engaged in holdings and reinvestment |
| Tiger United Finance Ltd. | Oct. 9, 2002 | P.O. Box 957 Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands | USD 1,410,367 | 40,167 | Engaged in holdings and reinvestment |
| MIC-Tech Global Corp. | Oct. 18, 2004 | RM918,Hyundai Office Bldg,9-4,Sunae 1-dong,Bundang-gu,Seongnam-si, Gyeonggi-do,Korea | KRW 657,800,000 | 17,392 | General international trade |
| MIC-Tech Viet Nam Co., Ltd. | Jan. 22, 2010 | 7F, No 36, Hoang Cau street, O Cho Dua Ward, Dong Da District,Ha Noi City, Vietnam | USD 3,700,000 | 105,376 | Trading, installation and maintenance of various industrial machinery, equipments and supplies |
| Marketch Co., Ltd. | Jun 13, 2001 | (R1-08-09)The EverRich, 968 3-2 St., 15 Ward, Dist 11, Ho Chi Minh city, Vietnam | USD 2,400,000 | 68,352 | Construction contracting and the related repair business. Sale and maintance of machine tools, sale of cosmetics and daily necessities. Software production, development and implementation and programming services; provide industrial machinery and equipment installation services |
| MIC-Tech Ventures Asia Pacific Inc. | Feb. 1, 2001 | Huntlaw Building, P.O. Box 2804, George Town, Grand Cayman, Cayman Islands | USD 40,966,604 | 1,166,729 | Engaged in holdings and reinvestment |
| Marketch International Sdn. Bhd. | Feb. 10, 2009 | A-02-02, Capital 1 (Block A), Oasis Square, Oasis Damansara, 47301 Petaling Jaya, Selangor Petaling Jaya, Selangor | MYR 12,242,750 | 83,122 | Handles the business of automated supply system in the semiconductor industry |
| Russky H.K. Limited | Dec .17, 1992 | Rm 1401, The Centre Mark, 287-299 Queen's Road Central, Hong Kong | USD 833,000 | 23,724 | Engaged in holdings and reinvestment |
| Marketch Engineering Pte. Ltd. | Nov. 28, 2013 | 86 Kaki Bukit Industrial Terrace Singapore 416166 | SGD 937,533 | 20,213 | Handles mechanical and electrical installation and engineering businesses |
| Marketch Integrated Construction Co., Ltd. | Mar. 3, 2014 | 67/A, Htan Tapin Street, Kamayut Township, Yangon Region, Myanmar | USD 650,000 | 18,512 | Handles mechanical and electrical installation and engineering businesses |
| Marketch Integrated Manufacturing Company Limited | Mar. 19, 2015 | Plot No. B12, Thilawa Special Economic Zone A, Yangon Region, Myanmar | USD 15,356,000 | 437,339 | Design, production and assembly services for equipments and components of automated production machines. |
| PT. Marketch International Indonesia | Sep. 25, 2014 | VIP Chamber #2, Wisma GKBI Lantai 39 Suite 3901,Jl. Jend. Sudirman No. 28, Kel. Bendungan Hilir, Kec. Tanah Abang Jakarta Pusat | USD 1,200,000 | 34,176 | Trading machinery and equipment |

| Company Name | Date of establishment | Address | Paid in capital | | Main businesses or production |
|--|-----------------------|--|-------------------|--------------------|--|
| | | | Original currency | NTD (in thousands) | |
| Marketch Netherlands B.V. | Jun.30.2017 | Luchthavenweg 81,8657 EA Eindhoven | EUR 900,000 | 31,518 | Machinery, equipment, parts and related international trade operation and technical services |
| Marketch International Corporation USA | Nov. 14, 2018 | 4701 WASHINGTON AVE STE L15 RACINE WI 53406-4233,USA | USD 7,500,000 | 22,485 | Handles the business of automated supply system in the semiconductor industry |
| Spiro Technology Systems Inc. | Apr. 2, 2008 | 80 Tanforan Ave. Ste. 10 South San Francisco CA 94080 | USD 19,982 | 569 | General international trade |
| Shanghai Maohua Electronics Engineering Co.,Ltd. | Apr. 21, 1998 | No.36,Alley2777,JinxiuRd(E),Pudong,Shanghai,P.R.C 20120, China | USD 600,000 | 17,088 | Design, installation, adjustment and technical services for scrubber regeneration , pipeline system and relevant facilities used in the semiconductor industry; maintenance of equipments used in the semiconductor industry; technical advices for electronic and medical facilities; wholesaler, commission-based agent, export, import and related support services for electronic products, mechanical equipments, chemical products, communication equipments, metal products and plastic products. |
| MIC-Tech (Shanghai) Co. Ltd. | May 24, 2001 | Area A1-3, 1st Floor, Great Wall Building, No. 333, Futexi First Road, China (Shanghai) (Note 4) | USD 8,241,000 | 234,704 | Semiconductor production, testing equipment and supplies, wholesale of power generation boiler, commission agents, import and export and other related business, boiler warehousing and distribution. international trade, entrepot trade, bonded area trade and agency, business advisory services. |
| Fuzhou Jiwei System Integrated Co., Ltd. | Feb. 27, 2003 | No. B06, 3rd Floor, Fujian Longfu Electrical and Mechanical Wholesale Market, No. 15 Lianjiang South Road, Cangshan District, Fuzhou City, Fujian Province | USD 300,000 | 8,544 | Cleanroom and power system, pipeline system installation and related services. |
| MIC-Tech Electronics Engineering Corp. | Jun 30, 2003 | Room 701-706, No. 36, Lane 2777, Jinxiu East Road, China (Shanghai) Pilot Free Trade Zone | USD 17,619,000 | 501,789 | Mechanical and electrical installation general contracting and sub-contracting, electronic engineering sub-contracting, petrochemical pipeline installation sub-contracting, pipeline sub-contracting and provide maintenance service at the end of project, related engineering consultation services. |
| MIC-Tech (WuXi) Co., Ltd. | May 16, 2001 | No. 11, Xin Xi Road, Wuxi High-Tech Industrial Development Zone, Jiangsu Province | USD 25,500,000 | 726,240 | Mechanical and electrical installation construction engineering construction, chemical oil construction engineering construction, municipal public construction construction construction, construction decoration decoration construction engineering construction, construction intelligent construction engineering professional construction, electronic construction engineering professional construction, and related technical services and technical consultation. Construction equipment, building materials, electronic products, |

| Company Name | Date of establishment | Address | Paid in capital | | Main businesses or production |
|---|-----------------------|--|-------------------|--------------------|--|
| | | | Original currency | NTD (in thousands) | |
| | | | | | chemical products, metal products, electrical equipment, communication equipment wholesale, commission agents and import and export, and provide related supporting services |
| MIC-Tech China Trading (Shanghai) Co., Ltd. | Mar 21, 2013 | Room 517, No. 8 Huajin Road, Shanghai Wai Gao Qiao Free Trade Zone | USD 1,500,000 | 42,720 | Petrochemical products (except hazardous chemicals, precursor chemicals and specialty chemicals), semiconductors, testing equipments and supplies, solar equipment and supplies, wholesale of power generation boilers, commission agents, import and export and other related services, international trade, entrepot trade, trade and agent within the bonded area, trade advisory services. |
| MICT International Limited | Dec. 14, 2007 | National Guard Center, 151 Gloucester Road, Wanchai, Hong Kong | USD 9,000,000 | 256,320 | Engaged in holdings and reinvestment |
| Integrated Manufacturing & Services Co., Ltd. | Oct. 22, 2008 | Huolong Industry Park, Sijia Town, Haimen, Nantong, Jiangsu, China (No. 60, Sizu , Liantong Village) | USD 7,000,000 | 199,360 | To develop and produce equipments specially designed for the production of solar energy battery; key components of large screen color projection displays such as optical engines, light sources, projection screens, high resolution projection tubes and LCOS modules; new electronic components; and cleaning and regeneration services. |
| Frontken MIC Co.,Limited | Dec. 28, 2007 | Rm 1401, The Centre Mark, 287-299 Queen's Road Central, Hong Kong | USD 2,337,608 | 66,575 | Engaged in holdings and reinvestment |
| Frontken MIC (WuXi) Co. Ltd | Oct. 31, 2008 | No. 11, Xinxi Road, Wuxi National High-Technology Industrial Development Zone, Jiansu | USD 2,308,000 | 65,732 | To clean equipments specialized for semiconductor components and integrated circuit. To clean parts and wafers of specific components, integrated circuits and micro-components of semiconductor devices. To develop semiconductor cleaning technology. |
| eZoom Information, Inc. | Nov. 20, 1996 | 6F-3, No. 3-2, Yuanqu Street, Nangang District, Taipei | NTD 200,000,000 | 200,000 | Research and development, buying and selling and consultation of information system software and hardware |
| Smart Health Corp. | Oct. 22, 2019 | 10F-2, No. 3-2, Yuanqu Street, Nangang District, Taipei | NTD 500,000 | 500 | Smart health consulting service and investment. |
| ADAT Technology Co., LTD. | Oct. 19, 2017 | 6F, No. 3-2, Yuanqu Street, Nangang District, Taipei | NTD 130,881,870 | 130,882 | Software research and development, application and services; electronic information provisioning and equipment sales |

Note 1: All affiliated companies should be disclosed regardless of size.

Note 2: For all affiliated companies that have factories and the sales revenue exceeds ten percent of the mother company, the names, founding dates, address and the main products should be listed.

Note 3: If the affiliated companies are foreign, the names and addresses can be presented in English. The founding dates can be shown in AD date, and the paid in capital should be converted by using the official currency conversion rate.

Note 4: The address is the actual business address.

1.1.3.Shareholders in commonand Its Subsidiaries with Deemed Control and Subordination:
Unit: NTD in thousands; shares: %

Unit: NTD in thousands, shares: %

| Presumed reasons | Name (Note 1) | Shareholding (Note 2) | | Date of establishment | Address | Paid in Capital | Main areas of business |
|------------------|---------------|-----------------------|--------------|-----------------------|---------|-----------------|------------------------|
| | | Shares | Share ratios | | | | |
| | | Not applicable | | | | | |

Note 1: Fill in the corporate name if the corporate shareholder is the same. Fill in the individual name if the individual shareholder is the same. For individual shareholders, only fill in the presumed reasons, name and the shares in holding.

Note 2: Fill in the shareholding information of the shareholder in the controlling company.

1.1.4. Businesses covered by the overall affiliation

(1) Industries covered by the company and the subsidiaries

- (1.1) Sales and service of high-tech equipment and materials: MIC provides sales, distribution, service and technical support for process and factory management infrastructure for high-tech industries such as semiconductor manufacturing and photo-electronics, as well as the associated materials, chemicals and parts/components.
- (1.2) Automatic supplying systems: MIC provides planning, design, construction, supervision, installation, testing, operating consultation and warranty service for gas supply, automatic chemical feeding system, special gas and factory monitoring systems for high-tech industry facilities such as those in semiconductor manufacturing, photo-electronics and biochemical and pharmaceutical companies.
- (1.3) Total Facility Engineering Turnkey Project: for this part, MIC provides service for turn-key projects for high-tech industry facilities such as those in semiconductor manufacturing, photo-electronics and biochemical and pharmaceutical companies from electrical system, clean room, factory peripherals to process equipment. Also, MIC is known for the integration of electrical systems in, for example, petrochemical compound, traditional industry facilities and smart buildings.
- (1.4) R&D and manufacturing of customized equipment: MIC designs and builds automatic factory and process equipment to the needs of clients in semiconductor manufacturing, photo-electronics and other high-tech industries as well as traditional industries.

(2) Business dealings and division of labor between the subsidiaries:

The company and its subsidiaries that it deals business with are involved in high-technology products related sales agent activities and services, factory affairs, production and system integration services and equipment production. The companies have adopted division of work based on their specialization in terms of their cooperation: The Company is responsible for the expansion of domestic and foreign market and related services as well as the overall operational planning, control, execution and technical instructions for its subsidiaries; eZoon aims to build ICT and cloud computation integrated technology as its core competitiveness, integrate the Group business and sources, and collaborate with the Group to conduct a comprehensive marketing in order to maximize the overall effectiveness and to expand business opportunity. Marketch Integrated Pte. Ltd., Marketch International Sdn. Bhd., Mic-Tech Viet Nam Co., Ltd., Hoa Phong Marketch Co., Ltd., Marketch Intergrated Construction Co., Ltd. and Marketch Integrated Manufacturing Company Limited are responsible not only for developing the South-East Asia market, but also for constructing pipelines required for Semiconductor and general industry customers in Mainlander China to expand their production capacity and the production, installation and maintenance of equipments. Marketch International Corporation USA is mainly responsible for market business development, equipment manufacturing installation and maintenance services in the US, Spiro Technology Systems Inc. is mainly responsible for the procurement of customized equipment components in the Americas, and Marketch Netherlands B.V. takes the same responsibility as MICU but services in the European market. Besides, they also support the engineering of factory affair systems required for customers in the Greater China region to

build plants. MIC-Tech (Shanghai) Co. Ltd., Wuxi Qihua Electronic Technology Co., Ltd., Wuxi Hanhua Electronic Technology Co., Ltd., Shanghai Maohua Electronics Engineering Co.,Ltd. , Ltd., MIC-Tech Electronics Engineering Corp., Fuzhou Jiwei System Technology Co., Ltd. and Electrical Engineering Design Co., Ltd., , Integrated Manufacturing & Services Co., Ltd., Frontken MIC (Wuxi) Co., Ltd., Frontken MIC Co. Limited and MIC-Tech China Trading (Shanghai) Co., Ltd. are responsible for expanding the market of the Greater China region. These companies are specialized in fields of sales agent activities, equipment production, installation and maintenance, and factory affair system engineering for chemicals used to satisfy the domestic market of the Greater China. To respond to the demand of Korea's semiconductor and TFT industries, MIC-Tech Global Corp. is appointed to expand the East Asia market. ADAT Technology CO., LTD. is mainly responsible for investing in the research and development of AI and AR products and entering the market of high-end maintenance services. Smart Health Corp. is mainly responsible for smart medical consulting services and enters the medical market. The parent company and the subsidiaries provide complementary synergy through distribution of regional resources and the integrated support.

1.1.5. Information of directors, supervisors and general manager of all subsidiaries

Unit: Doller; shares: %
December 31, 2020

| Company Name | Title | Name or representative | Shareholding (Note 2 and 3) | |
|---|---|--|---|---------------------|
| | (Note 1) | | Number of shares or capital contributions | Shareholding ratios |
| Marketch Integrated Pte. Ltd. | Chairman Director Director | Corporate representatives Sung Kao Hsin-Ming Scott Lin Loo Lam Huat | SGD 10,085,678 | 100% |
| Market Go Profits Ltd. | Director Director | Corporate representatives Sung Kao Hsin-Ming Scott Lin | USD 41,069,104 | 100% |
| Headquarter International Ltd. | Director Director | Corporate representatives Sung Kao Hsin-Ming Scott Lin | USD 1,289,367 | 100% |
| Tiger United Finance Ltd. | Director Director | Corporate representatives Sung Kao Hsin-Ming Scott Lin | USD 1,410,367 | 100% |
| MIC-Tech Global Corp. | Director Director Director Supervisor General Manager | Corporate representatives Sung Kao Hsin-Ming Scott Lin Pu Zhen-Hao Li Yi-Jung Pu Zhen-Hao | KRW 657,800,000 | 100% |
| MIC-Tech Viet Nam Co.,Ltd. | General manager | Corporate representatives Sung Kao Hsin-Ming | USD 3,700,000 | 100% |
| Marketch Co., Ltd. | General manager | Corporate representatives Sung Kao Hsin-Ming | USD 2,400,000 | 100% |
| Marketch Engineering Pte.Ltd. | Director Director Director | Corporate representatives Sung Kao Hsin-Ming Scott Lin Loo Lam Huat | SGD 937,533 | 100% |
| Marketch Integrated Manufacturing Company Limited | Director Director | Corporate representatives Sung Kao Hsin-Ming Scott Lin | USD 15,356,000 | 100% |

| Company Name | Title | Name or representative | Shareholding (Note 2 and 3) | |
|--|--|---|---|---------------------|
| | (Note 1) | | Number of shares or capital contributions | Shareholding ratios |
| MIC-Tech Ventures Asia Pacific Inc. | Director Director | Subsidiary- Market Go Profits Ltd. Corporate representatives Sung Kao Hsin-Ming Scott Lin | USD 40,966,604 | 100% |
| Marketch Integrated Construction Co., Ltd. | Director Director | Subsidiary- Marketch Enginnering Pte.Ltd. Corporate representatives Sung Kao Hsin-Ming Scott Lin | USD 635,000 | 97.69% |
| Marketch International Sdn.Bhd. | Director Director Director Director Director | Corporate representatives Sung Kao Hsin-Ming Scott Lin Ma Kuo-peng Individual representative Mohd Salleh Bin Mohamad Siti Zaleha Binti Mohd Salim | MYR 12,242,750 | 100% |
| Russky H.K. Limited | Director Director | Subsidiary- MIC-Tech Ventures Asia Pacific Inc. Corporate representatives Sung Kao Hsin-Ming Scott Lin | USD 833,000 | 100% |
| Frontken MIC Co. Limited | Director Director | Subsidiary MIC-Tech Ventures Asia Pacific Inc. Corporate representatives Sung Kao Hsin-Ming Scott Lin | USD 1,013,200 | 100% |
| PT Marketch International Indonesia | Director Supervisor | Corporate representatives Sung Kao Hsin-Ming Scott Lin | USD 1,200,000 | 100% |
| Marketch Netherlands B.V. | Director Director Director | Corporate representatives Sung Kao Hsin-Ming Scott Lin Ma Kuo-peng | EUR 900,000 | 100% |
| Marketch International Corporation USA | Director | Corporate representatives Sung Bing-Zhong | USD 750,000 | 100% |
| Spiro Technology Systems Inc. | Director Director Director Manager | Corporate representatives Sung Kao Hsin-Ming Scott Lin Sung Bing-zhong Sung Bing-zhong | USD 19,982 | 100% |

| Company Name | Title | Name or representative | Shareholding (Note 2 and 3) | |
|--|---|--|---|---------------------|
| | (Note 1) | | Number of shares or capital contributions | Shareholding ratios |
| Shanghai Maohua Electronics Engineering Co.,Ltd. | Chairman Director Director Supervisor Manager Director Director | Subsidiary- Russky H.K. Limited corporate representatives Sung Kao Hsin-Ming Ma Kuo-peng Scott Lin Li Yi-Jung Sung Kao Hsin-Ming Corporate representatives from other firms Shouhei Fukaya Osamu Watanabe | USD 803,000 | 87% |
| MIC-Tech (Shanghai) Corp. Ltd. | Chairman Director Director Supervisor Manager | Subsidiary- MIC-Tech Ventures Asia Pacific Inc. corporate representative Sung Kao Hsin-Ming Scott Lin Ma Kuo-peng Li Yi-Jung Sung Kao Hsin-Ming | USD 8,241,000 | 100% |
| Fuzhou Jiwei System Integrated Co., Ltd. | Chairman Director Director Manager | Subsidiary- MIC-Tech Ventures Asia Pacific Inc. corporate representatives Sung Kao Hsin-Ming Ma Kuo-peng Scott Lin Sung Kao Hsin-Ming | USD 300,000 | 100% |
| MIC-Tech Electronics Engineering Corp. | Chairman Director Director | Subsidiary- MIC-Tech Ventures Asia Pacific Inc corporate representatives Sung Kao Hsin-Ming Ma Kuo-peng Scott Lin | USD 17,619,000 | 100% |
| MIC-Tech(WuXi) Co., Ltd. | Chairman Director Director Supervisor General manager | Subsidiary- MIC-Tech Ventures Asia Pacific Inc corporate representatives Sung Kao Hsin-Ming Ma Kuo-peng Scott Lin Li Yi-Jung Sung Kao Hsin-Ming | USD 25,500,000 | 100% |

| Company Name | Title | Name or representative | Shareholding (Note 2 and 3) | |
|---|---|---|---|---------------------|
| | (Note 1) | | Number of shares or capital contributions | Shareholding ratios |
| MIC-Tech China Trading (Shanghai)Co., Ltd | Chairman Director Director Supervisor General manager | Subsidiary MIC-Tech Ventures Asia Pacific Inc. Corporate representatives Sung Kao Hsin-Ming Scott Lin Ma Kuo-peng Li Yi-Jung Scott Lin | USD 1,500,000 | 100% |
| MICT International Limited | Director Director Director | Subsidiary MIC-Tech Ventures Asia Pacific Inc. Corporate representatives Sung Kao Hsin-Ming Scott Lin corporate representatives from other firms Wu Jintiao | USD 4,296,716 | 100% |
| Integrated Manufacturing & Services Co., Ltd. | Chairman Director Director Supervisor Manager | Subsidiary MICT International Limited Corporate representatives Hou Fu-Jia Sung Kao Hsin-Ming You Zheng-Cun Scott Lin Lin Zhi-fu | USD 4,296,716 | 100% |
| Frontken MIC(WuXi) Co. Limited | Chairman Director Director Director Supervisor Manager | Subsidiary Frontken MIC Co. Limited Corporate representative Sung Kao Hsin-Ming Scott Lin Ma Kuo-peng Hee Kok Hiong Li Yi-Jung Hou Fu-Jia | USD 1,013,200 | 100% |
| eZoom Information, Inc. | Chairman Director Director Director Supervisor | Corporate representatives Scott Lin Sung Kao Hsin-Ming Sung Bing-zhong Li Yi-Jung Ma Kuo-peng | 20,000,000 shares | 100% |
| Smart Health Corp. | Chairman Supervisor | Corporate representatives Sung Kao Hsin-Ming Sung Li Yi-Jung | 500,000 shares | 100% |
| ADTA Technology Co., LTD | Chairman Director Supervisor Director | Corporate representatives Scott Lin Sung Kao Hsin-Ming Li Yi-Jung corporate representatives from other firms Su Kai-hung | 3,500,000 shares | 100% |

Note 1: If the affiliated company is a foreign firm, list the person with the corresponding title.

Note 2: If the invested firm is a limited company, please fill in the number of shares and the shareholding ratios. For others, please fill in the paid in capital and the contribution ratio and provide explanation notes.

Note 3: When the directors and the supervisors are corporates, the related information of the representatives should be disclosed.

(2) Operation profile of subsidiaries

(2.1) Financial position and operating results of the affiliated companies

Unit: NTD in thousands

| Company Name | Capital | Total assets | Total liabilities | Net worth | Operating income | Operating (loss) gain | (Loss) gain of the period (after tax) | Earning per share (loss) (NTD) (after tax) |
|--|-----------|--------------|-------------------|-----------|------------------|-----------------------|---------------------------------------|--|
| Marketech Integrated Pte. Ltd. | 217,447 | 122,005 | 159,186 | (37,181) | 168,468 | (8,956) | (5,107) | - |
| Market Go Profits Ltd. | 1,169,648 | 1,386,248 | - | 1,386,248 | - | (140) | 142,606 | - |
| Headquarter International Ltd. | 36,721 | 35,492 | 163 | 35,329 | 2,033 | (106) | (471) | - |
| Tiger United Finance Ltd. | 40,167 | 34,780 | 466 | 34,314 | 2,388 | 62 | (495) | - |
| MIC-Tech Global Corp. | 17,392 | 23,891 | 11,310 | 12,581 | 256,399 | 9,183 | 5,825 | - |
| MIC-Tech Viet Nam Co., Ltd. | 105,376 | 128,732 | 42,945 | 85,787 | 36,846 | (2,001) | (1,948) | - |
| Marketech Co., Ltd. | 68,352 | 18,769 | 2,018 | 16,751 | 13,043 | (9,890) | (10,094) | - |
| Marketech Engineering Ptd. Ltd. | 20,213 | 2,215 | 84 | 2,131 | - | (175) | (6,870) | - |
| MIC-Tech Ventures Asia Pacific Inc. | 1,166,729 | 1,384,908 | 65 | 1,384,843 | 177,125 | 16,326 | 142,746 | - |
| Marketech International Sdn.Bhd. | 83,122 | 91,343 | 34,003 | 57,340 | 57,615 | (1,172) | (1,814) | - |
| Marketech Integrated Construction Co., Ltd. | 18,512 | 6,050 | 4,804 | 1,246 | 14,237 | (6,700) | (6,909) | - |
| Marketech Integrated Manufacturing Company Limited | 437,339 | 372,532 | 15,784 | 356,748 | - | (39,153) | (39,014) | - |
| Rusky H.K. Limited | 23,724 | 2,650 | 3,284 | (634) | - | (44) | 11,055 | - |
| Frontken MIC Co. Limited | 66,575 | 5,002 | - | 5,002 | - | - | (193) | - |
| PT Marketech International Indonesia | 34,176 | 33,163 | - | 33,163 | - | (520) | 223 | - |
| Marketech Netherlands B.V. | 31,518 | 13,479 | 936 | 12,543 | 6,042 | (7,181) | (7,181) | - |
| Marketech International Corporation USA | 21,360 | 41,837 | 30,108 | 11,729 | 144,139 | (3,722) | (4,469) | - |
| Spiro Technology Systems Inc. | 569 | 25,804 | 4,421 | 21,383 | 16,529 | (1,170) | (1,758) | - |
| Shanghai Maohua Electronics Engineering Co.,Ltd. | 17,088 | 281,243 | 285,017 | (3,774) | 380,950 | 22,080 | 12,753 | - |
| MIC-Tech (Shanghai) Corp. Ltd. | 234,704 | 856,120 | 358,504 | 497,616 | 2,095,701 | 173,922 | 112,451 | - |
| Fuzhou Jiwei System Integrated Co., Ltd. | 8,544 | 400 | 2,210 | (1,810) | 424 | (153) | (254) | - |
| MIC-Tech Electronics Engineering Corp. | 501,789 | 2,376,507 | 1,839,115 | 537,392 | 3,033,520 | 53,918 | 20,178 | - |
| MIC-Tech(WuXi) Co., Ltd. | 726,240 | 483,838 | 465,562 | 18,276 | 537,751 | 9,167 | (18,272) | - |
| MIC-Tech China Trading (Shanghai)Co., Ltd | 42,720 | 58,209 | 25,352 | 32,857 | 112,701 | 15,159 | 13,605 | - |
| MICT International Limited | 256,320 | 61,936 | - | 61,936 | - | (10) | (23,808) | - |
| Integrated Manufacturing & Services Co., Ltd. | 199,360 | 68,568 | 6,636 | 61,932 | 21,137 | (22,895) | (23,798) | - |
| Frontken MIC (WuXi) Co. Ltd | 65,732 | 4,983 | - | 4,983 | - | (25) | (194) | - |
| eZoom Information, Inc. | 200,000 | 134,528 | 34,649 | 99,879 | 145,881 | (31,184) | (20,255) | (1.01) |
| ADAT Technology Co., LTD | 130,882 | 98,312 | 4,692 | 93,620 | 9,257 | (38,794) | (38,769) | (2.96) |
| Smart Health Corp. | 500 | 476 | - | 476 | - | (69) | (67) | (1.34) |

Note 1: If any of the above affiliated companies is foreign, the number should be presented in NTD using the currency exchange rate of the report date.

Note 2: Earnings (loss) per share is calculated based on the number of shares outstanding of each company on December 31, 2020.

1.2 The consolidated financial statements of affiliated companies: In 2020, The companies that should be included in the consolidated financial reports of affiliated companies based on "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" and the companies that should be included in the consolidated financial reports of subsidiaries based on "Consolidated and separate financial statements" of International Accounting Standards Section 27 are the same. The related information that should be disclosed in the consolidated financial statements of affiliated companies are also already disclosed in the consolidated financial reports for subsidiaries, so that the consolidated financial statements of affiliated companies will not be published separately. Please refer to the consolidated reports of this annual report.

1.3 Affiliation report: Not applicable.

2.Private Placement Securities in the most recent fiscal year and during the current fiscal year up to the date of printing of the annual report: None.

3.The Shares in the Company Held or Disposal of by subsidiaries in the most recent fiscal year and during the current fiscal year up to the date of printing of the annual report: None.

4.Other Disclosures : None.

Part 9 Any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act of Taiwan, which might materially affect Shareholders' Equity or the price of the Company Securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report: None.

**MARKETECH INTERNATIONAL CORP.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2020 AND 2019**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

Marketch International Corp.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2020, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the company that is required to be included in the consolidated financial statements of affiliates, is the same as the company required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard 10. Also, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,
Marketch International Corp.
Margaret Kao
February 26, 2021

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of Marketch International Corp.

Opinion

We have audited the accompanying consolidated balance sheets of Marketch International Corp. and its subsidiaries (the "Group") as at December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

For the year ended December 31, 2020, we conducted our audit in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China (ROC GAAS). For the year ended December 31, 2019, we conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, the Financial Supervisory Commission (FSC) Jin-Guan-Zheng-Shen-Zi Order No. 1090360805 issued on February 25, 2020, and ROC GAAS. 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 Accountants in 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 judgement, 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, we do not provide a separate opinion on these matters.

Key audit matters on the consolidated financial statements for the year ended December 31, 2020 were as follows:

Recognition of construction contract revenue

Description

Refer to Note 4(28) for accounting policy on construction contract revenue, Note 5(2) for the details of uncertainty of construction contract accounting estimation and assumptions, and Notes 6(18) and 6(4) for description on construction contract revenue and construction contract cost.

The Group recognized revenue and profit by using the percentage of completion method. This method is also being used to calculate the cost for each contract at year-end. Management will re-evaluate the cost if the budget had increased or decreased, and depending on the cost after adjustment, the percentage of completion will be recalculated. The construction contract revenue may be affected by the appropriateness of determination of cost and estimated cost. Thus, we considered this as one of the key audit matters.

How our audit addressed the matter

We tailored the major audit scope as follows:

- A. Obtained an understanding of the management's control system and determined whether the contract had been created or significantly changed with respect to estimated cost.
- B. Obtained the newly added construction contract list for this fiscal year, and ensured that the total contract price is equal to the amount being used to calculate construction contract revenue. Ensured that any additional construction supplement can be traced back to supplementary contracts.
- C. Checked the construction costs incurred estimation sheets in the current period, and sampled the basis of estimation and subcontract amount, and ensured that it has been approved appropriately by the management.
- D. Checked the rationality of significant changes in the estimation of construction cost, and sample tested whether the revised plan had been approved by the management.
- E. Obtained the billing details and selected samples of related vouchers by using statistical procedure to check the correctness of input cost in engineering reports and computation of percentage of completion.

Valuation of inventories

Description

Refer to Note 4(11) for description of accounting policy on inventory valuation, Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(4) for description on inventory.

The Group is primarily engaged in the import and export trading business, which include integrated circuit, electronic equipment, as well as materials and components used on electronic equipment. Due to the rapid technological changes, the semiconductor equipment industry has become more and more competitive, and the product price frequently changes. Therefore, the Group is now exposed to risk on inventory valuation loss and slow-moving inventory. Inventories are stated at the lower of cost or net realizable value, and the specific identification method is used to estimate the allowance for inventory valuation loss on slow-moving inventories.

The base stock of inventories is based on assumptions of future demand and development plan. Due to the large quantity of inventories for sale, and since the amounts involved are significant, the determination of net realizable value for obsolete or slow-moving inventory involves subjective judgement resulting in high degree of estimation uncertainty. As a result of the high uncertainties in these estimates, we considered this as one of the key audit matters.

How our audit addressed the matter

We tailored the major audit scope as follows:

- A. Assessed the policy on allowance for inventory valuation loss based on our understanding of the operations and industry of the Group.
- B. Tested whether the basis of market value used in calculating the net realizable value of inventory is consistent with the policy of the Group and validated selling prices of selected samples of respective inventory and their accuracy of net realizable value calculation.
- C. Acquired management's individually identified out-of-date inventory list, inspected the related supporting documents and proper recognition in the financial statements.

Valuation of loss allowance for accounts receivable

Description

Refer to Note 4(8) for accounting policy on accounts receivable, Note 5(2) for accounting estimates and assumption uncertainty in relation to loss allowance of accounts receivable, and Note 6(3) for the details of accounts receivable.

The Group assesses the significant accounts receivable individually, and for those that are not significant, are assessed either individually or collectively. If there is no impairment after individual assessment, then the group of accounts receivable will be added for collective assessment. If the accounts receivable over a certain age is significant, the management will re-examine the collectability and assess each case for possible impairment. Management uses professional judgement during the process, and accounting estimates have a high possibility of becoming inappropriate. The professional judgement may be affected by several factors, such as customer's financial status, internal credit rating, order history, and economic situation. Accordingly, obtaining the supporting documents which management used for judgement is important. Thus, we considered the assessment on loss allowance of accounts receivable as one of our key audit matters.

How our audit addressed the matter

We tailored the major audit scope as follows:

- A. Obtained an understanding of the process which management used to evaluate the collectability of accounts receivable.
- B. Ensured that the classification of impairment in the group of accounts receivable is appropriate and in accordance with the Group's accounting policy.
- C. Checked the details of significant impairment recognized by the management against the supporting documents to verify appropriateness.
- D. Verified the subsequent collection details of significant accounts receivable.
- E. Obtained the details of significant accounts receivable which have not yet been collected at year end, and re-evaluated the appropriateness.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Marketch International Corp. as at and for the years ended December 31, 2020 and 2019.

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 International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, 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 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 ROC GAAS 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 ROC GAAS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:



資誠

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 appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit, and for forming an audit opinion on the parent company only financial statements.

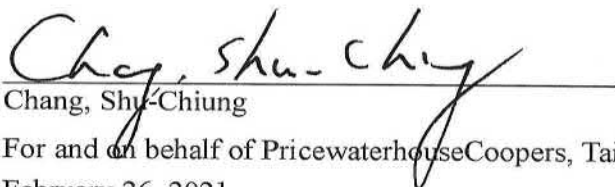
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

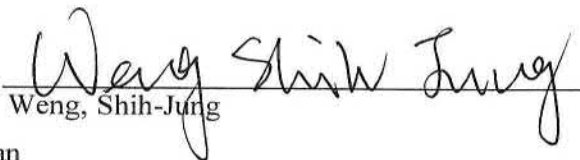


資誠

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


Chang, Shih-Chiung
For and on behalf of PricewaterhouseCoopers, Taiwan

February 26, 2021


Weng, Shih-Jung

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent auditors are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

| Assets | | Notes | December 31, 2020 | | December 31, 2019 | | | |
|--------------------|---|---------------|-------------------|------------|-------------------|----|------------|-----|
| | | | AMOUNT | % | AMOUNT | % | | |
| Current assets | | | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ | 2,992,379 | 15 | \$ | 2,560,943 | 13 |
| 1110 | Financial assets at fair value through profit or loss - current | 6(2) | | 140,684 | 1 | | 63,303 | |
| 1140 | Current contract assets | 6(18) | | 5,306,618 | 26 | | 4,095,623 | 21 |
| 1150 | Notes receivable, net | 6(3) | | 50,671 | - | | 157,693 | 1 |
| 1170 | Accounts receivable, net | 6(3) | | 3,679,707 | 18 | | 4,805,637 | 25 |
| 1180 | Accounts receivable - related parties, net | 6(3) and 7 | | 150,311 | 1 | | 229,575 | 1 |
| 1200 | Other receivables | | | 14,002 | - | | 10,542 | - |
| 130X | Inventories, net | 6(4) | | 2,852,312 | 14 | | 3,114,071 | 16 |
| 1410 | Prepayments | 6(5) | | 574,914 | 3 | | 361,171 | 2 |
| 1470 | Other current assets | 8 | | 251,748 | 1 | | 236,465 | 1 |
| 11XX | Total current assets | | | 16,013,346 | 79 | | 15,635,023 | 80 |
| Non-current assets | | | | | | | | |
| 1510 | Financial assets at fair value through profit or loss - non-current | 6(2) | | 535,283 | 3 | | 527,163 | 3 |
| 1550 | Investments accounted for using equity method | 6(6) | | 98,570 | - | | 80,640 | - |
| 1600 | Property, plant and equipment, net | 6(7), 7 and 8 | | 2,223,383 | 11 | | 2,211,675 | 11 |
| 1755 | Right-of-use assets | 6(8) | | 1,004,862 | 5 | | 971,068 | 5 |
| 1780 | Intangible assets | 7 | | 52,792 | - | | 16,695 | - |
| 1840 | Deferred tax assets | 6(22) | | 170,699 | 1 | | 152,169 | 1 |
| 1900 | Other non-current assets | 6(6) and 8 | | 162,488 | 1 | | 58,445 | - |
| 15XX | Total non-current assets | | | 4,248,077 | 21 | | 4,017,855 | 20 |
| 1XXX | Total Assets | | \$ | 20,261,423 | 100 | \$ | 19,652,878 | 100 |

(Continued)

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

| Liabilities and Equity | | | December 31, 2020 | | December 31, 2019 | | | | | |
|-------------------------|--|------------|-------------------|------------|-------------------|--------|------------|----------|---|----|
| | | | Notes | AMOUNT | % | AMOUNT | % | | | |
| Current liabilities | | | | | | | | | | |
| 2100 | Short-term borrowings | 6(9) and 8 | \$ | 1,474,800 | 7 | \$ | 3,048,408 | 15 | | |
| 2130 | Current contract liabilities | 6(18) | | 3,244,815 | 16 | | 3,495,529 | 18 | | |
| 2150 | Notes payable | | | 1,152,035 | 6 | | 951,202 | 5 | | |
| 2160 | Notes payable - related parties | 7 | | 3,897 | - | | 3,272 | - | | |
| 2170 | Accounts payable | | | 4,098,314 | 20 | | 4,228,076 | 22 | | |
| 2180 | Accounts payable - related parties | 7 | | 5,532 | - | | 8,100 | - | | |
| 2200 | Other payables | 6(10) | | 651,328 | 3 | | 509,591 | 3 | | |
| 2230 | Current tax liabilities | | | 165,237 | 1 | | 97,851 | - | | |
| 2280 | Current lease liabilities | | | 106,385 | - | | 107,955 | 1 | | |
| 2310 | Advance receipts | | | 123,228 | 1 | | 39,092 | - | | |
| 2399 | Other current liabilities | | | 107,082 | 1 | | 98,364 | - | | |
| 21XX | Total current liabilities | | | 11,132,653 | 55 | | 12,587,440 | 64 | | |
| Non-current liabilities | | | | | | | | | | |
| 2530 | Bonds payable | 6(11) | | 1,455,438 | 7 | | - | - | | |
| 2540 | Long-term borrowings | 6(12) | | 200,000 | 1 | | 200,000 | 1 | | |
| 2570 | Deferred tax liabilities | 6(22) | | 51,303 | - | | 19,383 | - | | |
| 2580 | Non-current lease liabilities | | | 874,040 | 5 | | 833,369 | 4 | | |
| 2640 | Net defined benefit liability - non-current | 6(13) | | 178,133 | 1 | | 170,165 | 1 | | |
| 2670 | Other non-current liabilities | 6(6) | | 3,473 | - | | 4,553 | - | | |
| 25XX | Total non-current liabilities | | | 2,762,387 | 14 | | 1,227,470 | 6 | | |
| 2XXX | Total Liabilities | | | 13,895,040 | 69 | | 13,814,910 | 70 | | |
| Equity | | | | | | | | | | |
| | Share capital | 6(15) | | | | | | | | |
| 3110 | Ordinary shares | | | 1,872,192 | 9 | | 1,868,400 | 10 | | |
| | Capital surplus | 6(14)(16) | | | | | | | | |
| 3200 | Capital surplus | | | 1,029,109 | 5 | | 982,882 | 5 | | |
| | Retained earnings | 6(17) | | | | | | | | |
| 3310 | Legal reserve | | | 841,627 | 4 | | 771,326 | 4 | | |
| 3320 | Special reserve | | | 170,247 | 1 | | 92,239 | 1 | | |
| 3350 | Unappropriated retained earnings | | | 2,526,327 | 13 | | 2,255,413 | 11 | | |
| | Other equity interest | | | | | | | | | |
| 3400 | Other equity interest | | (| 167,098) | (| 1) | (| 170,247) | (| 1) |
| 31XX | Total equity attributable to owners of parent | | | 6,272,404 | 31 | | 5,800,013 | 30 | | |
| 36XX | Non-controlling interests | 4(3) | | 93,979 | - | | 37,955 | - | | |
| 3XXX | Total Equity | | | 6,366,383 | 31 | | 5,837,968 | 30 | | |
| | Significant contingent liabilities and unrecognised contract commitments | 9 | | | | | | | | |
| | Significant events after the balance sheet date | 11 | | | | | | | | |
| 3X2X | Total Liabilities and Equity | | \$ | 20,261,423 | 100 | \$ | 19,652,878 | 100 | | |

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

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

| Items | | Notes | Year ended December 31, | | | |
|-------|--|----------------|-------------------------|----------|-------------------|----------|
| | | | 2020 | | 2019 | |
| | | | AMOUNT | % | AMOUNT | % |
| 4000 | Operating Revenue | 6(18) and 7 | \$ 25,119,857 | 100 | \$ 24,182,681 | 100 |
| 5000 | Operating Costs | 6(4)(21) and 7 | (22,019,515) | (88) | (21,615,702) | (89) |
| 5900 | Gross Profit | | 3,100,342 | 12 | 2,566,979 | 11 |
| | Operating Expenses | 6(21) | | | | |
| 6100 | Sales and marketing expenses | | (609,897) | (2) | (654,881) | (3) |
| 6200 | General and administrative expenses | | (929,473) | (4) | (857,743) | (3) |
| 6300 | Research and development expenses | | (184,401) | (1) | (220,168) | (1) |
| 6450 | Impairment on expected credit loss | 12(2) | (175,073) | (1) | (14,849) | - |
| 6000 | Total operating expenses | | (1,898,844) | (8) | (1,747,641) | (7) |
| 6900 | Operating Profit | | 1,201,498 | 4 | 819,338 | 4 |
| | Non-operating Income and Expenses | | | | | |
| 7100 | Interest income | | 9,227 | - | 10,125 | - |
| 7010 | Other income | 6(19) | 65,680 | - | 85,560 | - |
| 7020 | Other gains and losses | 6(2)(20) | (60,139) | - | 55,485 | - |
| 7050 | Finance costs | | (67,326) | - | (84,370) | - |
| 7060 | Share of profit of associates and joint ventures accounted for using equity method | | 810 | - | 4,883 | - |
| 7000 | Total non-operating income and expenses | | (51,748) | - | 71,683 | - |
| 7900 | Profit before Income Tax | | 1,149,750 | 4 | 891,021 | 4 |
| 7950 | Income tax expense | 6(22) | (274,248) | (1) | (221,901) | (1) |
| 8200 | Net Income | | <u>\$ 875,502</u> | <u>3</u> | <u>\$ 669,120</u> | <u>3</u> |

(Continued)

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

| | Items | Notes | Year ended December 31, | | | |
|------|--|-------|-------------------------|----------|-------------------|----------|
| | | | 2020 | | 2019 | |
| | | | AMOUNT | % | AMOUNT | % |
| | Other Comprehensive Income | | | | | |
| 8311 | Losses on remeasurements of defined benefit plans | 6(13) | (\$ 10,884) | - | (\$ 10,782) | - |
| 8349 | Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | 6(22) | 2,155 | - | 2,157 | - |
| 8310 | Other comprehensive loss that will not be reclassified to profit or loss | | (8,729) | - | (8,625) | - |
| | Components of other comprehensive income that will be reclassified to profit or loss | | | | | |
| 8361 | Exchange differences on translation of foreign operations | | 4,274 | - | (37,108) | - |
| 8370 | Share of other comprehensive loss of associates and joint ventures accounted for using equity method | | (343) | - | (451) | - |
| 8399 | Income tax relating to components of other comprehensive income that will be reclassified to profit or loss | 6(22) | (417) | - | 7,329 | - |
| 8360 | Other comprehensive income (loss) that will be reclassified to profit or loss | | 3,514 | - | (30,230) | - |
| 8300 | Other comprehensive loss, net of tax | | (\$ 5,215) | - | (\$ 38,855) | - |
| 8500 | Total Comprehensive Income | | <u>\$ 870,287</u> | <u>3</u> | <u>\$ 630,265</u> | <u>3</u> |
| | Profit (loss) attributable to: | | | | | |
| 8610 | Owners of the parent | | \$ 913,736 | 3 | \$ 703,006 | 3 |
| 8620 | Non-controlling interests | | (38,234) | - | (33,886) | - |
| | Total | | <u>\$ 875,502</u> | <u>3</u> | <u>\$ 669,120</u> | <u>3</u> |
| | Comprehensive income (loss) attributable to: | | | | | |
| 8710 | Owners of the parent | | \$ 908,156 | 3 | \$ 665,065 | 3 |
| 8720 | Non-controlling interests | | (37,869) | - | (34,800) | - |
| | Total | | <u>\$ 870,287</u> | <u>3</u> | <u>\$ 630,265</u> | <u>3</u> |
| 9750 | Basic earnings per share (in dollars) | 6(23) | <u>\$ 4.88</u> | | <u>\$ 3.78</u> | |
| 9850 | Diluted earnings per share (in dollars) | 6(23) | <u>\$ 4.85</u> | | <u>\$ 3.74</u> | |

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

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

| | | Equity attributable to owners of the parent | | | | | | | | | |
|--|---------------|---|---------------------------------|--------------------------|-------------------|-----------------|----------------------------------|---|--------------|---------------------------|--------------|
| | | Capital Reserves | | | Retained Earnings | | | Other Equity Interest | | | |
| | | | | | | | | Financial statement translation differences of foreign operations | | | |
| | Notes | Share capital - ordinary shares | Capital Surplus - share premium | Capital Surplus - others | Legal reserve | Special reserve | Unappropriated retained earnings | | Total | Non-controlling interests | Total equity |
| <u>Year ended December 31, 2019</u> | | | | | | | | | | | |
| | | \$ 1,855,913 | \$ 959,959 | \$ 10,422 | \$ 692,068 | \$ 92,239 | \$ 2,197,064 | (\$ 140,931) | \$ 5,666,734 | \$ 70,569 | \$ 5,737,303 |
| | | - | - | - | - | - | 703,006 | - | 703,006 | (33,886) | 669,120 |
| | | - | - | - | - | - | (8,625) | (29,316) | (37,941) | (914) | (38,855) |
| | | - | - | - | - | - | 694,381 | (29,316) | 665,065 | (34,800) | 630,265 |
| Appropriations and distribution of 2018 retained earnings: | 6(17) | | | | | | | | | | |
| | | - | - | - | 79,258 | - | (79,258) | - | - | - | - |
| | | - | - | - | - | - | (556,774) | - | (556,774) | - | (556,774) |
| Share-based payment | 6(14)(15)(16) | 7,625 | 9,229 | (3,767) | - | - | - | - | 13,087 | - | 13,087 |
| Changes in equity of associates and joint ventures accounted for using equity method | 6(16) | - | - | 42 | - | - | - | - | 42 | - | 42 |
| Conversion of convertible bonds | 6(15)(16)(25) | 4,862 | 7,500 | (503) | - | - | - | - | 11,859 | - | 11,859 |
| Change in non-controlling interests | | - | - | - | - | - | - | - | - | 2,186 | 2,186 |
| Balance at December 31, 2019 | | \$ 1,868,400 | \$ 976,688 | \$ 6,194 | \$ 771,326 | \$ 92,239 | \$ 2,255,413 | (\$ 170,247) | \$ 5,800,013 | \$ 37,955 | \$ 5,837,968 |
| <u>Year ended December 31, 2020</u> | | | | | | | | | | | |
| | | \$ 1,868,400 | \$ 976,688 | \$ 6,194 | \$ 771,326 | \$ 92,239 | \$ 2,255,413 | (\$ 170,247) | \$ 5,800,013 | \$ 37,955 | \$ 5,837,968 |
| | | - | - | - | - | - | 913,736 | - | 913,736 | (38,234) | 875,502 |
| | | - | - | - | - | - | (8,729) | 3,149 | (5,580) | 365 | (5,215) |
| | | - | - | - | - | - | 905,007 | 3,149 | 908,156 | (37,869) | 870,287 |
| Appropriations and distribution of 2019 retained earnings: | 6(17) | | | | | | | | | | |
| | | - | - | - | 70,301 | - | (70,301) | - | - | - | - |
| | | - | - | - | - | 78,008 | (78,008) | - | - | - | - |
| | | - | - | - | - | - | (485,784) | - | (485,784) | - | (485,784) |
| Share-based payment | 6(14)(15)(16) | 3,792 | 4,479 | (2,370) | - | - | - | - | 5,901 | 1,431 | 7,332 |
| Changes in ownership interest in subsidiaries | 6(16) | - | - | 912 | - | - | - | - | 912 | (912) | - |
| Due to recognition of equity component of convertible bonds issued | 6(16) | - | - | 43,206 | - | - | - | - | 43,206 | - | 43,206 |
| Change in non-controlling interests | | - | - | - | - | - | - | - | - | 93,374 | 93,374 |
| Balance at December 31, 2020 | | \$ 1,872,192 | \$ 981,167 | \$ 47,942 | \$ 841,627 | \$ 170,247 | \$ 2,526,327 | (\$ 167,098) | \$ 6,272,404 | \$ 93,979 | \$ 6,366,383 |

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

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

| | | Years ended December 31, | |
|--|---------------|--------------------------|-------------|
| | Notes | 2020 | 2019 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before tax | | \$ 1,149,750 | \$ 891,021 |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Net gain on financial assets at fair value through profit or loss | 6(2)(20) | (39,251) | (97,017) |
| Impairment on expected credit loss | 12(2) | 175,073 | 14,849 |
| Share of profit of associates and joint ventures accounted for using equity method | | (810) | (4,883) |
| Depreciation | 6(7)(8)(21) | 317,411 | 326,822 |
| Amortisation | 6(21) | 20,329 | 15,897 |
| Loss (gain) on disposal of property, plant and equipment | 6(7)(20) | 4,127 | (3,792) |
| Compensation cost of share-based payments | 6(14)(16)(21) | 1,431 | 2,080 |
| Interest income | | (9,227) | (10,125) |
| Interest expense | | 67,325 | 84,370 |
| Dividend income | 6(19) | (16,798) | (13,856) |
| Gain recognised from bargain purchase | 6(24) | (309) | - |
| Changes in operating assets and liabilities | | | |
| Changes in operating assets | | | |
| Contract assets – current | | (1,210,995) | 133,918 |
| Notes receivable, net | | 107,022 | (61,702) |
| Accounts receivable, net | | 976,109 | (749,787) |
| Accounts receivable – related parties, net | | 79,230 | (120,096) |
| Other receivables | | (5,905) | 11,499 |
| Inventories | | 270,620 | 670,780 |
| Prepayments | | (213,537) | 56,109 |
| Other current assets | | (21,209) | 56,060 |
| Changes in operating liabilities | | | |
| Contract liabilities – current | | (250,714) | 175,063 |
| Notes payable | | 200,833 | (79,283) |
| Notes payable – related parties | | 625 | (10,402) |
| Accounts payable | | (152,024) | (6,938) |
| Accounts payable – related parties | | (2,568) | (6,020) |
| Other payables | | 142,541 | (70,666) |
| Advance receipts | | 84,136 | 10,547 |
| Other current liabilities | | 8,719 | 48,657 |
| Other non-current liabilities | | (2,916) | (2,574) |
| Cash inflow generated from operations | | 1,679,018 | 1,260,531 |
| Interest received | | 9,183 | 10,051 |
| Dividends received | | 16,798 | 13,856 |
| Interest paid | | (70,380) | (83,886) |
| Income tax paid | | (188,892) | (224,705) |
| Net cash flows from operating activities | | 1,445,727 | 975,847 |

(Continued)

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

| | | Years ended December 31, | |
|---|-----------|--------------------------|---------------------|
| | Notes | 2020 | 2019 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Acquisition of financial assets at fair value through profit or loss - non-current | | (\$ 58,303) | (\$ 84,945) |
| Proceeds from disposal of financial assets at fair value through profit or loss - non-current | | 12,241 | 100,661 |
| Proceeds from capital reduction of financial assets at fair value through profit or loss | | 2,812 | 2,047 |
| Increase in other financial assets | | (36,865) | (45,093) |
| Acquisition of investments accounted for using equity method | | (20,000) | (17,063) |
| Proceeds from capital reduction of investments accounted for using the equity method | | 1,471 | - |
| Net cash flow from acquisition of subsidiaries | 6(24) | (3,300) | - |
| Acquisition of property, plant and equipment | 6(7) | (215,592) | (193,776) |
| Proceeds from disposal of property, plant and equipment | 6(7) | 2,358 | 41,625 |
| Acquisition of right-of-use assets | | (4,942) | (44,693) |
| Acquisition of intangible assets | | (56,449) | (13,283) |
| Increase in refundable deposits | | (1,708) | (78,043) |
| Increase in prepayments for business facilities | | (29,685) | - |
| Increase in prepayments for investments | | (28,480) | - |
| Dividends received | | - | 3,756 |
| Decrease in other non-current assets | | - | 2,650 |
| Net cash flows used in investing activities | | (436,442) | (326,157) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| (Decrease) increase in short-term borrowings | 6(26) | (1,575,565) | 440,129 |
| Proceeds from exercise of employee stock options | 6(14) | 5,902 | 12,078 |
| Repayments of lease principal | 6(8)(26) | (91,033) | (114,231) |
| (Decrease) increase in guarantee deposits received | | (12) | 11 |
| Proceeds from issuance of bonds | 6(11)(26) | 1,495,000 | - |
| Cash dividends paid | 6(17) | (485,784) | (556,774) |
| Changes in non-controlling interests | | 93,374 | 1,116 |
| Net cash flows used in financing activities | | (558,118) | (217,671) |
| Effect of exchange rate changes on cash and cash equivalents | | (19,731) | (26,433) |
| Net increase in cash and cash equivalents | | 431,436 | 405,586 |
| Cash and cash equivalents at beginning of year | 6(1) | 2,560,943 | 2,155,357 |
| Cash and cash equivalents at end of year | 6(1) | <u>\$ 2,992,379</u> | <u>\$ 2,560,943</u> |

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

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. ORGANIZATION AND OPERATIONS

Marketch International Corp. (the “Company”) was incorporated in the Republic of China (R.O.C) on December 27, 1988. On October 17, 2002, the Company’s common shares were officially listed on the Taiwan Over-The-Counter Securities Exchange and on May 24, 2004, the shares were transferred to be listed on the Taiwan Stock Exchange. The Company and its subsidiaries (collectively referred herein as the “Group”) are mainly engaged in (i) import and trade of various integrated circuits, semiconductors, electrical and computer equipment and materials, chemicals, gas, components; (ii) factory affair and mechatronic system including clean room, automatic supply system of (specialty) gas and chemicals, monitoring system, Turn-key and Hook-up Project services and (iii) design and manufacturing of customized equipment. Ennoconn International Investment Co., Ltd. owns 44.58% of the shares of the Company. The ultimate parent company of the Company is Ennoconn Corporation.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

The consolidated financial statements were approved and authorized for issuance by the Board of Directors on February 26, 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

| New Standards, Interpretations and Amendments | Effective date by International Accounting Standards Board |
|---|--|
| Amendments to IAS 1 and IAS 8, ‘Disclosure initiative-definition of material’ | January 1, 2020 |
| Amendments to IFRS 3, ‘Definition of a business’ | January 1, 2020 |
| Amendments to IFRS 9, IAS 39 and IFRS 7, ‘Interest rate benchmark reform’ | January 1, 2020 |
| Amendment to IFRS 16, ‘Covid-19-related rent concessions’ | June 1, 2020 (Note) |

Note: Earlier application from January 1, 2020 is allowed by the FSC.

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

| New Standards, Interpretations and Amendments | Effective date by International Accounting Standards Board |
|---|--|
| Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9' | January 1, 2021 |
| Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform— Phase 2' | January 1, 2021 |

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

| New Standards, Interpretations and Amendments | Effective date by International Accounting Standards Board |
|---|--|
| Amendments to IFRS 3, 'Reference to the conceptual framework' | January 1, 2022 |
| Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture' | To be determined by International Accounting Standards Board |
| IFRS 17, 'Insurance contracts' | January 1, 2023 |
| Amendments to IFRS 17, 'Insurance contracts' | January 1, 2023 |
| Amendments to IAS 1, 'Classification of liabilities as current or non-current' | January 1, 2023 |
| Amendments to IAS 1, 'Disclosure of accounting policies' | January 1, 2023 |
| Amendments to IAS 8, 'Definition of accounting estimates' | January 1, 2023 |
| Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use' | January 1, 2022 |
| Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract' | January 1, 2022 |
| Annual improvements to IFRS Standards 2018–2020 | January 1, 2022 |

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Liabilities on cash-settled share-based payment arrangements measured at fair value.
- (c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the noncontrolling interests having a deficit balance.
- (d) Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

| Name of investor | Name of subsidiary | Main business activities | Percentage of Ownership (%) | | Note |
|------------------------------|--------------------------------|---|-----------------------------|-------------------|------|
| | | | December 31, 2020 | December 31, 2019 | |
| Marketch International Corp. | Marketch Integrated Pte. Ltd. | Contracting for semiconductor automatic supply system | 100 | 100 | - |
| Marketch International Corp. | Headquarter International Ltd. | Investment holdings and reinvestment | 100 | 100 | - |
| Marketch International Corp. | Tiger United Finance Ltd. | Investment holdings and reinvestment | 100 | 100 | - |
| Marketch International Corp. | Market Go Profits Ltd. | Investment holdings and reinvestment | 100 | 100 | - |
| Marketch International Corp. | MIC-Tech Global Corp. | International trade | 100 | 100 | - |
| Marketch International Corp. | MIC-Tech Viet Nam Co., Ltd. | Trading, installation and repair of various machinery equipment and its peripherals; consulting service and software execution service associated with computer hardware installation | 100 | 100 | - |
| Marketch International Corp. | Marketch Engineering Pte. Ltd. | Contracting for electrical installation construction | 100 | 100 | - |
| Marketch International Corp. | eZoom Information, Inc. | Research, trading and consulting of information system software and hardware appliance | 100 | 100 | - |

| Name of investor | Name of subsidiary | Main business activities | Percentage of Ownership (%) | | Note |
|-------------------------------|--|--|-----------------------------|-------------------|--------|
| | | | December 31, 2020 | December 31, 2019 | |
| Marketech International Corp. | Marketech Co., Ltd. | Specialized contracting and related repair services; equipment sales and repair, sales of cosmetics and daily necessities; production, development and implementation of software and providing coding service; providing installation service of industrial machine and equipment | 100 | 100 | - |
| Marketech International Corp. | Marketech Integrated Manufacturing Company Limited | Design, manufacturing, installation of automatic production equipment and its parts | 100 | 100 | - |
| Marketech International Corp. | Marketech International Sdn. Bhd. | Specialized contracting and related repair services | 100 | 100 | - |
| Marketech International Corp. | PT Marketech International Indonesia | Trading of machine equipment and parts | 99.92 | 99.92 | - |
| Marketech International Corp. | Marketech Netherlands B.V. | International trade of machine and components and technical service | 100 | 100 | - |
| Marketech International Corp. | ADAT Technology CO., LTD. (ADAT) | Research, development, application, and service of software; supply of electronic information and the buying and selling of equipment | 26.74 | 29.41 | Note 1 |
| Marketech International Corp. | Marketech International Corporation USA | Specialized contracting and related repair services | 100 | 100 | - |
| Marketech International Corp. | Spiro Technology Systems Inc. | International trade | 100 | - | - |
| Marketech International Corp. | Smart Health Corp. | Smart medical consulting services and investment | 100 | - | Note 2 |
| Market Go Profits Ltd. | MIC-Tech Ventures Asia Pacific Inc. | Investment holdings and reinvestment | 100 | 100 | - |

| Name of investor | Name of subsidiary | Main business activities | Percentage of Ownership (%) | | Note |
|-------------------------------------|----------------------------|---|-----------------------------|-------------------|------|
| | | | December 31, 2020 | December 31, 2019 | |
| MIC-Tech Ventures Asia Pacific Inc. | Russky H.K. Limited | Investment holdings and reinvestment | 100 | 100 | - |
| MIC-Tech Ventures Asia Pacific Inc. | MICT International Limited | Investment holdings and reinvestment | 60 | 60 | - |
| MIC-Tech Ventures Asia Pacific Inc. | Frontken MIC Co., Limited | Investment holdings and reinvestment | 100 | 100 | - |
| MIC-Tech Ventures Asia Pacific Inc. | MIC-Tech (WuXi) Co., Ltd. | Design, manufacturing, installation and maintenance of semiconductor device, crystal dedicated device, electronic component device, environment pollution preventing equipment; assembly of wrapping device and cooling equipment; assembly of barbecue grill; producing, assembling and sale of LED illuminator and its component; wholesale, commission agency and import and export of the aforementioned products and their components, textile, commodities, chemical products and cosmetics; lease of self-owned plants; design, manufacturing, sales and installation of automatic warehousing equipment and accessories, automatic logistics transporting equipment and accessories; R&D, sales and installation of supplementary engineering in logistics dispatch system, manufacturing and sales of medical devices. | 100 | 100 | - |

| Name of investor | Name of subsidiary | Main business activities | Percentage of Ownership (%) | | Note |
|-------------------------------------|--|--|-----------------------------|-------------------|------|
| | | | December 31, 2020 | December 31, 2019 | |
| MIC-Tech Ventures Asia Pacific Inc. | MIC-Tech (Shanghai) Corp. | Wholesale, commission agency, maintenance, repairment, manufacture, import and export of semiconductor production, inspection equipment and its consumables and boilers that generate electricity; storage and allocation of mainly chemical and boiler products; international and entrepot trade; trading and trading agency among enterprises in customs bonded area; consulting services in customs bonded area | 100 | 100 | - |
| MIC-Tech Ventures Asia Pacific Inc. | MIC-Tech Electronics Engineering Corp. | Installation and construction of mechanical and electrical systems; construction of chemical and petroleum projects; construction of public municipal infrastructure projects; professional building renovation and decoration services; design and construction of smart buildings; construction of electronic projects and related technical services and consulting. Building equipment, building materials (excluding steel and cement), electronic products, chemical products (excluding hazardous products), metal products, electrical equipment, wholesale of communications equipment, commission-based agency (excluding auctions) and import-export business, and delivery of all related and supplementary services | 100 | 100 | - |
| MIC-Tech Ventures Asia Pacific Inc. | Fuzhou Jiwei System Integrated Co., Ltd. | Installation and complete services of clean room, mechanical system, street pipe system | 100 | 100 | - |

| Name of investor | Name of subsidiary | Main business activities | Percentage of Ownership (%) | | Note |
|-------------------------------------|---|--|-----------------------------|-------------------|------|
| | | | December 31, 2020 | December 31, 2019 | |
| MIC-Tech Ventures Asia Pacific Inc. | MIC-Tech China Trading (Shanghai) Co., Ltd. | Wholesale, commission agency and import and export of chemical products (except for hazardous chemicals, chemicals used in production of narcotic drugs and psychotropic substances and special chemicals), semiconductors, inspection equipment and its consumables, solar equipment consumables and boilers that generate electricity, International and entrepot trade, trading and trading agency among enterprises in customs bonded area, consulting service for trading, installation, repair, and maintenance of automation equipment, electronic equipment, and their parts | 100 | 100 | - |
| Rusky H.K. Limited | Shanghai Maohua Electronics Engineering Co., Ltd. | Production of scrubber bins for semiconductor manufacturers; design, installation, debugging and technology services of tunnel system; equipment repair for semiconductor manufacturers; consulting service for electrical and medical equipment wholesale, commissioned distribution, export, import and related services of electronic products, machinery equipment, chemical products, communication equipment, metal products, plastic products | 87 | 87 | - |
| Rusky H.K. Limited | PT Marketch International Indonesia | Trading of machine equipment and parts | 0.08 | 0.08 | - |

| Name of investor | Name of subsidiary | Main business activities | Percentage of Ownership (%) | | Note |
|----------------------------|---|---|-----------------------------|-------------------|------|
| | | | December 31, 2020 | December 31, 2019 | |
| MICT International Limited | Integrated Manufacturing & Services Co., Ltd. | Development of special equipment for solar cell production, manufacture of optical engine, lighting source, projection screen, high definition projection cathode-ray tube and micro-display module, and production, cleaning and regeneration of new electrical device; sells the products manufactured by itself; machinery equipment, research and development, transfer, consulting and service of semiconductor-related technology; processing of metal salvage and junk (except for hazardous chemicals and hazardous waste); metallic material (except for steels and noble metal), ceramic product, paper products and wholesale, retail and import and export of hardware products | 60 | 60 | - |
| Frontken MIC Co., Limited | Frontken-MIC (Wuxi) Co., Ltd. | Research of specialized cleaning equipment of semiconductor device and integrated circuit, cleaning of special components of semiconductor device, integrated circuit and micromodule and cleaning technology for semiconductors, assembling, installation and maintenance of cooling equipment; design, manufacture, sale and installation of automatic warehouse equipment and fittings, and automatic logistics transporting equipment and fittings; development, sale and installation of computer aided engineering; wholesale, commission, import and export of above products and parts | 100 | 100 | - |

| Name of investor | Name of subsidiary | Main business activities | Percentage of Ownership (%) | | Note |
|---------------------------------|---|--|-----------------------------|-------------------|------|
| | | | December 31, 2020 | December 31, 2019 | |
| Marketech Engineering Pte. Ltd. | Marketech Integrated Construction Co., Ltd. | Specialized contracting for electrical installation construction | 97.69 | 97.69 | - |

Note 1 : The Company holds less than 50% share ownership in ADAT Technology CO., LTD. However, as the definition of control is met, the subsidiary is included in the consolidated entities.

Note 2 : Smart Health Corp. was included in the consolidated entities in July 2020. Please refer to Note 6(6) for the details.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: As of December 31, 2020 and 2019, the non-controlling interests amounted to \$93,979 and \$37,955, respectively. Subsidiaries that have non-controlling interests are not material to the Group.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars (NTD), which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair

value are translated using the historical exchange rates at the dates of the initial transactions.

- (d) Foreign exchange gains and loss based on the nature of those transactions are presented in the statement of comprehensive income within other gains and losses.

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognized in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate or joint arrangement, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group retains partial interest in the former foreign associate or joint arrangement after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangement, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.
- (d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets:

- (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realized within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

The Group classifies assets that do not meet the above criteria as non-current.

B. Liabilities that meet one of the following criteria are classified as current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies liabilities that do not meet the above criteria as non-current.

C. Assets and liabilities relating to the construction contracts are classified as current and non-current based on the operating cycle.

(6) Cash and cash equivalents

- A. Cash and cash equivalents include petty cash, bank deposits and other short-term and highly liquid investments in the statements of cash flows.
- B. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.
- D. The Group recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

At each reporting date, for accounts receivable, contract assets and financial guarantee contracts that have a significant financing component, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Inventories

The perpetual inventory system is adopted for inventory recognition. Cost is the basis for recognition and is determined using the weighted-average method. Costs include acquisition, manufacturing or processing costs to make inventories available for sale or use. These exclude borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value for the measure of the ending inventories. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(12) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity are not recognized in profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

- D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.
- G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- H. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

| | |
|-------------------------|--------------|
| Buildings | 2 ~ 55 years |
| Machinery and equipment | 3 ~ 15 years |
| Other equipment | 2 ~ 10 years |

(14) Leasing arrangements (lessee) — right-of-use assets/ lease liabilities

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.
Lease payments are comprised of fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- The amount of the initial measurement of lease liability; and
 - Any initial direct costs incurred by the lessee.
- The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.
- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(15) Intangible assets

A. Computer software

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 1 to 10 years.

B. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

C. Other intangible assets

Other intangible assets are technology royalties which are stated at cost and amortized on a straight-line basis over the contract duration.

(16) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

B. Goodwill is evaluated annually and is recorded as cost less impairment loss. Impairment loss of goodwill shall not be reversed.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(17) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(18) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(19) Convertible bonds payable

Convertible corporate bonds issued by the Company contain conversion options (that is, the bondholders have the right to convert the bonds into the Company's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Company classifies the bonds payable and derivative features embedded in convertible corporate bonds on initial recognition as a financial asset, a financial liability or an equity instrument ('capital surplus - stock options') in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument. Convertible corporate bonds are accounted for as follows:

- A. Call options and put options embedded in convertible corporate bonds are recognized initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognized as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.
- B. Bonds payable of convertible corporate bonds is initially recognized at fair value and subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is accounted for as the premium or discount on bonds payable and presented as an addition to or deduction from bonds payable, which is amortized in profit or loss as an adjustment to the 'finance costs' over the period of bond circulation using the effective interest method.
- C. Conversion options embedded in convertible corporate bonds issued by the Company, which meet the definition of an equity instrument, are initially recognized in 'capital surplus – stock options' at the residual amount of total issue price less amounts of 'financial assets or financial liabilities at fair value through profit or loss' and 'bonds payable - net' as stated above. Conversion options are not subsequently remeasured.
- D. Any transaction costs directly attributable to the issuance of convertible corporate bonds are allocated to the liability and equity components in proportion to the allocation of proceeds.
- E. When bondholders exercise conversion options, the liability component of the bonds (including 'bonds payable' and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The book value of common shares issued due to the conversion shall be based on the adjusted book value of the above-mentioned liability component plus the book value of capital surplus - stock options.

(20) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(21) Financial guarantee contracts

A financial guarantee contract is a contract that requires the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract is initially recognized at its fair value adjusted for transaction costs on the trade date. After initial recognition, the financial guarantee is measured at the higher of the initial fair value less cumulative amortization and the best estimate of the amount required to settle the present obligation on each balance sheet date.

(22) Non-hedging and embedded derivatives

Non-hedging derivatives are initially recognized at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognized in profit or loss.

(23) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plan

For defined contribution plan, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plan

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.
- ii. Remeasurements arising on defined benefit plan are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognized immediately in profit or loss.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(24) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

(25) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(26) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(27) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(28) Revenue recognition

A. Sales of goods or products

- (a) The Group manufactures and sells a range of various integrated circuits, semiconductors, electrical and computer equipment and materials, chemicals, gas, components. Sales are recognized when control of the products has transferred, being when the products are delivered to the customers, the customers have full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- (b) Sales revenue from products is recognized based on the contract price, and the amount is limited to the part that is highly possible of not incurring a significant reversal. The sales are usually made with a credit term of 30 days, which is consistent with the market practice. As the time interval between the transfer of committed goods or services and the payment of customers may possibly exceed one year, the Group does not adjust the transaction price to

reflect the time value of money. However, the individual financial components of contracts are not significant.

- (c) A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Construction contract

- (a) The Group is engaged in factory affair and mechatronic system including clean room, automatic supply system of (specialty) gas and chemicals, monitor system, turn-key and hook-up project services. Construction contract revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual costs spent relative to the total expected costs. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.
- (b) The Group's estimate of revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management becomes aware of the changes in circumstances.

(29) Business combinations

- A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

- B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognized and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognized directly in profit or loss on the acquisition date.

(30) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Group's Chief Operating Decision-Maker is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Construction contract

The Group recognizes contract revenue and profit based on management's evaluation to contract profit and percentage of completion. Management assesses and adjusts the contract profit and cost during execution of the contract. The actual result of the total profit and cost may be higher or lower than the estimation, and the effect is recognized in revenue and profit.

B. Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

C. Loss assessment of accounts receivable

During the process of assessing the loss allowance of receivables, the Group uses judgement in evaluating the collectability of receivables. The collectability assessment is affected by various

factors: customers' financial conditions, historical transaction records, current economic conditions, etc. If the collectability of those accounts is in doubt, the Group is required to individually assess the possibility of recovery and make appropriate allowances for the amount. Since the evaluation of allowance is based on the status as of balance sheet date for reasonable expectations of future events, the actual results may be different than the estimation. Therefore, it may have significant changes.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|---------------------------------------|--------------------------|--------------------------|
| Cash on hand | \$ 15,483 | \$ 15,692 |
| Checking accounts and demand deposits | 2,976,563 | 2,530,778 |
| Time deposits | 333 | 14,473 |
| Total | <u>\$ 2,992,379</u> | <u>\$ 2,560,943</u> |

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. Except for the cash and cash equivalents pledged to others as shown in Note 8 that was transferred to 'other current assets', the Group has no cash and cash equivalents pledged to others.

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

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|---|--------------------------|--------------------------|
| Current items: | | |
| Financial assets mandatorily measured at fair value through profit or loss | | |
| Listed stocks | \$ 8,197 | \$ 7,439 |
| Hybrid instruments-call provision of convertible corporate bonds (Note 6(11)) | 3,000 | - |
| | 11,197 | 7,439 |
| Valuation adjustment | 129,487 | 55,864 |
| Total | <u>\$ 140,684</u> | <u>\$ 63,303</u> |
| Non-current items: | | |
| Financial assets mandatorily measured at fair value through profit or loss | | |
| Listed stocks | \$ 12,474 | \$ 16,582 |
| Unlisted stocks | 429,048 | 403,291 |
| Beneficiary certificates | 8,970 | 4,720 |
| Hybrid instruments-convertible corporate bonds | 52,748 | 35,959 |
| | 503,240 | 460,552 |
| Valuation adjustment | 32,043 | 66,611 |
| Total | <u>\$ 535,283</u> | <u>\$ 527,163</u> |

A. Amounts recognized in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

| | Years ended December 31, | |
|--|--------------------------|------------------|
| | 2020 | 2019 |
| Financial assets mandatorily measured at fair value through profit or loss | | |
| Equity instruments | \$ 83,766 | \$ 99,939 |
| Hybrid instruments | (44,515) | (2,922) |
| | <u>\$ 39,251</u> | <u>\$ 97,017</u> |

B. The Group has no financial assets at fair value through profit or loss pledged to others.

(3) Notes and accounts receivable

| | December 31, 2020 | December 31, 2019 | January 1, 2019 |
|----------------------|--------------------------|--------------------------|--------------------------|
| Notes receivable | <u>\$ 50,671</u> | <u>\$ 157,693</u> | <u>\$ 95,991</u> |
| | <u>December 31, 2020</u> | <u>December 31, 2019</u> | <u>December 31, 2019</u> |
| Accounts receivable | \$ 4,364,184 | \$ 5,411,482 | \$ 4,766,868 |
| Less: Loss allowance | (684,477) | (605,845) | (615,674) |
| Total | <u>\$ 3,679,707</u> | <u>\$ 4,805,637</u> | <u>\$ 4,151,194</u> |

The above accounts receivable and notes receivable were all from contracts with customers.

A. The ageing analysis of notes and accounts receivable (including related parties) that were past due but not impaired is as follows:

(a) Notes receivable

| | December 31, 2020 | December 31, 2019 |
|--------------|-------------------|-------------------|
| Not past due | <u>\$ 50,671</u> | <u>\$ 157,693</u> |

(b) Accounts receivable

| | December 31, 2020 | December 31, 2019 |
|-----------------|---------------------|---------------------|
| Not past due | \$ 2,967,744 | \$ 3,814,529 |
| Up to 90 days | 422,476 | 546,196 |
| 91 to 180 days | 143,148 | 218,135 |
| 181 to 365 days | 168,689 | 246,853 |
| Over 365 days | 812,474 | 815,346 |
| | <u>\$ 4,514,531</u> | <u>\$ 5,641,059</u> |

The above ageing analysis was based on past due date.

B. As of December 31, 2020 and 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable were \$50,671 and \$157,693, respectively. As of December 31, 2020 and 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable (including related parties) was \$3,830,018 and \$5,035,212, respectively.

C. The Group does not hold any collateral as security.

D. Information relating to credit risk is provided in Note 12(2).

(4) Inventories

| December 31, 2020 | | | |
|--|---------------------|---|---------------------|
| | Cost | Allowance for valuation loss and loss on obsolete and slow-moving inventories | Book value |
| Materials | \$ 378,238 | (\$ 26,880) | \$ 351,358 |
| Merchandise inventory | 726,395 | (76,292) | 650,103 |
| Raw materials | 719,097 | (35,857) | 683,240 |
| Supplies | 46,144 | (3,546) | 42,598 |
| Work in process | 948,152 | (26,278) | 921,874 |
| Semi-finished goods and finished goods | 244,508 | (41,369) | 203,139 |
| Total | <u>\$ 3,062,534</u> | <u>(\$ 210,222)</u> | <u>\$ 2,852,312</u> |

| December 31, 2019 | | | |
|--|---------------------|---|---------------------|
| | Cost | Allowance for valuation loss and loss on obsolete and slow-moving inventories | Book value |
| Materials | \$ 542,663 | (\$ 34,709) | \$ 507,954 |
| Merchandise inventory | 569,064 | (14,971) | 554,093 |
| Raw materials | 750,329 | (33,630) | 716,699 |
| Supplies | 40,437 | (2,694) | 37,743 |
| Work in process | 1,145,266 | (14,894) | 1,130,372 |
| Semi-finished goods and finished goods | 196,272 | (29,062) | 167,210 |
| Total | <u>\$ 3,244,031</u> | <u>(\$ 129,960)</u> | <u>\$ 3,114,071</u> |

A. Relevant expenses of inventories recognized as operating costs for the years ended December 31, 2020 and 2019 are as follows:

| | Years ended December 31, | |
|---|--------------------------|----------------------|
| | 2020 | 2019 |
| Construction cost | \$ 10,521,441 | \$ 12,052,139 |
| Cost of sales | 10,387,824 | 8,548,527 |
| Other operating cost | 1,031,291 | 1,027,858 |
| Loss on (gain on reversal of) market value decline and obsolete and slow-moving inventories (Note) | 78,959 | (12,822) |
| Total | <u>\$ 22,019,515</u> | <u>\$ 21,615,702</u> |

Note: The Group reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold because the Group sold inventories, which had been previously provided with inventory valuation loss.

B. The Group has no inventories pledged to others.

(5) Prepayments

| | December 31, 2020 | December 31, 2019 |
|--------------------------|-------------------|-------------------|
| Prepayment for purchases | \$ 442,499 | \$ 278,213 |
| Others | 132,415 | 82,958 |
| Total | <u>\$ 574,914</u> | <u>\$ 361,171</u> |

(6) Investments accounted for using equity method

A. Details of investments accounted for using equity method:

| | December 31, 2020 | | December 31, 2019 | |
|---|--------------------|--------------------|--------------------|--------------------|
| | Carrying amount | % interest held | Carrying amount | % interest held |
| Glory Technology Service Inc. | \$ 67,579 | 29.24% | \$ 63,804 | 29.24% |
| Vertex System Corporation | 18,046 | 38.83% | - | - |
| Fortune Blessing Co., Limited | 11,121 | 27.78% | 13,512 | 27.78% |
| MIC Techno Co., Ltd. | 1,824 | 20% | 1,834 | 20% |
| Smart Health Corp. (Note) | - | - | 1,490 | 42.86% |
| Leader Fortune Enterprise Co., Ltd. | (3,395) | 31.43% | (4,462) | 31.43% |
| | 95,175 | | 76,178 | |
| Add: Credit balance of long-term equity investment transferred to 'other non-current liabilities' | 3,395 | | 4,462 | |
| Total | <u>\$ 98,570</u> | | <u>\$ 80,640</u> | |
| Prepayments to long-term investments (listed as 'other non-current assets') | | | | |
| Unlisted stocks | <u>\$ 28,480</u> | | <u>\$ -</u> | |

Note: In July 2020, the equity interests in Smart Health Corp. acquired by the Group totaled to 100%. Accordingly, Smart Health Corp. was included in the consolidated entities since the date the Group obtained control over it after comprehensive assessment.

B. Associates

Associates accounted for using equity method are all individually immaterial and the Group's share of the operating results are summarized below:

| | Years ended December 31, | |
|--|--------------------------|------------------|
| | 2020 | 2019 |
| Profit for the year from continuing operations | \$ 3,726 | \$ 16,453 |
| Other comprehensive loss - net of tax | (342) | (1,709) |
| Total comprehensive income | <u>\$ 3,384</u> | <u>\$ 14,744</u> |

C. The investments accounted for using equity method for the years ended December 31, 2020 and 2019 were evaluated based on the financial statements of the entities which were audited by independent auditors.

(7) Property, plant and equipment

| | 2020 | | | | | |
|---------------------------------------|-------------------|---------------------|----------------------------|------------------|-------------------|---------------------|
| | Land | Buildings | Machinery and equipment | Office equipment | Others | Total |
| <u>At January 1</u> | | | | | | |
| Cost | \$ 183,542 | \$ 2,789,288 | \$ 623,216 | \$ 240,160 | \$ 31,075 | \$ 3,867,281 |
| Accumulated depreciation | - | (1,015,124) | (460,227) | (164,785) | (15,470) | (1,655,606) |
| Book value | <u>\$ 183,542</u> | <u>\$ 1,774,164</u> | <u>\$ 162,989</u> | <u>\$ 75,375</u> | <u>\$ 15,605</u> | <u>\$ 2,211,675</u> |
| <u>Year ended December 31</u> | | | | | | |
| Opening net book amount | \$ 183,542 | \$ 1,774,164 | \$ 162,989 | \$ 75,375 | \$ 15,605 | \$ 2,211,675 |
| Additions | - | 61,990 | 25,609 | 26,948 | 101,045 | 215,592 |
| Acquired from business combination | - | - | - | 2 | - | 2 |
| Transfers (Note) | - | 4,384 | - | 6,000 | (11,774) | (1,390) |
| Disposals | - | (550) | (4,651) | (1,227) | (65) | (6,493) |
| Depreciation | - | (140,700) | (41,283) | (30,893) | (2,233) | (215,109) |
| Net exchange differences | - | 17,768 | 731 | 391 | 216 | 19,106 |
| Closing net book amount | <u>\$ 183,542</u> | <u>\$ 1,717,056</u> | <u>\$ 143,395</u> | <u>\$ 76,596</u> | <u>\$ 102,794</u> | <u>\$ 2,223,383</u> |
| <u>At December 31</u> | | | | | | |
| Cost | \$ 183,542 | \$ 2,873,152 | \$ 636,594 | \$ 262,570 | \$ 119,830 | \$ 4,075,688 |
| Accumulated depreciation | - | (1,156,096) | (493,199) | (185,974) | (17,036) | (1,852,305) |
| Book value | <u>\$ 183,542</u> | <u>\$ 1,717,056</u> | <u>\$ 143,395</u> | <u>\$ 76,596</u> | <u>\$ 102,794</u> | <u>\$ 2,223,383</u> |

| | 2019 | | | | | |
|-------------------------------|-------------------|---------------------|----------------------------|------------------|-------------------|---------------------|
| | Land | Buildings | Machinery and equipment | Office equipment | Others | Total |
| <u>At January 1</u> | | | | | | |
| Cost | \$ 205,438 | \$ 2,389,961 | \$ 636,198 | \$ 227,223 | \$ 326,017 | \$ 3,784,837 |
| Accumulated depreciation | - | (913,855) | (474,127) | (148,881) | (16,041) | (1,552,904) |
| Book value | <u>\$ 205,438</u> | <u>\$ 1,476,106</u> | <u>\$ 162,071</u> | <u>\$ 78,342</u> | <u>\$ 309,976</u> | <u>\$ 2,231,933</u> |
| <u>Year ended December 31</u> | | | | | | |
| Opening net book amount | \$ 205,438 | \$ 1,476,106 | \$ 162,071 | \$ 78,342 | \$ 309,976 | \$ 2,231,933 |
| Additions | - | 65,622 | 50,445 | 25,370 | 57,222 | 198,659 |
| Transfers (Note) | - | 347,172 | 777 | 3,579 | (356,412) | (4,884) |
| Disposals | (21,896) | (1,190) | (12,947) | (1,540) | (158) | (37,731) |
| Depreciation | - | (109,457) | (36,255) | (29,918) | (2,573) | (178,203) |
| Net exchange differences | - | (4,089) | (1,102) | (458) | 7,550 | 1,901 |
| Closing net book amount | <u>\$ 183,542</u> | <u>\$ 1,774,164</u> | <u>\$ 162,989</u> | <u>\$ 75,375</u> | <u>\$ 15,605</u> | <u>\$ 2,211,675</u> |
| <u>At December 31</u> | | | | | | |
| Cost | \$ 183,542 | \$ 2,789,288 | \$ 623,216 | \$ 240,160 | \$ 31,075 | \$ 3,867,281 |
| Accumulated depreciation | - | (1,015,124) | (460,227) | (164,785) | (15,470) | (1,655,606) |
| Book value | <u>\$ 183,542</u> | <u>\$ 1,774,164</u> | <u>\$ 162,989</u> | <u>\$ 75,375</u> | <u>\$ 15,605</u> | <u>\$ 2,211,675</u> |

Note: The transfer amount is primarily due to the transfer from completion of construction in progress and equipment under acceptance after inspection to buildings and office equipment, etc.

A. The property, plant and equipment are all owner-occupied.

B. The Group has no interest capitalised to property, plant and equipment.

C. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(8) Leasing arrangements — lessee

- A. The Group leases various assets including land, buildings, machinery and equipment, office equipment, and other equipment. Rental contracts are typically made for periods of 1 to 75 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise buildings, machinery and equipment, office equipment, and other equipment. Consequently, those leases are not included in the right-of-use assets.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|------------------|--------------------------|--------------------------|
| | <u>Carrying amount</u> | <u>Carrying amount</u> |
| Land | \$ 751,666 | \$ 700,270 |
| Buildings | 188,225 | 209,363 |
| Office equipment | 312 | 54 |
| Other equipment | 64,659 | 61,381 |
| | <u>\$ 1,004,862</u> | <u>\$ 971,068</u> |

| | <u>Years ended December 31,</u> | |
|-------------------------|---------------------------------|----------------------------|
| | <u>2020</u> | <u>2019</u> |
| | <u>Depreciation charge</u> | <u>Depreciation charge</u> |
| Land | \$ 20,239 | \$ 22,051 |
| Buildings | 52,661 | 92,800 |
| Machinery and equipment | - | 149 |
| Office equipment | 114 | 591 |
| Other equipment | 29,288 | 33,028 |
| | <u>\$ 102,302</u> | <u>\$ 148,619</u> |

- D. For the years ended December 31, 2020 and 2019, the additions to right-of-use assets were \$142,764 and \$94,641, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

| | <u>Years ended December 31,</u> | |
|---------------------------------------|---------------------------------|------------------|
| | <u>2020</u> | <u>2019</u> |
| <u>Items affecting profit or loss</u> | | |
| Interest expense on lease liabilities | \$ 16,798 | \$ 18,378 |
| Expense on short-term lease contracts | 85,834 | 20,450 |
| | <u>\$ 102,632</u> | <u>\$ 38,828</u> |

- F. For the years ended December 31, 2020 and 2019, the Group's total cash outflow for leases were \$193,665 and \$153,059, respectively.

G. Extension options

- (a) Extension options are included in approximately 43 % of the Group's lease contracts pertaining to land. These options are expected to be exercised for maximizing optional flexibility in terms of managing contracts.
- (b) In determining the lease term, the Group takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(9) Short-term borrowings

| | <u>December 31, 2020</u> | <u>Interest rate range</u> | <u>Collateral</u> |
|------------------------|--------------------------|----------------------------|-------------------|
| <u>Bank borrowings</u> | | | |
| Credit borrowings | \$ 1,420,900 | 0.75%~4.15% | None |
| Mortgage loan | 53,900 | 2.15482%~2.18675% | Buildings |
| | <u>\$ 1,474,800</u> | | |
| | <u>December 31, 2019</u> | <u>Interest rate range</u> | <u>Collateral</u> |
| <u>Bank borrowings</u> | | | |
| Credit borrowings | \$ 3,001,620 | 0.88%~4.785% | None |
| Mortgage loan | 46,788 | 3.51506%~3.584% | Buildings |
| | <u>\$ 3,048,408</u> | | |

Details of mortgage loan are provided in Note 8.

(10) Other payables

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|---|--------------------------|--------------------------|
| Salaries and bonus payable | \$ 459,500 | \$ 331,370 |
| Accrued employees' compensation and directors' remuneration | 140,756 | 108,544 |
| Others | 51,072 | 69,677 |
| Total | <u>\$ 651,328</u> | <u>\$ 509,591</u> |

(11) Bonds Payable

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|---------------------------------|--------------------------|--------------------------|
| Bonds payable | \$ 1,500,000 | \$ - |
| Less: Discount on bonds payable | (44,562) | - |
| | <u>\$ 1,455,438</u> | <u>\$ -</u> |

A. The Company issued the 4th domestic unsecured convertible bonds, as approved by the regulatory authority on November 27, 2020. The terms and conditions are as follows:

- (a) Total issuance amount: NT\$1,500,000
- (b) Issuance period: 3 years, and a circulation period from December 15, 2020 to December 15, 2023.
- (c) Coupon rate: 0%

- (d) Conversion period: The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds before the maturity date, except the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
 - (e) The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. If the reset conversion price is higher than the conversion price before the reset, the conversion price will not be adjusted.
 - (f) Redemption method:
 - i. Redemption on the maturity date: Redeemed in cash at face value at the maturity date.
 - ii. Redemption before the maturity date: The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after one month of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after one month of the bonds issue to 40 days before the maturity date.
 - iii. Under the terms of the bonds, all bonds redeemed, matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.
 - (g) As of December 31, 2020, no convertible bonds were converted.
- B. Regarding the issuance of convertible bonds, the equity conversion options amounting to \$43,206 were separated from the liability component and were recognized in 'capital surplus—stock warrants' in accordance with IAS 32. The call options embedded in bonds payable were separated from their host contracts and were recognized in 'financial assets or liabilities at fair value through profit or loss' in net amount in accordance with IAS 39 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rate of the bonds payable after such separation is 1.0255%.

(12) Long-term borrowings

| <u>Type of borrowings</u> | <u>Borrowing period and repayment term</u> | <u>Interest rate</u> | <u>Collateral</u> | <u>December 31, 2020</u> |
|---------------------------|--|----------------------|-------------------|--------------------------|
| Long-term bank borrowings | | | | |
| Credit borrowings | Borrowing period is from December 28, 2020 to March 27, 2022; interest is payable monthly; principal is payable at maturity date | 0.830% | None | <u>\$ 200,000</u> |

| <u>Type of borrowings</u> | <u>Borrowing period and repayment term</u> | <u>Interest rate</u> | <u>Collateral</u> | <u>December 31, 2019</u> |
|---------------------------|--|----------------------|-------------------|--------------------------|
| Long-term bank borrowings | | | | |
| Credit borrowings | Borrowing period is from December 27, 2019 to March 26, 2021; interest is payable monthly; principal is payable at maturity date | 0.978% | None | <u>\$ 200,000</u> |

(13) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.

(b) The amounts recognized in the balance sheet are as follows:

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|--|--------------------------|--------------------------|
| Present value of defined benefit obligations | \$ 324,881 | \$ 306,398 |
| Fair value of plan assets | (146,748) | (136,233) |
| Net defined benefit liability | <u>\$ 178,133</u> | <u>\$ 170,165</u> |

(c) Movements in net defined benefit liabilities are as follows:

| | 2020 | | |
|---|--|---------------------------------|----------------------------------|
| | Present value of defined benefit obligations | Fair value of plan assets | Net defined benefit liability |
| Balance at January 1 | (\$ 306,398) | \$ 136,233 | (\$ 170,165) |
| Current service cost | (1,003) | - | (1,003) |
| Interest (expense) income | (2,284) | 1,030 | (1,254) |
| Settlement profit | 111 | - | 111 |
| | <u>(309,574)</u> | <u>137,263</u> | <u>(172,311)</u> |
| Remeasurements: | | | |
| Return on plan assets | - | 4,423 | 4,423 |
| (excluding amounts included in interest income or expense) | | | |
| Change in demographic assumptions | (286) | - | (286) |
| Change in financial assumptions | (15,645) | - | (15,645) |
| Experience adjustments | 624 | - | 624 |
| | <u>(15,307)</u> | <u>4,423</u> | <u>(10,884)</u> |
| Pension fund contribution | - | 5,062 | 5,062 |
| Balance at December 31 | <u>(\$ 324,881)</u> | <u>\$ 146,748</u> | <u>(\$ 178,133)</u> |
| | 2019 | | |
| | Present value of defined benefit obligations | Fair value of plan assets | Net defined benefit liability |
| Balance at January 1 | (\$ 290,342) | \$ 128,385 | (\$ 161,957) |
| Current service cost | (1,088) | - | (1,088) |
| Interest (expense) income | (2,886) | 1,297 | (1,589) |
| | <u>(294,316)</u> | <u>129,682</u> | <u>(164,634)</u> |
| Remeasurements: | | | |
| Return on plan assets | - | 4,419 | 4,419 |
| (excluding amounts included in interest income or expense) | | | |
| Change in demographic assumptions | (704) | - | (704) |
| Change in financial assumptions | (8,749) | - | (8,749) |
| Experience adjustments | (5,748) | - | (5,748) |
| | <u>(15,201)</u> | <u>4,419</u> | <u>(10,782)</u> |
| Pension fund contribution | - | 5,251 | 5,251 |
| Paid pension | 3,119 | (3,119) | - |
| Balance at December 31 | <u>(\$ 306,398)</u> | <u>\$ 136,233</u> | <u>(\$ 170,165)</u> |

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2020 and 2019 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.
- (e) The principal actuarial assumptions used were as follows:

| | Years ended December 31, | | | |
|-------------------------|--------------------------|--|-------|--|
| | 2020 | | 2019 | |
| Discount rate | 0.30% | | 0.75% | |
| Future salary increases | 2.00% | | 2.00% | |

| | Discount rate | | Future salary increases | |
|---|---------------|----------|-------------------------|------------|
| | Increase | Decrease | Increase | Decrease |
| | 0.25% | 0.25% | 0.25% | 0.25% |
| <u>December 31, 2020</u> | | | | |
| Effect on present value of defined benefit obligation | (\$ 8,804) | \$ 9,158 | \$ 8,980 | (\$ 8,681) |
| <u>December 31, 2019</u> | | | | |
| Effect on present value of defined benefit obligation | (\$ 8,775) | \$ 9,140 | \$ 9,004 | (\$ 8,691) |

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

- (f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2021 amount to \$6,166.
- (g) As of December 31, 2020, the weighted average duration of the defined benefit retirement plan is 11 years.

- B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Company’s Mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on a certain percentage of the employees’ monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.
- (c) Certain overseas subsidiaries have a defined contribution plan. Contributions to an independent fund are based on a certain percentage of the employees’ monthly salaries and wages and are recognized as pension cost. Other than the monthly contributions, the Group has no further obligations.
- (d) The pension costs under the defined contribution pension plan of the Group for the years ended December 31, 2020 and 2019 were \$78,023 and \$104,741, respectively.

(14) Share-based payment

- A. For the years ended December 31, 2020 and 2019, the Company’s share-based payment arrangements were as follows:

| <u>Issuing Company</u> | <u>Type of arrangement</u> | <u>Grant date</u> | <u>Quantity granted (in thousands)</u> | <u>Contract period</u> | <u>Vesting conditions</u> |
|------------------------|----------------------------|-------------------|--|------------------------|---------------------------|
| The Company | Employee stock options | 2015.9.11 | 3,956 | 6 years | 2~4 years’ service |
| Subsidiary-ADAT | “ | 2019.4.1 | 436 | “ | 0~2 years’ service |
| “ | “ | 2019.9.1 | 314 | “ | “ |
| “ | “ | 2020.5.1 | 27 | “ | “ |
| “ | “ | 2020.9.1 | 137 | “ | “ |

The above share-based payment arrangements are all settled by equity.

B. Details of the share-based payment arrangements are as follows:

(a)The Company

| | Years ended December 31, | | | |
|--|--------------------------|--|-------------------|--|
| | 2020 | | 2019 | |
| | No. of options | Weighted- average exercise price (in dollars) | No. of options | Weighted- average exercise price (in dollars) |
| Options outstanding at beginning of the year | 548 | \$ 15.70 | 1,325 | \$ 16.70 |
| Options exercised | (379) | 15.57 | (763) | 15.84 |
| Options forfeited | - | - | (14) | - |
| Options outstanding at end of the year | <u>169</u> | 15.20 | <u>548</u> | 15.70 |
| Options exercisable at end of the year | <u>169</u> | | <u>548</u> | |
| Options approved but not yet issued at end of the year | <u>44</u> | | <u>44</u> | |

(b)Subsidiary-ADAT

| | Years ended December 31, | | | |
|--|--------------------------|--|-------------------|--|
| | 2020 | | 2019 | |
| | No. of options | Weighted- average exercise price (in dollars) | No. of options | Weighted- average exercise price (in dollars) |
| Options outstanding at beginning of the year | 549 | \$ 10.00 | - | \$ - |
| Options granted | 164 | 10.00 | 750 | 10.00 |
| Options exercised | (237) | 10.00 | (201) | 10.00 |
| Options forfeited | (30) | - | - | - |
| Options outstanding at end of the year | <u>446</u> | 10.00 | <u>549</u> | 10.00 |
| Options exercisable at end of the year | <u>48</u> | | <u>24</u> | |
| Options approved but not yet issued at end of the year | <u>40</u> | | <u>204</u> | |

C. The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

| | | | December 31, 2020 | |
|-----------------|---------------------|-------------|------------------------------|-----------------------------|
| Issuing Company | Issue date approved | Expiry date | No. of shares (in thousands) | Exercise price (in dollars) |
| The Company | 2015.9.11 | 2021.9.10 | 169 | \$ 15.20 |
| Subsidiary-ADAT | 2019.4.1 | 2025.3.31 | 174 | 10.00 |
| " | 2019.9.1 | 2025.8.31 | 229 | 10.00 |
| " | 2020.5.1 | 2026.4.30 | 19 | 10.00 |
| " | 2020.9.1 | 2026.8.31 | 24 | 10.00 |

| | | | December 31, 2019 | |
|-----------------|---------------------|-------------|------------------------------|-----------------------------|
| Issuing Company | Issue date approved | Expiry date | No. of shares (in thousands) | Exercise price (in dollars) |
| The Company | 2015.9.11 | 2021.9.10 | 548 | \$ 15.70 |
| Subsidiary-ADAT | 2019.4.1 | 2025.3.31 | 320 | 10.00 |
| " | 2019.9.1 | 2025.8.31 | 229 | 10.00 |

D. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

| Issuing Company | Type of arrangement | Grant date | Stock price (in dollars) | Exercise price (in dollars) | Expected price volatility | Expected option life | Expected dividends | Risk-free interest rate | Fair value per unit (in dollars) |
|-----------------|------------------------|------------|--------------------------|-----------------------------|---------------------------|----------------------|--------------------|-------------------------|----------------------------------|
| The Company | Employee stock options | 2015.9.11 | \$ 19.60 | \$ 19.60 | 34.91% | 4.375 years | 0% | 0.81% | \$ 5.8326 |
| Subsidiary-ADAT | " | 2019.4.1 | 10.00 | 10.00 | 47.77% | 3.550 years | 0% | 0.61% | 2.4727 |
| " | " | 2019.9.1 | 10.00 | 10.00 | 44.29% | 3.550 years | 0% | 0.54% | 2.7873 |
| " | " | 2020.5.1 | 10.00 | 10.00 | 38.58% | 3.550 years | 0% | 0.38% | 10.4014 |
| " | " | 2020.9.1 | 10.00 | 10.00 | 38.10% | 3.550 years | 0% | 0.38% | 9.9910 |

E. Expenses incurred on share-based payment transactions are \$0 and \$1,009 for the years ended December 31, 2020 and 2019, respectively.

F. The expenses incurred by the subsidiary - ADAT on share-based payment transactions amounted to \$1,431 and \$1,071 for the years ended December 31, 2020 and 2019, respectively.

(15) Share capital

A. As of December 31, 2020, the Company's authorized capital was \$3,000,000, consisting of 300 million shares of ordinary stock (including 9,800 thousand shares reserved for employee stock options), and the paid-in capital was \$1,872,192 with a par value of \$10 (in dollars) per share amounting to 187,219,200 shares. All proceeds from shares issued have been collected.

B. Movements in the number of the Company's ordinary shares outstanding are as follows:

| | Years ended December 31, | |
|------------------------------------|--------------------------|--------------------|
| | 2020 | 2019 |
| At January 1 | 186,839,950 | 185,591,264 |
| Conversion of convertible bonds | - | 486,186 |
| Exercise of employee stock options | 379,250 | 762,500 |
| At December 31 | <u>187,219,200</u> | <u>186,839,950</u> |

(16) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

Details of movements in capital surplus are as follows:

| | 2020 | | | | |
|--|-------------------|------------------------|------------------|-----------------|---------------------|
| | Share premium | Employee stock options | Stock options | Others | Total |
| At January 1 | \$ 976,688 | \$ 3,801 | \$ - | \$ 2,393 | \$ 982,882 |
| Exercise of employee stock options | 4,479 | (2,370) | - | - | 2,109 |
| Changes in ownership interest in subsidiaries | - | - | - | 912 | 912 |
| Due to recognition of equity component of convertible bonds issued | - | - | 43,206 | - | 43,206 |
| At December 31 | <u>\$ 981,167</u> | <u>\$ 1,431</u> | <u>\$ 43,206</u> | <u>\$ 3,305</u> | <u>\$ 1,029,109</u> |

| | 2019 | | | | |
|--|----------------------|-------------------------------|----------------------|-----------------|-------------------|
| | <u>Share premium</u> | <u>Employee stock options</u> | <u>Stock options</u> | <u>Others</u> | <u>Total</u> |
| At January 1 | \$ 959,959 | \$ 7,568 | \$ 503 | \$ 2,351 | \$ 970,381 |
| Exercise of employee stock options | 9,229 | (4,776) | - | - | 4,453 |
| Compensation cost of employee stock options | - | 1,009 | - | - | 1,009 |
| Changes in equity of associates and joint ventures accounted for using equity method | - | - | - | 42 | 42 |
| Conversion of convertible bonds | <u>7,500</u> | <u>-</u> | <u>(503)</u> | <u>-</u> | <u>6,997</u> |
| At December 31 | <u>\$ 976,688</u> | <u>\$ 3,801</u> | <u>\$ -</u> | <u>\$ 2,393</u> | <u>\$ 982,882</u> |

(17) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Also, special reserve shall be set aside or reversed as required by regulations or the Competent Authority. The remaining amount along with the prior years' unappropriated earnings shall be proposed by the Board of Directors and resolved by the stockholders for appropriation or reserve.
- B. The Company's dividend policy is summarized below: in consideration of the overall environment development and industrial growth, fulfilling future operation development needs as priority and optimizing financial structure, distribution of stock dividends shall not exceed 50% of the dividend distributed.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with the Financial-Supervisory-Securities-Firms No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.
- E. (a) Details of 2019 and 2018 earnings appropriation resolved by the shareholders on May 27, 2020 and May 30, 2019, respectively are as follows:

| | Years ended December 31, | | | |
|-----------------|--------------------------|--|-------------------|--|
| | 2019 | | 2018 | |
| | Amount | Dividends per share (in dollars) | Amount | Dividends per share (in dollars) |
| Legal reserve | \$ 70,301 | \$ - | \$ 79,258 | \$ - |
| Special reserve | 78,008 | - | - | - |
| Cash dividends | 485,784 | 2.6 | 556,774 | 3.0 |
| Total | <u>\$ 634,093</u> | | <u>\$ 636,032</u> | |

The earnings appropriation for the years ended December 31, 2019 and 2018 listed above had no difference from that proposed by the Board of Directors on March 5, 2020 and February 18, 2019, respectively.

Information about the earnings distribution for 2019 and 2018 as approved by the Board of Directors and resolved by the shareholders will be posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

- (b) Details of 2020 earnings appropriation proposed by the Board of Directors on February 26, 2021 are as follows:

| | Year ended December 31, 2020 | |
|-----------------------------|------------------------------|--|
| | Amount | Dividends per share (in dollars) |
| Legal reserve | \$ 90,500 | \$ - |
| Reversal of special reserve | (3,149) | - |
| Cash dividends | 655,267 | 3.5 |
| Total | <u>\$ 742,618</u> | |

Information about the earnings appropriation for 2020 by the Company as approved by the Board of Directors will be posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

The earnings appropriation for 2020 has not yet been resolved by the shareholders, thus, no dividend was accrued in these consolidated financial statements.

(18) Operating revenue

| | Years ended December 31, | |
|-------------------------------|--------------------------|----------------------|
| | 2020 | 2019 |
| Sales contract revenue | \$ 11,911,863 | \$ 9,803,692 |
| Construction contract revenue | 11,428,555 | 12,586,707 |
| Other contract revenue | 1,779,439 | 1,792,282 |
| Total | <u>\$ 25,119,857</u> | <u>\$ 24,182,681</u> |

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

| | Years ended December 31, | |
|--|--------------------------|----------------------|
| | 2020 | 2019 |
| R&D and manufacturing of customized equipment | \$ 7,243,247 | \$ 6,684,181 |
| Sales and service of high-tech equipment and materials | 6,885,049 | 5,597,464 |
| Automatic supplying system | 6,079,385 | 4,806,170 |
| Total Facility Engineering Turnkey Project | 4,912,176 | 7,094,866 |
| Total | <u>\$ 25,119,857</u> | <u>\$ 24,182,681</u> |
| Timing of revenue recognition | | |
| At a point in time | \$ 12,533,546 | \$ 10,444,259 |
| Over time | 12,586,311 | 13,738,422 |
| Total | <u>\$ 25,119,857</u> | <u>\$ 24,182,681</u> |

B. Contract assets and liabilities

(a) The Group has recognized the following revenue-related contract assets and liabilities:

| | December 31, 2020 | December 31, 2019 | January 1, 2019 |
|------------------------|---------------------|---------------------|---------------------|
| Contract assets: | | | |
| construction contracts | <u>\$ 5,306,618</u> | <u>\$ 4,095,623</u> | <u>\$ 4,229,541</u> |
| Contract liabilities: | | | |
| construction contracts | \$ 2,478,159 | \$ 2,440,230 | \$ 2,202,925 |
| sales contracts | 725,288 | 1,029,742 | 1,088,219 |
| service contracts | 41,368 | 25,557 | 29,322 |
| | <u>\$ 3,244,815</u> | <u>\$ 3,495,529</u> | <u>\$ 3,320,466</u> |

(b) Revenue recognized that was included in the contract liability balance at the beginning of the year:

| | Years ended December 31, | |
|---|--------------------------|---------------------|
| | 2020 | 2019 |
| Revenue recognized that was included in the contract liability balance at the beginning of the year | | |
| Construction contracts | \$ 1,311,107 | \$ 1,721,083 |
| Sales contracts | 517,238 | 406,827 |
| Service contracts | 24,354 | 28,925 |
| | <u>\$ 1,852,699</u> | <u>\$ 2,156,835</u> |

(c) All contracts of the Group are for periods of one year or less or are billed based on time incurred. As permitted under IFRS 15, the transaction prices allocated to these unsatisfied contracts are not disclosed.

(19) Other income

| | Years ended December 31, | |
|---------------------------|--------------------------|------------------|
| | 2020 | 2019 |
| Government grants revenue | \$ 26,766 | \$ 41,895 |
| Dividend income | 16,798 | 13,856 |
| Rental revenue | 3,808 | 4,250 |
| Other income | 18,308 | 25,559 |
| Total | <u>\$ 65,680</u> | <u>\$ 85,560</u> |

(20) Other gains and losses

| | Years ended December 31, | |
|--|--------------------------|------------------|
| | 2020 | 2019 |
| Net gains on financial assets at fair value through profit or loss | \$ 39,251 | \$ 97,017 |
| Foreign exchange losses | (70,393) | (40,636) |
| (Losses) gains on disposals of property, plant and equipment | (4,127) | 3,792 |
| Other losses | (24,870) | (4,688) |
| Total | <u>(\$ 60,139)</u> | <u>\$ 55,485</u> |

(21) Employee benefit expense, depreciation and amortisation

A. Employee benefit expense, depreciation and amortisation

| | Year ended December 31, 2020 | | |
|---|------------------------------|--------------------|--------------|
| | Operating costs | Operating expenses | Total |
| Employee benefit expense | | | |
| Wages and salaries | \$ 799,416 | \$ 1,045,097 | \$ 1,844,513 |
| Compensation cost of employee stock options | - | 1,431 | 1,431 |
| Labour and health insurance fees | 57,118 | 54,380 | 111,498 |
| Pension costs | 41,670 | 38,499 | 80,169 |
| Other employee benefit expense | 26,957 | 29,291 | 56,248 |
| Depreciation | 196,545 | 120,866 | 317,411 |
| Amortisation | 9,989 | 10,340 | 20,329 |

| | Year ended December 31, 2019 | | |
|---|------------------------------|--------------------|--------------|
| | Operating costs | Operating expenses | Total |
| Employee benefit expense | | | |
| Wages and salaries | \$ 707,113 | \$ 924,448 | \$ 1,631,561 |
| Compensation cost of employee stock options | - | 2,080 | 2,080 |
| Labour and health insurance fees | 74,147 | 71,260 | 145,407 |
| Pension costs | 55,777 | 51,641 | 107,418 |
| Other employee benefit expense | 24,555 | 28,512 | 53,067 |
| Depreciation | 202,001 | 124,821 | 326,822 |
| Amortisation | 7,774 | 8,123 | 15,897 |

B. Employees' compensation and directors' remuneration

- (a) According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, shall not be higher than 3% for directors' remuneration and shall be 1~15% for employees' compensation. If the company has accumulated deficit, earnings should be reserved to cover losses.
- (b) For the years ended December 31, 2020 and 2019, employees' compensation and directors' remuneration are accrued as follows:

| | Years ended December 31, | |
|-------------------------|--------------------------|-------------------|
| | 2020 | 2019 |
| Employees' compensation | \$ 127,960 | \$ 98,676 |
| Directors' remuneration | 12,796 | 9,868 |
| | <u>\$ 140,756</u> | <u>\$ 108,544</u> |

For the year ended December 31, 2020, employees' compensation and directors' remuneration were estimated and accrued based on 10% and 1% of distributable profit of current year as of the end of reporting period. The employees' compensation and directors' remuneration for 2020 as resolved by the Board of Directors were \$127,960 and \$12,796, respectively, and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' remuneration for 2019 as resolved by the Board of Directors were in agreement with those amounts recognized in the 2019 financial statements. Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(22) Income tax

A. Income tax expense

(a) Components of income tax expense:

| | Years ended December 31, | |
|---|--------------------------|-------------------|
| | 2020 | 2019 |
| Current tax | | |
| Current tax on profits for the year | \$ 275,043 | \$ 213,649 |
| Tax on undistributed earnings | 714 | 3,914 |
| Land value increment tax | - | 328 |
| Adjustments in respect of prior years | (16,637) | (20,916) |
| Total current tax | 259,120 | 196,975 |
| Deferred tax | | |
| Origination and reversal of temporary differences | 15,128 | 24,926 |
| Income tax expense | <u>\$ 274,248</u> | <u>\$ 221,901</u> |

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

| | Years ended December 31, | |
|--|--------------------------|-----------------|
| | 2020 | 2019 |
| Currency translation differences of foreign operations | (\$ 417) | \$ 7,329 |
| Remeasurements of defined benefit obligations | 2,155 | 2,157 |
| | <u>\$ 1,738</u> | <u>\$ 9,486</u> |

B. Reconciliation between income tax expense and accounting profit

| | Years ended December 31, | |
|---|--------------------------|-------------------|
| | 2020 | 2019 |
| Tax calculated based on profit before tax and statutory tax rate (Note) | \$ 229,950 | \$ 178,204 |
| Expenses disallowed by tax regulation | 60,221 | 60,371 |
| Tax on undistributed earnings | 714 | 3,914 |
| Land value increment tax | - | 328 |
| Adjustments in respect of prior years | (16,637) | (20,916) |
| Income tax expense | <u>\$ 274,248</u> | <u>\$ 221,901</u> |

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

| | 2020 | | | |
|--|-------------------|------------------------------|--|-------------------|
| | January 1 | Recognized in profit or loss | Recognized in other comprehensive income | December 31 |
| Temporary differences: | | | | |
| —Deferred tax assets: | | | | |
| Loss allowance on accounts receivable | \$ 50,355 | \$ 11,100 | \$ - | \$ 61,455 |
| Valuation loss and loss on market value decline and obsolete and slow-moving inventories | 13,400 | 9,800 | - | 23,200 |
| Defined benefit obligation | 34,033 | (561) | 2,155 | 35,627 |
| Impairment loss on financial assets | 8,349 | - | - | 8,349 |
| Unused compensated absences payable | 4,751 | 749 | - | 5,500 |
| Unrealized construction loss | 12,050 | (2,597) | - | 9,453 |
| Unrealized exchange loss | 5,560 | (1,699) | - | 3,861 |
| Exchange differences on translation | 23,671 | - | (417) | 23,254 |
| Subtotal | <u>152,169</u> | <u>16,792</u> | <u>1,738</u> | <u>170,699</u> |
| —Deferred tax liabilities: | | | | |
| Unrealized investment income | (19,383) | (31,920) | - | (51,303) |
| Subtotal | <u>(19,383)</u> | <u>(31,920)</u> | <u>-</u> | <u>(51,303)</u> |
| Total | <u>\$ 132,786</u> | <u>(\$ 15,128)</u> | <u>\$ 1,738</u> | <u>\$ 119,396</u> |

| 2019 | | | | |
|--|-------------------|---------------------------------|---|-------------------|
| | January 1 | Recognized in profit or loss | Recognized in other comprehensive income | December 31 |
| | | | | |
| Temporary differences: | | | | |
| — Deferred tax assets: | | | | |
| Loss allowance on accounts receivable | \$ 45,177 | \$ 5,178 | \$ - | \$ 50,355 |
| Valuation loss and loss on market value decline and obsolete and slow-moving inventories | 30,000 | (16,600) | - | 13,400 |
| Defined benefit obligation | 32,391 | (515) | 2,157 | 34,033 |
| Impairment loss on financial assets | 8,349 | - | - | 8,349 |
| Unused compensated absences payable | 11,227 | (6,476) | - | 4,751 |
| Unrealized loss on investments | 715 | (715) | - | - |
| Unrealized construction loss | 4,860 | 7,190 | - | 12,050 |
| Unrealized exchange loss | - | 5,560 | - | 5,560 |
| Exchange differences on translation | 16,342 | - | 7,329 | 23,671 |
| Subtotal | <u>149,061</u> | <u>(6,378)</u> | <u>9,486</u> | <u>152,169</u> |
| — Deferred tax liabilities: | | | | |
| Unrealized exchange gain | (835) | 835 | - | - |
| Unrealized investment income | - | (19,383) | - | (19,383) |
| Subtotal | <u>(835)</u> | <u>(18,548)</u> | <u>-</u> | <u>(19,383)</u> |
| Total | <u>\$ 148,226</u> | <u>(\$ 24,926)</u> | <u>\$ 9,486</u> | <u>\$ 132,786</u> |

D. Assessment of the Company's and domestic subsidiary's income tax returns is as follows:

| | Assessment |
|---------------------------|--------------|
| The Company | Through 2018 |
| eZoom Information, Inc. | " |
| ADAT Technology CO., LTD. | " |

(23) Earnings per share

| Year ended December 31, 2020 | | | |
|---|-------------------------|---|------------------------------------|
| | | Weighted average number of ordinary shares outstanding (shares in thousands) | Earnings per share (in dollars) |
| | <u>Amount after tax</u> | | |
| <u>Basic earnings per share</u> | | | |
| Profit attributable to ordinary shareholders of the parent | \$ 913,736 | 187,080 | <u>\$ 4.88</u> |
| <u>Diluted earnings per share</u> | | | |
| Assumed conversion of all dilutive potential ordinary shares | | | |
| Convertible bonds | 523 | - | |
| Employee stock options | - | 133 | |
| Employees' compensation | - | 1,330 | |
| Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares | <u>\$ 914,259</u> | <u>188,543</u> | <u>\$ 4.85</u> |
| Year ended December 31, 2019 | | | |
| | | Weighted average number of ordinary shares outstanding (shares in thousands) | Earnings per share (in dollars) |
| | <u>Amount after tax</u> | | |
| <u>Basic earnings per share</u> | | | |
| Profit attributable to ordinary shareholders of the parent | \$ 703,006 | 186,085 | <u>\$ 3.78</u> |
| <u>Diluted earnings per share</u> | | | |
| Assumed conversion of all dilutive potential ordinary shares | | | |
| Convertible bonds | 75 | 226 | |
| Employee stock options | - | 356 | |
| Employees' compensation | - | 1,420 | |
| Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares | <u>\$ 703,081</u> | <u>188,087</u> | <u>\$ 3.74</u> |

(24) Business combinations

- A. On May 4, 2020, the Group acquired 100% of the share capital of Spiro Technology Systems Inc. for \$23,936 and obtained control over Spiro Technology Systems Inc., a component of semiconductor equipment dealer operating in the United States. The Group expects to reduce the future cost of material purchases after the acquisition.
- B. The following table summarises the consideration paid for Spiro Technology Systems Inc. and the fair values of the assets acquired and liabilities assumed at the acquisition date:

| | <u>May 4, 2020</u> |
|--|--------------------|
| Purchase consideration | |
| Cash paid | <u>\$ 23,936</u> |
| Fair value of the identifiable assets acquired and liabilities assumed | |
| Cash | 20,636 |
| Accounts receivable | 2,901 |
| Inventories | 1,643 |
| Property, plant and equipment | 2 |
| Accounts payable | (751) |
| Other payables | (186) |
| Total identifiable net assets | <u>24,245</u> |
| Gain recognized from bargain purchase (recorded as 'other gains and losses') | <u>(\$ 309)</u> |

- C. The operating revenue included in the consolidated statement of comprehensive income since May 4, 2020 contributed by Spiro Technology Systems Inc. was \$16,529. Spiro Technology Systems Inc. also contributed loss before income tax of (\$1,084) over the same period. Had Spiro Technology Systems Inc. been consolidated from January 1, 2020, the consolidated statement of comprehensive income would show operating revenue of \$25,138,556 and profit before income tax of \$1,151,220.

(25) Supplemental cash flow information

Financing activities with no cash flow effects

| | <u>Years ended December 31,</u> | |
|--|---------------------------------|------------------|
| | <u>2020</u> | <u>2019</u> |
| Convertible bonds converted to capital stock | <u>\$ -</u> | <u>\$ 11,859</u> |

(26) Changes in liabilities from financing activities

| 2020 | | | | | |
|--|--------------------------|------------------------------|-----------------------------|----------------------|--|
| | <u>Lease liabilities</u> | <u>Short-term borrowings</u> | <u>Long-term borrowings</u> | <u>Bonds payable</u> | <u>Liabilities from financing activities-gross</u> |
| At January 1 | \$941,324 | \$3,048,408 | \$ 200,000 | \$ - | \$ 4,189,732 |
| Changes in cash flow from financing activities | (91,033) | (1,575,565) | - | 1,495,000 | (171,598) |
| Impact of changes in foreign exchange rate | (7,688) | 1,957 | - | | (5,731) |
| Changes in other non-cash items | <u>137,822</u> | <u>-</u> | <u>-</u> | <u>(39,562)</u> | <u>98,260</u> |
| At December 31 | <u>\$980,425</u> | <u>\$1,474,800</u> | <u>\$ 200,000</u> | <u>\$1,455,438</u> | <u>\$ 4,110,663</u> |
| 2019 | | | | | |
| | <u>Lease liabilities</u> | <u>Short-term borrowings</u> | <u>Long-term borrowings</u> | | <u>Liabilities from financing activities-gross</u> |
| At January 1 | \$ 1,008,742 | \$ 2,635,425 | \$ 200,000 | | \$ 3,844,167 |
| Changes in cash flow from financing activities | (114,231) | 440,129 | - | | 325,898 |
| Impact of changes in foreign exchange rate | (3,135) | (27,146) | - | | (30,281) |
| Changes in other non-cash items | <u>49,948</u> | <u>-</u> | <u>-</u> | | <u>49,948</u> |
| At December 31 | <u>\$ 941,324</u> | <u>\$ 3,048,408</u> | <u>\$ 200,000</u> | | <u>\$ 4,189,732</u> |

7. RELATED PARTY TRANSACTIONS

(1) Parent company

The Company is controlled by Ennoconn International Investment Co., Ltd. (registered in the Republic of China), which owns 44.58% of the shares of the Company. The remaining 55.42% of the shares of the Company are held by the general public. The ultimate parent company of the Company is Ennoconn Corporation (registered in the Republic of China).

(2) Names of related parties and relationship

| Names of related parties | Relationship with the Group |
|--|--|
| FIH Precision Component (Beijing) Co., Ltd. | Other related party |
| Chung-Hsin Precision Machinery Co., Ltd. | " |
| Hon Hai Precision Industry Co., Ltd. | " |
| Chung-Hsin Electric & Machinery Mfg. Corp. | " |
| Hong Kong Ennopower Information Technology Co., Limited | " |
| PEROBOT CO., LTD. | " |
| MIC Techno Co., Ltd. | Associate |
| Glory Technology Service Inc. | " |
| Fortune International Corporation | " |
| Macrotec Technology Corp. | Entity controlled by key management or entity with significant influence |
| Forward Science Corp. | " |
| Shenzhen Hyper Power Information Technology Co., Ltd. (Note) | " |
| WT Microelectronics Co., Ltd. | " |
| ProbeLeader Co., Ltd. | " |
| Ennoconn Corporation | Ultimate parent company |

Note: Shenzhen Hyper Power Information Technology Co., Ltd. became the entity controlled by key management or entity with significant influence of the Company after the directors' re-election on May 30, 2019.

(3) Significant related party transactions and balances

A. Sales of goods and services

(a) Sales of goods

| | Years ended December 31, | |
|--|--------------------------|------------------|
| | 2020 | 2019 |
| Other related parties | \$ 102,923 | \$ 43,475 |
| Entities controlled by key management or entities with significant influence | 1,834 | 6,642 |
| The ultimate parent company | - | 56 |
| | <u>\$ 104,757</u> | <u>\$ 50,173</u> |

Prices to related parties and third parties are based on normal sales transactions and sales are collected 2 to 3 months after the completion of transactions.

(b) Construction contract revenue

| | Years ended December 31, | |
|--|--------------------------|-------------------|
| | 2020 | 2019 |
| Entities controlled by key management or entities with significant influence | \$ 14,710 | \$ 300,421 |
| Other related parties | 12,214 | 243,354 |
| Associates | (6,152) | - |
| Total | <u>\$ 20,772</u> | <u>\$ 543,775</u> |

- i. Construction contract revenue from related parties and non-related parties are collected based on the general construction contract or general agreement. In addition, construction contracts entered into with related parties are based on the price lists in force and terms that would be available to third parties while the collection periods for construction contracts are about 2 to 3 months after inspection of construction depending on the construction contracts or individual agreements.
- ii. As of December 31, 2020 and 2019, contract price and priced contract of unfinished construction are as follows:

| | December 31, 2020 | | December 31, 2019 | |
|--|--------------------------------------|--------------------|--------------------------------------|--------------------|
| | Total contract price (before tax) | Priced contract | Total contract price (before tax) | Priced contract |
| Other related parties | \$ 464,621 | \$ 447,673 | \$ 472,068 | \$ 453,351 |
| Associates | - | - | 19,516 | 10,316 |
| Entities controlled by key management or entities with significant influence | <u>399,454</u> | <u>304,665</u> | <u>415,672</u> | <u>162,711</u> |
| Total | <u>\$ 864,075</u> | <u>\$ 752,338</u> | <u>\$ 907,256</u> | <u>\$ 626,378</u> |

(c) Other contract revenue

| | Years ended December 31, | |
|--|--------------------------|-----------------|
| | 2020 | 2019 |
| Associates | \$ 2,372 | \$ 8,864 |
| Entities controlled by key management or entities with significant influence | <u>240</u> | <u>26</u> |
| Total | <u>\$ 2,612</u> | <u>\$ 8,890</u> |

Other contract revenue from related parties and non-related parties are collected based on the general service contract or general agreement. In addition, service contracts entered into with related parties are based on the price lists in force and terms that would be available to third parties while the collection periods for service contracts are about 2 to 3 months after inspection of service depending on the other contracts or individual agreements.

B. Acquisition of goods and services

(a) Purchase of goods

| | Years ended December 31, | |
|--|--------------------------|------------------|
| | 2020 | 2019 |
| Entities controlled by key management or entities with significant influence | \$ 4,706 | \$ 4,488 |
| Other related parties | 420 | 6,936 |
| Total | <u>\$ 5,126</u> | <u>\$ 11,424</u> |

Purchases from related parties and third parties are based on normal purchases prices and terms and are collectible about 2 to 3 months after inspection.

(b) Construction contract costs

| | Years ended December 31, | |
|--|--------------------------|-----------------|
| | 2020 | 2019 |
| Entities controlled by key management or entities with significant influence | \$ 4,982 | \$ 8,287 |
| Other related parties | 125 | 173 |
| Total | <u>\$ 5,107</u> | <u>\$ 8,460</u> |

The outsourcing construction contract costs paid to related parties and third parties are based on normal construction contracts or individual agreements. Furthermore, the payment terms to related parties are approximately the same to third parties, which is about 2 months after inspection of construction depending on the construction contracts or individual agreements.

C. Receivables from related parties

Accounts receivable

| | December 31, 2020 | December 31, 2019 |
|--|-------------------|-------------------|
| Other related parties | \$ 116,041 | \$ 132,582 |
| Entities controlled by key management or entities with significant influence | 34,306 | 96,936 |
| The ultimate parent company | - | 59 |
| Subtotal | <u>150,347</u> | <u>229,577</u> |
| Less: Loss allowance | <u>(36)</u> | <u>(2)</u> |
| Total | <u>\$ 150,311</u> | <u>\$ 229,575</u> |

The collection terms to related parties and third parties are about 2 to 3 months after the sale while terms for construction are about 2 to 3 months after inspection of construction depending on the construction contracts or individual agreements.

D. Payables to related parties

Notes payable

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|--|--------------------------|--------------------------|
| Entities controlled by key management or entities with significant influence | <u>\$ 3,897</u> | <u>\$ 3,272</u> |

Accounts payable

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|--|--------------------------|--------------------------|
| Entities controlled by key management or entities with significant influence | \$ 5,453 | \$ 5,637 |
| Other related parties | <u>79</u> | <u>2,463</u> |
| Total | <u>\$ 5,532</u> | <u>\$ 8,100</u> |

The payment terms to related parties and third parties are about 2 to 3 months after inspection of purchases. The payment terms for outsourcing construction costs are about 2 months after inspection of construction, depending on normal construction contracts or individual agreements.

E. Property transactions

For the years ended December 31, 2020 and 2019, the Group has acquired computer equipment and related software from entities controlled by key management and the acquisition price was \$14,173 and \$12,721 (recorded as 'property, plant and equipment' and 'intangible assets'), respectively.

(4) Key management compensation

| | <u>Years ended December 31,</u> | |
|---|---------------------------------|-------------------|
| | <u>2020</u> | <u>2019</u> |
| Salaries and other short-term employee benefits | <u>\$ 141,838</u> | <u>\$ 125,867</u> |

8. PLEDGED ASSETS

Details of the book value of the Group's assets pledged as collateral are as follows:

| Pledged asset | Book value | | Purpose |
|--|-------------------|-------------------|---|
| | December 31, 2020 | December 31, 2019 | |
| Restricted time deposits (recorded as 'other current assets' and 'other non-current assets') | \$ 83,542 | \$ 46,677 | Performance guarantee and other guarantee |
| Guarantee deposits paid (recorded as 'other current assets' and 'other non-current assets') | 146,593 | 124,268 | Bid bond ,performance guarantee and warranty |
| Buildings and structures (recorded as 'property, plant and equipment') | 12,963 | 13,821 | Guarantee for bank's borrowing facility |
| | <u>\$ 243,098</u> | <u>\$ 184,766</u> | |

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

Commitments

As of December 31, 2020, the notes and letters of guarantee used for construction performance and custom security amounted to \$2,265,302.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(1) To meet operational requirements, on January 7, 2021, the Company acquired a plant located in the Southern Taiwan Science Park and related equipment for a total consideration of \$190,680 (tax included).

(2) For details of the 2020 earnings appropriation proposed by the Board of Directors on February 26, 2021, refer to Note 6(17) E(b).

12. OTHERS

(1) Capital management

The Group's main objective when managing capital is to maintain an optimal credit ranking and capital ratio to support the operations and to maximize stockholders' equity.

(2) Financial instruments

A. Financial instruments by category

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|---|--------------------------|--------------------------|
| <u>Financial assets</u> | | |
| Financial assets measured at fair value through profit or loss | | |
| Financial assets mandatorily measured at fair value through profit or loss | \$ 675,967 | \$ 590,466 |
| Financial assets at amortised cost / Loans and receivables | | |
| Cash and cash equivalents | 2,992,379 | 2,560,943 |
| Notes receivable | 50,671 | 157,693 |
| Accounts receivable (including related parties) | 3,830,018 | 5,035,212 |
| Other accounts receivable | 14,002 | 10,542 |
| Restricted time deposits (recorded as 'other current assets') | 83,542 | 46,677 |
| Guarantee deposits paid (recorded as 'other current assets' and 'other non-current assets') | 184,351 | 182,643 |
| | <u>\$ 7,830,930</u> | <u>\$ 8,584,176</u> |
| <u>Financial liabilities</u> | | |
| Financial liabilities measured at fair value through profit or loss | | |
| Short-term borrowings | \$ 1,474,800 | \$ 3,048,408 |
| Notes payable (including related parties) | 1,155,932 | 954,474 |
| Accounts payable (including related parties) | 4,103,846 | 4,236,176 |
| Other accounts payable | 651,328 | 509,591 |
| Bonds payable | 1,455,438 | - |
| Long-term borrowings | 200,000 | 200,000 |
| Guarantee deposits received (recorded as 'other non-current liabilities') | 79 | 91 |
| | <u>\$ 9,041,423</u> | <u>\$ 8,948,740</u> |
| Lease liabilities | <u>\$ 980,425</u> | <u>\$ 941,324</u> |

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.
- (b) Risk management is carried out by a central treasury department under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD, RMB, JPY and EUR. Exchange rate risk arises from future commercial transactions and recognized assets and liabilities.

- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency.
- iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB, SGD, IDR, VND, and MMK). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

| December 31, 2020 | | | | | | |
|--|---|------------------|---------------------|------------------------|-----------|-----------------|
| (Foreign currency: functional currency) | Foreign currency amount (in thousands) | Exchange rate | Book value (NTD) | Sensitivity analysis | | |
| | | | | Degree of variation | Effect on | Effect on other |
| | | | | | profit or | comprehensive |
| | | | | | loss | income |
| | | | | | | |
| <u>Financial assets</u> | | | | | | |
| <u>Monetary items</u> | | | | | | |
| USD : NTD | \$ 65,271 | 28.48 | \$ 1,858,928 | 1% | \$ 18,589 | \$ |
| USD : RMB | 23,756 | 6.5069 | 676,578 | 1% | 6,766 | |
| USD : VND | 1,495 | 25,658 | 42,580 | 1% | 426 | |
| EUR : NTD | 12,359 | 35.02 | 432,812 | 1% | 4,328 | |
| JPY : NTD | 1,240,834 | 0.2763 | 342,842 | 1% | 3,428 | |
| JPY : RMB | 244,770 | 0.0631 | 67,630 | 1% | 676 | |
| USD : IDR | 1,154 | 14,030 | 32,867 | 1% | 329 | |
| <u>Financial liabilities</u> | | | | | | |
| <u>Monetary items</u> | | | | | | |
| USD : NTD | \$ 18,234 | 28.48 | \$ 519,309 | 1% | \$ 5,193 | \$ |
| USD : RMB | 9,229 | 6.5069 | 262,847 | 1% | 2,628 | |
| USD : SGD | 3,308 | 1.3210 | 94,220 | 1% | 942 | |
| JPY : NTD | 1,070,608 | 0.2763 | 295,809 | 1% | 2,958 | |

December 31, 2019

| | Foreign currency amount (in thousands) | Exchange rate | Book value (NTD) | Sensitivity analysis | | |
|--|---|------------------|---------------------|------------------------|--------------------------------|--|
| | | | | Degree of variation | Effect on profit or loss | Effect on other comprehensive income |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| (Foreign currency: functional currency) | | | | | | |
| <u>Financial assets</u> | | | | | | |
| <u>Monetary items</u> | | | | | | |
| USD : NTD | \$ 55,732 | 29.98 | \$ 1,670,845 | 1% | \$ 16,708 | \$ - |
| USD : RMB | 13,533 | 6.9642 | 405,722 | 1% | 4,057 | - |
| EUR : NTD | 10,528 | 33.59 | 353,637 | 1% | 3,536 | - |
| JPY : NTD | 1,172,346 | 0.2760 | 323,567 | 1% | 3,236 | - |
| USD : SGD | 1,711 | 1.3456 | 51,295 | 1% | 513 | - |
| JPY : RMB | 130,706 | 0.0641 | 36,075 | 1% | 361 | - |
| USD : IDR | 1,174 | 13,752 | 35,193 | 1% | 352 | - |
| USD : MMK | 1,030 | 1,480 | 30,866 | 1% | 309 | - |
| <u>Financial liabilities</u> | | | | | | |
| <u>Monetary items</u> | | | | | | |
| USD : NTD | \$ 6,012 | 29.98 | \$ 180,227 | 1% | \$ 1,802 | \$ - |
| USD : RMB | 11,316 | 6.9642 | 339,268 | 1% | 3,393 | - |
| JPY : NTD | 252,538 | 0.2760 | 69,701 | 1% | 697 | - |

iv. Please refer to the following table for the details of unrealized exchange gain (loss) arising from significant foreign exchange variation on the monetary items held by the Group.

| | Year ended December 31, 2020 | | | |
|------------------------------|------------------------------|---------------|------------------|---------|
| | Exchange gain (loss) | | | |
| | Foreign currency amount | | Book value (NTD) | |
| | (In thousands) | Exchange rate | | |
| <u>Financial assets</u> | | | | |
| <u>Monetary items</u> | | | | |
| USD : NTD | \$ | - | 28.48 (\$ | 39,471) |
| EUR : NTD | | - | 35.02 | 12,177 |
| <u>Financial liabilities</u> | | | | |
| <u>Monetary items</u> | | | | |
| USD : NTD | \$ | - | 28.48 \$ | 9,447 |
| JPY : NTD | | | 0.2763 (| 2,670) |

| Year ended December 31, 2019 | | | |
|---|------------|---------------|------------------|
| Exchange gain (loss) | | | |
| Foreign currency amount (In thousands) | | Exchange rate | Book value (NTD) |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD : NTD | \$ - | 29.98 | (\$ 30,672) |
| EUR : USD | (258) | 0.8925 | (7,728) |
| USD : MMK | (134,387) | 1,480 | (2,728) |
| USD : RMB | (519) | 6.9642 | (2,233) |
| <u>Financial liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| USD : NTD | \$ - | 29.98 | \$ 3,516 |

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2020 and 2019 would have increased/decreased by \$6,587 and \$4,273, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from bank borrowings with variable rates, which expose the Group to cash flow interest rate risk. For the years ended December 31, 2020 and 2019, the Group's borrowings at variable rate were mainly denominated in NTD, USD, SGD and RMB.
- ii. The Group's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.
- iii. If the borrowing interest rate of NTD, USD, SGD and RMB had increased/decreased by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2020 and 2019 would have decreased/increased by \$13,398 and \$25,987, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of excellence are accepted. According to the Group's credit policy, the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments are past due over 30 days based on the terms, there is a significant increase in credit risk on that instrument since initial recognition.
- iv. The Group considers the historical experience and industrial characteristics, whereby a default occurs when the sale and construction contract payments are past due over 1 to 2 years in line with credit risk management procedure.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Group classifies customers' accounts receivable in accordance with customer types. The Group applies the simplified approach using a provision matrix based on the loss rate methodology to estimate expected credit loss.
- vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. On December 31, 2020 and 2019, the Group has no written-off financial assets that are still under recourse procedures.

viii. The Group used the forecast ability of global boom information to adjust historical and timely information to assess the default possibility of notes and accounts receivable (including related parties). On December 31, 2020 and 2019, the provision matrix and loss rate methodology are as follows:

(i) Accounts receivable in relation to construction

| <u>December 31, 2020</u> | <u>Expected loss rate</u> | <u>Total book value</u> | <u>Loss allowance</u> |
|--------------------------|---------------------------|-------------------------|-----------------------|
| Not past due | 0%~0.0339% | \$ 1,144,550 | \$ 95 |
| Up to 90 days | 0%~0.2691% | 243,615 | 350 |
| 91 to 180 days | 0%~0.3458% | 120,984 | 165 |
| 181 to 365 days | 0%~0.5602% | 101,777 | 463 |
| 1 to 2 years | 0%~47.4740% | 178,373 | 3,099 |
| Over 2 years | 100% | 125,419 | 125,419 |
| Total | | <u>\$ 1,914,718</u> | <u>\$ 129,591</u> |

| <u>December 31, 2019</u> | <u>Expected loss rate</u> | <u>Total book value</u> | <u>Loss allowance</u> |
|--------------------------|---------------------------|-------------------------|-----------------------|
| Not past due | 0%~0.0034% | \$ 2,166,292 | \$ 442 |
| Up to 90 days | 0%~0.0356% | 445,993 | 103 |
| 91 to 180 days | 0%~0.0418% | 206,498 | 35 |
| 181 to 365 days | 0%~0.0923% | 194,239 | 83 |
| 1 to 2 years | 0%~45.7115% | 133,127 | 5,419 |
| Over 2 years | 100% | 114,942 | 114,942 |
| Total | | <u>\$ 3,261,091</u> | <u>\$ 121,024</u> |

(ii) Accounts receivable in relation to sales

| <u>December 31, 2020</u> | <u>Expected loss rate</u> | <u>Total book value</u> | <u>Loss allowance</u> |
|--------------------------|---------------------------|-------------------------|-----------------------|
| Not past due | 0%~0.1322% | \$ 1,533,931 | \$ 1,562 |
| Up to 90 days | 0%~10.6044% | 176,059 | 2,750 |
| 91 to 180 days | 0%~22.4121% | 21,932 | 311 |
| 181 to 365 days | 0%~37.6091% | 8,394 | 2,231 |
| Over 365 days | 100% | 72,854 | 72,854 |
| Total | | <u>\$ 1,813,170</u> | <u>\$ 79,708</u> |

| <u>December 31, 2019</u> | <u>Expected loss rate</u> | <u>Total book value</u> | <u>Loss allowance</u> |
|--------------------------|---------------------------|-------------------------|-----------------------|
| Not past due | 0%~0.0315% | \$ 1,473,169 | \$ 46 |
| Up to 90 days | 0%~0.9871% | 98,499 | 142 |
| 91 to 180 days | 0%~1.6244% | 11,637 | 20 |
| 181 to 365 days | 0%~41.1485% | 34,950 | 1,545 |
| Over 365 days | 100% | 68,767 | 68,767 |
| Total | | <u>\$ 1,687,022</u> | <u>\$ 70,520</u> |

- (iii) Based on historical experience, the Group applies individual assessment to evaluate expected credit loss of the high-credit risk customers. On December 31, 2020 and 2019, accounts receivable and loss allowance amounted to \$543,820 and \$516,216 and \$475,123 and \$414,212, respectively.
- (iv) Due to the expected insignificant impairment, the Group applies individual assessment to evaluate expected credit loss of receivables due from construction warranties and notes receivable. On December 31, 2020 and 2019, notes and accounts receivable and loss allowance amounted to \$293,494 and \$91, \$334,423 and \$91, respectively.
- ix. Movements in relation to the Group applying the simplified approach to provide loss allowance for notes and accounts receivable (including related parties) are as follows:

| | 2020 | 2019 |
|----------------------------|----------------------------|----------------------------|
| | <u>Accounts receivable</u> | <u>Accounts receivable</u> |
| At January 1 | \$ 605,847 | \$ 615,679 |
| Provision for impairment | 175,073 | 14,849 |
| Write-offs | (94,724) | (10,565) |
| Effect of foreign exchange | (1,683) | (14,116) |
| At December 31 | <u>\$ 684,513</u> | <u>\$ 605,847</u> |

For provisioned loss for the years ended December 31, 2020 and 2019, the impairment loss arising from customers' contracts are \$175,073 and \$14,849, respectively.

(c) Liquidity risk

- i. The Group invests in financial assets measured at fair value through profit or loss in active markets, so it expects to sell the financial assets in markets with prices approximate to fair value. Financial assets at cost are not traded in active markets, thus, liquidity risk is expected. However, the Group's operating capital is sufficient to fulfill the Group's capital needs and it does not expect significant liquidity risk.
- ii. The Group has no undrawn borrowing facilities.
- iii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities.

Non-derivative financial liabilities

| <u>December 31, 2020</u> | <u>Less than 1 year</u> | <u>Between 1 and 2 years</u> | <u>Between 2 and 5 years</u> | <u>Over 5 years</u> |
|--|-----------------------------|----------------------------------|----------------------------------|-------------------------|
| Short-term borrowings | \$ 1,480,489 | \$ - | \$ - | \$ - |
| Notes payable (including related parties) | 1,155,932 | - | - | - |
| Accounts payable (including related parties) | 4,103,846 | - | - | - |
| Other payables | 651,328 | - | - | - |
| Bonds payable | - | - | 1,455,438 | - |
| Long-term borrowings | 1,756 | 200,439 | - | - |
| Lease liabilities | 107,654 | 81,837 | 153,747 | 950,398 |

Non-derivative financial liabilities

| <u>December 31, 2019</u> | <u>Less than 1 year</u> | <u>Between 1 and 2 years</u> | <u>Between 2 and 5 years</u> | <u>Over 5 years</u> |
|--|-----------------------------|----------------------------------|----------------------------------|-------------------------|
| Short-term borrowings | \$ 3,048,408 | \$ - | \$ - | \$ - |
| Notes payable (including related parties) | 954,474 | - | - | - |
| Accounts payable (including related parties) | 4,236,176 | - | - | - |
| Other payables | 509,591 | - | - | - |
| Long-term borrowings | 1,933 | 200,483 | - | - |
| Lease liabilities | 108,470 | 86,462 | 164,027 | 969,484 |

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market and beneficiary certificates is included in Level 3.

B. Financial instruments not measured at fair value

Except for financial assets at fair value through profit or loss, the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables, restricted time deposits (recorded as other current assets), guarantee deposits paid (recorded as other current and non-current assets), short-term borrowings, notes payable (including related parties), accounts payable (including related parties), other payables, lease liabilities, bonds payable (including current portion), long-term borrowings and guarantee deposits received (recorded as other non-current liabilities) are approximate to their fair values.

C. The related information on financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets are as follows:

(a) The related information on the nature of the assets is as follows:

| <u>December 31, 2020</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|--------------------------------|-------------------|----------------|-------------------|-------------------|
| Assets: | | | | |
| <u>Recurring fair value</u> | | | | |
| <u>measurements</u> | | | | |
| Financial assets at fair value | | | | |
| through profit or loss | | | | |
| Equity securities | \$ 168,376 | \$ - | \$ 490,304 | \$ 658,680 |
| Beneficiary certificates | - | - | 8,970 | 8,970 |
| Hybrid instruments | - | - | 8,317 | 8,317 |
| Total | <u>\$ 168,376</u> | <u>\$ -</u> | <u>\$ 507,591</u> | <u>\$ 675,967</u> |
| <u>December 31, 2019</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| Assets: | | | | |
| <u>Recurring fair value</u> | | | | |
| <u>measurements</u> | | | | |
| Financial assets at fair value | | | | |
| through profit or loss | | | | |
| Equity securities | \$ 80,045 | \$ - | \$ 472,658 | \$ 552,703 |
| Beneficiary certificates | - | - | 4,720 | 4,720 |
| Hybrid instruments | - | - | 33,043 | 33,043 |
| Total | <u>\$ 80,045</u> | <u>\$ -</u> | <u>\$ 510,421</u> | <u>\$ 590,466</u> |

(b) The methods and assumptions the Group used to measure fair value are as follows:

Instruments which use market quoted prices as their fair value (that is, Level 1), are using the closing prices of listed shares as market quoted prices based on characteristics of the instruments.

D. For the years ended December 31, 2020 and 2019, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the years ended December 31, 2020 and 2019:

| | 2020 | | 2019 | |
|--|---|-----------------------|---|-----------------------|
| | Equity instruments and beneficiary certificates | Hybrid instruments | Equity instruments and beneficiary certificates | Hybrid instruments |
| At January 1 | \$ 477,378 | \$ 33,043 | \$ 379,824 | \$ 23,652 |
| Acquired during the year | 40,755 | 19,789 | 64,821 | 12,313 |
| Sold during the year | (10,750) | - | (2,047) | - |
| Gains and losses recognized in profit or loss (Note) | (8,109) | (44,515) | 34,780 | (2,922) |
| At December 31 | <u>\$ 499,274</u> | <u>\$ 8,317</u> | <u>\$ 477,378</u> | <u>\$ 33,043</u> |
| Movement of unrealized gain or loss in profit or loss of assets and liabilities held as at end of the year (Note) | <u>(\$ 8,109)</u> | <u>(\$ 44,515)</u> | <u>\$ 34,780</u> | <u>(\$ 2,916)</u> |

Note: Recorded as non-operating income and expense.

F. For the years ended December 31, 2020 and 2019, there was no transfer into or out from Level 3.

G. Investment strategies segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

H. The following is the qualitative information on significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

| | Fair value at December 31, 2020 | Valuation technique | Significant unobservable input | Range (weighted average) | Relationship of inputs to fair value |
|--|---------------------------------------|-----------------------------------|--------------------------------------|--------------------------------|--|
| Non-derivative equity instrument: | | | | | |
| Unlisted shares | \$ 459,838 | Market comparable companies | Note 1 | Not applicable | Note 2 |
| Venture capital shares and beneficiary certificates | 39,436 | Net asset value | Not applicable | Not applicable | Not applicable |
| Hybrid instrument: | | | | | |
| Convertible bond – call provision | 3,450 | Binomial tree pricing model | Volatility | 50.09% | The higher the stock price volatility, the higher the fair value |
| Convertible bond | 4,867 | Market comparable companies | Note 1 | Not applicable | Note 2 |
| | Fair value at December 31, 2019 | Valuation technique | Significant unobservable input | Range (weighted average) | Relationship of inputs to fair value |
| Non-derivative equity instrument: | | | | | |
| Unlisted shares | \$ 439,381 | Market comparable companies | Note 1 | Not applicable | Note 2 |
| Venture capital shares and beneficiary certificates | 37,997 | Net asset value | Not applicable | Not applicable | Not applicable |
| Hybrid instrument: | | | | | |
| Convertible bond | 33,043 | Market comparable companies | Note 1 | Not applicable | Note 2 |

Note 1: Price to earnings ratio multiple, price to book ratio multiple, enterprise value to operating income ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability.

Note 2: The higher the multiple and control premium, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value.

- I. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

| | | | December 31, 2020 | | | |
|---|----------------------------|--------|---------------------------------|-----------------------|---|-----------------------|
| | | | Recognized in profit or loss | | Recognized in other comprehensive income | |
| | | | Favorable change | Unfavorable change | Favorable change | Unfavorable change |
| | Input | Change | | | | |
| Financial assets | | | | | | |
| Equity instruments and beneficiary certificates | Stock price and fair value | ± 10% | \$ 49,927 | (\$ 49,927) | \$ - | \$ - |
| Convertible bond - call provision | Volatility | ± 5% | 100 | (10) | - | - |
| Total | | | <u>\$ 50,027</u> | <u>(\$ 49,937)</u> | <u>\$ -</u> | <u>\$ -</u> |
| | | | December 31, 2019 | | | |
| | | | Recognized in profit or loss | | Recognized in other comprehensive income | |
| | | | Favorable change | Unfavorable change | Favorable change | Unfavorable change |
| | Input | Change | | | | |
| Financial assets | | | | | | |
| Equity instruments and beneficiary certificates | Stock price and fair value | ± 10% | \$ 47,738 | (\$ 47,738) | \$ - | \$ - |

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- Loans to others: Please refer to table 1.
- Provision of endorsements and guarantees to others: Please refer to table 2.
- Holding of marketable securities at the end of the period (not including subsidiaries and associates): Please refer to table 3.
- Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital: None.

- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 4.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 5.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 8.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 6.

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Chief Operating Decision-Maker that are used to make strategic decisions.

The Group is divided into the following 4 segments:

- A. Agency for equipment materials segment: mainly engaged in semiconductor, optoelectronics and other high-tech industrial processing and trading, distribution, after-sale service and technical support of factory equipment and its materials, chemicals and parts.
- B. Process system and mechatronic system service segment: mainly contracting electrical, clean room, peripheral system facilities and process, engaged in lump sum contracts, providing integrated services consisting of planning, design, construction, supervision, installation, testing, operational consulting, maintenance and repair for gas, automatic supply system of chemicals, special gas and factory monitor system. Services for general industries such as petrochemical plant, conventional industry plant, mechatronic system for intelligent buildings.
- C. Customized equipment manufacturing segment: mainly engaged in research and development of customized automation equipment and process based on request of customers in semiconductor, optoelectronics and traditional industry.
- D. Other segments: mainly providing repair, cleaning and renewal services to customers' equipment and device in semiconductor, optoelectronics and traditional industry.

(2) Measurement of segment information

Management evaluates the performance of the operating segments based on their operational efficiency. The Group's Chief Operating Decision-Maker allocates resources and assesses performance of the operating segments based on the measurement and it is measured in a manner consistent with operating income in the consolidated statement of comprehensive income. There is no material change in the operating segments' accounting policies and accounting estimates and assumptions.

(3) Segment profit information

The segment information provided to the Chief Operating Decision-Maker for the reportable segments for the years ended December 31, 2020 and 2019 is as follows:

| Year ended December 31, 2020 | | | | | |
|---|--|---|---|----------------|---------------|
| | Sales and services for equipment materials segment | Facility system and mechanic & electric system service segment | Customized equipment manufacturing segment | Other segments | Total |
| Revenue from external customers | \$ 5,213,217 | \$ 12,659,943 | \$ 7,243,284 | \$ 3,413 | \$ 25,119,857 |
| Inter-segment revenue | 278,607 | 207,665 | 25,822 | 4,373 | 516,467 |
| Total segment revenue | \$ 5,491,824 | \$ 12,867,608 | \$ 7,269,106 | \$ 7,786 | \$ 25,636,324 |
| Segment profit (loss) | \$ 548,545 | \$ 160,006 | \$ 497,585 | (\$ 4,638) | \$ 1,201,498 |
| Segment profit including: Depreciation and amortisation | \$ 35,743 | \$ 91,279 | \$ 207,034 | \$ 3,684 | \$ 337,740 |

| Year ended December 31, 2019 | | | | | |
|---|--|---|---|----------------|---------------|
| | Sales and services for equipment materials segment | Facility system and mechanic & electric system service segment | Customized equipment manufacturing segment | Other segments | Total |
| Revenue from external customers | \$ 4,189,207 | \$ 13,309,108 | \$ 6,684,366 | \$ - | \$ 24,182,681 |
| Inter-segment revenue | 147,546 | 165,461 | 10,961 | 4,789 | 328,757 |
| Total segment revenue | \$ 4,336,753 | \$ 13,474,569 | \$ 6,695,327 | \$ 4,789 | \$ 24,511,438 |
| Segment profit (loss) | \$ 434,526 | (\$ 27,765) | \$ 417,414 | (\$ 4,837) | \$ 819,338 |
| Segment profit including: Depreciation and amortisation | \$ 42,065 | \$ 140,755 | \$ 156,014 | \$ 3,885 | \$ 342,719 |

(4) Reconciliation for segment income (loss)

Sales and services between segments are carried out at arm's length. The revenue and financial information from external customers reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income. A reconciliation of reportable segment income or loss to the income before tax from continuing operations for the years ended December 31, 2020 and 2019 is provided as follows:

| | Years ended December 31, | |
|--|--------------------------|-------------------|
| | 2020 | 2019 |
| Reportable segments income | \$ 1,206,136 | \$ 824,175 |
| Other reportable segments loss | (4,638) | (4,837) |
| Total segments | 1,201,498 | 819,338 |
| Other gains and losses | 15,578 | 156,053 |
| Finance costs | (67,326) | (84,370) |
| Income before tax from continuing operations | <u>\$ 1,149,750</u> | <u>\$ 891,021</u> |

(5) Information on products

Details of revenue are as follows:

| | Years ended December 31, | |
|--|--------------------------|----------------------|
| | 2020 | 2019 |
| R&D and manufacturing of customized equipment | \$ 7,243,247 | \$ 6,684,181 |
| Sales and service of high-tech equipment and materials | 6,885,049 | 5,597,464 |
| Automatic supplying system | 6,079,385 | 4,806,170 |
| Total Facility Engineering Turnkey Project | 4,912,176 | 7,094,866 |
| | <u>\$ 25,119,857</u> | <u>\$ 24,182,681</u> |

(6) Geographical information

Financial information by geographical area for the years ended December 31, 2020 and 2019 is as follows:

| | Years ended December 31, | | | |
|--------|--------------------------|---------------------|----------------------|---------------------|
| | 2020 | | 2019 | |
| | Revenue | Non-current assets | Revenue | Non-current assets |
| Taiwan | \$ 11,400,180 | \$ 2,709,795 | \$ 10,647,154 | \$ 2,556,350 |
| China | 7,203,398 | 241,368 | 7,642,606 | 233,181 |
| Others | 6,516,279 | 454,605 | 5,892,921 | 409,907 |
| Total | <u>\$ 25,119,857</u> | <u>\$ 3,405,768</u> | <u>\$ 24,182,681</u> | <u>\$ 3,199,438</u> |

Note: Revenue is classified based on geographic location of customers and non-current assets are classified based on assets location.

(7) Major customer information

Information of customers whose revenue exceeds 10% of the total operating revenue for the years ended December 31, 2020 and 2019:

| | Years ended December 31, | | | |
|------------|--------------------------|---|--------------|---|
| | 2020 | | 2019 | |
| | Revenue | Segment | Revenue | Segment |
| Customer A | \$ 3,942,913 | Facility system and mechanic & electric system service segment | \$ 3,416,765 | Facility system and mechanic & electric system service segment |
| Customer B | 2,580,701 | R&D and manufacturing of customized equipment segment | 2,255,338 | R&D and manufacturing of customized equipment segment |

Note: Operating revenue from other customers does not exceed 10% of consolidated operating revenue.

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES

Loans to others

For the year ended December 31, 2020

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 1

| No. (Note 1) | Creditor | Borrower | General ledger account (Note 2) | Is a related party | Maximum outstanding balance during the year ended December 31, 2020 (Note 3) | Balance at December 31, 2020 (Note 8) | Actual amount drawn down | Interest rate (%) | Nature of loan (Note 4) | Amount of transactions with the borrower (Note 5) | Reason for short-term financing (Note 6) | Allowance for doubtful accounts | Collateral | | Limit on loans granted to a single party (Note 7) | Ceiling on total loans granted (Note 7) | Footnote |
|-------------------|--|---|---------------------------------------|-----------------------|--|--|-----------------------------|----------------------|------------------------------|---|---|---------------------------------------|------------|-------|--|--|----------|
| | | | | | | | | | | | | | Item | Value | | | |
| 0 | Marketech International Corp. | Marketech Integrated Pte. Ltd. | Other receivables | Y | \$ 26,567 | \$ 21,360 | \$ 21,360 | 4.616 | Short-term financing | \$ - | Operations | \$ - | None | \$ - | \$ 2,508,962 | \$ 2,508,962 | Note 7 |
| 0 | Marketech International Corp. | Marketech International Sdn. Bhd. | Other receivables | Y | 20,570 | 19,366 | - | 4.616 | Short-term financing | - | Operations | - | None | - | 2,508,962 | 2,508,962 | Note 7 |
| 1 | MIC-Tech Electronics Engineering Corp. | Shanghai Maohua Electronics Engineering Co., Ltd. | Other receivables | Y | 52,547 | 52,523 | 52,523 | 4.785 | Short-term financing | - | Operations | - | None | - | 214,957 | 429,914 | Note 7 |
| 1 | MIC-Tech Electronics Engineering Corp. | Fuzhou Jiwei System Integrated Co., Ltd. | Other receivables | Y | 2,189 | 2,188 | 2,188 | 4.785 | Short-term financing | - | Operations | - | None | - | 429,914 | 429,914 | Note 7 |
| 1 | MIC-Tech Electronics Engineering Corp. | MIC-Tech (WuXi) Co., Ltd. | Other receivables | Y | 43,119 | - | - | - | Short-term financing | - | Operations | - | None | - | 429,914 | 429,914 | Note 7 |
| 2 | MIC-Tech (Shanghai) Corp. | MIC-Tech China Trading (Shanghai) Co., Ltd. | Other receivables | Y | 34,591 | 13,131 | 13,131 | 4.785 | Short-term financing | - | Operations | - | None | - | 398,093 | 398,093 | Note 7 |
| 2 | MIC-Tech (Shanghai) Corp. | MIC-Tech (WuXi) Co., Ltd. | Other receivables | Y | 43,789 | 43,769 | 43,769 | 4.785 | Short-term financing | - | Operations | - | None | - | 398,093 | 398,093 | Note 7 |
| 3 | MIC-Tech Viet Nam Co., Ltd | Marketech Co., Ltd | Other receivables | Y | 4,060 | - | - | - | Short-term financing | - | Operations | - | None | - | 68,629 | 68,629 | Note 7 |
| 4 | Marketech Integrated Manufacturing Company Limited | Marketech Integrated Construction Co., Ltd. | Other receivables | Y | 2,949 | 2,848 | 2,848 | 7.00 | Short-term financing | - | Operations | - | None | - | 142,700 | 285,399 | Note 7 |
| 5 | Marketech Co., Ltd. | MIC-Tech Viet Nam Co., Ltd | Other receivables | Y | 13,225 | 8,880 | 8,880 | 4.50 | Short-term financing | - | Operations | - | None | - | 13,400 | 13,400 | Note 7 |

Note 1:The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

- (1) The Company is ‘0’.
- (2) The subsidiaries are numbered in order starting from ‘1’.

Note 2:Fill in the name of account in which the loans are recognised, such as receivables–related parties, current account with stockholders, prepayments, temporary payments, etc.

Note 3:Fill in the maximum outstanding balance of loans to others during the year ended December 31, 2020.

Note 4:The column of ‘Nature of loan’ shall fill in ‘Business transaction or ‘Short-term financing’.

Note 5:Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 6:Fill in purpose of loan when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 7:Fill in limit on loans granted to a single party and ceiling on total loans granted as prescribed in the creditor company’s “Procedures for Provision of Loans”, and state each individual party to which the loans have been provided and the calculation for ceiling on total loans granted in the footnote.

The Company’s ceiling on loans to others are as follows:

- (1) Limit on the total loans to others provided by the Company is 40% of the net assets based on the Company’s latest financial statements.
- (2) Limit on the loans provided by the Company granted for a single party are as follows:

(2-1) Limit on loans to a single party with business transactions is the higher value of purchasing and selling during current year on the year of financing, and can’t exceed the total business transactions amount within 12 month.

(2-2) For short-term financing, limit on loans granted for a single party is 40% of the net assets based on the latest financial statements of the lending companies. The amount of loans to a single party is the accumulated balance of the lending company's short-term financing for single party.

Limit on the loans provided by the Company’s mainland subsidiaries:

- (1) Limit on the total loans to others provided by the Company’s mainland subsidiaries is 80% of the net assets based on the latest financial statements of the lending companies.
- (2) Limit on the loans provided by the Company’s mainland subsidiaries granted for a single party are as follows:

(2-1) Limit on loans to a single party with business transactions is the higher value of purchasing and selling during current year on the year of financing, and can’t exceed the total business transactions amount within 12 month.

(2-2) For short-term financing between the Company’s mainland subsidiary and the foreign companies which the ultimate parent company holds 100% of the voting rights directly or indirectly, limit on loans granted for a single party is 80% of the net assets based on the latest financial statements of the lending companies.

(2-3) For short-term financing between the Company’s mainland subsidiaries and aforementioned associates, limit on loans granted for a single party is 40% of the net assets based on the latest financial statements of the lending companies. The amount of loans to a single party is the accumulated balance of the lending company's short-term financing for single party.

Limit on the loans provided by the Company’s Vietnam subsidiaries:

- (1) Limit on the total loans to others provided by the Company’s Vietnam subsidiaries is 80% of the net assets based on the latest financial statements of the lending companies.
- (2) Limit on the loans provided by the Company’s Vietnam subsidiaries granted for a single party are as follows:

(2-1) Limit on loans to a single party with business transactions is the higher value of purchasing and selling during current year on the year of financing, and can’t exceed the total business transactions amount within 12 month.

(2-2) For short-term financing between the Company’s Vietnam subsidiary and the foreign companies which the ultimate parent company holds 100% of the voting rights directly or indirectly, limit on loans granted for a single party is 80% of the net assets based on the latest financial statements of the lending companies.

(2-3) For short-term financing between the Company’s Vietnam subsidiaries and aforementioned associates, limit on loans granted for a single party is 40% of the net assets based on the latest financial statements of the lending companies. The amount of loans to a single party is the accumulated balance of the lending company's short-term financing for single party.

Limit on the loans provided by the Company’s Myanmar subsidiaries:

- (1) Limit on the total loans to others provided by the Company’s Myanmar subsidiaries is 80% of the net assets based on the latest financial statements of the lending companies.
- (2) Limit on the loans provided by the Company’s Myanmar subsidiaries granted for a single party are as follows:

(2-1) Limit on loans to a single party with business transactions is the higher value of purchasing and selling during current year on the year of financing, and can’t exceed the total business transactions amount within 12 month.

(2-2) For short-term financing between the Company’s Myanmar subsidiary and the foreign companies which the ultimate parent company holds 100% of the voting rights directly or indirectly, limit on loans granted for a single party is 80% of the net assets based on the latest financial statements of the lending companies.

(2-3) For short-term financing between the Company’s Myanmar subsidiaries and aforementioned associates, limit on loans granted for a single party is 40% of the net assets based on the latest financial statements of the lending companies. The amount of loans to a single party is the accumulated balance of the lending company's short-term financing for single party.

Note 8: The amounts of funds to be loaned to others which have been approved by the board of directors of a public company in accordance with Article 14, Item 1 of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the board of directors of a public company has authorized the chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”, the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the board of directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

For the year ended December 31, 2020

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

| Number (Note 1) | Endorser/ guarantor | Party being endorsed/guaranteed | | Limit on endorsements/ guarantees provided for a single party (Note 4) | Maximum outstanding endorsement/ guarantee amount as of December 31, 2020 (Note 5) | Outstanding endorsement/ guarantee amount at December 31, 2020 (Note 6) | Actual amount drawn down (Note 7) | Amount of endorsements/ guarantees secured with collateral | Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company | Ceiling on total amount of endorsements/ guarantees provided (Note 4) | Provision of endorsements/ guarantees by parent company to subsidiary (Note 8) | Provision of endorsements/ guarantees by subsidiary to parent company (Note 8) | Provision of endorsements/ guarantees to the party in Mainland China (Note 8) | Footnote |
|--------------------|--|---|--|---|---|---|---|--|---|--|---|---|--|----------|
| | | Company name | Relationship with the endorser/ guarantor (Note 2) | | | | | | | | | | | |
| 0 | Marketech International Corp. | Marketech Integrated Pte. Ltd. | 2 | \$ 3,136,202 | \$ 34,543 | \$ 17,131 | \$ 4,140 | \$ - | 0.27% | \$ 6,272,404 | Y | N | N | Note 4 |
| 0 | Marketech International Corp. | MIC-Tech (Shanghai) Corp. | 2 | 3,136,202 | 885,360 | 706,031 | 39,011 | - | 11.26% | 6,272,404 | Y | N | Y | Note 4 |
| 0 | Marketech International Corp. | MIC-Tech (WuXi) Co., Ltd. | 2 | 3,136,202 | 314,307 | 283,900 | 184,209 | - | 4.53% | 6,272,404 | Y | N | Y | Note 4 |
| 0 | Marketech International Corp. | MIC-Tech Electronics Engineering Corp. | 2 | 3,136,202 | 1,696,667 | 1,474,209 | 589,605 | - | 23.50% | 6,272,404 | Y | N | Y | Note 4 |
| 0 | Marketech International Corp. | Shanghai Maohua Electronics Engineering Co.,Ltd. | 2 | 3,136,202 | 528,055 | 318,971 | 241,707 | - | 5.09% | 6,272,404 | Y | N | Y | Note 4 |
| 0 | Marketech International Corp. | Marketech International Sdn. Bhd. | 2 | 3,136,202 | 239,840 | 227,840 | 31,266 | - | 3.63% | 6,272,404 | Y | N | N | Note 4 |
| 0 | Marketech International Corp. | eZoom Information, Inc. | 2 | 3,136,202 | 120,000 | 60,000 | - | - | 0.96% | 6,272,404 | Y | N | N | Note 4 |
| 0 | Marketech International Corp. | Marketech International Corporation USA | 2 | 3,136,202 | 332,750 | - | - | - | - | 6,272,404 | Y | N | N | Note 4 |
| 0 | Marketech International Corp. | Te Chang Construction Co., Ltd. | 5 | 3,136,202 | 174,000 | 174,000 | 86,997 | | 2.77% | 6,272,404 | N | N | N | Note 4 |
| 1 | MIC-Tech Electronics Engineering Corp. | MIC-Tech (Shanghai) Corp. | 4 | 1,612,176 | 103,729 | - | - | - | - | 2,686,960 | N | N | Y | Note 4 |
| 1 | MIC-Tech Electronics Engineering Corp. | Marketech International Corp. | 3 | 1,612,176 | 511,679 | 481,739 | 481,739 | - | 89.64% | 2,686,960 | N | Y | N | Note 4 |
| 1 | MIC-Tech Electronics Engineering Corp. | MIC-Tech (WuXi) Co., Ltd. | 4 | 1,612,176 | 8,561 | 8,557 | 8,557 | - | 1.59% | 2,686,960 | N | N | Y | Note 4 |
| 1 | MIC-Tech Electronics Engineering Corp. | MIC-Tech Viet Nam Co., Ltd. | 4 | 1,612,176 | 272,362 | 269,930 | 269,930 | - | 50.23% | 2,686,960 | N | N | N | Note 4 |
| 1 | MIC-Tech Electronics Engineering Corp. | The Fourth Construction Co., Ltd. of China Electronics System Engineering | 5 | 1,612,176 | 807,834 | 807,467 | 784,817 | - | 150.26% | 2,686,960 | N | N | Y | Note 4 |
| 2 | MIC-Tech (Shanghai) Corp. | MIC-Tech Electronics Engineering Corp. | 4 | 1,492,848 | 596,060 | - | - | - | - | 2,488,080 | N | N | Y | Note 4 |
| 3 | Marketech Co., Ltd. | MIC-Tech Viet Nam Co., Ltd. | 4 | 167,510 | 130,641 | 126,166 | 126,166 | - | 753.18% | 167,510 | N | N | N | Note 4 |

Note 1:The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

- (1) The Company is ‘0’.
- (2) The subsidiaries are numbered in order starting from ‘1’.

Note 2:Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
- (5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
- (6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Fill in limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees provided as prescribed in the endorser/guarantor company’s “Procedures for Provision of Endorsements and Guarantees”, and state each individual party to which the endorsements/guarantees have been provided and the calculation for ceiling on total amount of endorsements/guarantees provided in the footnote.

Note 4:Limit on endorsements and guarantees stated in“Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies”:

- (1) In accordance with mutual guarantee requirement in the same industry for contracting constructions, limit on the total amount is 5 times of the Company’s net assets.
- (2) Except for guarantees for contracting constructions, limit on the Company’s accumulated endorsement/guarantee is the Company’s net assets; limit on endorsement/guarantee to a single party is 50% of the Company’s net assets. Limit on the total endorsement/guarantee of the Company and its subsidiaries as a whole is 1.5 times of the Company’s net assets; limit on endorsement/guarantee to a single party is 75% of the Company’s net assets.

Limit on endorsements and guarantees of the Company’s mainland subsidiaries:

- (1) In accordance with mutual guarantee requirement in the same industry or the common builders for contracting constructions, or provision of endorsements and guarantees for joint ventures from shareholders in proportion to shareholding ratio, limit on the total amount is 5 times of the net assets of the endorser/guarantor on endorsement/guarantee to a single party is three times of the net assets of the endorser/guarantor.
- (2) Except for (1), the Group follows standards of endorsements and guarantees as below:
 - (2-1) Total amount: (2-1-1) Limit on the accumulated endorsements and guarantees is 5 times of the net assets of the endorser/guarantor;
 - (2-1-2) Limit on endorsements and guarantees to a company of which the endorser company and the Company directly or indirectly holds 90%, should meet the requirement in (2-1-1) and may not exceed 10% of the ultimate parent’s net assets.
 - (2-1-3) Total endorsements and guarantees of the endorser/guarantor and its subsidiaries are limited to 5 times of the net assets of the endorser/guarantor.
 - (2-2) Limit on endorsement/guarantee to a single party
 - (2-2-1) For the companies having business relationship with the endorser/guarantor and thus being provided endorsements/guarantees, limit on endorsements to a single party is the total value of business transactions within past 12 months.
(the value of business transactions is the higher of purchase or sales)
 - (2-2-2) Limit on endorsement/guarantee to a single party who having business relationship with the Group is 3 times of the net assets of the endorser/guarantor.

Limit on endorsements and guarantees of the Company's Vietnam subsidiaries:

- (1) In accordance with mutual guarantee requirement in the same industry or the common builders for contracting constructions, or provision of endorsements and guarantees for joint ventures from shareholders in proportion to shareholding ratio, limit on the total amount is 5 times of the net assets of the endorser/guarantor on endorsement/guarantee to a single party is three times of the net assets of the endorser/guarantor.
- (2) Except for (1), the Group follows standards of endorsements and guarantees as below:
 - (2-1) Total amount: (2-1-1) Limit on the accumulated endorsements and guarantees is 10 times of the net assets of the endorser/guarantor;
 - (2-1-2) Limit on endorsements and guarantees to a company of which the endorser company and the Company directly or indirectly holds 90%, should meet the requirement in (2-1-1) and may not exceed 10% of the ultimate parent’s net assets.
 - (2-1-3) Total endorsements and guarantees of the endorser/guarantor and its subsidiaries are limited to 10 times of the net assets of the endorser/guarantor.
 - (2-2) Limit on endorsement/guarantee to a single party
 - (2-2-1) For the companies having business relationship with the endorser/guarantor and thus being provided endorsements/guarantees, limit on endorsements to a single party is the total value of business transactions within past 12 months.
(the value of business transactions is the higher of purchase or sales)
 - (2-2-2) Limit on endorsement/guarantee to a single party who having business relationship with the Group is 10 times of the net assets of the endorser/guarantor.

Note 5: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 6: Fill in the amount approved by the Board of Directors or the chairman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 7: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 8: Fill in ‘Y’ for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

For the year ended December 31, 2020

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

| As of December 31, 2020 | | | | | | | | | | |
|--------------------------------|-------------------------------|---|--|--|------------------|---------------------|---------------|-------------------|------------|----------|
| Securities held by | Type of marketable securities | Name of marketable securities (Note 1) | Relationship with the securities issuer | General ledger account | Number of shares | Book value (Note 2) | Ownership (%) | Fair value | Collateral | Footnote |
| Marketech International Corp. | Ordinary shares | Lasertec Corporation | None | Financial assets measured at fair value through profit or loss - current | 40,000 | \$ 133,840 | - | \$ 133,840 | None | |
| " | " | Solar Applied Materials Technology Corp. | " | " | 44,078 | 1,917 | - | 1,917 | " | |
| " | " | Aerospace Industrial Development Corp. | " | " | 50,925 | 1,477 | - | 1,477 | " | |
| | | | | | | <u>\$ 137,234</u> | | <u>\$ 137,234</u> | | |
| | | | | | | | | | | |
| " | Ordinary shares | Taiwan Colour & Imaging Technology Corp. | None | Financial assets measured at fair value through profit or loss - non-current | 1,700,000 | \$ - | 12.59% | \$ - | None | |
| " | " | Chung-Hsin Electric and Machinery Manufacturing Corp. | " | " | 581,000 | 31,142 | 0.12% | 31,142 | " | |
| " | " | WINGS GLOBAL TECHNOLOGY INC. | " | " | 750,000 | 9,874 | 18.75% | 9,874 | " | |
| " | " | Promos Technologies, Inc. | " | " | 250,331 | - | 0.56% | - | " | |
| " | " | Taiwan Puritic Corp. | " | " | 5,797,181 | 189,613 | 9.50% | 189,613 | " | |
| " | " | SOPOWER Technology Corp. | " | " | 189,223 | - | 12.61% | - | " | |
| " | " | VEEV Interactive Pte. Ltd. | " | " | 840,000 | - | 6.32% | - | " | |
| " | " | Taiwan Intelligent Fiber Optic Network Co., | " | " | 3,868,261 | 23,397 | 1.41% | 23,397 | " | |
| " | " | H&D Venture Capital Investment Corp. | " | " | 13,333 | 133 | 6.67% | 133 | " | |
| " | " | Civil Tech Pte. Ltd. | " | " | 336,374 | - | 0.58% | - | " | |
| " | " | ProbeLeader Co., Ltd. | Entities controlled by key management or entities with significant influence | " | 966,000 | 12,318 | 3.46% | 12,318 | " | |
| | | | | | | | | | | |
| " | " | Top Green Energy Technologies, Inc. | None | " | 1,111,111 | - | 0.89% | - | " | |
| " | " | IP Fund Six Co., Ltd. | " | " | 1,000,000 | 10,000 | 1.79% | 10,000 | " | |
| " | " | Innorich Venture Capital Corp. | " | " | 1,000,000 | 10,000 | 1.87% | 10,000 | " | |
| " | " | Taiwan Foresight Co., Ltd. | " | " | 380,000 | 3,581 | 2.24% | 3,581 | " | |
| " | " | Long Time Technology Corp. | " | " | 346,000 | 6,198 | 0.29% | 6,198 | " | |
| " | " | Paradigm Venture Capital Corp. | " | " | 90,187 | 902 | 3.50% | 902 | " | |
| " | " | Taiwan Special Chemicals Corp. | " | " | 4,401,333 | 89,258 | 1.51% | 89,258 | " | |
| " | " | Atech Totalsolution Co., Ltd. | " | " | 128,000 | - | 0.23% | - | " | |
| " | " | East Wind Life Science Systems | " | " | 124,457 | - | 12.87% | - | " | |
| " | " | EcoLand Corp. | " | " | 310,715 | - | 13.51% | - | " | |
| " | " | Kcashin Technology Corporation | " | " | 642,500 | 1,615 | 19.01% | 1,615 | " | |
| " | " | Radisen Co., Ltd. | " | " | 87,803 | - | 18.49% | - | " | |
| " | " | Foresight Energy Technologies Co., Ltd. | " | " | 675,000 | 2,695 | 3.00% | 2,695 | " | |
| " | " | Mycropore Corporation, Ltd. | " | " | 1,471,000 | 25,177 | 8.44% | 25,177 | " | |
| " | " | STEK CO., LTD. | " | " | 432,900 | 27,136 | 6.34% | 27,136 | " | |
| " | " | Sum Capital Healthcare Investment Corp. | Entities controlled by key management or entities with significant influence | " | 943,050 | 9,431 | 7.44% | 9,431 | " | |
| | | | | | | | | | | |
| " | " | Intellicares Co., Ltd. | " | " | 200,000 | - | 19.99% | - | " | |
| " | " | Forward Science Corp. | " | " | 2,450,000 | 32,321 | 9.80% | 32,321 | " | |
| " | " | Renown Information Technology Corp. | None | " | 800,000 | 8,000 | 16.00% | 8,000 | " | |
| " | " | Big Giant Health Management Consulting Co., | " | " | 200,000 | 2,000 | 9.09% | 2,000 | " | |
| " | " | Sharpcon Optical Co., Ltd. | " | " | 667,000 | 10,005 | 3.67% | 10,005 | " | |
| " | Convertible bonds | HALLYS CORPORATION | " | " | - | 133 | - | 133 | " | |
| " | " | Radisen Co., Ltd. | " | " | - | - | - | - | " | |
| " | " | Nitride Solutions Inc. | " | " | - | - | - | - | " | |
| " | " | Kinestral Technologies, Inc. | " | " | - | 4,734 | - | 4,734 | " | |
| " | Preferred stock | Adant Technologies Inc. | " | " | 174,520 | - | Note 3 | - | " | |
| " | " | Kinestral Technologies, Inc. | " | " | 501,532 | 16,650 | " | 16,650 | " | |
| " | Beneficiary certificates | Vertex Growth (SG) LP | " | " | - | 8,970 | - | 8,970 | " | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| MIC-Tech (Shanghai) Corp. Ltd. | Ordinary shares | MIC-Tech (Beijing) Environment Co. | Entities controlled by key management or entities with significant influence | " | - | - | 19.00% | - | " | |
| | | Total | | | | <u>\$ 535,283</u> | | <u>\$ 535,283</u> | | |

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 3: Holding preferred stock.

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

For the year ended December 31, 2020

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

| Purchaser/seller | Counterparty | Relationship with the counterparty | Transaction | | Percentage of total purchases (sales) | Credit term | Differences in transaction terms compared to third party transactions | | Notes/accounts receivable (payable) | | Footnote |
|--|--|---------------------------------------|----------------------|------------|--|-------------|---|-------------|--|---|----------|
| | | | Purchases (sales) | Amount | | | Unit price | Credit term | Balance | Percentage of total notes/accounts receivable (payable) | |
| Shanghai Maohua Electronics Engineering Co., Ltd. | Hong Kong Ennopower Information Technology Co., Ltd | Other related parties | Sales (Note 2) | \$ 102,896 | 27.01% | Note 1 | \$ - | - | \$ 142 | - | - |

Note 1: Repaid in installment based on the contract.

Note 2: Revenue arising from contracting constructions recognized based on the percentage of completion method for the year ended December 31, 2020.

Note 3: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share,
the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

December 31, 2020

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

| Creditor | Counterparty | Relationship with the counterparty | Balance as at December 31, 2020 (Note 1) | Turnover rate | Overdue receivables | | Amount collected subsequent to the balance sheet date | Allowance for doubtful accounts | |
|------------------------------|---|---------------------------------------|---|---------------|---------------------|--------------|---|------------------------------------|-------|
| | | | | | Amount | Action taken | | | |
| Marketch International Corp. | Hong Kong Ennopower Information Technology Co., Limited | Other related parties | \$ 115,891 | Note 2 | \$ - | - | \$ - | - | \$ 36 |

Note 1: Fill in separately the balances of accounts receivable-related parties, notes receivable-related parties, other receivables-related parties....

Note 2 : Receivables were generated from construction, thus, it's not applicable.

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
For the year ended December 31, 2020

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

| Number (Note 1) | Company name | Counterparty | Relationship (Note 2) | Transaction | | | |
|--------------------|-------------------------------|---|--------------------------|------------------------|-----------|--|--|
| | | | | General ledger account | Amount | Transaction terms | Percentage of consolidated total operating revenues or total assets (Note 3) |
| 0 | Marketech International Corp. | MIC-Tech (Shanghai) Corp. | 1 | Sales revenue | \$ 37,448 | Sales revenue: Prices and terms of sales of goods to related parties are approximately the same to third parties. A certain percentage of profit is negotiated for sale of services with related parties. Construction revenue: The price of construction charges to related parties and third parties are based on normal construction contracts or individual agreements. Furthermore, the collection terms to related parties are approximately the same to third parties, which is about 2 to 3 months after inspection of construction depending on the construction contracts or individual agreements. | 0.15% |
| 0 | Marketech International Corp. | MIC-Tech (Shanghai) Corp. | 1 | Non-operating revenue | 7,368 | | 0.03% |
| 0 | Marketech International Corp. | MIC-Tech Electronics Engineering Corp. | 1 | Construction revenue | 35,563 | | 0.14% |
| 0 | Marketech International Corp. | MIC-Tech Electronics Engineering Corp. | 1 | Non-operating revenue | 22,686 | | 0.09% |
| 0 | Marketech International Corp. | MIC-Tech Electronics Engineering Corp. | 1 | Other receivables | 11,056 | | 0.05% |
| 0 | Marketech International Corp. | Marketech Integrated Pte. Ltd. | 1 | Accounts receivable | 36,749 | | 0.18% |
| 0 | Marketech International Corp. | Marketech Integrated Pte. Ltd. | 1 | Other receivables | 21,534 | | 0.11% |
| 0 | Marketech International Corp. | Marketech Integrated Pte. Ltd. | 1 | Sales revenue | 80,597 | | 0.32% |
| 0 | Marketech International Corp. | Marketech International Corporation USA | 1 | Construction revenue | 6,991 | | 0.03% |
| 1 | eZoom Information, Inc. | Marketech International Corp. | 2 | Services revenue | 67,380 | | 0.27% |
| 1 | eZoom Information, Inc. | Marketech International Corp. | 2 | Construction revenue | 10,312 | | 0.04% |
| 2 | MIC-Tech Global Corp. | Marketech International Corp. | 2 | Sales revenue | 85,108 | | 0.34% |
| 2 | MIC-Tech Global Corp. | Marketech International Corp. | 2 | Accounts receivable | 10,032 | | 0.05% |
| 2 | MIC-Tech Global Corp. | MIC-Tech Electronics Engineering Corp. | 3 | Sales revenue | 41,384 | | 0.16% |
| 3 | Spiro Technology Systems Inc. | Marketech International Corp. | 2 | Sales revenue | 15,893 | | 0.06% |
| 4 | Marketech Netherlands B. V. | Marketech International Corp. | 2 | Sales revenue | 6,042 | | 0.02% |

| Number (Note 1) | Company name | Counterparty | Relationship (Note 2) | Transaction | | | |
|--------------------|---|---|--------------------------|------------------------|-----------|-------------------|--|
| | | | | General ledger account | Amount | Transaction terms | Percentage of consolidated total operating revenues or total assets (Note 3) |
| 5 | MIC-Tech Electronics Engineering Corp. | Shanghai Maohua Electronics Engineering Co., Ltd. | 3 | Other receivables | \$ 52,523 | | 0.26% |
| 6 | Shanghai Maohua Electronics Engineering Co., Ltd. | MIC-Tech Electronics Engineering Corp. | 3 | Construction revenue | 77,453 | | 0.31% |
| 6 | Shanghai Maohua Electronics Engineering Co., Ltd. | MIC-Tech Electronics Engineering Corp. | 3 | Sales revenue | 25,666 | | 0.10% |
| 7 | MIC-Tech (Shanghai) Corp. | MIC-Tech China Trading (Shanghai) Co., Ltd. | 3 | Other receivables | 13,131 | | 0.06% |
| 7 | MIC-Tech (Shanghai) Corp. | MIC-Tech (WuXi) Co., Ltd. | 3 | Other receivables | 43,769 | | 0.22% |
| 8 | Marketch Co., Ltd. | MIC-Tech Viet Nam Co., Ltd. | 3 | Other receivables | 8,989 | | 0.04% |

Note 1:The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is ‘0’.
- (2) The subsidiaries are numbered in order starting from ‘1’.

Note 2:Relationship between transaction company and counterparty is classified into the following three categories (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3:Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Individual amounts less than \$5,000 are not disclosed.Additionally, if it is disclosed as assets and revenue, its opposite transactions will not be disclosed.

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES

Information on investees

For the year ended December 31, 2020

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

| Investor | Investee | Location | Main business activities | Initial investment amount (Note 2) | | Shares held as at December 31, 2020 | | | Net profit (loss) of the investee for the year ended December 31, 2020 | Investment income (loss) recognized by the Company for the year ended December 31, 2020 (Note 1) | Footnote |
|-------------------------------|--|----------------|--|------------------------------------|---------------------------------|-------------------------------------|---------------|-------------|--|--|--------------------------|
| | | | | Balance as at December 31, 2020 | Balance as at December 31, 2019 | Number of shares | Ownership (%) | Book value | | | |
| Marketech International Corp. | Marketech Integrated Pte. Ltd. | Singapore | Contracting for semiconductor automatic supply system | \$ 233,306 | \$ 215,087 | 10,085,678 | 100 | (\$ 37,181) | (\$ 5,107) | (\$ 5,107) | The Company's subsidiary |
| Marketech International Corp. | Market Go Profits Ltd. | Virgin Islands | Investment holding and reinvestment | 1,328,547 | 1,298,124 | 41,069,104 | 100 | 1,386,248 | 142,606 | 142,606 | The Company's subsidiary |
| Marketech International Corp. | MIC-Tech Global Corp. | South Korea | International trade | 19,147 | 19,147 | 131,560 | 100 | 12,581 | 5,825 | 5,825 | The Company's subsidiary |
| Marketech International Corp. | Headquarter International Ltd. | Virgin Islands | Investment holding and reinvestment | 42,475 | 42,475 | 1,289,367 | 100 | 35,329 | (471) | (471) | The Company's subsidiary |
| Marketech International Corp. | Tiger United Finance Ltd. | Virgin Islands | Investment holding and reinvestment | 46,475 | 46,475 | 1,410,367 | 100 | 34,314 | (495) | (495) | The Company's subsidiary |
| Marketech International Corp. | Marketech Engineering Pte. Ltd. | Singapore | Contracting for electrical installing construction | 21,804 | 20,902 | 937,533 | 100 | 2,131 | (6,870) | (6,870) | The Company's subsidiary |
| Marketech International Corp. | Marketech Integrated Manufacturing Company Limited | Myanmar | Design, manufacturing, installation of automatic production equipment and its parts | 478,985 | 478,985 | 1,535,600 | 100 | 356,748 | (39,014) | (39,014) | The Company's subsidiary |
| Marketech International Corp. | MIC-Tech Viet Nam Co., Ltd. | Vietnam | Trading, installation and repair of various machinery equipment and its peripherals; consulting service and | 110,696 | 39,345 | - | 100 | 85,787 | (1,948) | (1,948) | The Company's subsidiary |
| Marketech International Corp. | Marketech Co., Ltd. | Vietnam | Specialized contracting and related repair services; equipment sales and repair; sales of cosmetics and daily necessities; production, development and implementation of software and providing coding service; providing installation service of industrial machine and equipment | 72,596 | 45,246 | - | 100 | 16,751 | (10,094) | (10,094) | The Company's subsidiary |
| Marketech International Corp. | eZoom Information, Inc. | Taiwan | Research, trading and consulting of information system software and hardware appliance | 195,737 | 195,737 | 20,000,000 | 100 | 100,863 | (20,255) | (20,255) | The Company's subsidiary |
| Marketech International Corp. | Marketech International Sdn.Bhd. | Malaysia | Specialized contracting and related repair services | 83,122 | 83,122 | 12,242,750 | 100 | 58,483 | (1,814) | (1,814) | The Company's subsidiary |
| Marketech International Corp. | Marketech International Corporation USA | USA | Specialized contracting and related repair services | 23,086 | 23,086 | 750,000 | 100 | 11,729 | (4,469) | (4,469) | The Company's subsidiary |

| Investor | Investee | Location | Main business activities | Initial investment amount (Note 2) | | Shares held as at December 31, 2020 | | | Net profit (loss) of the investee for the year ended December 31, 2020 | Investment income (loss) recognized by the Company for the year ended December 31, 2020 (Note 1) | Footnote |
|-------------------------------------|---|----------------|--|------------------------------------|---------------------------------|-------------------------------------|---------------|------------|--|--|---|
| | | | | Balance as at December 31, 2020 | Balance as at December 31, 2019 | Number of shares | Ownership (%) | Book value | | | |
| Marketech International Corp. | Spiro Technology Syetems Inc. | USA | Specialized contracting and related repair services | \$ 23,936 | \$ - | 19,982 | 100 | \$ 21,383 | (\$ 1,758) | (\$ 1,758) | The Company's subsidiary |
| Marketech International Corp. | ADAT Technology CO., LTD. | Taiwan | Research, development, application, and service of software; supply of electronic information and the buying and selling | 50,000 | 20,000 | 3,500,000 | 26.74 | 23,954 | (38,769) | (8,560) | The Company's subsidiary |
| Marketech International Corp. | PT Marketech International Indonesia | Indonesia | Trading business of machine equipment and parts | 38,042 | 38,042 | 1,199,000 | 99.92 | 33,131 | 223 | 223 | The Company's subsidiary |
| Marketech International Corp. | Marketech Netherlands B.V | Netherlands | International trade business of machine and components and technical service | 31,253 | 21,070 | 900,000 | 100 | 12,543 | (7,181) | (7,181) | The Company's subsidiary |
| Marketech International Corp. | Glory Technology Service Inc.. | Taiwan | Sale and installation of information and communication equipment | 42,714 | 42,714 | 5,968,371 | 29.24 | 67,579 | 12,911 | 3,775 | The Company's investee accounted for using equity method |
| Marketech International Corp. | MIC Techno Co., Ltd. | Taiwan | Sale of panels and its materials | 2,000 | 2,000 | 200,000 | 20 | 1,824 | (50) | (10) | The Company's investee accounted for using equity method |
| Marketech International Corp. | Smart Health Corp. | Taiwan | Smart medical consulting services and investment | 500 | 1,500 | 50,000 | 100 | 476 | (67) | (42) | The Company's subsidiary |
| Marketech International Corp. | Vertex System Corporation | Taiwan | Design and manufacture of RF booster; Management of IoT; 5G telecommunication instrument and | 20,000 | - | 2,000,000 | 38.83 | 18,046 | (5,032) | (1,954) | The Company's investee accounted for using equity method |
| Market Go Profits Ltd. | MIC-Tech Ventures Asia Pacific Inc. | Cayman Islands | Investment holding and reinvestment | 1,323,049 | 1,292,627 | 40,966,604 | 100 | 1,384,843 | 142,746 | - | The investor's subsidiary |
| Marketech Engineering Pte Ltd. | Marketech Integrated Construction Co., Ltd. | Myanmar | Contracting for electrical installing construction | 19,342 | 19,342 | 63,500 | 97.69 | 1,218 | (6,909) | - | The investor's subsidiary |
| MIC-Tech Ventures Asia Pacific Inc. | Rusky H.K. Limited | Hong Kong | Investment holding and reinvestment | 34,551 | 34,551 | 833,000 | 100 | (634) | 11,055 | - | The investor's subsidiary |
| MIC-Tech Ventures Asia Pacific Inc. | Frontken MIC Co. Limited | Hong Kong | Investment holding and reinvestment | 31,422 | 31,422 | 2,337,608 | 100 | 5,002 | (193) | - | The investor's subsidiary |
| MIC-Tech Ventures Asia Pacific Inc. | MICT International Limited | Hong Kong | Investment holding and reinvestment | 132,282 | 132,282 | 5,400,000 | 60 | 37,872 | (23,808) | - | The investor's subsidiary |
| MIC-Tech Ventures Asia Pacific Inc. | Leader Fortune Enterprise Co., Ltd. | Samoa | Investment holding and reinvestment | 8,990 | 8,990 | 303,000 | 31.43 | (3,395) | 3,982 | - | The investor's investee accounted for using equity method |
| MIC-Tech Ventures Asia Pacific Inc. | Fortune Blessing Co.,Limited | Hong Kong | Investment holding and reinvestment | 45,985 | 15,563 | 500,000 | 27.78 | 11,121 | (8,041) | - | The investor's investee accounted for using equity method |
| Rusky H.K. Limited | PT Marketech International Indonesia | Indonesia | Trading business of machine equipment and parts | 32 | 32 | 1,000 | 0.08 | 28 | 223 | - | The investor's investee accounted for using equity method |

Note 1: The amount of \$0 means that the Company does not directly recognise gain or loss on investments.

Note 2: Except for subsidiaries in Malaysia which are translated at the current rate as of December 31, 2020, the initial investment amounts of other investees are translated at the current rate as of the investment date.

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES

Information on investments in Mainland China

For the year ended December 31, 2020

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

| Investee in Mainland China | Main business activities | Paid-in capital (Note 3) | Investment method (Note 1) | Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019 (Note 3) | Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2020 (Note 3) | | Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020 (Note 3) | Net income of investee for the year ended December 31, 2020 | Ownership held by the Company (direct or indirect) | Investment income (loss) recognised by the Company for the year ended December 31, 2020 (Note 2) | Book value of investments in Mainland China as of December 31, 2020 | Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020 | Footnote |
|--|---|-----------------------------|-------------------------------|--|--|----------------------------|--|---|---|---|---|--|----------------|
| | | | | | Remitted to Mainland China | Remitted back to Taiwan | | | | | | | |
| MIC-Tech (WuXi) Co., Ltd. | Design, manufacturing, installation and maintenance of semiconductor device, crystal dedicated device, electronic component device, environment pollution preventing equipment; assembly of wrapping device and cooling equipment; assembly of barbecue grill; producing, assembling and sale of LED illuminator and its component; wholesale, commission agency and import and export of the aforementioned products and their components, textile, commodities, chemical products and cosmetics; lease of self-owned plants; design, manufacturing, sales and installation of automatic warehousing equipment and accessories, automatic logistics transporting equipment and accessories; R&D, sales and installation of supplementary engineering in logistics dispatch system, manufacturing and sales of medical devices. | \$ 726,240 | Note1(2) | \$ 583,840 | \$ - | \$ - | \$ 583,840 | (\$ 18,272) | 100 | (\$ 17,717) | \$ 16,715 | \$ - | Note 2 (2)B |
| MIC-Tech (Shanghai) Corp. | Wholesale, commission agency, maintenance, repairment, manufacture, import and export of semiconductor production, inspection equipment and its consumables and boilers that generate electricity; storage and allocation of mainly chemical and boiler products; international and entropot trade; trading and trading agency among enterprises in customs bonded area; consulting services in customs bonded area | 234,704 | Note1(2) | 14,240 | - | - | 14,240 | 112,451 | 100 | 112,451 | 497,616 | - | Note 2 (2)B |
| Fuzhou Jiwei System Integrated Co., Ltd. | Installation and complete services of clean room, mechanical system, street pipe system | 8,544 | Note1(2) | 8,544 | - | - | 8,544 | (254) | 100 | (254) | (1,810) | - | Note 2 (2)B |
| Shanghai Maohua Electronics Engineering Co.,Ltd. | Production of scrubber bins for semiconductor manufacturers; design, installation, debugging and technology services of tunnel system; equipment repair for semiconductor manufacturers; consulting service for electrical and medical equipment wholesale, commissioned distribution, export, import and related services of electronic products, machinery equipment, chemical products, communication equipment, metal products, plastic products | 17,088 | Note1(2) | 17,173 | - | - | 17,173 | 12,753 | 87 | 11,095 | (3,284) | - | Note 2 (2)B |
| MIC-Tech Electronics Engineering Corp. | Installation and construction of mechanical and electrical systems; construction of chemical and petroleum projects; construction of public municipal infrastructure projects; professional building renovation and decoration services; design and construction of smart buildings; construction of electronic projects and related technical services and consulting. Building equipment, building materials (excluding steel and cement), electronic products, chemical products (excluding hazardous products), metal products, electrical equipment, wholesale of communications equipment, commission-based agency (excluding auctions) and import-export business, and delivery of all related and supplementary services | 501,789 | Note1(2) | 242,650 | - | - | 242,650 | 20,178 | 100 | 20,178 | 537,392 | - | Note 2 (2)B |
| Frontken-MIC (Wuxi) Co., Ltd. | Research of specialized cleaning equipment of semiconductor device and integrated circuit, cleaning of special components of semiconductor device, integrated circuit and micromodule and cleaning technology for semiconductors, assembling, installation and maintenance of cooling equipment; design, manufacture, sale and installation of automatic warehouse equipment and fittings, and automatic logistics transporting equipment and fittings; development, sale and installation of computer aided engineering; wholesale, commission, import and export of above products and parts | 65,732 | Note1(2) | 26,293 | - | - | 26,293 | (194) | 100 | (194) | 4,983 | - | Note 2 (2)B |

| Investee in Mainland China | Main business activities | Paid-in capital (Note 3) | Investment method (Note 1) | Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019 (Note 3) | Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2020 (Note 3) | | Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020 (Note 3) | Net income of investee for the year ended December 31, 2020 | Ownership held by the Company (direct or indirect) | Investment income (loss) recognised by the Company for the year ended December 31, 2020 (Note 2) | Book value of investments in Mainland China as of December 31, 2020 | Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020 | Footnote |
|---|---|-----------------------------|-------------------------------|--|--|----------------------------|--|---|--|---|---|--|----------------|
| | | | | | Remitted to Mainland China | Remitted back to Taiwan | | | | | | | |
| Integrated Manufacturing & Services Co., Ltd. | Development of special equipment for solar cell production, manufacture of optical engine, lighting source, projection screen, high definition projection cathode-ray tube and micro-display module, and production, cleaning and regeneration of new electrical device; sells the products that manufactured by itself; machinery equipment, research and development of production technology of utilities equipment, technology transfer, technology consulting, technology service; processing of metal salvage and junk (except for hazardous chemicals and hazardous waste); metallic material (except for steels and noble metal), ceramic product, paper products and wholesale, retail and import and export of hardware products. | \$ 199,360 | Note1(2) | \$ 111,072 | \$ - | \$ - | \$ 111,072 | (\$ 23,798) | 60 | (\$ 14,279) | \$ 37,159 | \$ - | Note 2 (2)B |
| MIC-Tech China Trading (Shanghai) Co., Ltd. | Wholesale, commission agency and import and export of chemical products (except for hazardous chemicals, chemicals used in production of narcotic drugs and psychotropic substances and special chemicals), semiconductors, inspection equipment and its consumables, solar equipment consumables and boilers that generate electricity, International and entrepot trade, trading and trading agency among enterprises in customs bonded area, consulting service for trading, installation, repair, and maintenance of automation equipment, electronic equipment, and their parts | 42,720 | Note1(2) | 42,720 | - | - | 42,720 | 13,605 | 100 | 13,605 | 32,857 | - | Note 2 (2)B |
| Macrotec Technology (Shanghai) Co., Ltd. | Wholesale, commission agency, import and export and other complementary service of electrical products, food, textile, commodities, cosmetics, valve switch, instrumentation, metal products, electrical equipment, International and entrepot trade, trading and trading agency among enterprises in customs bonded area, simple commercial processing in customs bonded area, and consulting service for trading in customs bonded area | 27,253 | Note1(2) | 8,565 | - | - | 8,565 | 3,982 | 31.43 | 1,251 | (3,399) | - | Note 2 (2)B |
| Fortune International Corporation | Research and development, design, manufacturing, sales, installation and repair services of semiconductor-related devices, equipment and materials; research and development, transfer, consulting and service of semiconductor-related technology; supply chain management service; self-operation and agency of import and export business of various products and technologies; property management service; industrial park management service; accommodation service; retail of articles of daily use, food and beverages; venue rental; enterprise management service; conference and exhibition services; warehousing service; handling and transportation agency services | 34,176 | Note1(2) | 14,240 | - | - | 14,240 | (8,053) | 27.78 | (2,237) | 6,377 | - | Note 2 (2)B |

Note 1: Investment methods are classified into the following three categories:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in Market Go Profits Ltd., which then invested in the investee in Mainland China.
- (3) Others.

Note 2: In the ‘Investment income (loss) recognised by the Company for the year ended December 31, 2020’ column:

- (1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
- (2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
 - A.The financial statements were audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
 - B.The financial statements were audited and attested by R.O.C. parent company’s CPA.
 - C.Others.

Note 3: Paid-in capital and investment amount were translated at the original currency times exchange rate at period end.

2. Limit on investees in Mainland China

| Company name | Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020 (Note 1) (Note 2) | Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 1) | Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA |
|-------------------------------|---|--|--|
| Marketech International Corp. | \$ 1,116,125 | \$ 1,860,227 | \$ 3,819,830 |

Note 1: The amount was translated at the original currency times exchange rate at period end.

Note 2: The Company has sold WUXI Probeleader Electronics Co., Ltd. at the end of November 2011. As the accumulated investment was different from the investment collected back, the difference between accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020 and accumulated amount of remittance from Taiwan to Mainland China registered at and approved by MOEA was US\$186 thousand.

Note 3: The liquidation of TPP-MIC (WuXi) Co., Ltd. was completed in November, 2015. As the accumulated investment was different from the investment collected back, the difference between accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020, and accumulated amount of remittance from Taiwan to Mainland China registered at and approved by MOEA was US\$180 thousand.

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES

Major shareholders information

December 31, 2020

Table 9

| Name of major shareholders | Shares | |
|---|---------------------|---------------|
| | Name of shares held | Ownership (%) |
| Ennoconn International Investment Co., Ltd. | 83,468,613 | 44.58 |
| JI-XUAN Investment Corp. | 11,005,795 | 5.87 |

Note 1: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of share in dematerialised form due to the difference in the calculation basis.

Note 2: If the aforementioned data contains shares which were kept at the trust by the shareholders, the data was disclosed as a separate account of client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with the Securities and Exchange Act, the shareholding ratio includes the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information of reported share equity of insider, please refer to Market Observation Post System.

MARKETECH INTERNATIONAL CORP.
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS’
REPORT
DECEMBER 31, 2020 AND 2019

For the convenience of readers and for information purpose only, the auditors’ report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors’ report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of Marketch International Corp.

Opinion

We have audited the accompanying parent company only balance sheets of Marketch International Corp. (the "Company") as at December 31, 2020 and 2019, and the parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

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

Basis for opinion

For the year ended December 31, 2020, we conducted our audit in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China (ROC GAAS). For the year ended December 31, 2019, we conducted our audit in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants", the Financial Supervisory Commission (FSC) Jin-Guan-Zheng-Shen-Zi Order No. 1090360805 issued on February 25, 2020, and ROC GAAS. 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 judgement, 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, we do not provide a separate opinion on these matters.

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

Recognition of construction contract revenue

Description

Refer to Note 4(27) for accounting policy on construction contract and revenue, Note 5(2) for the details of uncertainty of construction contract accounting estimation and assumptions, and Notes 6(17) and 6(4) for details of construction contract revenue and construction contract cost.

The Company recognized revenue and profit by using the percentage of completion method. This method is also being used to calculate the cost for each contract at year-end. Management will re-evaluate the cost if the budget had increased or decreased, and depending on the cost after adjustment, the percentage of completion will be recalculated. The construction contract revenue may be affected by the appropriateness of determination of cost and estimated cost. Thus, we considered this as one of the key audit matters.

How our audit addressed the matter

We tailored the major audit scope as follows:

- A. Obtained an understanding of the management's control system and determined whether the contract had been created or significantly changed with respect to estimated cost.
- B. Obtained the newly added construction contract list for this fiscal year, and ensured that the total contract price is equal to the amount being used to calculate construction contract revenue. Ensured that any additional construction supplement can be traced back to supplementary contracts.
- C. Checked the construction costs incurred estimation sheets in the current period, and sampled the basis of estimation and subcontract amount, and ensured that it has been approved appropriately by the management.
- D. Checked the rationality of significant changes in the estimation of construction cost, and sample tested whether the revised plan had been approved by the management.
- E. Obtained the billing details and selected samples of related vouchers by using statistical procedure to check the correctness of input cost in engineering reports and computation of percentage of completion.

Valuation of inventories

Description

Refer to Note 4(10) for description of accounting policy on inventory valuation, Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(4) for description on inventory.

The Company is primarily engaged in the import and export trading business, which include integrated circuit, electronic equipment, as well as materials and components used on electronic equipment. Due to the rapid technological changes, the semiconductor equipment industry has become more and more competitive, and the product price frequently changes. Therefore, the Company is now exposed to risk on inventory valuation loss and slow-moving inventory. Inventories are stated at the lower of cost or net realizable value, and the specific identification method is used to estimate the allowance for inventory valuation loss on slow-moving inventories.

The base stock of inventories is based on assumptions of future demand and development plan. Due to the large quantity of inventories for sale, and since the amounts involved are significant, the determination of net realizable value for obsolete or slow-moving inventory involves subjective judgement resulting in high degree of estimation uncertainty. As a result of the high uncertainties in these estimates, we considered this is one of the key audit matters.

How our audit addressed the matter

We tailored the major audit scope as follows:

- A. Assessed the policy on allowance for inventory valuation loss based on our understanding of the operations and industry of the Company.
- B. Tested whether the basis of market value used in calculating the net realizable value of inventory is consistent with the policy of the Company and validated selling prices of selected samples of respective inventory and their accuracy of net realizable value calculation.
- C. Acquired management's individually identified out-of-date inventory list, inspected the related supporting documents and proper recognition in the financial statements.

Valuation of loss allowance for accounts receivable

Description

Refer to Note 4(7) for accounting policy on accounts receivable, Note 5(2) for accounting estimates and assumption uncertainty in relation to loss allowance of accounts receivable, and Note 6(3) for the details of accounts receivable.

The Company assesses the significant accounts receivable individually, and those that are not significant, are assessed either individually or collectively. If there is no impairment after individual assessment, then the group of accounts receivable will be subject to collective assessment. If the accounts receivable over a certain age is significant, the management will re-examine the collectability, and assess each case for possible impairment. Management uses professional judgement during the process, and accounting estimates have a high possibility of becoming inappropriate. The professional judgement may be affected by several factors, such as customer's financial status, internal credit rating, order history, and economic situation. Accordingly, obtaining the supporting documents which management used for judgement is important. Thus, we considered the assessment on loss allowance of accounts receivable as one of our key audit matters.

How our audit addressed the matter

We tailored the major audit scope as follows:

- A. Obtained an understanding of the process which management used to evaluate the collectability of accounts receivable.
- B. Ensured that the classification of impairment in the group of accounts receivable is appropriate and in accordance with the Company's accounting policy.
- C. Checked the details of significant impairment recognized by the management against the supporting documents to verify appropriateness.
- D. Verified the subsequent collection details of significant accounts receivable.
- E. Obtained the details of significant accounts receivable which have not yet been collected at year end, and re-evaluated the appropriateness.

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.

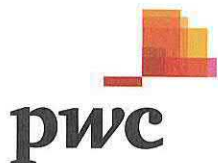
Those charged with governance, including the audit committee, are responsible for overseeing the Company’s financial reporting process.

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 ROC GAAS 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 ROC GAAS, we exercise professional judgement 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.



資誠

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 appropriate audit evidence regarding the financial information of the 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, and for forming an audit opinion on the parent company only financial statements.

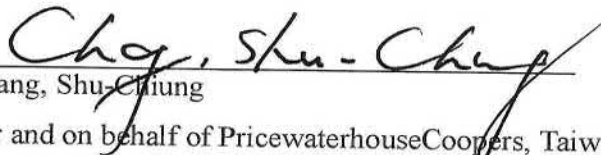
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

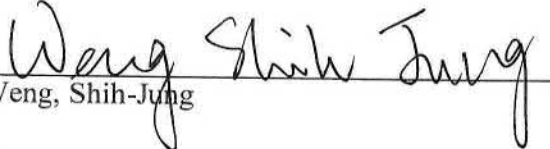
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



資誠

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


Chang, Shu-Chiung


Weng, Shih-Jung

For and on behalf of PricewaterhouseCoopers, Taiwan

February 26, 2021

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and report of independent auditors are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

MARKETECH INTERNATIONAL CORP.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

| Assets | | Notes | December 31, 2020 | | December 31, 2019 | |
|--------------------|---|-------------|-------------------|-----|-------------------|-----|
| | | | AMOUNT | % | AMOUNT | % |
| Current assets | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ 1,562,493 | 9 | \$ 1,249,502 | 8 |
| 1110 | Financial assets at fair value through profit or loss - current | 6(2) | 140,684 | 1 | 63,303 | 1 |
| 1140 | Current contract assets | 6(17) and 7 | 4,226,388 | 25 | 3,202,655 | 20 |
| 1150 | Notes receivable, net | 6(3) | 30,083 | - | 87,379 | 1 |
| 1170 | Accounts receivable, net | 6(3) | 2,395,135 | 14 | 2,716,489 | 17 |
| 1180 | Accounts receivable - related parties, net | 6(3) and 7 | 156,710 | 1 | 137,620 | 1 |
| 1200 | Other receivables | 7 | 48,374 | - | 47,963 | - |
| 130X | Inventories, net | 6(4) | 2,385,410 | 14 | 2,697,586 | 17 |
| 1410 | Prepayments | | 373,638 | 2 | 183,925 | 1 |
| 1470 | Other current assets | 8 | 132,612 | 1 | 110,885 | 1 |
| 11XX | Total current assets | | 11,451,527 | 67 | 10,497,307 | 67 |
| Non-current assets | | | | | | |
| 1510 | Financial assets at fair value through profit or loss - non-current | 6(2) | 535,283 | 3 | 527,163 | 3 |
| 1550 | Investments accounted for using equity method | 6(5) | 2,279,900 | 14 | 2,016,204 | 13 |
| 1600 | Property, plant and equipment, net | 6(6) and 7 | 1,717,285 | 10 | 1,672,574 | 11 |
| 1755 | Right-of-use assets | 6(7) | 905,860 | 5 | 858,772 | 5 |
| 1780 | Intangible assets | 7 | 48,026 | - | 11,377 | - |
| 1840 | Deferred tax assets | 6(21) | 170,699 | 1 | 152,169 | 1 |
| 1900 | Other non-current assets | 8 | 34,970 | - | 36,128 | - |
| 15XX | Total non-current assets | | 5,692,023 | 33 | 5,274,387 | 33 |
| 1XXX | Total Assets | | \$ 17,143,550 | 100 | \$ 15,771,694 | 100 |

(Continued)

MARKETECH INTERNATIONAL CORP.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

| Liabilities and Equity | | | December 31, 2020 | | December 31, 2019 | |
|-------------------------|--|-------------|-------------------|--------|-------------------|--------|
| | | | Notes | AMOUNT | % | AMOUNT |
| Current liabilities | | | | | | |
| 2100 | Short-term borrowings | 6(8) | \$ 1,085,778 | 6 | \$ 2,320,000 | 15 |
| 2130 | Current contract liabilities | 6(17) and 7 | 2,354,775 | 14 | 2,465,351 | 16 |
| 2150 | Notes payable | | 1,150,933 | 7 | 951,202 | 6 |
| 2160 | Notes payable - related parties | 7 | 3,897 | - | 3,272 | - |
| 2170 | Accounts payable | | 2,585,841 | 15 | 2,363,414 | 15 |
| 2180 | Accounts payable - related parties | 7 | 14,506 | - | 13,222 | - |
| 2200 | Other payables | 6(9) | 468,688 | 3 | 334,909 | 2 |
| 2230 | Current tax liabilities | | 149,664 | 1 | 81,427 | 1 |
| 2280 | Current lease liabilities | | 71,518 | - | 72,117 | - |
| 2310 | Advance receipts | | 118,015 | 1 | 39,092 | - |
| 2399 | Other current liabilities | | 104,025 | - | 95,829 | 1 |
| 21XX | Total current liabilities | | 8,107,640 | 47 | 8,739,835 | 56 |
| Non-current liabilities | | | | | | |
| 2530 | Bonds payable | 6(10) | 1,455,438 | 9 | - | - |
| 2540 | Long-term borrowings | 6(11) | 200,000 | 1 | 200,000 | 1 |
| 2570 | Deferred tax liabilities | 6(21) | 51,303 | - | 19,383 | - |
| 2580 | Non-current lease liabilities | | 841,381 | 5 | 790,178 | 5 |
| 2640 | Net defined benefit liability - non-current | 6(12) | 178,133 | 1 | 170,165 | 1 |
| 2670 | Other non-current liabilities | 6(5) | 37,251 | - | 52,120 | - |
| 25XX | Total non-current liabilities | | 2,763,506 | 16 | 1,231,846 | 7 |
| 2XXX | Total Liabilities | | 10,871,146 | 63 | 9,971,681 | 63 |
| Equity | | | | | | |
| | Share capital | 6(14) | | | | |
| 3110 | Ordinary shares | | 1,872,192 | 11 | 1,868,400 | 12 |
| | Capital surplus | 6(13)(15) | | | | |
| 3200 | Capital surplus | | 1,029,109 | 6 | 982,882 | 6 |
| | Retained earnings | 6(16) | | | | |
| 3310 | Legal reserve | | 841,627 | 5 | 771,326 | 5 |
| 3320 | Special reserve | | 170,247 | 1 | 92,239 | 1 |
| 3350 | Unappropriated retained earnings | | 2,526,327 | 15 | 2,255,413 | 14 |
| | Other equity interest | | | | | |
| 3400 | Other equity interest | | (167,098) | (1) | (170,247) | (1) |
| 3XXX | Total Equity | | 6,272,404 | 37 | 5,800,013 | 37 |
| | Significant contingent liabilities and unrecognised contract commitments | 7 and 9 | | | | |
| | Significant events after the balance sheet date | 11 | | | | |
| 3X2X | Total Liabilities and Equity | | \$ 17,143,550 | 100 | \$ 15,771,694 | 100 |

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

MARKETECH INTERNATIONAL CORP.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except earnings per share)

| | | | Year ended December 31, | | | |
|---|----------------|------|-------------------------|-------|---------------|-------|
| | | | 2020 | | 2019 | |
| Items | Notes | | AMOUNT | % | AMOUNT | % |
| 4000 Operating Revenue | 6(17) and 7 | | \$ 18,404,137 | 100 | \$ 17,631,899 | 100 |
| 5000 Operating Costs | 6(4)(20) and 7 | (| 16,027,833) | (87) | (15,776,299) | (90) |
| 5900 Gross Profit | | | 2,376,304 | 13 | 1,855,600 | 10 |
| Operating Expenses | 6(20) and 7 | | | | | |
| 6100 Sales and marketing expenses | | (| 339,893) | (2) | (345,000) | (2) |
| 6200 General and administrative expenses | | (| 662,102) | (3) | (547,794) | (3) |
| 6300 Research and development expenses | | (| 153,325) | (1) | (183,891) | (1) |
| 6450 Impairment on expected credit loss | 12(2) | (| 149,153) | (1) | (26,657) | - |
| 6000 Total operating expenses | | (| 1,304,473) | (7) | (1,103,342) | (6) |
| 6900 Operating Profit | | | 1,071,831 | 6 | 752,258 | 4 |
| Non-operating Income and Expenses | | | | | | |
| 7100 Interest income | 7 | | 3,485 | - | 4,994 | - |
| 7010 Other income | 6(18) and 7 | | 73,940 | - | 109,039 | 1 |
| 7020 Other gains and losses | 6(2)(19) | (| 13,947) | - | (61,604) | - |
| 7050 Finance costs | | (| 38,855) | - | (36,695) | - |
| 7070 Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method | | | 42,387 | - | (12,983) | - |
| 7000 Total non-operating income and expenses | | | 67,010 | - | 125,959 | 1 |
| 7900 Profit before Income Tax | | | 1,138,841 | 6 | 878,217 | 5 |
| 7950 Income tax expense | 6(21) | (| 225,105) | (1) | (175,211) | (1) |
| 8200 Net Income | | \$ | 913,736 | 5 | \$ 703,006 | 4 |
| Other Comprehensive Income (Loss) | | | | | | |
| Components of other comprehensive income (loss) that will not be reclassified to profit or loss | | | | | | |
| 8311 Losses on remeasurements of defined benefit plans | 6(12) | (\$ | 10,884) | - | (\$ 10,782) | - |
| 8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | 6(21) | | 2,155 | - | 2,157 | - |
| 8310 Other comprehensive loss that will not be reclassified to profit or loss | | (| 8,729) | - | (8,625) | - |
| Components of other comprehensive income (loss) that will be reclassified to profit or loss | | | | | | |
| 8361 Exchange differences on translation of foreign operations | | | 3,909 | - | (36,194) | - |
| 8380 Share of other comprehensive income of associates and joint ventures accounted for using equity method | | (| 343) | - | (451) | - |
| 8399 Income tax relating to components of other comprehensive income that will be reclassified to profit or loss | 6(21) | (| 417) | - | 7,329 | - |
| 8360 Other comprehensive income (loss) that will be reclassified to profit or loss | | | 3,149 | - | (29,316) | - |
| 8300 Other comprehensive loss, net of tax | | (\$ | 5,580) | - | (\$ 37,941) | - |
| 8500 Total Comprehensive Income | | \$ | 908,156 | 5 | \$ 665,065 | 4 |
| 9750 Basic earnings per share (in dollars) | 6(22) | \$ | 4.88 | | \$ 3.78 | |
| 9850 Diluted earnings per share (in dollars) | 6(22) | \$ | 4.85 | | \$ 3.74 | |

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

MARKETECH INTERNATIONAL CORP.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

| | | Capital Reserves | | | Retained Earnings | | | Other Equity Interest | |
|--|--|--------------------------|-------------------------|--------------------------|-------------------|-----------------|-------------------------|-------------------------|--------------|
| | | Share capital - ordinary | Capital surplus - share | Capital Surplus - others | Legal reserve | Special reserve | Unappropriated retained | Financial statement | |
| Notes | | shares | premium | | | | earnings | translation differences | Total equity |
| | | | | | | | | of foreign operations | |
| <u>Year ended December 31, 2019</u> | | | | | | | | | |
| Balance at January 1, 2019 | | \$ 1,855,913 | \$ 959,959 | \$ 10,422 | \$ 692,068 | \$ 92,239 | \$ 2,197,064 | (\$ 140,931) | \$ 5,666,734 |
| Profit for the period | | - | - | - | - | - | 703,006 | - | 703,006 |
| Other comprehensive loss for the period | | - | - | - | - | - | (8,625) | (29,316) | (37,941) |
| Total comprehensive income (loss) | | - | - | - | - | - | 694,381 | (29,316) | 665,065 |
| Appropriations and distribution of earnings for 2018 6(16) | | | | | | | | | |
| Legal reserve | | - | - | - | 79,258 | - | (79,258) | - | - |
| Cash dividends | | - | - | - | - | - | (556,774) | - | (556,774) |
| Share-based payment 6(13)(14)(15) | | 7,625 | 9,229 | (3,767) | - | - | - | - | 13,087 |
| Changes in equity of subsidiaries, associates and joint ventures accounted for using equity method 6(15) | | - | - | 42 | - | - | - | - | 42 |
| Conversion of convertible bonds 6(14)(15) | | 4,862 | 7,500 | (503) | - | - | - | - | 11,859 |
| Balance at December 31, 2019 | | \$ 1,868,400 | \$ 976,688 | \$ 6,194 | \$ 771,326 | \$ 92,239 | \$ 2,255,413 | (\$ 170,247) | \$ 5,800,013 |
| <u>Year ended December 31, 2020</u> | | | | | | | | | |
| Balance at January 1, 2020 | | \$ 1,868,400 | \$ 976,688 | \$ 6,194 | \$ 771,326 | \$ 92,239 | \$ 2,255,413 | (\$ 170,247) | \$ 5,800,013 |
| Profit for the period | | - | - | - | - | - | 913,736 | - | 913,736 |
| Other comprehensive loss for the period | | - | - | - | - | - | (8,729) | 3,149 | (5,580) |
| Total comprehensive income | | - | - | - | - | - | 905,007 | 3,149 | 908,156 |
| Appropriations and distribution of earnings for 2019 6(16) | | | | | | | | | |
| Legal reserve | | - | - | - | 70,301 | - | (70,301) | - | - |
| Special reserve | | - | - | - | - | 78,008 | (78,008) | - | - |
| Cash dividends | | - | - | - | - | - | (485,784) | - | (485,784) |
| Share-based payment 6(13)(14)(15) | | 3,792 | 4,479 | (2,370) | - | - | - | - | 5,901 |
| Changes in ownership interest in subsidiaries 6(15) | | - | - | 912 | - | - | - | - | 912 |
| Due to recognition of equity component of convertible bonds issued 6(10)(15) | | - | - | 43,206 | - | - | - | - | 43,206 |
| Balance at December 31, 2020 | | \$ 1,872,192 | \$ 981,167 | \$ 47,942 | \$ 841,627 | \$ 170,247 | \$ 2,526,327 | (\$ 167,098) | \$ 6,272,404 |

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

MARKETECH INTERNATIONAL CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

| | | Year ended December 31, | |
|---|---------------|-------------------------|-------------|
| | Notes | 2020 | 2019 |
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | | |
| Profit before tax | | \$ 1,138,841 | \$ 878,217 |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Net gain on financial assets or liabilities at fair value through profit or loss | 6(2)(19) | (39,251) | (97,017) |
| Impairment on expected credit loss | 12(2) | 149,153 | 26,657 |
| Share of (profit) loss of subsidiaries, associates and joint ventures accounted for using equity method | | (42,387) | 12,983 |
| Depreciation | 6(6)(7)(20) | 219,933 | 207,265 |
| Amortisation | 6(20) | 18,816 | 14,105 |
| Loss (gain) on disposal of property, plant and equipment | 6(6) | 3,768 | (4,862) |
| Compensation cost of share-based payments | 6(13)(15)(20) | - | 1,009 |
| Interest income | 7 | (3,485) | (4,994) |
| Interest expense | | 38,855 | 36,695 |
| Dividend income | 6(18) | (16,798) | (13,856) |
| Gain recognised from bargain purchase | | (309) | - |
| Changes in operating assets and liabilities | | | |
| Changes in operating assets | | | |
| Current contract assets | | (1,023,733) | 95,052 |
| Notes receivable, net | | 57,296 | (69,020) |
| Accounts receivable, net | | 134,021 | 107,070 |
| Accounts receivable - related parties, net | | 19,090 | 22,943 |
| Other receivables | | (5,599) | (16,083) |
| Inventories, net | | 312,176 | 485,863 |
| Prepayments | | (189,612) | 129,992 |
| Other current assets | | (25,757) | 25,259 |
| Changes in operating liabilities | | | |
| Current contract liabilities | | (110,576) | (302,894) |
| Notes payable | | 199,731 | (86,597) |
| Notes payable – related parties | | 625 | (3,088) |
| Accounts payable | | 289,381 | (453,834) |
| Accounts payable – related parties | | 1,284 | (2,171) |
| Other payables | | 67,968 | (91,236) |
| Advance receipts | | 78,923 | 18,186 |
| Other current liabilities | | 8,196 | 51,036 |
| Other non-current liabilities | | (2,916) | (2,574) |
| Cash inflow generated from operations | | 1,277,634 | 964,106 |
| Interest received | | 3,485 | 4,994 |
| Dividends received | | 16,798 | 13,856 |
| Interest paid | | (39,187) | (35,976) |
| Income tax paid | | (136,552) | (185,824) |
| Net cash flows from operating activities | | 1,122,178 | 761,156 |

(Continued)

MARKETECH INTERNATIONAL CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

| | | Year ended December 31, | |
|---|-----------|-------------------------|---------------|
| | Notes | 2020 | 2019 |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | | |
| Acquisition of financial assets at fair value through profit or loss - non-current | | (\$ 58,303) | (\$ 84,945) |
| Proceeds from disposal of financial assets at fair value through profit or loss - non-current | | 12,241 | 100,661 |
| Proceeds from capital reduction of financial assets at fair value through profit or loss | | 2,812 | 2,047 |
| Increase in other financial assets | | - | (45,000) |
| Acquisition of investments accounted for using equity method – subsidiaries | | (212,863) | (100,509) |
| Acquisition of investments accounted for using equity method – non-subsiidiaries | | (20,000) | (1,500) |
| Proceeds from capital reduction of investments accounted for using equity method | | 1,471 | - |
| Acquisition of property, plant and equipment | 6(6) | (202,042) | (112,592) |
| Proceeds from disposal of property, plant and equipment | 6(6) | 2,336 | 37,211 |
| Acquisition of right-of-use assets | | (4,058) | (7,740) |
| Acquisition of intangible assets | | (55,466) | (11,449) |
| Decrease (increase) in refundable deposits | | 14,216 | (64,968) |
| Increase in prepayments for business facilities | | (9,037) | - |
| Dividends received | | - | 3,756 |
| Net cash flows used in investing activities | | (528,693) | (285,028) |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | | |
| (Decrease) increase in short-term borrowings | 6(24) | (1,234,222) | 708,000 |
| Proceeds from exercise of employee stock options | 6(13) | 5,902 | 12,078 |
| Repayments of lease principal | 6(7)(24) | (61,390) | (69,028) |
| Proceeds from issuance of bonds | 6(10)(24) | 1,495,000 | - |
| Cash dividends paid | 6(16) | (485,784) | (556,774) |
| Net cash flows (used in) from financing activities | | (280,494) | 94,276 |
| Net increase in cash and cash equivalents | | 312,991 | 570,404 |
| Cash and cash equivalents at beginning of year | 6(1) | 1,249,502 | 679,098 |
| Cash and cash equivalents at end of year | 6(1) | \$ 1,562,493 | \$ 1,249,502 |

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

MARKETECH INTERNATIONAL CORP.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. ORGANIZATION AND OPERATIONS

Marketch International Corp. (the “Company”) was incorporated in the Republic of China (R.O.C.) on December 27, 1988. On October 17, 2002, the Company’s common shares were officially listed on the Taiwan Over-The-Counter Securities Exchange and on May 24, 2004, the shares were transferred to be listed on the Taiwan Stock Exchange. The Company is mainly engaged in (i) import and trade of various integrated circuits, semiconductors, electrical and computer equipment and materials, chemicals, gas, components; (ii) factory affair and mechatronic system including clean room, automatic supply system of (specialty) gas and chemicals, monitor system, Turn-key and Hook-up Project and (iii) design and manufacturing of customized equipment. Ennoconn International Investment Co., Ltd. owns 44.58% of the shares of the Company. The ultimate parent company of the Company is Ennoconn Corporation.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

The parent company only financial statements were approved and authorized for issuance by the Board of Directors on February 26 , 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

| New Standards, Interpretations and Amendments | Effective date by International Accounting Standards Board |
|---|--|
| Amendments to IAS 1 and IAS 8, ‘Disclosure initiative-definition of material’ | January 1, 2020 |
| Amendments to IFRS 3, ‘Definition of a business’ | January 1, 2020 |
| Amendments to IFRS 9, IAS 39 and IFRS 7, ‘Interest rate benchmark reform’ | January 1, 2020 |
| Amendment to IFRS 16, ‘Covid-19-related rent concessions’ | June 1, 2020 (Note) |

Note: Earlier application from January 1, 2020 is allowed by the FSC.

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

| New Standards, Interpretations and Amendments | Effective date by International Accounting Standards Board |
|---|--|
| Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9' | January 1, 2021 |
| Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform— Phase 2' | January 1, 2021 |

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

| New Standards, Interpretations and Amendments | Effective date by International Accounting Standards Board |
|---|--|
| Amendments to IFRS 3, 'Reference to the conceptual framework' | January 1, 2022 |
| Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture' | To be determined by International Accounting Standards Board |
| IFRS 17, 'Insurance contracts' | January 1, 2023 |
| Amendments to IFRS 17, 'Insurance contracts' | January 1, 2023 |
| Amendments to IAS 1, 'Classification of liabilities as current or non-current' | January 1, 2023 |
| Amendments to IAS 1, 'Disclosure of accounting policies' | January 1, 2023 |
| Amendments to IAS 8, 'Definition of accounting estimates' | January 1, 2023 |
| Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use' | January 1, 2022 |
| Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract' | January 1, 2022 |
| Annual improvements to IFRS Standards 2018–2020 | January 1, 2022 |

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Statement of compliance

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

- A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:
- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Liabilities on cash-settled share-based payment arrangements measured at fair value.
 - (c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollars (NTD), which is the Company’s functional and presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within ‘other gains and losses’.

B. Translation of foreign operations

- (a) The operating results and financial position of all the Company entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognized in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Company still retains partial interest in the former foreign associate or jointly controlled entity after losing significant influence over the former foreign associate, or losing joint control of the former jointly controlled entity, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets:

- (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realized within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

The Company classifies assets that do not meet the above criteria as non-current.

B. Liabilities that meet one of the following criteria are classified as current liabilities:

- (a) Liabilities that are expected to be paid off within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be paid off within twelve months from the balance sheet date;

- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies liabilities that do not meet the above criteria as non-current.

- C. Assets and liabilities relating to the construction contracts are classified as current and non-current based on the operating cycle.

(5) Cash and cash equivalents

- A. Cash and cash equivalents include petty cash, bank deposits and other short-term and highly liquid investments in the separate statements of cash flows.
- B. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.
- D. The Company recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(8) Impairment of financial assets

At each reporting date, for accounts receivable, contract assets and financial guarantee contracts that have a significant financing component, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognizes the impairment provision for lifetime ECLs.

(9) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(10) Inventories

The perpetual inventory system is adopted for inventory recognition. Cost is the basis for recognition and is determined using the weighted-average method. Costs include acquisition, manufacturing or processing costs to make inventories available for sale or use. These exclude borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value for the measure of the ending inventories. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(11) Investments accounted for using equity method / subsidiaries, associates and joint ventures

A. Investments in subsidiaries

- (a) Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- (b) Unrealized profit (loss) occurred from the transactions between the Company and subsidiaries have been offset. The accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- (c) The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize losses proportionate to its ownership.
- (d) If changes in shareholdings in subsidiaries do not result in loss in control (transactions with non-controlling interest), transactions shall be considered as equity transactions, which are transactions between owners. Difference of adjustment of non-controlling interest and fair value of consideration paid or received is recognized in equity.
- (e) When the Company loses its control in a subsidiary, the Company revalues the remaining investment in the prior subsidiary at fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Investments in associates

- (a) Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- (b) The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- (c) When changes in an associate's equity are not recognized in profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- (d) Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- (e) In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- (f) Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.
- (g) When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- (h) When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.

- C. Pursuant to the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the financial statements prepared for consolidation. Owners’ equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared for consolidation.

(12) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets’ residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets’ residual values and useful lives differ from previous estimates or the patterns of consumption of the assets’ future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, ‘Accounting Policies, Changes in Accounting Estimates and Errors’, from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

| | |
|--------------------------------|------------|
| Buildings | 2~55 years |
| Machinery and office equipment | 3~15 years |
| Other equipment | 2~10 years |

(13) Leasing arrangements (lessee) — right-of-use assets/ lease liabilities

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability; and
- (b) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(14) Intangible assets

A. Computer software

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 1 to 3 years.

B. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

C. Other intangible assets

Other intangible assets are technology royalties which are stated at cost and amortized on a straight-line basis over the contract duration.

(15) Impairment of non-financial assets

- A. The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.
- B. Goodwill is evaluated annually and is recorded as cost less impairment loss. Impairment loss of goodwill shall not be reversed.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(16) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(17) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(18) Convertible bonds payable

Convertible corporate bonds issued by the Company contain conversion options (that is, the bondholders have the right to convert the bonds into the Company's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Company classifies the bonds payable and derivative features embedded in convertible corporate bonds on initial recognition as a financial asset, a financial liability or an equity instrument ('capital surplus—stock options') in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument. Convertible corporate bonds are accounted for as follows:

- A. Call options and put options embedded in convertible corporate bonds are recognized initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognized as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.
- B. Bonds payable of convertible corporate bonds is initially recognized at fair value and subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is accounted for as the premium or discount on bonds payable and presented as an addition to or deduction from bonds payable, which is amortized in profit or loss as an adjustment to the 'finance costs' over the period of bond circulation using the effective interest method.
- C. Conversion options embedded in convertible corporate bonds issued by the Company, which meet the definition of an equity instrument, are initially recognized in 'capital surplus—stock options' at the residual amount of total issue price less amounts of 'financial assets or financial liabilities at fair value through profit or loss' and 'bonds payable—net' as stated above. Conversion options are not subsequently remeasured.
- D. Any transaction costs directly attributable to the issuance of convertible corporate bonds are allocated to the liability and equity components in proportion to the allocation of proceeds.
- E. When bondholders exercise conversion options, the liability component of the bonds (including 'bonds payable' and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The book value of common shares issued due to the

conversion shall be based on the adjusted book value of the above-mentioned liability component plus the book value of capital surplus - stock options.

(19) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(20) Financial guarantee contracts

A financial guarantee contract is a contract that requires the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract is initially recognized at its fair value adjusted for transaction costs on the trade date. After initial recognition, the financial guarantee is measured at the higher of the initial fair value less cumulative amortization and the best estimate of the amount required to settle the present obligation on each balance sheet date.

(21) Non-hedging and embedded derivatives

Non-hedging derivatives are initially recognized at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognized in profit or loss.

(22) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plan

For defined contribution plan, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plan

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

- ii. Remeasurements arising on defined benefit plan are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognized immediately in profit or loss.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(23) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

(24) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(25) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(26) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(27) Revenue recognition

A. Sales of goods or products

- (a) The Company manufactures and sells a range of various integrated circuits, semiconductors, electrical and computer equipment and materials, chemicals, gas, components. Sales are recognized when control of the products has transferred, being when the products are delivered to the customers, the customers have full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- (b) Sales revenue from products is recognized based on the contract price, and the amount is limited to the part that is highly possible of not incurring a significant reversal. The sales are usually made with a credit term of 30 days, which is consistent with the market practice. As the time interval between the transfer of committed goods or services and the payment of customers may possibly exceed one year, the Company does not adjust the transaction price to reflect the time value of money. However, the individual financial components of contracts are not significant.

- (c) A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Construction contracts

- (a) The Company is engaged in factory affair and mechatronic system including clean room, automatic supply system of (specialty) gas and chemicals, monitor system, turn-key and hook-up project services. Construction contract revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual costs spent relative to the total expected costs. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.
- (b) The Company's estimate of revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management becomes aware of the changes in circumstances.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Construction contracts

The Company recognizes contract revenue and profit based on management's evaluation of contract profit and percentage of completion. Management assesses and adjusts the contract profit and cost during execution of the contract. The actual result of the total profit and cost may be higher or lower than the estimation, and the effect is recognized in revenue and profit.

B. Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Company must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

C. Loss assessment of accounts receivable

During the process of assessing the loss allowance of receivables, the Company uses judgement in evaluating the collectability of receivables. The collectability assessment is affected by various factors: customers' financial conditions, historical transaction records, current economic conditions, etc. If the collectability of those accounts is in doubt, the Company is required to individually assess the possibility of recovery and make appropriate allowances for the amount. Since the evaluation of allowance is based on the status as of balance sheet date for reasonable expectations of future events, the actual results may be different than the estimation. Therefore, it may have significant changes.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|---------------------------------------|--------------------------|--------------------------|
| Cash on hand | \$ 7,659 | \$ 7,132 |
| Checking accounts and demand deposits | 1,554,834 | 1,242,370 |
| Total | <u>\$ 1,562,493</u> | <u>\$ 1,249,502</u> |

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. Except for the cash and cash equivalents pledged to others as shown in Note 8 that was transferred to 'other current assets', the Company has no cash and cash equivalents pledged to others.

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

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|---|--------------------------|--------------------------|
| Current items: | | |
| Financial assets mandatorily measured at fair value through profit or loss | | |
| Listed stocks | \$ 8,197 | \$ 7,439 |
| Hybrid instruments-call provision of convertible corporate bonds (Note 6(10)) | 3,000 | - |
| | 11,197 | 7,439 |
| Valuation adjustment | 129,487 | 55,864 |
| Total | <u>\$ 140,684</u> | <u>\$ 63,303</u> |

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|--|--------------------------|--------------------------|
| Non-current items: | | |
| Financial assets mandatorily measured at fair value through profit or loss | | |
| Listed stocks | \$ 12,474 | \$ 16,582 |
| Unlisted stocks | 429,048 | 403,291 |
| Beneficiary certificates | 8,970 | 4,720 |
| Hybrid instruments-convertible corporate bonds | 52,748 | 35,959 |
| | <u>503,240</u> | <u>460,552</u> |
| Valuation adjustment | 32,043 | 66,611 |
| Total | <u>\$ 535,283</u> | <u>\$ 527,163</u> |

A. Amounts recognized in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

| | <u>Years ended December 31,</u> | |
|--|---------------------------------|------------------|
| | <u>2020</u> | <u>2019</u> |
| Financial assets mandatorily measured at fair value through profit or loss | | |
| Equity instruments | \$ 83,766 | \$ 99,939 |
| Hybrid instruments | (44,515) | (2,922) |
| | <u>\$ 39,251</u> | <u>\$ 97,017</u> |

B. The Company has no financial assets at fair value through profit or loss pledged to others.

(3) Notes and accounts receivable

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> | <u>January 1, 2019</u> |
|----------------------|--------------------------|--------------------------|------------------------|
| Notes receivable | <u>\$ 30,083</u> | <u>\$ 87,379</u> | <u>\$ 18,359</u> |
| | | | |
| | <u>December 31, 2020</u> | <u>December 31, 2019</u> | <u>January 1, 2019</u> |
| Accounts receivable | \$ 2,732,511 | \$ 3,000,478 | \$ 3,154,841 |
| Less: Loss allowance | (337,376) | (283,989) | (258,739) |
| Total | <u>\$ 2,395,135</u> | <u>\$ 2,716,489</u> | <u>\$ 2,896,102</u> |

The above accounts receivable and notes receivable were all from contracts with customers.

A. The ageing analysis of notes and accounts receivable (including related parties) that were past due but not impaired is as follows:

(a) Notes receivable

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|--------------|--------------------------|--------------------------|
| Not past due | <u>\$ 30,083</u> | <u>\$ 87,379</u> |

(b) Accounts receivable

| | December 31, 2020 | December 31, 2019 |
|-----------------|---------------------|---------------------|
| Not past due | \$ 2,227,345 | \$ 2,384,493 |
| Up to 90 days | 189,820 | 110,454 |
| 91 to 180 days | 41,520 | 131,292 |
| 181 to 365 days | 57,987 | 105,539 |
| Over 365 days | 372,585 | 406,322 |
| | <u>\$ 2,889,257</u> | <u>\$ 3,138,100</u> |

The above ageing analysis was based on past due date.

- B. As of December 31, 2020 and 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes receivable was \$30,083 and \$87,379, respectively. As of December 31, 2020 and 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable (including related parties) was \$2,551,845 and \$2,854,109, respectively.
- C. The Company does not hold any collateral as security.
- D. Information relating to credit risk is provided in Note 12(2).

(4) Inventories

| | December 31, 2020 | | |
|---|---------------------|---|---------------------|
| | Cost | Allowance for valuation loss and loss on obsolete and slow-moving inventories | Book value |
| Materials | \$ 364,429 | (\$ 11,685) | \$ 352,744 |
| Merchandise inventory | 392,286 | (51,095) | 341,191 |
| Raw materials | 669,839 | (26,715) | 643,124 |
| Supplies | 45,889 | (3,291) | 42,598 |
| Work in process | 838,135 | (16,181) | 821,954 |
| Semi-finished goods and finished goods | 190,832 | (7,033) | 183,799 |
| Total | <u>\$ 2,501,410</u> | <u>(\$ 116,000)</u> | <u>\$ 2,385,410</u> |

| | December 31, 2019 | | |
|---|---------------------|---|---------------------|
| | Cost | Allowance for valuation loss and loss on obsolete and slow-moving inventories | Book value |
| Materials | \$ 523,616 | (\$ 18,515) | \$ 505,101 |
| Merchandise inventory | 291,447 | (6,139) | 285,308 |
| Raw materials | 699,777 | (25,309) | 674,468 |
| Supplies | 40,183 | (2,443) | 37,740 |
| Work in process | 1,057,821 | (10,572) | 1,047,249 |
| Semi-finished goods and finished goods | 151,742 | (4,022) | 147,720 |
| Total | <u>\$ 2,764,586</u> | <u>(\$ 67,000)</u> | <u>\$ 2,697,586</u> |

A. Relevant expenses of inventories recognized as operating costs for the years ended December 31, 2020 and 2019 are as follows:

| | Years ended December 31, | |
|--|--------------------------|----------------------|
| | 2020 | 2019 |
| Cost of sales | \$ 7,782,060 | \$ 6,411,796 |
| Construction contract cost | 7,331,558 | 8,474,992 |
| Other operating cost | 865,215 | 914,556 |
| Loss on (gain on reversal of) market value decline and obsolete and slow-moving inventories (Note) | <u>49,000</u> | <u>(25,045)</u> |
| Total | <u>\$ 16,027,833</u> | <u>\$ 15,776,299</u> |

Note: The Company reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold because the Company sold inventories, which had been previously provided with inventory valuation loss.

B. The Company has no inventories pledged to others.

(5) Investments accounted for using equity method

| | December 31, 2020 | | December 31, 2019 | |
|---|---------------------|--------------------|---------------------|--------------------|
| | Carrying amount | % interest held | Carrying amount | % interest held |
| Subsidiaries: | | | | |
| Market Go Profits Ltd. | \$ 1,386,248 | 100% | \$ 1,207,977 | 100% |
| Marketech Integrated Manufacturing Company Limited | 356,748 | 100% | 375,248 | 100% |
| eZoom Information, Inc. | 100,863 | 100% | 121,118 | 100% |
| Marketech International Sdn. Bhd. | 58,483 | 100% | 62,433 | 100% |
| Headquarter International Ltd. | 35,329 | 100% | 37,667 | 100% |
| Tiger United Finance Ltd. | 34,314 | 100% | 36,624 | 100% |
| PT Marketech International Indonesia | 33,131 | 99.92% | 35,344 | 99.92% |
| MIC-Tech Viet Nam Co., Ltd. | 85,787 | 100% | 27,593 | 100% |
| Spiro Technology Systems Inc. | 21,383 | 100% | - | - |
| Marketech International Corporation USA | 11,729 | 100% | 16,881 | 100% |
| Marketech Netherlands B.V. | 12,543 | 100% | 9,111 | 100% |
| Marketech Engineering Pte. Ltd. | 2,131 | 100% | 7,715 | 100% |
| MIC-Tech Global Corp. | 12,581 | 100% | 6,425 | 100% |
| Marketech Co., Ltd. | 16,751 | 100% | 3,338 | 100% |
| Smart Health Corp. (Note) | 476 | 100% | - | - |
| ADAT Technology CO.,LTD. | 23,954 | 26.74% | 1,602 | 29.41% |
| Marketech Integrated Pte. Ltd. | (37,181) | 100% | (52,050) | 100% |
| Add: Credit of long-term equity investment transferred to 'other non-current liabilities' | 37,181 | - | 52,050 | - |
| Associates: | | | | |
| Glory Technology Service Inc. | 67,579 | 29.24% | 63,804 | 29.24% |
| Vertex System Corporation | 18,046 | 38.83% | - | - |
| MIC Techno Co., Ltd. | 1,824 | 20.00% | 1,834 | 20.00% |
| Smart Health Corp. (Note) | - | - | 1,490 | 42.86% |
| | <u>\$ 2,279,900</u> | | <u>\$ 2,016,204</u> | |

Note: In July 2020, the equity interests in Smart Health Corp. acquired by the Company totaled to 100%. Accordingly, Smart Health Corp. was included in the consolidated entities since the date the Company obtained control over it after comprehensive assessment.

A. Subsidiaries

Details of the Company's subsidiaries are provided in Note 4(3) of the Company's 2020 consolidated financial statements.

B. Associates

Associates using equity method are all individually immaterial and the Company's share of the operating results are summarized below:

| | Years ended December 31, | |
|--|--------------------------|-----------|
| | 2020 | 2019 |
| Profit for the year from continuing operations | \$ 7,829 | \$ 21,565 |
| Total comprehensive income | \$ 7,829 | \$ 21,565 |

(6) Property, plant and equipment

| | 2020 | | | | | |
|-------------------------------|-------------------|---------------------|-------------------------|------------------|-------------------|---------------------|
| | Land | Buildings | Machinery and equipment | Office equipment | Others | Total |
| <u>At January 1</u> | | | | | | |
| Cost | \$ 183,542 | \$ 2,092,612 | \$ 442,963 | \$ 161,410 | \$ 20,905 | \$ 2,901,432 |
| Accumulated depreciation | - | (775,883) | (324,524) | (117,206) | (11,245) | (1,228,858) |
| Book value | <u>\$ 183,542</u> | <u>\$ 1,316,729</u> | <u>\$ 118,439</u> | <u>\$ 44,204</u> | <u>\$ 9,660</u> | <u>\$ 1,672,574</u> |
| <u>Year ended December 31</u> | | | | | | |
| Opening net book amount | \$ 183,542 | \$ 1,316,729 | \$ 118,439 | \$ 44,204 | \$ 9,660 | \$ 1,672,574 |
| Additions | - | 61,990 | 25,026 | 20,950 | 94,076 | 202,042 |
| Transfers (Note) | - | - | - | - | (155) | (155) |
| Disposals | - | (551) | (4,629) | (924) | - | (6,104) |
| Depreciation | - | (94,115) | (34,590) | (20,504) | (1,863) | (151,072) |
| Closing net book amount | <u>\$ 183,542</u> | <u>\$ 1,284,053</u> | <u>\$ 104,246</u> | <u>\$ 43,726</u> | <u>\$ 101,718</u> | <u>\$ 1,717,285</u> |
| <u>At December 31</u> | | | | | | |
| Cost | \$ 183,542 | \$ 2,153,200 | \$ 453,262 | \$ 173,262 | \$ 114,826 | \$ 3,078,092 |
| Accumulated depreciation | - | (869,147) | (349,016) | (129,536) | (13,108) | (1,360,807) |
| Book value | <u>\$ 183,542</u> | <u>\$ 1,284,053</u> | <u>\$ 104,246</u> | <u>\$ 43,726</u> | <u>\$ 101,718</u> | <u>\$ 1,717,285</u> |

2019

| | Land | Buildings | Machinery and equipment | Office equipment | Others | Total |
|--------------------------|-------------------|---------------------|-------------------------|------------------|-----------------|---------------------|
| <u>At January 1</u> | | | | | | |
| Cost | \$ 205,438 | \$ 2,035,231 | \$ 434,272 | \$ 154,332 | \$ 17,539 | \$ 2,846,812 |
| Accumulated depreciation | - | (701,954) | (313,364) | (102,624) | (9,371) | (1,127,313) |
| Book value | <u>\$ 205,438</u> | <u>\$ 1,333,277</u> | <u>\$ 120,908</u> | <u>\$ 51,708</u> | <u>\$ 8,168</u> | <u>\$ 1,719,499</u> |

Year ended December 31

| | | | | | | |
|-------------------------|-------------------|---------------------|-------------------|------------------|-----------------|---------------------|
| Opening net book amount | \$ 205,438 | \$ 1,333,277 | \$ 120,908 | \$ 51,708 | \$ 8,168 | \$ 1,719,499 |
| Additions | - | 14,822 | 35,958 | 14,439 | 47,373 | 112,592 |
| Transfers (Note) | - | 43,879 | - | - | (43,879) | - |
| Disposals | (21,896) | (1,080) | (8,594) | (747) | (32) | (32,349) |
| Depreciation | - | (74,169) | (29,833) | (21,196) | (1,970) | (127,168) |
| Closing net book amount | <u>\$ 183,542</u> | <u>\$ 1,316,729</u> | <u>\$ 118,439</u> | <u>\$ 44,204</u> | <u>\$ 9,660</u> | <u>\$ 1,672,574</u> |

At December 31

| | | | | | | |
|--------------------------|-------------------|---------------------|-------------------|------------------|-----------------|---------------------|
| Cost | \$ 183,542 | \$ 2,092,612 | \$ 442,963 | \$ 161,410 | \$ 20,905 | \$ 2,901,432 |
| Accumulated depreciation | - | (775,883) | (324,524) | (117,206) | (11,245) | (1,228,858) |
| Book value | <u>\$ 183,542</u> | <u>\$ 1,316,729</u> | <u>\$ 118,439</u> | <u>\$ 44,204</u> | <u>\$ 9,660</u> | <u>\$ 1,672,574</u> |

Note: Transfers during the year refer to previously unfinished constructions which had been completed and transferred to buildings, etc.

- A. The property, plant and equipment are all owner-occupied.
- B. The Company has no interest capitalized to property, plant and equipment.
- C. The Company has no property, plant and equipment pledged to others.

(7) Leasing arrangements — lessee

- A. The Company leases various assets including land, buildings, machinery, office equipment, equipment, and other equipment. Rental contracts are typically made for periods of 1 to 55 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise buildings, machinery and equipment, office equipment, and other equipment. Consequently, those leases are not included in the right-of-use assets.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

| | December 31, 2020 | December 31, 2019 |
|-----------------|-------------------|-------------------|
| | Carrying amount | Carrying amount |
| Land | \$ 713,682 | \$ 663,351 |
| Buildings | 141,052 | 146,212 |
| Other equipment | 51,126 | 49,209 |
| | <u>\$ 905,860</u> | <u>\$ 858,772</u> |

| | Years ended December 31, | |
|-------------------------|--------------------------|---------------------|
| | 2020 | 2019 |
| | Depreciation charge | Depreciation charge |
| Land | \$ 19,570 | \$ 21,398 |
| Buildings | 25,888 | 35,881 |
| Machinery and equipment | - | 149 |
| Office equipment | - | 193 |
| Other equipment | 23,403 | 22,476 |
| | <u>\$ 68,861</u> | <u>\$ 80,097</u> |

D. For the years ended December 31, 2020 and 2019, the additions to right-of-use assets were \$123,918 and \$48,718, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

| | Years ended December 31, | |
|---------------------------------------|--------------------------|------------------|
| | 2020 | 2019 |
| <u>Items affecting profit or loss</u> | | |
| Interest expense on lease liabilities | \$ 13,322 | \$ 13,170 |
| Expense on short-term lease contracts | 34,688 | 6,451 |
| | <u>\$ 48,010</u> | <u>\$ 19,621</u> |

F. For the years ended December 31, 2020 and 2019, the Company's total cash outflow for leases were \$109,400 and \$88,649, respectively.

G. Extension options

- (a) Extension options are included in approximately 40% of the Company's lease contracts pertaining to land. These options are expected to be exercised for maximizing optional flexibility in terms of managing contracts.
- (b) In determining the lease term, the Company takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(8) Short-term borrowings

| | <u>December 31, 2020</u> | <u>Interest rate range</u> | <u>Collateral</u> |
|------------------------|--------------------------|----------------------------|-------------------|
| <u>Bank borrowings</u> | | | |
| Credit borrowings | <u>\$ 1,085,778</u> | 0.75%~0.78656% | None |
| | <u>December 31, 2019</u> | <u>Interest rate range</u> | <u>Collateral</u> |
| <u>Bank borrowings</u> | | | |
| Credit borrowings | <u>\$ 2,320,000</u> | 0.88%~0.89% | None |

(9) Other payables

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|---|--------------------------|--------------------------|
| Salaries and bonus payable | \$ 304,265 | \$ 198,884 |
| Accrued employees' compensation and directors' remuneration | 140,756 | 108,544 |
| Others | 23,667 | 27,481 |
| Total | <u>\$ 468,688</u> | <u>\$ 334,909</u> |

(10) Bonds payable

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|---------------------------------|--------------------------|--------------------------|
| Bonds payable | \$ 1,500,000 | \$ - |
| Less: Discount on bonds payable | (44,562) | - |
| | <u>\$ 1,455,438</u> | <u>\$ -</u> |

A. The Company issued the 4th domestic unsecured convertible bonds, as approved by the regulatory authority on November 27, 2020. The terms and conditions are as follows:

(a) Total issuance amount: NT\$1,500,000

(b) Issuance period: 3 years, and a circulation period from December 15, 2020 to December 15, 2023.

(c) Coupon rate: 0%

(d) Conversion period: The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds before the maturity date, except the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

(e) The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. If the reset conversion price is higher than the conversion price before the reset, the conversion price will not be adjusted.

(f) Redemption method:

- i. Redemption on the maturity date: Redeemed in cash at face value at the maturity date.
- ii. Redemption before the maturity date: The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after one month of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after one month of the bonds issue to 40 days before the maturity date.
- iii. Under the terms of the bonds, all bonds redeemed, matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

(g) As of December 31, 2020, no convertible bonds were converted.

B. Regarding the issuance of convertible bonds, the equity conversion options amounting to \$43,206 were separated from the liability component and were recognized in 'capital surplus—stock warrants' in accordance with IAS 32. The call options embedded in bonds payable were separated from their host contracts and were recognized in 'financial assets or liabilities at fair value through profit or loss' in net amount in accordance with IAS 39 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rate of the bonds payable after such separation is 1.0255%.

(11) Long-term borrowings

| <u>Type of borrowings</u> | <u>Borrowing period and repayment term</u> | <u>Interest rate</u> | <u>Collateral</u> | <u>December 31, 2020</u> |
|---|---|----------------------|-------------------|--------------------------|
| Long-term bank borrowings Credit borrowings | Borrowing period is from December 28, 2020 to March 27, 2022; interest is payable monthly; principal is payable at maturity date | 0.830% | None | <u>\$ 200,000</u> |
| <u>Type of borrowings</u> | <u>Borrowing period and repayment term</u> | <u>Interest rate</u> | <u>Collateral</u> | <u>December 31, 2019</u> |
| Long-term bank borrowings Credit borrowings | Borrowing period is from December 27, 2019 to March 26, 2021; interest is payable monthly; principal is payable at maturity date | 0.978% | None | <u>\$ 200,000</u> |

(12) Pensions

A.(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.

(b) The amounts recognized in the balance sheet are as follows:

| | December 31, 2020 | December 31, 2019 |
|--|-------------------|-------------------|
| Present value of defined benefit obligations | \$ 324,881 | \$ 306,398 |
| Fair value of plan assets | (146,748) | (136,233) |
| Net defined benefit liability | <u>\$ 178,133</u> | <u>\$ 170,165</u> |

(c) Movements in net defined benefit liabilities are as follows:

| | 2020 | | |
|--|--|------------------------------|-------------------------------------|
| | Present value of defined benefit obligations | Fair value of plan assets | Net defined benefit liability |
| Balance at January 1 | (\$ 306,398) | \$ 136,233 | (\$ 170,165) |
| Current service cost | (1,003) | - | (1,003) |
| Interest (expense) income | (2,284) | 1,030 | (1,254) |
| Settlement profit | 111 | - | 111 |
| | <u>(309,574)</u> | <u>137,263</u> | <u>(172,311)</u> |
| Remeasurements: | | | |
| Return on plan assets (excluding amounts included in interest income or expense) | - | 4,423 | 4,423 |
| Change in demographic assumptions | (286) | - | (286) |
| Change in financial assumptions | (15,645) | - | (15,645) |
| Experience adjustments | 624 | - | 624 |
| | <u>(15,307)</u> | <u>4,423</u> | <u>(10,884)</u> |
| Pension fund contribution | - | 5,062 | 5,062 |
| Balance at December 31 | <u>(\$ 324,881)</u> | <u>\$ 146,748</u> | <u>(\$ 178,133)</u> |

| | 2019 | | |
|--|--|------------------------------|-------------------------------------|
| | Present value of defined benefit obligations | Fair value of plan assets | Net defined benefit liability |
| Balance at January 1 | (\$ 290,342) | \$ 128,385 | (\$ 161,957) |
| Current service cost | (1,088) | - | (1,088) |
| Interest (expense) income | (2,886) | 1,297 | (1,589) |
| | (294,316) | 129,682 | (164,634) |
| Remeasurements: | | | |
| Return on plan assets (excluding amounts included in interest income or expense) | - | 4,419 | 4,419 |
| Change in demographic assumptions | (704) | - | (704) |
| Change in financial assumptions | (8,749) | - | (8,749) |
| Experience adjustments | (5,748) | - | (5,748) |
| | (15,201) | 4,419 | (10,782) |
| Pension fund contribution | - | 5,251 | 5,251 |
| Paid pension | 3,119 | (3,119) | - |
| Balance at December 31 | (\$ 306,398) | \$ 136,233 | (\$ 170,165) |

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2020 and 2019 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

| | Years ended December 31, | |
|-------------------------|--------------------------|-------|
| | 2020 | 2019 |
| Discount rate | 0.30% | 0.75% |
| Future salary increases | 2.00% | 2.00% |

Assumptions regarding future mortality experience are set based on the 5th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

| | Discount rate | | Future salary increases | |
|---|---------------|----------|-------------------------|------------|
| | Increase | Decrease | Increase | Decrease |
| | 0.25% | 0.25% | 0.25% | 0.25% |
| <u>December 31, 2020</u> | | | | |
| Effect on present value of defined benefit obligation | (\$ 8,804) | \$ 9,158 | \$ 8,980 | (\$ 8,681) |
| <u>December 31, 2019</u> | | | | |
| Effect on present value of defined benefit obligation | (\$ 8,775) | \$ 9,140 | \$ 9,004 | (\$ 8,691) |

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

(f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2021 amount to \$6,166.

(g) As of December 31, 2020, the weighted average duration of the defined benefit retirement plan is 11 years.

B.(a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2020 and 2019 were \$39,937 and \$38,621, respectively.

(13) Share-based payment

A. For the years ended December 31, 2020 and 2019, the Company’s share-based payment arrangements were as follows:

| Type of arrangement | Grant date | Quantity granted (in thousands) | Contract period | Vesting conditions |
|------------------------|------------|---------------------------------|-----------------|--------------------|
| Employee stock options | 2015.9.11 | 3,956 | 6 years | 2~4 years’ service |

The share-based payment arrangements above are all settled by equity.

B. Details of the share-based payment arrangements are as follows:

| | Years ended December 31, | | | |
|--|--------------------------|--|----------------|--|
| | 2020 | | 2019 | |
| | No. of options | Weighted-average exercise price (in dollars) | No. of options | Weighted-average exercise price (in dollars) |
| Options outstanding at beginning of the year | 548 | \$ 15.70 | 1,325 | \$ 16.70 |
| Options exercised | (379) | 15.57 | (763) | 15.84 |
| Options forfeited | - | - | (14) | - |
| Options outstanding at end of the year | <u>169</u> | 15.20 | <u>548</u> | 15.70 |
| Options exercisable at end of the year | <u>169</u> | | <u>548</u> | |
| Options approved but not yet issued at end of the year | <u>44</u> | | <u>44</u> | |

C. The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

| | | December 31, 2020 | |
|---------------------|-------------|------------------------------|-----------------------------|
| Issue date approved | Expiry date | No. of shares (in thousands) | Exercise price (in dollars) |
| 2015.9.11 | 2021.9.10 | 169 | \$ 15.20 |
| | | December 31, 2019 | |
| Issue date approved | Expiry date | No. of shares (in thousands) | Exercise price (in dollars) |
| 2015.9.11 | 2021.9.10 | 548 | \$ 15.70 |

D. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

| Type of arrangement | Grant date | Stock price (in dollars) | Exercise price (in dollars) | Expected price volatility | Expected option life | Expected dividends | Risk-free interest rate | Fair value per unit |
|------------------------|------------|--------------------------|-----------------------------|---------------------------|----------------------|--------------------|-------------------------|---------------------|
| Employee stock options | 2015.9.11 | \$ 19.60 | \$ 19.60 | 34.91% | 4.375 years | 0% | 0.81% | \$ 5.8326 |

E. Expenses incurred on share-based payment transactions are \$0 and \$1,009 for the years ended December 31, 2020 and 2019, respectively.

(14) Share capital

As of December 31, 2020, the Company's authorized capital was \$3,000,000, consisting of 300 million shares of ordinary stock (including 9,800 thousand shares reserved for employee stock options), and the paid-in capital was \$1,872,192 with a par value of \$10 (in dollars) per share amounting to 187,219,200 shares. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

| | Years ended December 31, | |
|------------------------------------|--------------------------|-------------|
| | 2020 | 2019 |
| At January 1 | 186,839,950 | 185,591,264 |
| Conversion of convertible bonds | - | 486,186 |
| Exercise of employee stock options | 379,250 | 762,500 |
| At December 31 | 187,219,200 | 186,839,950 |

(15) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

Details of movements in capital surplus are as follows:

| | 2020 | | | | |
|--|---------------|------------------------|---------------|----------|--------------|
| | Share premium | Employee stock options | Stock options | Others | Total |
| At January 1 | \$ 976,688 | \$ 3,801 | \$ - | \$ 2,393 | \$ 982,882 |
| Exercise of employee stock options | 4,479 | (2,370) | - | - | 2,109 |
| Changes in ownership interest in subsidiaries | - | - | - | 912 | 912 |
| Due to recognition of equity component of convertible bonds issued | - | - | 43,206 | - | 43,206 |
| At December 31 | \$ 981,167 | \$ 1,431 | \$ 43,206 | \$ 3,305 | \$ 1,029,109 |

| | 2019 | | | | |
|--|-------------------|-----------------|---------------|----------------|-------------------|
| | Employee | | | | |
| | Share premium | stock options | Stock options | Others | Total |
| At January 1 | \$ 959,959 | \$ 7,568 | \$ 503 | \$2,351 | \$ 970,381 |
| Exercise of employee stock options | 9,229 | (4,776) | - | - | 4,453 |
| Compensation cost of employee stock options | - | 1,009 | - | - | 1,009 |
| Changes in equity of subsidiaries, associates and joint ventures accounted for using equity method | - | - | - | 42 | 42 |
| Conversion of convertible bonds | 7,500 | - | (503) | - | 6,997 |
| At December 31 | <u>\$ 976,688</u> | <u>\$ 3,801</u> | <u>\$ -</u> | <u>\$2,393</u> | <u>\$ 982,882</u> |

(16) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Also, special reserve shall be set aside or reversed as required by regulations or the Competent Authority. The remaining amount along with the prior years' unappropriated earnings are resolved by the Board of Directors and resolved by the stockholders for appropriation or reserve.
- B. The Company's dividend policy is summarized below: in consideration of the overall environment development and industrial growth, fulfilling future operation development needs as priority and optimizing financial structure, distribution of stock dividends shall not exceed 50% of the dividend distributed.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D.(a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Financial-Supervisory-Securities-Firms No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

E.(a) Details of 2019 and 2018 earnings appropriation resolved by the stockholders on May 27, 2020 and May 30, 2019, respectively are as follows:

| | Years ended December 31, | | | |
|-----------------|--------------------------|--|-------------------|--|
| | 2019 | | 2018 | |
| | Amount | Dividends per share (in dollars) | Amount | Dividends per share (in dollars) |
| Legal reserve | \$ 70,301 | \$ - | \$ 79,258 | \$ - |
| Special reserve | 78,008 | - | - | - |
| Cash dividends | 485,784 | 2.6 | 556,774 | 3.0 |
| Total | <u>\$ 634,093</u> | | <u>\$ 636,032</u> | |

The earnings appropriation for the years ended December 31, 2019 and 2018 listed above had no difference from that proposed by the Board of Directors on March 5, 2020 and February 18, 2019, respectively.

Information about the earnings distribution for 2019 and 2018 as resolved by the Board of Directors and resolved by shareholders will be posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

(b) Details of 2020 earnings appropriation proposed by the Board of Directors on February 26, 2021 are as follows:

| | Year ended December 31, 2020 | |
|-----------------------------|------------------------------|-------------------------------------|
| | Amount | Dividends per share (in dollars) |
| Legal reserve | \$ 90,500 | \$ - |
| Reversal of special reserve | (3,149) | - |
| Cash dividends | 655,267 | 3.5 |
| Total | <u>\$ 742,618</u> | |

Information about the earnings appropriation for 2020 by the Company as approved by the Board of Directors will be posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

The earnings appropriation for 2020 has not yet been resolved by the shareholders, thus, no dividend was accrued in these parent company only financial statements.

(17) Operating revenue

| | Years ended December 31, | |
|-------------------------------|--------------------------|----------------------|
| | 2020 | 2019 |
| Sales contract revenue | \$ 8,969,226 | \$ 7,351,318 |
| Construction contract revenue | 7,968,235 | 8,739,081 |
| Other contract revenue | 1,466,676 | 1,541,500 |
| Total | <u>\$ 18,404,137</u> | <u>\$ 17,631,899</u> |

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

| | Years ended December 31, | |
|--|--------------------------|----------------------|
| | 2020 | 2019 |
| R&D and manufacturing of customized equipment | \$ 6,679,140 | \$ 6,055,675 |
| Automatic supplying system | 4,520,904 | 3,526,186 |
| Sales and service of high-tech equipment and materials | 4,193,756 | 3,526,273 |
| Total Facility Engineering Turnkey Project | 3,010,337 | 4,523,765 |
| Total | <u>\$ 18,404,137</u> | <u>\$ 17,631,899</u> |
| Timing of revenue recognition | | |
| At a point in time | \$ 9,425,854 | \$ 7,824,751 |
| Over time | 8,978,283 | 9,807,148 |
| Total | <u>\$ 18,404,137</u> | <u>\$ 17,631,899</u> |

B. Contract assets and liabilities

(a) The Company has recognized the following revenue-related contract assets and liabilities:

| | December 31, 2020 | December 31, 2019 | January 1, 2019 |
|------------------------|---------------------|---------------------|---------------------|
| Contract assets: | | | |
| Construction contracts | <u>\$ 4,226,388</u> | <u>\$ 3,202,655</u> | <u>\$ 3,297,707</u> |
| Contract liabilities: | | | |
| Construction contracts | \$ 1,784,654 | \$ 1,716,965 | \$ 1,818,194 |
| Sales contracts | 533,238 | 732,008 | 927,067 |
| Service contracts | 36,883 | 16,378 | 22,984 |
| | <u>\$ 2,354,775</u> | <u>\$ 2,465,351</u> | <u>\$ 2,768,245</u> |

(b) Revenue recognized that was included in the contract liability balance at the beginning of the year:

| | Years ended December 31, | |
|---|--------------------------|---------------------|
| | 2020 | 2019 |
| Revenue recognized that was included in the contract liability balance at the beginning of the year | | |
| Construction contracts | \$ 934,409 | \$ 1,471,258 |
| Sales contracts | 260,952 | 255,944 |
| Service contracts | 16,378 | 22,984 |
| | <u>\$ 1,211,739</u> | <u>\$ 1,750,186</u> |

(c) All contracts of the Company are for periods of one year or less or are billed based on time incurred. As permitted under IFRS 15, the transaction prices allocated to these unsatisfied contracts are not disclosed.

(18) Other income

| | Years ended December 31, | |
|---|--------------------------|-------------------|
| | 2020 | 2019 |
| Service fee-endorsements and guarantees (Please refer to Note 7(3) H(b)) | \$ 39,259 | \$ 39,598 |
| Government grants revenue | 374 | 34,911 |
| Dividend income | 16,798 | 13,856 |
| Rental revenue | 6,936 | 6,658 |
| Other income | 10,573 | 14,016 |
| Total | <u>\$ 73,940</u> | <u>\$ 109,039</u> |

(19) Other gains and losses

| | Years ended December 31, | |
|--|--------------------------|------------------|
| | 2020 | 2019 |
| Net gain on financial assets at fair value through profit or loss | \$ 39,251 | \$ 97,017 |
| Foreign exchange losses | (49,480) | (41,270) |
| (Loss) gain on disposal of property, plant and equipment | (3,768) | 4,862 |
| Other gains | 50 | 995 |
| Total | <u>(\$ 13,947)</u> | <u>\$ 61,604</u> |

(20) Employee benefit expense, depreciation and amortization

A. Employee benefit expense, depreciation and amortization

| | Year ended December 31, 2020 | | |
|----------------------------------|------------------------------|--------------------|--------------|
| | Operating costs | Operating expenses | Total |
| Employee benefit expense | | | |
| Wages and salaries | \$ 342,508 | \$ 735,278 | \$ 1,077,786 |
| Labour and health insurance fees | 28,117 | 39,923 | 68,040 |
| Pension costs | 17,081 | 25,002 | 42,083 |
| Directors' remuneration | - | 13,720 | 13,720 |
| Other employee benefit expense | 16,781 | 18,764 | 35,545 |
| Depreciation | 159,337 | 60,596 | 219,933 |
| Amortisation | 9,097 | 9,719 | 18,816 |

| | Year ended December 31, 2019 | | |
|---|------------------------------|--------------------|------------|
| | Operating costs | Operating expenses | Total |
| Employee benefit expense | | | |
| Wages and salaries | \$ 307,634 | \$ 599,278 | \$ 906,912 |
| Compensation cost of employee stock options | - | 1,009 | 1,009 |
| Labour and health insurance fees | 28,509 | 40,350 | 68,859 |
| Pension costs | 17,112 | 24,186 | 41,298 |
| Directors' remuneration | - | 10,587 | 10,587 |
| Other employee benefit expense | 16,713 | 18,478 | 35,191 |
| Depreciation | 142,038 | 65,227 | 207,265 |
| Amortisation | 6,733 | 7,372 | 14,105 |

Note 1 : As of December 31, 2020 and 2019, the Company had 747 and 742 employees, respectively, and 7 directors who are not employees for both years.

Note 2 : (a) For the years ended December 31, 2020 and 2019, the average employee benefit expense was \$1,653 and \$1,433, respectively.

(b) For the years ended December 31, 2020 and 2019, the average employee wages and salaries was \$1,456 and \$1,234, respectively.

(c) The adjustment in the average employee's wage and salary expenses was 17.99%.

(d) For the years ended December 31, 2020 and 2019, the Company had no supervisors' and instead, created the audit committee.

(e) The Company's salary and reward policies are determined taking into account the future changes in economic environment and operating performance, achievement rates and contributions of management team. In addition, the policies are not designed to encourage directors (including independent directors) to take actions exceeding the Company's risk appetite for their personal interests.

i. Directors' remuneration (including independent directors): It includes directors' remuneration and transportation allowances paid to the Board of Directors which also serve as the Company's functional committee. Directors' remuneration is determined based on an average pay level within the same industry, their participation frequency in the Company's operations and performance assessment. Directors' remuneration shall be reviewed by the remuneration committee and approved by the Board of Directors. Remuneration policy for directors and independent directors will be adjusted based on actual operating conditions and related regulations subsequently.

- ii. Management's remuneration: It includes fixed salary, compensation, allowance, bonus and subsidy, and the evaluation standard is taking into consideration the job responsibility, operating performance, code of conduct and future risk. In addition, the standard will also be adjusted based on the average wage level within the same industry, actual operating conditions and related regulations subsequently. Management's remuneration shall be reviewed by the remuneration committee and approved by the Board of Directors.
- iii. Employee's compensation: It includes salary, allowance, meal expense, bonus and benefit subsidy. The salary standard is established by considering market level, job responsibility and competency. Also, the Company made bonus distribution policy based on performance assessment and contribution, and bonus will be distributed timely in order to encourage employees.

B. Employees' compensation and directors' remuneration

- (a) According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, shall not be higher than 3% for directors' remuneration and shall be 1~15% for employees' compensation. If the company has accumulated deficit, earnings should be reserved to cover losses.
- (b) For the years ended December 31, 2020 and 2019, employees' compensation and directors' remuneration are accrued as follows:

| | Years ended December 31, | |
|-------------------------|--------------------------|-------------------|
| | 2020 | 2019 |
| Employees' compensation | \$ 127,960 | \$ 98,676 |
| Directors' remuneration | 12,796 | 9,868 |
| Total | <u>\$ 140,756</u> | <u>\$ 108,544</u> |

For the year ended December 31, 2020, employees' compensation and directors' remuneration were estimated and accrued based on 10% and 1% of distributable profit of current year as of the end of reporting period. The employees' compensation and directors' remuneration for 2020 as resolved by the Board of Directors were \$127,960 and \$12,796, respectively, and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' remuneration for 2019 as resolved by the Board of Directors were in agreement with those amounts recognized in the 2019 financial statements.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(21) Income tax

A. Income tax expense

(a) Components of income tax expense:

| | Years ended December 31, | |
|---|--------------------------|-------------------|
| | 2020 | 2019 |
| Current tax | | |
| Current tax on profits for the year | \$ 224,961 | \$ 166,959 |
| Tax on undistributed earnings | 714 | 3,914 |
| Land value increment tax | - | 328 |
| Adjustments in respect of prior years | (15,698) | (20,916) |
| Total current tax | 209,977 | 150,285 |
| Deferred tax | | |
| Origination and reversal of temporary differences | 15,128 | 24,926 |
| Income tax expense | <u>\$ 225,105</u> | <u>\$ 175,211</u> |

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

| | Years ended December 31, | |
|--|--------------------------|-----------------|
| | 2020 | 2019 |
| Currency translation differences of foreign operations | (\$ 417) | \$ 7,329 |
| Remeasurement of defined benefit obligations | 2,155 | 2,157 |
| Total | <u>\$ 1,738</u> | <u>\$ 9,486</u> |

B. Reconciliation between income tax expense and accounting profit

| | Years ended December 31, | |
|--|--------------------------|-------------------|
| | 2020 | 2019 |
| Tax calculated based on profit before tax and statutory tax rate | \$ 227,768 | \$ 175,643 |
| Effect of items disallowed by tax regulation | 12,321 | 16,242 |
| Tax on undistributed earnings | 714 | 3,914 |
| Land value increment tax | - | 328 |
| Adjustments in respect of prior years | (15,698) | (20,916) |
| Income tax expense | <u>\$ 225,105</u> | <u>\$ 175,211</u> |

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

| | 2020 | | | |
|--|-------------------|---------------------------------|---|-------------------|
| | January 1 | Recognized in profit or loss | Recognized in other comprehensive income | December 31 |
| Temporary differences: | | | | |
| —Deferred tax assets: | | | | |
| Loss allowance on accounts receivable | \$ 50,355 | \$ 11,100 | \$ - | \$ 61,455 |
| Valuation loss and loss on market value decline and obsolete and slow-moving inventories | 13,400 | 9,800 | - | 23,200 |
| Defined benefit obligation | 34,033 | (561) | 2,155 | 35,627 |
| Impairment loss on financial assets | 8,349 | - | - | 8,349 |
| Unused compensated absences payable | 4,751 | 749 | - | 5,500 |
| Unrealized construction loss | 12,050 | (2,597) | - | 9,453 |
| Unrealized exchange loss | 5,560 | (1,699) | - | 3,861 |
| Exchange differences on translation | 23,671 | - | (417) | 23,254 |
| Subtotal | <u>152,169</u> | <u>16,792</u> | <u>1,738</u> | <u>170,699</u> |
| —Deferred tax liabilities: | | | | |
| Unrealized investment income | (19,383) | (31,920) | - | (51,303) |
| Subtotal | <u>(19,383)</u> | <u>(31,920)</u> | <u>-</u> | <u>(51,303)</u> |
| Total | <u>\$ 132,786</u> | <u>(\$ 15,128)</u> | <u>\$ 1,738</u> | <u>\$ 119,396</u> |

| | 2019 | | | |
|--|------------|---------------------------------|---|-------------|
| | January 1 | Recognized in profit or loss | Recognized in other comprehensive income | December 31 |
| Temporary differences: | | | | |
| —Deferred tax assets: | | | | |
| Loss allowance on accounts receivable | \$ 45,177 | \$ 5,178 | \$ - | \$ 50,355 |
| Valuation loss and loss on market value decline and obsolete and slow-moving inventories | 30,000 | (16,600) | - | 13,400 |
| Defined benefit obligation | 32,391 | (515) | 2,157 | 34,033 |
| Impairment loss on financial assets | 8,349 | - | - | 8,349 |
| Unused compensated absences payable | 11,227 | (6,476) | - | 4,751 |
| Unrealized loss on investments | 715 | (715) | - | - |
| Unrealized construction loss | 4,860 | 7,190 | - | 12,050 |
| Unrealized exchange loss | - | 5,560 | - | 5,560 |
| Exchange differences on translation | 16,342 | - | 7,329 | 23,671 |
| Subtotal | 149,061 | (6,378) | 9,486 | 152,169 |
| —Deferred tax liabilities: | | | | |
| Unrealized exchange gain | (835) | 835 | - | - |
| Unrealized investment income | - | (19,383) | - | (19,383) |
| Subtotal | (835) | (18,548) | - | (19,383) |
| Total | \$ 148,226 | (\$ 24,926) | \$ 9,486 | \$ 132,786 |

D. The Company's income tax returns through 2018 have been assessed and approved by the Tax Authority.

(22) Earnings per share

| Year ended December 31, 2020 | | | |
|--|-------------------|---|------------------------------------|
| | Amount after tax | Weighted average number of ordinary shares outstanding (shares in thousands) | Earnings per share (in dollars) |
| <u>Basic earnings per share</u> | | | |
| Profit for the year | \$ 913,736 | 187,080 | <u>\$ 4.88</u> |
| <u>Diluted earnings per share</u> | | | |
| Assumed conversion of all dilutive potential ordinary shares | | | |
| Convertible bonds | 523 | - | |
| Employee stock options | - | 133 | |
| Employees' compensation | - | 1,330 | |
| Profit plus assumed conversion of all dilutive potential ordinary shares | <u>\$ 914,259</u> | <u>188,543</u> | <u>\$ 4.85</u> |
| Year ended December 31, 2019 | | | |
| | Amount after tax | Weighted average number of ordinary shares outstanding (shares in thousands) | Earnings per share (in dollars) |
| <u>Basic earnings per share</u> | | | |
| Profit for the year | \$ 703,006 | 186,085 | <u>\$ 3.78</u> |
| <u>Diluted earnings per share</u> | | | |
| Assumed conversion of all dilutive potential ordinary shares | | | |
| Convertible bonds | 75 | 226 | |
| Employee stock options | - | 356 | |
| Employees' compensation | - | 1,420 | |
| Profit plus assumed conversion of all dilutive potential ordinary shares | <u>\$ 703,081</u> | <u>188,087</u> | <u>\$ 3.74</u> |

(23) Supplemental cash flow information

Financing activities with no cash flow effects

| | Years ended December 31, | |
|---|--------------------------|-----------|
| | 2020 | 2019 |
| Convertible bonds converted to capital stocks | \$ - | \$ 11,859 |

(24) Changes in liabilities from financing activities

| | 2020 | | | | Liabilities from financing activities-gross |
|--|----------------------|--------------------------|-------------------------|---------------------|---|
| | Lease liabilities | Short-term borrowings | Long-term borrowings | Bonds payable | |
| At January 1 | \$ 862,295 | \$ 2,320,000 | \$ 200,000 | \$ - | \$ 3,382,295 |
| Changes in cash flow from financing | (61,390) | (1,234,222) | - | 1,495,000 | 199,388 |
| Changes in other non-cash items | 111,994 | - | - | (39,562) | 72,432 |
| At December 31 | <u>\$ 912,899</u> | <u>\$ 1,085,778</u> | <u>\$ 200,000</u> | <u>\$ 1,455,438</u> | <u>\$ 3,654,115</u> |

| | 2019 | | | | Liabilities from financing activities-gross |
|--|----------------------|--------------------------|-------------------------|--|---|
| | Lease liabilities | Short-term borrowings | Long-term borrowings | | |
| At January 1 | \$ 885,984 | \$ 1,612,000 | \$ 200,000 | | \$ 2,697,984 |
| Changes in cash flow from financing | (69,028) | 708,000 | - | | 638,972 |
| Changes in other non-cash items | 45,339 | - | - | | 45,339 |
| At December 31 | <u>\$ 862,295</u> | <u>\$ 2,320,000</u> | <u>\$ 200,000</u> | | <u>\$ 3,382,295</u> |

7. RELATED PARTY TRANSACTIONS

(1) Parent company

The Company is controlled by Ennoconn International Investment Co., Ltd. (registered in the Republic of China), who owns 44.58% of the shares of the Company. The remaining 55.42% of the shares of the Company are held by the general public. The ultimate parent company of the Company is Ennoconn Corporation (registered in the Republic of China).

(2) Names of related parties and relationship

| Names of related parties | Relationship with the Company |
|---|--|
| Marketech Integrated Pte. Ltd. | Subsidiary |
| Marketech International Sdn. Bhd. | " |
| Marketech Netherlands B.V. | " |
| Marketech Integrated Manufacturing Co., Ltd. | " |
| Marketech Integrated Construction Co., Ltd. | " |
| Marketech International Corporation USA | " |
| Spiro Technology Systems Inc. | " |
| MIC-Tech Global Corp. | " |
| eZoom Information, Inc. | " |
| MIC-Tech Electronics Engineering Corp. | " |
| MIC-Tech (WuXi) Co., Ltd. | " |
| MIC-Tech (Shanghai) Corp. | " |
| Shanghai Maohua Electronics Engineering Co., Ltd. | " |
| MIC-Tech China Trading (Shanghai) Co., Ltd. | " |
| Hon Hai Precision Industry Co., Ltd. | Other related parties |
| Hong Kong Ennopower Information Technology Co., Limited | " |
| PEROBOT CO., LTD. | " |
| Macrotec Technology Corp. | Entities controlled by key management or entities with significant influence |
| ProbeLeader Co., Ltd. | " |
| Forward Science Corp. | " |
| WT Microelectronics Co., Ltd. | " |
| MIC Techno Co., Ltd. | Associate |
| Ennoconn Corporation | Ultimate parent company |

(3) Significant related party transactions and balances

A. Sales of goods and services

(a) Sales of goods

| | Years ended December 31, | |
|--|--------------------------|------------------|
| | 2020 | 2019 |
| Subsidiaries | \$ 119,146 | \$ 29,507 |
| Entities controlled by key management or entities with significant influence | 154 | 497 |
| Ultimate parent company | - | 56 |
| | <u>\$ 119,300</u> | <u>\$ 30,060</u> |

Prices to related parties and third parties are based on normal sales transactions and sales are collected 2 to 3 months after the completion of transactions.

(b) Construction contract revenue

| | Years ended December 31, | |
|--|--------------------------|-------------------|
| | 2020 | 2019 |
| Other related parties | \$ 12,202 | \$ 244,896 |
| Subsidiaries | 48,754 | 67,976 |
| Entities controlled by key management or entities with significant influence | 1,599 (| 4) |
| Associates | (6,152) | - |
| Total | <u>\$ 56,403</u> | <u>\$ 312,868</u> |

- i. Construction contract revenue from related parties and non-related parties are collected based on the general construction contract or general agreement. In addition, construction contracts entered into with related parties are based on the price lists in force and terms that would be available to third parties while the collection periods for construction contracts are about 2 to 3 months after inspection of construction depending on the construction contracts or individual agreements.
- ii. As of December 31, 2020 and 2019, contract price and priced contract of unfinished construction are as follows:

| | December 31, 2020 | | December 31, 2019 | |
|--|--------------------------------------|--------------------|--------------------------------------|--------------------|
| | Total contract price (before tax) | Priced contract | Total contract price (before tax) | Priced contract |
| Other related parties | \$ 464,621 | \$ 447,673 | \$ 466,391 | \$ 447,673 |
| Subsidiaries | 74,085 | 47,679 | 93,004 | 30,674 |
| Associates | - | - | 19,516 | 10,316 |
| Entities controlled by key management or entities with significant influence | 1,450 | 145 | - | - |
| Total | <u>\$ 540,156</u> | <u>\$ 495,497</u> | <u>\$ 578,911</u> | <u>\$ 488,663</u> |

iii. Contract assets

| | December 31, 2020 | December 31, 2019 |
|--|-------------------|-------------------|
| Subsidiaries | \$ 17,626 | \$ 33,909 |
| Associates | - | 6,152 |
| Entities controlled by key management or entities with significant influence | 1,017 | - |
| Other related parties | 7,217 | 893 |
| Total | <u>\$ 25,860</u> | <u>\$ 40,954</u> |

(c) Other contract revenue

| | Years ended December 31, | |
|--|--------------------------|------------------|
| | 2020 | 2019 |
| Subsidiaries | \$ - | \$ 15,615 |
| Entities controlled by key management or entities with significant influence | - | 26 |
| Total | <u>\$ -</u> | <u>\$ 15,641</u> |

Other contract revenue from related parties and non-related parties are collected based on the general service contract or general agreement. In addition, service contracts entered into with related parties are based on the price lists in force and terms that would be available to third parties while the collection periods for service contracts are about 2 to 3 months after inspection of service depending on the other contracts or individual agreements.

B. Acquisition of goods and services

(a) Purchase of goods

| | Years ended December 31, | |
|--|--------------------------|-------------------|
| | 2020 | 2019 |
| Subsidiaries | \$ 96,961 | \$ 106,959 |
| Other related parties | 87 | - |
| Entities controlled by key management or entities with significant influence | <u>4,705</u> | <u>4,488</u> |
| Total | <u>\$ 101,753</u> | <u>\$ 111,447</u> |

Prices to related parties and third parties are based on normal purchase terms and are collectible about 2 to 3 months after inspection.

(b) Construction contract costs

| | Years ended December 31, | |
|--|--------------------------|-----------------|
| | 2020 | 2019 |
| Entities controlled by key management or entities with significant influence | \$ 847 | \$ 8,287 |
| Subsidiaries | <u>33,326</u> | - |
| Total | <u>\$ 34,173</u> | <u>\$ 8,287</u> |

The outsourcing construction contract costs paid to related parties and third parties are based on normal construction contracts or individual agreements. Furthermore, the payment terms to related parties are approximately the same to third parties, which is about 2 months after inspection of constructions depending on the construction contracts or individual agreements.

C. Receivables from related parties

Accounts receivable

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|---|--------------------------|--------------------------|
| Other related parties | \$ 115,891 | \$ 126,786 |
| Subsidiaries | 40,855 | 10,761 |
| Ultimate parent company | - | 59 |
| Entities controlled by key management or entities with significant influence | <u>-</u> | <u>16</u> |
| Subtotal | 156,746 | 137,622 |
| Less: Loss allowance | (36) | (2) |
| Total | <u>\$ 156,710</u> | <u>\$ 137,620</u> |

The collection terms to related parties and third parties are about 2 to 3 months after the sales while terms for construction are about 2 to 3 months after inspection of construction depending on the construction contracts or individual agreements.

D. Payables to related parties

Notes payable

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|---|--------------------------|--------------------------|
| Entities controlled by key management or entities with significant influence | <u>\$ 3,897</u> | <u>\$ 3,272</u> |

Accounts payable

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|---|--------------------------|--------------------------|
| Subsidiaries | \$ 9,055 | \$ 9,022 |
| Entities controlled by key management or entities with significant influence | <u>5,451</u> | <u>4,200</u> |
| Total | <u>\$ 14,506</u> | <u>\$ 13,222</u> |

The payment terms to related parties and third parties are about 2 to 3 months after inspection of purchases. The payment terms for outsourcing construction costs are about 2 months after inspection of construction, depending on normal construction contracts or individual agreements.

E. Property transactions

For the years ended December 31, 2020 and 2019, the Company has acquired computer equipment and related software from entities controlled by key management and the acquisition price was \$13,087 and \$14,560 (recorded as 'property, plant and equipment' and 'intangible assets'), respectively.

F. Operating expense

The information maintenance service fee in 2020 and 2019 allocated to subsidiaries by the Company amounted to \$38,215 and \$37,820, respectively.

G. Financing

Financing to related parties in 2020 and 2019 are as follows:

| Year ended December 31, 2020 | | | | |
|------------------------------|--------------------|-------------------|---------------|--------------------|
| | Maximum balance | Ending balance | Interest rate | Interest income |
| Subsidiaries | \$ 47,137 | \$ 40,726 | 4.616% | \$ 959 |
| Year ended December 31, 2019 | | | | |
| | Maximum balance | Ending balance | Interest rate | Interest income |
| Subsidiaries | \$ 77,808 | \$ 26,382 | 4.616% | \$ 795 |

H. Endorsements and guarantees

(a) As of December 31, 2020 and 2019, the balances of endorsements and guarantees provided to subsidiaries by the Company are as follows:

| | December 31, 2020 | December 31, 2019 |
|--------------|-------------------|-------------------|
| Subsidiaries | \$ 3,088,082 | \$ 3,339,592 |

(b) The revenue (recorded as 'other receivables' and 'other income') recognized from the abovementioned endorsements and guarantees are as follows:

| Years ended December 31, | | | | |
|--------------------------|----------------------|--------------|----------------------|--------------|
| | 2020 | | 2019 | |
| | Other receivables | Other income | Other receivables | Other income |
| Subsidiaries | \$ 17,247 | \$ 39,259 | \$ 16,757 | \$ 39,598 |

(4) Key management compensation

| Years ended December 31, | | |
|---|------------|------------|
| | 2020 | 2019 |
| Salaries and other short-term employee benefits | \$ 139,021 | \$ 123,010 |

8. PLEDGED ASSETS

Details of the book value of the Company's assets pledged as collateral are as follows:

| Pledged asset | Book value | | Purpose |
|--|-------------------|-------------------|--|
| | December 31, 2020 | December 31, 2019 | |
| Restricted time deposits (recorded as 'other current assets') | \$ 45,000 | \$ 45,000 | Performance guarantee |
| Guarantee deposits paid (recorded as 'other current assets' and 'other non-current assets') | 60,985 | 60,358 | Bid bond, performance guarantee and warranty |
| | <u>\$ 105,985</u> | <u>\$ 105,358</u> | |

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

Commitments

As of December 31, 2020, the notes and letters of guarantee used for construction performance and custom security amounted to \$2,029,975.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(1) To meet operational requirements on January 7, 2021, the Company acquired a plant located in the Southern Taiwan Science Park and related equipment for a total consideration of \$190,680 (tax included).

(2) For details of the 2020 earnings appropriation proposed by the Board of Directors on February 26, 2021, refer to Note 6(16) E(b).

12. OTHERS

(1) Capital management

The Company's main objective when managing capital is to maintain an optimal credit ranking and capital ratio to support the operations and to maximize stockholders' equity.

(2) Financial instruments

A. Financial instruments by category

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|---|--------------------------|--------------------------|
| <u>Financial assets</u> | | |
| Financial assets measured at fair value through profit or loss | | |
| Financial assets mandatorily measured at fair value through profit or loss | \$ 675,967 | \$ 590,466 |
| Financial assets at amortised cost/Loans and receivables | | |
| Cash and cash equivalents | 1,562,493 | 1,249,502 |
| Notes receivable | 30,083 | 87,379 |
| Accounts receivable (including related parties) | 2,551,845 | 2,854,109 |
| Other accounts receivable (including related parties) | 48,374 | 47,963 |
| Restricted time deposits (recorded as 'other current assets') | 45,000 | 45,000 |
| Guarantee deposits paid (recorded as 'other current assets' and 'other non-current assets') | 82,200 | 96,416 |
| | <u>\$ 4,995,962</u> | <u>\$ 4,970,835</u> |
| <u>Financial liabilities</u> | | |
| Financial liabilities measured at fair value through profit or loss | | |
| Short-term borrowings | \$ 1,085,778 | \$ 2,320,000 |
| Notes payable (including related parties) | 1,154,830 | 954,474 |
| Accounts payable (including related parties) | 2,600,347 | 2,376,636 |
| Other accounts payable | 468,688 | 334,909 |
| Bonds payable | 1,455,438 | - |
| Long-term borrowings | 200,000 | 200,000 |
| Guarantee deposits received (recorded as 'other non-current liabilities') | 70 | 70 |
| | <u>\$ 6,965,151</u> | <u>\$ 6,186,089</u> |
| Lease liabilities | <u>\$ 912,899</u> | <u>\$ 862,295</u> |

B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.
- (b) Risk management is carried out by a central treasury department under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters,

such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD, RMB, JPY and EUR. Exchange rate risk arises from future commercial transactions and recognized assets and liabilities.
- ii. Management has set up a policy to require the Company to manage their foreign exchange risk against their functional currency.
- iii. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

| December 31, 2020 | | | | | | |
|--|---|------------------|---------------------|------------------------|--------------------------------|--|
| | Foreign currency amount (in thousands) | Exchange rate | Book value (NTD) | Sensitivity analysis | | |
| | | | | Degree of variation | Effect on profit or loss | Effect on other comprehensive income |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| (Foreign currency: functional currency) | | | | | | |
| <u>Financial assets</u> | | | | | | |
| <u>Monetary items</u> | | | | | | |
| USD : NTD | \$ 65,271 | 28.48 | \$ 1,858,928 | 1% | \$ 18,589 | \$ - |
| EUR : NTD | 12,359 | 35.02 | 432,812 | 1% | 4,328 | - |
| JPY : NTD | 1,240,834 | 0.2763 | 342,842 | 1% | 3,428 | - |
| RMB : NTD | 4,191 | 4.3770 | 18,344 | 1% | 183 | - |
| <u>Non-monetary items</u> | | | | | | |
| USD : NTD | \$ 52,357 | 28.48 | \$ 1,491,135 | 1% | \$ - | \$ 14,911 |
| VND : NTD | 92,375,852 | 0.0011 | 102,537 | 1% | - | 1,025 |
| IDR : NTD | 16,320,685 | 0.0020 | 33,131 | 1% | - | 331 |
| MMK : NTD | 16,670,490 | 0.0214 | 356,748 | 1% | - | 3,567 |
| MYR : NTD | 8,614 | 6.7895 | 58,483 | 1% | - | 585 |
| <u>Financial liabilities</u> | | | | | | |
| <u>Monetary items</u> | | | | | | |
| USD : NTD | \$ 18,234 | 28.48 | \$ 519,309 | 1% | \$ 5,193 | \$ - |
| JPY : NTD | 1,070,608 | 0.2763 | 295,809 | 1% | 2,958 | - |

December 31, 2019

| | | | | Sensitivity analysis | | |
|--|---|------------------|---------------------|------------------------|--------------------------------|--|
| | Foreign currency amount (in thousands) | Exchange rate | Book value (NTD) | Degree of variation | Effect on profit or loss | Effect on other comprehensive income |
| (Foreign currency: functional currency) | | | | | | |
| <u>Financial assets</u> | | | | | | |
| <u>Monetary items</u> | | | | | | |
| USD : NTD | \$ 58,866 | 29.98 | \$ 1,764,799 | 1% | \$ 17,648 | \$ - |
| EUR : NTD | 10,528 | 33.59 | 353,638 | 1% | 3,536 | - |
| JPY : NTD | 1,302,031 | 0.2760 | 359,360 | 1% | 3,594 | - |
| RMB : NTD | 6,485 | 4.3050 | 27,917 | 1% | 279 | - |
| <u>Non-monetary items</u> | | | | | | |
| USD : NTD | \$ 43,591 | 29.98 | \$ 1,306,864 | 1% | \$ - | \$ 13,069 |
| VND : NTD | 26,436,526 | 0.0012 | 30,931 | 1% | - | 309 |
| IDR : NTD | 16,212,925 | 0.0022 | 35,344 | 1% | - | 353 |
| MMK : NTD | 18,485,102 | 0.0203 | 375,248 | 1% | - | 3,752 |
| MYR : NTD | 8,877 | 7.033 | 62,433 | 1% | - | 624 |
| <u>Financial liabilities</u> | | | | | | |
| <u>Monetary items</u> | | | | | | |
| USD : NTD | \$ 6,012 | 29.98 | \$ 180,227 | 1% | \$ 1,802 | \$ - |
| JPY : NTD | 252,538 | 0.2760 | 69,701 | 1% | 697 | - |

iv. Please refer to the following table for the details of unrealized exchange gain (loss) arising from significant foreign exchange variation on the monetary items held by the Company.

Year ended December 31, 2020

| | Exchange gain (loss) | | |
|------------------------------|--|---------------|---------------------|
| | Foreign currency amount (In thousands) | Exchange rate | Book value (NTD) |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| EUR : NTD | \$ - | 35.02 | \$ 12,177 |
| JPY : NTD | - | 0.2763 | 1,488 |
| <u>Financial liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| JPY : NTD | \$ - | 0.2763 | (\$ 2,670) |

| Year ended December 31, 2019 | | | | |
|------------------------------|------------------|---------------|-------------|----------|
| Exchange gain (loss) | | | | |
| | Foreign currency | | Book | |
| | amount | | value (NTD) | |
| | (In thousands) | Exchange rate | | |
| <u>Financial assets</u> | | | | |
| <u>Monetary items</u> | | | | |
| EUR : NTD | \$ | - | 33.59 | \$ 273 |
| JPY : NTD | | - | 0.2760 | (1,290) |
| <u>Financial liabilities</u> | | | | |
| <u>Monetary items</u> | | | | |
| JPY : NTD | \$ | - | 0.2760 | \$ 1,025 |

Price risk

- i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- ii. The Company's investments in equity securities comprise listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2020 and 2019 would have increased/decreased by \$6,587 and \$4,273, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss.

Cash flow and fair value interest rate risk

- i. The Company's main interest rate risk arises from bank borrowings with variable rates, which expose the Company to cash flow interest rate risk. For the years ended December 31, 2020 and 2019, the Company's borrowings at variable rate were mainly denominated in NTD.
- ii. The Company's borrowings are measured at amortized cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.
- iii. If the borrowing interest rate of NTD had increased/decreased by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2020 and 2019 would have decreased/increased by \$10,286 and \$20,160, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Company manages its credit risk taking into consideration the entire Company's concern. For banks and financial institutions, only independently rated parties with a minimum rating of excellence are accepted. According to the Company's credit policy, the Company is responsible for managing and analysing the credit risk for each of its new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Company adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments are past due over 30 days based on the terms, there is a significant increase in credit risk on that instrument since initial recognition.
- iv. The Company adopts the historical experience and industrial characteristics, the default occurs when the sale and construction contract payments are past due over 1 to 2 years in line with credit risk management procedure.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Company classifies customers' accounts receivable in accordance with customer types.
The Company applies the simplified approach using the provision matrix and loss rate methodology to estimate expected credit loss.
- vii. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights. On December 31, 2020 and 2019, the Company has no written-off financial assets that are still under recourse

procedures.

viii. The Company used the forecastability of global boom information to adjust historical and timely information to assess the default possibility of notes and accounts receivable (including related parties). On December 31, 2020 and 2019, the provision matrix and loss rate methodology are as follows:

(i) Accounts receivable in relation to construction

| <u>December 31, 2020</u> | <u>Expected loss rate</u> | <u>Total book value</u> | <u>Loss allowance</u> |
|--------------------------|---------------------------|-------------------------|-----------------------|
| Not past due | 0% | \$ 823,577 | \$ - |
| Up to 90 days | 0%~0.0009% | 64,874 | - |
| 91 to 180 days | 0%~0.0013% | 40,427 | - |
| 181 to 365 days | 0%~0.0022% | 87 | - |
| 1 to 2 years | 0%~24.5481% | 78,491 | 183 |
| Over 2 years | 100% | 23,076 | 23,076 |
| Total | | <u>\$ 1,030,532</u> | <u>\$ 23,259</u> |
| <u>December 31, 2019</u> | <u>Expected loss rate</u> | <u>Total book value</u> | <u>Loss allowance</u> |
| Not past due | 0% | \$ 1,106,910 | \$ - |
| Up to 90 days | 0%~0.0016% | 58,209 | - |
| 91 to 180 days | 0%~0.0026% | 123,760 | 3 |
| 181 to 365 days | 0%~0.0083% | 68,816 | 3 |
| 1 to 2 years | 0%~36.9081% | 42,548 | 4,157 |
| Over 2 years | 100% | 45,651 | 45,651 |
| Total | | <u>\$ 1,445,894</u> | <u>\$ 49,814</u> |

(ii) Accounts receivable in relation to sales

| <u>December 31, 2020</u> | <u>Expected loss rate</u> | <u>Total book value</u> | <u>Loss allowance</u> |
|--------------------------|---------------------------|-------------------------|-----------------------|
| Not past due | 0%~0.1322% | \$ 1,106,415 | \$ 1,463 |
| Up to 90 days | 1.3560%~10.6044% | 122,427 | 2,370 |
| 91 to 180 days | 16.9062%~22.4121% | 1,093 | 198 |
| 181 to 365 days | 0% | - | - |
| Over 365 days | 100% | 39,407 | 39,407 |
| Total | | <u>\$ 1,269,342</u> | <u>\$ 43,438</u> |
| <u>December 31, 2019</u> | <u>Expected loss rate</u> | <u>Total book value</u> | <u>Loss allowance</u> |
| Not past due | 0%~0.0001% | \$ 1,128,708 | \$ - |
| Up to 90 days | 0%~0.0075% | 50,541 | 1 |
| 91 to 180 days | 0%~0.0344% | 7,532 | 2 |
| 181 to 365 days | 0%~16.5480% | 19,351 | 552 |
| Over 365 days | 100% | 21,894 | 21,894 |
| Total | | <u>\$ 1,228,026</u> | <u>\$ 22,449</u> |

- (iii) Based on historical experience, the Company applies individual assessment to evaluate expected credit loss of the high-credit risk customers. On December 31, 2020 and 2019, accounts receivable and loss allowance amounted to \$339,320 and \$270,624, \$313,642 and \$211,637, respectively.
- (iv) Due to the expected insignificant impairment, the Company applies individual assessment to evaluate expected credit loss of receivables due from construction warranties and notes receivable. On December 31, 2020 and 2019, notes and accounts receivable and loss allowance amounted to \$280,146 and \$91, \$237,917 and \$91, respectively.
- ix. Movements in relation to the Company applying the simplified approach to provide loss allowance for notes and accounts receivable (including related parties) are as follows:

| 2020 | | | |
|----------------------------|------------------|---------------------|-------------------|
| | Notes receivable | Accounts receivable | Total |
| At January 1 | \$ - | \$ 283,991 | \$ 283,991 |
| Provision for impairment | - | 149,153 | 149,153 |
| Write-offs | - (| 88,423) | (88,423) |
| Effect of foreign exchange | - (| 7,309) | (7,309) |
| At December 31 | <u>\$ -</u> | <u>\$ 337,412</u> | <u>\$ 337,412</u> |
| 2019 | | | |
| | Notes receivable | Accounts receivable | Total |
| At January 1 | \$ - | \$ 258,744 | \$ 258,744 |
| Provision for impairment | - | 26,657 | 26,657 |
| Effect of foreign exchange | - (| 1,410) | (1,410) |
| At December 31 | <u>\$ -</u> | <u>\$ 283,991</u> | <u>\$ 283,991</u> |

For provisioned loss for the years ended December 31, 2020 and 2019, the impairment loss arising from customers' contracts are \$149,153 and \$26,657, respectively.

(c) Liquidity risk

- i. The Company invests in financial assets measured at fair value through profit or loss in active markets, so it expects to sell the financial assets in markets with prices approximate to fair value. Financial assets at cost are not traded in active markets, thus, liquidity risk is expected. However, the Company's operating capital is sufficient to fulfill the Company's capital needs and it does not expect significant liquidity risk.
- ii. The Company has no undrawn borrowing facilities.

- iii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities.

Non-derivative financial liabilities

| <u>December 31, 2020</u> | <u>Less than 1 year</u> | <u>Between 1 and 2 years</u> | <u>Between 2 and 5 years</u> | <u>Over 5 years</u> |
|---|-----------------------------|----------------------------------|----------------------------------|-------------------------|
| Short-term borrowings | \$ 1,088,500 | \$ - | \$ - | \$ - |
| Notes payable (including related parties) | 1,154,830 | - | - | - |
| Accounts payable (including related parties) | 2,600,347 | - | - | - |
| Other payables | 468,688 | - | - | - |
| Bonds payable | - | - | 1,455,438 | - |
| Long-term borrowings | 1,756 | 200,439 | - | - |
| Lease liabilities | 71,819 | 61,603 | 138,794 | 950,938 |

Non-derivative financial liabilities

| <u>December 31, 2019</u> | <u>Less than 1 year</u> | <u>Between 1 and 2 years</u> | <u>Between 2 and 5 years</u> | <u>Over 5 years</u> |
|---|-----------------------------|----------------------------------|----------------------------------|-------------------------|
| Short-term borrowings | \$ 2,320,000 | \$ - | \$ - | \$ - |
| Notes payable (including related parties) | 954,474 | - | - | - |
| Accounts payable (including related parties) | 2,376,636 | - | - | - |
| Other payables | 334,909 | - | - | - |
| Long-term borrowings | 1,933 | 200,483 | - | - |
| Lease liabilities | 73,078 | 60,840 | 129,388 | 949,176 |

(3) Fair value information

- A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks is included in Level 1.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investment without active market and beneficiary certificates is included in Level 3.

B. Financial instruments not measured at fair value

Except for financial assets at fair value through profit or loss, the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties), restricted time deposits (recorded as other current assets), guarantee deposits paid (recorded as other current and non-current assets), short-term borrowings, notes payable (including related parties), accounts payable (including related parties), other payables, lease liabilities, long-term borrowings, bonds payable (including current portion), and guarantee deposits received (recorded as other non-current liabilities) are approximate to their fair values.

C. The related information on financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets are as follows:

(a) The related information on the nature of the assets is as follows:

| <u>December 31, 2020</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|--------------------------------|-------------------|----------------|-------------------|-------------------|
| Assets: | | | | |
| <u>Recurring fair value</u> | | | | |
| <u>measurements</u> | | | | |
| Financial assets at fair value | | | | |
| through profit or loss | | | | |
| Equity securities | \$ 168,376 | \$ - | \$ 490,304 | \$ 658,680 |
| Beneficiary certificates | - | - | 8,970 | 8,970 |
| Hybrid instruments | - | - | 8,317 | 8,317 |
| Total | <u>\$ 168,376</u> | <u>\$ -</u> | <u>\$ 507,591</u> | <u>\$ 675,967</u> |
| <u>December 31, 2019</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| Assets: | | | | |
| <u>Recurring fair value</u> | | | | |
| <u>measurements</u> | | | | |
| Financial assets at fair value | | | | |
| through profit or loss | | | | |
| Equity securities | \$ 80,045 | \$ - | \$ 472,658 | \$ 552,703 |
| Beneficiary certificates | - | - | 4,720 | 4,720 |
| Hybrid instruments | - | - | 33,043 | 33,043 |
| Total | <u>\$ 80,045</u> | <u>\$ -</u> | <u>\$ 510,421</u> | <u>\$ 590,466</u> |

(b) The methods and assumptions the Company used to measure fair value are as follows:

Instruments which use market quoted prices as their fair value (that is, Level 1) are using the closing prices of listed shares as market quoted prices based on characteristics of the instruments.

D. For the years ended December 31, 2020 and 2019, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the years ended December 31, 2020 and 2019:

| | 2020 | | 2019 | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | Equity instruments | Hybrid instruments | Equity instruments | Hybrid instruments |
| At January 1 | \$ 477,378 | \$ 33,043 | \$ 379,824 | \$ 23,652 |
| Acquired during the year | 40,755 | 19,789 | 64,821 | 12,313 |
| Sold during the year | (10,750) | - | (2,047) | - |
| Gains and losses recognized in profit or loss (Note) | (8,109) | (44,515) | 34,780 | (2,922) |
| At December 31 | <u>\$ 499,274</u> | <u>\$ 8,317</u> | <u>\$ 477,378</u> | <u>\$ 33,043</u> |
| Movement of unrealized gain or loss in profit or loss of assets and liabilities held as at end of the year (Note) | <u>(\$ 8,109)</u> | <u>(\$ 44,515)</u> | <u>\$ 34,780</u> | <u>(\$ 2,916)</u> |

Note: Recorded as non-operating income and expense.

F. For the years ended December 31, 2020 and 2019, there was no transfer into or out from Level 3.

G. Investment strategies segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

| | Fair value at December 31, 2020 | Valuation technique | Significant unobservable input | Range (weighted average) | Relationship of inputs to fair value |
|--|---------------------------------------|-----------------------------------|--------------------------------------|--------------------------------|--|
| Non-derivative equity instrument: | | | | | |
| Unlisted shares | \$ 459,838 | Market comparable companies | Note 1 | Not applicable | Note 2 |
| Venture capital shares and beneficiary certificates | 39,436 | Net asset value | Not applicable | Not applicable | Not applicable |
| Hybrid instrument: | | | | | |
| Convertible bond – call provision | 3,450 | Binomial tree pricing model | Volatility | 50.09% | The higher the stock price volatility, the higher the fair value |
| Convertible bond | 4,867 | Market comparable companies | Note 1 | Not applicable | Note 2 |
| | Fair value at December 31, 2019 | Valuation technique | Significant unobservable input | Range (weighted average) | Relationship of inputs to fair value |
| Non-derivative equity instrument: | | | | | |
| Unlisted shares | \$ 439,381 | Market comparable companies | Note 1 | Not applicable | Note 2 |
| Venture capital shares and beneficiary certificates | 37,997 | Net asset value | Not applicable | Not applicable | Not applicable |
| Hybrid instrument: | | | | | |
| Convertible bond | 33,043 | Market comparable companies | Note 1 | Not applicable | Note 2 |

Note 1: Price to earnings ratio multiple, price to book ratio multiple, enterprise value to operating income ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability.

Note 2: The higher the multiple and control premium, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value.

- I. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

| | | | December 31, 2020 | | | |
|-----------------------------------|----------------|---------------|------------------------------|---------------------------|--|---------------------------|
| | | | Recognized in profit or loss | | Recognized in other comprehensive income | |
| | <u>Input</u> | <u>Change</u> | <u>Favorable change</u> | <u>Unfavorable change</u> | <u>Favorable change</u> | <u>Unfavorable change</u> |
| Financial assets | | | | | | |
| Equity instrument and beneficiary | Stock price | | | | | |
| certificates | and fair value | ± 10% | \$ 49,927 | (\$ 49,927) | \$ - | \$ - |
| Hybrid instrument | Volatility | ± 5% | 100 | (10) | - | - |
| | | | <u>\$ 50,027</u> | <u>(\$ 49,937)</u> | <u>\$ -</u> | <u>\$ -</u> |
| | | | December 31, 2019 | | | |
| | | | Recognized in profit or loss | | Recognized in other comprehensive income | |
| | <u>Input</u> | <u>Change</u> | <u>Favorable change</u> | <u>Unfavorable change</u> | <u>Favorable change</u> | <u>Unfavorable change</u> |
| Financial assets | | | | | | |
| Equity instrument and beneficiary | Stock price | | | | | |
| certificates | and fair value | ± 10% | \$ 47,738 | (\$ 47,738) | \$ - | \$ - |

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- Loans to others: Please refer to table 1.
- Provision of endorsements and guarantees to others: Please refer to table 2.
- Holding of marketable securities at the end of the period (not including subsidiaries and associates): Please refer to table 3.
- Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital: None.
- Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 4.
- Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 5.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 6.

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

14. SEGMENT INFORMATION

Not applicable.

MARKETECH INTERNATIONAL CORP.

Loans to others

For the year ended December 31, 2020

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

| No. (Note 1) | Creditor | Borrower | General ledger account (Note 2) | Is a related party | Maximum outstanding balance during the year ended December 31, 2020 (Note 3) | Balance at December 31, 2020 (Note 8) | Actual amount drawn down | Interest rate (%) | Nature of loan (Note 4) | Amount of transactions with the borrower (Note 5) | Reason for short-term financing (Note 6) | Allowance for doubtful accounts | Collateral | | Limit on loans granted to a single party (Note 7) | Ceiling on total loans granted (Note 7) | Footnote |
|-------------------|---|---|---------------------------------------|-----------------------|--|--|-----------------------------|----------------------|------------------------------|---|---|---------------------------------------|------------|-------|--|--|----------|
| | | | | | | | | | | | | | Item | Value | | | |
| 0 | Marketch International Corp. | Marketch Integrated Pte. Ltd. | Other receivables | Y | \$ 26,567 | \$ 21,360 | \$ 21,360 | 4.616 | Short-term financing | \$ - | Operations | \$ - | None | \$ - | \$ 2,508,962 | \$ 2,508,962 | Note 7 |
| 0 | Marketch International Corp. | Marketch International Sdn. Bhd. | Other receivables | Y | 20,570 | 19,366 | - | 4.616 | Short-term financing | - | Operations | - | None | - | 2,508,962 | 2,508,962 | Note 7 |
| 1 | MIC-Tech Electronics Engineering Corp. | Shanghai Maohua Electronics Engineering Co., Ltd. | Other receivables | Y | 52,547 | 52,523 | 52,523 | 4.785 | Short-term financing | - | Operations | - | None | - | 214,957 | 429,914 | Note 7 |
| 1 | MIC-Tech Electronics Engineering Corp. | Fuzhou Jiwei System Integrated Co., Ltd. | Other receivables | Y | 2,189 | 2,188 | 2,188 | 4.785 | Short-term financing | - | Operations | - | None | - | 429,914 | 429,914 | Note 7 |
| 1 | MIC-Tech Electronics Engineering Corp. | MIC-Tech (WuXi) Co., Ltd. | Other receivables | Y | 43,119 | - | - | - | Short-term financing | - | Operations | - | None | - | 429,914 | 429,914 | Note 7 |
| 2 | MIC-Tech (Shanghai) Corp. | MIC-Tech China Trading (Shanghai) Co., Ltd. | Other receivables | Y | 34,591 | 13,131 | 13,131 | 4.785 | Short-term financing | - | Operations | - | None | - | 398,093 | 398,093 | Note 7 |
| 2 | MIC-Tech (Shanghai) Corp. | MIC-Tech (WuXi) Co., Ltd. | Other receivables | Y | 43,789 | 43,769 | 43,769 | 4.785 | Short-term financing | - | Operations | - | None | - | 398,093 | 398,093 | Note 7 |
| 3 | MIC-Tech Viet Nam Co., Ltd | Marketch Co., Ltd | Other receivables | Y | 4,060 | - | - | - | Short-term financing | - | Operations | - | None | - | 68,629 | 68,629 | Note 7 |
| 4 | Marketch Integrated Manufacturing Company Limited | Marketch Integrated Construction Co., Ltd. | Other receivables | Y | 2,949 | 2,848 | 2,848 | 7.00 | Short-term financing | - | Operations | - | None | - | 142,700 | 285,399 | Note 7 |
| 5 | Marketch Co., Ltd. | MIC-Tech Viet Nam Co., Ltd | Other receivables | Y | 13,225 | 8,880 | 8,880 | 4.50 | Short-term financing | - | Operations | - | None | - | 13,400 | 13,400 | Note 7 |

Note 1:The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

- (1) The Company is ‘0’.
- (2) The subsidiaries are numbered in order starting from ‘1’.

Note 2:Fill in the name of account in which the loans are recognised, such as receivables–related parties, current account with stockholders, prepayments, temporary payments, etc.

Note 3:Fill in the maximum outstanding balance of loans to others during the year ended December 31, 2020.

Note 4:The column of ‘Nature of loan’ shall fill in ‘Business transaction or ‘Short-term financing’.

Note 5:Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 6:Fill in purpose of loan when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 7:Fill in limit on loans granted to a single party and ceiling on total loans granted as prescribed in the creditor company’s “Procedures for Provision of Loans”, and state each individual party to which the loans have been provided and the calculation for ceiling on total loans granted in the footnote.

The Company’s ceiling on loans to others are as follows:

- (1) Limit on the total loans to others provided by the Company is 40% of the net assets based on the Company’s latest financial statements.
- (2) Limit on the loans provided by the Company granted for a single party are as follows:

(2-1) Limit on loans to a single party with business transactions is the higher value of purchasing and selling during current year on the year of financing, and can’t exceed the total business transactions amount within 12 month.

(2-2) For short-term financing, limit on loans granted for a single party is 40% of the net assets based on the latest financial statements of the lending companies. The amount of loans to a single party is the accumulated balance of the lending company's short-term financing for single party.

Limit on the loans provided by the Company’s mainland subsidiaries:

- (1) Limit on the total loans to others provided by the Company’s mainland subsidiaries is 80% of the net assets based on the latest financial statements of the lending companies.
- (2) Limit on the loans provided by the Company’s mainland subsidiaries granted for a single party are as follows:

(2-1) Limit on loans to a single party with business transactions is the higher value of purchasing and selling during current year on the year of financing, and can’t exceed the total business transactions amount within 12 month.

(2-2) For short-term financing between the Company’s mainland subsidiary and the foreign companies which the ultimate parent company holds 100% of the voting rights directly or indirectly, limit on loans granted for a single party is 80% of the net assets based on the latest financial statements of the lending companies.

(2-3) For short-term financing between the Company’s mainland subsidiaries and aforementioned associates, limit on loans granted for a single party is 40% of the net assets based on the latest financial statements of the lending companies. The amount of loans to a single party is the accumulated balance of the lending company's short-term financing for single party.

Limit on the loans provided by the Company’s Vietnam subsidiaries:

- (1) Limit on the total loans to others provided by the Company’s Vietnam subsidiaries is 80% of the net assets based on the latest financial statements of the lending companies.
- (2) Limit on the loans provided by the Company’s Vietnam subsidiaries granted for a single party are as follows:

(2-1) Limit on loans to a single party with business transactions is the higher value of purchasing and selling during current year on the year of financing, and can’t exceed the total business transactions amount within 12 month.

(2-2) For short-term financing between the Company’s Vietnam subsidiary and the foreign companies which the ultimate parent company holds 100% of the voting rights directly or indirectly, limit on loans granted for a single party is 80% of the net assets based on the latest financial statements of the lending companies.

(2-3) For short-term financing between the Company’s Vietnam subsidiaries and aforementioned associates, limit on loans granted for a single party is 40% of the net assets based on the latest financial statements of the lending companies. The amount of loans to a single party is the accumulated balance of the lending company's short-term financing for single party.

Limit on the loans provided by the Company’s Myanmar subsidiaries:

- (1) Limit on the total loans to others provided by the Company’s Myanmar subsidiaries is 80% of the net assets based on the latest financial statements of the lending companies.
- (2) Limit on the loans provided by the Company’s Myanmar subsidiaries granted for a single party are as follows:

(2-1) Limit on loans to a single party with business transactions is the higher value of purchasing and selling during current year on the year of financing, and can’t exceed the total business transactions amount within 12 month.

(2-2) For short-term financing between the Company’s Myanmar subsidiary and the foreign companies which the ultimate parent company holds 100% of the voting rights directly or indirectly, limit on loans granted for a single party is 80% of the net assets based on the latest financial statements of the lending companies.

(2-3) For short-term financing between the Company’s Myanmar subsidiaries and aforementioned associates, limit on loans granted for a single party is 40% of the net assets based on the latest financial statements of the lending companies. The amount of loans to a single party is the accumulated balance of the lending company's short-term financing for single party.

Note 8: The amounts of funds to be loaned to others which have been approved by the board of directors of a public company in accordance with Article 14, Item 1 of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment.

In addition, if the board of directors of a public company has authorized the chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”, the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the board of directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

MARKETECH INTERNATIONAL CORP.
Provision of endorsements and guarantees to others
For the year ended December 31, 2020

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

| Number (Note 1) | Endorser/ guarantor | Party being endorsed/guaranteed | | Limit on endorsements/ guarantees provided for a single party (Note 4) | Maximum outstanding endorsement/ guarantee amount as of December 31, 2020 (Note 5) | Outstanding endorsement/ guarantee amount at December 31, 2020 (Note 6) | Actual amount drawn down (Note 7) | Amount of endorsements/ guarantees secured with collateral | Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company | Ceiling on total amount of endorsements/ guarantees provided (Note 4) | Provision of endorsements/ guarantees by parent company to subsidiary (Note 8) | Provision of endorsements/ guarantees by subsidiary to parent company (Note 8) | Provision of endorsements/ guarantees to the party in Mainland China (Note 8) | Footnote |
|--------------------|--|---|--|---|---|---|---|--|---|--|---|---|--|----------|
| | | Company name | Relationship with the endorser/ guarantor (Note 2) | | | | | | | | | | | |
| 0 | Marketech International Corp. | Marketech Integrated Pte. Ltd. | 2 | \$ 3,136,202 | \$ 34,543 | \$ 17,131 | \$ 4,140 | \$ - | 0.27% | \$ 6,272,404 | Y | N | N | Note 4 |
| 0 | Marketech International Corp. | MIC-Tech (Shanghai) Corp. | 2 | 3,136,202 | 885,360 | 706,031 | 39,011 | - | 11.26% | 6,272,404 | Y | N | Y | Note 4 |
| 0 | Marketech International Corp. | MIC-Tech (WuXi) Co., Ltd. | 2 | 3,136,202 | 314,307 | 283,900 | 184,209 | - | 4.53% | 6,272,404 | Y | N | Y | Note 4 |
| 0 | Marketech International Corp. | MIC-Tech Electronics Engineering Corp. | 2 | 3,136,202 | 1,696,667 | 1,474,209 | 589,605 | - | 23.50% | 6,272,404 | Y | N | Y | Note 4 |
| 0 | Marketech International Corp. | Shanghai Maohua Electronics Engineering Co.,Ltd. | 2 | 3,136,202 | 528,055 | 318,971 | 241,707 | - | 5.09% | 6,272,404 | Y | N | Y | Note 4 |
| 0 | Marketech International Corp. | Marketech International Sdn. Bhd. | 2 | 3,136,202 | 239,840 | 227,840 | 31,266 | - | 3.63% | 6,272,404 | Y | N | N | Note 4 |
| 0 | Marketech International Corp. | eZoom Information, Inc. | 2 | 3,136,202 | 120,000 | 60,000 | - | - | 0.96% | 6,272,404 | Y | N | N | Note 4 |
| 0 | Marketech International Corp. | Marketech International Corporation USA | 2 | 3,136,202 | 332,750 | - | - | - | - | 6,272,404 | Y | N | N | Note 4 |
| 0 | Marketech International Corp. | Te Chang Construction Co., Ltd. | 5 | 3,136,202 | 174,000 | 174,000 | 86,997 | | 2.77% | 6,272,404 | N | N | N | Note 4 |
| 1 | MIC-Tech Electronics Engineering Corp. | MIC-Tech (Shanghai) Corp. | 4 | 1,612,176 | 103,729 | - | - | - | - | 2,686,960 | N | N | Y | Note 4 |
| 1 | MIC-Tech Electronics Engineering Corp. | Marketech International Corp. | 3 | 1,612,176 | 511,679 | 481,739 | 481,739 | - | 89.64% | 2,686,960 | N | Y | N | Note 4 |
| 1 | MIC-Tech Electronics Engineering Corp. | MIC-Tech (WuXi) Co., Ltd. | 4 | 1,612,176 | 8,561 | 8,557 | 8,557 | - | 1.59% | 2,686,960 | N | N | Y | Note 4 |
| 1 | MIC-Tech Electronics Engineering Corp. | MIC-Tech Viet Nam Co., Ltd. | 4 | 1,612,176 | 272,362 | 269,930 | 269,930 | - | 50.23% | 2,686,960 | N | N | N | Note 4 |
| 1 | MIC-Tech Electronics Engineering Corp. | The Fourth Construction Co., Ltd. of China Electronics System Engineering | 5 | 1,612,176 | 807,834 | 807,467 | 784,817 | - | 150.26% | 2,686,960 | N | N | Y | Note 4 |
| 2 | MIC-Tech (Shanghai) Corp. | MIC-Tech Electronics Engineering Corp. | 4 | 1,492,848 | 596,060 | - | - | - | - | 2,488,080 | N | N | Y | Note 4 |
| 3 | Marketech Co., Ltd. | MIC-Tech Viet Nam Co., Ltd. | 4 | 167,510 | 130,641 | 126,166 | 126,166 | - | 753.18% | 167,510 | N | N | N | Note 4 |

Note 1:The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

- (1) The Company is ‘0’.
(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2:Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

- (1) Having business relationship.
(2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
(3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
(4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
(5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
(6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
(7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Fill in limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees provided as prescribed in the endorser/guarantor company’s “Procedures for Provision of Endorsements and Guarantees”, and state each individual party to which the endorsements/guarantees have been provided and the calculation for ceiling on total amount of endorsements/guarantees provided in the footnote.

Note 4:Limit on endorsements and guarantees stated in“Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies”:

- (1) In accordance with mutual guarantee requirement in the same industry for contracting constructions, limit on the total amount is 5 times of the Company’s net assets.
(2) Except for guarantees for contracting constructions, limit on the Company’s accumulated endorsement/guarantee is the Company’s net assets; limit on endorsement/guarantee to a single party is 50% of the Company’s net assets. Limit on the total endorsement/guarantee of the Company and its subsidiaries as a whole is 1.5 times of the Company’s net assets; limit on endorsement/guarantee to a single party is 75% of the Company’s net assets.

Limit on endorsements and guarantees of the Company’s mainland subsidiaries:

- (1) In accordance with mutual guarantee requirement in the same industry or the common builders for contracting constructions, or provision of endorsements and guarantees for joint ventures from shareholders in proportion to shareholding ratio, limit on the total amount is 5 times of the net assets of the endorser/guarantor on endorsement/guarantee to a single party is three times of the net assets of the endorser/guarantor.
- (2) Except for (1), the Group follows standards of endorsements and guarantees as below:
 - (2-1) Total amount: (2-1-1) Limit on the accumulated endorsements and guarantees is 5 times of the net assets of the endorser/guarantor;
 - (2-1-2) Limit on endorsements and guarantees to a company of which the endorser company and the Company directly or indirectly holds 90%, should meet the requirement in (2-1-1) and may not exceed 10% of the ultimate parent’s net assets.
 - (2-1-3) Total endorsements and guarantees of the endorser/guarantor and its subsidiaries are limited to 5 times of the net assets of the endorser/guarantor.
 - (2-2) Limit on endorsement/guarantee to a single party
 - (2-2-1) For the companies having business relationship with the endorser/guarantor and thus being provided endorsements/guarantees, limit on endorsements to a single party is the total value of business transactions within past 12 months.
(the value of business transactions is the higher of purchase or sales)
 - (2-2-2) Limit on endorsement/guarantee to a single party who having business relationship with the Group is 3 times of the net assets of the endorser/guarantor.

Limit on endorsements and guarantees of the Company's Vietnam subsidiaries:

- (1) In accordance with mutual guarantee requirement in the same industry or the common builders for contracting constructions, or provision of endorsements and guarantees for joint ventures from shareholders in proportion to shareholding ratio, limit on the total amount is 5 times of the net assets of the endorser/guarantor on endorsement/guarantee to a single party is three times of the net assets of the endorser/guarantor.
- (2) Except for (1), the Group follows standards of endorsements and guarantees as below:
 - (2-1) Total amount: (2-1-1) Limit on the accumulated endorsements and guarantees is 10 times of the net assets of the endorser/guarantor;
 - (2-1-2) Limit on endorsements and guarantees to a company of which the endorser company and the Company directly or indirectly holds 90%, should meet the requirement in (2-1-1) and may not exceed 10% of the ultimate parent’s net assets.
 - (2-1-3) Total endorsements and guarantees of the endorser/guarantor and its subsidiaries are limited to 10 times of the net assets of the endorser/guarantor.
 - (2-2) Limit on endorsement/guarantee to a single party
 - (2-2-1) For the companies having business relationship with the endorser/guarantor and thus being provided endorsements/guarantees, limit on endorsements to a single party is the total value of business transactions within past 12 months.
(the value of business transactions is the higher of purchase or sales)
 - (2-2-2) Limit on endorsement/guarantee to a single party who having business relationship with the Group is 10 times of the net assets of the endorser/guarantor.

Note 5: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 6: Fill in the amount approved by the Board of Directors or the chairman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 7: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 8: Fill in ‘Y’ for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

MARKETECH INTERNATIONAL CORP.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

For the year ended December 31, 2020

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

| | | | | | As of December 31, 2020 | | | | | | |
|--------------------------------|-------------------------------|---|--|--|-------------------------|---------------------|---------------|-------------------|------------|----------|--|
| Securities held by | Type of marketable securities | Name of marketable securities (Note 1) | Relationship with the securities issuer | General ledger account | Number of shares | Book value (Note 2) | Ownership (%) | Fair value | Collateral | Footnote | |
| Marketech International Corp. | Ordinary shares | Lasertec Corporation | None | Financial assets measured at fair value through profit or loss - current | 40,000 | \$ 133,840 | - | \$ 133,840 | None | | |
| " | " | Solar Applied Materials Technology Corp. | " | " | 44,078 | 1,917 | - | 1,917 | " | | |
| " | " | Aerospace Industrial Development Corp. | " | " | 50,925 | 1,477 | - | 1,477 | " | | |
| | | | | | | <u>\$ 137,234</u> | | <u>\$ 137,234</u> | | | |
| " | Ordinary shares | Taiwan Colour & Imaging Technology Corp. | None | Financial assets measured at fair value through profit or loss - non-current | 1,700,000 | \$ - | 12.59% | \$ - | None | | |
| " | " | Chung-Hsin Electric and Machinery Manufacturing Corp. | " | " | 581,000 | 31,142 | 0.12% | 31,142 | " | | |
| " | " | WINGS GLOBAL TECHNOLOGY INC. | " | " | 750,000 | 9,874 | 18.75% | 9,874 | " | | |
| " | " | Promos Technologies,Inc. | " | " | 250,331 | - | 0.56% | - | " | | |
| " | " | Taiwan Puritic Corp. | " | " | 5,797,181 | 189,613 | 9.50% | 189,613 | " | | |
| " | " | SOPOWER Technology Corp. | " | " | 189,223 | - | 12.61% | - | " | | |
| " | " | VEEV Interactive Pte. Ltd. | " | " | 840,000 | - | 6.32% | - | " | | |
| " | " | Taiwan Intelligent Fiber Optic Network Co., | " | " | 3,868,261 | 23,397 | 1.41% | 23,397 | " | | |
| " | " | H&D Venture Capital Investment Corp. | " | " | 13,333 | 133 | 6.67% | 133 | " | | |
| " | " | Civil Tech Pte. Ltd. | " | " | 336,374 | - | 0.58% | - | " | | |
| " | " | ProbeLeader Co., Ltd. | Entities controlled by key management or entities with significant influence | " | 966,000 | 12,318 | 3.46% | 12,318 | " | | |
| " | " | Top Green Energy Technologies,Inc. | None | " | 1,111,111 | - | 0.89% | - | " | | |
| " | " | IP Fund Six Co., Ltd. | " | " | 1,000,000 | 10,000 | 1.79% | 10,000 | " | | |
| " | " | Innorich Venture Capital Corp. | " | " | 1,000,000 | 10,000 | 1.87% | 10,000 | " | | |
| " | " | Taiwan Foresight Co., Ltd. | " | " | 380,000 | 3,581 | 2.24% | 3,581 | " | | |
| " | " | Long Time Technology Corp. | " | " | 346,000 | 6,198 | 0.29% | 6,198 | " | | |
| " | " | Paradigm Venture Capital Corp. | " | " | 90,187 | 902 | 3.50% | 902 | " | | |
| " | " | Taiwan Special Chemicals Corp. | " | " | 4,401,333 | 89,258 | 1.51% | 89,258 | " | | |
| " | " | Atech Totalsolution Co., Ltd. | " | " | 128,000 | - | 0.23% | - | " | | |
| " | " | East Wind Life Science Systems | " | " | 124,457 | - | 12.87% | - | " | | |
| " | " | EcoLand Corp. | " | " | 310,715 | - | 13.51% | - | " | | |
| " | " | Kcashin Technology Corporation | " | " | 642,500 | 1,615 | 19.01% | 1,615 | " | | |
| " | " | Radisen Co., Ltd. | " | " | 87,803 | - | 18.49% | - | " | | |
| " | " | Foresight Energy Technologies Co., Ltd. | " | " | 675,000 | 2,695 | 3.00% | 2,695 | " | | |
| " | " | Mycropore Corporation, Ltd. | " | " | 1,471,000 | 25,177 | 8.44% | 25,177 | " | | |
| " | " | STEK CO., LTD. | " | " | 432,900 | 27,136 | 6.34% | 27,136 | " | | |
| " | " | Sum Capital Healthcare Investment Corp. | Entities controlled by key management or entities with significant influence | " | 943,050 | 9,431 | 7.44% | 9,431 | " | | |
| " | " | Intellicares Co., Ltd. | " | " | 200,000 | - | 19.99% | - | " | | |
| " | " | Forward Science Corp. | " | " | 2,450,000 | 32,321 | 9.80% | 32,321 | " | | |
| " | " | Renown Information Technology Corp. | None | " | 800,000 | 8,000 | 16.00% | 8,000 | " | | |
| " | " | Big Giant Health Management Consulting Co., | " | " | 200,000 | 2,000 | 9.09% | 2,000 | " | | |
| " | " | Sharpcon Optical Co., Ltd. | " | " | 667,000 | 10,005 | 3.67% | 10,005 | " | | |
| " | Convertible bonds | HALLYS CORPORATION | " | " | - | 133 | - | 133 | " | | |
| " | " | Radisen Co., Ltd. | " | " | - | - | - | - | " | | |
| " | " | Nitride Solutions Inc. | " | " | - | - | - | - | " | | |
| " | " | Kinestral Technologies, Inc. | " | " | - | 4,734 | - | 4,734 | " | | |
| " | Preferred stock | Adant Technologies Inc. | " | " | 174,520 | - | Note 3 | - | " | | |
| " | " | Kinestral Technologies, Inc. | " | " | 501,532 | 16,650 | " | 16,650 | " | | |
| " | Beneficiary certificates | Vertex Growth (SG) LP | " | " | - | 8,970 | - | 8,970 | " | | |
| | | | Entities controlled by key management or entities with significant influence | | | | | | | | |
| MIC-Tech (Shanghai) Corp. Ltd. | Ordinary shares | MIC-Tech (Beijing) Environment Co. | " | " | - | - | 19.00% | - | " | | |
| | | Total | | | | <u>\$ 535,283</u> | | <u>\$ 535,283</u> | | | |

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 3: Holding preferred stock.

MARKETECH INTERNATIONAL CORP.

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

For the year ended December 31, 2020

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

| Purchaser/seller | Counterparty | Relationship with the counterparty | Transaction | | Percentage of total purchases (sales) | Credit term | Differences in transaction terms compared to third party transactions | | Notes/accounts receivable (payable) | | Footnote |
|---|---|---------------------------------------|----------------------|------------|--|-------------|---|-------------|--|---|----------|
| | | | Purchases (sales) | Amount | | | Unit price | Credit term | Balance | Percentage of total notes/accounts receivable (payable) | |
| Shanghai Maohua Electronics Engineering Co., Ltd. | Hong Kong Ennopower Information Technology Co., Ltd | Other related parties | Sales (Note 2) | \$ 102,896 | 27.01% | Note 1 | \$ - | - | \$ 142 | - | - |

Note 1: Repaid in installment based on the contract.

Note 2: Revenue arising from contracting constructions recognized based on the percentage of completion method for the year ended December 31, 2020.

Note 3: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Table 5

MARKETECH INTERNATIONAL CORP.

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

December 31, 2020

Expressed in thousands of NTD
(Except as otherwise indicated)

| Creditor | Counterparty | Relationship with the counterparty | Balance as at December 31, 2020 (Note 1) | Turnover rate | Overdue receivables | | Amount collected subsequent to the balance sheet date | Allowance for doubtful accounts | |
|------------------------------|---|---------------------------------------|---|---------------|---------------------|--------------|---|------------------------------------|-------|
| | | | | | Amount | Action taken | | | |
| Marketch International Corp. | Hong Kong Ennopower Information Technology Co., Limited | Other related parties | \$ 115,891 | Note 2 | \$ - | - | \$ - | - | \$ 36 |

Note 1: Fill in separately the balances of accounts receivable–related parties, notes receivable–related parties, other receivables–related parties....

Note 2 : Receivables were generated from construction, thus, it’s not applicable.

MARKETECH INTERNATIONAL CORP.
Significant inter-company transactions during the reporting period
For the year ended December 31, 2020

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

| Number (Note 1) | Company name | Counterparty | Relationship (Note 2) | Transaction | | | |
|--------------------|-------------------------------|--|--------------------------|------------------------|-----------|--|--|
| | | | | General ledger account | Amount | Transaction terms | Percentage of consolidated total operating revenues or total assets (Note 3) |
| 0 | Marketch International Corp. | MIC-Tech (Shanghai) Corp. | 1 | Sales revenue | \$ 37,448 | Sales revenue: Prices and terms of sales of goods to related parties are approximately the same to third parties. A certain percentage of profit is negotiated for sale of services with related parties. Construction revenue: The price of construction charges to related parties and third parties are based on normal construction contracts or individual agreements. Furthermore, the collection terms to related parties are approximately the same to third parties, which is about 2 to 3 months after inspection of construction depending on the construction contracts or individual agreements. | 0.15% |
| 0 | Marketch International Corp. | MIC-Tech (Shanghai) Corp. | 1 | Non-operating revenue | 7,368 | | 0.03% |
| 0 | Marketch International Corp. | MIC-Tech Electronics Engineering Corp. | 1 | Construction revenue | 35,563 | | 0.14% |
| 0 | Marketch International Corp. | MIC-Tech Electronics Engineering Corp. | 1 | Non-operating revenue | 22,686 | | 0.09% |
| 0 | Marketch International Corp. | MIC-Tech Electronics Engineering Corp. | 1 | Other receivables | 11,056 | | 0.05% |
| 0 | Marketch International Corp. | Marketch Integrated Pte. Ltd. | 1 | Accounts receivable | 36,749 | | 0.18% |
| 0 | Marketch International Corp. | Marketch Integrated Pte. Ltd. | 1 | Other receivables | 21,534 | | 0.11% |
| 0 | Marketch International Corp. | Marketch Integrated Pte. Ltd. | 1 | Sales revenue | 80,597 | | 0.32% |
| 0 | Marketch International Corp. | Marketch International Corporation USA | 1 | Construction revenue | 6,991 | | 0.03% |
| 1 | eZoom Information, Inc. | Marketch International Corp. | 2 | Services revenue | 67,380 | | 0.27% |
| 1 | eZoom Information, Inc. | Marketch International Corp. | 2 | Construction revenue | 10,312 | | 0.04% |
| 2 | MIC-Tech Global Corp. | Marketch International Corp. | 2 | Sales revenue | 85,108 | | 0.34% |
| 2 | MIC-Tech Global Corp. | Marketch International Corp. | 2 | Accounts receivable | 10,032 | | 0.05% |
| 2 | MIC-Tech Global Corp. | MIC-Tech Electronics Engineering Corp. | 3 | Sales revenue | 41,384 | | 0.16% |
| 3 | Spiro Technology Systems Inc. | Marketch International Corp. | 2 | Sales revenue | 15,893 | | 0.06% |
| 4 | Marketch Netherlands B. V. | Marketch International Corp. | 2 | Sales revenue | 6,042 | | 0.02% |

| Number (Note 1) | Company name | Counterparty | Relationship (Note 2) | Transaction | | | |
|--------------------|---|---|--------------------------|------------------------|-----------|-------------------|--|
| | | | | General ledger account | Amount | Transaction terms | Percentage of consolidated total operating revenues or total assets (Note 3) |
| 5 | MIC-Tech Electronics Engineering Corp. | Shanghai Maohua Electronics Engineering Co., Ltd. | 3 | Other receivables | \$ 52,523 | | 0.26% |
| 6 | Shanghai Maohua Electronics Engineering Co., Ltd. | MIC-Tech Electronics Engineering Corp. | 3 | Construction revenue | 77,453 | | 0.31% |
| 6 | Shanghai Maohua Electronics Engineering Co., Ltd. | MIC-Tech Electronics Engineering Corp. | 3 | Sales revenue | 25,666 | | 0.10% |
| 7 | MIC-Tech (Shanghai) Corp. | MIC-Tech China Trading (Shanghai) Co., Ltd. | 3 | Other receivables | 13,131 | | 0.06% |
| 7 | MIC-Tech (Shanghai) Corp. | MIC-Tech (WuXi) Co., Ltd. | 3 | Other receivables | 43,769 | | 0.22% |
| 8 | Marketch Co., Ltd. | MIC-Tech Viet Nam Co., Ltd. | 3 | Other receivables | 8,989 | | 0.04% |

Note 1:The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is ‘0’.
- (2) The subsidiaries are numbered in order starting from ‘1’.
- Note 2:Relationship between transaction company and counterparty is classified into the following three categories (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):
- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3:Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Individual amounts less than \$5,000 are not disclosed.Additionally, if it is disclosed as assets and revenue, its opposite transactions will not be disclosed.

MARKETECH INTERNATIONAL CORP.

Information on investees

For the year ended December 31, 2020

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

| Investor | Investee | Location | Main business activities | Initial investment amount (Note 2) | | Shares held as at December 31, 2020 | | | Net profit (loss) of the investee for the year ended December 31, 2020 | Investment income (loss) recognized by the Company for the year ended December 31, 2020 (Note 1) | Footnote |
|-------------------------------|--|----------------|--|------------------------------------|---------------------------------|-------------------------------------|---------------|-------------|--|--|--------------------------|
| | | | | Balance as at December 31, 2020 | Balance as at December 31, 2019 | Number of shares | Ownership (%) | Book value | | | |
| Marketech International Corp. | Marketech Integrated Pte. Ltd. | Singapore | Contracting for semiconductor automatic supply system | \$ 233,306 | \$ 215,087 | 10,085,678 | 100 | (\$ 37,181) | (\$ 5,107) | (\$ 5,107) | The Company's subsidiary |
| Marketech International Corp. | Market Go Profits Ltd. | Virgin Islands | Investment holding and reinvestment | 1,328,547 | 1,298,124 | 41,069,104 | 100 | 1,386,248 | 142,606 | 142,606 | The Company's subsidiary |
| Marketech International Corp. | MIC-Tech Global Corp. | South Korea | International trade | 19,147 | 19,147 | 131,560 | 100 | 12,581 | 5,825 | 5,825 | The Company's subsidiary |
| Marketech International Corp. | Headquarter International Ltd. | Virgin Islands | Investment holding and reinvestment | 42,475 | 42,475 | 1,289,367 | 100 | 35,329 | (471) | (471) | The Company's subsidiary |
| Marketech International Corp. | Tiger United Finance Ltd. | Virgin Islands | Investment holding and reinvestment | 46,475 | 46,475 | 1,410,367 | 100 | 34,314 | (495) | (495) | The Company's subsidiary |
| Marketech International Corp. | Marketech Engineering Pte. Ltd. | Singapore | Contracting for electrical installing construction | 21,804 | 20,902 | 937,533 | 100 | 2,131 | (6,870) | (6,870) | The Company's subsidiary |
| Marketech International Corp. | Marketech Integrated Manufacturing Company Limited | Myanmar | Design, manufacturing, installation of automatic production equipment and its parts | 478,985 | 478,985 | 1,535,600 | 100 | 356,748 | (39,014) | (39,014) | The Company's subsidiary |
| Marketech International Corp. | MIC-Tech Viet Nam Co., Ltd. | Vietnam | Trading, installation and repair of various machinery equipment and its peripherals; consulting service and | 110,696 | 39,345 | - | 100 | 85,787 | (1,948) | (1,948) | The Company's subsidiary |
| Marketech International Corp. | Marketech Co., Ltd. | Vietnam | Specialized contracting and related repair services; equipment sales and repair; sales of cosmetics and daily necessities; production, development and implementation of software and providing coding service; providing installation service of industrial machine and equipment | 72,596 | 45,246 | - | 100 | 16,751 | (10,094) | (10,094) | The Company's subsidiary |
| Marketech International Corp. | eZoom Information, Inc. | Taiwan | Research, trading and consulting of information system software and hardware appliance | 195,737 | 195,737 | 20,000,000 | 100 | 100,863 | (20,255) | (20,255) | The Company's subsidiary |
| Marketech International Corp. | Marketech International Sdn.Bhd. | Malaysia | Specialized contracting and related repair services | 83,122 | 83,122 | 12,242,750 | 100 | 58,483 | (1,814) | (1,814) | The Company's subsidiary |
| Marketech International Corp. | Marketech International Corporation USA | USA | Specialized contracting and related repair services | 23,086 | 23,086 | 750,000 | 100 | 11,729 | (4,469) | (4,469) | The Company's subsidiary |

| Investor | Investee | Location | Main business activities | Initial investment amount (Note 2) | | Shares held as at December 31, 2020 | | | Net profit (loss) of the investee for the year ended December 31, 2020 | Investment income (loss) recognized by the Company for the year ended December 31, 2020 (Note 1) | Footnote |
|-------------------------------------|---|----------------|--|------------------------------------|---------------------------------|-------------------------------------|---------------|------------|--|--|---|
| | | | | Balance as at December 31, 2020 | Balance as at December 31, 2019 | Number of shares | Ownership (%) | Book value | | | |
| Marketech International Corp. | Spiro Technology Syetems Inc. | USA | Specialized contracting and related repair services | \$ 23,936 | \$ - | 19,982 | 100 | \$ 21,383 | (\$ 1,758) | (\$ 1,758) | The Company's subsidiary |
| Marketech International Corp. | ADAT Technology CO., LTD. | Taiwan | Research, development, application, and service of software; supply of electronic information and the buying and selling | 50,000 | 20,000 | 3,500,000 | 26.74 | 23,954 | (38,769) | (8,560) | The Company's subsidiary |
| Marketech International Corp. | PT Marketech International Indonesia | Indonesia | Trading business of machine equipment and parts | 38,042 | 38,042 | 1,199,000 | 99.92 | 33,131 | 223 | 223 | The Company's subsidiary |
| Marketech International Corp. | Marketech Netherlands B.V | Netherlands | International trade business of machine and components and technical service | 31,253 | 21,070 | 900,000 | 100 | 12,543 | (7,181) | (7,181) | The Company's subsidiary |
| Marketech International Corp. | Glory Technology Service Inc.. | Taiwan | Sale and installation of information and communication equipment | 42,714 | 42,714 | 5,968,371 | 29.24 | 67,579 | 12,911 | 3,775 | The Company's investee accounted for using equity method |
| Marketech International Corp. | MIC Techno Co., Ltd. | Taiwan | Sale of panels and its materials | 2,000 | 2,000 | 200,000 | 20 | 1,824 | (50) | (10) | The Company's investee accounted for using equity method |
| Marketech International Corp. | Smart Health Corp. | Taiwan | Smart medical consulting services and investment | 500 | 1,500 | 50,000 | 100 | 476 | (67) | (42) | The Company's subsidiary |
| Marketech International Corp. | Vertex System Corporation | Taiwan | Design and manufacture of RF booster; Management of IoT; 5G telecommunication instrument and | 20,000 | - | 2,000,000 | 38.83 | 18,046 | (5,032) | (1,954) | The Company's investee accounted for using equity method |
| Market Go Profits Ltd. | MIC-Tech Ventures Asia Pacific Inc. | Cayman Islands | Investment holding and reinvestment | 1,323,049 | 1,292,627 | 40,966,604 | 100 | 1,384,843 | 142,746 | - | The investor's subsidiary |
| Marketech Engineering Pte Ltd. | Marketech Integrated Construction Co., Ltd. | Myanmar | Contracting for electrical installing construction | 19,342 | 19,342 | 63,500 | 97.69 | 1,218 | (6,909) | - | The investor's subsidiary |
| MIC-Tech Ventures Asia Pacific Inc. | Rusky H.K. Limited | Hong Kong | Investment holding and reinvestment | 34,551 | 34,551 | 833,000 | 100 | (634) | 11,055 | - | The investor's subsidiary |
| MIC-Tech Ventures Asia Pacific Inc. | Frontken MIC Co. Limited | Hong Kong | Investment holding and reinvestment | 31,422 | 31,422 | 2,337,608 | 100 | 5,002 | (193) | - | The investor's subsidiary |
| MIC-Tech Ventures Asia Pacific Inc. | MICT International Limited | Hong Kong | Investment holding and reinvestment | 132,282 | 132,282 | 5,400,000 | 60 | 37,872 | (23,808) | - | The investor's subsidiary |
| MIC-Tech Ventures Asia Pacific Inc. | Leader Fortune Enterprise Co., Ltd. | Samoa | Investment holding and reinvestment | 8,990 | 8,990 | 303,000 | 31.43 | (3,395) | 3,982 | - | The investor's investee accounted for using equity method |
| MIC-Tech Ventures Asia Pacific Inc. | Fortune Blessing Co.,Limited | Hong Kong | Investment holding and reinvestment | 45,985 | 15,563 | 500,000 | 27.78 | 11,121 | (8,041) | - | The investor's investee accounted for using equity method |
| Rusky H.K. Limited | PT Marketech International Indonesia | Indonesia | Trading business of machine equipment and parts | 32 | 32 | 1,000 | 0.08 | 28 | 223 | - | The investor's investee accounted for using equity method |

Note 1: The amount of \$0 means that the Company does not directly recognise gain or loss on investments.

Note 2: Except for subsidiaries in Malaysia which are translated at the current rate as of December 31, 2020, the initial investment amounts of other investees are translated at the current rate as of the investment date.

MARKETECH INTERNATIONAL CORP.

Information on investments in Mainland China

For the year ended December 31, 2020

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

| Investee in Mainland China | Main business activities | Paid-in capital (Note 3) | Investment method (Note 1) | Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019 (Note 3) | Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2020 (Note 3) | | Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020 (Note 3) | Net income of investee for the year ended December 31, 2020 | Ownership held by the Company (direct or indirect) | Investment income (loss) recognised by the Company for the year ended December 31, 2020 (Note 2) | Book value of investments in Mainland China as of December 31, 2020 | Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020 | Footnote |
|--|---|-----------------------------|-------------------------------|--|---|-------------------------|--|---|--|---|---|---|-------------|
| | | | | | Remitted to Mainland China | Remitted back to Taiwan | | | | | | | |
| MIC-Tech (WuXi) Co., Ltd. | Design, manufacturing, installation and maintenance of semiconductor device, crystal dedicated device, electronic component device, environment pollution preventing equipment; assembly of wrapping device and cooling equipment; assembly of barbecue grill; producing, assembling and sale of LED illuminator and its component; wholesale, commission agency and import and export of the aforementioned products and their components, textile, commodities, chemical products and cosmetics; lease of self-owned plants; design, manufacturing, sales and installation of automatic warehousing equipment and accessories, automatic logistics transporting equipment and accessories; R&D, sales and installation of supplementary engineering in logistics dispatch system, manufacturing and sales of medical devices. | \$ 726,240 | Note1(2) | \$ 583,840 | \$ - | \$ - | \$ 583,840 | (\$ 18,272) | 100 | (\$ 17,717) | \$ 16,715 | \$ - | Note 2 (2)B |
| MIC-Tech (Shanghai) Corp. | Wholesale, commission agency, maintenance, repairment, manufacture, import and export of semiconductor production, inspection equipment and its consumables and boilers that generate electricity; storage and allocation of mainly chemical and boiler products; international and entrepot trade; trading and trading agency among enterprises in customs bonded area; consulting services in customs bonded area | 234,704 | Note1(2) | 14,240 | - | - | 14,240 | 112,451 | 100 | 112,451 | 497,616 | - | Note 2 (2)B |
| Fuzhou Jiwei System Integrated Co., Ltd. | Installation and complete services of clean room, mechanical system, street pipe system | 8,544 | Note1(2) | 8,544 | - | - | 8,544 | (254) | 100 | (254) | (1,810) | - | Note 2 (2)B |
| Shanghai Maohua Electronics Engineering Co.,Ltd. | Production of scrubber bins for semiconductor manufacturers; design, installation, debugging and technology services of tunnel system; equipment repair for semiconductor manufacturers; consulting service for electrical and medical equipment wholesale, commissioned distribution, export, import and related services of electronic products, machinery equipment, chemical products, communication equipment, metal products, plastic products | 17,088 | Note1(2) | 17,173 | - | - | 17,173 | 12,753 | 87 | 11,095 | (3,284) | - | Note 2 (2)B |
| MIC-Tech Electronics Engineering Corp. | Installation and construction of mechanical and electrical systems; construction of chemical and petroleum projects; construction of public municipal infrastructure projects; professional building renovation and decoration services; design and construction of smart buildings; construction of electronic projects and related technical services and consulting. Building equipment, building materials (excluding steel and cement), electronic products, chemical products (excluding hazardous products), metal products, electrical equipment, wholesale of communications equipment, commission-based agency (excluding auctions) and import-export business, and delivery of all related and supplementary services | 501,789 | Note1(2) | 242,650 | - | - | 242,650 | 20,178 | 100 | 20,178 | 537,392 | - | Note 2 (2)B |
| Frontken-MIC (Wuxi) Co., Ltd. | Research of specialized cleaning equipment of semiconductor device and integrated circuit, cleaning of special components of semiconductor device, integrated circuit and micromodule and cleaning technology for semiconductors, assembling, installation and maintenance of cooling equipment; design, manufacture, sale and installation of automatic warehouse equipment and fittings, and automatic logistics transporting equipment and fittings; development, sale and installation of computer aided engineering; wholesale, commission, import and export of above products and parts | 65,732 | Note1(2) | 26,293 | - | - | 26,293 | (194) | 100 | (194) | 4,983 | - | Note 2 (2)B |

| Investee in Mainland China | Main business activities | Paid-in capital (Note 3) | Investment method (Note 1) | Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019 (Note 3) | Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2020 (Note 3) | | Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020 (Note 3) | Net income of investee for the year ended December 31, 2020 | Ownership held by the Company (direct or indirect) | Investment income (loss) recognised by the Company for the year ended December 31, 2020 (Note 2) | Book value of investments in Mainland China as of December 31, 2020 | Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020 | Footnote |
|---|---|-----------------------------|-------------------------------|--|---|-------------------------|--|---|--|---|---|---|-------------|
| | | | | | Remitted to Mainland China | Remitted back to Taiwan | | | | | | | |
| Integrated Manufacturing & Services Co., Ltd. | Development of special equipment for solar cell production, manufacture of optical engine, lighting source, projection screen, high definition projection cathode-ray tube and micro-display module, and production, cleaning and regeneration of new electrical device; sells the products that manufactured by itself; machinery equipment, research and development of production technology of utilities equipment, technology transfer, technology consulting, technology service; processing of metal salvage and junk (except for hazardous chemicals and hazardous waste); metallic material (except for steels and noble metal), ceramic product, paper products and wholesale, retail and import and export of hardware products. | \$ 199,360 | Note1(2) | \$ 111,072 | \$ - | \$ - | \$ 111,072 | (\$ 23,798) | 60 | (\$ 14,279) | \$ 37,159 | \$ - | Note 2 (2)B |
| MIC-Tech China Trading (Shanghai) Co., Ltd. | Wholesale, commission agency and import and export of chemical products (except for hazardous chemicals, chemicals used in production of narcotic drugs and psychotropic substances and special chemicals), semiconductors, inspection equipment and its consumables, solar equipment consumables and boilers that generate electricity, International and entrepot trade, trading and trading agency among enterprises in customs bonded area, consulting service for trading, installation, repair, and maintenance of automation equipment, electronic equipment, and their parts | 42,720 | Note1(2) | 42,720 | - | - | 42,720 | 13,605 | 100 | 13,605 | 32,857 | - | Note 2 (2)B |
| Macrotec Technology (Shanghai) Co., Ltd. | Wholesale, commission agency, import and export and other complementary service of electrical products, food, textile, commodities, cosmetics, valve switch, instrumentation, metal products, electrical equipment, International and entrepot trade, trading and trading agency among enterprises in customs bonded area, simple commercial processing in customs bonded area, and consulting service for trading in customs bonded area | 27,253 | Note1(2) | 8,565 | - | - | 8,565 | 3,982 | 31.43 | 1,251 | (3,399) | - | Note 2 (2)B |
| Fortune International Corporation | Research and development, design, manufacturing, sales, installation and repair services of semiconductor-related devices, equipment and materials; research and development, transfer, consulting and service of semiconductor-related technology; supply chain management service; self-operation and agency of import and export business of various products and technologies; property management service; industrial park management service; accommodation service; retail of articles of daily use, food and beverages; venue rental; enterprise management service; conference and exhibition services; warehousing service; handling and transportation agency services | 34,176 | Note1(2) | 14,240 | - | - | 14,240 | (8,053) | 27.78 | (2,237) | 6,377 | - | Note 2 (2)B |

Note 1: Investment methods are classified into the following three categories:

(1) Directly invest in a company in Mainland China.

(2) Through investing in Market Go Profits Ltd., which then invested in the investee in Mainland China.

(3) Others.

Note 2: In the ‘Investment income (loss) recognised by the Company for the year ended December 31, 2020’ column:

(1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.

(2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:

A.The financial statements were audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

B.The financial statements were audited and attested by R.O.C. parent company’s CPA.

C.Others.

Note 3: Paid-in capital and investment amount were translated at the original currency times exchange rate at period end.

2. Limit on investees in Mainland China

| Company name | Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020 (Note 1) (Note 2) | Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 1) | Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA |
|-------------------------------|---|--|--|
| Marketech International Corp. | \$ 1,116,125 | \$ 1,860,227 | \$ 3,819,830 |

Note 1: The amount was translated at the original currency times exchange rate at period end.

Note 2: The Company has sold WUXI Probeleader Electronics Co., Ltd. at the end of November 2011. As the accumulated investment was different from the investment collected back, the difference between accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020 and accumulated amount of remittance from Taiwan to Mainland China registered at and approved by MOEA was US\$186 thousand.

Note 3: The liquidation of TPP-MIC (WuXi) Co., Ltd. was completed in November, 2015. As the accumulated investment was different from the investment collected back, the difference between accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020, and accumulated amount of remittance from Taiwan to Mainland China registered at and approved by MOEA was US\$180 thousand.

MARKETECH INTERNATIONAL CORP.

Major shareholders information

December 31, 2020

Table 9

| Name of major shareholders | Shares | |
|---|---------------------|---------------|
| | Name of shares held | Ownership (%) |
| Ennoconn International Investment Co., Ltd. | 83,468,613 | 44.58 |
| JI-XUAN Investment Corp. | 11,005,795 | 5.87 |

Note 1: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of share in dematerialised form due to the difference in the calculation basis.

Note 2: If the aforementioned data contains shares which were kept at the trust by the shareholders, the data was disclosed as a separate account of client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with the Securities and Exchange Act, the shareholding ratio includes the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information of reported share equity of insider, please refer to Market Observation Post System.