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Marketech International Corp.

2021 Annual Report

Printed on May 4th, 2022

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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Title : President
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Email : mic@micb2b.com

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

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Tel : + 86-510-85200505

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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.kgiworld.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 : Accountant Lin, Chun-Yao & Accountant 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>

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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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I 、 A Letter to Shareholders

1 、 Preface

Dear Shareholders,

2021 was a very hard but fruitful year for Marketech. Marketech delivered a remarkable report card in the busy expansion work of important customers, setting a historical record. In 2021, the revenue reached a new record of NT\$34.459 billion and the annual operating profit reached NT\$1.6 billion, an annual increase of 36.75 %, net income after tax reached NT\$1.5 billion, an increase of 72.29 % from the previous year, and the consolidated earnings per share was NT\$8.24 We sincerely thank every one of our hard-working colleagues. Under the heavy and stressful workload in the past, our colleagues shoulder heavy responsibilities for delivering the important missions from our customers.

While the economy saw a strong recovery in the second half of 2021, it was accompanied by high inflation. According to the latest report from the United Nations Conference on Trade and Development, global trade in goods and services grew by 23% in 2021 compared to 2020. However, the report also points out that although trade performance is strong, but the recovery of countries and industries is uneven. According to the forecasts of the OECD and the IMF, the global economic performance in 2022 can be expected, but inflation concerns continue to increase. Despite all the environmental factors, Marketech is still expected to maintain steady growth in 2022, benefiting from the niche of major customers' expansion of factories.

Marketech takes the pursuit of excellence as a sustainable enterprise as its core concept, follows the international trend to link balanced ESG development, and continues to save energy and reduce carbon emissions to increase our international competitiveness. In collaboration with ITRI and Asia Hydrogen Energy, Marketech will jointly build a "New Fuel Cell Parameter Optimization Experimental Field" through the Shalun Green Energy Technology Demonstration Site in 2021, hoping to explore the new environmentally friendly energy solutions provided by the semiconductor process residual hydrogen power generation. We also hope that through this valuable opportunity, we can contribute to the development of green and clean energy in Taiwan through the concerted efforts of industry, government and academia, and leave a cleaner, safer and healthier living environment to future generations.

We are committed to excellence, providing the highest quality services and products to our customers and maximizing profits for our shareholders; we are passionate about science and believe in the power of technology to enhance human civilization and improve life. We pursue social harmony, provide a quality working environment for our employees, and contribute to society; we value environmental protection and appreciate the nourishment this land provides. Every step we take is the result of all our employees' step by step efforts. In 2022, Marketech will continue to strive for excellence, create good shareholder returns, and fulfill our social responsibility to create outstanding industrial value in Taiwan.

Margaret Kao
Chairman and CEO

2. Business Report

2.1 The operating results of 2021

2.1.1 Operating results

In 2021, MIC group's consolidated revenue was NT\$ 34,458,674 thousand with an increase of 37.18% comparing with NT\$25,119,857 thousand in 2020; consolidated net income was NT\$1,508,422 thousand with an increase of 72.29% comparing with NT\$875,502 thousand in 2020; and earnings per share was NT\$8.24 with an increase of 68.85% comparing with NT\$4.88 in 2020.

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 2021 and 2010 Consolidated Financial Statement is listed as follows:

(1) Summary of Consolidated Financial Statement

Unit : NT\$ thousands; %

Items	2020	2021	Variance	Variance (%)
Operating Revenue	25,119,857	34,458,674	9,338,817	37.18%
Gross Profit	3,100,342	3,619,982	519,640	16.76%
Operating Income	1,201,498	1,643,086	441,588	36.75%
Net Income	875,502	1,508,422	632,920	72.29%
Net Income attributable to owners of parent	913,736	1,547,479	633,743	72.29%
EPS(in dollars) (Note2)	4.88	8.24	3.36	68.85%

Note 1: The above information is summarized from Audit Reports of 2020 and 2021.

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 2021, due to prospect of the of Semiconductor and the relevant industries , the order demands of the customers has been increasing, this has lead MIC consolidated revenue and profit higher then expected, 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	
		2020	2021
Financial Structure	Ratio of liabilities to assets (%)	68.58	72.00
	Ratio of long-term capital to fixed assets (%)	410.58	433.13
Solvency	Current ratio (%)	143.84	130.28
	Quick ratio (%)	113.06	104.23
	Times interest earned	18.08	34.24
Profitability	Return on total assets (%)	4.66	6.46
	Return on shareholders' equity (%)	14.35	21.29
	Ratio of operating income to paid-in capital (%)	64.18	85.24
	Ratio of pre-tax income to paid-in capital (%)	61.41	100.67
	Profit margin (%)	3.49	4.38
	Earnings per share (dollar) (Note)	4.88	8.24

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	
		2020	2021
Research and development expenses (A)		184,401	226,158
Operating revenue (B)		25,119,857	34,458,674
Ratio (A)/(B)(%)		0.73	0.66

(2) Developed technologies and products in 2021

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 2021 is shown below:

Year	R&D Performance	Applications
2021	5G IO Gateway	IC、LCD、LED
	FMM repair	OLED Mask
	FPD Cassette cleaner	TFT LCD
	4/6 inch automatic bare wafer loading machining third generation	sapphire etching
	Automatic welding for ultra high pure supply system	Using in dense pipeline and confined space for process equipment

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) Upgrade and extend equipment maintenance services.
- (5) 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 (DGBAS) estimated that the annual economic growth rate (yoy) would be 6.28% in 2021; and forecasted that the number will drop to 4.15% in 2022. In the latest "Global Economic Prospects" report published by the World Bank on January 11, the global economic growth rate was 5.5% in 2021 and is expected to drop to 4.1% in 2022 and 3.2% in 2023 primarily due to the continuous outbreaks of COVID-19, financial support cuts and constant bottleneck in supply chain.

In the "Year-end Total Semiconductor Equipment Forecast - OEM Perspective" report published by Semiconductor Equipment and Materials International (SEMI) at the annual SEMICON Japan Exhibition on December 14, 2021, the total sale of worldwide original equipment manufacturers' (OEM) semiconductor manufacturing equipment in 2021 will

break the record and reach US\$103 billion, showing a big increase of 44.7% comparing with 2020 (US\$71 billion). This indicates an uptrend of the global semiconductor equipment market and the total market sale is expected to reach a higher point at US\$114 billion in 2022. Terry Tsao, the Global Chief Marketing Officer at SEMI and the President of SEMI Taiwan, said that “The sale of semiconductor manufacturing equipment that already exceeds US\$100 billion represents global semiconductor industry’s joint efforts on expanding our production capacity to meet the strong market demand. It is our expectation that the investments in digital infrastructure will go on and continue to increase in 2022 together with terminal market trends.

At the earnings call held by TSMC, known as the pioneer in semiconductor industry, on January 13, 2022, Vice President and Chief Financial Officer of TSMC Wendell Huang said that the company’s capital expenditure reached NT\$839.2 billion (around US\$30.04 billion) in 2021 with an annual growth of 65.4% and was expected to reach US\$40 billion to 44 billion in 2022.

Looking into 2022, 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 its relationship with international customers 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, MIC 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”, “digitalize” 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	Marketech 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 Marketech 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 2nd 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 Marketech 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 Marketech 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 Marketech Engineering Pte. Ltd. was established in January.
- 2014 Marketech Integrated Construction Co., Ltd. was established for business expansion in Myanmar in April.
- 2015 Established the subsidiary (Marketech 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 Marketech 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	Marketech 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 (Marketech International Corporation USA).
2020	Issued MIC's 4 th domestic unsecured convertible bond of NT\$ 1.5 billion.
2021	Established the subsidiary (MIC Healthcare Korea Co., Ltd.)

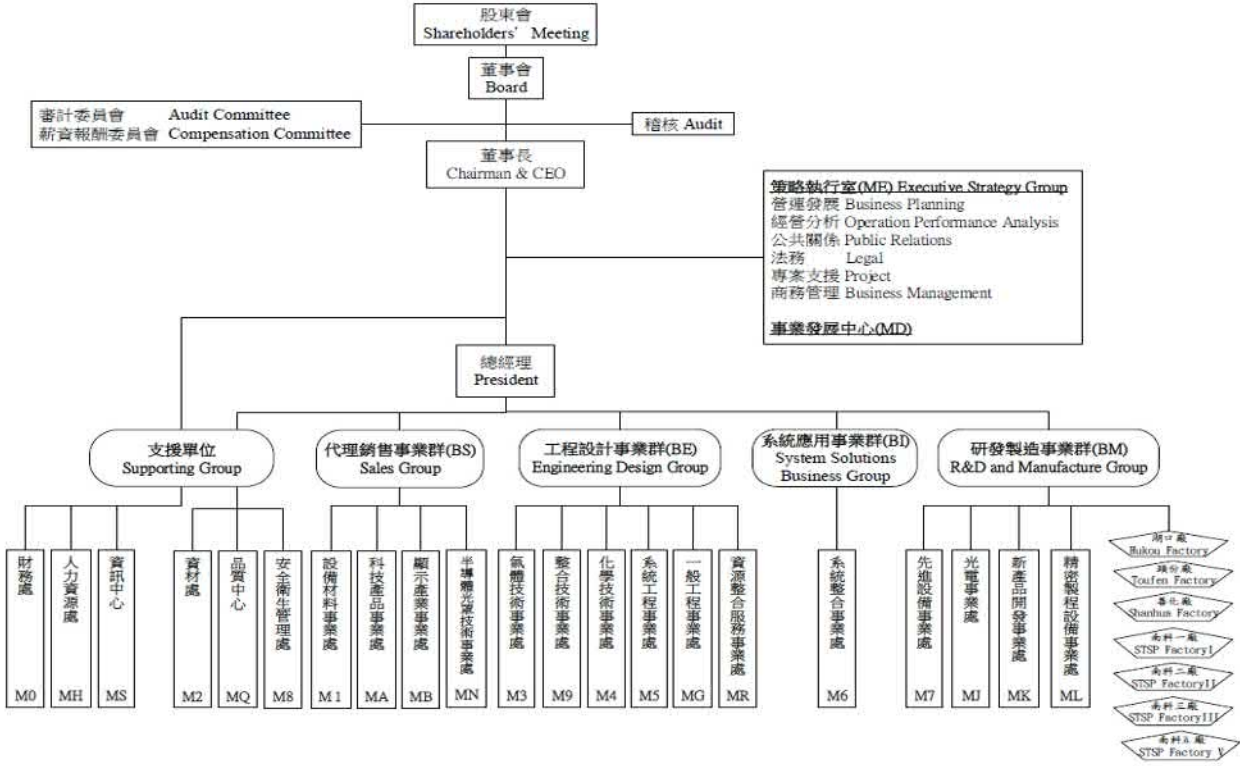
2.2 In the most recent year up to the date of publication of the annual report, our company has not handled the merger and reorganization of the company, nor has there been many directors, supervisors, or shareholders with more than 10% of the shares transferred or replaced. There are also no changes 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

Marketch International Corp. Organization



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.
ISEP Division	Enhances employees' safety and health within the company; plan and counsel the prevention of occupational disasters, labor health management, the maintenance

Division	Functions
	and promotion of the ISO 45001 occupational safety and health management system and the ISO 14001 environmental management system.
Turnkey Engineering Division	Spatial 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 Products Division	Provides production and testing equipment, instruments, parts and materials for Semiconductor Back-end packaging and testing, and Light-Emitting Diode. 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 29,2022

Unit: NTD per thousand; shares; %

Position (Note 1)	Nationality or registered origin	Name	Gender/ AGE(Notes 2)	Appointed (incumbent) date	Tenure	Initial appointed date (Note 3)	Shareholdings when appointed		Initial appointed (incumbent) date		Shareholding held by spouse, minor offspring		Shareholding held by the name of others		Major exposure (education)(Note4)	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 71-80	2019/05/30	3	2001/10/22	11,005,795	5.93%	11,005,795	5.64%	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, Marketech International Corp. Director, WTMicroelectronics Director, Machrotec Technology Corp. Chairman, JI-XUAN INVESTMENT CO., LTD. Chairman, Smart Health Corp. Supervisor, Probeleader Co., Ltd Director, eZoom Information, Inc. Director, ADAT Technology Co., Ltd. Director, Vertex System Corporation Director, FORWARD SCIENCE CORP. Director, Brilliant Network & Automation Integrated System Co., Ltd Chairman, Everlasting Digital ESG Co., Ltd.	Nil	Nil	Nil
Director	ROC	E-Win Investment co representative: Lin Yue- Yeh	M 61-70	2019/05/30	3	2001/10/22	6,647,112	3.58%	6,647,112	3.41%	0	0.00%	0	0.00%	Cheng Chi University business administration research institution master TRI Western US Office superintendent TRI electronics research institute section head	President and director, Marketech International Corp. Chairman, E-Win INVESTMENT CO., LTD. Chairman, Probeleader Co., Ltd Chairman, eZoom Information, Inc. Chairman, Auro & Pro Corp. Chairman, ADAT Technology Co., Ltd. Director, Vertex System Corporation	Nil	Nil	Nil
Director	ROC	Ennocoenn international investment co., Ltd. representative: Chu,Fu- Chuan	M 51-60	2019/05/30	3	2019/05/30	83,468,613	44.95%	83,468,613	42.80%	0	0.00%	0	0.00%	St. John's University of electrical engineering master Senior manager, Hon Hai Precision Industry Co., Ltd.	Director, Marketech International Corp. Chairman and CEO, ENNOCOENN CORPORATION Director, ENNOCOENN INTERNATIONAL INVESTMENT CO., LTD Chairman, GOLDTEK TECHNOLOGY CO., LTD. Chairman, CASWELL, INC Director, ENNOMECH PRECISION CO., LTD. Chairman, DEXATEK TECHNOLOGY LTD. Director, Vecow Co., Ltd. Director, S&TAG Chairman, AIS Cayman Technology Director, Ennocoenn (Suzhou) Technology Co., Ltd Director, ENGA Technology Co., Ltd Chairman, POSLAB TECHNOLOGY CORPORATION	Nil	Nil	Nil
Director	ROC	Ennocoenn international investment co., Ltd. representative: Lou Chao Tsung	M 51-60	2019/05/30	3	2018/10/31	83,468,613	44.95%	83,468,613	42.80%	0	0.00%	0	0.00%	FengChia University B.A Nan Ya Plastic Corporation, engineering administrator	Vice President, Hon Hai Precision Ind. Co., Ltd. Director, Shihchun International Investment Co., Ltd. Director, innovative systems integration limited.	Nil	Nil	Nil

															Vice president, Hon Hai Precision Industry Co., Ltd.	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. Director, ENNOCONN CORPORATION			
Director	ROC	Ennoconn international investment co., Ltd. representative: Li, Yu-Lung (Note 7)	M 41-50	2019/05/30 (Note 7)	3 (Note 7)	2019/05/30 (Note 7)	83,468,613 0	44.95% 0.00%	83,468,613 0	42.80% 0.00%	0 0	0.00% 0.00%	0 0	0.00% 0.00%	Qing Hua University Materials Science and Engineering master Special Assitant, Ennoconn Coporation	Note 7	Nil	Nil	Nil
Director	ROC	Ennoconn international investment co., Ltd. representative: Tsai, Neng-Chi	M 41-50	2021/02/19 (Note 6)	3 (Note 6)	2021/02/19 (Note 6)	83,468,613 0	44.95% 0.00%	83,468,613 0	42.80% 0.00%	0 0	0.00% 0.00%	0 0	0.00% 0.00%	MBA, West Coast University President, Ennoconn Corp.	Director, Marketech International Corp. President, Ennoconn Corp. Director, Ennoconn international investment co., Ltd. Chairman, American Industrial Systems Inc. Chairman, VECOW CO., LTD. Director, AIS Cayman Technology Group Director, CASWELL Director, ENNOCONN INTERNATIONAL INVESTMENT CO., LTD	Nil	Nil	Nil
Director	ROC	Ennoconn international investment co., Ltd. representative: Wu, You-Mei	F 51-60	2019/05/30	3	2019/11/12	83,468,613 0	44.95% 0.00%	83,468,613 0	42.80% 0.00%	0 0	0.00% 0.00%	0 0	0.00% 0.00%	National Chengchi University Finance Master University of Reading, U.K. MSc International curities Investment and Banking Financial Supervisory Commission of Securities and Futures Bureau, Chief of management	Director, Marketech International Corp. CFO, Ennoconn Coporation Supervisor, ENNOCONN INTERNATIONAL INVESTMENT CO., LTD. Director, S&TAG	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, Marketech 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, Marketech International Corp Chairman, Protech Systems Co., Ltd. Chairman, Prox Systems Co., Ltd. Director, Chen-Iro Microm 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, Marketech 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 I.

Note 2: Please enter the exact age, and can be entered as interval period. Ex, 45 years old-50 years or 51 years old-60 years old

Note 3: To enter the time first serving as company director or auditor, and if there is an interruption, please footnote the explanation.

Note 4: 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 5: 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. Please refer to page 29-31.

Note 6: The book closure date of the Company's 2022 regular shareholders' meeting is on March 29, 2022. The numbers of current shareholding listed in the table are the numbers of shareholding recorded on the March 29, 2022 shareholders' registry.

Note 7: 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 29, 2022

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 (17.24%), Ji Yung Investment Company (17.15%), Song En-Rui (1.79%), Song Yi-Le (1.79%)
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 2022 regular shareholders' meeting is on March 29, 2022.

Table II: Major shares of institutional investors as institutional shareholders

March 29, 2022

Name of institutional shareholders (Note 1)	Major shareholders as institutional investors (Note 2)
Ennoconn Corporation	Bao Shin International Investmen Co., Ltd(32.98%), Fubon Life Insurance Co., Ltd(6.89%), Hyield Venture Capital Co., Ltd(2.05%), TransGlobe Life Insurance Inc.(1.70%), Yu,Ling-Hsiao(1.10%), Chu,Fu-Chuan(0.95%), Cathay Life Insurance Company, Ltd.(0.87%), JPMorgan Chase Bank in custody for International Explorer Fund Investment Account(0.80%),Kadensa Master Fund(0.78%), VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS(0.75%)
Ji Yung Investment Company	Ji-Xuan Investment Company (68.44%), Sung Bing-Zhong (21.45%), 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%), 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 2022 regular shareholders' meeting is on March 29, 2022.

2.1.3 Information on the directors and supervisors (II)

(1) Disclosure of information on the professional qualifications of directors and supervisors and the independence of independent directors:

① Directors with professional qualifications and experience

The “Corporate Governance Best Practice Principles” formulated by the Company stipulates that members of the board of directors should generally possess the knowledge, skills and qualities necessary to perform their duties. In order to achieve the ideal goal of corporate governance, the overall capabilities of the board of directors include operational judgment, accounting and financial analysis, business management, crisis management, industry knowledge, international market vision, leadership and decision-making capabilities.

The professional qualifications and experience of individual directors of the Company are explained as follows:

March 29, 2022

Name		Qualification	Professional qualifications and experience (Note 1)
Director	Ji Xuan Investment (Co.,Ltd) Company Representative: Kao, Hsin-Ming		<p>* Graduated from the Graduate School of International Business Management of National Taiwan University, worked as the director of the Electronics Institute of Industrial Technology Research Institute, is currently the chairman and CEO of the Company, and concurrently serves as director of WT Microelectronics, Brillian Network and Automation, Forward Science Corporation. Chairman Kao Hsin-Ming has been devoted to semiconductor and other related fields of technology industry for more than 30 years, specializing in technology management, technology marketing, strategic planning, operation management, business management, engineering management, financial management and other related fields. He has rich industry experience and industry knowledge and sensitive and delicate operational judgment ability, innovative and decisive leadership ability and decision-making ability. The chairman always educates herself. As the company leader and the locomotive of the organization, she is calm while facing key challenges and risks and she wins the respect and admiration of partners and subordinates, and also consolidates the unity of all. Chairman Kao Hsin-Ming's careful management, meticulous planning and advanced international market vision enable the Company to challenge and transform at each stage of advanced deployment, leading Marketech International Corp. to the global professional market to continue to grow to become a pioneer in international service and the achieve sustainable operation goal. In conclusion, Chairman Kao Hsin-Ming possesses the necessary knowledge, skills and qualities to perform his duties.</p> <p>* Director Kao Hsin-Ming does not violate Article 30 of the Company Law.</p>
Director	E-win Investment (Co.,Ltd) Company Representative: Lin, Yue-Yeh		<p>* Graduated from the Graduate School of Business Management, National Chengchi University. He used to be the team leader of the Electronics Institute of Industrial Technology Research Institute. Now he is the general manager of the Company and concurrently serves as chairman of ProbeLeader, eZoom Information, Inc., and ADAT Technology CO., LTD. Director Lin Yue-Yeh specializes in related fields such as enterprise operation, industrial management, engineering management, business marketing, financial management, leadership and governance, and has experience in related industries in channel, manufacturing, and engineering of semiconductor and optoelectronics. Director Lin Yue-Yeh started</p>

Name		Qualification	Professional qualifications and experience (Note 1)
			<p>an excellent career with the experience of ITRI. For the special knowledge, director not only has professional knowledge of semiconductors, but also has the ability of communication and negotiation, crisis response and problem solving. Director can also use the relevant knowledge of industrial engineering and enterprise management in many ways. When director was sent to the United States to serve as the director of the West Coast Office of ITRI in the US, he was able to acquire international experience and vision, which laid a solid foundation for the management of the Company in the future. Director Lin Yue-Yeh and his business partner Chairman Kao Hsin-Ming, lead Marketech International Corp. to continue to develop, innovate, and establish a full range of complete services, making Marketech International Corp. the best support partner for the domestic semiconductor and optoelectronics related industries. In conclusion, director Lin Yue-Yeh has the necessary knowledge, skills and qualities to perform his duties.</p> <p>* Director Lin Yue-Yeh does not violate Article 30 of the Company Law.</p>
Director	ENNOCONN International investment Co., Ltd. Representative: Chu,Fu-Chuan		<p>* Graduated from the Department of Electronic Engineering of Xinqu College of Technology, worked as a senior director of Hon Hai Precision Industry Co., Ltd., and is currently the chairman and CEO of ENNOCONN Corporation, chairman of CASWELL, INC. GOLDTEK Technology Co., Ltd. and Poslab Technology Co. Director Chu Fu-Chuan has served as the chairman and director of many companies, and has various experiences in supply chain supervisor, R&D, personnel, quality control, etc., whether in operational judgment, accounting and financial analysis, business management, crisis handling, Industry knowledge, leadership ability and decision-making ability, he has laid a solid foundation. Director Chu Fu-Chuan adheres to the strategic goals of collection, integration and fusion, and continues to focus on various vertical fields such as the Internet of Things, smart industry, semiconductors, and autonomous driving, and is committed to providing service integration solutions with hardware and software. Director Chu,Fu-Chuan also led ENNOCONN Corporation to complete a number of mergers and acquisitions with precise merger and acquisition vision, excellent integration capabilities, and a unique international market vision. He is the helmsman of the peak operation of ENNOCONN Corporation with the layout of globalized and multi-functional products and services, and the formation of a smart industrial IoT fleet. In conclusion, Director Chu Fu-Chuan possesses the necessary knowledge, skills and qualities to perform his duties.</p> <p>* Director Chu Fu-Chuan does not violate Article 30 of the Company Law.</p>
Director	ENNOCONN International investment Co., Ltd Representative: Lou,Chao-Tsung		<p>* Graduated from the Department of Business Administration of Feng Chia University, served as the deputy general manager of Hon Hai Precision Industry Co., Ltd., and is currently a director of ENNOCONN Corporation, and concurrently serves as director of CASWELL, INC. GOLDTEK Technology Co., Ltd. Director Lou Chao-Tsung has many years of industry experience and accumulated rich industry knowledge. He specializes in operational judgment, operation management, engineering management, crisis management, leadership and decision-making. He has an international market vision and is specialized at accounting and financial analysis, financial planning and capital operations. In conclusion, Director Lou Chao-Tsung possesses the necessary knowledge, skills and qualities to perform his duties.</p> <p>* Director Lou Chao-Tsung does not violate Article 30 of the Company Law.</p>

Qualification		Professional qualifications and experience (Note 1)
Name		
Director	ENNOCONN International investment Co., Ltd Representative: Li, Yu-Lung (Note 3)	<p>* Graduated from the Graduate School of Materials Science and Engineering of Tsinghua University, served as the special assistant to the chairman and chief strategy officer of ENNOCONN Corporation. Director Li Yu-Lung served in foreign financial circles and worked for Morgan Stanley, specializing in financial finance, industry analysis, strategic planning and other fields. Director has accounting and financial analysis capability, crisis management capability, leadership capability and decision-making capability. In conclusion, Director Li Yu-Lung possesses the necessary knowledge, skills and qualities to perform his duties.</p> <p>* Director Li Yu-Lung does not violate Article 30 of the Company Law.</p>
Director	ENNOCONN International investment Co., Ltd Representative: Tsai, Neng-Chi (Note 3)	<p>* Graduated from the Graduate School of Business Management of West Coast University in the US, he is currently the general manager of ENNOCONN Corporation and a director of CASWELL, INC. Director Tsai Neng-Chi has been deeply involved in the marketing and development of European and American industrial computer markets for more than 20 years. Director has rich industrial knowledge and international market vision, and has business creation ability and leadership ability and decision-making ability. In conclusion, Director Tsai Neng-Chi possesses the necessary knowledge, skills and qualities to perform his duties.</p> <p>* Director Tsai Neng-Chi does not violate Article 30 of the Company Law.</p>
Director	ENNOCONN International investment Co., Ltd Representative: Wu, You-Mei	<p>* Graduated from the Graduate School of Financial Management of Chengchi University, University of Reading, U.K. MSc International Securities Investment and Banking, served as the head of the securities dealer management group of the Securities and Futures Bureau of the Financial Regulatory Commission, and is currently the chief financial officer of ENNOCONN Corporation, and concurrently serves as S&T AG director. Director Wu You-Mei served in the Securities and Futures Bureau of the Financial Supervision and Administration Commission for more than 20 years. Director is currently the chief financial officer of ENNOCONN Corporation, specializing in securities business, financial finance, financial planning and capital operation. Director has accounting and financial analysis capabilities, crisis management, leadership and decision-making ability, industry knowledge and international market vision. In conclusion, Director Wu You-Mei possesses the necessary knowledge, skills and qualities to perform her duties.</p> <p>* Director Wu You-Mei does not violate Article 30 of the Company Law.</p>
Independent Director	Lin, Hsiao-Ming	<p>* Graduated from the Graduate School of Business Studies of the School of Management, National Taiwan University, he is currently the chairman of Taiwan Finance Corporation and an independent director of GODEX International Co., Ltd. Director is the convener of the Company's audit committee and a member of the remuneration committee. Director Lin Hsiao-Ming has a business background and served in the Bills Finance-related industry for decades. Director is currently the chairman and director of the bill finance industry. He specializes in bill business, financial finance, financial planning, capital operation, and industry analysis. , strategic planning, etc. Director Lin Hsiao-Ming is required to obtain professional qualifications for independent directors in Article 2 of the "Regulations on the Establishment and Compliance of Independent Directors of Public Offering Companies", and has more than five years of work experience in business, legal affairs, finance, accounting or corporate business. Director Lin Hsiao-Ming has capabilities in corporate governance,</p>

Name		Qualification	Professional qualifications and experience (Note 1)
			<p>business operations, business management, marketing, finance, accounting and financial analysis, and industry vision to the Company with professional consultation and suggestions to improve the quality of corporate governance management of the board of directors and the supervision function of the audit committee.</p> <p>* Lin Hsiao-Ming does not violate Article 30 of the Company Law.</p> <p>* Director Lin Hsiao-Ming served in the bills finance-related industry for decades, and is currently the chairman and director of the bills finance industry. He has accounting and financial analysis capability, and crisis management capability in areas such as financial finance, industry analysis, and strategic planning. , leadership and decision-making skills.</p>
Independent Director	Wu, Chung-Pao		<p>* Graduated from the Graduate School of International Business Management of National Taiwan University, currently serves as the chairman of Protech Systems, and concurrently serves as the director of CPC Corporation, Taiwan and the independent director of EVA Airways, the convener of the Company's remuneration committee and a member of the audit committee. Director Wu Chung-Pao is currently the chairman of the information industry. Director has a forward-looking vision for innovative technology products, leading R&D technology and production management, etc., and can use flexible business strategies and business models. Director has rich experience in the field of electronics and IIoT (Industrial Internet of Things) and AIoT (Artificial Intelligence Internet of Things) applications, specializing in business management, financial finance, industrial analysis, strategic planning and other fields, and has accounting and financial analysis capability, crisis handling ability, technology application vision, leadership ability and decision-making ability, etc. Director Wu Zongbao is an independent director who meets the professional qualifications stipulated in Article 2 of the Regulations on the Establishment and Compliance of Independent Directors of Public Offering Companies, and has more than five years of work experience in business, legal affairs, finance, accounting or corporate business. Director Wu Chung-Pao has extensive experience in company operation, application of intelligent information and communication applications, quality management, business planning, financial analysis, etc. The Company hopes to draw on his management service experience and vision in the technology industry to provide diversified operation and management in a timely manner, so that the Company can be more diversified in the thinking of operation and management strategies, and further improve the supervision and management quality of the board of directors and the audit committee.</p> <p>* Wu Chung-Pao does not violate Article 30 of the Company Law.</p>
Independent Director	Wang, Yi-Chun		<p>* Graduated from the Electrical Engineering Computer Group of Taipei University of Technology with a Ph.D., he is currently an adjunct professor of artificial intelligence and big data EMBA at the School of Electrical Engineering, Taipei University of Technology, and an independent director of CASWELL, INC., and a member of the Company's audit committee. Director Wang Yi-Chun has both practical experience, information management and academic ability. Director Wang Yi-Chun "complies with the professional qualifications required by independent directors in Article 2 of the Regulations on the Establishment of Independent Directors of Public Offering Companies", and has more than five years in business, legal affairs, and finance, accounting or corporate business required work experience, and more than five years of teaching experience in public and private colleges and universities related to business or corporate business. Director Wang Yi-Chun-specializes in artificial intelligence, cloud, Internet of Things and big data analysis and other technological fields, and has</p>

Name	Qualification	Professional qualifications and experience (Note 1)
		<p>rich professional knowledge. Director is committed to the cultivation of talents in related fields and passing the professional experience. Director can provide timely and professional services for company management and business development. The Company relies on director's management expertise in the professional technology industry to improve the quality of corporate governance management of the board of directors and the supervision function of the audit committee.</p> <p>* Wang Yi-Chun does not violate Article 30 of the Company Law.</p>

Note 1: Professional qualifications and experience: describe the professional qualifications and experience of individual directors and supervisors. If they are members of the audit committee and have accounting or financial expertise, their accounting or financial background and work experience should be stated, and whether they have violated Article 30 of the Company Law.

Note 2: The Company's 2022 Annual General Meeting of Shareholders book close date was March 29, 2022.

Note 3: On February 19, 2021, the director of the legal person dismissed his representative Mr. Li Yu-Lung from the directorship, and reassigned Mr. Tsai Neng-Chi as the representative of the legal person director.

② Director independence information

March 29, 2022

Name \ Qualification		Independence situation (Note 2)	Number of independent directors of other public companies
Director	Ji Xuan Investment (Co.,Ltd) Company Representative: Kao, Hsin-Ming	<ol style="list-style-type: none"> 1. For the legal person shareholders of Ji Xuan Investment Co., Ltd. holding more than 5% of the Company's issued shares, Director Kao Hsin-Ming is elected as a director as the designated representative of Ji Xuan Investment Co., Ltd. 2. Also serves as the CEO of the Company and is a director with managerial status. 3. He also serves as a director of the Company's affiliated company (subsidiary of the Company). 4. The top ten natural person shareholders of the Company. 5. The chairman of Ji Xuan Investment Co., Ltd., a legal person shareholder who holds more than 5% of the Company's issued shares. 6. There is no relationship of spouses or relatives within the second degree of kinship with other directors. 7. The rest meet the independent qualification requirements listed in the "Regulations on the Establishment of Independent Directors of Publicly Issued Companies and Matters to be Followed". 	0
Director	E-Win Investment (Co.,Ltd) Company Representative: Lin, Yue-Yeh	<ol style="list-style-type: none"> 1. For the legal person shareholders of E-Win Investment holding more than 1% of the Company's issued shares, director Lin Yue-Yeh is elected as directors by the designated representatives of E-Win Investment. 2. Also the general manager of the Company and a director with managerial status. 3. He also serves as a director of the Company's affiliated company (subsidiary of the Company). 4. The top ten natural person shareholders of the Company. 5. There is no relationship of spouses or relatives within the second degree of kinship with other directors. 6. The rest meet the independent qualification requirements listed in the "Regulations on the Establishment of Independent Directors of Publicly Issued Companies and Matters to be Followed". 	0
Director	ENNOCONN International	<ol style="list-style-type: none"> 1. ENNOCONN International investment Co., Ltd holds more than 5% of the Company's issued shares of the legal person shareholder and is the Company's largest shareholder. 	0

Name \ Qualification		Independence situation (Note 2)	Number of independent directors of other public companies
	investment Co., Ltd Representative: Chu,Fu-Chuan	<p>Director Chu Fu-Chuan is elected as the designated representative of ENNOCONN International investment Co., Ltd.</p> <ol style="list-style-type: none"> Also serves as the chairman of the Company's affiliated company (the Company's ultimate parent company – ENNOCONN Corporation.). Director of ENNOCONN International investment Co., Ltd, a legal person shareholder who holds more than 5% of the Company's issued shares. There is no relationship of spouses or relatives within the second degree of kinship with other directors. The rest meet the independent qualification requirements listed in the "Regulations on the Establishment of Independent Directors of Publicly Issued Companies and Matters to be Followed". 	
Director	ENNOCONN International investment Co., Ltd Representative: Lou,Chao-Tsung	<ol style="list-style-type: none"> ENNOCONN International investment Co., Ltd holds more than 5% of the Company's issued shares of the legal person shareholder and is the Company's largest shareholder. Director Lou Chao-Tsung is elected as the designated representative of ENNOCONN International investment Co., Ltd. Also serves as the director of the Company's affiliated company (the Company's ultimate parent company – ENNOCONN Corporation.). Chairman of ENNOCONN International investment Co., Ltd, a legal person shareholder who holds more than 5% of the Company's issued shares. There is no relationship of spouses or relatives within the second degree of kinship with other directors. The rest meet the independent qualification requirements listed in the "Regulations on the Establishment of Independent Directors of Publicly Issued Companies and Matters to be Followed". 	0
Director	ENNOCONN International investment Co., Ltd Representative: Li,Yu-Lung	<ol style="list-style-type: none"> ENNOCONN International investment Co., Ltd holds more than 5% of the Company's issued shares of the legal person shareholder and is the Company's largest shareholder. Director Li Yu-Lung is elected as the designated representative of ENNOCONN International investment Co., Ltd. Also serves as the chief strategy of the Company's affiliated company (the Company's ultimate parent company – ENNOCONN Corporation.). 	0

Name \ Qualification		Independence situation (Note 2)	Number of independent directors of other public companies
	(Note 2)	3. There is no relationship of spouses or relatives within the second degree of kinship with other directors. 4. The rest meet the independent qualification requirements listed in the "Regulations on the Establishment of Independent Directors of Publicly Issued Companies and Matters to be Followed".	
Director	ENNOCONN International investment Co., Ltd Representative: Tsai, Neng-Chi (Note 2)	1. ENNOCONN International investment Co., Ltd holds more than 5% of the Company's issued shares of the legal person shareholder and is the Company's largest shareholder. Director Tsai Neng-Chi is elected as the designated representative of ENNOCONN International investment Co., Ltd. 2. Also serves as the general manager of the Company's affiliated company (the Company's ultimate parent company – ENNOCONN Corporation.). 3. Director of ENNOCONN International investment Co., Ltd, a legal person shareholder who holds more than 5% of the Company's issued shares. 4. There is no relationship of spouses or relatives within the second degree of kinship with other directors. 5. The rest meet the independent qualification requirements listed in the "Regulations on the Establishment of Independent Directors of Publicly Issued Companies and Matters to be Followed".	0
Director	ENNOCONN International investment Co., Ltd Representative: Wu You-Mei	1. ENNOCONN International investment Co., Ltd holds more than 5% of the Company's issued shares of the legal person shareholder and is the Company's largest shareholder. Director Wu You-Mei is elected as the designated representative of ENNOCONN International investment Co., Ltd. 2. She also serves as CFO of the Company's affiliated company (the Company's ultimate parent company – ENNOCONN Corporation.) 3. There is no relationship of spouses or relatives within the second degree of kinship with other directors. 4. The rest meet the independent qualification requirements listed in the "Regulations on the Establishment of Independent Directors of Publicly Issued Companies and Matters to be Followed".	0

Name / Qualification		Independence situation (Note 2)	Number of independent directors of other public companies
Independent Director	Lin, Hsiao-Ming	<p>1. Has not been elected by the government, legal person or its representative in accordance with Article 27 of the Company Law, has not had a relationship of spouse or relative within the second degree of kinship with other directors, and has not had any of the following conditions during the two years prior to the election and during the term of office: Independent directors who meet the requirements of Article 3 of the "Regulations on the Establishment of Independent Directors of Public Offering Companies and Matters to be Followed" shall maintain their independence within the scope of business execution, and shall not have direct or indirect interests with the Company:</p> <p>(1) Employees of the Company or its affiliates.</p> <p>(2) Directors and supervisors of the Company or its affiliates.</p> <p>(3) I and my spouse, minor children, or natural person shareholders who hold more than 1% of the total issued shares of the Company in the name of others or hold the top ten shares.</p> <p>(4) Spouses, relatives within the second degree or lineal blood relatives within the third degree of the managers listed in Paragraph (1) or persons listed in (2) and (3).</p> <p>(5) Who directly holds 5% or more of the Company's total issued shares, who holds the top five shares, or director, supervisor or employee of a legal person shareholder who is designated as a representative to serve as the Company's director or supervisor in accordance with Paragraph 1 or 2 of Article 27 of the Company Law.</p> <p>(6) More than half of the directors' seats or voting shares of the Company and another company are controlled by the same person, the director, supervisor or employee of the other company.</p> <p>(7) The chairman, general manager or equivalent positions of the Company and other companies or institutions are the same person or spouse, and the directors, supervisors or employees of other companies or institutions.</p> <p>(8) Directors, supervisors, managers or shareholders holding more than 5% of the shares of a specific company or institution that has financial or business dealings with the Company.</p> <p>(9) Professionals, sole proprietorships, partnerships, business owners and partnerships of companies or institutions directors, supervisors, managers and their spouses who</p>	1

Name \ Qualification		Independence situation (Note 2)	Number of independent directors of other public companies
		provide auditing or business, legal, financial, accounting and other related services for the Company or affiliated companies with a cumulative amount of remuneration exceeding NT\$500,000 in the last two years. However, the members of the Remuneration Committee, the Public Offer Review Committee or the Special Committee on Mergers and Acquisitions who perform their functions in accordance with this Act or the relevant laws and regulations of the Mergers and Acquisitions Act are not included.	
Independent Director	Wu, Chung-Pao	<p>1. Has not been elected by the government, legal person or its representative in accordance with Article 27 of the Company Law, has not had a relationship of spouse or relative within the second degree of kinship with other directors, and has not had any of the following conditions during the two years prior to the election and during the term of office: Independent directors who meet the requirements of Article 3 of the "Regulations on the Establishment of Independent Directors of Public Offering Companies and Matters to be Followed" shall maintain their independence within the scope of business execution, and shall not have direct or indirect interests with the Company:</p> <p>(1) Employees of the Company or its affiliates.</p> <p>(2) Directors and supervisors of the Company or its affiliates.</p> <p>(3) I and my spouse, minor children, or natural person shareholders who hold more than 1% of the total issued shares of the Company in the name of others or hold the top ten shares.</p> <p>(4) Spouses, relatives within the second degree or lineal blood relatives within the third degree of the managers listed in Paragraph (1) or persons listed in (2) and (3).</p> <p>(5) Who directly holds 5% or more of the Company's total issued shares, who holds the top five shares, or director, supervisor or employee of a legal person shareholder who is designated as a representative to serve as the Company's director or supervisor in accordance with Paragraph 1 or 2 of Article 27 of the Company Law.</p> <p>(6) More than half of the directors' seats or voting shares of the Company and another company are controlled by the same person, the director, supervisor or employee of the other company.</p>	1

Name \ Qualification		Independence situation (Note 2)	Number of independent directors of other public companies
		<p>(7) The chairman, general manager or equivalent positions of the Company and other companies or institutions are the same person or spouse, and the directors, supervisors or employees of other companies or institutions.</p> <p>(8) Directors, supervisors, managers or shareholders holding more than 5% of the shares of a specific company or institution that has financial or business dealings with the Company.</p> <p>(9) Professionals, sole proprietorships, partnerships, business owners and partnerships of companies or institutions directors, supervisors, managers and their spouses who provide auditing or business, legal, financial, accounting and other related services for the Company or affiliated companies with a cumulative amount of remuneration exceeding NT\$500,000 in the last two years. However, the members of the Remuneration Committee, the Public Offer Review Committee or the Special Committee on Mergers and Acquisitions who perform their functions in accordance with this Act or the relevant laws and regulations of the Mergers and Acquisitions Act are not included.</p>	
Independent Director	Wang, Yi-Chun	<p>1. Has not been elected by the government, legal person or its representative in accordance with Article 27 of the Company Law, has not had a relationship of spouse or relative within the second degree of kinship with other directors, and has not had any of the following conditions during the two years prior to the election and during the term of office: Independent directors who meet the requirements of Article 3 of the "Regulations on the Establishment of Independent Directors of Public Offering Companies and Matters to be Followed" shall maintain their independence within the scope of business execution, and shall not have direct or indirect interests with the Company:</p> <p>(1) Employees of the Company or its affiliates.</p> <p>(2) Directors and supervisors of the Company or its affiliates.</p> <p>(3) I and my spouse, minor children, or natural person shareholders who hold more than 1% of the total issued shares of the Company in the name of others or hold the top ten shares.</p> <p>(4) Spouses, relatives within the second degree or lineal blood relatives within the third degree of the managers listed in Paragraph (1) or persons listed in (2) and (3).</p>	1

Name	Qualification	Independence situation (Note 2)	Number of independent directors of other public companies
		<p>(5) Who directly holds 5% or more of the Company's total issued shares, who holds the top five shares, or director, supervisor or employee of a legal person shareholder who is designated as a representative to serve as the Company's director or supervisor in accordance with Paragraph 1 or 2 of Article 27 of the Company Law.</p> <p>(6) More than half of the directors' seats or voting shares of the Company and another company are controlled by the same person, the director, supervisor or employee of the other company.</p> <p>(7) The chairman, general manager or equivalent positions of the Company and other companies or institutions are the same person or spouse, and the directors, supervisors or employees of other companies or institutions.</p> <p>(8) Directors, supervisors, managers or shareholders holding more than 5% of the shares of a specific company or institution that has financial or business dealings with the Company.</p> <p>(9) Professionals, sole proprietorships, partnerships, business owners and partnerships of companies or institutions directors, supervisors, managers and their spouses who provide auditing or business, legal, financial, accounting and other related services for the Company or affiliated companies with a cumulative amount of remuneration exceeding NT\$500,000 in the last two years. However, the members of the Remuneration Committee, the Public Offer Review Committee or the Special Committee on Mergers and Acquisitions who perform their functions in accordance with this Act or the relevant laws and regulations of the Mergers and Acquisitions Act are not included.</p>	

Note 1: Independent directors should state their independence, including but not limited to whether they, their spouse, or relatives within the second degree of kinship serve as directors, supervisors or employees of the Company or its affiliated companies. The shares and proportion of the Company's shares held by relatives (or in the name of others); whether they serve directors, supervisors or employees of a company that has a specific relationship with the Company (refer to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations on the Establishment of Independent Directors and Matters to be Complied with in Public Offering Companies). The amount of remuneration received for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years

Note 2: On February 19, 2021, the director of the legal person dismissed his representative Mr. Li Yulong from the directorship, and reassigned Mr. Cai Nengji as the representative of the legal person director.

(2) Board of Directors Diversity and Independence:

① Diversity of the Board of Directors and Achievements:

Describe the board's diversity policy, goals and achievements. The diversity policy includes but is not limited to the selection criteria of directors, the professional qualifications and experience that the board of directors should have, the composition or ratio of gender, age, nationality and culture, etc., and the Company's specific goals and its achievement are described in the disclosed policy.

In order to strengthen corporate governance and promote the sound development of the composition and structure of the board of directors, the Company has formulated the "Corporate Governance Best Practice Principles". The composition of the board of directors of the Company should consider diversity, except that directors who also serve as managers of the Company should not exceed one-third of the number of directors, and formulate an appropriate diversity policy based on its own operation, operation type and development needs, which should include but not limited to the two major standards of basic conditions and values, professional knowledge and skills, and should have industry-related experience and the knowledge, skills and qualities necessary to perform their duties.

The selection of directors of the Company adopts a nomination system. The selection and appointment procedures of all directors comply with relevant laws and regulations. The current board of director's structure consists of three independent directors (33.3%) and six non-independent directors (66.7%), two of which are directors with employee/manager status (22.2%, less than one-third of the total number of directors), and none of the directors has a spouse or family relationship within the second degree of kinship, which complies with Article 26-3, Items 3 and 4 of the Securities and Exchange Act. Each independent director also meets the eligibility requirements set out in the "Measures for the Establishment of Independent Directors of Publicly Issued Companies and Matters to be followed".

The selection of directors of the Company adopts a nomination system. The selection and appointment procedures of all directors comply with the relevant laws and regulations. The current board of directors consists of nine directors, all of them are R.O.C. nationality. All have the necessary knowledge, skills and education background to perform their duties (please refer to the professional qualifications and experience of directors mentioned above), and the professional background of board members covers law, accounting, industry, finance, marketing, technology and other professional fields; among them, there are two female directors, accounting for 22.22% of all directors; four directors are over 61 years old (44.4%), and four directors are between 51 and 60 years old (55.5%).

When the members of the board of directors of the Company discuss the company's operation and management level, they can generate a wide range of opinions due to the different professional experience of the members, and through the diversified experience, they continue to strengthen corporate governance and operational synergy.

② Board of Director's Independence:

State the number and proportion of independent directors, and state that the board of directors is independent, and explain with reasons whether there are no violations specified in Items 3 and 4 of Article 26-3 of the Securities and Exchange Act, including a description of whether directors, supervisors or directors and supervisors have spouse relationship or kinship within the second degree.

The current board of directors of the Company consists of nine directors, including three independent directors (33.3%), two directors with employee/manager status (22.2%, not exceeding one-third of all directors), among all directors none of them are spouses or relatives within the second degree of kinship, which complies with the provisions of Article 26-3, Items 3 and 4 of the Securities and Exchange Act. Each independent director also meets the eligibility requirements set out in the "Measures for the Establishment of Independent Directors of Publicly Issued Companies and Matters to be followed".

The board of directors of the Company guides the Company's business strategy, supervises the management level, and is responsible to the Company and shareholders. All operations and arrangements are performed in accordance with laws, the Company's articles of association or the resolutions of the shareholders' meeting. In addition to complying with relevant laws and regulations and coordinating with the functions and powers of the audit committee, independent directors pay attention to the management and control of existing or potential risks of the Company, and supervise the effective implementation of the Company's internal control, the independence of certified accountants and the proper preparation of financial statements.

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

March 29, 2022

Unit: NTD per thousand; share; %

Title (Note 1)	Nationality	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	Kao, Hsin-Ming	F	1989/01/01	2,010,513	1.03%	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 Director, Machrotec Technology Corp. Chairman, JI-XUAN INVESTMENT CO., LTD. Chairman, Smart Health Corp. Supervisor, Probeleader Co., Ltd Director, eZoom Information, Inc. Director, ADAT Technology Co., Ltd. Director, Vertex System Corporation Director, FORWARD SCIENCE CORP. Director, Brilliant Network & Automation Integrated System Co., Ltd Director, Everlasting Digital ESG Co., Ltd.	Nil	Nil	Nil	Nil
President	ROC	Lin, Yue-Yeh	M	2004/07/01	5,986,097	3.07%	0	0.00%	0	0.00%	Cheng Chi University business administration research institute master Institute for Industrial Research western USA office superintendent ITRI electronics research institute section head	Chairman, E-Win INVESTMENT CO., LTD. Chairman, Probeleader Co., Ltd Chairman, eZoom Information, Inc. Chairman, Auro & Pro Corp. Chairman, ADAT Technology Co., Ltd. Director, Vertex System Corporation	Nil	Nil	Nil	Nil
Group GM	ROC	Chen, Jian-Tsuen	M	2010/04/01	216,700	0.11%	0	0.00%	0	0.00%	Tamkang University school of applied physics B.A.	Nil	Nil	Nil	Nil	
Divison GM	ROC	Huang, Zhong-Wen	M	2010/02/01	183,983	0.09%	0	0.00%	0	0.00%	Murray State University USA business administration research institute master Asia Word Hotel departmental superintendent	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	
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 Assuranc manager.	Nil	Nil	Nil	Nil	
Divison VGM	ROC	Lin, Chih-Jen	M	2018/04/11	16,000	0.01%	0	0.00%	0	0.00%	Master, Graduate School of Environmental Engineering, National Cheng Kung University	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%	Master, Graduate School of Biotech Healthcare Management, National Yang-Ming University	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	
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	

Title (Note 1)	Nationality	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 (Note5)	M	2018/11/01	0 (Note5)	0.00%	0	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	423,459	0.22%	0	0.00%	0	0.00%	Taipei Business College school of accounting and statistics B.A. Lung Pu Group financial specialist Cathay group administrator	Nil	Nil	Nil	Nil	Nil
Director, Finance & Accounting Divison	ROC	Zhong, Chi-Wen	F	2006/04/21	70,973	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 2022 regular shareholders' meeting is on March 29, 2022.

Note 5: Mr.Hou Kun-you resigned and released the position of Division VGM on December 30,2021.

2.3 If the chairman, president or personnel with equivalent position (chief manager) are the same person, spouses or relatives within one degree of kinship, the reasons, reasonability, necessity and measures to be taken accordingly shall be addressed:

Chairman Kao Hsin-Ming also serves as the company's CEO. Since chairman Kao Hsin-Ming has dedicated 30+ years toward the semiconductor and other related fields where she specializes in technology management, technology marketing, strategic planning, operations management, business management, engineering management, financial management, and similar expertises, she has a rich industry experience and industry knowledge, exceptionally detailed operations analysis capability, innovative and decisive leadership skills and decision-making ability, and therefore has a definitive impact toward the company's business and operations; the company's operations decisions are made by the CEO and the general manager to strengthen management efficiency, and additionally Chairman Kao Hsin-Ming personally leads the company to plan for future growth. Aside from formulating the strategic direction, she also

participates in the daily operations management to implement the aforementioned future growth plan allowing the company to respond quickly of its business activities, improving efficiency and overall increase operations performance, resulting in significant results in the company's transformation and growth. In summary, Chairman Kao Hsin-Ming's rich industry experience and leadership as well as strategic execution skills have a decisive impact on the company's operations and business, so it is necessary for Chairman Kao Hsin-Ming to concurrently serve as the CEO.

Chairman Kao Hsin-Ming has closely communicated with the board of directors on the company's operations status and strategic directions to collectively take initiatives to enhance the functions of the board of directors and strengthen the supervisory function. Furthermore, in order to respond to the development trend of corporate governance and strengthen the functions and operations of the board of directors, the company intends to modify the company's articles of incorporation to increase the number of directors and plan to increase the number of independent directors, strengthening the supervision function of the board of directors, and maintain that half of the directors are not concurrently employees or managers of the company, so as to improve the implementation of corporate governance.

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

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.

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

The remunerations of the directors (including the independent directors)

Year 2021

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)	The company		All companies in the financial statements (Note 7)			The company	All companies in the financial statements (Note 7)
																		Cash bonus amount	Stock bonus amount	Cash bonus amount	Stock bonus amount			
Chairman and CEO and subsidiary president	Ji-Xuan Investment Corp. representative: 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	14,261	14,261	636	636	0.96%	0.96%	32,688	34,315	0	0	14,000	0	14,000	0	3.98%	4.08%	None		
Director	Ennoconn international investment co., Ltd. representative: Li, Yu-Lung (Note 12)																							
Director	Ennoconn international investment co., Ltd. representative: Tsai, Neng-Chi (Note 12)																							
Director	Ennoconn international investment co., Ltd. representative: Wu, You-Mei																							
Independent director	Lin, Hsiao-Ming																							
Independent director	Wu, Chung-Pao	0	0	0	0	7,130	7,130	565	565	0.50%	0.50%	0	0	0	0	0	0	0	0	0.50%	0.50%	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 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 2021

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	Ennoconn international investment co., Ltd. representative:Li,Yu-Lung(Note 12)	Ennoconn international investment co., Ltd. representative:Li,Yu-Lung(Note 12)	Ennoconn international investment co., Ltd. representative:Li,Yu-Lung(Note 12)	Ennoconn international investment co., Ltd. representative:Li,Yu-Lung(Note 12)
\$1,000,000 (inclusive) ~ \$2,000,000 (preclusive)	Nil	Nil	Nil	Nil
\$2,000,000 (inclusive) ~ \$3,500,000 (preclusive)	Director : Ji-Xuan Investment Corp. representative: Kao, Hsin-Ming E-Win Investment co representative: Lin, Yue-Yeh Ennoconn international investment co., Ltd. representative: (Chu,Fu-Chuan, Lou, Chao Tsung, Tsai, Neng-Chi(Note12), Wu, You-Mei) Independent Director: Lin,Hsiao-Ming Wu, Chung-Pao, Wang, Yi-Chun	Director : Ji-Xuan Investment Corp. representative: SKao, Hsin-Ming E-Win Investment co representative: Lin, Yue-Yeh Ennoconn international investment co., Ltd. representative: (Chu,Fu-Chuan, Lou, Chao Tsung, Tsai, Neng-Chi(Note12), Wu, You-Mei) Independent Director: Lin,Hsiao-Ming Wu, Chung-Pao, Wang, Yi-Chun	Director : Ennoconn international investment co., Ltd. representative: (Chu,u-Chuan, Lou, Chao Tsung, Tsai, Neng-Chi(Note12), Wu, You-Mei) Independent Director: Lin,Hsiao-Ming Wu, Chung-Pao, Wang, Yi-Chun	Director : Ennoconn international investment co., Ltd. representative: (Chu,Fu-Chuan, Lou, Chao Tsung, Tsai, Neng-Chi(Note12), Wu, You-Mei) Independent Director: Lin,Hsiao-Ming Wu, Chung-Pao, Wang, Yi-Chun
\$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 : Ji-Xuan Investment Corp. representative: Kao, Hsin-Ming Director: E-Win Investment co representative: Lin, Yue-Yeh	Director : Ji-Xuan Investment Corp. representative: Kao, Hsin-Ming Director: E-Win Investment co representative: Lin, Yue-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: Refers 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 Kao, Hsin-Ming is allocated with one leased company vehicle, which carries a monthly lease at NT\$86,051 spanning from Jan. 1, 2021 to Dec. 31 2021; President Lin Yu-Yeh is allocated with one leased company vehicle, which carries a monthly lease at NT\$31,905 from Jan. 1, 2021 to Dec. 31 2021.

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 2021 consolidated financial statement is NT\$1,547,479 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 I, 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.

Note 12: Ennoconn international investment co., Ltd. acted as company director on May 30, 2019 and appointed Li, Yu-Lung as the company legal representative, Company legal director representative Li, Yu-Lung was discharged on 19th February, 2021, and appointed Tsai, Neng-Chi replace the new legal director representative.

3.2.2 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.

3.2.3 The remunerations of the president and the vice presidents

The remunerations of the president and vice presidents

Year 2021

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 C 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)	
								Cash bonus amount	Stock bonus amount	Cash bonus amount	Stock bonus amount			
Chairman doubling as CEO, also as subsidiary president	Kao, Hsin-Ming	96,976	98,603	1,492	1,492	6,536	6,536	40,000	0	40,000	0	9.37%	9.48%	None
President	Lin, Yue-Yeh													
Group GM	Chen, Jian-Tsuen													
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 (Note 10)													
Divison VGM	Yang, Yuan-Zhi													
GM Finance	Hsieh, Ming-Ju													

Remuneration Scale Table

Year 2021

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)	Hou Kun-You(Note 10)	Hou Kun-You(Note 10)
\$3,500,000 (inclusive) ~ \$5,000,000 (preclusive)	Nil	Nil
\$5,000,000 (inclusive) ~ \$10,000,000 (preclusive)	Huang Zhong-Wen, Chang Ruei-Ru, Lo Ssu-Yuan, Lin Chih-Jen, Tseng Lieh-Huang, Yang Yuan-Zhi	Huang Zhong-Wen, Chang Ruei-Ru, Lo Ssu-Yuan, Lin Chih-Jen, Tseng Lieh-Huang, Yang Yuan-Zhi
\$10,000,000 (inclusive) ~ \$15,000,000 (preclusive)	Chen Jian-Tsuen, Li Ruei-Wen, Hsieh Ming-Ju, Lu Chien-Kuo	Chen Jian-Tsuen, Li Ruei-Wen, Hsieh Ming-Ju, Lu Chien-Kuo
\$15,000,000 (inclusive) ~ \$30,000,000 (preclusive)	Kao, Hsin-Ming, Lin, Yue-Yeh	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	13	13

* 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 Kao, Hsin-Ming is allocated with one leased company vehicle, which carries a monthly lease at NT\$86,051 spanning from Jan. 1, 2021 to Dec 31, 2021; President Lin Yu-Yeh is allocated with one leased company vehicle, which carries a monthly lease at NT\$31,905 from Jan. 1, 2021 to Dec. 31 2021; President Chen Jian-Tsuen, VGM Chang Ruei-ru, Huang Zhong-Wen, Hou Kun-You, Vice President 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\$395,510 from Jan. 1, 2021 to Dec. 31, 2021.

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 2021 individual financial statements' after-tax net return is at NT\$1,547,479 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. Hou Kun-You resign and released the position of Division VGM on December 30, 2021.

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

December 31, 2021
Unit: NTD per thousand; shares
(Except where the market value of each share is indicated in NTD)

	Position (Note 1 & Note 2)	Name (Note1 & Note 2)	Stock Amount	Cash Amount	Total	Percent of the total amount to the after-tax net return (%)
Managers	Chairman and CEO	Kao, Hsin-Ming	0	41,500	41,500	2.68%
	President	Lin, Yue-Yeh				
	Group GM	Chen, Jian-Tsuen				
	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	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 2021 individual financial statements' after-tax net return is at NT\$1,547,479 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.

3.2.5 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

3.2.5.1. Analysis on the most recent years in percentage

Position \ Item	The percentage of the total remuneration amount to the after-tax return			
	Year 2020		Year 2021	
	Parent company statements	Consolidated statements	Parent company statements	Consolidated statements
Directors, President and vice presidents	19.19%	19.68%	13.85%	14.06%

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.

3.2.5.2 The company's remuneration policy, standards and combination, the procedure for setting remuneration, and its relationship with operations results and future risks

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

The company's policy on remuneration for directors (including independent directors), general managers and deputy/vice general managers is governed according to Article 16 of the the company's Articles of Incorporation, which states that the remuneration of the chairman/chief executive officer shall not exceed two times that of the general manager, and shall be reviewed by the remuneration committee and then submitted to the board of directors for approval. A director concurrently serving as a functional committee member of the board of directors is remunerated for carrying out business activities according to the number of meetings of the functional committee, where remuneration is based on same peer group's standards and approved by the board of directors.

Article 20 of the company's articles of incorporation also stipulates that if the company achieved an annual profit, no more than 3% should be allocated as directors' remuneration, and 1% to 15% should be allocated as employee's remuneration.

The total amount of remuneration for the directors and employees of the company is determined based on the company's overall business environment, and the futue business development and capital expenditure budget requirements. In accordance to the company charter's stipulation on the range of appropriation, the total amount of remuneration for directors and employees is proposed to the remuneration committee and board of directors for approval, after which is reported to the shareholders' meeting.

The amount of individuals' directors remuneration is evaluated in accordance with the board of directors' performance evaluation regulation and is measured by the degree of participation and value of contribution of each director to the company's operations. The proposal is submitted to the remuneration committee for deliberation and sent to the board of directors for resolution.

- (2) The attendance fee for directors (including independent directors) is determined based on same peers group's and drafted to the Remuneration Committee for deliberation and the resolution of the board of directors.

Attendance fee shall be paid in accordance to the situational factors of directors (including independent directors) attending the board of directors or functional committees in person or by video.

- (3) The remuneration for directors concurrently serving as employees and other managers including salaries, allowances, benefits, various bonuses and employee compensations.

Salary, allowance and subsidy are determined by the company's Human Resources Department based on salaries management regulations, job rank and grade reference table, and job rank and grade salaries band, and in addition taking into account the manager's salary vis-a-vis the market-competitiveness and the company's policy.

The standard for bonus and employee compensation are given based on the manager's linkage with the company's operations goals and department's goals achievements, and the company's operations performance and future operations risk.

The design of employee benefits is based on the pre-condition of compliance with laws and regulations and consideration of the needs of employees in the design of various welfare measures.

The amount of employee remuneration/compensation for the directors' concurrently-serving as employees and other managers is individually paid based on the assessment management regulations that considers the financial and non-financial performance indicators, e.g. (performance assessment of operations performance indicators, departmental performance indicators, and individual outstanding contribution) and s submitted to the remuneration committee for review and sent to the board of directors for resolution and appropriation.

- (4) In respond to the changes in the future economic environment, measurement of operations performance, achievement rate and contribution value are taken into account as to not guide directors and managers to engage in behaviors that exceeds the company's risk tolerance in pursuit of remuneration such that both the director and manager's compensation policies is to incorporate operations performance and future risks into the evaluation criteria. Additionally, reviews of the remuneration system of directors and managers is conducted at any time in accordance to the actual operations conditions and relevant laws and regulations.

4. Implementation of Corporate Governance

4.1 Board of Directors

A total of 9 meetings of the board of directors were held in the previous year (2021).

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:Kao, Hsin-Ming	9	0	100%	Re-elected on May 30, 2019
Director	E-Win Investment co representative: Lin, Yue-Yeh	9	0	100%	Re-elected on May 30, 2019
Director	Ennoconn international investment co., Ltd. representative: Chu,Fu-Chuan	9	0	100%	Elected on May 30, 2019
Director	Ennoconn international investment co., Ltd. representative: Lou, Chao-Tsung	9	0	100%	Elected on May 30, 2019
Director	Ennoconn international investment co., Ltd. representative: Li,Yu-Lung(Note 3)	1	0	100%	Discharged on February 26, 2021
Director	Ennoconn international investment co., Ltd. representative: Tsai, Neng-Chi (Note 3)	8	0	100%	Elected on February 26, 2021
Director	Ennoconn international investment co., Ltd. representative: Wu, You-Mei	9	0	100%	Elected on November 12, 2019
Independent Director	Lin, Hsiao-Ming	9	0	100%	Re-elected on May 30, 2019
Independent Director	Wu, Chung-Pao	9	0	100%	Re-elected on May 30, 2019
Independent Director	Wang, Yi-Chun	9	0	100%	Elected on May 30, 2019

Other items that shall be disclosed:

- When one of the following situations occurred to the operations of the Board, state the date and term of the Board meeting, content of proposals, opinions of all Independent Directors and the Company's actions in response to the opinions of the Independent Directors:
 - Matters included in Article 14-3 of the Securities and Exchange Act.
Please refer to pages 64 to 66 for matters decided by the Company. Moreover, the independent directors of the company have no objection or reservation to the resolution.
 - In addition to the aforementioned matters, any other resolutions from the Board of Directors where an Independent Director expressed a dissenting or qualified opinion that has been recorded or stated in writing: None.
- 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 proposal of adjusted the transportation expense for the board directors held by the Board of Directors on 7th of January,2021, 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.

(2.2)Regarding the discussion of Compensation Committee’s proposal for “Year 2020 End-of-term Performance Bonus” held by the Board of Directors on the 7th of January, 2021, as two directors – Ms. 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.

(2.3)Regarding the discussion of Compensation Committee’s proposal for “Remunerations of the directors” held by the Board of Directors on the 5th of August 2021. 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.

(2.4)Regarding the discussion of Compensation Committee’s proposal for “Management’s employee compensation” held by the Board of Directors on the 5th of August, 2021, as two directors –Ms.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.

(2.5)Regarding the discussion of Company proposal for” the terminate the lease contract with CTS Investment Corp. in advance,” held by the Board of Directors on the 30th of December, 2021, due to Kao Hsing-Ming is the stakeholder of CTS Investment Corp. , Kao Hing-Ming did not join the voting to avoid conflict of interest. All of other directors had joined the meeting and passed the said proposals.

(2.6)Regarding the discussion of Compensation Committee’s proposal for “ Year 2021 End-of-term Performance Bonus” held by the Board of Directors on the 30th of December, 2021, 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.

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	2021.1.1~2021.12.31	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)Awarences 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)Awarences 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:

- (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.

(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.

(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 juridical 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.

Note 3: Ennoconn international investment co., Ltd. acted as company director on May 30, 2019 and appointed Li, Yu-Lung as the company legal representative, Company legal director representative Li, Yu-Lung was discharged on 19th February, 2021, and appointed Tsai, Neng-Chi replace the new legal director representative.

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 (2021). 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	9	100%	Re-elected on 30 May 2019
Independent Director	Wu, Chung-Pao	9	100%	Re-elected on 30 May 2019
Independent Director	Wang, Yi-Chun	9	100%	Elected on 30 May 2019

Other items that shall be disclosed: :

- When one of the following situations has occurred to the operations of the Audit Committee, state the date, term and content of proposals of the Board meeting, result of resolutions of the Audit Committee and the Company's actions in response to the resolutions:

- Matters included in Article 14-5 of the Securities and Exchange Act:

Please refer to pages 64 to 66 for matters decided by the Company. 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.

- Except the items in the preceding issues, other resolutions which had not been approved with the concurrence of one-half or more of all Audit Committee members but were undertaken upon the consent of two-thirds or more of all directors:None

- 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.

- 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.)

- Communications between the independent directors and the internal auditors:

Date	The Major Items of the Communication	Result
2021/01/07	The internal audit report for November and December 2020.	For Board's approval
2021/02/26	A. No sign of material weaknesses in Control Self-Assessment for 2020. 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 2021.	For Board's approval
2021/05/07	The internal audit report for February and March 2021.	For Board's approval
2021/05/28	The internal audit report for April 2021.	For Board's approval
2021/07/01	The internal audit report for May 2021.	For Board's approval
2021/08/05	The internal audit report for June 2021.	For Board's approval
2021/09/13	The internal audit report for July and August 2021.	For Board's approval
2021/11/10	A. The internal audit report for September 2020. B. Formulate annual audit plan for 2021 based on risk assessment results.	For Board's approval
2021/12/30	The internal audit report for October and November 2021.	For Board's approval

- 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
2021/02/26	<ol style="list-style-type: none"> 1. Reviewing 2020 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.
2021/05/07	<ol style="list-style-type: none"> 1. Reviewing 2021 first 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. 2. Communicating all of reviewed matters mentioned above from the independent auditor in a written form. 3. All of above matters were acknowledged and agreed by all of the independent directors. 	All of the independent directors raised no objection.
2021/08/05	<ol style="list-style-type: none"> 1. Reviewing 2021 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. 2. Communicating all of reviewed matters mentioned above from the independent auditor in a written form. 3. All of above matters were acknowledged and agreed by all of the independent directors. 	All of the independent directors raised no objection.
2021/11/10	<ol style="list-style-type: none"> 1. Reviewing 2021 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. 2. Reviewing 2021 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. 3. Communicating all of reviewed matters mentioned above from the independent auditor in a written form. 4. All of above matters were acknowledged and agreed by all of the independent directors. 	All of the independent directors raised no objection.
2021/12/30	<ol style="list-style-type: none"> 1. Reviewing 2021 audit plan of consolidated financial statements and parent financial statements before auditing (including the risk evaluated, the audit plan, the key audit matters and key matters of the administration management) and other related matters. 2. Communicating all of reviewed matters mentioned above from the independent auditor via virtual meeting 3. All of above matters were acknowledged and agreed by all of the independent directors. 	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 the number of Board of Audit Committee during their employment and the number of times of their attendance.

Note 2: 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 3: 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 (2) The company’s possession of a list of major shareholders and a list of ultimate owners of these major shareholders (3) Risk management mechanism and “firewall” between the company and its affiliates (4) Internal regulation to prevent insider trading	V V V 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. (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) 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) 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.	None
3. Composition and Responsibilities of the Board of Directors (1) The board members proposed diversify strategies /specific management goal and execution (2) The establishment of other functional committees beside of Compensation Committee and Audit Committee (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	V V 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. Please refer to page 14-27. (2) Beside Compensation Committee in accordance with law, Audit Committee was set up to execute supervisors’ responsibilities. (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	None

<p>directors' remuneration and nomination for reappointment.</p> <p>(4) Regular evaluation of external auditors' independence</p>	V	<p>structure of the Board of Directors, selection of the Board of 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>	
<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?)</p>	V	<p>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.</p>	None
<p>5. Communication Channel with Stakeholders</p>	V	<p>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.</p>	None
<p>6. Share Transfer Agent and Registrar</p>	V	<p>In addition to its own stock affairs specialists, the Company also has appointed "KGI Securities" as the share transfer agent and registrar.</p>	None
<p>7. Information Disclosure</p> <p>(1) Establishment of a corporate website to disclose information regarding the Company's financials, business and corporate governance status</p>	V	<p>(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.</p>	None

<p>(2) Other information disclosure channels (e.g., maintaining an English-language website, appointing responsible people to handle information collection and disclosure, appointing spokespersons, webcasting investors conference)</p> <p>(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?</p>	<p>V</p> <p>V</p>	<p>(2) The Company has designated a responsible person of Finance & Accounting Division to handle information collection and disclosure and has appointed a spokesperson.</p> <p>(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.</p>	
<p>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):</p>	<p>V</p>	<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 Year 2021. 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</p>	<p>None</p>

		<p>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, supervisors and officers pursuant to the shareholder resolution, which can reduce risks resulting from fault and misconduct by directors, supervisors and officers.</p>	
<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.)(Note 2)</p> <p>In accordance with Taiwan Securities Exchange Corporation has announced of the "6th term public listed on April 29, 2021, 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:</p> <p>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 29, 2022

Title (Note 1)	Qualification Name	Professional qualifications and experience (Note 2)	Independence situation (Note 3)	Number of members who are concurrently members of the remuneration committees of other public offering companies
Independent Director Convener	Wu, Chung-Pao	Graduated from the Graduate School of International Business Management of National Taiwan University Chairman of Protech Systems Chairman of PROX Systems Co., Ltd. Director of CHENBRO MICOM Co., Ltd. Director of CPC Corporation, Taiwan Independent director of EVA Airways	Meet the independence eligibility requirements stipulated in Article 6 of the "Regulations on the Establishment and Exercise of Powers of the Remuneration Committee of Companies Listed in Stocks or Trading on the Business Offices of Securities Firms", have no direct or indirect interest in the Company, and do not have any of the following: 1. I, spouse, relatives within the second degree act as directors, supervisors or employees of the Company or its affiliated companies 2. The natural person shareholders who hold more than 1% of the total issued shares of the Company or hold the top ten shares by me, spouses, relatives within the second degree of kinship (or in the name of others) 3. Acting as a director, supervisor or employee of a company that has a specific relationship with the Company 4. Provide the Company or its affiliates with business, legal, financial, accounting and other services in the last 2 years and receive remuneration.	1

Independent Director	Lin, Hsiao-Ming	Graduated from the Graduate School of Business Studies of the School of Management, National Taiwan University Chairman of Taiwan Finance Corporation Independent director of GODEX International Co., Ltd	Meet the independence eligibility requirements stipulated in Article 6 of the "Regulations on the Establishment and Exercise of Powers of the Remuneration Committee of Companies Listed in Stocks or Trading on the Business Offices of Securities Firms", have no direct or indirect interest in the Company, and do not have any of the following: 1. I, spouse, relatives within the second degree act as directors, supervisors or employees of the Company or its affiliated companies 2. The natural person shareholders who hold more than 1% of the total issued shares of the Company or hold the top ten shares by me, spouses, relatives within the second degree of kinship (or in the name of others) 3. Acting as a director, supervisor or employee of a company that has a specific relationship with the Company 4. Provide the Company or its affiliates with business, legal, financial, accounting and other services in the last 2 years and receive remuneration.	1
Other	Chao, Rong-Shiang	Graduated from the Graduate School of Business Studies of the School of Management, National Taiwan University Independent director of Brillian Network and Automation Director of Everlight Chemical Industrial Corporation Advisor of FST Corporation Deputy GM and Corporate Governance director of FST Corporation	Meet the independence eligibility requirements stipulated in Article 6 of the "Regulations on the Establishment and Exercise of Powers of the Remuneration Committee of Companies Listed in Stocks or Trading on the Business Offices of Securities Firms", have no direct or indirect interest in the Company, and do not have any of the following: 1. I, spouse, relatives within the second degree act as directors, supervisors or employees of the Company or its affiliated companies 2. The natural person shareholders who hold more than 1% of the total issued shares of the Company or hold the top ten shares by me, spouses, relatives within the second degree of kinship (or in the name of others) 3. Acting as a director, supervisor or employee of a company that has a specific relationship with the Company 4. Provide the Company or its affiliates with business, legal, financial, accounting and other services in the last 2 years and receive remuneration.	1

Note 1: Please specify in the form the relevant working years, professional qualifications and experience and independence of the members of the Remuneration Committee. If they are independent directors, they can make a note to specify the reference page and Table 1 for directors and supervisors data (1) related content. Please fill in the title section as independent directors or other respectively (if he or she is the convener, please note).

Note 2: Professional qualifications and experience: describe the professional qualifications and experience of individual remuneration committee members.

Note 3: Condition of independence: state that the members of the Remuneration Committee meet the conditions of independence, including but not limited to whether I, spouse, or relatives within the second degree of kinship serve as directors, supervisors or employees of the Company or its affiliated companies; I, spouse, relatives within the second degree of relatives (or in the name of others) hold the number and proportion of the Company's shares; whether he or she is a director, supervisor or employee of a company that has a specific relationship with the Company (refer to Article 6, Paragraph 1, Subparagraphs 5 to 8 of the Regulations on the Establishment and Exercise of Powers of the Remuneration Committee of Companies Listed in Stocks or Trading at the Business Office of Securities Firms); the amount of remuneration received for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years.

Note 4: The Company's 2022 Annual General Meeting of Shareholders book close date was March 29, 2022.

(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.

Period of compensation committee : June 6th,2019~May 29th, 2022

In 2021, Compensation Committee held 4 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	4	0	100%	Re-elected on June 6, 2019
Member	Lin Hsiao-Ming	4	0	100%	Elected on June 6, 2019
Member	Chao, Rong-Shiang	4	0	100%	Elected on October 29, 2020

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.

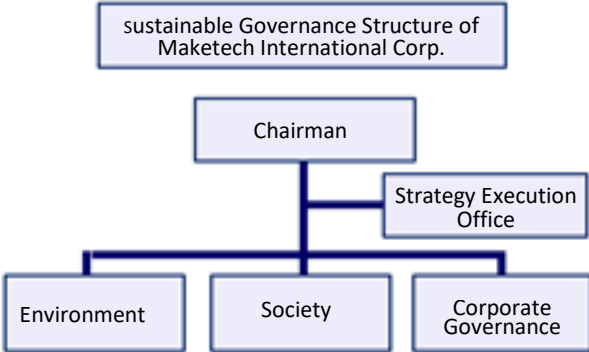
Note: (1) Where directors and supervisors resign the job before the end of the year, their date of resignation shall be noted down in remarks. Their actual attendance rate (%), it shall be calculated by the number of Board of Directors meetings during their employment and the number of times of their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

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

Date	Period	Proposal content and follow-up processing	Resolution results	Handling situations
2021/01/06	4 th board meeting 5 th times	1. Amendment of Remuneration Committee Charter 2. Amendment for each directors' carriage fees. 3. 2020 performance bonus of the Company's management personnel.	All of matters were acknowledged and agreed by all of the members.	8 th board meeting-14 th board meeting all directors approved and executed
2021/02/26	4 th board meeting 6 th times	1.Suggestion for the 2020 total Directors' Remuneration 2.Suggestion for the 2020 total amount employee bonus	All of matters were acknowledged and agreed by all of the members.	8 th board meeting-15 th all directors approved and executed
2021/08/03	4 th board meeting 7 th times	1.Amendment of Board directors performance evaluate charter 2.Total amount for 2020 Directors' Remuneration 3.Management personnel distributed the employee bonus	All of matters were acknowledged and agreed by all of the members.	8 th board meeting-19 th all directors approved and executed
2021/12/27	Session4 8 th times	2021 performance bonus of the Company's management personnel.	All of matters were acknowledged and agreed by all of the members.	8 th board meeting-20 th all directors approved and executed

4.5 Implementation of the promotion of sustainable development and the differences and reasons for the Corporate Governance Best Practice

Promotion Item	Execution Status (Note1)		Summary(Note 2)	Differences and reasons with the Corporate Governance Best Practice Principles for Sustainable Development of Listed and OTC Companies
	Yes	No		
1. Has the Company established a governance structure to promote sustainable development, and set up a dedicated (concurrent) unit to promote sustainable development, and has the board of directors authorized senior management to handle it, and how the board of directors supervised the project?	V		<p>In April 2021, the chairman of the board of directors of the Company appointed the public relations department of the strategy execution office and the project director to jointly plan and promote the sustainable development of the Company. The sustainable governance structure is as follows:</p>  <pre> graph TD A[sustainable Governance Structure of Maketech International Corp.] --> B[Chairman] B --- C[Strategy Execution Office] C --- D[Environment] C --- E[Society] C --- F[Corporate Governance] </pre> <p>In order to implement the Company's sustainable policy, the Company has added solar panels at the Southern Taiwan Science Park Plant to increase the ratio of the Company's use of green electricity. After completion, the Company's green electricity ratio will increase from 20.7% to 22.6%. There is a plan to participate in the Hsinchu County Government project to sponsor the amount of straw-decomposing bacteria required for 100 hectares to reduce air pollution caused by burning straw, and it is estimated that it will reduce carbon dioxide emissions by 900 metric tons. In addition, in order to enable the Company to achieve energy performance in a systematic way, including continuous improvement of energy efficiency, use and consumption. The ISO 50001 energy management system will be introduced into the Southern Taiwan Science Park Plant first, and it is expected to be introduced into the Company's plants within two years depending on the results. The information</p>	None

Promotion Item	Execution Status (Note1)			Differences and reasons with the Corporate Governance Best Practice Principles for Sustainable Development of Listed and OTC Companies
	Yes	No	Summary(Note 2)	
			related to the sustainable development of the Company has been disclosed in the sustainability report, which has also been reported in the project report for the board of directors.	
2. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to Company operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies? (Note 2)	V		The Company has introduced ISO 14001 (environmental management system) and has also passed ISO 45001 (occupational safety and health management system), incorporating environmental sustainable development strategies into the management system, such as climate change, improving resource efficiency and suppressing environmental impacts caused by pollutants, etc. Fulfill the commitment to sustainable development and comply with legal regulations and customer requirements and continue to improve towards the goal of environmental safety, health and sustainability.	None
3. Environmental issues (1) Has the Company established an appropriate environmental management system according to its industrial characteristics?	V		(1) The Company thoroughly implements the industrial safety and environmental protection policy, and has obtained the ISO 14001 environmental management system certification. Arrange training for new recruits and hold regular environmental safety and health meetings to enhance employees' awareness of hazardous substances and their ability to respond to emergencies. The content of the policy is as follows: 1. The Company's business activities, product development, manufacturing process, engineering construction, maintenance operation, and customer service must comply with the environmental safety and health requirements of its customers in the relevant government environmental safety and health laws and regulations. 2. Implement education and training to strengthen the awareness and skills of employees and management on environmental protection, safety and health.	None

Promotion Item	Execution Status (Note1)			Differences and reasons with the Corporate Governance Best Practice Principles for Sustainable Development of Listed and OTC Companies
	Yes	No	Summary(Note 2)	
(2) Is the company committed to improving energy efficiency and using recycled materials with low impact on the environment?	V		<p>3. Committed to the prevention of environmental pollution and the reduction of waste in the production process, the effective use of energy, and the recycling of resources.</p> <p>4. Committed to improving the working environment of employees, improving equipment safety protection, and teaching safe operation methods to prevent the occurrence of industrial safety and environmental accidents.</p> <p>5. Through the regular review of the environmental safety and health management system, the environmental safety and health performance is reviewed, and continuous improvement is promoted.</p> <p>All colleagues of the Company must understand the meaning of the environmental safety and health policy, and promise to follow the environmental safety and health management manual and the document instructions of the environmental safety and health management system, implement the requirements of the environmental safety and health policy, enhance the Company's image, and ensure the sustainable operation of the enterprise.</p> <p>(2) The Company is not an energy-intensive industry, but the Company is also making efforts for environmental protection while operating profitably by launching the first solar cell local doping selective emitter laser processing machine in Taiwan to enhance solar energy battery performance. In addition, it promotes e-electronic exchange of official documents, responds to the paperless operation process, and adopts LED lighting and inverter air conditioners to implement energy saving and carbon reduction, and continues to promote the procurement of green energy-saving products to reduce the environmental impact.</p> <p>(3) In response to climate change and energy conservation and carbon reduction, the Company has successively replaced LED lighting fixtures in the factory area, adjusted the number of ice water compressors turned on, replaced high-efficiency ice water pumps, and promoted the purchase of green energy-saving products, adjusted the air-conditioning outlet water temperature and indoor air-conditioning temperature, at the same time, has promoted energy conservation and carbon reduction and greenhouse gas inventory, and conducted continuous monitoring of energy-consuming equipment to reduce the impact of Company operations on the natural environment. The Company conducts internal greenhouse gas inspections for each factory area every year in accordance with the relevant specifications announced by the Environmental Protection Agency. The results of each annual greenhouse gas self-inspection meet the standard values stipulated by the competent authority. The Hukou factory has obtained the greenhouse gas inspection certification. Other factories do not need required to log in to the information platform</p>	

Promotion Item	Execution Status (Note1)			Differences and reasons with the Corporate Governance Best Practice Principles for Sustainable Development of Listed and OTC Companies																																																																																																															
	Yes	No	Summary(Note 2)																																																																																																																
<p>(3) Has the company assessed the current and future potential risks and opportunities of climate change to the Company, and taken measures to address climate-related issues?</p>	V		<p>designated by the central competent authority, but the Company still compiles the results of the previous year's inventory for backup.</p> <p>(4) The Company sets an annual energy saving and carbon reduction target of 1%, and collects statistics on the emissions of various emission sources, electricity consumption, water consumption and waste recycling in each plant area. For waste management, in addition to the method of reduction at the source, we continue to improve the recycling rate of waste, determine the priority of reduction and confirm the reduction results through the results of greenhouse gas inventory, and carry out the solar power generation plan of Southern Taiwan Science Park (STSP) Plant for pollution prevention, energy management and other sustainable environmental protection.</p> <p>The Company's greenhouse gas emissions statistics for the last two years are as follows:</p> <table border="1"> <thead> <tr> <th colspan="7">2020 年廠區各類排放源排放量 (公噸 CO2-e/年)</th> </tr> <tr> <th>廠區</th> <th>固定式燃燒 排放源</th> <th>製程 排放源</th> <th>逸散 排放源</th> <th>移動式燃燒 排放源</th> <th>能源 間接排放</th> <th>備註</th> </tr> </thead> <tbody> <tr> <td>湖口廠</td> <td>0.41</td> <td>150.39</td> <td>14.97</td> <td>6.55</td> <td>884.43</td> <td></td> </tr> <tr> <td>頭份廠</td> <td>0.00</td> <td>0.00</td> <td>4.00</td> <td>10.82</td> <td>1838.26</td> <td></td> </tr> <tr> <td>南科一、二廠</td> <td>0.00</td> <td>0.00</td> <td>30.11</td> <td>7.92</td> <td>2456.84</td> <td></td> </tr> <tr> <td>南科三廠</td> <td>0.00</td> <td>0.00</td> <td>2.29</td> <td>1.93</td> <td>2987.93</td> <td></td> </tr> <tr> <td colspan="5">(範疇 1) 總計(不含間接): 229.38(公噸 CO2-e/年)</td> <td>(範疇 2)=8167.46</td> <td></td> </tr> <tr> <td colspan="7">(範疇 1+2)= 8396.84 (公噸 CO2-e/年)</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th colspan="7">2021 年廠區各類排放源排放量 (公噸 CO2-e/年)</th> </tr> <tr> <th>廠區</th> <th>固定式燃燒 排放源</th> <th>製程 排放源</th> <th>逸散 排放源</th> <th>移動式燃燒 排放源</th> <th>能源 間接排放</th> <th>備註</th> </tr> </thead> <tbody> <tr> <td>湖口廠</td> <td>0.00</td> <td>25.07</td> <td>13.14</td> <td>9.16</td> <td>817.79</td> <td></td> </tr> <tr> <td>頭份廠</td> <td>0.00</td> <td>0.00</td> <td>4.00</td> <td>10.82</td> <td>1838.26</td> <td></td> </tr> <tr> <td>南科一、二廠</td> <td>5.71</td> <td>0.00</td> <td>0.00</td> <td>0.05</td> <td>2760.30</td> <td></td> </tr> <tr> <td>南科三廠</td> <td>0.00</td> <td>0.00</td> <td>20.86</td> <td>5.34</td> <td>2482.87</td> <td></td> </tr> <tr> <td colspan="5">(範疇 1) 總計(不含間接): 94.15(公噸 CO2-e/年)</td> <td>(範疇 2)=7899.22</td> <td></td> </tr> <tr> <td colspan="7">(範疇 1+2)= 7993.37 (公噸 CO2-e/年)</td> </tr> </tbody> </table>	2020 年廠區各類排放源排放量 (公噸 CO2-e/年)							廠區	固定式燃燒 排放源	製程 排放源	逸散 排放源	移動式燃燒 排放源	能源 間接排放	備註	湖口廠	0.41	150.39	14.97	6.55	884.43		頭份廠	0.00	0.00	4.00	10.82	1838.26		南科一、二廠	0.00	0.00	30.11	7.92	2456.84		南科三廠	0.00	0.00	2.29	1.93	2987.93		(範疇 1) 總計(不含間接): 229.38(公噸 CO2-e/年)					(範疇 2)=8167.46		(範疇 1+2)= 8396.84 (公噸 CO2-e/年)							2021 年廠區各類排放源排放量 (公噸 CO2-e/年)							廠區	固定式燃燒 排放源	製程 排放源	逸散 排放源	移動式燃燒 排放源	能源 間接排放	備註	湖口廠	0.00	25.07	13.14	9.16	817.79		頭份廠	0.00	0.00	4.00	10.82	1838.26		南科一、二廠	5.71	0.00	0.00	0.05	2760.30		南科三廠	0.00	0.00	20.86	5.34	2482.87		(範疇 1) 總計(不含間接): 94.15(公噸 CO2-e/年)					(範疇 2)=7899.22		(範疇 1+2)= 7993.37 (公噸 CO2-e/年)						
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<p>(4) Has the Company taken a statistics for the greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulated policies for energy conservation and carbon reduction, greenhouse gas reduction,</p>																																																																																																																			

Promotion Item	Execution Status (Note1)			Differences and reasons with the Corporate Governance Best Practice Principles for Sustainable Development of Listed and OTC Companies
	Yes	No	Summary(Note 2)	
water reduction or other waste management?			<p>Note: Category 1: Refers to direct GHG emissions, for emissions directly from sources owned or controlled by the organization, such as factory stacks, processes, ventilation equipment, and emissions from stationary combustion sources, processes and vehicles owned or controlled by the organization.</p> <p>Category 2: Refers to indirect sources of energy emissions, which refer to indirect greenhouse gas emissions from input electricity, heat or steam.</p> <p>The above emissions statistics have not been externally verified.</p> <p>For the Company's greenhouse gas emissions, water consumption and total weight of waste in the past two years, as well as related policies such as energy conservation and carbon reduction, greenhouse gas reduction, water reduction or other waste management, please refer to the Company's corporate social responsibility report "Environmental Protection" section and information on the Company's official website.</p>	
<p>4. Promotion of social welfare</p> <p>(1) Compliance with labor regulations, international recognized human right principles, and appropriate management measures and procedures</p> <p>(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?</p>	<p>V</p> <p>V</p>		<p>(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.</p> <p>(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. Marketech as one of the constituent stocks of "High Salary 100", provide market-competitive salaries and comprehensive benefits to attract talents, retain talents and achieve the company's operating goals.</p> <p>(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</p>	None

Promotion Item	Execution Status (Note1)			Differences and reasons with the Corporate Governance Best Practice Principles for Sustainable Development of Listed and OTC Companies
	Yes	No	Summary(Note 2)	
<p>(3) Safety and health in working environment, and the condition for providing periodical safety and health training to employees</p> <p>(4) Effective capabilities development program for employees</p> <p>(5) Compliance with products and services marketing and labeling regulations and international standards</p> <p>(6) Evaluation of suppliers</p>	V		<p>female employees' needs. To enhance knowledge of health and to prevent occupational injuries, health checkups and seminars are regularly held.</p> <p>(4) The Group institutionalized a career skillset learning pathway program and development blueprint based on different job roles/categories, management levels, career development structure and surveyed training needs. With five dimensions: strategy trends, operations development, management skillsets, professional fundamentals, and employee care (new employees guidance and general knowledge), the annual education and training plan are structured. Within the plan includes internal training courses and external training courses to implement the employees' knowledge and skills and the future development capabilities.</p> <p>(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.</p> <p>(6) The company's management policies and requirements for suppliers include regularly confirming and managing and tracking suppliers' environmental safety and health management regulations, environmental safety and fire prevention measures, and SA 8000 social responsibility commitment statement. The company also regularly inspects and evaluates the supplier's environmental safety and health management, environmental safety and fire protection, and social and environmental responsibility to ensure that the supplier actually complies with the relevant specifications.</p>	
<p>5. Enhancement of Information Disclosure</p> <p>(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?</p>	V		<p>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.</p>	None

Promotion Item	Execution Status (Note1)			Differences and reasons with the Corporate Governance Best Practice Principles for Sustainable Development of Listed and OTC Companies
	Yes	No	Summary(Note 2)	
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: 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				None
(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.	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 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		(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.	
(3) The company establishes appropriate measures for preventing bribery and illegal political contribution for higher	V		(3) The Company is in compliance with "Corporate Conduct and Ethics Best Practice Principles for TWSE/GTSM Listed Companies." The management regularly audits	

Item	Implementation Status			Deviation from "Corporate Conduct and Ethics Best Practice Principles for TWSE/GTSM Listed Companies" and reason(s)
	Yes	No	Summary	
potential unethical conduct in the relevant policies.			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

<p>3. Operational Status of Reporting Mechanism</p> <p>(1) The company establishes reporting and reward system as well as convenient reporting channels and designates an appropriate person in charge</p> <p>(2) The standard of procedure for processing ethical irregularities reporting and the confidentiality</p> <p>(3) Measures to protect reporters</p>	<p>V</p> <p>V</p> <p>V</p>		<p>(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 internal website and be propagated in trainings for new employees.</p> <p>(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:</p> <p>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.</p> <p>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.</p> <p>(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.</p>	<p>None</p>
<p>4. Information Disclosure</p> <p>(1) Disclosure of corporate conduct and ethics policies and such execution on the company’s website and the Market Observation Post System</p>	<p>V</p>		<p>The Company has disclosed information of corporate conduct and ethics on the official website and published on the Market Observation Post System.</p>	<p>None</p>
<p>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.</p>				
<p>6. Other important information to facilitate better understanding of the company’s corporate conduct and ethics compliance practices:</p> <p>(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.</p> <p>(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.</p> <p>(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.</p>				

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

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- 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” of this annual report. Page 44-48.
- 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

Marketech International Corp.
Internal Control Statement

Date: February 21, 2022

Based on the results of examination from the 2021 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 2021 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 21, 2022 with the presence of 9 directors without any objection. The rest also agreed with the content of the statement.

Marketech International Corp.

Chairman of the board: Kao, Hsin-Ming

General Manager: Lin, Yue-Yeh

4.9.2 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
2021/07/26	<ol style="list-style-type: none"> 1. Recognized company 2020 operating report and financial report proposal. State of implementation: voted and approved in the 2021 shareholders' meeting. 2. Recognized company 2020 earnings distribution proposal. State of implementation: a resolution voted in the 2021 shareholders' meeting approving for distributed cash dividend of NT\$3.5 per share, with cash dividend having been distributed as of September 24, 2021. 3. Approved amending company "Endorsement guarantee procedure" proposal. State of implementation: a resolution has been approved in the 2021 shareholders' meeting, with relevant matters having been executed per the amended endorsement, guarantee operating procedure. 4. Approved dismissal of non-competition restrictions on directors proposal. State of implementation: a resolution has been approved in the 2021 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
2021/01/07	<ol style="list-style-type: none"> 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 company capital lending proposal to its subsidiary Marketech International Sdn. Bhd. 4. Approved the company increase investment to its subsidiary Marketech International Corporation USA 5. Approved the purchase of ordinary stocks with issued employee stock option for the issuance of new shares. 6. Approved the company 2021 consolidated financial budget proposal 7. Approved the amendment of Compensation Committee organization policy 8. Approved the adjustment of the transportation expense of the company board directors 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	<ol style="list-style-type: none"> 1. Approved the Company's 2020 Individual Financial statements and Consolidated Financial Statements. 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 Marketech 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.

Date	Resolutions
	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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..
2021/05/28	<ol style="list-style-type: none"> 1. 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. 2. Approved the purchase of ordinary stocks with issued employee stock option for the issuance of new shares. 3. Approved offering the 4th domestic unsecured convertible bonds convert into ordinary shares.
2021/7/1	<ol style="list-style-type: none"> 1. Approved the amendment date of location of and reasons for holding the Company's 2021 Shareholders' Meeting. 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.
2021/08/05	<ol style="list-style-type: none"> 1. Approved the Company's Q2 2021 consolidated financial report 2. Approved the proposal for overdue payment examination in the second quarter of 2021 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 proposal for the company to provide endorsements and guarantees to its subsidiaries Marketech International Corp USA. 5. Approved the company capital lending proposal to its subsidiary MIC-Tech Viet Nam Co., Ltd. 6. Approved the Company's bank financing quota. 7. Approved the Company's cash dividend distribution base date. 8. Approved the amendment of the board performance evaluate rules 9. Approved the proposal for Directors' Remuneration of 2020. 10. Approved the proposal for Employees' Compensation of 2020.
2021/09/13	<ol style="list-style-type: none"> 1. Approved the proposal the account receivable factoring 2. Approved the proposal for the company to provide the bank financing guarantor to its subsidiaries Marketech International Sdn. Bhd. 3. Approved the purchase of ordinary stocks with issued employee stock option for the issuance of new shares. 4. Approved offering the 4th domestic unsecured convertible bonds.
2021/11/10	<ol style="list-style-type: none"> 1. Approved the Company's Q3 2021 consolidated financial report 2. Approved the proposal for overdue payment examination in the third quarter of 2021 3. Approved the Company's bank financing quota. 4. Approved the proposal for the company to provide the bank financing guarantor to its subsidiaries eZoom Information, Inc.. 5. Approved the proposal for the company to provide endorsements and guarantees to its subsidiaries Marketech International Corp USA. 6. Approved the Audit plan for 2022
2021/12/30	<ol style="list-style-type: none"> 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 Marketech International Sdn. Bhd. 4. Approved the termination of leasing contract with CTS Investment Corp. 5. Approved the consolidated financial budgets of 2022 6. Approved offering the 4th domestic unsecured convertible bonds. 7. Approved the proposal in regard to the year-end and performance bonus of the Company's management personnel proposed by the Remuneration Committee.
2022/02/21	<ol style="list-style-type: none"> 1. Approved the Company's 2021 Individual Financial statements and Consolidated Financial Statements. 2. Approved the Company's 2021 Distribution of Compensations of Board Directors and Employees. 3. Approved the Company's 2021 Earnings Distribution.

Date	Resolutions
	4. Approved the Company's 2021 Internal Control Statement.
	5. Approved company 2021 individual financial report and consolidated financial report proposal.
	6. Approved the case of mending the Company's "Procedures for Acquisition or Disposal of Assets"
	7. Approved the date of, location of and reasons for holding the Company's 2022 Shareholders' Meeting.
	8. Approved the Company's bank financing quota.
	9. Approved the proposal for overdue payment examination in the forth quarter of 2021
	10. Approved the independent review of CPAs (certified public accountant) and accounting firm to which they belong in 2022.
	11. Approved the proposal for the company to provide the bank financing guarantor to its subsidiaries Marketech Integrated Pte. Ltd.
	12. Approved the proposal for the company to provide the bank financing guarantor to its subsidiaries MIC-Tech Electronics Engineering Corp. and MIC-Tech (Shanghai) Co. Ltd.
	13. Approved the board reelection result
	14. Approved 2022 nomination rights for the directors and independent director re-election name list
	15. Approved 2022 directors and independent director re-election name list
	16. Approved the case of dismissal of non-competition restrictions on newly elected directors.
	17. Approved offering the 4th domestic unsecured convertible bonds convert into ordinary shares.

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

Unit: NTD/thousand

Name of the Accountant's firm	Accountant's name		Auditing period	Audit Fee	None-Audit	Total	Note
PwC Taiwan	Lin, Jun-Yao	Weng Shih-Jung	Jan. 1, 2021 – Dec. 31, 2021	5054	737	5,791	None

Note1: 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."

Note2:None- audit fee means tax compliance.

5.1 Non-audit fees paid to the CPA, accounting firm of CPA and its affiliates were more than 25% of the auditfees: Not applicable.

5.2 Replacement of accounting firm and the audit fees in the replacing years is less than that in the previous year: Not applicable

5.3 Audit fees were reduced by over 10% compared with the previous year: Not applicable

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

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 2021 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 No further appointment is accepted (continued)		Appointed to
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	2021		As of March 31, 2022	
		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
Director and President	Lin, Yue-Yeh	0	0	0	0
Group GM	Chen Jian-Tsuen	0	0	0	0
Divison GM	Huang, Zhong-Wen	0	0	0	0
Divison GM	Chang Ruei-Ru	0	0	0	0
Divison VGM	Li Ruei-Wen	(82,000)	0	0	0
Divison VGM	Lin Chih-Jen	16,000	0	0	0
Divison VGM	Lu Chien-Kuo	20,000	0	0	0
Divison VGM	Lo Ssu-Yuan	0	0	0	0
Divison VGM	Tseng Lieh-Huang	0	0	0	0
Divison VGM	Hou Kun-You (Note 4)	(18,000)	0	0	0
Divison VGM	Yang Yuan-Zhi	0	0	0	0
Vice General Manager and Financial Supervisor	Hsieh, Ming-Ju	(90,000)	0	(18,000)	0
Accounting Supervisor	Zhong, Chi-Wen	(8,000)	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 29, 2022. The numbers of current shareholding listed in the table are the numbers of shareholding recorded in the 2021 shareholders' registry.

Note 4: Mr. Hou Kun-you resigned and released the position of Division VGM on December 30,2021.

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 29, 2022
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	Percent age of shares	No. of shares	Per cent age of shares	No. of shares	Percent age of shares	Title (or name)	Relationship	
Ennoconn International Investment Co., Ltd.:Lou, Chao-Tsung	83,468,613 *0	42.80% *0.00%	0 *0	0.00% *0.00%	0 *0	0.00% *0.00%	None	None	None
Ji-Xuan Investment Corp: Kao, Hsin-Ming	11,005,795 *2,010,513	5.64% *1.03%	0 *0	0.00% *0.00%	0 *0	0.00% *0.00%	Kao,Hsin-Ming	Person in charge of the company	None
E-Win Investment Company: Lin, Yu-Yeh	6,647,112 *5,986,097	3.41% *3.07%	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	3.07%	0	0.00%	0	0.00%	• Probeleader Co., Ltd. • Lin, Yu-Yao	• Person in charge of the company • Brother relationship	None
Ji Chang Investment Company: Sung, Bing-Zhong	2,698,955 *2,083,492	1.38% *1.07%	0 *230,000	0.00% *0.00%	0 *0	0.00% *0.00%	• Kao,Hsin-Ming	• Mother and son in relationship	None
Chunghwa Post Co., Ltd.	2,609,000	1.34%	0	0.00%	0	0.00%	None	None	None
Lin, Yu-Yao	2,156,515	1.11%	0	0.00%	0	0.00%	Lin, Yu-Yeh	Brothers	None
Ya Tai Investment Company: Yang,Yi-Shun	2,150,000 *232,000	1.10% *0.12%	0 *0	0.00% *0.00%	0 *0	0.00% *0.00%	None	None	None
Sung, Bing-Zhong	2,083,492	1.07%	230,000	0.12%	0	0.00%	• Ji Chang Investment Company • Kao,Hsin-Ming	• Person in charge of the company • Mother and son in relationship	None
Kao,Hsin-Ming	2,010,513	1.03%	0	0.00%	0	0.00%	• Ji-Xuan Investment Corp • Sung, Bing-Zhong	• 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 2022 regular shareholders' meeting is on March 29, 2022. The numbers of current shareholding listed in the table are the numbers of shareholding recorded in the 2022 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, 2021

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.	23,000,000	100.00%	0	0.00%	23,000,000	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.	3,750,000	100.00%	0	0.00%	3,750,000	100.00%
Spiro Technology Systems Inc.	1,000,000	100.00%	0	0.00%	1,000,000	100.00%
PT Marketech International Indonesia	1,199,000	99.92%	1,000	0.08%	1,200,000	100.00%
ADAT Technology CO., LTD.	4,205,940	25.67%	4,070,431	24.84%	8,276,371	50.51%
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 Integratedy 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%
Russky 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%
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%
MIC Healthcare Korea Co., Ltd	700,000	100.00%	0	0.00%	700,000	100.00%
Vertex System Corporation	5,000,000	61.35%	0	0.00%	5,000,000	61.35%
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%
Leader Fortune Enterprise Co., Ltd.	0	0.00%	303,000	31.43%	303,000	31.43%

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
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:

April 30, 2022

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
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 1
May. 2021	10	300,000,000	3,000,000,000	187,338,200	1,873,382,000	shares changed from the equity for employee's dividends: 119,000	N/A	Note 2
Oct. 2021	10	300,000,000	3,000,000,000	187,388,200	1,873,882,000	shares changed from the equity for employee's dividends: 50,000	N/A	Note 3
Jan. 2022	10	300,000,000	3,000,000,000	192,756,201	1,927,562,010	shares changed from the Corporate Bonds: 5,368,001	N/A	Note 4
Apr. 2022	10	300,000,000	3,000,000,000	195,018,079	1,950,180,790	shares changed from the Corporate Bonds: 2,261,878	N/A	Note 5

Note 1: As stipulated under the Financial Supervisory Commission's Taiwan FSC correspondence No. 11001011280 directive on Jan. 29, 2021.

Note 2: As stipulated under the Financial Supervisory Commission's Taiwan FSC correspondence No. 11001067970 directive on May 10, 2021.

Note 3: As stipulated under the Financial Supervisory Commission's Taiwan FSC correspondence No. 11001195720 directive on Oct. 26, 2021.

Note 4: As stipulated under the Financial Supervisory Commission's Taiwan FSC correspondence No. 11101005850 directive on Jan. 18, 2022.

Note 5: As stipulated under the Financial Supervisory Commission's Taiwan FSC correspondence No. 11101064260 directive on Apr. 22, 2022.

March 29, 2022 : Unit: shares

Share type	Rated capital for shares					Note
	Issued shares (note)			Unissued shares	Total	
	Listed (note)	OTC (counter)	Total			
Registered ordinary shares	195,018,079	0	195,018,079	104,981,921	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 2022 regular shareholders' meeting is on March 29, 2022. The numbers of current shareholding listed in the table are the numbers of shareholding recorded in the 2022 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 29, 2022

Unit: shar; person; %

Structure of shareholders Number	Government agency	Financial institutions	Other juristic person	Individual	Foreign constitution and foreigner	Total
	Number (person)	0	4	102	17,776	135
Number (share)	0	2,298,000	118,039,271	59,270,731	15,410,077	195,018,079
Ration of shareholding (%)	0.00%	1.18%	60.52%	30.39%	7.91%	100.00%

Note1: The first listed cabinet (and the construction of the cabinet) in the mainland should refer to the company's disclosure of its company's shareholding ratio;The specified mainland people's regions, legal persons, organizations, other institutions, or companies investing in third regions.

1.3 Allocation of shares

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

March 29, 2022

Unit: shar; person; %

Shareholding level	Shareholder (persons)	Number (shares)	Shareholding ratio (%)
1 to 999	3,791	692,446	0.36%
1,000 to 5,000	12,717	21,697,112	11.13%
5,001 to 10,000	837	6,700,137	3.44%
10,001 to 15,000	211	2,706,802	1.39%
15,001 to 20,000	133	2,474,402	1.27%
20,001 to 30,000	103	2,654,627	1.36%
30,001 to 40,000	61	2,184,391	1.12%
40,001 to 50,000	25	1,152,172	0.59%
50,001 to 100,000	50	3,657,357	1.88%
100,001 to 200,000	32	4,659,374	2.39%
200,001 to 400,000	22	6,701,677	3.44%
400,001 to 600,000	12	5,763,821	2.96%
600,001 to 800,000	3	2,225,000	1.14%
800,001 to 1,000,000	5	4,598,000	2.36%
Above1,000,001	15	127,151,481	65.17%
Total	18,017	195,018,079	100.00%

Note: The book closure date of the Company's 2022 regular shareholders' meeting is on March 29, 2022. The numbers of current shareholding listed in the table are the numbers of shareholding recorded in the 2022 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 29, 2022

Names of major shareholders	Share held (shares)	Shareholding ratio (%)
Ennoconn International Investment Co., Ltd.	83,468,613	42.80%
Ji-Xuan Investment Corp	11,005,795	5.64%
E-Win Investment Company	6,647,112	3.41%
Lin, Yu-yeh	5,986,097	3.07%
Ji Chang Investment Company	2,698,955	1.38%
Chunghwa Post Co., Ltd.	2,609,000	1.34%
Lin, Yu-Yao	2,156,515	1.11%
Ya Tai Investment Company	2,150,000	1.10%
Sung, Bing-Zhong	2,083,492	1.07%
Kao, Hsin-Ming	2,010,513	1.03%

Note: The book closure date of the Company's 2022 regular shareholders' meeting is on March 29, 2022. The numbers of current shareholding listed in the table are the numbers of shareholding recorded in the 2022 shareholders' registry.

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

Unit : NT\$; thousand shares ; %

Item	2020	2021	As of Mar 31, 2022(Note 8)
Market Price per Share(Note 1)	Highest Market Price(Note 1)	137.50	195.00
	Lowest Market Price(Note 1)	47.15	87.00
	Average Market Price(Note 1)	97.64	138.08
Net Worth per Share(Note 2)	Before Distribution	33.50	39.80
	After Distribution(Note 2)	30.00	35.00(Note 2)
Earnings per Share	Weighted Average Shares	187,080	187,830
	Earning (loss) per share (before the retroactive adjustment)(Note 3)	4.88	8.24
	Earning (loss) per share (after the retroactive adjustment) (Note 3)	4.88	8.24
Dividends per Share	Cash Dividends	3.50	4.50(Note 2)
	Stock Dividends	0	0

		0	0	0	Not Applicable
	Accumulated Undistributed Dividends(Note 4)		0	0	Not Applicable
Return on Investment	Price - Earnings Ratio (Note 5)		20.01	16.76	Not Applicable
	Price - Dividend Ratio(Note 6)		27.90(Note 2)	30.68(Note 2)	Not Applicable
	Cash Dividend Yield Rate(Note 7)		3.58%(Note 2)	3.26%(Note 2)	Not Applicable

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; 2021 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-Earning 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 2020 and 2021 consolidated financial statement certified by the accountant and 2022 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	\$1,783,709,221
Plus: Net income in 2021	\$ 1,547,479,569
Plus: Adjusted retained earnings in 2021(Note 1)	<u>8,618,825</u>
Total	1,556,098,394
Less: Legal reserve	(155,609,839)
Less: Special reserve (Note 2)	<u>(89,147,004)</u>
Retained earning available for distribution	3,095,050,772
Distribution item(s): (Note 3)	<u>(867,402,905)</u>
Shareholders' dividend – Cash dividends 4.5 / per share	<u>\$2,227,647,867</u>
Unappropriated retained earnings	<u><u></u></u>

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 2021 and then transferred into retained earnings was NT\$8,618,825.

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

Note 3:The distributed profit was generated mainly in 2021 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 2021 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 2021 Employees' Compensation and Directors Remuneration, Board of Director already approved the proposal in the meeting held on February 21, 2022, and where NT\$ 213,906,120 will be distributed to employees as compensation and NT\$ 21,390,612 will be distributed to directors as remuneration.

Unit: dollars

Subject	Amount to be appointed
Employees' Compensation-Cash dividends	213,906,120
Employees' Compensation-Stock dividends	0
Director and supervisor compensation	21,390,612

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

Above proposed employees' compensation and directors' remuneration for 2021 resolved by the Board of Directors were in agreement with those amounts recognised in the 2021 financial statements, which were NT\$213,906,120 and NT\$21,390,612, 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 2021			
	The appointed amount	Estimated amount	Difference	Cause
Status				
1.Cash dividends	127,959,618	127,959,618	0	0
2. Stock dividends				
(1) Stock	0	0	0	0
(2) Cash	0	0	0	0
3. Compensation for directors	12,795,962	12,795,962	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	December 15, 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 depository 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 5,871,287 shares with a capital inflation rate of 3.01%, 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	Year 2021	As of March 31, 2022(Note 4)
Market Price of Convertible Corporate Bond (Note 2)	Maximum	115.45	174.00	169.00
	Minimum	108.00	108.00	132.10
	Average	110.02	125.90	152.55
Conversion Price		114.80	111.1	111.1
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

(5) Information of attached stock option bond: None

3. Preferred Stock : None

4. Global Depository 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.

Company's 2015 first employee stock options plan has been expired on September 10,2021

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, 2022

	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,Jian-Tsuen	594	0.30%	594	15.20 、 15.70 、 16.70 、 17.30	9,656.73	0.30%	-	-	-	-
	Divison GM	Huang Zhong-Wen										
	Divison GM	Chang Ruei-Ru										
	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(Note7)										
	Divison VGM	Yang Yuan-zhi										
	Vice General Manager / Supervisor of Financial Department	Hsieh Ming-Ju										
Supervisor of Accounting Department	Zhong Chi-Wen											
Employees (Note 3)	Top Ten Employees	Hou Fu-Chia	625	0.32%	625	15.20 、 15.70 、 16.70 、 17.30	9,872.50	0.33%	-	-	-	-
		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												

Note 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.

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

Note 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.

Note 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.

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

Note 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.

Note 7: Mr. Hou Kun-you resigned and released the position of Division VGM on December 30, 2021.

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 turnkey 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

Unit NT\$1,000 ; %

Product or service cat.	Year	2020		2021	
		Business incomes	Business(%)	Business incomes	Business(%)
R &D and manufacturing of customized equipment		6,885,049	27.41	7,927,526	23.01
Total Facility Engineering Turnkey Project		6,079,385	24.20	10,420,063	30.24
Sales and service of high-tech equipment and materials		4,912,176	19.56	7,463,868	21.66
Automatic Supplying system		7,243,247	28.83	8,647,217	25.09
Total		25,119,857	100.00	34,458,674	100.00

Note: Disclosed based on the consolidated financial reports of 2020 and 2021 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 world still failed to escape the impacts of COVID-19 in 2021. Nevertheless, following the increasing vaccination rates around the world, worldwide nations have lifted lockdown restrictions to gradually restart economic activities. Also, with their continuous efforts on providing financial reliefs and launching revitalization policy, the global economy has obviously recovered from the coronavirus crisis. According to the forecast of International Monetary Fund (IMF), the economy of the world will rebound from a recession of 3.1% to a growth of 5.9%; the economy of developed countries will rebound from a recession of 4.5% to a growth of 5.2%; and the economy of emerging and developing countries will rebound from a recession of 2.1% to a growth of 6.4% in 2021.

Source: IMF World Economic Outlook (October 2021).

Figure 1. The GDP recovery rates and forecasts of worldwide nations

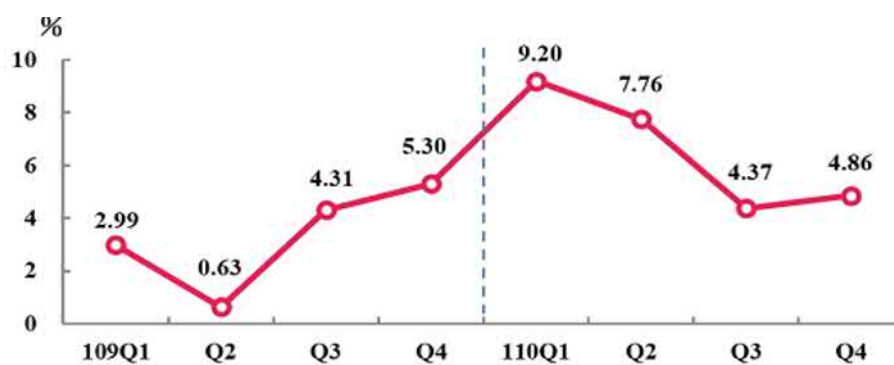
In 2022, repeated outbreaks of the pandemic and spread of coronavirus variants are likely to interfere with the production and transportation of goods, recovery of supply chain and progressive restoration of cross-border travel. Besides, geopolitical factors and persistent disputes in U.S.–China trade war and technology have added variables to the recovery of global economy and trade expansion. IMF has, in its 2022 World Economic Outlook, forecasted that the growth rate of global GDP (global gross domestic product) will drop from 5.9% (2021) to 4.4%. In February 2022, IMF further revised the growth rate downward and forecasted that the United States (U.S.) will have a growth of only 4%, which is 1.2% less than the previous estimate, in 2022. Although supply chain interference can affect economic activities, the U.S. Federal Reserve System (FED) still plans to withdraw monetary stimulus. The original version of Biden administration’s iconic large-scale fiscal policy “build better back” failed to pass in Congress and IMF’s new forecast also removed previously forecasted scenario that covers the fiscal stimulus. In the meantime, IMF forecasts that China’s GDP growth will drop to only 4.8%, with a decrease of 0.8% comparing with previous estimates, in 2022. The purposes thereof are to evaluate the interference of China’s zero-COVID policy in economic activities and Chinese property developers’ “pressure from financial forecasts” that goes on.



- Source: 1. World Bank, Global Economic Prospect, Jan. 11, 2022. (previous forecast on June 2021).
 2. United Nations, World Economic Situation and Prospect, Jan. 13, 2022 (previous forecast on May 2021).
 3. EIU, Global outlook summary, Jan. 17, 2022 previous forecast on December 2021).
 4. IHS Markit, World Overviews, Jan. 18, 2022 (previous forecast on December 2021).
 5. IMF, World Economic Outlook Update, Jan. 25, 2022 (previous forecast on October 2021).
 6. Taiwan’s Economic Situation and Outlook January 2022 issued by National Development Council (February 14, 2022).

Figure 2. 2022 global economic growth forecast

Looking at Taiwan, the preliminary statistics of Directorate-General of Budget, Accounting and Statistics (DGBAS) indicates that the year-over-year (YoY) growth between 2020 Q4 and 2021 Q4 was 4.86%; and the annual economic growth of 2021 was 6.45%. Following the steady recovery of the global economy, not only increases the demand for innovative technological applications and digital transformation continues, but also product prices continue to rise. DGBAS therefore forecasts that Taiwan’s economic growth will reach 4.42% in 2022.



Source: DGBAS, Executive Yuan (February 2022)

Figure 3. Taiwan's economic growth in 2021

Besides, IHS Markit forecasts that the economic growth of worldwide countries, including 3.7% for the United States; 5.3% for China; 2.3% for Hong Kong; 4.0% for Singapore; 3.5% for South Korea; and 2.9% for Japan in 2022.



Source: DGBAS, Executive Yuan. All data come from HIS Makit, except those of the Republic of China (February 2022)

Figure 4. Major countries' economic growth forecasts for 2022

Although the global economy is expected to rebound in 2022 steadily, the world will face “multiple challenges” to recovery due to the spread of coronavirus variants, supply chain bottlenecks, continuing inflationary pressure and downsizing of fiscal and monetary policies in various nations. A number of international professional organizations warns that the growth of major economies will be limited and even drop. International organizations have successively revised the forecast of global economic growth in 2022 down. The intense geopolitical tensions in Ukraine also shadowed the road to recovery.

1.2.2 Current status and development of industries

The Group's sales and service targets are located not only in semiconductor and monitor industries, but also in general industries, such as petrochemical plants, mass production plants and intelligent buildings. The current status and development of industries in which the Group is located are as follows:

1.2.2.1 Semiconductor industry

Looking back the performance of semiconductor industry, the world semiconductor revenue has, according to figures published by the international research and advisory organization Gartner Inc., grown by 26.3% and exceeded the threshold of US\$500 (US\$595 billion) for the first time in 2021. From changes

in the ranking of top 10 semiconductor manufacturers, we can also see the focus of the industry, growth or decline of sub-industries, and competitions between manufacturers in the year. Comparing with 2020, the global ranking shuffled in 2021: Samsung, which had a growth of 28% and market share of 12.3% in 2021, surpassed Intel and back to the first place in the industry for the first time after 2018. Intel, on the other hand, was positioned in the second place in the industry with a revenue decrease of 3% and market share of 2.2%. As for SK Hynix (SK), Micron, Qualcomm and Broadcom, they still positioned in the third to sixth places as in 2021. However, a bigger change occurred in the seventh to tenth places. That is, MediaTek, Nvidia and AMD have reached the seventh, ninth and tenth places respectively, whereas Texas Instruments (TI) dropped from the seventh place in 2020 to the eighth place in 2021. This indicates an intense competition across domains and companies in the global semiconductor market as the industry has entered the golden age.

Hisilicon and its parent company, Huawei, on the other hand, were affected by U.S. sanctions. Hisilicon fell out the top 25 in 2021 with a revenue decrease of 81%, from US\$8.2 billion in 2020 to US\$500 million in 2021; and consequently affected China's global market share from 6.7% in 2020 to 6.5% in 2021. By region, South Korea had the largest increase in market share in 2021 as strong growth in the domestic market propelled it to garner 19.3% of the global semiconductor market.

Table 1. Ranking of the world's top 10 semiconductor companies in 2021 by revenue

Unit: US\$100 million

Rank in 2021	Rank in 2020	Company	Revenue in 2021	Market share in 2021 (%)	Revenue in 2020	Growth in 2020 and 2021 (%)
1	2	Samsung)	73,197	12.3	57,181	28.0
2	1	Intel)	72,536	12.2	72,759	-0.3
3	3	SK Hynix (SK)	36,352	6.1	25,854	40.6
4	4	Micron Technology (Micron)	28,624	4.8	21,780	31.4
5	5	Qualcomm	27,093	4.6	17,664	53.4
6	6	Broadcom	18,793	3.2	15,754	19.3
7	8	MediaTek	17,617	3.0	10,988	60.2
8	7	Texas Instruments (TI)	17,272	2.9	13,619	26.8
9	10	Nvidia	16,815	2.8	10,643	58.0
10	14	AMD	16,299	2.7	9,665	68.6
		Others (those other than the top ten)	270,354	45.4	214,982	25.8
		Total	594,952	100.0	470,889	26.3

Source: Gartner (April 2021)

The Semiconductor Industry Association (SIA) announced global semiconductor industry sales in 2021 were \$555.9 billion, an increase of 26.2% from 2020. In 2021, America's region showed a very strong 27.4 percent growth with sales of 121.5 billion. Europe showed a market increase of 27.3 percent. APAC of 26.5 percent, while Japan showed a below-average growth rate at 19.8 percent. China remains its top one sales ranking at 34 percent, and Taiwan ranks No.2 with 26.2%. WSTS expect a YoY increase by 26.2 percent in 2022, than 6.8 percent in 2021, which corresponds to sales of US\$ 613.5 billion. Market growth is expected for 10.4 percent.

Table 2. Total sales of the global semiconductor market in 2021

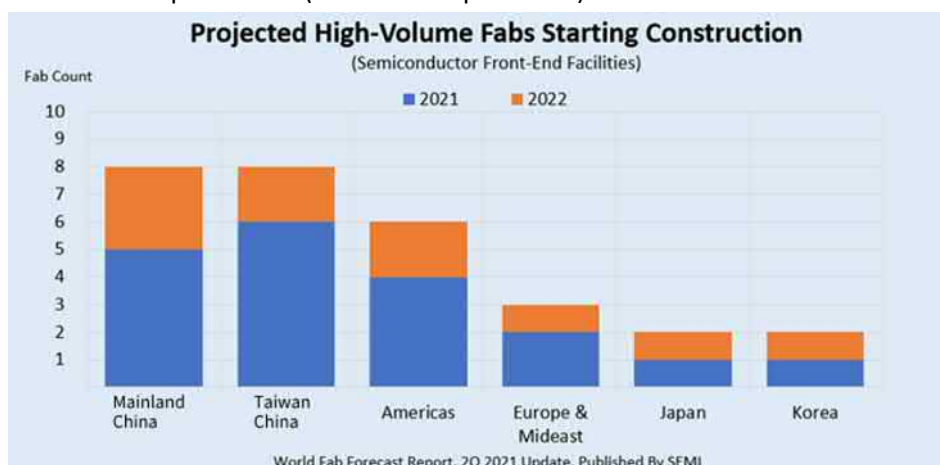
Fall 2021 Q4 Update	Amounts in US\$M			Year on Year Growth in %		
	2020	2021	2022	2020	2021	2022
Americas	95,366	121,481	141,386	21.3	27.4	16.4
Europe	37,520	47,757	52,918	-5.8	27.3	10.8
Japan	36,471	43,687	47,928	1.3	19.8	9.7
Asia Pacific	271,032	342,967	371,291	5.1	26.5	8.3
Total World - \$M	440,389	555,893	613,523	6.8	26.2	10.4
Discrete Semiconductors	23,804	30,337	33,275	-0.3	27.4	9.7
Optoelectronics	40,397	43,404	46,844	-2.8	7.4	7.9
Sensors	14,962	19,149	22,442	10.7	28.0	17.2
Integrated Circuits	361,226	463,002	510,962	8.4	28.2	10.4
Analog	55,658	74,105	84,539	3.2	33.1	14.1
Micro	69,678	80,221	89,709	4.9	15.1	11.8
Logic	118,408	154,837	181,257	11.1	30.8	17.1
Memory	117,482	153,838	155,458	10.4	30.9	1.1
Total Products - \$M	440,389	555,893	613,523	6.8	26.2	10.4

Note: Numbers in the table are rounded to whole millions of dollars, which may cause totals by region and totals by product group to differ slightly.

Source: World Semiconductor Trade Statistics (WSTS; March 2022)

Semiconductor manufacturers worldwide will have started construction on 19 new high-volume fabs by the end of this year and break ground on another 10 in 2022 to meet accelerating demand for chips across a wide range of markets including communications, computing, healthcare, online services and automotive, SEMI highlighted in its quarterly World Fab Forecast report.

China and Taiwan will lead the way in the new fab construction starts with eight each, followed by the Americas with six, Europe/Mideast with three, Japan and Korea with two each (Figure 1). Fabs that produce 300mm wafers will account for most of the new facilities – 15 – in 2021 and again in 2022, when seven fabs will begin construction. The remaining seven fabs planned over the two-year period will be 100mm, 150mm and 200mm facilities. The 29 fabs could produce as many as 2.6 million wafers per month (in 200mm equivalents).

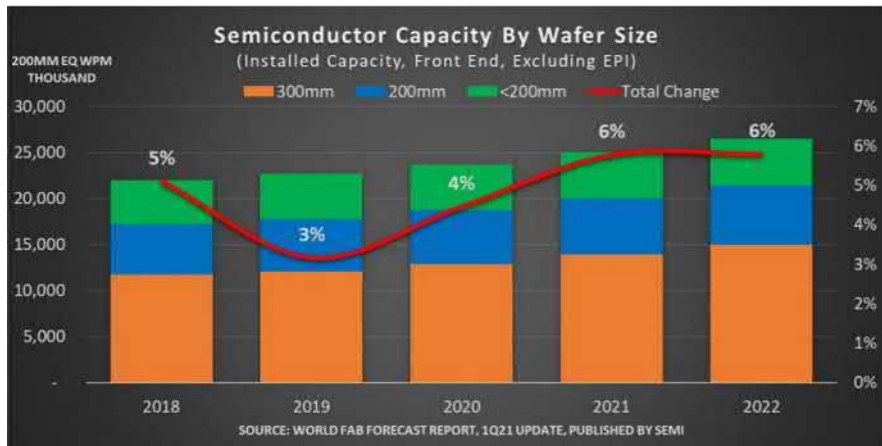


Source: SEMI 2021Q2World Fab Forecast (June 2021).

Figure 5. New plant constructions of the world

Of the 29 fabs starting construction in 2021 and 2022, 15 are foundry facilities with capacities ranging from 30,000 to 220,000 wafers per month (200mm equivalents). The memory sector will begin construction on four fabs over the two-year span. Those facilities will boast higher capacities ranging from 100,000 to 400,000 wafers per month (200mm equivalents). Although the overall production capacity is expanding, the trend of capacity expansion is different for different sizes of wafers. In terms of proportion, 12 inches topped the list, while 8 inches accounted for only

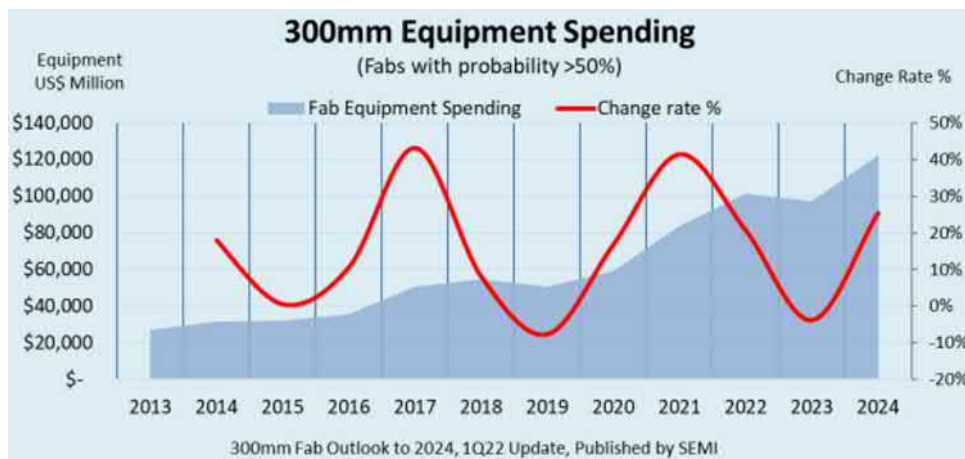
4% in 2020, rising to 6% this year due to lack of a core, which is expected to be maintained in 2022.



Source: SEMI 2021Q2World Fab Forecast (June 2021).

Figure 6: Semiconductor Capacity By Wafer Size

8-inch and 12-inch wafer are main speck in Global Semiconductor industry, 6 –inch and 4-inch are giving ways . 12-inch mainly focus on 14nm and advanced nodes, and 8-inch mainly used for 28nm and manufure nodes. ROE of 12-inch is higher than 8-inch. According to SEMI’s report indicates that CAPEX of 12-inch will heat a historical high at 100billion to 101billion USD, make a YOY 21% up in 2022.

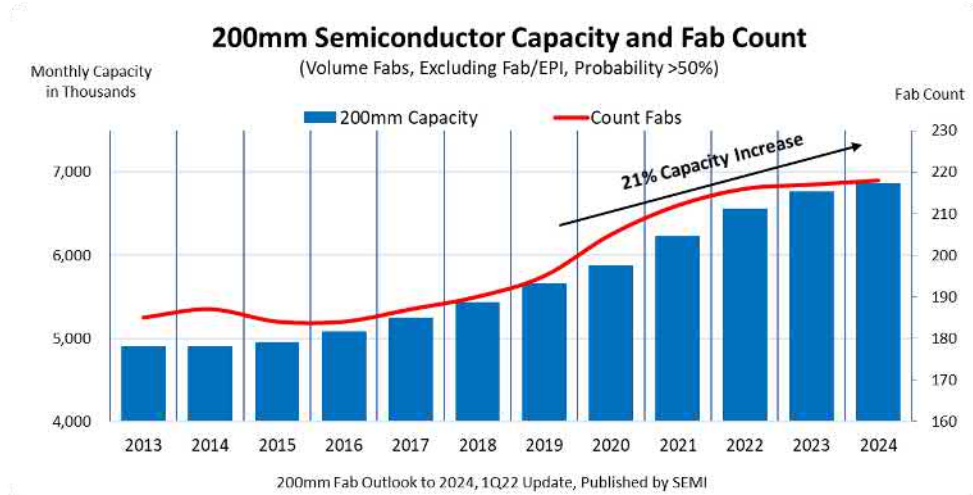


Source: SEMI (March 2022).

Figure 7. The production capacity and number of 12-inch wafer plants between 2013 and 2024.

According to previous forecasts, 8-inch wafers will gradually give way to 12-inch wafers. That is, as 12-inch wafers have bigger utilization rates that help to reduce costs and IC chips now undergo more advanced process, the demand for 8-inch wafers was expected to gradually decrease. Nevertheless, the unexpected grips of a global chip shortage -- particularly in analog IC, power management IC, display driver IC, SiC-MOSFET, MCU and sensor -- at the end of 2020 shows the insufficient production capacity of 8-inch wafers. According to SEMI, global semiconductor manufacturers are likely to increase the 8-inch (200 mm) fab capacity to 1.2 million wafers from the beginning of 2020 to the end of 2024. In other words, the monthly supply of 8-inch wafers is expected to reach the record high level of 6.9 million, helping to mitigate the supply and demand imbalance. As for a regional analysis, China has the highest production capacity of 8-inch wafers

(21%), followed by Japan (16%) and then Taiwan, Europe and Middle East (15% each). As for the equipment expenditure of 8-inch fab, global semiconductor companies have been working together to overcome the shortage issue after the expenditure climbed to US\$5.3 billion in 2021. As worldwide fabs succeeded in maintaining a high operating rate, the total expenditure is expected to exceed US\$4.9 billion in 2022. According to the forecast, the amount of total equipment investments is expected exceed US\$3 billion (54% from foundry; 20% from power/power discrete; and 18% from analog) in 2023.



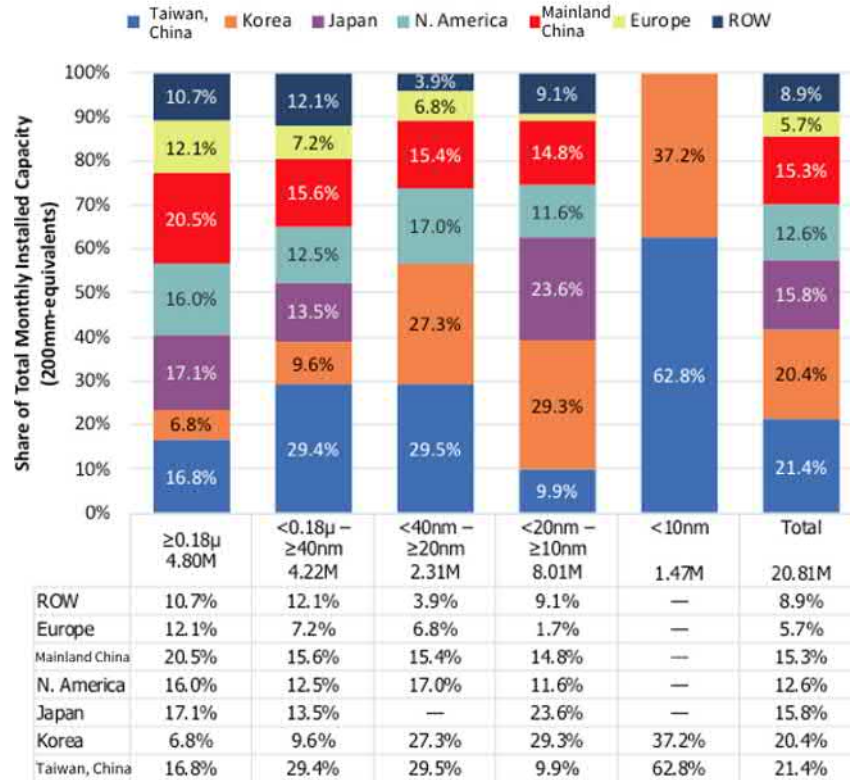
Source : SEMI, 200mm Fab Outlook to 2024 , 2022/04

Figure 8 200mm Semiconductor Capacity and Count from 2013 to 2024

According to IC Insights report indicates that Taiwan holds 22% of the world's 300mm IC capacity, second only to South Korea, which holds a 25% share. In contrast, North America possesses only an 11% share of global 300mm IC capacity

China holds 20.5% to 14.8% of the world's 180nm~10nm , Taiwan only holds 9.9% of the world's 20nm ~ 10nm. South Korea holds 27.3% of 10nm and 29.3% of 40nm~10nm. Japan occupy world's 20nm~10nm with higher percentage at 23.6% .

Monthly Installed Capacity for Each Min. Geometry Group at Dec-2020 – by Geographic Region



Source: IC Insights (October 2021).

Figure 9. Capacity of the world’s manufacturing process by regional distribution

Capital expenditure is an important index indicating foundries’ opinions on future trends and contributed investments. Due to the world’s increasing demand for semiconductors, foundries have successively increased capital expenditure to increase the supply in order to respond to the strong market demand.

According to “Global Wafer Capacity 2022 Report” published by Knometa Research, the world’s top 5 semiconductor companies in 2021 are Samsung, TSMC, Micron, SK Hynix and Kioxia/WD in terms of monthly installed capacity; and total of their capacity counts 57% of the world’s total wafer production capacity -- which is 1% higher than that of the previous year -- in the year. Among them, South Korea’s Samsung has the biggest production capacity, followed by TSMC, known as the world’s biggest foundry company. This shows that the higher market concentration and production capacity a company has, the bigger the company is. As for China’s SMC, it only obtained 3% of global market trend in the year.

Table 3. Global IC wafer capacity leaders in 2020

Global IC Wafer Capacity Leaders

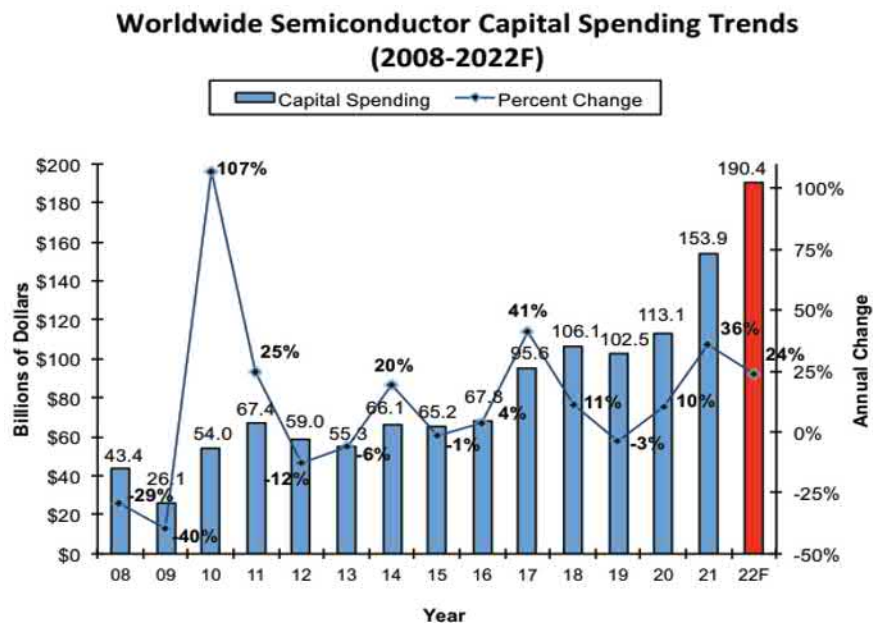
(Installed Monthly 200mm-equiv. Capacity at Year-End)

2021 Rank	2020 Rank	Company	HQ Region	Dec-2020 Capacity (K w/m)	Share of Worldwide Total	Dec-2021 Capacity (K w/m)	Share of Worldwide Total
1	1	Samsung	Korea	3,364	17%	4,050	19%
2	2	TSMC	Taiwan	2,647	13%	2,803	13%
3	3	Micron	Americas	1,931	10%	2,054	10%
4	4	SK Hynix	Korea	1,881	10%	1,982	9%
5	5	Kioxia/WD	Japan	1,283	7%	1,328	6%
TOTAL				11,104	56%	12,217	57%

Source: Global Wafer Capacity 2022 Report published by Knometa Research (April 2022).

After surging 36 per cent in 2021, capital spending in the semiconductor industry is expected to soar 24 per cent in 2022 to an all-time high of \$190.4 billion, up 86 per cent from 2019 three years ago, according to a report released by IC insights, a research firm. In addition, if capital expenditure grows by more than 10 per cent in 2022, this means that the semiconductor industry will see three consecutive years of double-digit spending growth for the first time since 1993-1995.

The electronics industry was in many cases unprepared for the current rebound in demand because many supply chains were tight or disrupted during the novel coronavirus epidemic, the report said. The strong demand drives the utilization rate of most manufacturing facilities to be much higher than 90%, and even the utilization rate of many semiconductor foundry is 100%.Based on such strong utilization and persistently high demand expectations, total capital expenditure in the semiconductor industry is expected to reach \$344.3 billion in 2021 and 2022.



Source : IC Insight , 2022/03

Figure 10: Worldwide Semiconductor Capital Spending 2008~2022F

Table 4 shows a sampling of 13 companies that are expected to increase their capital outlays by $\geq 40\%$ this year. In total, these 13 companies spent \$60.6 billion last year, which was up 62% from 2020, and are forecast to spend \$91.8 billion this year, up 52% from 2021. It is interesting to note that the big three memory suppliers (i.e., Samsung, SK Hynix, and Micron) are not on the list while the top three pureplay foundries (TSMC, UMC, and GlobalFoundries) are included. Moreover, illustrating the diversity of the listing, four of the top five leading analog IC suppliers (TI, Analog Devices, Infineon, and ST) are scheduled to significantly ramp up spending in 2022. The combined outlays of the 13 companies shown in Figure 2 are expected to be almost 2.5x what they were two years earlier in 2020. However, the majority of these semiconductor manufacturers are responding to the current demand surge. Over the next few years, many companies' outlays are likely to revert to a capital spending as a percent of sales ratio of somewhere near pre-pandemic levels.

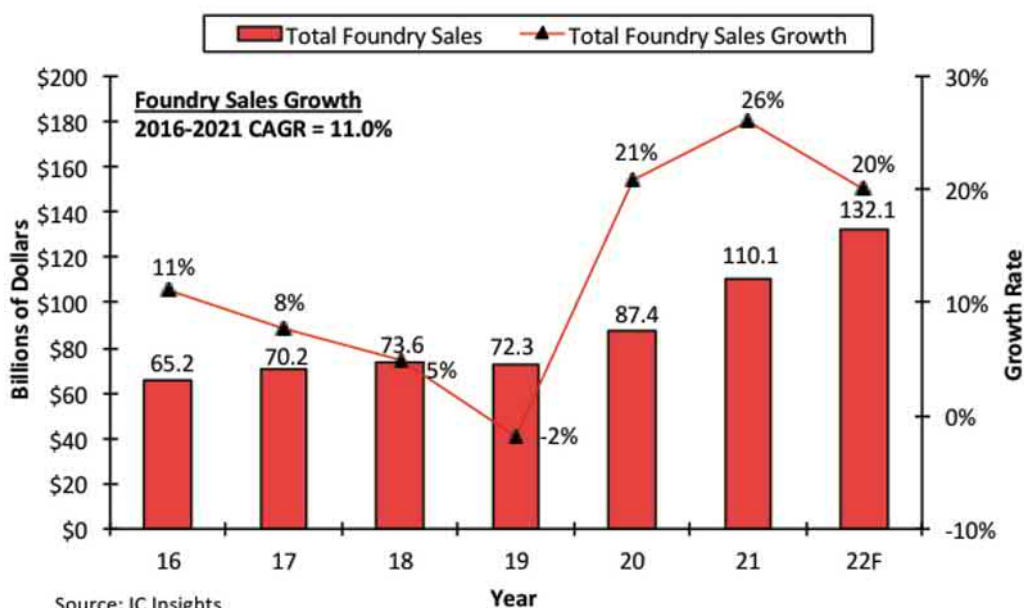
Table 4. Foundries' capital expenditure in 2022
Companies Expected to Increase Spending by ≥40% in 2022

2022F Rank	Company	Headquarters	2019 (\$M)	2020 (\$M)	20/19 % Change	2021 (\$M)	21/20 % Change	2022F (\$M)	22/21 % Change
1	Winbond	Taiwan	433	284	-34%	352	24%	1,645	367%
2	GlobalFoundries	U.S.	773	592	-23%	1,766	198%	4,500	155%
3	Nanya	Taiwan	178	291	63%	404	39%	1,000	148%
4	Renesas	Japan	351	209	-40%	333	59%	800	140%
5	Analog Devices	U.S.	251	174	-31%	372	114%	800	115%
6	ONsemi	U.S.	535	384	-28%	445	16%	935	110%
7	ST	Europe	1,174	1,278	9%	1,828	43%	3,500	91%
8	Vanguard	Taiwan	279	128	-54%	477	273%	865	81%
9	UMC	Taiwan	566	952	68%	1,755	84%	3,000	71%
10	Intel	U.S.	16,213	14,259	-12%	18,733	31%	27,000	44%
11	TI	U.S.	847	649	-23%	2,462	279%	3,500	42%
12	Infineon	Europe	1,279	1,067	-17%	1,637	53%	2,300	41%
13	TSMC	Taiwan	14,937	17,240	15%	30,043	74%	42,000	40%
—	Total	—	37,816	37,507	-1%	60,607	62%	91,845	52%

Source: IC Insight (March 2022).

IC Insights forecast the global semiconductor foundry was valued at USD 132.1 billion , growing with 20% CAGR during the period 2022 to 2026, driven by 5G mobile phone APs and other communication components. Foundry of China reaches not even 10% in worldwide market share.

2016-2022 Foundry Sales Forecast



Source: IC Insights
 Source : IC Insight · 2022/03

Figure 11: 2016-2022 Foundry Sales Forecast

The global semiconductor materials market grew 15.9% to \$64.3 billion in revenue in 2021, surpassing the previous market high of \$55.5 billion set in 2020, SEMI, the global industry association representing the electronics manufacturing and design supply chain, reported today in its Materials Market Data Subscription (MMDS)

Table 5: 2020-2021 The global semiconductor materials market

Unit: US\$1 billion

Region	2020**	2021	Change (%)
Taiwan	12,720	14,711	15.7%
China	9,783	11,929	21.9%
South Korea	9,119	10,572	15.9%
Japan	7,902	8,811	11.5%
Rest of World*	6,770	7,801	15.2%
North America	5,564	6,036	8.5%
Europe	3,622	4,414	21.9%
Total	55,479	64,273	15.9%

Source: SEMI Materials Market Data Subscription (March 2022).

Note: Descriptions of the statistical data are as follows:

* The Rest of World region is defined as Singapore, Malaysia, Philippines, other areas of Southeast Asia and smaller global markets

** The 2020 data have been updated based on data collected by SEMI.

*** The total of subtotal amounts may be different from the actual total amount as the amounts have been rounded.

Wafer fabrication materials and packaging materials revenues in 2021 totaled USD 40.4 billion and USD 23.9 billion, respectively, for year-over-year increases of 15.5% and 16.5%. The silicon, wet chemicals, chemical-mechanical planarization (CMP), and photomask segments showed the strongest growth in the wafer fabrication materials market, while packaging materials market growth was largely driven by the organic substrates, lead frames, and bonding wire segments.

For the 12th consecutive year, Taiwan, at USD 14.7 billion, was the world's largest consumer of semiconductor materials on the strength of its foundry capacity and advanced packaging base. China registered the strongest absolute year-over-year growth in 2021 to rank second, while Korea remained the third largest consumer of semiconductor materials.

Worldwide sales of semiconductor manufacturing equipment in 2021 surged 44% to an all-time record of USD 102.6 billion from USD 71.2 billion in 2020,

Global sales of wafer processing equipment rose 44% in 2021, while other front-end segment sales grew 22%. Assembly and packaging showed exceptional growth across all regions, resulting in an 87% market increase in 2021, while total test equipment sales rose 30%

China claimed the largest market for semiconductor equipment for the second time with sales expanding 58% to USD 29.6 billion to mark the fourth consecutive year of growth. Korea, the second-largest equipment market, registered a sales increase of 55% to USD 25.0 billion, after showing strong growth in 2020. Taiwan logged 45% growth to USD 24.9 billion to claim the third position. Annual semiconductor equipment spending increased 23% in Europe and 17% in North America, which continues to recover from a contraction in 2020. Sales in Rest of the World jumped 79% in 2021.

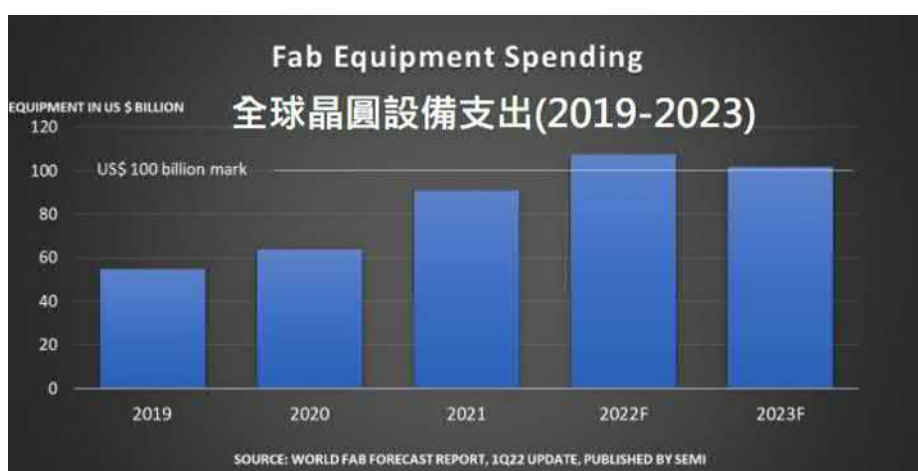
Table 6. Market scale of semiconductor process equipment in 2020 and 2021 by region

Unit: US\$1 billion

Region	2021	2020	Change (%)
China	29.62	18.72	58%
South Korea	24.98	16.08	55%
Taiwan	24.94	17.15	45%
Japan	7.80	7.58	3%
North America	7.61	6.53	17%
Rest of World*	4.44	2.48	79%
Europe	3.25	2.64	23%
Total	102.64	71.19	44%

Source: Worldwide Semiconductor Equipment Market Statistics (WWSEMS) Report published by SEMI and SEAJ (April 2022)

Global fab equipment spending for front-end facilities is expected to jump 18% year-over-year (YOY) to an all-time high of US\$107 billion in 2022, marking a third consecutive year of growth following a 42% surge in 2021, SEMI announced in its latest quarterly World Fab Forecast report.



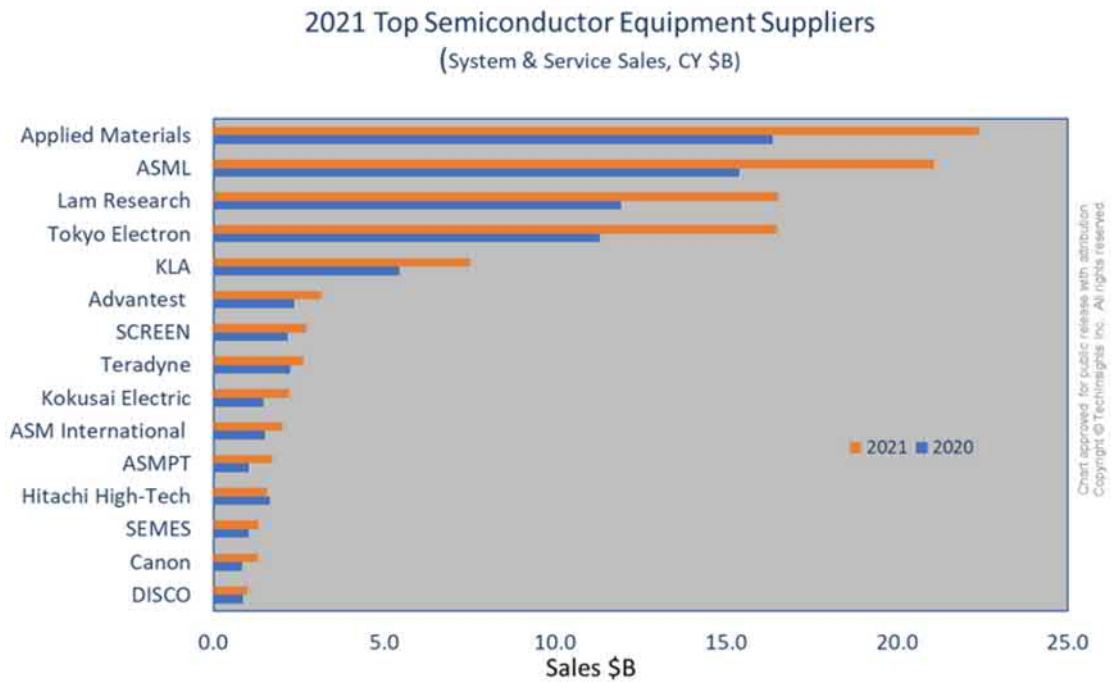
Source : SEMI (World Fab Forecast) · 2022/03

Figure 12: Fab Equipment Spending 2019~2023

Taiwan is expected to lead fab equipment spending in 2022, increasing investments 56% YoY to US\$35 billion, followed by Korea at US\$26 billion, a 9% rise, and China at US\$17.5 billion, a 30% drop from its peak last year. Europe/Mideast is forecast to log record high spending of US\$9.6 billion this year, and while comparatively smaller, this would represent a staggering growth of 248% YoY. Taiwan, Korea and Southeast Asia are also expected to register record high investments in 2022. In the Americas, the report shows fab equipment spending peaking at US\$9.8 billion by 2023.

The SEMI World Fab Forecast report shows the global industry increasing capacity 8% this year after a 7% rise in 2021. Capacity growth is expected to continue increasing, rising 6% in 2023. The fab equipment industry last saw a YoY growth rate of 8% in 2010, when it topped 16 million wafers per month (200mm equivalents) – nearly half of the 29 million wafers per month (200mm equivalents) projected for 2023.

Over 83% of equipment spending in 2022 will stem from capacity increases at 150 fabs and production lines, a proportion expected to edge down to 81% next year as 122 known fabs and lines add capacity. As expected, the foundry sector, with a share of about 50%, will account for the bulk of equipment spending in 2022 and 2023, followed by memory at 35%. The two sectors also represent most of the capacity increases.



Source : VLSI Research · 2022/03

Figure 13: 2021 Top Semiconductor Equipment Suppliers

2021 was a very strong year for the equipment suppliers with sales soaring to record-highs. However, severe supply chain shortages made 2021 a challenging year for many companies as they struggled to keep up with demand. There were no changes in the top five ranking for 2021. Applied Materials and ASML jumped past the \$20B mark while LAM Research and TEL cleared the \$16B bar. The top five suppliers accounted for 70% of total sales in 2021, up nearly two points from the previous year. ASM Pacific Technology, Kokusai Electric, and Canon were the fastest growing companies in the Top 15 last year.

Featuring a complete industrial chain and the world’s leading technology, Taiwan is deeply entrenched in the semiconductor industry with fruitful results seen in its position in the global semiconductor market. According to the statistics of Taiwan Semiconductor Industry Association (TSIA) and Industry, Science and Technology International Strategy Center (ISTISC) of Industrial Technology Research Institute (ITRI), the output value of Taiwan’s semiconductor industry exceeded the threshold of NT\$4 trillion for the first time and peaked historical high of NT\$4.08 trillion (around US\$145.8 billion) -- with an annual growth of 26.7% and counting 26.2% of the world’s semiconductor output value -- in 2021. Among all semiconductor subindustries, IC design had an extraordinary performance as its output value crossed the threshold of NT\$1 trillion and reached NT\$1.21 trillion with an annual growth of 42.4%; IC manufacturing had a growth of 22.4% with a total output value of NT\$2.23 trillion (the output value of foundry was NT\$1.94 trillion with a growth of 19.1% comparing with 2019); IC packaging industry, on the other hand, had an output value of NT\$435.4 billion with an increase of 15.3%; and IC testing industry’s output value of the year was NT\$203 billion with an increase of 18.4%.

ITRI-ISTISC forecasts that the total output value of Taiwan's semiconductor industry will exceed NT\$4.8 trillion with an annual growth of 17.7% in 2022. In other world, it will hit another historical high -- higher than the global semiconductor market's annual growth of 8.8% -- in 2022.

Table 7. The output value of Taiwan's IC industry between 2018 and 2022

NT\$100 million	2018	Growth in 2018	2019	Growth in 2019	2020	Growth in 2020	2021	Growth in 2021	2022(e)	Growth in 2022(e)
IC industry output value	26,199	6.4%	26,656	1.7%	32,222	20.9%	40,820	26.7%	48,062	17.7%
IC design industry	6,413	3.9%	6,928	8.0%	8,529	23.1%	12,147	42.4%	13,848	14.0%
IC manufacturing industry	14,856	8.6%	14,721	-0.9%	18,203	23.7%	22,289	22.4%	27,264	22.3%
Foundry	12,851	6.6%	13,125	6.6%	16,297	24.2%	19,410	19.2%	24,076	24.0%
Memory and other manufacturing	2,005	23.7%	1,596	-20.4%	1,906	19.4%	2,879	51.0%	3,188	10.7%
IC packaging industry	3,445	3.5%	3,463	0.5%	3,775	9.0%	4,354	15.3%	4,750	9.1%
IC testing industry	1,485	3.1%	1,544	4.0%	1,715	11.1%	2,030	18.4%	2,200	8.4%
IC product output value	8,418	8.0%	8,524	1.3%	10,435	22.4%	15,026	44.0%	17,036	13.4%
Global semiconductor market (US\$100 million) and growth (%)	4,688	13.7%	4,123	-12.0%	4,404	6.8%	5,559	26.2%	6,046	8.8%

Source: TSIA; Industrial Economics and Knowledge Center, ITRI (February 2022)

Note 1: (e) refers to estimate.

Note 2: Descriptions of the statistical data

- * IC industry output value =IC design + IC manufacturing + IC packaging + IC testing.
- * IC product output value =IC design + memory and other manufacturing.
- * IC manufacturing output value = foundry + memory and other manufacturing.
- * The above output values are calculated based on the data of companies headquartered in Taiwan.

According to the data of Market Intelligence and Consulting Institute (MIC) of Institute for Information Industry (III), the output value of Taiwan's semiconductor industry will break the threshold of NT\$4 trillion and is expected to reach NT\$4.3973 trillion, showing a growth for three consecutive years. Among all subindustries, the IC manufacturing industry will have the biggest growth and, as prices continue to go up and newly installed capacity have been gradually launched, the annual revenue growth thereof will exceed 20%.

According to the report of MIC, the regional division of labor in the semiconductor industry supply chain has optimized the production efficiency and costs of ICs. Among the world's top 10 foundries, four of them are headquartered in Taiwan, counting 49.2% of the world's total production capacity. Among them, the product capacity of TSMI counts 30% of the global production capacity.

Looking into the future, Taiwan's semiconductor manufacturing industry is expected to have a good performance in 2022 as the prosperous development of Taiwan's IC design, IC manufacturing, IC packaging and memory industries in 2021 will continue. Among them, IC manufacturing will have the biggest growth among subindustries and, as prices continue to go up and newly installed capacity have been gradually launched, the annual revenue growth thereof will exceed 20%. The IC design industry that comes afterwards will have a revenue growth of more than 15%, whereas the IC packaging, IC testing and memory industries are expected to have a growth of 5% to 10%.



Source: MIC, 2022/02

Figure 14. The output value of Taiwan's semiconductor industry between 2015 and 2022

As for the scale of China's IC market, IC Insights points out that, although China is the biggest consumer country, the production capacity thereof fails to keep up with domestic market demand that grows rapidly. As illustrated in the diagram, Chinese foundries obtained only 8.5% of market share in 2021. Among the top 12 foundries, 9 of them are located in Asia Pacific and the rest three companies are located in Europe (X-Fab), Israel (Tower, which will be acquired by Intel) and the U.S. (Global Foundries).

Although the sales revenue of Semiconductor Manufacturing International Corporation (SMIC) increased by 25% in 2020, such increase cannot stop Chinese foundries' loss of market share, which was decreased to 7.6% in the year. However, the sales revenue of SMIC increased by 39% and the overall foundry market increased by 26% in 2021; and Hua Hong Group's annual sales growth was twice than that of the entire market (52% for the Hua Hong Group and 26% for the entire foundry market). Therefore, Chinese companies succeeded in increasing the foundry market share to 8.5% with an increase of 0.9% in 2021.

IC Insights believes that Chinese companies' total foundry market share will become relatively stable by 2026. Although Chinese government and private investors are expected to largely invest in Chinese foundries; and the infrastructure of semiconductor industry will become even more complete in the following 5 years as SMIC has largely increased capital expenditure. Nevertheless, as the U.S. has put SMIC on the Entity List with export restriction, Chinese foundries are unlikely to take the lead in the industry due to low competitiveness. It is expected that, by 2026, Chinese foundries' production capacity will count 8.8% of the total foundry market share, which is lower than its peak of 11.4% in 2006.

Chinese Companies' Share of the Total Foundry Market

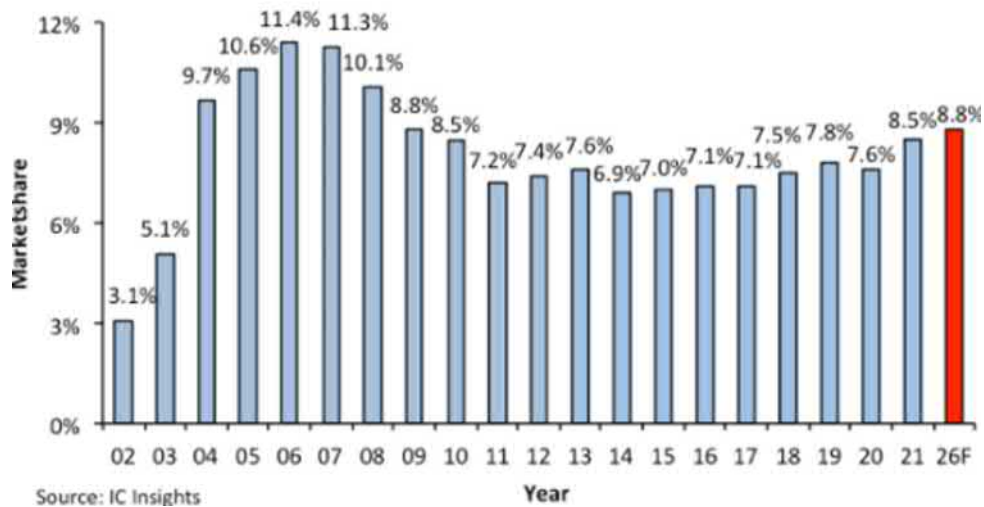


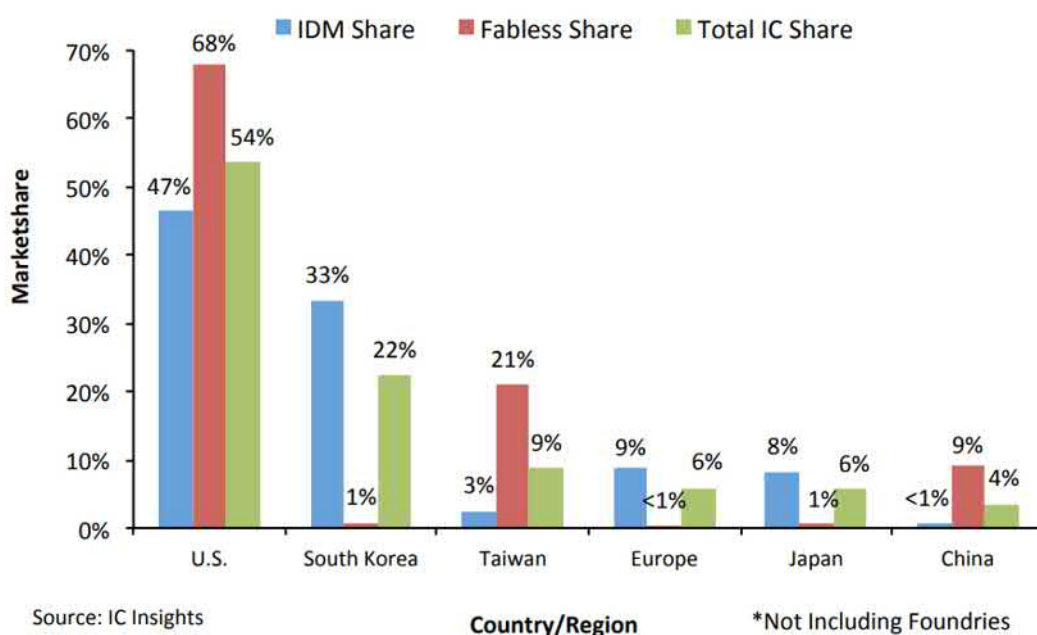
Figure 15. Chinese companies’ share of the total foundry market

According to IC Insights’ report, Chinese companies (without foundries) hold only 4% of global IC market share, whereas U.S. companies captured 54% of the total worldwide IC market in 2021 due to the development of IDM factories and IC design companies. This shows that today’s IC industry is still controlled by companies headquartered in the United States, followed by companies headquartered in South Korea (with a market share of 22%). Taiwan, on the other hand, also managed to increase its market share to 9% with the booming shipments of IC design companies and maintain its global rank in the third place. As for Europe and Japan, these two regions possess 6% of global market share respectively.

If we observe worldwide IC companies by region, it is known that Korea and Japan have a relatively low market share in IC design industry due to their focus on IDM; Taiwan and China, on the other hand, have an outstanding performance in IC design and are less involved in IDM; and the U.S. is in the middle with an average performance in both sectors.

The market share of the U.S. and Asia IC suppliers have been rising steadily since 1990. For example, Asian companies’ global IC market share increased from 4% in 1990 to 34% in 2021; and the annual compound growth of its output value over the last 31 years is 15.9%, which is almost twice of the global IC market’s annual compound growth (8.2%).

2021 Worldwide IC Company Marketshare by Headquarters Location*



Note: The graph shows IDM share and fabless share in IC sales; and total share of the global IC market by headquarters location (foundries are excluded) in 2021.

Source: IC Insight (April 2022)

Figure 16. Global IC markets in 2021

Prosperous development of the semiconductor industry in 2021 will continue in 2022. Nevertheless, material shortage caused by Russian-Ukraine war, shipping delays caused by Chinese government's Covid lockdowns and continuing inflationary pressure will bring challenges to global semiconductor equipment and materials market. Nevertheless, in overall, the semiconductor industry is expected to have a continuous growth in equipment and materials market.

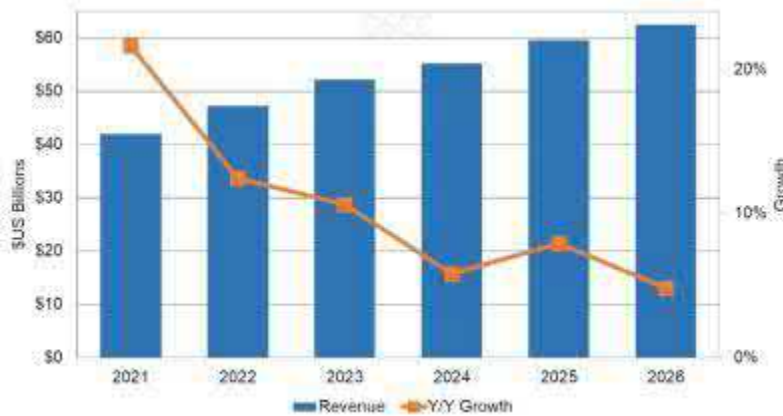
1.2.2.2 Display Panel Industry

From the perspective of panel shipment performance, according to the shipment performance of the four major mainstream applications such as TV, monitor, laptop, and mobile in 2021, it shows the characteristics of "weak at both ends and strong in the middle". Looking ahead to 2022, the shipment of mobile phone panels is expected to remain relatively stable, while the shipment of laptop, monitor, TV and other large-size application panels will be affected by the receding epidemic dividend, but the performance of large-size panel shipment area is obviously better than the performance of shipment quantity. Laptop shipments are expected to decline by 3.8% year-over-year in 2022, with the drop in area lower than the drop in volume. The shipment area of Monitor and TV panels can still maintain a relatively good growth.

Among large-size applications, TV panels are the absolute main force in reducing production capacity. Judging from the shipment area in the first three quarters of 2021, TV panel shipments account for over 70% of all application panel shipments. In the future, it is expected that the global display panel market will still exhibit cyclical fluctuations, and TV panels will still undertake the important task of reducing production capacity. Since the second half of 2020, the panel price, especially the increase in the price of large-size panels, has driven the profitability of panel manufacturers to improve significantly. At present, panel manufacturers are still in a period of high profitability. Of course, it

cannot be ignored that the price of large-size panels continues to decline. It is expected that they will face profit challenges in 2022. The profitability of panel manufacturers will face differentiation, and some panel manufacturers may fall into loss expectations.

DSCC has released its latest OLED market forecast, and the company forecasts a 8% CAGR revenue growth, with the market reaching \$64 billion in revenue in 2026. The growth will be fueled by high demand for laptop, monitor and tablet displays. The smartphone and OLED TV market will also continue to grow.



Source: DSCC OLED and Mobile LCD Fab Utilization Report, Feb 2022

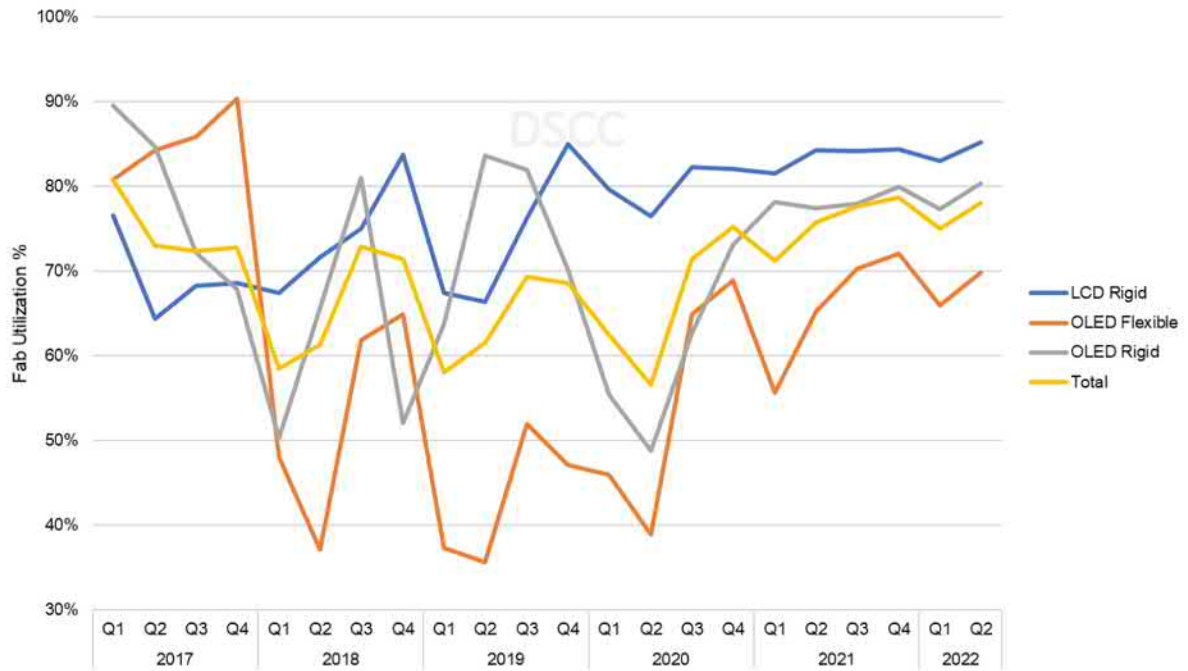
Figure 17. 2021 – 2026 Global OLED Market Revenue

DSCC sees a 31% CAGR shipment growth for laptop displays, to reach around \$2.4 billion in 2026, and a 95% CAGR unit growth for monitor OLED displays, which will reach \$1.3 billion in 2026 (up from \$200 million in 2022). This is fast growth for monitor OLED displays, but slower than DSCC previously estimated, due to competition for miniLEDs, rigid OLED capacity that will be used for laptops and tablets and lower demand to mirroring display monitors.

Tablet OLED displays will see a 49% CAGR shipments growth until 2026. Apple is expected to introduce its first OLED iPad in 2024, which will increase demand for tablet displays by 126% in 2024. Looking at the smartphone market, rigid OLEDs will see a decline in shipments, as flexible OLEDs adoption increases and the rigid OLED capacity will be dedicated to IT panels. In 2023, 70% of all smartphone OLEDs will be flexible ones, 16% will be rigid, 13% foldable and 1% will be rollable. Finally, looking at the TV market, DSCC sees 15.1 million OLED panels shipping in 2026 (both WOLED and QD-OLED) which will generate \$6.4 billion in revenues.

With the seasonal sales peak for smartphones behind us, utilization at mobile display fabs is expected to decrease in Q1 but remain at a higher level than a year ago. In Q4’21, total TFT input for all display makers was up 3% Q/Q and 16% Y/Y at 6.5M square meters, and in the current Q1’22, it is expected that total TFT input to be down 3% Q/Q but still up 15% Y/Y at 6.3M square meters.

Fab utilization varies substantially by display technology and substrate as shown in the chart here. Flexible OLED fabs have a strong seasonal component but generally ran at very low utilizations in 2018-2019. While there remains a seasonal component, flexible OLED fab utilization has increased substantially in 2021 and 2022.

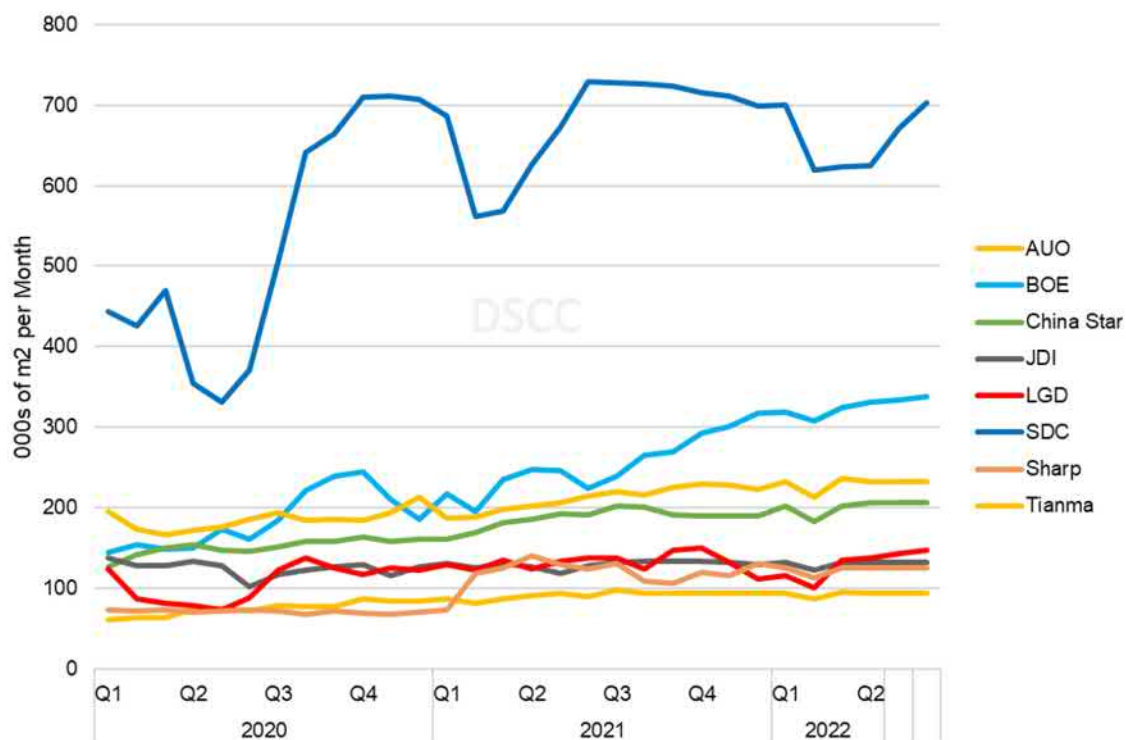


Source: DSCC OLED and Mobile LCD Fab Utilization Report, Feb 2022

Figure 18. Quarterly TFT Utilization by Display Technology and Substrate, 2017-2022

A view of TFT input by panel maker shows the leading position of Samsung Display in this sector, but also the growth of BOE as the Chinese giant continues to add capacity. Although Samsung clearly has the top position, its share of TFT input in Q4'21 was only 33%, and the sector remains competitive with only two other panel makers (BOE and Tianma) exceeding 10% of the market on a TFT input basis.

As seen on the chart, Samsung's input will decrease Q/Q in Q1'22 but will remain substantially higher than a year ago. Samsung sees continued strong demand for OLED panels resulting from new product introductions (such as the Galaxy S22 and S21FE) and foldable phones to multiple customers. For its part, although BOE struggled with low utilization on OLED lines after losing Huawei business in 2020, it recovered steadily during 2021 and is bringing new capacity in 2022 with B12 Chongqing.



Source: DSCC OLED and Mobile LCD Fab Utilization Report, Feb 2022

Figure 19. Monthly TFT Input by Panel Maker, 2020-2022

From the perspective of production capacity investment, investment in the global display panel market has two features: first, the pace of investment in new LCD lines by panel manufacturers has slowed down significantly; second, investment in OLED will remain active, but the direction of investment in OLED will change significantly.

The change in the direction of OLED investment is embodied in the following aspects. First of all, it turns out that panel manufacturers are very active in investing in small-sized, especially flexible OLEDs. The future investment strategy will shift from small-sized to medium-to-large-sized, and from low-generation (6th generation) to mid-to-high-generation lines. According to statistics, it is expected that three 8.5-generation OLED production lines will enter into the mass production stage by 2025. At the same time, the change of OLED investment direction will also change from the original Flexible OLED to multi-technology, AMOLED will continue to expand production, and QD-OLED production capacity will continue to increase. In terms of investment enthusiasm for Hybrid OLED, panel manufacturers represented by Korean factories are currently very active in investment. According to statistics from Sigmaintell, it is expected that the global OLED display panel production area will still maintain a growth rate of more than 10% by 2025, especially as the high-generation OLED lines ramp up, QD-OLED, HybridOLED will expectedly play an increasingly important role in the global OLED panel market from 2023.

Although the investment pace of panel manufacturers in LCD panels has slowed down, Chinese panel manufacturers still maintain an aggressive strategy for the expansion of existing production lines. The expansion of production will also drive the continuous growth of the supply area of LCD panels. According to the statistics of Sigmaintell, it is expected that the global display panel production capacity will reach a rapid growth rate of 12% year-on-year in 2022, and the overall production capacity growth rate will reach the largest increase since 2013. Therefore, it can be predicted that panel manufacturers will face significant pressure of overcapacity in 2022.

In 2021, the global display industry has already formed a competitive situation of "one super and many strong". BOE maintains a clear lead in all applications, with a market share of more than 20% in each

application market in terms of quantity and area shipped. The leading edge is obvious. There is an imbalance in other panel manufacturers. Most manufacturers have certain competitive advantages in some fields, but the overall competitiveness is still not strong. For example, TCL Huaxing and Huike can maintain a market share of about 15% in the TV panel market, but it cannot be ignored that the performance on the IT application panel and the mobile application panel is still relatively weak. In this competitive landscape, it is expected that Chinese panel makers, including TCL Huaxing and Huike, will adopt an aggressive strategy for applications other than TV in the future, including the expansion of existing production lines and the opportunity to increase investment in new production lines.

At present, OLED technology has been gradually popularized, especially in mobile phone applications. According to the statistics of Sigmaintell, the overall proportion of OLED in the global smartphone shipments will reach nearly 40% in 2021, and will continue to grow in the future. , the proportion is expected to be close to 50% by 2025. In particular, the penetration rate of flexible OLEDs in mobile phone applications has shown a trend of significant growth. In 2021, the overall proportion will reach 22%, and it is expected that this proportion will continue to rise to 33% by 2023. Among panel makers, currently, flexible OLEDs are still dominated by Korean fabs. Samsung Display will account for more than 50% of the entire global flexible OLED market in 2021. Although it will shrink due to the increase in production capacity from Chinese panel makers, it will maintain the market share of about 50%. Chinese panel manufacturers are particularly active in capacity expansion, especially BOE and Chinese panel manufacturers including TCL Huaxing, Visionox, Tianma, etc. are actively deploying flexible OLEDs. It is expected that their aggregate market share in 2022 will increase significantly compared to 2021.

The change of panel supply pattern has a huge impact on the global display industry, which will definitely bring changes in the cooperation mode of the industry chain.

First of all, the upstream material supply chain. The shortage of upstream materials, especially semiconductor materials in the past year or so, has accelerated the restructuring of the upstream supply chain, and panel makers are paying more attention to the risk management of the supply chain, among which Chinese panel makers will continue to expand cooperation with local manufacturers. BOE is continuously introducing more local partners and will continue to strengthen its thinking on display semiconductor materials in the future; TCL Huaxing will also introduce more local suppliers to prevent supply chain risks while actively seeking to reach a win-win situation with upstream manufacturers. From the downstream point of view, the diversified layout of the brand supply chain will become an obvious trend to prevent supply chain risks and achieve the purpose of supply chain balance.

Application I - TV

In 2022, the overall demand for TV panels is not optimistic, but there are structural opportunities. The brand's overall stocking strategy tends to be conservative, which affects the number of panel shipments and maintains a year-on-year downward trend. However, thanks to the accelerated promotion of large-scale size, the shipment area continues to increase. Meanwhile, in terms of market segmentation, despite the mediocre performance of the 8K market, the shipment scale of OLED panels and high refresh rate panels will expand significantly, which is worth looking forward to. Especially in 2022, as Samsung Electronics and other leading TV manufacturers join the OLED camp, and Samsung Electronics will also start active and strategic cooperation with LGD in the field of WOLED, it is expected to drive the global OLED TV panel shipment scale to continue to expand. According to Sigmaintell, the number of OLED TV panels shipped in 2021 reached 7.6 million units, a 72.2% year-over-year increase, and it is anticipated that the global OLED TV panel shipment scale will exceed 10 million units in 2022, with a 47.1% year-over-year growth.

According to TrendForce survey, the first half of 2021 TV brand shipments benefited from the U.S. relief fund, making North American shipments continue to boom, at the same time, the brand continued to replenish the panel inventory, pushing up panel prices; the second half of the year, as the epidemic in Europe and the United States tend to ease life back on track, the epidemic dividend is no longer, demand is facing a test. In addition, the rising cost of raw materials and shipping costs has pushed up the cost of the whole machine, and brand owners have to pass the cost on to the terminal price. Even though the brand still hopes to hold the two major promotional holidays of Double 11 and Black Friday at the end of the year, the promotion is ineffective due to the high cost. In 2021, TV shipments will decline by 3.2% annually, reaching 210 million units.

TrendForce further pointed out that in 2022, with the overall abundant panel supply, the situation of big ups and downs in TV panel prices will no longer be seen, and will be replaced by a stable and gentle up and down trend.

After a sharp correction in TV panel prices in the second half of 2021, panel prices this year will be favorable for brand placement. In addition, the epidemic that hit Southeast Asia and emerging markets last year and the high panel prices caused brands to reduce the scale of small-sized 23.6", 32" and 43" products, forcing demand to be deferred. In 2022, the price of small-sized panels will be close to the cash cost of panel makers, which will help brands to increase the proportion of small-sized products, and the proportion of small-sized products to be shipped below 39 inches will be maintained at 25%; medium-sized products from 40 to 59 inches will be maintained at 55%; large-sized products above 60 inches will remain the focus of international brands, and the market share is expected to rise to 20%. Benefiting from the delayed demand for smaller sizes, TV shipments will grow by 3.4% to 217 million units in 2022.

In 2021, OLED TVs benefited from the soaring LCD prices in the previous two years. They are also 55-inch 4K O/C products. The price difference between the two has narrowed from 4.7 times in early 2020 to 1.8 times in mid-2021, attracting more brands to use LCD panels. When supply is limited, it turns to actively deploy OLED TVs. Although Samsung Electronics intends to join the white-light OLED camp and launch QD OLED TVs simultaneously this year, as the price of LCD panels continues to fall, and the price of OLED TV panels is subject to the strategy of LG Display (LG Display) not falling but rising, which may disrupt Samsung Electronics' layout of OLED TVs. If Samsung Electronics fails to launch OLED TVs in spring models, it will inevitably affect the original shipment target of 1.5 million units. However, whether it is the spring or summer to launch OLED TV models, Samsung Electronics will take advantage of its brand and channel advantages to attack the OLED TV market with a market share of 15%.

Since TCL released its first Mini LED TV in 2020, it has opened up new horizons for TV products. In 2021, Samsung Electronics will launch a series of 50-85-inch mid-to-high-end 4K and flagship 55-85-inch 8K Mini LED models, with shipments exceeding one million units in the first year, reaching 1.5 million units, boosting overall Mini LED TV shipments to 2.1 million units in 2021. In 2022, in addition to Samsung Electronics and TCL continuing to operate Mini LED, many brands will also join the ranks. The overall Mini LED TV shipment will challenge 4.5 million units. Among these brands, SONY showed flagship models of 8K 85-inch and 75-inch, 4K 85-inch, 75-inch and 65-inch TVs for the first time at CES at the beginning of this year, which were the most striking. Sony will have the international brand in OLED and Mini LED TVs as Samsung and LG Electronics do, making the competition in the high-end TV market even more intense. In order not to let Korean manufacturers dominate the market, Chinese manufacturers have also started to shift from low-cost LCD TVs to high-end Mini LED TVs.



Source: TrendForce, Jan 2022

Figure20. 2019-2022 Global TV Shipments (in Million Units)

On the whole, in 2022, the plans of various panel manufacturers will gradually become differentiated. The supply scale of panel manufacturers in mainland China will continue to increase, while that of Taiwanese manufacturers and Korean manufacturers will contract by varying degrees. In 2022, the overall LCD TV supply and demand environment will be loose. In the first quarter, there will be excess supply in the off-season, and panel prices will continue to decline, but the decline will gradually dwindle. In the second quarter, supply and demand will tend to balance, and panel prices are expected to stabilize.

In terms of panel factory generation production lines, market research institutions predict that 30% of TV panels will be produced by Gen 10 or above production lines in 2022. LG Electronics market research firm predicts that in 2022, the proportion of TV panels produced by production lines of Gen 10 or above will reach 30%. The 8th generation line, which originally mainly produced TV panels, will be converted to produce panels for information products such as NB and tablet PCs. Korean media Theelec quoted Omdia data to report that in 2022, the ratio of TV panels produced by global Gen 10 and Gen 10.5 lines will be 31.8%, up 3 percentage points from 2021. The ratio of TV panels produced by Gen 8.5 and Gen 8.6 lines will be less than 60%. This forecast included LCD and OLED TV panels.

Due to the spread of the COVID-19 (New Coronary Pneumonia) epidemic, major panel manufacturers will use Gen 8.5 and Gen 8.6 lines to produce panels for information products such as NBs, monitors, and tablet PCs from the second half of 2020. These products are more profitable than TV panel. The Gen 10.5 lines include BOE B9 and B17, TCL CSOT's T6 and T7, and SAKAI SIO's Guangzhou production line. These production lines are scheduled to increase the output of large-size TV panels such as 65-inch and 75-inch.

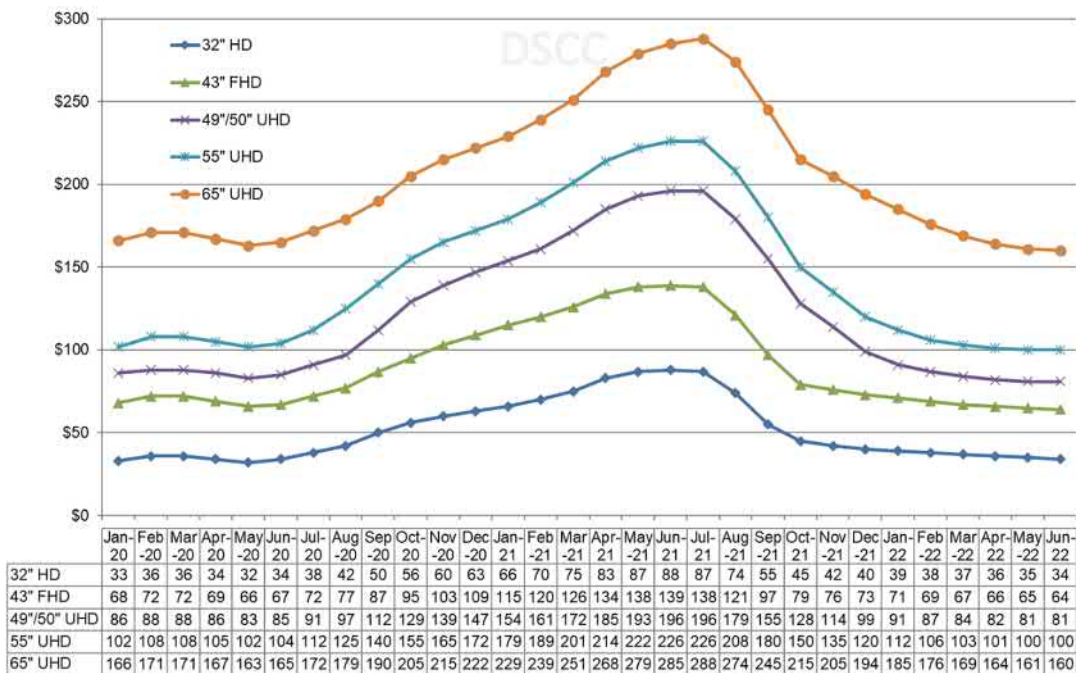
LCD TV was originally the most important product of the Gen 8 lines. In 2022, the proportion of LCD TV panels in the total output of the Gen 8.5 and 8 lines will be reduced to 48.7%; in 2021, it was 54.8%. During the same period, in the total output of Gen 8.5 and Gen 8.6 lines, the proportion of desktop monitors will increase from 20.9% to 24.4%; the proportion of NB production capacity will increase slightly from 7.4% to 7.9%.

A shortage of display driver chips (DDIs) starting in early 2021 may have an impact on the development of TV panels toward larger sizes. Because it is common for TV panels and monitor panels to be produced on the same generation production line, DDI for TV can also be used in monitors. In order to increase profits, panel manufacturers may choose to increase the production of monitor panels and

large-size TV panels when the quantity of DDI is limited. That is the reason why major panel manufacturers preferred to producing monitor panels and large-size TV panels in the second half of 2020.

LCD TV panel prices, which peaked in summer 2021, fell through the second half of the year and are continuing to fall in the new year. The pace of price decreases is slowing, and we expect that pattern to continue through the first half of the year as prices approach cash cost for some panel makers. The increasing panel prices led to an unprecedented increase in TV prices in the US and around the world, which hindered demand. Inventory is now more than sufficient across the LCD value chain from panel makers to retailers, which acts as a headwind for panel prices.

The following chart shows both the biggest price increases in the history of the flat panel display industry, from May 2020 to June/July 2021 and then the fastest price decreases in the industry in the autumn of 2021. All sizes of panels have been at lower prices Y/Y since November.



Source: Statista, Feb 2022

Figure 21. LCD TV Panel Prices January 2020 – June 2022

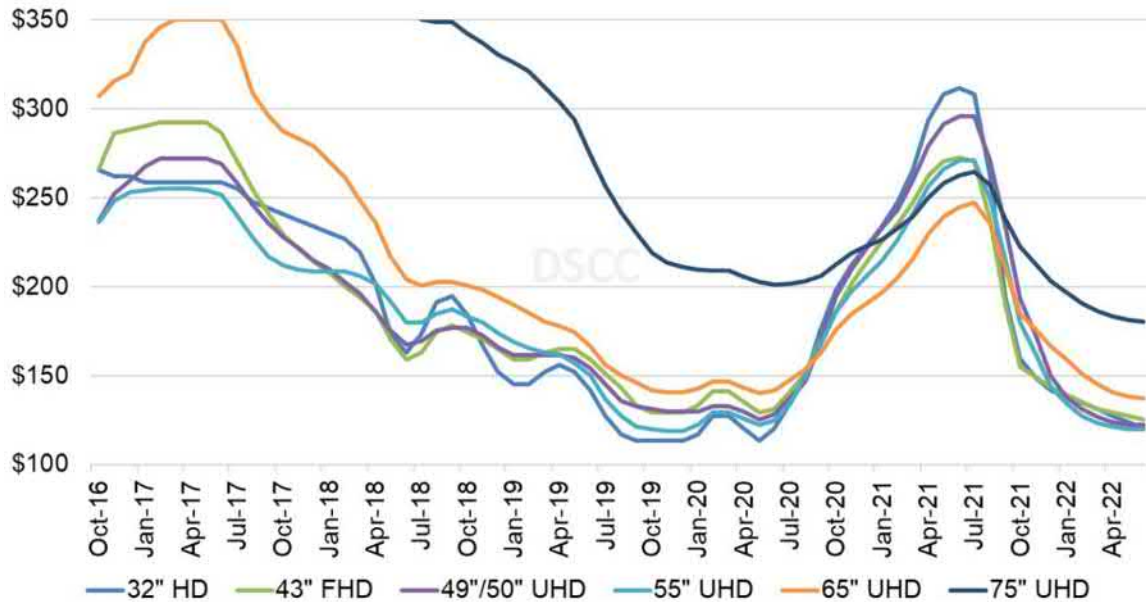
In January 2022, prices for all TV panel sizes fell, and for the third month in a row, the largest percentage declines occurred in the two sizes that are optimized on Gen 8.5/Gen 8.6 fabs. Prices for both 49\"/>

The fourth quarter of 2021 saw the biggest Q/Q price declines in the history of the flat panel display industry. Price declines ranged from 17% on 75\"/>

Although the declines are slowing down in Q1, they are still severe for panel makers. It is expected that Q/Q price declines in Q1 2022 to range between 9% and 23% and to average 14%. With the most severe price declines occurring on 49\"/>

When it comes to pricing on an area basis, all sizes 55" and below seem to be equally commoditized and area prices for all these sizes are converging. In February 2022, 55" are the lowest priced panels on an area basis at \$127 per square meter, but all the sizes below 65" are in a narrow range between \$127 and \$135.

Monthly Area Prices per Square Meter for TV Panels, October 2016 – June 2022

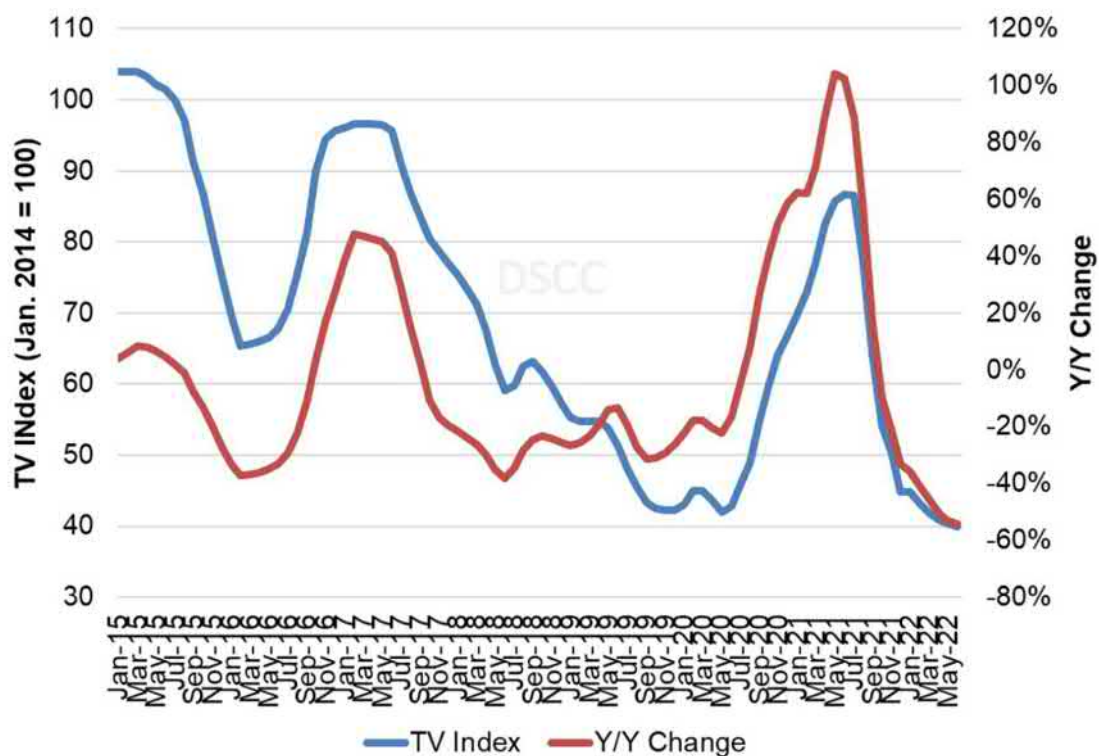


Source: DSCC, Feb 2022

Figure22. Monthly Area Prices per Square Meter for TV Panels, October 2016 – June 2022

While prices have converged for all the smaller size panels, 65" and 75" panels continue to have a premium on an area basis. For February 2022, 65" panels sell at a premium of \$24 or 19% over 55", and 75" panels have a premium of \$54 or 50%. Panel makers with Gen 10.5 capacity (BOE, CSOT and Sharp SIO) are at a relative advantage in the current oversupply environment.

The last chart here shows the TV price index, set to 100 for prices in January 2014, and the Y/Y change of LCD TV panel prices. The index increased from its all-time low of 42 in May 2020 to 87 in June 2021, but prices already declined to 45 in January. It is currently expected that the index will decline to 41 by April, 50% lower than March 2021 and representing an all-time low for LCD TV panel prices.



Source: DSCC, Feb 2022

Figure23. TV Panel Price Index and Y/Y Change, January 2015 – June 2022

Application II – Monitors

In the post-epidemic era, the global consumer demand for monitors will inevitably fall, but because of the good support of commercial demand, the overall demand for computer monitors remains at a historically high level. And at this stage, consumers are more willing to pay for new monitor technology, which keeps momentum of the monitor market towards a continuous structural upgrade.

Due to the gradual increase in the production capacity of monitors, coupled with the growth in panel manufacturers' monitor supply planning, the supply of monitor panels in 2022 is expected to maintain growth. Combined with changes in the demand structure, the overall supply and demand situation in 2022 will be relatively loose. Therefore, it will lead to a continuous decline in the price of monitor panels at least in the first half of 2022.

Affected by the demand structure, the upgrade momentum of the monitor market will slow down, but there are still representative markets with growth potential, such as Gaming, which is driven by the dual engines of 240Hz and OLED, and the Gaming market in 2022 can still maintain positive growth; Another example is Ultrawide. With the active strategies of suppliers, the entire supply chain works seamlessly to drive the aggressive growth of the Ultrawide market in 2022; the Curved surface market will enter a state of slow growth, in the hope that the market can find new growth momentum.

According to TrendForce, Mini LED products have the advantages of high contrast and high brightness. Therefore, several LCD monitor (Monitor) brand manufacturers are also launching Mini LED backlight LCD monitors in high-end products (Mini LED chip size is defined as 75~500μm), the price of Mini LED-backlit LCD monitors in 2021 will be about US\$2,300~5,000. Take a 31.5-inch Mini LED backlight model for example. Its price is about 4~8 times the conventional LED backlight specifications of the same size, and it ranks at the top of the pyramid of the product portfolio.

Due to the high price and the product has just started, the market size is relatively limited. It is estimated that the shipment of LCD monitors equipped with Mini LED backlight is 51,000 units in 2021.

Table8: Comparison between Conventional LED and MiniLED

	傳統LED	Mini LED
晶片尺寸	>500µm	75~500µm
Peak Brightness (nits)	~1,000	1,500~3,000
對比度	<1,000,000:1	>1,000,000:1
模組厚度	厚	薄
LED使用數量	少	多
價位區間	低~中	中~高

Source: TrendForce, Dec 2021

Looking ahead to 2022, given that QD OLED LCD monitors and OLED LCD monitors will join the market of high-end LCD monitors, the shipment of MiniLED LCD monitors is estimated to be only as many as 65,000 units in 2022, with an annual growth rate of 27%.

In terms of the market share of LCD monitor brands equipped with Mini LED backlight this year, Samsung (Samsung) is in the first place, its Mini LED LCD monitor target group is e-sports players, focusing on high cost performance, with a market share of 58%.

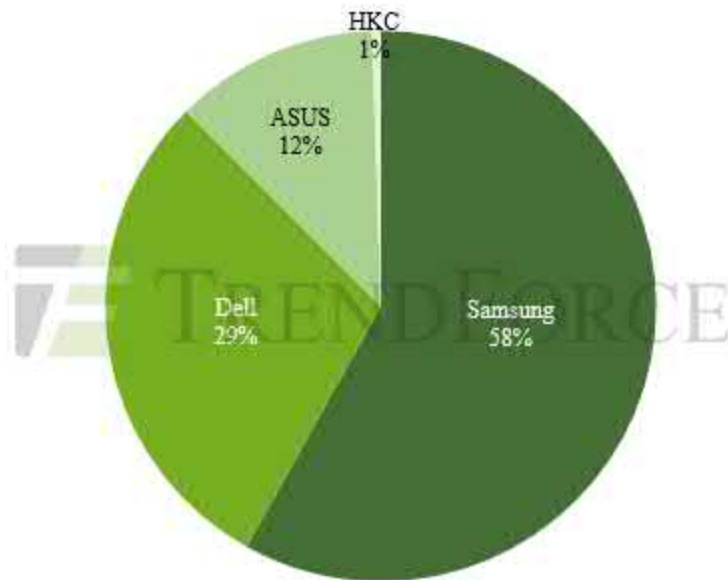
Dell (Dell) aims at professional creators, and so its products highlight advanced specifications; it ranks in the second place with a market share of 29%. The third place is ASUS, which also specializes in e-sports gamers, with a market share of about 12%.

In addition, in terms of the market share of Mini LED-backlit LCD monitors, there are currently only three sizes of products on the market, namely 49-inch, 31.5-inch and 27-inch products. Among them, Samsung exclusively launched a 49-inch 32:9 model, so 58% of the market share was won by 49-inch products; followed by 31.5-inch products with a market share of 39%, both Dell and ASUS launched; 27-inch products with a market share of only 3%.



Source: TrendForce, Dec 2021

Figure24. Shipments for LCD Monitors with MiniLED Backlights(in thousand units)



Source: TrendForce, Dec 2021

Figure25. 2021 MiniLED Monitor Market Share by Brands

Application III - Laptops

In the post-epidemic era, global consumer demand has declined as a whole, and the size of the laptop market is still at a historically high level after the decline of demand. At the same time, opportunities brought about by changes in demand structure can be seen. This opportunity is mainly based on the consumer demand for high-performance products, so the upgrade structure of the laptop market has strong potential in demand.

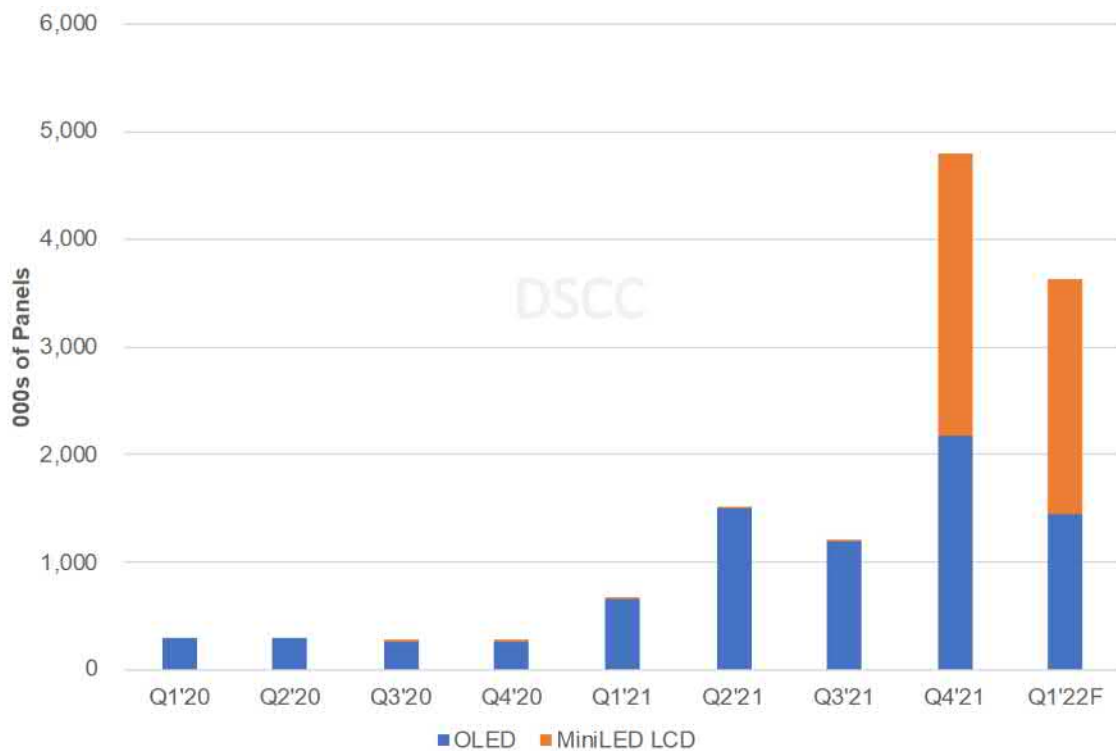
With the growth of Laptop production capacity, especially mid-range and high-end production capacity, the tight supply of Laptops will be significantly relieved in 2022. From the procurement side, there is a certain risk of saturation in the Laptop market in 2022, and therefore, we should be wary of the risk of oversupply in 2022. In this process, there is still a positive side, such as the accelerated trend of large size and structural upgrade, which will accelerate this change and have a better impact on the market.

By sorting out the development potential of the five core technologies such as Gaming, OLED, LTPS, Oxide, and Mini LED in Laptop panels, Sigmaintell believes that, on the whole, in 2022, the situation of the coexistence and development of multiple new laptop technologies will become more obvious. In this process, the technologies with the greatest development potential in 2022 are Gaming, OLED and LTPS; Oxide has slowed down in the past two years due to certain factors, but after 2023, Oxide will welcome new development; and Mini LED is affected by the high cost, and so the future growth rate is limited.

DSCC's Quarterly Advanced IT Display Shipment and Technology Report reveals OLED vs. MiniLED LCD tablet, laptop and monitor shipments by quarter, brand, size, resolution, refresh rate and many other display related and non-display features as well.

Q4'21 was a record quarter for Advanced Laptop displays rising 298% Q/Q and 1717% Y/Y to 4.8M panels. On an annual basis, 2021 was up 629% Y/Y to 8.2M panels. 2021 was 10% higher than predicted as both Apple's MiniLED MacBook Pro's and OLEDs outperformed in Q4'21. MiniLEDs surged to a 54% share in Q4'21 and earned a 32% share for the year on Apple's successful launch of its 14.2" and 16.2" MacBook Pro's. Apple surprised its competition with the 120Hz implementation

with no OLED laptops yet available at 120Hz. 2021 MiniLED results ended up being 30% above our forecast despite supply chain constraints as Apple and its partners worked through these issues better than expected.



Source: DSCC's Quarterly Advanced IT Display Shipment and Technology Report, Feb 2022

Figure26. Advanced Laptop Display Shipments by Technology

Looking just at OLEDs, Asus led each quarter of 2021 and is expected to lead in each quarter of 2022. OLEDs came in 3% better than expected in 2021 at 5.5M units. Asus' unit share is expected to fall from 55% in 2021 to 46% in 2022. In 2021, Samsung was #2, followed by Lenovo. In 2022, Lenovo and Dell are expected to round out the top three.

For 2022, we expect Advanced NBs to rise 126% Y/Y to 18.5M units, split 50% for MiniLED and 50% for OLED. Apple is expected to lead this category from Q4'21 to Q4'22 with at least a 40% share on a unit basis and a 56% share on a revenue basis each quarter.

SDC has been the dominant OLED panel supplier with the MiniLED market split between LGD and Sharp and AUO serving other MiniLED brands. SDC led in Q4'21 with a 46% share and is expected to lead in each quarter through Q4'22. On a \$US basis, LGD led in Q4'21 and is expected to lead through Q3'22 on higher prices for MiniLEDs than OLED, given Apple's high-end implementation, with SDC reclaiming the top spot in Q4'22 on higher volumes.

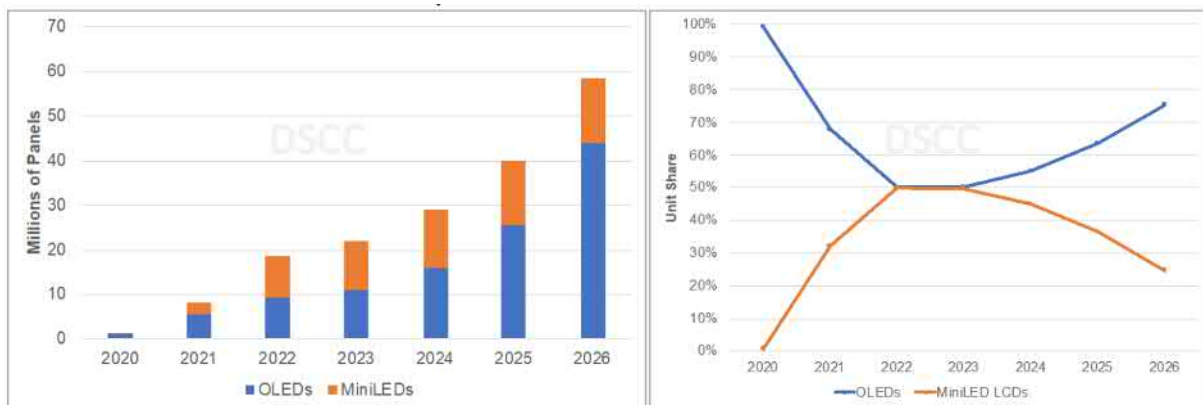
By size in Q4'21, 14.2" MiniLED led with a 28% share followed by 16.2" MiniLED at 26% and 14" OLED with a 17% share. 14.2" and 16.2" are expected to lead each quarter of 2022 as well.

Looking forward, we see impressive growth for both MiniLEDs and OLEDs in laptops with OLEDs eventually gaining the upper hand on enormous capacity coming online targeting the IT market.

MiniLED LCDs also have a significant cost reduction opportunity ahead of them and also benefit from a greater number of suppliers to choose from than in OLEDs. MiniLED LCD costs should fall from:

- Decline in the number of MiniLEDs per device due to efficacy improvements, optical improvements and higher yields;
- Decline in transfer costs from faster transfer equipment with higher yields coming to market in the near future and will also benefit from fewer MiniLEDs per device;
- Lower MiniLED backplane costs from fewer MiniLEDs per device as well as the use of discrete driver ICs should result in simpler PCB backplanes with fewer layers;
- New multi-function optical films are being developed to reduce optical film costs.

Due to the amount of optimized OLED capacity coming online, the cost and performance improvements expected and brands such as Apple eventually migrating from MiniLED to OLED in laptops, we expect OLEDs to outperform in the laptop market, growing at a 51% CAGR from 2021 to 2026 to 44M units vs. MiniLED LCDs growing at a 41% CAGR to 14M units. OLEDs are forecasted to account for a 75% share of this rapidly growing market in 2026 vs. 50% in 2022. Advanced Laptop displays are expected to grow from a 3% unit and 7% revenue share of the laptop market in 2021 to a 23% unit share in 2026 and a majority of display revenues.



Source: DSCC's Quarterly Advanced IT Display Shipment and Technology Report, Feb 2022

Figure27. MiniLED LCD vs. OLED Laptop Panel Shipments and Share

Application IV - Mobile

In 2021, under the panel supply pattern of BOE and Samsung and more players, the competition in the smartphone panel market was white hot, and the integration of the industry chain was accelerated. In terms of technology types, the trend of the market share of each technology type diverged. Among them, the demand for flexible OLED continues to grow, driven by the supply side. It is estimated that by 2025, the market share of flexible OLED smartphone panels will reach about 33% ; In addition to the growth of flexible OLEDs, the penetration rates of a-Si, LTPS, and rigid OLEDs are all in a downward trend.

In recent years, smartphone terminal brands have maintained high inventory levels. As of the end of 2021, there are still large inventories of panels of some technology categories. However, the demand for flexible OLED panels of high-end brands in 2022 will still show an increasing trend. The structure of the supply chain is shifting to mainland China. At the same time, flexible OLED panel factories in mainland China will also grow rapidly, and further enrich the customer structure.

The foldable mobile phone market has great growth potential in the next three years. Statistics from Sigmaintell show that the quantity of global foldable display panel shipments would be close to 13

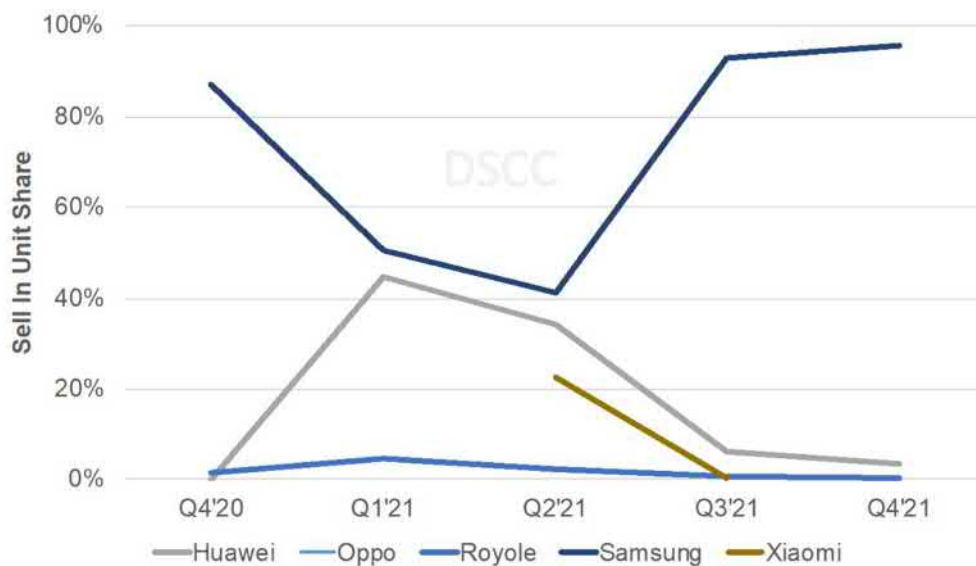
million units in 2021, and it is expected to be close to 80 million units by 2025. From 2019 to 2025, the compound annual growth rate will reach about 88%, showing a very high growth trend. From the perspective of manufacturers, Samsung Display, a Korean manufacturer, will continue to dominate for a long time, and its share in the global foldable display panel market will stabilize at around 80%. More and more Chinese panel manufacturers are participating, such as BOE, TCL Huaxing, Visionox, Tianma and other manufacturers, but in view of the current capacity planning and overall technical strength of Chinese panel manufacturers, the scale of shipments is still relatively limited, and the market share of Chinese panel manufacturers will be around 20%.

DSCC's Quarterly Foldable/Rollable Display Shipment and Technology Report revealed that Q4'21 foldable smartphone shipments rose 65% Q/Q and 520% Y/Y to a record high 4.25M units.

Samsung led with a 96% share on shipments of 4.1M. Samsung has benefited from a strong focus on this category as it looks to grow its flagship share as well as a large technology and capacity lead in foldable displays from its panel business - Samsung Display (SDC). This has resulted not only in a large lead in displays, but ultra thin glass (UTG) as well. According to DSCC Co-Founder and CEO, Ross Young, "Samsung is fortunate that its largest likely competitor, Apple, is not in this market segment and its second largest potential competitor, Huawei, is facing numerous restrictions, which have prevented it from getting panels from Korea or 5G chips. Most of its other potential competitors (Google, Oppo, Vivo and Xiaomi) are all relying exclusively on Samsung Display in 2022 for panels and UTG, giving Samsung significant influence over the foldable display supply chain. Most of the Chinese brands' foldable programs have been relatively small in volume and short-lived. Thus, we should expect Samsung to continue to dominate this market although they will inevitably lose some ground as more brands enter."

Foldable smartphone revenues rose 66% Q/Q and 342% Y/Y to \$5.8B, a record high. Samsung's Q4'21 revenue share was also dominant at 92%.

Samsung Display held a 92% unit and revenue share in Q4'21 with its unit share at 80% for all of 2021 and likely to expand in 2022 to 85% as it enjoys over 4000% growth in shipments outside of Samsung. Shipments outside of Samsung are forecasted to rise from 1% of its 2021 shipments to 13% of its 2022 shipments.

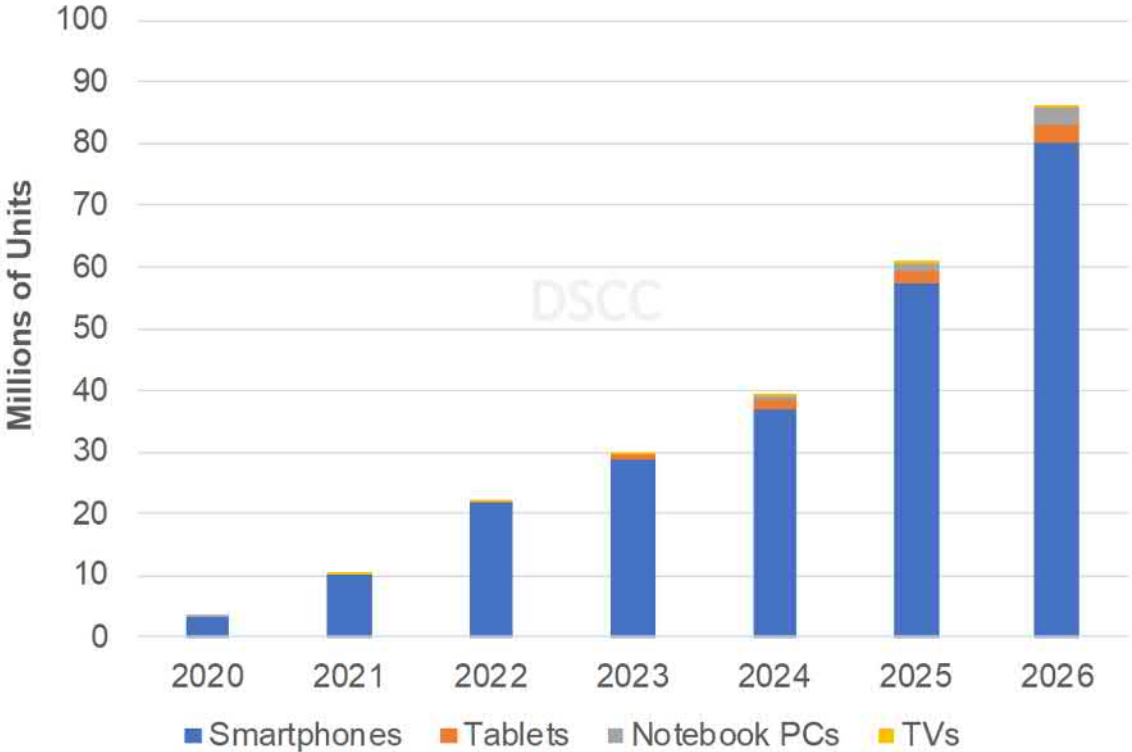


Source: DSCC's Quarterly Foldable/Rollable Display Shipment and Technology Report, Feb 2022

Figure28. Q4'20 – Q4'21 Quarterly Foldable Smartphone Sell-In Unit Market Share

Looking forward, DSCC expect foldable/rollable panel volumes to grow at a 54% CAGR from 2021 to 2026 to 86M. Smartphones will dominate with at least a 93% share through the forecast and a 52% CAGR. Although laptops still need to resolve their multi-screen support challenges, more brands are expected to field products, including Apple and DSCC shows laptops growing at a 232% five-year CAGR. Tablets can benefit from multi-fold, improving their portability and should also enjoy significant growth. TVs will remain expensive until technical issues are resolved.

SDC is expected to lead the foldable/rollable market throughout the forecast reaching an 85% share in 2022 before declining to 69% in 2026 and \$8.2B in revenues.



Source: DSCC’s Quarterly Foldable/Rollable Display Shipment and Technology Report, Feb 2022

Figure29. Foldable/Rollable Panel Forecast by Application

Application V - Automotive

According to data from Sigmaintell, the cumulative shipments of automotive displays in the first three quarters of 2021 reached about 120 million units, and the annual shipments was about 164 million units, a year-on-year increase of about 22%.

It is worth mentioning that LTPS display shipments grew significantly in 2021, mainly due to the increased demand for automotive displays in smart seats, as well as the shift to OLED panels for smartphones and other applications, prompting more LTPS LCD production capacity to be allocated to automotive displays, with LTPS market share reaching 12% in 2021 and expected to reach 50 million units by 2025. The market share of LTPS reached 12% in 2021 and is expected to reach 50 million pieces by 2025, which will increase the market share to 23%.

In the technical direction, the development trend of automotive display towards large size and high resolution is also very clear. At the same time, in the future, there will be more and more car brands

and models equipped with OLED displays. However, considering that the application of automotive display technology is more difficult, it is estimated that by 2025, the shipment of OLED automotive displays will be about 3 million pieces. Mini LED backlight products have been mass-produced in other applications, but currently there are relatively few applications in the automotive field. There are already models released, and mass production of automotive application is expected to be achieved in 2022. Mini LED backlight is an upgrade of a-Si LCD, and each panel manufacturer has a plan on it. Therefore, Sigmaintell predicts that by 2025, the shipment of Mini LED backlight automotive display products will reach about 4 million pieces, which is growing rapidly.



Source: Omdia, Digitimes, Mar 2022

Figure30. 2021 Automotive Display Manufacturers' share of shipments

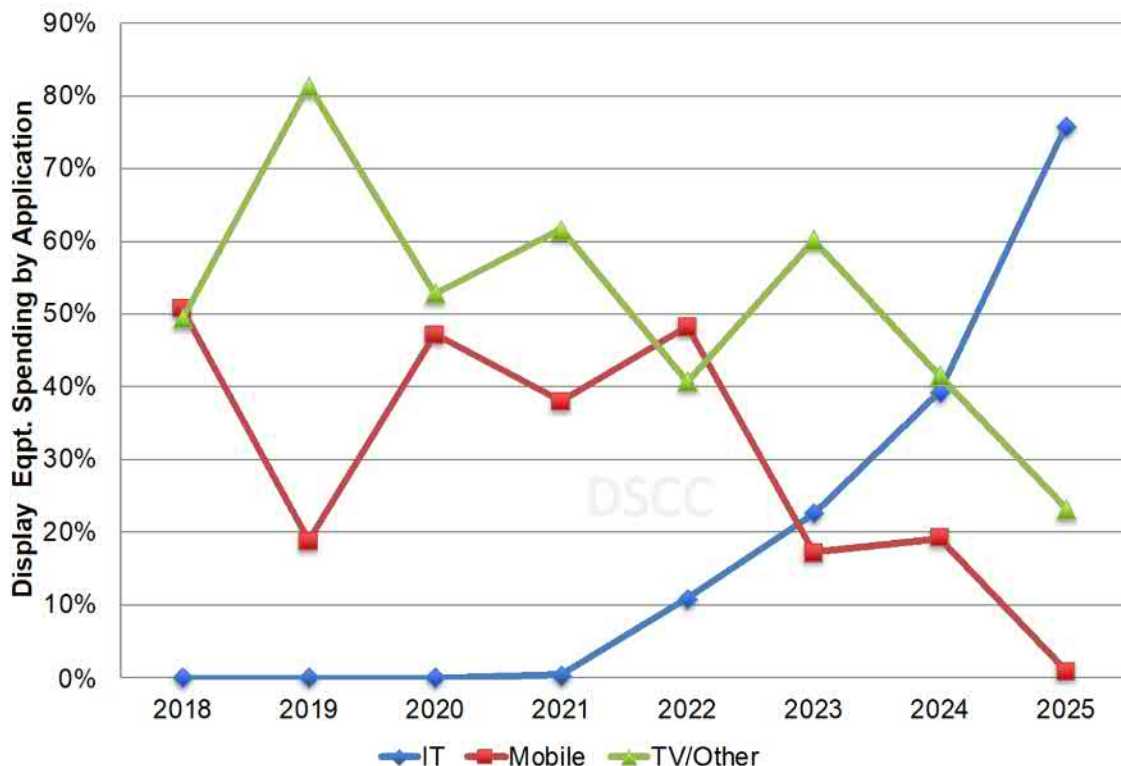
In addition, as the chip shortage also affected the panel industry, the supply of DDI is tight, causing panel clients to hoard panels to avoid the risk of supply chain breakage. This is also one of the reasons for the growth of panel sales in 2021. In the aspect of LCD panels, as cell phones are gradually switching to OLED panels, resources are also being gathered in fields other than cell phones, such as automotive screens.

In the aspect of automotive flat panel displays, the volume of automotive panel shipments increased by 26% in 2021 due to the increasing trend of automotive display screen area. By manufacturer of automotive panels, TMC led the market with a 13.6% market share in 2021 while Japan Display (JDI) was in the second place with a 12.5% market share. BOE ranked third with its market share up to 12.3% in 2021, which was close to JDI. The fourth and fifth places were AUO and LG Display (LGD). If we look at the buyers of automotive panels, Continental, a German automotive component manufacturer, bought the most, accounting for 11.5% in 2021, ranking first. The second place was Denso, a Japanese auto parts manufacturer, accounting for 7.3%. The third place was Visteon, an American auto parts manufacturer, accounting for 6.1%. Next was Desay Group (4.9%), Japan's Panasonic accounted for 4.6%.

These buyers are Tier 1 suppliers of automotive components, as well as manufacturers of electronic components. Automakers seldom directly purchase panels for vehicles, only GM (GM) accounted for 3.7%, and Ford (Ford) accounted for a higher proportion of 2.5%.

Capital Expenditure & Equipment Market

DSCC's Q1'22 Quarterly Display Capex and Equipment Market Share Report reveals that there are now 11 different 15K G8.5/G8.6 IT OLED lines under development and provide the timing and equipment spending for each. IT fab spending is expected to increase every year from 2021 to 2025 and lead OLED spending in 2024 and 2025 and LCD + OLED spending in 2025. Both BOE and Visionox have switched their next smartphone fabs to these cost optimized IT RGB OLED fabs, which hope to narrow the cost gap with LCDs in laptops and other applications. SDC and LGD are also expected to build these lines. The cost reduction opportunities lie with changing the backplane from LTPS or LTPO to IGZO, which has many fewer masks. There are additional cost savings expected by switching from a flexible substrate to a rigid + TFE substrate which should reduce the capex and process steps from the PI coating, PI curing, additional CVD barrier layer and laser lift-off (LLO) steps and also boost yields. Furthermore, there are additional productivity/depreciation expense gains from using G8.5 equipment rather than G6 equipment as although the glass size is around 2X larger, the equipment cost is usually much less.



Source: DSCC's Quarterly Display Capex and Equipment Market Share Report, Feb 2022

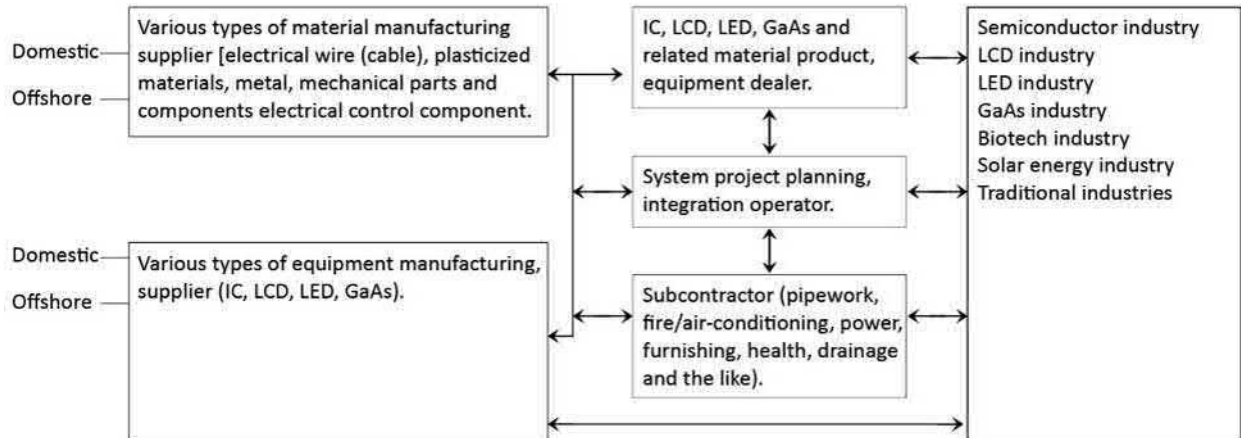
Figure31. LCD and OLED Equipment Spending by Application

As mobility continues to improve, we may still see smartphones made on G8.5 RGB OLED lines if demand outstrips supply at G6. In addition, TVs are another big opportunity if the FMMs can be extended without issues at larger sizes. TVs made with RGB OLEDs should be brighter than WOLED or QD-OLED and should be able to easily achieve 8K, 16K or beyond. Perhaps panel suppliers will target 8K and higher resolution TVs for that reason. While they may start out as a niche, we may see the need for a growing number of these fabs as 8K and beyond evolves.

By targeting multiple applications from a single G8.5 fab, these fabs will have much less seasonality than current G6 OLED fabs which are very dependent on Apple's seasonality. Thus, they will have

similar utilization patterns as existing G8.5/G8.6 LCD fabs which would be very positive for OLED suppliers.

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 its 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 facility 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.

1.2.4 Competitive 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

① Gas 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.

② Chemical 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.

③ Special 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.

④ Factory automated operation

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

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

C. Automated product representation operation

T 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	2020		2021		As of March 31, 2022	
	Personnel	Ratio (%)	Personnel	Ratio (%)	Personnel	Ratio (%)
Doctoral	6	15.38%	5	11.36%	5	9.80%
Master	20	51.28%	24	54.55%	26	50.99%
B.A.	9	23.08%	11	25.00%	15	29.41%
College	4	10.26%	4	9.09%	5	9.80%
Total	39	100.00%	44	100.00%	51	100.00%
Average seniority	4.82		4.85		4.27	

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	As of March 31, 2022
		2021

Research and development expenses (A)	226,158	58,368
Operating income (B)	34,458,674	9,667,890
Ratio (A)/(B) (%)	0.66	0.60

Note: The figures are disclosed based on the 2021 CPA-audited consolidated financial statements and the 2022 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	R&D Performance	Applications
2021	5G IO Gateway	IC、LCD、LED
	FMM repair	OLED Mask
	FPD Cassette cleaner	TFT LCD
	4/6 inch automatic bare wafer loading machining third generation	sapphire etching
	Automatic welding for ultra high pure supply system	Using in dense pipeline and confined space for process equipment

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 ISO 45001 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.
- (5) To expend high tech equipments, source and product line, strengthen basic company growth
- (6) Improve the electric engineering technology and Facilities Integrate ability, enhance the worldwide service ability
- (7) Improve the equipment installation, maintenance service, and extend more service to the customers

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.
- (5) Aggressive to cooperate with the international brand, and develop the ability of domestic production process
- (6) Aggressive develop IOT, Big data, AI, 5G, AR/VR related applications and build up service ability

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	2020		2021	
	Amount	Ratio (%)	Amount	Ratio (%)
Taiwan	11,400,180	45.38	18,276,141	53.04
Mainland China	7,203,398	28.68	8,086,508	23.47
Other	6,516,279	25.94	8,096,025	23.49
Total	25,119,857	100.00	34,458,674	100.00

Note: The above figures are disclosed based on the the 2020 and 2021 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.

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

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 automatived 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 2021 reached approximately 103 billion US dollars, an annual increase of 44.7%, It is expected that 2022 will continuous increase and expected there will be 114 billion US dollars as highest record.

The huge expansion power comes from the front end of Semiconductor (included wafer process, wafer equipments and mask equipments) and back-end (included assembling, packaging and testing), reached the highest record as 88 billion USD dollars of the industry, expect 12% growth in 2022, reached 99 billion US dollars, and a slightly drop 0.5% as 98.4 billion US dollars in 2023.

(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 10.5G 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 、ISO 45001 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 served 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.

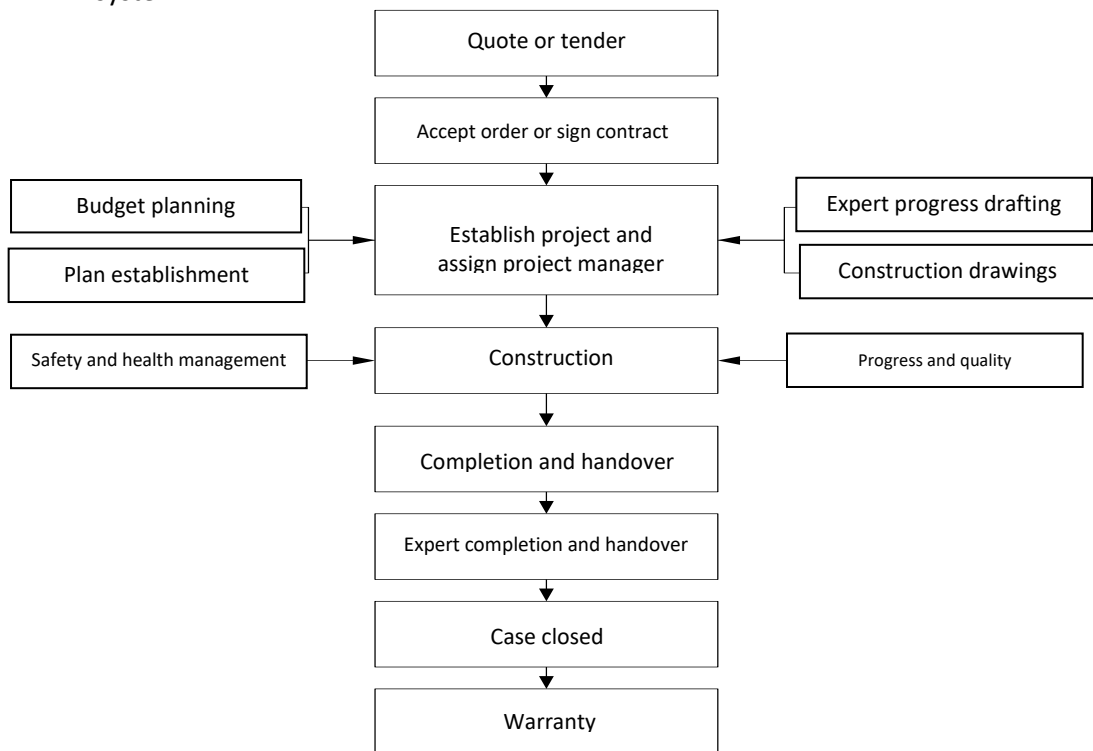
(4) R &D and manufacturing of customized equipment

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.

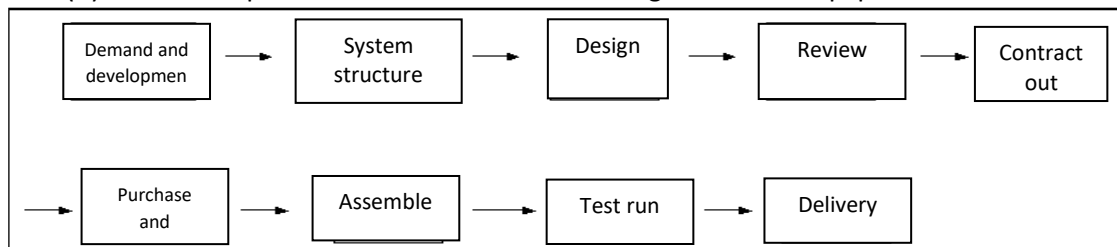
2.2.2. Production process of major product

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	2020				2021				As of end of 2022 Q1 (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	3,942,913	15.70	Non-related	Customer A	7,359,354	21.36	Non-related	Customer A	1,146,096	11.85	Non-related
2	Customer B	2,580,701	10.27	Non-related	Customer B	1,913,548	5.55	Non-related	Customer B	708,677	7.33	Non-related
	Other	18,596,243	74.03		Other	25,185,772	73.09		Other	7,813,117	80.82	
	Net sales	25,119,857	100.00		Net sales	34,458,674	100.00		Net sales	9,667,890	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 2020 and 2021 consolidated financial statement certified by the accountant and 2022 Q1 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	2020			2021		
	Capacity	Yield	Output value	Capacity	Yield	Output value
Sales and service of high-tech equipment and materials	Note	Note	5,674,260	Note	Note	6,427,419
Automation supply system			5,394,618			9,688,512
Total Facility Engineering Turnkey Project			4,726,097			7,166,026
R&D and manufacturing of customized equipment			6,224,540			7,556,735
Total			22,019,515			30,838,692

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 2020 and 2021.

Variation analysis:

The 2021 consolidated operating income was slightly more than the 2020, 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	3,398,621	2,944,207	542,221	3,923,335	3,542,439	461,752
Automation supply system	4,129,086	1,646,993	303,306	7,667,536	1,819,827	932,700
Total Facility Engineering Turnkey Project	2,791,686	1,960,750	159,740	5,107,899	1,733,941	622,028
R&D and manufacturing of customized equipment	1,080,787	651,448	5,511,012	1,577,371	990,301	6,079,545
Total	11,400,180	7,203,398	6,516,279	18,276,141	8,086,508	8,096,025

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 2020 and 2021.

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 2020. Thus, our orders on demand from clients from all different industries had risen, resulting in our consolidated revenue increase in 2021 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:

Date: April 30, 2022

Unit: person(s); %

Item/Year		2020	2020	As of March 31, 2022
Number of employees	Direct worker	882	976	1,014
	Indirect worker	832	821	842
	Total	1,714	1,797	1,856
Average age		38.39	38.40	38.36
Average years of service		8.42	8.40	8.18
Education distribution ratio (%)	Doctor	0.93	0.83	0.86
	Master	12.66	13.24	12.82
	University	46.56	41.63	44.34
	Junior college	24.51	29.16	26.52
	Other	15.34	15.14	15.46

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 benefit 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.

Our corporate group has always attached high importance to the welfare of our employees and rapport in our labor relations, therefore there has not been any labor disputes (in our history). In 2021, due to the severe pandemic causing labor shortages, our industry suffered difficulty in recruiting skilled labors, therefore our staffs worked overtime to make up for this (extraordinary) shortage, resulting in exceeding overtime hours. Subsequently, the Hsinchu Science Park of the Ministry of Science and Technology conducted a labor inspection and imposed a NT\$50,000 fine on September 2, 2021, disciplinary order ChuHuán No. 1100025623 for violating exceeding working hours as stipulated in Chapter IV article 32 section 2 of the Labor Standards Act. Our company has already actively increased efforts in recruitment for additional labors, and has taken steps in moderating work assignments to assure work hours are in line with regulations. Moreover, we continue to maintain our commitment to our principles of strengthening our labor relations to build on a stable, frictionless and mutual beneficiary relations with our valued employees.

6. Information and communication security management

6.1 Describe the information and communication security risk management framework, the information and communication security policy, the specific management plan and the resources invested in the information and communication security management, etc.

1. Information and communication security risk management framework

(1) The information security unit of the Company is the information center, which is responsible for planning, implementing and promoting information security matters.

(2) The audit unit of the Company is responsible for the information security audit work. If the audit finds deficiencies, the audited unit is required to propose relevant improvement plans and report to the board of directors, and regularly track the improvement results to reduce information security risks. The organizational operation mode adopts PDCA (Plan-Do-Check-Act) cycle management to ensure the achievement of goals and continuous improvement.

2. Information and communication security policy

The Company regulates the information and communication security policy in the information and communication security control procedures, including network resources, hardware resources, software copyright and data security, the main purposes are as follows:

- (1) Maintain continuous operation of information-related systems
- (2) Prevent insiders from illegally using software and information
- (3) Prevent external hackers, virus intrusions to damage equipment, and data theft, resulting in operational interruptions
- (4) Protect sensitive and confidential information and prevent data leakage

3. Specific management plan

(1) Network resource security management

① Account/Password management:

Account management: When there is an account demand or change, an application form should be filled out.

Password management: Password settings must be set in accordance with the minimum length and complexity rules for passwords announced by the information unit, and it is mandatory to change passwords quarterly.

Account check: The information unit performs check on idle accounts that have not been logged in for more than a year in the first quarter of each year, and records the account check results.

② Internet and Email Usage Guidelines:

Formulate a standard usage code. If the usage code is violated, the information personnel will issue a slip to the user, and the unit will propose improvement measures.

③ Antivirus system security management:

In order to effectively prevent virus intrusion, strengthen information security, and monitor the status of personal computers in the Company's entire area, the information unit builds the Company's anti-virus system according to the anti-virus system planning standards, and sets up anti-virus automatic protection mechanisms. The virus monitoring center uniformly updates the virus code and sets up a schedule to scan all computers.

④ Network traffic monitoring and management:

In order to grasp the Company's network usage status, the information unit conducts daily monitoring according to the network traffic statistics system

⑤ Personal computer access clearance:

A. Considering information security, after purchasing a general stand-alone computer, the information unit will set the user domain and usage clearance to the Company domain and general user clearance.

B. Computers provided by the Company for personal use are prohibited from being used for other purposes except for official business purposes.

⑥ Firewall management:

- A. In order to block unknown intrusions and attacks from the Internet and ensure the security and integrity of the Company's internal data, the information unit builds a firewall to control the Internet connection in accordance with the Company's information security policy.
 - B. The information unit conducts rule checking operations every six months. If there is any abnormality in the operation, it will confirm the applicability of the rule and make improvements. After confirming that the improvement is completed, record the results.
- (2) Hardware resource security management
- ①After the Company's hardware resources are purchased, it will be managed by the demand unit. If the purchased hardware resources are the main equipment, the information unit will be responsible for management and registration.
 - ②The main equipment needs to be installed on the UPS (uninterruptible power supply) power system device. Take caution of power load and balance during installation.
- (3) Copyright software resource security control
- ①Copyright software purchase and management:
 - A. Basic configuration software: The information unit will evaluate the needs every year and make recommendations and file a budget. After purchase, it will be kept and registered.
 - B. Non-basic configuration software: The demand unit will purchase it according to the needs. After purchase, it will be kept and registered.
 - C. The software should be stored in an appropriate storage location and kept by a designated person.
 - ②Software installation management:
 - A. For the basic configuration software, when a new computer is purchased, the information unit will select the appropriate copyrighted software version and install it based on the overall performance of the stand-alone computer.
 - B. For the installation of non-basic configuration software is newly added or changed, an application form should be filled out and installed by the information unit.
 - C. The information unit should check the installation and use of the software at any time, and notify the responsible unit for improvement if there is any abnormality.
- (4) Information security education and training
- When educating and training new personnel, the information unit will explain the proper use of information resources, and let users understand the threats and concerns of information security.
- In addition to education and training for new recruits, information units should put information security-related information on the Company's internet portal so that users can obtain it at any time.
- (5) Data security controls
- ①Electronic file data storage
 - A. The relevant documents used by the Company shall be uniformly stored in the file server for access. If each unit needs to create a server folder clearance, it should submit an application and the information unit will set it up.
 - B. The information unit audits the server folder clearance management status every month, and records the inspection results.
 - ②Server data backup
 - A. The system and file data stored by the Company need to be backed up, and daily change records should be kept. When necessary, historical data at a certain point in time can be accessed.
 - B. The backup media and host should be password protected.
 - C. Backup data should be stored in an appropriate storage location and properly kept by a designated person. Backup data may not be lent without permission.

- D. Backup data should have two or more backup storage methods, including in-site backup and off-site backup.
- E. Backup data is kept for at least one year.
- ③ Portable storage device control
 - Considering information security, the function of the external storage device should be disabled according to the characteristics of the unit.
- (6) Outsourced information security
 - ① In the outsourcing contract, the information unit should clearly stipulate that the supplier must keep the data processing and process confidential, strictly prohibit leakage, and formulate relevant terms or penalties in the contract.
 - ② The supplier must obtain the consent of the information unit before the operation, or be accompanied by the personnel of the information unit.
- (7) Computer room security control
 - ① The computer room should be set up with access control, monitoring, fire protection, temperature and humidity management and other related configurations
 - ② The access control of the computer room is controlled by the information unit.
 - Personnel entering and leaving the computer room must be approved by the information unit before they can enter and leave the computer room, and they must fill in the log.
 - ③ The maintenance manufacturer must be accompanied by the responsible unit when entering and leaving the computer room, and is restricted to operate within the scope of the operation and must not operate unrelated equipment.
 - ④ Only hardware and software equipment and related documents can be in the computer room, items not required for operation are prohibited from being brought into the computer room.
 - ⑤ The information unit shall inspect the computer room from time to time, and prohibit the storage of flammable materials, unapproved electrical appliances, eating, drinking or smoking.
- (8) Information security incident notification and recovery
 - ① Notification:
 - After an information security incident occurs, the information unit should immediately notify the top director of the information unit after determining the type of disaster. If it cannot be repaired immediately, the head of the information unit should immediately report the incident to the general manager and CEO, and inform colleagues of the scope of influence and possible repair time.
 - ② Emergency response:
 - A. Regarding the signs of the security hazard incidents, it is necessary to identify the cause of the incident, determine the possible impact scope, assess the possible losses, and determine whether it is necessary to apply assistance.
 - B. Obtain solutions through system vulnerability database, Internet access, technical support units, etc.
 - ③ Recovery:
 - A. Check whether the hardware equipment can operate normally. If the hardware equipment is damaged and cannot be used, it can be temporarily replaced with a backup equipment and contact the manufacturer for maintenance.
 - B. Check whether information security risks affect normal operation, and perform system repair or environmental reconstruction after eliminating information security risks.
 - C. After the operation is normal, data recovery and data reset will be performed.
 - ④ Review/Drill:

- A. When the disaster is resolved and recovered, the information unit shall record the cause of the event, disaster response, recovery process, and review and improvement plan.
- B. Information unit needs to conduct drills on the computers for major equipment in accordance with disaster recovery procedures. Information security incident drills are carried out once a year to confirm the effectiveness of the system, and the drill process must be recorded.

4. Resources invested in the information and communication security management

The Company continues to invest resources in the information and communication security management. The investment include improving the security infrastructure in terms of governance and technology, strengthening information security defense equipment, and education and training. Information system security is regularly updated. Employees' information security awareness is strengthened. Conferences and intranet websites are used to promote information security awareness to colleagues. If there is any suspicious information or email, do not open it to avoid hacker attacks and update information security equipment in a timely manner to optimize the protective effect.

6.2 List the losses, possible impacts and countermeasures caused by major information security incidents in the most recent year and up to the date of publication of the annual report. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated:None.

7. Important Contracts

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

Nature	Contracting party	Commencement date and termination date	Main contents	Restriction terms
Agency agreement	Rippe 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 31,2022 Financial Information(Note3)	
	2017	2018	2019	2020	2021		
Current assets	13,643,594	15,268,921	15,635,023	16,013,346	22,945,728	26,410,128	
Property, Plant and Equipment (Note 2)	1,864,277	2,231,933	2,211,675	2,223,383	2,366,042	2,411,972	
Intangible assets	20,115	19,441	16,695	52,792	106,822	104,187	
Other assets(Note 2)	543,157	707,911	1,789,485	1,971,902	2,441,942	2,484,542	
Total assets	16,071,143	18,228,206	19,652,878	20,261,423	27,860,534	31,410,829	
Current liabilities	Before distribution	10,372,850	12,123,395	12,587,440	11,132,653	17,612,523	20,631,574
	After distribution	10,815,391	12,680,169	13,073,224	11,787,920	(Note6) 18,479,926	(Note6) 20,631,574
Non-current liabilities	554,291	367,508	1,227,470	2,762,387	2,445,871	2,307,419	
Total liabilities	Before distribution	10,927,141	12,490,903	13,814,910	13,895,040	20,058,394	22,938,993
	After distribution	11,369,682	13,047,677	14,300,694	(Note6) 14,550,307	(Note6) 20,925,797	(Note6) 22,938,993
Equity attributable to shareholders of the parent	5,144,977	5,666,734	5,800,013	6,272,404	7,672,557	8,353,339	
Capital stock	1,770,164	1,855,913	1,868,400	1,872,192	1,927,562	1,950,181	
Capital surplus	843,057	970,381	982,882	1,029,109	1,562,207	1,785,928	
Retained earnings	Before distribution	2,612,401	2,981,371	3,118,978	3,538,201	4,439,032	4,807,261
	After distribution	2,169,860	2,424,597	2,633,194	(Note6) 2,882,934	(Note6) 3,571,629	(Note6) 4,807,261
Other equity interest	(80,645)	(140,931)	(170,247)	(167,098)	(256,244)	(190,031)	
Treasury stock	0	0	0	0	0	0	
Non-controlling interest	(975)	70,569	37,955	93,979	129,583	118,497	
Total equity	Before distribution	5,144,002	5,737,303	5,837,968	6,366,383	7,802,140	8,471,836
	After distribution	4,701,461	5,180,529	5,352,184	(Note6) 5,711,116	(Note6) 6,934,737	(Note6) 8,471,836

- 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, 2022 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 2021 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\$.)

Item	Year					As of March 31, 2022 Financial Information (Note2)	
	Financial Summary for The Last Five Years (Note1)						
	2017	2018	2019	2020	2021		
Operating revenue	20,211,994	24,415,723	24,182,681	25,119,857	34,458,674	9,667,890	
Gross profit	2,301,337	2,819,196	2,566,979	3,100,342	3,619,982	1,098,038	
Operating Income	800,699	875,753	819,338	1,201,498	1,643,086	547,109	
Non-operating Income/expense	13,276	125,086	71,683	(51,748)	297,295	(32,057)	
Earnings before tax	813,975	1,000,839	891,021	1,149,750	1,940,381	515,052	
Net income from continuing operations	648,829	782,164	669,120	875,502	1,508,422	356,230	
Loss from discontinued operations(Note3)	0	0	0	0	0	0	
Net income (loss)	648,829	782,164	669,120	875,502	1,508,422	356,230	
Other comprehensive income (net after tax)	(62,830)	(45,658)	(38,855)	(5,215)	(80,714)	67,049	
Current comprehensive income/loss	585,999	736,506	630,265	870,287	1,427,708	423,279	
Net earnings attributable to owners of the parent	652,951	792,582	703,006	913,736	1,547,479	368,229	
Net earnings attributable to non-controlling interest	(4,122)	(10,418)	(33,886)	(38,234)	(39,057)	(11,999)	
Comprehensive income/loss attributable to owners of the parent	589,971	747,730	665,065	908,156	1,466,952	434,442	
Comprehensive income/loss attributable to non-controlling interest	(3,972)	(11,224)	(34,800)	(37,869)	(39,244)	(11,163)	
Earnings per share (in dollars)	Basic earnings per share – current(Note5)	3.77	4.40	3.78	4.88	8.24	1.89
	Diluted earnings per share – current(Note5)	3.51	4.21	3.74	4.85	7.80	1.83
	Adjusted Diluted Earnings per Share(Note6)	3.51	4.21	3.74	4.85	7.80	1.83

- 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, 2022 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

Item		Financial Summary for The Last Five Years (Note1)				
		2017	2018	2019	2020	2021
Current assets		8,819,329	10,679,609	10,497,307	11,451,527	16,535,637
Property, Plant and Equipment (note 2)		1,453,359	1,719,499	1,672,574	1,717,285	1,979,380
Intangible assets		15,270	14,032	11,377	48,026	75,746
Other assets(note 2)		2,133,410	2,497,035	3,590,436	3,926,712	4,519,718
Total assets		12,421,368	14,910,175	15,771,694	17,143,550	23,110,481
Current liabilities	Before distribution	6,716,027	8,880,579	8,739,835	8,107,640	13,156,480
	After distribution	7,158,568	9,437,353	9,225,619	8,762,907	14,023,883
Non-current liabilities		560,364	362,862	1,231,846	2,763,506	2,281,444
Non-current liabilities	Before distribution	7,276,391	9,243,441	9,971,681	10,871,146	15,437,924
	After distribution	7,718,932	9,800,215	10,457,465	11,526,413	(Note6) 16,305,327
Capital stock		1,770,164	1,855,913	1,868,400	1,872,192	1,927,562
Capital surplus		843,057	970,381	982,882	1,029,109	1,562,207
Retained earnings	Before distribution	2,612,401	2,981,371	3,118,978	3,538,201	4,439,032
	After distribution	2,169,860	2,424,597	2,633,194	2,882,934	(Note6) 3,571,629
Other equity interest		(80,645)	(140,931)	(170,247)	(167,098)	(256,244)
Total equity	Before distribution	5,144,977	5,666,734	5,800,013	6,272,404	7,672,557
	After distribution	4,702,436	5,109,960	5,314,229	5,617,137	(Note6) 6,805,154

- 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 2021 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\$.)

Item \ Year	Financial Summary for The Last Five Years (Note1)					
	2017	2018	2019	2020	2021	
Operating revenue	15,319,55	16,757,54	17,631,8	18,404,13	25,756,473	
Gross profit	1,849,529	1,937,844	1,855,60	2,376,304	2,569,011	
Operating Income	875,580	748,195	752,258	1,071,831	1,331,657	
Non-operating Income/expense	(59,192)	244,957	125,959	67,010	572,107	
Earnings before tax	816,388	993,152	878,217	1,138,841	1,903,764	
Net income from continuing operations	652,951	792,582	703,006	913,736	1,547,479	
Loss from discontinued operations(Note3)	0	0	0	0	0	
Net income (loss)	652,951	792,582	703,006	913,736	1,547,479	
Other comprehensive income (net after tax)	(62,980)	(44,852)	(37,941)	(5,580)	(80,527)	
Current comprehensive income/loss	589,971	747,730	665,065	908,156	1,466,952	
Earnings per share (in dollars)	Basic earnings per share – current (Note5)	3.77	4.40	3.78	4.88	8.24
	Diluted earnings per share – current (Note5)	3.51	4.21	3.74	4.85	7.80
	Adjusted Diluted Earnings per Share(Note6)	3.51	4.21	3.74	4.85	7.80

- 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 2021 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
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
2021	PricewaterhouseCoopers Taiwan	Lin, Chun-Yao & Wong, Shu-rong	Unqualified

Notes: Due to the internal reorganization of the firm, the certifying accountants of the FY 2021 changed to Lin, Chun-Yao 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)		Financial Analysis over the last Five Years (Note1)					As of Mar. 31, 2022 (Note 2)
		2017	2018	2019	2020	2021	
Capital structure analysis (%)	Debts Ratio	67.99	68.53	70.29	68.58	72.00	73.03
	Long Term Funds to Fixed Assets	305.66	273.52	319.46	410.58	433.13	446.91
Liquidity analysis (%)	Current Ratio	131.53	125.95	124.21	143.84	130.28	128.01
	Quick Ratio	94.30	91.11	96.60	113.06	104.23	98.08
	Interest Guarantee (times)	13.98	16.15	11.56	18.08	32.24	31.32
Operating performance analysis	Average Collection Turnover (times)	4.45	5.18	4.49	4.85	6.86	5.93
	Average Collection Days	82	70	81	75	53	62
	Average Inventory Turnover (times)	2.96	2.72	2.77	3.86	4.09	3.67
	Average Payables Turnover (times)	3.90	4.23	4.10	4.20	4.62	4.16
	Average Days in Sales	123	134	132	95	89	99
	Fixed Asset Turnover (times)	12.43	11.92	10.88	11.33	15.02	16.19
	Total Asset Turnover (times)	1.34	1.42	1.28	1.26	1.43	1.30
Return on investment analysis	Return on Total Asset (%)	4.65	4.87	3.89	4.66	6.46	4.99
	Return on Total Equity (%)	13.31	14.38	11.56	14.35	21.29	17.51
	Pre-tax Profit to Capital Stocks (%) (Note 8)	45.98	53.93	47.69	61.41	100.67	105.64
	Net Income to Sales (%)	3.21	3.20	2.77	3.49	4.38	3.68
	Earnings per Share(NT) (Note 3)	3.77	4.40	3.78	4.88	8.24	1.89
Cash flow analysis	Cash Flow Ratio(%)	12.10	0.80	7.75	12.99	2.49	(6.22)
	Cash Flow Adequacy Ratio (%) (Note 6)	26.81	27.82	31.48	58.24	58.78	23.35
	Cash Flow Reinvestment Ratio (%)	12.69	(4.61)	5.53	9.84	(2.01)	(11.32)
Leverage	Operating Leverage	2.17	2.55	2.33	2.07	1.77	1.72
	Financial Leverage	1.08	1.08	1.11	1.06	1.04	1.03

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

(1)Liquidity analysis:

Increase in interest guarantee: primarily attributes to the increase in the revenue of 2021 and to the decrease in financial costs because of the decrease in interest expenses on bank loans.

(2)Operating performance analysis:

1.Accounts receivable turnover increase and average cash receivable days decrease, due to growth in 2021 where, revenue increased, and average accounts receivable is lower than 2020, resulting in accounts receivable turnover to increase compare

with 2019, with the average cash receivable days decreased compared with 2020

2.Fixed assets turnover has increased due to increase in company revenue, and the operations revenue growth is higher than

the average assets net growth

(3)Return on investment analysis:

1. Increase in return on equity (ROE): primarily attributes to the increase in profits in 2021, 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: primarily attributes to the increase in operating revenue and profits in 2021.

(4)Cash flow analysis:

1. Decrease in cash flow ratio: primarily attributes to an decrease in net cash inflows from operating activities this year.

2. Decrease in cash reinvestment ratio: primarily attributes to an increase in fixed assets, increase in cash dividend, and the substantial decrease in net cash flows 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		Financial Analysis over the last Five Years (Note1)				
		2017	2018	2019	2020	2021
Items (Note4)						
Financial structure (%)	Debts Ratio	58.58	61.99	63.23	63.41	66.80
	Long Term Funds to Fixed Assets	392.56	350.66	420.42	526.17	502.88
Solvency (%)	Current Ratio	131.32	120.26	120.11	141.24	125.68
	Quick Ratio	90.05	80.88	87.14	107.21	97.27
	Interest Guarantee (times)	71.29	58.29	24.93	30.31	40.75
Operating performance	Average Collection Turnover (times)	5.15	5.38	5.41	5.99	8.28
	Average Collection Days	71	68	67	61	44
	Average Inventory Turnover (times)	3.05	2.37	2.55	3.56	3.63
	Average Payables Turnover (times)	4.02	4.02	4.39	4.52	4.66
	Average Days in Sales	120	154	143	103	101
	Fixed Asset Turnover (times)	11.90	10.56	10.40	10.86	13.93
	Total Asset Turnover (times)	1.31	1.23	1.15	1.12	1.28
Profitability	Return on Total Asset (%)	5.65	5.90	4.77	5.74	7.88
	Return on Total Equity (%)	13.39	14.66	12.26	15.14	22.19
	Pre-tax Profit to Capital Stocks (%) (Note 8)	46.12	53.51	47.00	60.83	98.77
	Net Income to Sales (%)	4.26	4.73	3.99	4.96	6.01
	Earnings per Share(NT) (Note 3)	3.77	4.40	3.78	4.88	8.24
Cash flow	Cash Flow Ratio(%)	11.16	0.29	8.71	13.84	(5.98)
	Cash Flow Adequacy Ratio (%) (Note 6)	40.23	29.15	28.98	42.54	22.81
	Cash Flow Reinvestment Ratio (%)	11.32	(6.34)	3.05	7.28	(15.24)
Leverage	Operating Leverage	1.79	2.17	2.01	1.90	1.63
	Financial Leverage	1.01	1.02	1.05	1.04	1.04

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

1. Liquidity analysis:
Increase in interest guarantee: primarily attributes to an increase in revenue for 2021.
2. Operating performance analysis:
 1. Accounts receivable turnover increase and average cash receivable days decrease, due to growth in 2021 where, revenue increased, and average accounts receivable is lower than 2020, resulting in accounts receivable turnover to increase compared with 2019, with the average cash receivable days decreased compared with 2020
 2. Fixed assets turnover has increased due to increase in company revenue, and the operations revenue growth is higher than
3. the average assets net growth Return on investment analysis:
 1. Increase in return on equity (ROE): primarily attributes to the increase in profits in 2021, 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: primarily attributes to the increase in operating revenue and profits in 2021.
4. Cash flow analysis:
 1. Decrease in cash flow ratio: primarily attributes to an increase in net cash flows from operating activities this year.
 2. Decrease in cash reinvestment ratio: primarily attributes to an increase in fixed assets, increase in cash dividend, and the substantial decrease in net cash flows 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

Marketech International Corp.

Audit Committee Audit Report

To: Members of the 2022 Shareholders' Meeting

We, as the Audit Committee of MIC Group, have audited the 2021 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 Lin, Chun-Yao 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 21, 2022

- 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		Difference	
	As of December 31,2021	As of December 31,2020	Amount	%
Current assets	22,945,728	16,013,346	6,932,382	43.29
Property, plant and equipment	2,366,042	2,223,383	142,659	6.42
Intangible assets	106,822	52,792	54,030	102.35
Other assets	2,441,942	1,971,902	470,040	23.84
Total assets	27,860,534	20,261,423	7,599,111	37.51
Current liabilities	17,612,523	11,132,653	6,479,870	58.21
Non-current liabilities	2,445,871	2,762,387	(316,516)	(11.46)
Total liabilities	20,058,394	13,895,040	6,163,354	44.36
Capital stock	1,927,562	1,872,192	55,370	2.96
Capital surplus	1,562,207	1,029,109	533,098	51.80
Retained earnings	4,439,032	3,538,201	900,831	25.46
Other equity interest	(256,244)	(167,098)	(89,146)	(53.35)
Equity attributable to shareholders of the parent	7,672,557	6,272,404	1,400,153	22.32
Non-controlling interests	129,583	93,979	35,604	37.89
Total equity	7,802,140	6,366,383	1,435,757	22.55

Analysis of ratio of change: (if the change is greater than 20% and the amount changed is NT\$10,000,000)

(1) Increase in current assets: mainly due to the increase in contract (assets) and receivables in 2021 . In 2021, due to the growing needs of the contracting projects business, the cost of (work-in-progress) construction increased, resulting in an increase in contract (assets) compared with 2020, and the balance of receivables in 2021 increased compared with 2020 due to operations growth. Overall, the current assets in 2021 increased compared with that in 2020 .

(2) Increase in intangible assets: mainly due to the operations needs in 2021 resulting in an increased expenditure on technology use of rights and patent rights, thereby the intangible assets in 2021 increased compared with 2020 .

(3) Increase in other assets: mainly due to the increase in financial assets measured at fair value through profit and loss in 2021 ; and the lease of land and buildings due to business needs, resulting in an increase in right-of-use assets compared with 2020 .

(4) Increase in current liabilities: mainly due to the increase in short-term borrowings and account payables in 2021 . In 2021, due to the increase in short-term working capital needs for operations growth, short-term borrowings were increased; in addition, the amount of procurement contracts and related expenses at the end of the period increased due to business needs, which increased the account payables in 2021. Overall, the current liabilities in 2021 increased compared with that in 2020.

(5) Increase in capital reserve: mainly due to the conversion of convertible debt to common shares in 2021, resulting in an increase of common shares.

(6) Increase in retained earnings: mainly due to the increase in profit in 2021.

(7) Decrease in other equity: mainly due to the increase in the currency exchange loss from the translation of financial statements of foreign operations in 2021 , resulting in a decrease in other equity interest compared to 2020.

(8) Increase in non-controlling interests: mainly due to the capitalization and acquisition of subsidiary's equity in 2021 , resulting in an increase in non-controlling interests.

- 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 31,2021	As of December 31,2020	Difference	
				Amount	%
Current assets		16,635,637	11,451,527	5,084,110	44.40
Property, plant and equipment		1,979,380	1,717,285	262,095	15.26
Intangible assets		75,746	48,026	27,720	57.72
Other current assets		4,519,718	3,926,712	593,006	15.10
Total assets		23,110,481	17,143,550	5,966,931	34.81
Current liabilities		13,156,480	8,107,640	5,048,840	62.27
Non-current liabilities		2,281,444	2,763,506	(482,062)	(17.44)
Total liabilities		15,437,924	10,871,146	4,566,778	42.01
Capital stock		1,927,562	1,872,192	55,370	2.96
Capital surplus		1,562,207	1,029,109	533,098	51.80
Retained earnings		4,439,032	3,538,201	900,831	25.46
Other equity interest		(256,244)	(167,098)	(89,146)	(53.35)
Total equity		7,672,557	6,272,404	1,400,153	22.32

Analysis of asset change ratio: (Explanation of the change of more than 20% in the previous and subsequent periods and the amount is NT\$10,000,000)

(1) Increase in current assets: Mainly due to the increase in contract assets in 2021.

(2) Increase in intangible assets: mainly due to the operations needs in 2021 resulting in an increased expenditure on technology use of rights and patent rights, thereby the intangible assets in 2021 increased compared with 2020 .

(3) Increase in current liabilities: mainly due to the increase in short-term borrowings and account payables in 2021 . In 2021, due to the increase in short-term working capital needs for operations growth, short-term borrowings were increased; in addition, the amount of procurement contracts and related expenses at the end of the period increased due to business needs, which increased the account payables in 2021. Overall, the current liabilities in 2021 increased compared with that in 2020.

(4) Increase in capital reserve: mainly due to the conversion of convertible debt to common shares in 2021, resulting in an increase of common shares.

(5) Increase in retained earnings: mainly due to the increase in profit in 2021.

(6) Decrease in other equity: mainly due to the increase in the currency exchange loss from the translation of financial statements of foreign operations in 2021 , resulting in a decrease in other equity interest compared to 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		2021	2020	Amount increased (decreased)	Proportion change (%)
Description					
Net Operating Income		34,458,674	25,119,857	9,338,817	37.18
Operating Cost		30,838,692	22,019,515	8,819,177	40.05
Gross profit		3,619,982	3,100,342	519,640	16.76
Operating expenses		1,976,896	1,898,844	78,052	4.11
Operating income from operations		1,643,086	1,201,498	441,588	36.75
Non-operating income and expenses		297,295	(51,748)	349,043	674.51
Income before tax		1,940,381	1,149,750	790,631	68.77
Income Tax		431,959	274,248	157,711	57.51
Net Income of Continuing Operations		1,508,422	875,502	632,920	72.29
Income from discontinued operations		0	0	0	0
Net income		1,508,422	875,502	632,920	72.29
Other comprehensive income (income after tax)		(80,714)	(5,215)	(75,499)	(1,447.73)
Total comprehensive income		1,427,708	870,287	557,421	64.05
Net income attributable to shareholders of the parent		1,547,479	913,736	633,743	69.36
Net income attributable to noncontrolling interests		(39,244)	(38,234)	(823)	(2.15)
Total comprehensive income attributable to shareholders of the parent		1,466,952	908,156	558,796	61.53
Total comprehensive income attributable to the noncontrolling interests		(39,244)	(37,869)	(1,375)	(3.63)
EPS(NT\$)	Basic EPS for current period	8.24	4.88	3.36	68.85
	Diluted EPS for current period	7.80	4.85	2.95	60.82
<p>(1) The company's last 2 years' profit/loss changes in ratio analysis and explanation. If the change in operating gross profit exceeds 20%, the difference should be analyzed separately as in (2).</p> <p>Analysis of the change (increase/decrease) in the ratio: (Analysis and explanation of the changes of more than 20% in the previous and subsequent periods and the amount is NT\$10,000,000)</p> <p>① Increase in net operating income, operating costs and operating profit: mainly due to the increase in customer demand for factories buildup and expansion in the semiconductor industry in 2021, which led to an increase in operating income and operating costs of related businesses, and an increase in operating gross profit along with proper control, the operating profit in 2021 was higher than that in 2020.</p> <p>② Increase in the net profit of non-operating income and expenses: mainly due to the increase in the net profit of financial assets measured by fair value through profit and loss in 2021, resulting in an increase in the net profit from non-operating income and expenses in 2021 compared to 2020.</p> <p>③ Increase in pre-tax net profit: mainly due to the increase in operating profit in 2021 and the increase in the net profit of non-operating income and expenses, making the pre-tax net profit in 2021 higher than that in 2020.</p> <p>④ Increase in income tax expenses: mainly due to the increase in profit in 2021.</p> <p>⑤ Increase in net profit for the current period: mainly due to the pre-tax net profit in 2021 was higher than in 2020, and the income tax expense increased accordingly, and additionally as the operating profit in 2021 increased, net profit in 2021 increased compared with 2020.</p>					

Year	2021	2020	Amount increased (decreased)	Proportion change (%)
Description				
⑥ Increase in the net loss of other comprehensive (loss) (net of tax) in the current period: mainly due to the increase in the currency exchange loss from the translation of the financial statements of foreign operations in 2021 resulting in an increase in net (loss) in other comprehensive (loss) compared with 2020.				
⑦ Increase in total comprehensive (loss) profit for the current period: mainly due to the increase in net profit for the current period in 2021.				
⑧ Increase in earnings per share: mainly due to the increase in net profit in the current period in 2021.				
(2). Analysis of operating profit changes: The change in operating profit did not reach 20%, so it is 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 2022 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 2021 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\$)

Year	2021	2020	Amount increased (decreased)	Proportion change (%)	
Description					
Net Operating Income	25,756,473	18,404,137	7,352,336	39.95	
Operating Cost	23,187,462	16,027,833	7,159,629	44.67	
Gross profit	2,569,011	2,376,304	192,707	8.11	
Operating expenses	1,237,354	1,304,473	(67,119)	(5.15)	
Operating income from operations	1,331,657	1,071,831	259,826	24.24	
Non-operating income and expenses	572,107	67,010	505,097	753.76	
Income before tax	1,903,764	1,138,841	764,923	67.17	
Income Tax	356,285	225,105	131,180	58.28	
Net Income of Continuing Operations	1,547,479	913,736	633,743	69.36	
Income from discontinued operations	0	0	0	0	
Net income	1,547,479	913,736	633,743	69.36	
Other comprehensive income (income after tax)	(80,527)	(5,580)	(74,947)	(1,343.14)	
Total comprehensive income for the year	1,466,952	908,156	558,796	61.53	
EPS(NT\$)	BasicEPS for current period	8.24	4.88	3.36	68.85
	Diluted EPS for current period	7.80	4.85	2.95	60.82

Description	Year		Amount increased (decreased)	Proportion change (%)
	2021	2020		
<p>(1) The company's last 2 years' profit/loss changes in ratio analysis and explanation. If the change in operating gross profit exceeds 20%, the difference should be analyzed separately as in (2).</p> <p>Analysis of the change (increase/decrease) in the ratio: (Analysis and explanation of the changes of more than 20% in the previous and subsequent periods and the amount is NT\$10,000,000)</p> <p>① Increase in net operating income, operating costs and operating profit: mainly due to the increase in customer demand for factories buildup and expansion in the semiconductor industry in 2021, which led to an increase in operating income and operating costs of related businesses, and an increase in operating gross profit along with proper control, the operating profit in 2021 was higher than that in 2020.</p> <p>② Increase in the net profit of non-operating income and expenses: mainly due to the increase in the net profit of financial assets measured by fair value through profit and loss in 2021, resulting in an increase in the net profit from non-operating income and expenses in 2021 compared to 2020.</p> <p>③ Increase in pre-tax net profit: mainly due to the increase in operating profit in 2021 and the increase in the net profit of non-operating income and expenses, making the pre-tax net profit in 2021 higher than that in 2020.</p> <p>④ Increase in income tax expenses: mainly due to the increase in profit in 2021.</p> <p>⑤ Increase in net profit for the current period: mainly due to the pre-tax net profit in 2021 was higher than in 2020 , and the income tax expense increased accordingly, and additionally as the operating profit in 2021 increased, net profit in 2021 increased compared with 2020 .</p> <p>⑥ Increase in the net loss of other comprehensive (loss) (net of tax) in the current eriod: mainly due to the increase in the currency exchange loss from the translation of the financial statements of foreign operations in 2021 resulting in an increase in net (loss) in other comprehensive (loss) compared with 2020.</p> <p>⑦ Increase in total comprehensive (loss) profit for the current period: mainly due to the increase in net profit for the current period in 2021.</p> <p>⑧ Increase in earnings per share: mainly due to the increase in net profit in the current period in 2021.</p> <p>(2). Analysis of operating profit changes: The change in operating profit did not reach 20%, so it is not applicable.</p>				

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 2022 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 2021 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

Analysis of latest year's change in cash flow/Future (year) cash flow analysis

3.1 Analysis of consolidated cash flows (Consolidated Financial Statements)

3.1.1. Change in cash flows for the latest year

Unit : NT\$ thousands

Cash and cash equivalents at beginning of period (December 31, 2010)	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, 2021)
2,992,379	437,799	(605,570)	1,389,807	(26,760)	4,187,655
Analysis of change in cash flows for the year (2021) are as follows:					
(1) Net operating activity cash inflow is NT\$437,799 thousand, primarily attributes to the increase in the cash collection of accounts receivable.					
(2) Investment activity net cash outflow is NT\$605,570 thousand, primarily from purchasing real estate, plant, and equipment in response to operating and manufacture needs.					
(3) Capital raising activity net cash inflow is NT\$1,389,807 thousand, primarily from cash inflow from cash dividend distribution.					
Thus, the cash flow in 2021 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		
	2021	2010	Variance(%)
Cash Flow Ratio	2.49	12.99	(80.83)
Cash Flow Adequacy Ratio	58.78	58.24	0.93
Cash Reinvestment Ratio	(2.01)	9.84	(120.43)
Analysis of changes (increase/decrease) in ratio: (Explanation for analysis of the ratio of increase & decrease above 20% between two periods)			
(1) Decrease in cash flow ratio: which mainly due to the decrease in net cash inflow from operating activities and an increase in current liabilities.			
(2) Decrease in cash reinvestment ratio: primarily attributes to the decrease in net cash inflow from operating activities ,and an increase in fixed assets and cash dividend .			

3.1.3. Liquidity analysis for future 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	Cash deficiency planning	
				Investment plans	Financing plans
4,187,655	934,063	(909,998)	4,211,720	Not applicable	
(1) Analysis of expected changes in cash flows for the year (2022) 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, 2020)	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, 2021)
1,562,493	(786,293)	(866,881)	1,536,833	1,446,152
Analyses of changes in cash flows for the year (2021) are as follows: ① Net operating activity cash inflow at NT\$786,293 thousands, which primarily attributes to the increase in the cash collection of accounts receivable. ② Investment activity net cash outflow at NT\$866,881 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\$1,536,833 thousands, which primarily stems from cash outflow in cash dividend. Thus, the cash flow in 2021 was net cash inflow resulting in an decrease 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		
	2021	2020	Variance (%)
Cash Flow Ratio	(5.98)	13.84	(143.21)
Cash Flow Adequacy Ratio	22.81	42.54	(46.38)
Cash Reinvestment Ratio	(15.24)	7.28	(309.34)
Analyses of changes in the proportion of increase & decrease: (Explanation for analyses of the proportion of increase & decrease above 20% between two periods) (1) Decrease in cash flow ratio: Net cash outflow from operating activities in 2021, which was mainly due to the increase in current liabilities (2) Decrease in cash flow adequacy ratio: which primarily attributes to the increase in the operating activities, inventories, capital expenditures, cash dividends and the substantial decrease in net cash inflows from operating activities in the last five years. (3) Decrease in cash reinvestment ratio: which primarily attributes to the increase in fixed assets and cash dividend increase			

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 year③	Cash surplus (deficient) ①+②-③	Contingency plans for projected insufficient cash position	
				Investment plans	Financial plans
1,446,152	820,696	(685,102)	1,581,746	Not applicable	
(1) Analyses of expected changes in cash flows for the year (2022) 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.					

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, 2021

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							
Marketech Integrated Pte.Ltd. (shortened as MIPL)	Directly invested subsidiary of the Company	100%	(43,049)	(7915)	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%	1,665,661	295,070	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%	33,757	(586)	It is abroad holding and shift investment business. Major business is to purchase real estate in mainland and provide to local employees for	With the growth demands of business in mainland, it will expand leasing business scale in the future and have balances to the parent	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
					accommodation. The benefits source is rental income. losses in this year were mainly because the rental income is insufficient to cope with operation costs.	company's investment benefits.	industry development.
Tiger United Finance Ltd. (shortened as Tiger)	Directly invested subsidiary of the Company	100%	31,391	(1,983)	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%	11,571	409	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.
Marketech Engineering Pte Ltd. (shortened as MEPL)	Directly invested subsidiary of the Company	100%	(128)	(2,105)	It is the holding company of abroad shift investment business. Investment gains in this year were mainly caused by loss of indirectly invested subsidiary in Myanmar.	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
Marketch Integrated Manufacturing Company Limited (shortened as MIMC)	Directly invested subsidiary of the Company	100%	192,376	(76,361)	Company business was still in development, Impairment loss due to that the adverse impact of the political turmoil in Myanmar may lead to impairment of the plant, resulting in operating losses.	Established for the increasing demand in Myanmar, MIMC mainly provides design, production and assembly services for equipments and 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.	Take timely assessment according to the market requirements and industry development.
MIC-Tech Viet Nam Co., Ltd. (shortened as MIC-Tech VN)	Directly invested subsidiary of the Company	100%	123,939	11,394	The main profit is to actively expand the business, Lead to revenue and profit growth.	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	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
						beneficial investment return of the parent company on us.	
Marketch Co., Ltd.	Directly invested subsidiary of the Company	100%	13,123	(4,778)	Company business expansion falls short of expected, as its operating income falls short of covering the operating cost and expenditure to result in deficit.	Marketch Co., Ltd. is mainly engaged in professional engineering 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.	Take timely assessment according to the market requirements and industry development.
PT Marketch International Indonesia (shortened as PTMII)	Directly invested subsidiary of the Company	99.92%	31,867	(447)	Operating loss as the business is still in development.	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	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
						investment return of the parent company on us.	
eZoom Information, Inc. (shortened as eZoom)	Directly invested subsidiary of the Company	100%	93,588	(37,275)	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.	EZoom is mainly engaged in software building tenders and self-developed software 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.	Take timely assessment according to the market requirements and industry development.
Marketech Ntherlands B.V. (shortened as MNBV)	Invested company of the Company adopting equity method	100%	3,288	(8,397)	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%	53,279	(1,563)	Company business expansion falls short of expected, as its operating income falls short of	MISB mainly engages in the contracting services of automated supply systems for the semiconductor	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
					covering the operating cost and expenditure to result in deficit.	industry. While the demand in South-East Asia 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.	requirements and industry development.
Marketech International Corporation USA (shortened as MICU)	Invested company of the Company adopting equity method	100%	97,807	3,408	The main profit is to actively expand the business, Lead to revenue and profit growth.	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 expand and increase profits. This surely will bring positive influences to the parent company's investment.	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
Spiro Technology Systems Inc. (shortened as STS)	Invested company of the Company adopting equity method	100%	50,535	2,656	The main profit is to actively expand the business, Lead to revenue and profit growth.	Spiro primarily operates in machinery, equipment, parts sales and technical services. The company is currently actively expanding its business and increase revenue, to contribute investment gains to the parent company.	Take timely assessment according to the market requirements and industry development.
Smart Health Corp.	Invested company of the Company adopting equity method	100%	418	(58)	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, 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.
MIC Healthcare Korea Co., Ltd. (shortened as MHK)	Invested company of the Company adopting equity method	100%	5,880	(2,465)	Company business was still in development, resulting in operating losses.	MHK primarily operates in R&D, sales and professional technical services in medical instruments and Components, and with said company currently at operations and manpower integrating stage, an expectation to turn 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
						deficit into surplus profits. This surely will bring positive influences to the parent company's investment.	
Vertex System Corporation	Invested company of the Company adopting equity method	61.35%	45,080	(6,894)	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.	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	25.67%	26,756	(50,475)	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%	65,340	6,374	Net profits mainly were caused by actively business expanding and effectively grasping the market tendency, so that the	Glory primarily operates Communication equipment trading and installation services. The company will	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
					business income and profits were all in growth tendency.	continue developing new business to increase benefits.	requirements and industry development.
MIC techno Co., Ltd. (shortened as MIC)	Invested company of the Company adopting equity method	20%	1,814	(46)	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.
Indirect investment							
MIC-Tech Ventures Asia Pacific Inc. (shortened as MIC-Tech Ventures)	Shift invested subsidiary of SubsidiaryMarket Go	100%	1,664,389	295,166	It is the holding company of abroad shift investment business. Investment losses in 2021 were mainly caused by profits of directly and indirectly invested subsidiary in mainland.	Not applicable.	Take timely assessment according to the market requirements and industry development.
Marketech Integrated Construction Co., Ltd. (shortened as MICC)	Shift invested subsidiary of Subsidiary MEPL	97.69%	(854)	(1,987)	Company business expansion falls short of expected, as its operating income 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, he company will expand	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
						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.	
MIC-Tech (Wu Xi) Co., Ltd. (shortened as MTW)	Shift invested subsidiary of Subsidiary MIC-Tech Ventures	100%	57,373	40,207	The main reason for the profit was increase in sales revenue of semiconductor chiller equipment assembly, increase in operating income and profit	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 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.	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
MIC-Tech (Shanghai) Corp. Ltd. (shortened as SMTS)	Shift invested subsidiary of Subsidiary MIC-Tech Ventures	100%	640,130	146,165	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%	(2,143)	(346)	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. The company continues to develop new businesses, expected to increase parent company's investment income	Take timely assessment according to the market requirements and industry development.
MIC-Tech Electroics Engineering Corp.. (shortened as MTE)	Shift invested subsidiary of Subsidiary MIC-Tech Ventures	100%	605,725	72,327	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	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
						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 semiconductor industry. It is expected to increase parent company's investment income	
MIC-Tech China Trading (Shanghai) Co., Ltd.. (shortened as MCT)	Shift invested subsidiary of Subsidiary MIC-Tech Ventures	100%	60,272	27,645	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.
Rusky H.K. Limited (shortened as Rusky)	Shift invested subsidiary of Subsidiary MIC-Tech Ventures	100%	21,451	22,121	It is the holding company of abroad shift investment business. Investment losses were mainly caused by profits 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 Rusky	87%	18,912	25,468	The profit gained was mainly due to our company's active expansion of sales to effectively take advantage of the market	The company is mainly engaged in waste barrel recycling in semiconductor manufacturing industry,	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
					trend so that our operating income and profit display a growing trend.	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-industry in Taiwan, related factory facility services demand will be increased. It will increase benefits.	requirements and industry development.
Leader Fortune Enterprise Co., Ltd. (shortened as Leader)	Shift invested subsidiary of Subsidiary Russky	31.43%	(3,067)	1,090	It is the holding company of abroad shift investment business. Investment gains were mainly caused by the profits 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 Subsidiary Leader adopting equity method	31.43%	(3,071)	1,090	The profit situation is mainly due to the recognition of foreign currency exchange benefits.	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	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
						will make a profit instead of suffering a loss.	
Frontken MIC Co., Limited (shortened as Frontken MIC)	Invested company of Subsidiary MIC-Tech Ventures adopting equity method	100%	3,153	(1,760)	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 Subsidiary Frontken MIC adopting equity method	100%	-	(1,755)	The loss is mainly due to the fact that the company's business is still in the adjustment stage, So profitabilty and revenue have not yet to manifest.	IMS is mainly engaged in semiconductors, flat panel industry, solar and LED industries. Due to operating losses and business expansion not as expected, the liquidation process was completed in July 2021.	Take timely assessment according to the market requirements and industry development.
MICT International Limited(shortened as MICT)	Invested company of Subsidiary MIC-Tech Ventures adopting equity method	60%	30,409	(11,932)	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.
Integrated Manufacturing & Services Co., Ltd. (shortened as IMS)	Invested company of Subsidiary Ruixuan adopting equity method	60%	29,717	(11,932)	The loss is mainly due to the fact that the company's business is still in the adjustment stage, So profitabilty and revenue have not yet to manifest.	The Company mainly engaged in semiconductor, panel industry, solar energy and LED industry, with differentiated technology, niche type, small amount of variety and high value-added products as market	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
						segments, it is expected to turn losses into profits in the future.	
Fortune Blessing Co., Limited. (shortened as Fortune)	Invested company of Subsidiary MIC-Tech Ventures adopting equity method	27.78%	8,232	(9,742)	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.
Fortune International Co., Limited. (shortened as Fortune International)	Invested company of Subsidiary Fortune adopting equity method	27.78%	3,625	(9,728)	Company operation still in development, therefore, the operating loss for the current period	The company mainly engaged in semiconductor-related industries through diversified operations of property management and park management services, With differentiated technology management as the market segment, it is expected that continuous business expansion and strict cost control will be able to turn losses into profits, effectively contributing to the investment returns of the parent company.	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
PT Marketech International Indonesia (shortened as PTMII) (shortened as PTMII)	Invested company of Subsidiary Russkys adopting equity method	0.08%	28	(447)	Company operation still in development, therefore, the operating loss for the current period	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, 2021.

Note 2: It is the investment boo amount by the end of December 31, 2021

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:
Due 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

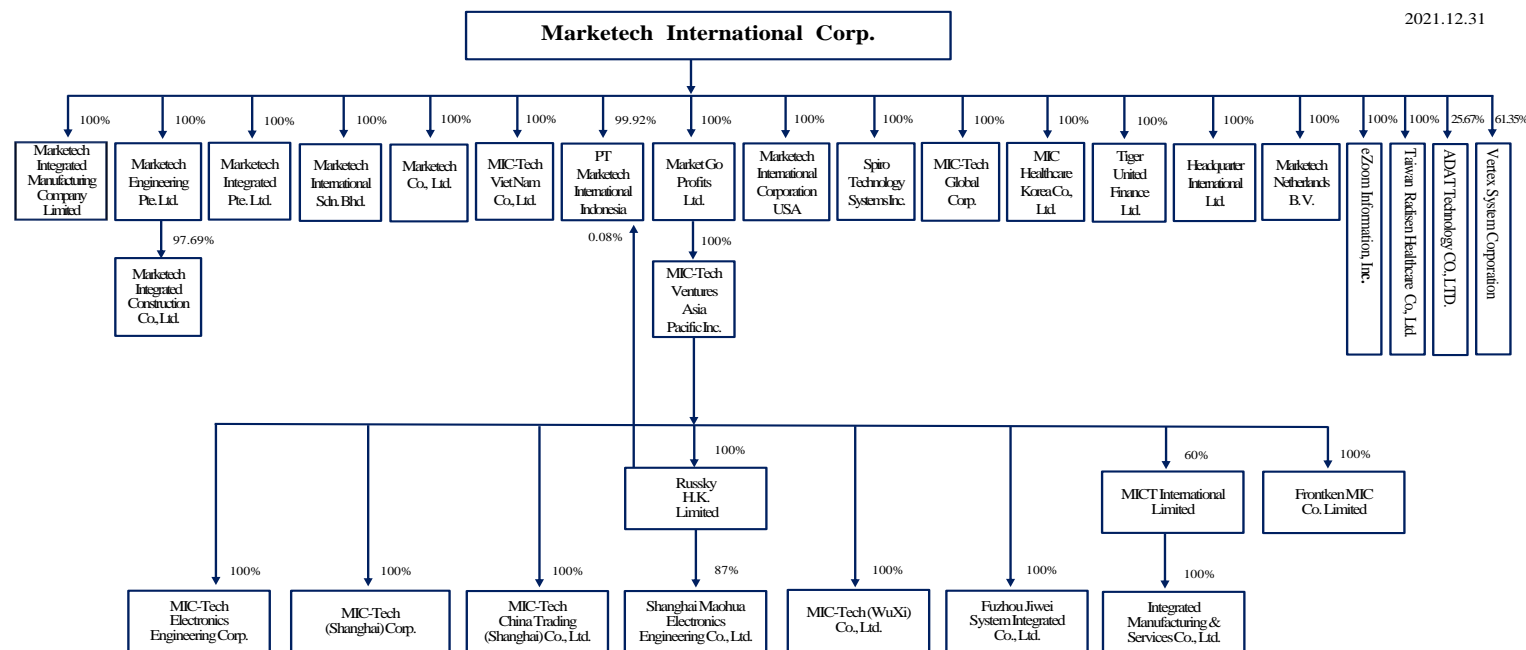
1.Information related to the Company's Affiliates

1.1 Consolidated report on subsidiaries

1.1.1. Organization profile of subsidiaries

(1) Organizational chart of subsidiaries

MIC Group Structure 帆宜集團架構



(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, 2021

Company Name	Date of establishment	Address	Paid in capital		Main businesses or production	
			Original currency	NTD (in thousands)		
Marketech Integrated Pte. Ltd.	Jul. 10, 1997	86 KaKi Bukit Industrial Terrace, Singapore 416166	SGD	10,085,678	206,353	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	1,136,793	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	35,690	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	39,039	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	15,458	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	4,400,000	121,792	Trading, installation and maintenance of various industrial machinery, equipments and supplies
Marketech 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	66,432	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	1,133,956	Engaged in holdings and reinvestment
Marketech 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	77,803	Handles the business of automated supply system in the semiconductor industry
Rusky H.K. Limited	Dec .17, 1992	Rm 1401, The Centre Mark, 287-299 Queen's Road Central, Hong Kong	USD	833,000	23,057	Engaged in holdings and reinvestment
Marketech Engineering Pte. Ltd.	Nov. 28, 2013	86 Kaki Bukit Industrial Terrace Singapore 416166	SGD	937,533	19,182	Handles mechanical and electrical installation and engineering businesses
Marketech Integrated Construction Co., Ltd.	Mar. 3, 2014	67/A, Htan Tapin Street, Kamayut Township, Yangon Region, Myanmar	USD	650,000	17,992	Handles mechanical and electrical installation and engineering businesses
Marketech Integrated Manufacturing Company Limited	Mar. 19, 2015	Plot No. B12, Thilawa Special Economic Zone A, Yangon Region, Myanmar	USD	15,356,000	425,054	Design, production and assembly services for equipments and components of automated production machines.
PT. Marketech International Indonesia	Sep. 25, 2014	VIP Chamber #2, Wisma GKBI Lantai 39 Suite 3901,Jl. Jend. Sudirman No. 28, Kel. Bundungan Hilir, Kec. Tanah Abang Jakarta Pusat	USD	1,200,000	33,216	Trading machinery and equipment

Company Name	Date of establishment	Address	Paid in capital		Main businesses or production	
			Original currency	NTD (in thousands)		
Marketech Netherlands B.V.	Jun.30.2017	Luchthavenweg 81,8657 EA Eindhoven	EUR	900,000	28,188	Machinery, equipment, parts and related international trade operation and technical services
Marketech International Corporation USA	Nov. 14, 2018	1125 W Pinnacle Peak Road #107, Phoenix, 85027, USA	USD	3,750,000	103,800	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	1,000,000	27,680	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	16,608	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	228,111	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 Integrately 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	8,304	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	487,694	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	705,840	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

Company Name	Date of establishment	Address	Paid in capital		Main businesses or production
			Original currency	NTD (in thousands)	
					technical services and technical consultation. Construction equipment, building materials, electronic products, 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	41,520	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	249,120	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	193,760	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	64,705	Engaged in holdings and reinvestment
eZoom Information, Inc.	Nov. 20, 1996	6F-3, No. 3-2, Yuanqu Street, Nangang District, Taipei	NTD 230,000,000	230,000	Research and development, buying and selling and consultation of information system software and hardware
ADAT Technology Co., LTD.	Oct. 19, 2017	6F, No. 3-2, Yuanqu Street, Nangang District, Taipei	NTD 163,864,130	163,864	Software research and development, application and services; electronic information provisioning and equipment sales
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.
MIC Healthcare Korea Co., Ltd	Oct. 21,2021	1608, 199, Baekbum-Ro, Mapo-Gu, Seoul, Korea	KRW 350,000,000	8,225	Sale and research development of Medical equipment technology ,trading business
Vertex System Corporation	Mar. 19,2020	21F.-7, No. 77, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City	NTD 81,500,000	81,500	5G communication, IOT smart control system and software platform, IT and telecommunication CT service

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 common and Its Subsidiaries with Deemed Control and Subordination:

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. Marketech Integrated Pte. Ltd., Marketech International Sdn. Bhd., Mic-Tech Viet Nam Co., Ltd., Hoa Phong Marketech Co., Ltd., Marketech Intergrated Construction Co., Ltd. and Marketech 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. Marketech 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 Marketech 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: Dollar; shares: %
December 31, 2021

Company Name	Title	Name or representative	Shareholding (Note 2 and 3)	
	(Note 1)		Number of shares or capital contributions	Shareholding ratios
Marketech Integrated Pte. Ltd.	Chairman Director Director	Kao Hsin-Ming Scott Lin Loo Lam Huat	SGD 10,085,678	100%
Market Go Profits Ltd.	Director Director	Kao Hsin-Ming Scott Lin	USD 41,069,104	100%
Headquarter International Ltd.	Director Director	Kao Hsin-Ming Scott Lin	USD 1,289,367	100%
Tiger United Finance Ltd.	Director Director	Kao Hsin-Ming Scott Lin	USD 1,410,367	100%
MIC-Tech Global Corp.	Director Director Director Supervisor General Manager	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	Kao Hsin-Ming	USD 4,400,000	100%
Marketech Co., Ltd.	General manager	Kao Hsin-Ming	USD 2,400,000	100%
Marketech Engineering Pte.Ltd.	Director Director Director	Kao Hsin-Ming Scott Lin Loo Lam Huat	SGD 937,533	100%
Marketech Integrated Manufacturing Company Limited	Director Director	Kao Hsin-Ming Scott Lin	USD 15,356,000	100%
MIC-Tech Ventures Asia Pacific Inc.	Director Director	Kao Hsin-Ming Scott Lin	USD 40,966,604	100%

Company Name	Title	Name or representative	Shareholding (Note 2 and 3)	
	(Note 1)		Number of shares or capital contributions	Shareholding ratios
Marketech Integrated Construction Co., Ltd.	Director Director	Kao Hsin-Ming Scott Lin	USD 635,000	97.69%
Marketech International Sdn.Bhd.	Director Director Director Director	Kao Hsin-Ming Scott Lin Ma Kuo-Peng Mohd Salleh Bin Mohamad Siti Zaleha Binti Mohd Salim	MYR 12,242,750	100%
Rusky H.K. Limited	Director Director	Kao Hsin-Ming Scott Lin	USD 833,000	100%
Frontken MIC Co. Limited	Director Director	Kao Hsin-Ming Scott Lin	USD 1,013,200	100%
PT Marketech International Indonesia	Director Director Director Supervisor	Kao Hsin-Ming Scott Lin NATALRIANA Li Yi-Jung	USD 1,200,000	100%
Marketech Netherlands B.V.	Director Director Director	Kao Hsin-Ming Scott Lin Ma Kuo-Peng	EUR 900,000	100%
Marketech International Corporation USA	Director	Sung Bing-Zhong	USD 3,750,000	100%
Spiro Technology Systems Inc.	Director Director Director General manager	Kao Hsin-Ming Scott Lin Sung Bing-Zhong Sung Bing-Zhong	USD 1,000,000	100%
Shanghai Maohua Electronics Engineering Co.,Ltd.	Chairman Director Director Supervisor General manager Director Director	Kao Hsin-Ming Ma Kuo-Peng Scott Lin Li Yi-Jung Kao Hsin-Ming Shouhei Fukaya Osamu Watanabe	USD 803,000	87%
MIC-Tech (Shanghai) Corp. Ltd.	Chairman Director Director Supervisor General manager	Kao Hsin-Ming Scott Lin Ma Kuo-Peng Li Yi-Jung Kao Hsin-Ming	USD 8,241,000	100%
Fuzhou Jiwei System Integrated Co., Ltd.	Chairman Director Director Supervisor	Cheng Wei-Yi Ma Kuo-peng Scott Lin Pan Ai Hua	USD 300,000	100%
MIC-Tech Electronics Engineering Corp.	Chairman Director Director	Kao Hsin-Ming Ma Kuo-Peng Scott Lin	USD 17,619,000	100%

Company Name	Title	Name or representative	Shareholding (Note 2 and 3)	
	(Note 1)		Number of shares or capital contributions	Shareholding ratios
MIC-Tech(WuXi) Co., Ltd.	Chairman Director Director Supervisor General manager	Kao Hsin-Ming Ma Kuo-peng Scott Lin Li Yi-Jung Kao Hsin-Ming	USD 25,500,000	100%
MIC-Tech China Trading (Shanghai)Co., Ltd	Chairman Director Director Supervisor General manager	Kao Hsin-Ming Scott Lin Ma Kuo-peng Li Yi-Jung Scott Lin	USD 1,500,000	100%
MICT International Limited	Director Director Director	Kao Hsin-Ming Scott Lin Wu Jin-Tiao	USD 4,296,716	60%
Integrated Manufacturing & Services Co., Ltd.	Chairman Director Director Supervisor Manager	Kao Hsin-Ming Li Yi-Jung You Zheng-Cun Scott Lin Lin Zhi-Fu	USD 4,296,716	60%
eZoom Information, Inc.	Chairman Director Director Director Supervisor	Corporate representatives Scott Lin Corporate representatives Kao Hsin-Ming Corporate representatives Sung Bing-zhong Corporate representatives Li Yi-Jung Corporate representatives Ma Kuo-Peng	23,000,000	100%
ADTA Technology Co., LTD	Chairman Director Director Supervisor	Corporate representatives Scott Lin Corporate representatives Sung Kao Hsin-Ming Su Kai-Hung Li Yi-Jung	4,205,940	25.67%
Smart Health Corp.	Chairman Supervisor	Corporate representatives Kao Hsin-Ming Corporate representatives Li Yi-Jung	500,000	100%
MIC Healthcare Korea Co., Ltd	Director Director Director Supervisor	Sung Kao Hsin-Ming Scott Lin Joon Ho Baek Li Yi-Jung	KRW 350,000,000	100%

Company Name	Title	Name or representative	Shareholding (Note 2 and 3)	
	(Note 1)		Number of shares or capital contributions	Shareholding ratios
Vertex System Corporation	Chairman	Corporate representatives from other firm Chang, Yu-Hui	50,000,000	61.35%
	Director	Corporate representatives Scott Lin		
	Director	Kao Hsin-Ming		
	Supervisor	Tsai Li-Ling		
	Supervisor	Li Yi-Jung		

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 Value	Operating income	Operating (loss) gain	(Loss) gain of the period (after tax)	Earning per share (loss) (NTD) (after tax)
Marketech Integrated Pte. Ltd.	206,353	71,116	114,165	(43,049)	115,799	(5,291)	(7,915)	
Market Go Profits Ltd.	1,136,793	1,665,661	-	1,665,661	-	(96)	295,070	
Headquarter International Ltd.	35,690	33,925	168	33,757	2,036	(219)	(586)	
Tiger United Finance Ltd.	39,039	31,865	474	31,391	2,420	(1,425)	(1,983)	
MIC-Tech Global Corp.	15,458	59,079	47,508	11,571	183,414	(79)	409	
MIC-Tech Viet Nam Co., Ltd.	121,792	290,427	166,488	123,939	443,713	12,502	11,394	
Marketech Co., Ltd.	66,432	15,934	2,811	13,123	2,603	(4,987)	(4,778)	
Marketech Engineering Ptd. Ltd.	19,182	811	939	(128)	-	(150)	(2,105)	
MIC-Tech Ventures Asia Pacific Inc.	1,133,956	1,664,452	63	1,664,389	-	(427)	295,166	
Marketech International Sdn.Bhd.	77,803	121,449	69,313	52,136	159,574	1,796	(1,563)	
Marketech Integrated Construction Co., Ltd.	17,992	3,734	4,609	(875)	68	(2,193)	(1,987)	
Marketech Integrated Manufacturing Company Limited	425,054	205,540	13,164	192,376	-	(30,234)	(76,361)	
Russky H.K. Limited	23,057	21,451	-	21,451	-	(37)	22,121	
Frontken MIC Co. Limited	64,705	3,153	-	3,153	-	(4)	(1,760)	
PT Marketech International Indonesia	33,216	31,902	3	31,899	-	(393)	(447)	
Marketech Netherlands B.V.	28,188	8,106	4,818	3,288	8,273	(8,397)	(8,397)	
Marketech International Corporation USA	103,800	969,142	871,335	97,807	557,251	6,897	3,408	
Spiro Technology Systems Inc.	27,680	61,018	10,483	50,535	48,823	3,031	2,656	
MIC Healthcare Korea Co., Ltd.	8,225	6,023	143	5,880	-	(2,461)	(2,465)	
Shanghai Maohua Electronics Engineering Co., Ltd.	16,608	375,212	353,475	21,737	450,701	30,336	25,468	
MIC-Tech (Shanghai) Corp. Ltd.	228,111	1,359,707	719,577	640,130	2,678,796	214,858	146,165	
Fuzhou Jiwei System Integrated Co., Ltd.	8,304	29	2,172	(2,143)	580	(232)	(346)	
MIC-Tech Electronics Engineering Corp.	487,694	2,772,133	2,166,408	605,725	3,344,532	108,607	72,327	
MIC-Tech(WuXi) Co., Ltd.	705,840	420,571	362,201	58,370	946,089	55,791	40,207	
MIC-Tech China Trading (Shanghai)Co., Ltd	41,520	93,455	33,183	60,272	144,744	31,610	27,645	
MICT International Limited	249,120	49,531	-	49,531	-	-	(11,932)	
Integrated Manufacturing & Services Co., Ltd.	193,760	75,607	26,079	49,528	27,935	(12,027)	(11,932)	
eZoom Information, Inc.	230,000	140,470	47,867	92,603	121,950	(37,251)	(37,275)	(1.62)
ADAT Technology Co., LTD	163,864	112,427	5,596	106,831	5,177	(50,692)	(50,475)	(3.08)
Smart Health Corp.	500	418	-	418	-	(58)	(58)	(1.17)
Vertex System Corporation	81,500	77,148	7,574	69,574	17,133	(6,923)	(6,894)	(0.85)

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 2021, 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, 2021 AND 2020**

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.

Marketech International Corp.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2021, 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,
Marketech International Corp.
Margaret Kao
February 21, 2022

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of Marketech International Corp.

Opinion

We have audited the accompanying consolidated balance sheets of Marketech International Corp. and its subsidiaries (the "Group") as at December 31, 2021 and 2020, 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, 2021 and 2020, 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

We conducted our audits 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. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant 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, 2021. 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, 2021 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(19) 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 contracts list for this fiscal year, and checked whether the total contract price is equal to the amount being used to calculate construction contract revenue. Ascertained whether any additional construction supplements can be traced back to supplementary contracts.
- C. Checked the significant newly added construction projects, sample tested the construction costs incurred, estimation sheets and subcontract plans, and ascertained whether these have been approved appropriately by the management.
- D. Checked the significant changes in the estimation of construction cost, and ascertained 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(12) 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(9)and(10) 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 Marketech International Corp. as at and for the years ended December 31, 2021 and 2020.

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 the generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient 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.

Lin, Chun-Yao

Weng, Shih-Jung

For and on behalf of PricewaterhouseCoopers, Taiwan

February 21, 2022

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 independent auditors' report 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, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2021		December 31, 2020		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 4,187,655	15	\$ 2,992,379	15
1110	Financial assets at fair value through profit or loss - current	6(2)	175,306	1	140,684	1
1136	Current financial assets at amortized cost	8	747	-	45,691	-
1140	Current contract assets	6(19)	8,510,574	30	5,306,618	26
1150	Notes receivable, net	6(3)	52,866	-	50,671	-
1160	Notes receivable - related parties	6(3) and 7	113	-	-	-
1170	Accounts receivable, net	6(3)	4,805,260	17	3,679,707	18
1180	Accounts receivable - related parties, net	6(3) and 7	122,384	-	150,311	1
1200	Other receivables		201,074	1	14,002	-
130X	Inventories, net	6(4)	3,562,479	13	2,852,312	14
1410	Prepayments	6(5)	1,026,464	4	574,914	3
1470	Other current assets	8	300,806	1	206,057	1
11XX	Total current assets		<u>22,945,728</u>	<u>82</u>	<u>16,013,346</u>	<u>79</u>
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	802,715	3	535,283	3
1535	Non-current financial assets at amortized cost	8	42,119	-	37,851	-
1550	Investments accounted for using equity method	6(6)	75,386	-	98,570	-
1600	Property, plant and equipment, net	6(7)(9), 7 and 8	2,366,042	9	2,223,383	11
1755	Right-of-use assets	6(8) and 7	1,255,415	5	1,004,862	5
1780	Intangible assets	7	106,822	-	52,792	-
1840	Deferred tax assets	6(23)	157,800	1	170,699	1
1900	Other non-current assets	6(6) and 8	108,507	-	124,637	1
15XX	Total non-current assets		<u>4,914,806</u>	<u>18</u>	<u>4,248,077</u>	<u>21</u>
1XXX	Total Assets		<u>\$ 27,860,534</u>	<u>100</u>	<u>\$ 20,261,423</u>	<u>100</u>

(Continued)

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(10) and 8	\$ 3,568,994	13	\$ 1,474,800	7
2130	Current contract liabilities	6(19)	4,472,586	16	3,244,815	16
2150	Notes payable		1,721,874	6	1,152,035	6
2160	Notes payable - related parties	7	15,218	-	3,897	-
2170	Accounts payable		6,363,401	23	4,098,314	20
2180	Accounts payable - related parties	7	12,409	-	5,532	-
2200	Other payables	6(11)	853,528	3	651,328	3
2230	Current tax liabilities		173,703	1	165,237	1
2280	Current lease liabilities	7	146,794	-	106,385	-
2310	Advance receipts		212,404	1	123,228	1
2399	Other current liabilities		71,612	-	107,082	1
21XX	Total current liabilities		<u>17,612,523</u>	<u>63</u>	<u>11,132,653</u>	<u>55</u>
	Non-current liabilities					
2530	Bonds payable	6(12)	885,747	3	1,455,438	7
2540	Long-term borrowings	6(13)	200,000	1	200,000	1
2570	Deferred tax liabilities	6(23)	94,422	-	51,303	-
2580	Non-current lease liabilities	7	1,098,869	4	874,040	5
2640	Net defined benefit liability - non-current	6(14)	163,688	1	178,133	1
2670	Other non-current liabilities	6(6)	3,145	-	3,473	-
25XX	Total non-current liabilities		<u>2,445,871</u>	<u>9</u>	<u>2,762,387</u>	<u>14</u>
2XXX	Total Liabilities		<u>20,058,394</u>	<u>72</u>	<u>13,895,040</u>	<u>69</u>
	Equity					
	Share capital	6(16)				
3110	Ordinary shares		1,927,562	7	1,872,192	9
	Capital surplus	6(15)(17)				
3200	Capital surplus		1,562,207	6	1,029,109	5
	Retained earnings	6(18)				
3310	Legal reserve		932,127	3	841,627	4
3320	Special reserve		167,098	1	170,247	1
3350	Unappropriated retained earnings		3,339,807	12	2,526,327	13
	Other equity interest					
3400	Other equity interest		(256,244)	(1)	(167,098)	(1)
31XX	Total equity attributable to owners of parent		<u>7,672,557</u>	<u>28</u>	<u>6,272,404</u>	<u>31</u>
36XX	Non-controlling interests	4(3)	<u>129,583</u>	<u>-</u>	<u>93,979</u>	<u>-</u>
3XXX	Total Equity		<u>7,802,140</u>	<u>28</u>	<u>6,366,383</u>	<u>31</u>
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total Liabilities and Equity		<u>\$ 27,860,534</u>	<u>100</u>	<u>\$ 20,261,423</u>	<u>100</u>

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, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

Items	Notes	Year ended December 31,				
		2021		2020		
		AMOUNT	%	AMOUNT	%	
4000	Operating Revenue	6(19) and 7	\$ 34,458,674	100	\$ 25,119,857	100
5000	Operating Costs	6(4)(22) and 7	(30,838,692)	(90)	(22,019,515)	(88)
5900	Gross Profit		<u>3,619,982</u>	<u>10</u>	<u>3,100,342</u>	<u>12</u>
	Operating Expenses	6(22)				
6100	Sales and marketing expenses		(712,422)	(2)	(609,897)	(2)
6200	General and administrative expenses		(1,044,927)	(3)	(929,473)	(4)
6300	Research and development expenses		(226,158)	(1)	(184,401)	(1)
6450	Expected credit gain (loss)	12(2)	<u>6,611</u>	<u>-</u>	(175,073)	(1)
6000	Total operating expenses		(1,976,896)	(6)	(1,898,844)	(8)
6900	Operating Profit		<u>1,643,086</u>	<u>4</u>	<u>1,201,498</u>	<u>4</u>
	Non-operating Income and Expenses					
7100	Interest income		11,791	-	9,227	-
7010	Other income	6(20)	66,917	-	65,680	-
7020	Other gains and losses	6(2)(21)	279,660	1	(60,139)	-
7050	Finance costs	7	(58,380)	-	(67,326)	-
7060	Share of (loss) profit of associates and joint ventures accounted for using equity method		(2,693)	-	810	-
7000	Total non-operating income and expenses		<u>297,295</u>	<u>1</u>	(51,748)	-
7900	Profit before Income Tax		1,940,381	5	1,149,750	4
7950	Income tax expense	6(23)	(431,959)	(1)	(274,248)	(1)
8200	Net Income		<u>\$ 1,508,422</u>	<u>4</u>	<u>\$ 875,502</u>	<u>3</u>

(Continued)

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

Items	Notes	Year ended December 31,				
		2021		2020		
		AMOUNT	%	AMOUNT	%	
Other Comprehensive Income						
8311	Gain (losses) on remeasurements of defined benefit plans	6(14)	\$ 10,746	-	(\$ 10,884)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(23)	(2,127)	-	2,155	-
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss		8,619	-	(8,729)	-
Components of other comprehensive income that will be reclassified to profit or loss						
8361	Exchange differences on translation of foreign operations		(111,052)	-	4,274	-
8370	Share of other comprehensive loss of associates and joint ventures accounted for using equity method		(197)	-	(343)	-
8399	Income tax relating to components of other comprehensive income that will be reclassified to profit or loss	6(23)	21,916	-	(417)	-
8360	Other comprehensive (loss) income that will be reclassified to profit or loss		(89,333)	-	3,514	-
8300	Other comprehensive loss, net of tax		(\$ 80,714)	-	(\$ 5,215)	-
8500	Total Comprehensive Income		<u>\$ 1,427,708</u>	<u>4</u>	<u>\$ 870,287</u>	<u>3</u>
Profit (loss) attributable to:						
8610	Owners of the parent		\$ 1,547,479	4	\$ 913,736	3
8620	Non-controlling interests		(39,057)	-	(38,234)	-
	Total		<u>\$ 1,508,422</u>	<u>4</u>	<u>\$ 875,502</u>	<u>3</u>
Comprehensive income (loss) attributable to:						
8710	Owners of the parent		\$ 1,466,952	4	\$ 908,156	3
8720	Non-controlling interests		(39,244)	-	(37,869)	-
	Total		<u>\$ 1,427,708</u>	<u>4</u>	<u>\$ 870,287</u>	<u>3</u>
9750	Basic earnings per share (in dollars)	6(24)	<u>\$ 8.24</u>		<u>\$ 4.88</u>	
9850	Diluted earnings per share (in dollars)	6(24)	<u>\$ 7.80</u>		<u>\$ 4.85</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, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent									Non-controlling interests	Total equity
		Capital Reserves			Retained Earnings			Other Equity	Total			
		Share capital - ordinary shares	Capital surplus - share premium	Capital surplus - others	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations				
Year ended December 31, 2020												
Balance at January 1, 2020		\$ 1,868,400	\$ 976,688	\$ 6,194	\$ 771,326	\$ 92,239	\$ 2,255,413	(\$ 170,247)	\$ 5,800,013	\$ 37,955	\$ 5,837,968	
Profit (loss) for the period		-	-	-	-	-	913,736	-	913,736	(38,234)	875,502	
Other comprehensive income (loss) for the period		-	-	-	-	-	(8,729)	3,149	(5,580)	365	(5,215)	
Total comprehensive income (loss)		-	-	-	-	-	905,007	3,149	908,156	(37,869)	870,287	
Appropriations and distribution of 2019 retained earnings:	6(18)											
Legal reserve		-	-	-	70,301	-	(70,301)	-	-	-	-	
Special reserve		-	-	-	-	78,008	(78,008)	-	-	-	-	
Cash dividends		-	-	-	-	-	(485,784)	-	(485,784)	-	(485,784)	
Share-based payment	6(15)(16)(17)	3,792	4,479	(2,370)	-	-	-	-	5,901	1,431	7,332	
Changes in ownership interest in subsidiaries	6(17)	-	-	912	-	-	-	-	912	(912)	-	
Due to recognition of equity component of convertible bonds issued	6(17)	-	-	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	
Year ended December 31, 2021												
Balance at January 1, 2021		\$ 1,872,192	\$ 981,167	\$ 47,942	\$ 841,627	\$ 170,247	\$ 2,526,327	(\$ 167,098)	\$ 6,272,404	\$ 93,979	\$ 6,366,383	
Profit (loss) for the period		-	-	-	-	-	1,547,479	-	1,547,479	(39,057)	1,508,422	
Other comprehensive income (loss) for the period		-	-	-	-	-	8,619	(89,146)	(80,527)	187	(80,714)	
Total comprehensive income (loss)		-	-	-	-	-	1,556,098	(89,146)	1,466,952	(39,244)	1,427,708	
Appropriations and distribution of 2020 retained earnings:	6(18)											
Legal reserve		-	-	-	90,500	-	(90,500)	-	-	-	-	
Special reserve		-	-	-	-	(3,149)	3,149	-	-	-	-	
Cash dividends		-	-	-	-	-	(655,267)	-	(655,267)	-	(655,267)	
Share-based payment	6(16)(17)	1,690	1,887	(1,023)	-	-	-	-	2,554	704	3,258	
Changes in ownership interest in subsidiaries	6(17)	-	-	2,102	-	-	-	-	2,102	(2,102)	-	
Conversion of convertible bonds	6(16)(17)(26)	53,680	547,311	(17,179)	-	-	-	-	583,812	-	583,812	
Change in non-controlling interests	6(25)	-	-	-	-	-	-	-	-	76,246	76,246	
Balance at December 31, 2021		\$ 1,927,562	\$ 1,530,365	\$ 31,842	\$ 932,127	\$ 167,098	\$ 3,339,807	(\$ 256,244)	\$ 7,672,557	\$ 129,583	\$ 7,802,140	

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, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31,	
		2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 1,940,381	\$ 1,149,750
Adjustments			
Adjustments to reconcile profit (loss)			
Net gain on financial assets at fair value through profit or loss	6(2)(21)	(443,233)	(39,251)
Expected credit (gain) loss	12(2)	(6,611)	175,073
Share of loss (gain) of associates and joint ventures accounted for using equity method		2,693	(810)
Depreciation	6(7)(8)(22)	345,272	317,411
Amortization	6(22)	21,871	20,329
Loss on disposal of property, plant and equipment	6(7)(21)	841	4,127
Impairment of non-financial assets	6(7)(9)(21)	47,309	-
Gain on lease modification	6(8)	(1,647)	(680)
Compensation cost of share-based payments	6(15)(22)	704	1,431
Gain from disposal of investments	6(25)	(1)	-
Interest income		(11,791)	(9,227)
Interest expense		58,380	67,325
Dividend income	6(20)	(9,560)	(16,798)
Gain recognized from bargain purchase	6(25)	-	(309)
Changes in operating assets and liabilities			
Changes in operating assets			
Contract assets – current		(3,203,956)	(1,210,995)
Notes receivable, net		(2,195)	107,022
Notes receivable - related parties, net		(113)	-
Accounts receivable, net		(1,121,382)	976,109
Accounts receivable – related parties, net		25,834	79,230
Other receivables		(4,825)	(5,905)
Inventories		(713,838)	270,620
Prepayments		(448,475)	(213,537)
Other current assets		(11,980)	(21,209)
Changes in operating liabilities			
Contract liabilities – current		1,227,771	(250,714)
Notes payable		569,839	200,833
Notes payable – related parties		11,321	625
Accounts payable		2,289,075	(152,024)
Accounts payable – related parties		6,876	(2,568)
Other payables		199,281	143,221
Advance receipts		89,175	84,136
Other current liabilities		(35,592)	8,719
Other non-current liabilities		(14,444)	(2,916)
Cash inflow generated from operations		806,980	1,679,018
Interest received		11,818	9,183
Dividends received		9,560	16,798
Interest paid		(42,794)	(70,380)
Income tax paid		(347,765)	(188,892)
Net cash flows from operating activities		<u>437,799</u>	<u>1,445,727</u>

(Continued)

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31,	
		2021	2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss		(\$ 81,016)	(\$ 58,303)
Proceeds from disposal of financial assets at fair value through profit or loss		36,462	12,241
Proceeds from capital reduction of financial assets at fair value through profit or loss		1,957	2,812
Acquisition of financial assets at amortized cost		-	(36,865)
Proceeds from disposal of financial assets at amortized cost		40,676	-
Acquisition of investments accounted for using equity method		-	(20,000)
Proceeds from capital reduction of investments accounted for using the equity method		-	1,471
Net cash flow from acquisition of subsidiaries	6(25)	11,413	(3,300)
Acquisition of property, plant and equipment	6(7)	(482,388)	(215,592)
Proceeds from disposal of property, plant and equipment	6(7)	1,943	2,358
Acquisition of right-of-use assets		(4,221)	(4,942)
Acquisition of intangible assets		(46,554)	(56,449)
Increase in refundable deposits		(87,945)	(1,708)
Increase in prepayments for business facilities		-	(29,685)
Increase in prepayments for investments (Recorded as 'other non-current assets')		-	(28,480)
Dividends received		4,103	-
Net cash flows used in investing activities		<u>(605,570)</u>	<u>(436,442)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase (decrease) in short-term borrowings	6(27)	2,100,100	(1,575,565)
Proceeds from exercise of employee stock options	6(15)	2,554	5,902
Repayments of lease principal	6(8)(27)	(106,441)	(91,033)
Decrease in guarantee deposits received		-	(12)
Proceeds from issuance of bonds	6(12)(27)	-	1,495,000
Cash dividends paid	6(18)	(655,267)	(485,784)
Changes in non-controlling interests		48,861	93,374
Net cash flows from (used in) financing activities		<u>1,389,807</u>	<u>(558,118)</u>
Effect of exchange rate changes on cash and cash equivalents		(26,760)	(19,731)
Net increase in cash and cash equivalents		1,195,276	431,436
Cash and cash equivalents at beginning of year	6(1)	2,992,379	2,560,943
Cash and cash equivalents at end of year	6(1)	<u>\$ 4,187,655</u>	<u>\$ 2,992,379</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, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. ORGANIZATION AND OPERATIONS

Marketech 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 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 43.30% 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 authorised for issuance by the Board of Directors on February 21, 2022.

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 2021 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’	April 1, 2021 (Note)

Note: Earlier application from January 1, 2021 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 2022 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 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.

(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 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 IFRS 17, 'Initial application of IFRS 17 and IFRS 9 - comparative information'	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 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

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, 2021	December 31, 2020	
Marketech International Corp.	Marketech Integrated Pte. Ltd.	Contracting for semiconductor automatic supply system	100	100	-
Marketech International Corp.	Headquarter International Ltd.	Investment holdings and reinvestment	100	100	-
Marketech International Corp.	Tiger United Finance Ltd.	Investment holdings and reinvestment	100	100	-
Marketech International Corp.	Market Go Profits Ltd.	Investment holdings and reinvestment	100	100	-
Marketech International Corp.	MIC-Tech Global Corp.	International trade	100	100	-
Marketech 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	-
Marketech International Corp.	Marketech Engineering Pte. Ltd.	Contracting for electrical installation construction	100	100	-
Marketech International Corp.	eZoom Information, Inc. (eZoom)	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, 2021	December 31, 2020	
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; sales of medical devices	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	25.67	26.74	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	100	-
Marketech International Corp.	Taiwan Radisen HealthCare Co., Ltd. (Taiwan Radisen)	Smart medical consulting services and investment	100	100	-

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%)		Note
			December 31, 2021	December 31, 2020	
Marketech International Corp.	MIC Healthcare Korea Co., Ltd.	R&D, sales and professional technical services of medical device and its parts; international trade and import and export business	100	-	
Marketech International Corp.	Vertex System Corporation (Vertex System)	Trading of equipment for private 5G wireless communication networks (picocells and core networks) and IoT intelligent control gateway; maintenance and operations of device management platform (DMP), and provision of services in software management platform and vertical integration of information technology (IT) and communication technology (CT)	61.35	-	Note 2
Market Go Profits Ltd.	MIC-Tech Ventures Asia Pacific Inc.	Investment holdings and reinvestment	100	100	-
MIC-Tech Ventures Asia Pacific Inc.	Rusky 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	-

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%)		Note
			December 31, 2021	December 31, 2020	
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 components; 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, 2021	December 31, 2020	
MIC-Tech Ventures Asia Pacific Inc.	MIC-Tech (Shanghai) Corp.	Wholesale, commission agency, maintenance, repair, 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	-

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%)		Note
			December 31, 2021	December 31, 2020	
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	-
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, (excluding auctions) export, import and related services of electronic products, machinery equipment, chemical products (excluding hazardous products), communication equipment, metal products, plastic products	87	87	-

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%)		Note
			December 31, 2021	December 31, 2020	
Rusky H.K. Limited	PT Marketech International Indonesia	Trading of machine equipment and parts	0.08	0.08	-
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	-
Marketech Engineering Pte. Ltd.	Marketech Integrated Construction Co., Ltd.	Specialized contracting for electrical installation construction	97.69	97.69	-

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%)		Note
			December 31, 2021	December 31, 2020	
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	Note 3

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 : Vertex System Corporation was included in the consolidated entities in November 2021. Please refer to Note 6(6) for the details.

Note 3 : Frontken-MIC (Wuxi) Co., Ltd. completed the liquidation procedure in July 2021.

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, 2021 and 2020, the non-controlling interests amounted to \$129,583 and \$93,979, 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) Financial assets at amortized cost

- A. Financial assets at amortized cost are those that meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.
- D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) 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.

(10) 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.

(11) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(12) 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.

(13) 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.

(14) 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	1 ~ 15 years
Other equipment	2 ~ 10 years

(15) 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:

(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.

(16) 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. Patent

Patent acquired in a business combination are recognized at fair value at the acquisition date.

Patent has a finite useful life and are amortized on a straight-line basis over their estimated useful lives of 10 years.

C. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

D. 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.

(17) 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.

(18) 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.

(19) 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.

(20) 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.

(21) 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.

(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 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 2 to 3 months, 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, 2021</u>	<u>December 31, 2020</u>
Cash on hand	\$ 14,922	\$ 15,483
Checking accounts and demand deposits	4,172,373	2,976,563
Time deposits	360	333
Total	<u>\$ 4,187,655</u>	<u>\$ 2,992,379</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 ‘financial assets at amortized cost’, the Group has no cash and cash equivalents pledged to others.

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 4,373	\$ 8,197
Hybrid instruments-call provision of convertible corporate bonds (Note 6(12))	3,000	3,000
	<u>7,373</u>	<u>11,197</u>
Valuation adjustment	167,933	129,487
Total	<u>\$ 175,306</u>	<u>\$ 140,684</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 12,474	\$ 12,474
Unlisted stocks	486,561	429,048
Private funds	28,858	8,970
Hybrid instruments-convertible corporate bonds	52,748	52,748
	<u>580,641</u>	<u>503,240</u>
Valuation adjustment	222,074	32,043
Total	<u>\$ 802,715</u>	<u>\$ 535,283</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>2021</u>	<u>2020</u>
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	\$ 447,484	\$ 83,766
Hybrid instruments	(4,251)	(44,515)
	<u>\$ 443,233</u>	<u>\$ 39,251</u>

B. The Group has no financial assets at fair value through profit or loss pledged to others.

(3) Notes and accounts receivable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>January 1, 2020</u>
Notes receivable	\$ 52,866	\$ 50,671	\$ 157,693
	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>January 1, 2020</u>
Accounts receivable	\$ 5,309,301	\$ 4,364,184	\$ 5,411,482
Less: Loss allowance	(504,041)	(684,477)	(605,845)
Total	\$ 4,805,260	\$ 3,679,707	\$ 4,805,637

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, 2021</u>	<u>December 31, 2020</u>
Not past due	\$ 52,979	\$ 50,671

(b) Accounts receivable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Not past due	\$ 3,957,915	\$ 2,967,744
Up to 90 days	579,703	422,476
91 to 180 days	85,597	143,148
181 to 365 days	200,952	168,689
Over 365 days	609,647	812,474
	<u>\$ 5,433,814</u>	<u>\$ 4,514,531</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2021 and 2020, 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 (including related parties) were \$52,979 and \$50,671, respectively. As of December 31, 2021 and 2020, 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 \$4,927,644 and \$3,830,018, 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, 2021		
	Cost	Allowance for valuation loss and loss on obsolete and slow-moving inventories	Book value
Materials	\$ 527,706	(\$ 25,385)	\$ 502,321
Merchandise inventory	902,026	(55,931)	846,095
Raw materials	1,214,230	(30,920)	1,183,310
Supplies	69,580	(3,344)	66,236
Work in process	724,987	(27,152)	697,835
Semi-finished goods and finished goods	297,447	(30,765)	266,682
Total	<u>\$ 3,735,976</u>	<u>(\$ 173,497)</u>	<u>\$ 3,562,479</u>

	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>

A. Relevant expenses of inventories recognized as operating costs for the years ended December 31, 2021 and 2020 are follows:

	Years ended December 31,	
	2021	2020
Construction cost	\$ 17,604,454	\$ 10,521,441
Cost of sales	12,058,153	10,387,824
Other operating cost	1,211,792	1,031,291
(Gain on reserval of) loss on market value decline and obsolete and slow-moving inventories (Note)	(35,707)	78,959
Total	<u>\$ 30,838,692</u>	<u>\$ 22,019,515</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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Prepayment for purchases	\$ 850,657	\$ 442,499
Others	175,807	132,415
Total	<u>\$ 1,026,464</u>	<u>\$ 574,914</u>

(6) Investments accounted for using equity method

A. Details of investments accounted for using equity method:

	<u>December 31, 2021</u>		<u>December 31, 2020</u>	
	<u>Carrying amount</u>	<u>% interest held</u>	<u>Carrying amount</u>	<u>% interest held</u>
Glory Technology Service Inc.	\$ 65,340	29.24%	\$ 67,579	29.24%
Vertex System Corporation (Note)	-	-	18,046	38.83%
Fortune Blessing Co., Limited	8,232	27.78%	11,121	27.78%
MIC Techno Co., Ltd.	1,814	20%	1,824	20%
Leader Fortune Enterprise Co., Ltd.	(3,067)	31.43%	(3,395)	31.43%
	72,319		95,175	
Add: Credit balance of long-term equity investment transferred to 'other non-current liabilities'	<u>3,067</u>		<u>3,395</u>	
Total	<u>\$ 75,386</u>		<u>\$ 98,570</u>	
Prepayments for long-term investments (listed as 'other non-current assets')				
Unlisted stocks	<u>\$ 27,680</u>		<u>\$ 28,480</u>	

Note: In November 2021, the equity interests in Vertex System Corporation acquired by the Group totaled to 61.35%. Accordingly, Vertex System Corporation was included in the consolidated entities since the date the Group obtained control over it.

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,	
	<u>2021</u>	<u>2020</u>
(Loss) profit for the year from continuing operations	(\$ 9,218)	\$ 3,726
Other comprehensive loss - net of tax	(197)	(342)
Total comprehensive (loss) income	<u>(\$ 9,415)</u>	<u>\$ 3,384</u>

C. The investments accounted for using equity method for the years ended December 31, 2021 and 2020 were evaluated based on the financial statements of the entities which were audited by independent auditors.

(7) Property, plant and equipment

	2021					
	Land	Buildings	Machinery and equipment	Office equipment	Others	Total
<u>At January 1</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>
<u>Year ended December 31</u>						
Opening net book amount	\$ 183,542	\$ 1,717,056	\$ 143,395	\$ 76,596	\$ 102,794	\$ 2,223,383
Additions	9,902	279,049	58,426	45,201	89,810	482,388
Transfers (Note)	20,648	-	110,529	-	(110,909)	20,268
Disposals	-	-	(1,887)	(896)	-	(2,783)
Depreciation	-	(143,632)	(48,953)	(32,881)	(2,150)	(227,616)
Impairment	-	(47,309)	-	-	-	(47,309)
Net exchange differences	(580)	(80,010)	(849)	(830)	(20)	(82,289)
Closing net book amount	<u>\$ 213,512</u>	<u>\$ 1,725,154</u>	<u>\$ 260,661</u>	<u>\$ 87,190</u>	<u>\$ 79,525</u>	<u>\$ 2,366,042</u>
<u>At December 31</u>						
Cost	\$ 213,512	\$ 3,046,857	\$ 777,755	\$ 294,069	\$ 98,541	\$ 4,430,734
Accumulated depreciation and impairment	-	(1,321,703)	(517,094)	(206,879)	(19,016)	(2,064,692)
Book value	<u>\$ 213,512</u>	<u>\$ 1,725,154</u>	<u>\$ 260,661</u>	<u>\$ 87,190</u>	<u>\$ 79,525</u>	<u>\$ 2,366,042</u>

	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>

Note: Transfers during the period pertain to certain previously unfinished constructions and uninstalled equipment which had completed acceptance checked and transferred to land and machinery and equipment, as well as certain prepayments for business facilities.

A. The above 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 right-of-use assets.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 843,089	\$ 751,666
Buildings	346,751	188,225
Office equipment	311	312
Other equipment	65,264	64,659
	<u>\$ 1,255,415</u>	<u>\$ 1,004,862</u>

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 23,262	\$ 20,239
Buildings	62,086	52,661
Machinery and equipment	132	-
Office equipment	84	114
Other equipment	32,092	29,288
	<u>\$ 117,656</u>	<u>\$ 102,302</u>

- D. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were \$447,819 and \$142,764, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 18,321	\$ 16,798
Expense on short-term lease contracts	\$ 99,595	\$ 85,834
Gain on lease modification	\$ 1,647	\$ 680

- F. For the years ended December 31, 2021 and 2020, the Group's total cash outflow for leases were \$224,357 and \$193,665, respectively.

G. Extension options

- (a) Extension options are included in approximately 40 % 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) Impairment of non-financial assets

- A. The Group recognized impairment loss for the year ended December 31, 2021 was \$47,309. Details of such loss are as follows:

	<u>Year ended December 31, 2021</u>	
	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>
Impairment loss – Building	<u>\$ 47,309</u>	<u>\$ -</u>

For the year ended December 31, 2020 : None.

- B. The impairment loss reported by operating segments is as follows:

	<u>Year ended December 31, 2021</u>	
	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>
R&D and manufacturing of customized equipment	<u>\$ 47,309</u>	<u>\$ -</u>

- C. In 2021, because of political instability in Myanmar, the uncertainty in marketing and operations resulted in an impairment in the Group’s property, plant and equipment. The Group wrote down the carrying amount of the asset based on the recoverable amount and recognized an impairment loss of \$47,309 accordingly. The recoverable amount is the property’s future use value, and the discount rate used in estimating the use value was 13%.

(10) Short-term borrowings

	<u>December 31, 2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
<u>Bank borrowings</u>			
Credit borrowings	\$ 3,517,844	0.68%~3.55%	None
Mortgage loan	<u>51,150</u>	2.17857%~2.18750%	Buildings
	<u>\$ 3,568,994</u>		
	<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	<u>53,900</u>	2.15482%~2.18675%	Buildings
	<u>\$ 1,474,800</u>		

Details of mortgage loan are provided in Note 8.

(11) Other payables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Salaries and bonus payable	\$ 567,251	\$ 459,500
Accrued employees' compensation and directors' remuneration	235,297	140,756
Others	<u>50,980</u>	<u>51,072</u>
Total	<u>\$ 853,528</u>	<u>\$ 651,328</u>

(12) Bonds payable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Bonds payable	\$ 903,600	\$ 1,500,000
Less: Discount on bonds payable	<u>(17,853)</u>	<u>(44,562)</u>
	<u>\$ 885,747</u>	<u>\$ 1,455,438</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, 2021, the bonds totaling \$596,400 had been converted into 5,368 thousand shares of common stock. Accordingly, the Group recognized capital surplus of \$547,311 and reduced capital surplus - stock option by \$17,179.

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%.

(13) 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, 2021</u>
Long-term bank borrowings				
Credit borrowings	Borrowing period is from December 27, 2021 to March 27, 2023; interest is payable monthly; principal is payable at maturity date	0.805%	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, 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>

(14) 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, 2021</u>	<u>December 31, 2020</u>
Present value of defined benefit obligations	\$ 306,300	\$ 324,881
Fair value of plan assets	(142,612)	(146,748)
Net defined benefit liability	<u>\$ 163,688</u>	<u>\$ 178,133</u>

(c) Movements in net defined benefit liabilities are as follows:

	<u>2021</u>		
	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
Balance at January 1	(\$ 324,881)	\$ 146,748	(\$ 178,133)
Current service cost	(854)	-	(854)
Interest (expense) income	(955)	430	(525)
	<u>(326,690)</u>	<u>147,178</u>	<u>(179,512)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	2,115	2,115
Change in demographic assumptions	(1,321)	-	(1,321)
Change in financial assumptions	11,318	-	11,318
Experience adjustments	(1,366)	-	(1,366)
	<u>8,631</u>	<u>2,115</u>	<u>10,746</u>
Pension fund contribution	-	5,078	5,078
Paid pension	11,759	(11,759)	-
Balance at December 31	<u>(\$ 306,300)</u>	<u>\$ 142,612</u>	<u>(\$ 163,688)</u>

	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><u>(\$ 324,881)</u></u>	<u><u>\$ 146,748</u></u>	<u><u>(\$ 178,133)</u></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, 2021 and 2020 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,	
	2021	2020
Discount rate	0.65%	0.30%
Future salary increases	2.00%	2.00%

Assumptions regarding future mortality experience are set based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

	<u>Discount rate</u>		<u>Future salary increases</u>	
	Increase	Decrease	Increase	Decrease
	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>
<u>December 31, 2021</u>				
Effect on present value of defined benefit obligation	<u>(\$ 7,853)</u>	<u>\$ 8,155</u>	<u>\$ 8,025</u>	<u>(\$ 7,770)</u>
<u>December 31, 2020</u>				
Effect on present value of defined benefit obligation	<u>(\$ 8,804)</u>	<u>\$ 9,158</u>	<u>\$ 8,980</u>	<u>(\$ 8,681)</u>

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, 2022 amount to \$6,057.
 - (g) As of December 31, 2021, the weighted average duration of the defined benefit retirement plan is 10 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, 2021 and 2020 were \$121,053 and \$78,023, respectively.

(15) Share-based payment

A. For the years ended December 31, 2021 and 2020, 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

	<u>Years ended December 31,</u>			
	<u>2021</u>		<u>2020</u>	
	<u>No. of options</u>	<u>Weighted-average exercise price (in dollars)</u>	<u>No. of options</u>	<u>Weighted-average exercise price (in dollars)</u>
Options outstanding at beginning of the year	169	\$ 15.20	548	\$ 15.70
Options exercised	(169)	15.11	(379)	15.57
Options outstanding at end of the year	<u>-</u>	(Note)	<u>169</u>	15.20
Options exercisable at end of the year	<u>-</u>	(Note)	<u>169</u>	
Options approved but not yet issued at end of the year	<u>-</u>	(Note)	<u>44</u>	

Note: The above share-based payment arrangement of the Company expired on September 10, 2021.

(b) Subsidiary-ADAT

	Years ended December 31,			
	2021		2020	
	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	446	\$ 10.00	549	\$ 10.00
Options granted	-	-	164	10.00
Options exercised	(298)	10.00	(237)	10.00
Options forfeited	(26)	-	(30)	-
Options outstanding at end of the year	<u>122</u>	10.00	<u>446</u>	10.00
Options exercisable at end of the year	<u>64</u>		<u>48</u>	
Options approved but not yet issued at end of the year	<u>-</u>		<u>40</u>	

C. The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

Issuing Company	Issue date approved	Expiry date	December 31, 2021	
			No. of shares (in thousands)	Exercise price (in dollars)
Subsidiary-ADAT	2019.4.1	2025.3.31	50	\$ 10.00
"	2019.9.1	2025.8.31	9	10.00
"	2020.5.1	2026.4.30	15	10.00
"	2020.9.1	2026.8.31	48	10.00

Issuing Company	Issue date approved	Expiry date	December 31, 2020	
			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

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:

<u>Issuing Company</u>	<u>Type of arrangement</u>	<u>Grant date</u>	<u>Stock price (in dollars)</u>	<u>Exercise price (in dollars)</u>	<u>Expected price volatility</u>	<u>Expected option life</u>	<u>Expected dividends</u>	<u>Risk-free interest rate</u>	<u>Fair value per unit (in dollars)</u>
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%	0.29%	9.9910

E. No expense was incurred on share-based payment transactions for the years ended December 31, 2021 and 2020.

F. The expenses incurred by the subsidiary - ADAT on share-based payment transactions amounted to \$704 and \$1,431 for the years ended December 31, 2021 and 2020, respectively.

(16) Share capital

A. As of December 31, 2021, 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 \$1,927,562 with a par value of \$10 (in dollars) per share amounting to 192,756,201 shares. All proceeds from shares issued have been collected.

B. Movements in the number of the Company's ordinary shares outstanding are as follows:

	<u>2021</u>	<u>2020</u>
At January 1	187,219,200	186,839,950
Conversion of convertible bonds	5,368,001	-
Exercise of employee stock options	169,000	379,250
At December 31	<u>192,756,201</u>	<u>187,219,200</u>

(17) 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:

	2021				Total
	Share premium	Employee stock options	Stock options	Others	
At January 1	\$ 981,167	\$ 1,431	\$ 43,206	\$ 3,305	\$ 1,029,109
Exercise of employee stock options	1,887	(1,431)	-	-	456
Expired employee stock options	-	-	-	408	408
Changes in ownership interest in subsidiaries	-	-	-	2,102	2,102
Conversion of convertible bonds	547,311	-	(17,179)	-	530,132
At December 31	<u>\$ 1,530,365</u>	<u>\$ -</u>	<u>\$ 26,027</u>	<u>\$ 5,815</u>	<u>\$ 1,562,207</u>
	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>

(18) 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 dividends 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 2020 and 2019 earnings appropriation resolved by the shareholders on July 26, 2021 and May 27, 2020 are as follows:

	Years ended December 31,			
	2020		2019	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 90,500	\$ -	\$ 70,301	\$ -
(Reversal of) special reserve	(3,149)	-	78,008	-
Cash dividends	<u>655,267</u>	3.5	<u>485,784</u>	2.6
Total	<u>\$ 742,618</u>		<u>\$ 634,093</u>	

The earnings appropriation for the years ended December 31, 2020 and 2019 listed above had no difference from that proposed by the Board of Directors on February 26, 2021 and March 5, 2020, respectively.

Information about the earnings distribution for 2020 and 2019 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 2021 earnings appropriation proposed by the Board of Directors on February 21, 2022 are as follows:

	<u>Year ended December 31, 2021</u>	
	<u>Amount</u>	<u>Dividends per share (in dollars)</u>
Legal reserve	\$ 155,610	\$ -
Special reserve	89,146	-
Cash dividends	<u>867,403</u>	4.5
Total	<u>\$ 1,112,159</u>	

Information about the earnings appropriation for 2021 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 2021 has not yet been resolved by the shareholders, thus, no dividend was accrued in these consolidated financial statements.

(19) Operating revenue

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Construction contract revenue	\$ 18,724,632	\$ 11,428,555
Sales contract revenue	13,789,676	11,911,863
Other contract revenue	<u>1,944,366</u>	<u>1,779,439</u>
Total	<u>\$ 34,458,674</u>	<u>\$ 25,119,857</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,	
	2021	2020
Automatic supplying system	\$ 10,420,063	\$ 6,079,385
R&D and manufacturing of customized equipment	8,647,217	7,243,247
Sales and service of high-tech equipment and materials	7,927,526	6,885,049
Total Facility Engineering Turnkey Project	7,463,868	4,912,176
Total	<u>\$ 34,458,674</u>	<u>\$ 25,119,857</u>
Timing of revenue recognition		
At a point in time	\$ 14,391,995	\$ 12,533,546
Over time	20,066,679	12,586,311
Total	<u>\$ 34,458,674</u>	<u>\$ 25,119,857</u>

B. Contract assets and liabilities

(a) The Group has recognized the following revenue-related contract assets and liabilities:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>January 1, 2020</u>
Contract assets:			
Construction contracts	<u>\$ 8,510,574</u>	<u>\$ 5,306,618</u>	<u>\$ 4,095,623</u>
Contract liabilities:			
Construction contracts	\$ 3,643,508	\$ 2,478,159	\$ 2,440,230
Sales contracts	784,108	725,288	1,029,742
Service contracts	44,970	41,368	25,557
	<u>\$ 4,472,586</u>	<u>\$ 3,244,815</u>	<u>\$ 3,495,529</u>

(b) Revenue recognized that was included in the contract liability balance at the beginning of the year:

	Years ended December 31,	
	2021	2020
Revenue recognized that was included in the contract liability balance at the beginning of the year		
Construction contracts	\$ 1,670,157	\$ 1,311,107
Sales contracts	543,084	517,238
Service contracts	40,095	24,354
	<u>\$ 2,253,336</u>	<u>\$ 1,852,699</u>

(c) All contracts of the Group are for periods of one year or less are billed based on time incurred. As permitted under IFRS 15, the transaction prices allocated to these unsatisfied contracts are not disclosed.

(20) Other income

	Years ended December 31,	
	2021	2020
Government grants revenue	\$ 13,792	\$ 26,766
Dividend income	9,560	16,798
Rental revenue	3,590	3,808
Other income	39,975	18,308
Total	<u>\$ 66,917</u>	<u>\$ 65,680</u>

(21) Other gains and losses

	Years ended December 31,	
	2021	2020
Net gains on financial assets at fair value through profit or loss	\$ 443,233	\$ 39,251
Foreign exchange losses	(92,019)	(70,393)
Losses on disposals of property, plant and equipment	(841)	(4,127)
Impairment losses	(47,309)	-
Other losses	(23,404)	(24,870)
Total	<u>\$ 279,660</u>	<u>(\$ 60,139)</u>

(22) Employee benefit expense, depreciation and amortization

A. Employee benefit expense, depreciation and amortization

	Year ended December 31, 2021		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefit expense			
Wages and salaries	\$ 889,171	\$ 1,192,608	\$ 2,081,779
Compensation cost of employee stock options	-	704	704
Labour and health insurance fees	80,608	75,075	155,683
Pension costs	70,099	52,333	122,432
Other employee benefit expense	29,587	33,320	62,907
Depreciation	209,310	135,962	345,272
Amortization	9,235	12,636	21,871

	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
Amortization	9,989	10,340	20,329

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, 2021 and 2020, employees' compensation and directors' remuneration are accrued as follows:

	Years ended December 31,	
	2021	2020
Employees' compensation	\$ 213,906	\$ 127,960
Directors' remuneration	21,391	12,796
	<u>\$ 235,297</u>	<u>\$ 140,756</u>

For the year ended December 31, 2021, 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 2021 as resolved by the Board of Directors were \$213,906 and \$21,391, respectively, and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' remuneration for 2020 as resolved by the Board of Directors were in agreement with those amounts recognized in the 2020 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.

(23) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2021	2020
Current tax		
Current tax on profits for the year	\$ 345,245	\$ 275,043
Tax on undistributed surplus earnings	-	714
Adjustments in respect of prior years	10,907	(16,637)
Total current tax	356,152	259,120
Deferred tax		
Origination and reversal of temporary differences	75,807	15,128
Income tax expense	<u>\$ 431,959</u>	<u>\$ 274,248</u>

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Years ended December 31,	
	2021	2020
Currency translation differences of foreign operations	\$ 21,916	(\$ 417)
Remeasurements of defined benefit obligations	(2,127)	2,155
	<u>\$ 19,789</u>	<u>\$ 1,738</u>

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2021	2020
Tax calculated based on profit before tax and statutory tax rate (Note)	\$ 388,076	\$ 229,950
Expenses disallowed by tax regulation	32,976	60,221
Tax on undistributed earnings	-	714
Adjustments in respect of prior years	10,907	(16,637)
Income tax expense	<u>\$ 431,959</u>	<u>\$ 274,248</u>

Note: The basis for computing the applicable tax rate is the rate applicable in the parent company's country.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	2021			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
– Deferred tax assets:				
Loss allowance on accounts receivable	\$ 61,455	(\$ 36,969)	\$ -	\$ 24,486
Valuation loss and loss on market value decline and obsolete and slow-moving inventories	23,200	(1,200)	-	22,000
Defined benefit obligation	35,627	(762)	(2,127)	32,738
Impairment loss on financial assets	8,349	-	-	8,349
Unused compensated absences payable	5,500	1,222	-	6,722
Unrealized construction loss	9,453	5,502	-	14,955
Unrealized exchange loss	3,861	(481)	-	3,380
Exchange differences on translation	23,254	-	21,916	45,170
Subtotal	<u>170,699</u>	<u>(32,688)</u>	<u>19,789</u>	<u>157,800</u>
– Deferred tax liabilities:				
Unrealized investment income	(51,303)	(43,119)	-	(94,422)
Subtotal	<u>(51,303)</u>	<u>(43,119)</u>	<u>-</u>	<u>(94,422)</u>
Total	<u>\$ 119,396</u>	<u>(\$ 75,807)</u>	<u>\$ 19,789</u>	<u>\$ 63,378</u>

	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	(19,383)	(31,920)	-	(51,303)
Total	<u>\$ 132,786</u>	<u>(\$ 15,128)</u>	<u>\$ 1,738</u>	<u>\$ 119,396</u>

D. Assessment of the Company's and domestic subsidiary's income tax returns is as follows:

	Assessment
The Company, eZoom, ADAT and Taiwan Radisen Vertex System	Through 2019 Note

Note: The subsidiary was established in March, 2020. As of February 21, 2022, income tax returns have not been assessed and approved by the Tax Authority.

(24) Earnings per share

	Year ended December 31, 2021		
		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	\$ 1,547,479	187,830	<u>\$ 8.24</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	11,297	10,643	
Employees' compensation	-	1,352	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 1,558,776</u>	<u>199,825</u>	<u>\$ 7.80</u>

	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>

(25) Business combinations

- A. On November 1, 2021, the Group subscribed the capital increase of Vertex System Corporation for \$30,000 for an additional 22.52% ownership interest. The comprehensive shareholding ratio increased from 38.83% to 61.35%. Therefore, the Group obtained control over Vertex System Corporation, a company engaged in selling equipment used for building private 5G networks in Taiwan. After the acquisition, the Group expects to improve the efficiency of promoting smart manufacturing and smart city integration services.
- B. 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 a semi-conductor equipment dealer operating in the United States. The Group expects to reduce the future cost of material purchases after the acquisition.
- C. The following table summarises the consideration paid for the subsidiaries above and the fair values of the assets acquired and liabilities assumed at the acquisition date:

	<u>November 1, 2021</u>	<u>May 4, 2020</u>
	<u>Vertex System Corporation</u>	<u>Spiro Technology Systems Inc.</u>
Consideration transferred		
Purchase consideration - Cash paid	\$ 30,000	\$ 23,936
Fair value of equity interest held before the business combination	15,865	-
Fair value of the non-controlling interest	<u>27,385</u>	<u>-</u>
	<u>73,250</u>	<u>23,936</u>
Fair value of the identifiable assets acquired and liabilities assumed		
Cash	41,413	20,636
Accounts receivable	3,750	2,901
Inventories	-	1,643
Prepayments	3,075	-
Property, plant and equipment	-	2
Right-of-use assets	207	-
Intangible assets	24,586	-
Other non-current assets	140	-
Accounts payable	(362)	(751)
Other payables	(1,625)	(186)
Lease liabilities	(209)	-
Other current liabilities	<u>(122)</u>	<u>-</u>
Total identifiable net assets	<u>70,853</u>	<u>24,245</u>
Goodwill (gain recognized in bargain purchase transaction)	<u>\$ 2,397</u>	<u>(\$ 309)</u>

(a) For the year ended December 31, 2021, gain from disposal of investment amounted \$1 was recognized as a result of remeasuring the fair value of its 38.83% equity interest in Vertex System Corporation held before the acquisition date, and was recorded as ‘other gains and losses’.

(b) For the year ended December 31, 2020, gain from bargain purchase amounted to \$309 was recognized as a result of acquiring the share capital of Spiro Technology Systems Inc., and was recorded as ‘other gains and losses’.

D.(a) The operating revenue included in the consolidated statement of comprehensive income since November 1, 2021 contributed by Vertex System Corporation was \$7,090. Vertex System Corporation also contributed loss before income tax of (\$1,276) over the same period. Had Vertex System Corporation been consolidated from January 1, 2021, the consolidated statement of comprehensive income would show operating revenue of \$34,468,717 and profit before income tax of \$1,934,673.

(b) 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.

(26) Supplemental cash flow information

A. Investing activities with partial cash payments

	Years ended December 31,	
	2021	2020
Convertible bonds converted to capital stocks	\$ 583,812	\$ -

(27) Changes in liabilities from financing activities

	2021				
	Lease liabilities	Short-term borrowings	Long-term borrowings	Bonds payable	Liabilities from financing activities-gross
At January 1	\$ 980,425	\$ 1,474,800	\$ 200,000	\$ 1,455,438	\$ 4,110,663
Changes in cash flow from financing activities	(106,441)	2,100,100	-	-	1,993,659
Impact of changes in foreign exchange rate	(507)	(5,906)	-	-	(6,413)
Changes in other non-cash items	372,186	-	-	(569,691)	(197,505)
At December 31	<u>\$ 1,245,663</u>	<u>\$ 3,568,994</u>	<u>\$ 200,000</u>	<u>\$ 885,747</u>	<u>\$ 5,900,404</u>

	2020				
	Lease liabilities	Short-term borrowings	Long-term borrowings	Bonds payable	Liabilities from financing activities-gross
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	137,822	-	-	(39,562)	98,260
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>

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 43.30% of the shares of the Company. The remaining 56.70% 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 Ennpower Information Technology Co., Limited	"
PEROBOT CO., LTD.	"
Coiler Corporation	"
Foxconn Global Network	"
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.	"
ProbeLeader Co., Ltd.	"
CTS Investment Corp.	"

(3) Significant related party transactions and balances

A. Sales of goods and services

(a) Sales of goods

	Years ended December 31,	
	2021	2020
Other related parties	\$ 28,255	\$ 102,923
Entities controlled by key management or entities with significant influence	5,537	1,834
	<u>\$ 33,792</u>	<u>\$ 104,757</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,	
	2021	2020
Entities controlled by key management or entities with significant influence	\$ 12,104	\$ 14,710
Other related parties	64,488	12,214
Associates	-	(6,152)
Total	<u>\$ 76,592</u>	<u>\$ 20,772</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, 2021 and 2020, contract price and priced contract of unfinished construction are as follows:

	December 31, 2021		December 31, 2020	
	Total contract price (before tax) (Note)	Priced contract (Note)	Total contract price (before tax)	Priced contract
Other related parties	\$ 501,193	\$ 465,282	\$ 464,621	\$ 447,673
Entities controlled by key management or entities with significant influence	410,257	371,550	399,454	304,665
Total	<u>\$ 911,450</u>	<u>\$ 836,832</u>	<u>\$ 864,075</u>	<u>\$ 752,338</u>

Note: The amounts were translated at the current rate as of December 31, 2021.

(c) Other contract revenue

	Years ended December 31,	
	2021	2020
Associates	\$ -	\$ 2,372
Other related parties	360	-
Entities controlled by key management or entities with significant influence	226	240
Total	<u>\$ 586</u>	<u>\$ 2,612</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,	
	2021	2020
Entities controlled by key management or entities with significant influence	\$ 12,383	\$ 4,706
Associate	109	-
Other related parties	6,723	420
Total	<u>\$ 19,215</u>	<u>\$ 5,126</u>

Purchases from related parties and third parties are based on normal purchase prices and terms and are collectible about 2 to 3 months after inspection.

(b) Construction contract costs

	Years ended December 31,	
	2021	2020
Entities controlled by key management or entities with significant influence	\$ -	\$ 4,982
Associate	4,857	-
Other related parties	45	125
Total	<u>\$ 4,902</u>	<u>\$ 5,107</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

Notes receivable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Entities controlled by key management or entities with significant influence	\$ 113	\$ -

Accounts receivable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other related parties	\$ 73,739	\$ 116,041
Entities controlled by key management or entities with significant influence	50,774	34,306
Subtotal	124,513	150,347
Less: Loss allowance	(2,129)	(36)
Total	<u>\$ 122,384</u>	<u>\$ 150,311</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, 2021</u>	<u>December 31, 2020</u>
Entities controlled by key management or entities with significant influence	\$ 5,949	\$ 3,897
Other related parties	4,169	-
Associate	5,100	-
Total	<u>\$ 15,218</u>	<u>\$ 3,897</u>

Accounts payable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Entities controlled by key management or entities with significant influence	\$ 7,788	\$ 5,453
Other related parties	4,621	79
Total	<u>\$ 12,409</u>	<u>\$ 5,532</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

(a) Acquisition of property, plant and equipment, and intangible assets

For the years ended December 31, 2021 and 2020, the Group has acquired computer equipment from entities controlled by key management and the acquisition price was \$24,299 and \$14,173 (recorded as ‘property, plant and equipment’ and ‘intangible assets’), respectively.

(b) Disposal of right-of-use asset (early termination of lease contract)

On December 31, 2021, the Group terminated the lease contract with other related parties prior to the expiration date. As a result, right-of-use assets and lease liabilities decreased by \$57,685 and \$58,937, respectively, and gain arising from lease modification of \$1,252 was recognized.

F. Lease transactions – lessee

(a) The Group leases plants and offices from Chung-Hsin Precision Machinery Co., Ltd. Rental contracts are typically made for periods from September 1, 2021 to August 31, 2024, and rents are paid quarterly. Leased assets are not allowed to be used illegally, store hazardous materials or be used in any purpose which may be harmful to the environment and public safety. Without obtaining approval from lessors, all or certain leased assets cannot be subleased, lent or granted in any different form to third parties or the lease right of all or certain leased assets can not be transferred to third parties.

(b) Acquisition of right-of-use assets:

	Years ended December 31,	
	2021	2020
Other related parties	\$ 9,047	\$ -

(c) Lease liabilities (including current and non-current)

(i) Outstanding balance:

	December 31, 2021	December 31, 2020
Other related parties	\$ 8,102	\$ -

(ii) Interest expense

	Years ended December 31,	
	2021	2020
Other related parties	\$ 115	\$ -

(4) Key management compensation

	Years ended December 31,	
	2021	2020
Salaries and other short-term employee benefits	\$ 166,982	\$ 141,838

8. PLEGGED ASSETS

Details of the book value of the Group's assets pledged as collateral are as follows:

<u>Pledged asset</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2021</u>	<u>December 31, 2020</u>	
Financial assets at amortized cost-restricted time deposits (recorded as 'financial assets at amortized cost - current and non-current')	\$ 42,866	\$ 83,542	Performance guarantee and other guarantee
Guarantee deposits paid (recorded as 'other current assets' and 'other non-current assets')	225,056	146,593	Bid bond, performance guarantee and warranty
Buildings and structures (recorded as 'property, plant and equipment')	11,911	12,963	Guarantee for bank's borrowing facility
	<u>\$ 279,833</u>	<u>\$ 243,098</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

As of December 31, 2021, the notes and letters of guarantee used for construction performance and custom security amounted to \$2,734,192.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

For details of the 2021 earnings appropriation proposed by the Board of Directors on February 21, 2022, refer to Note 6(18) 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, 2021</u>	<u>December 31, 2020</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	\$ 978,021	\$ 675,967
Financial assets at amortized cost		
/ Loans and receivables		
Cash and cash equivalents	4,187,655	2,992,379
Notes receivable (including related parties)	52,979	50,671
Accounts receivable (including related parties)	4,927,644	3,830,018
Other accounts receivable	201,074	14,002
Restricted time deposits (recorded as 'financial assets at amortized cost-current and non-current')	42,866	83,542
Guarantee deposits paid (recorded as 'other current assets' and 'other non-current assets')	272,436	184,351
	<u>\$ 10,662,675</u>	<u>\$ 7,830,930</u>
<u>Financial liabilities</u>		
Financial liabilities measured at fair value through profit or loss		
Short-term borrowings	\$ 3,568,994	\$ 1,474,800
Notes payable (including related parties)	1,737,092	1,155,932
Accounts payable (including related parties)	6,375,810	4,103,846
Other accounts payable	853,528	651,328
Bonds payable	885,747	1,455,438
Long-term borrowings	200,000	200,000
Guarantee deposits received (recorded as 'other non-current liabilities')	78	79
	<u>\$ 13,621,249</u>	<u>\$ 9,041,423</u>
Lease liabilities	<u>\$ 1,245,663</u>	<u>\$ 980,425</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, and VND). 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, 2021						
	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	\$ 80,130	27.68	\$ 2,217,986	1%	\$ 22,180	\$ -
USD : RMB	20,288	6.3720	561,576	1%	5,616	-
USD : KRW	2,001	1,177.87	55,393	1%	554	-
EUR : NTD	14,852	31.32	465,155	1%	4,652	-
JPY : NTD	681,423	0.2405	163,882	1%	1,639	-
JPY : RMB	1,624,624	0.0554	390,722	1%	3,907	-
USD : IDR	1,146	13,980	31,729	1%	317	-

December 31, 2021						
Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Sensitivity analysis		
				Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)						
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	\$ 15,872	27.68	\$ 439,334	1%	\$ 4,393	\$ -
USD : RMB	8,562	6.3720	236,991	1%	2,370	-
USD : VND	4,000	23,067	110,720	1%	1,107	-
USD : SGD	1,598	1.3529	44,228	1%	442	-
JPY : NTD	1,433,949	0.2405	344,865	1%	3,449	-
JPY : RMB	949,862	0.0554	228,442	1%	2,284	-
December 31, 2020						
Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Sensitivity analysis		
				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	\$ -
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	-

- iv. The total exchange loss, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2021 and 2020 were \$92,019 and \$70,393, respectively.

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, 2021 and 2020 would have increased/decreased by \$9,408 and \$6,587, 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, 2021 and 2020, the Group's borrowings at variable rate were mainly denominated in NTD, USD, SGD and RMB.
- ii. The Group'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, 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, 2021 and 2020 would have decreased/increased by \$30,152 and \$13,398, 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 its 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, 2021 and 2020, 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, 2021 and 2020, the provision matrix and loss rate methodology are as follows:
- (i) Accounts receivable in relation to construction

<u>December 31, 2021</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~1.1049%	\$ 1,569,427	\$ 4,349
Up to 90 days	0%~6.5485%	283,534	6,971
91 to 180 days	0%~8.5932%	61,440	2,776
181 to 365 days	0%~12.1968%	114,346	8,974
1 to 2 years	0%~69.7984%	144,373	17,595
Over 2 years	100%	61,177	61,177
Total		<u>\$ 2,234,297</u>	<u>\$ 101,842</u>

<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>

(ii) Accounts receivable in relation to sales

<u>December 31, 2021</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~8.9141%	\$ 2,290,323	\$ 750
Up to 90 days	0%~7.8911%	284,119	519
91 to 180 days	0%~22.4268%	24,157	540
181 to 365 days	0%~84.1454%	86,606	32,401
Over 365 days	100%	68,888	68,888
Total		<u>\$ 2,754,093</u>	<u>\$ 103,098</u>

<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>

(iii) Based on historical experience, the Group applies individual assessment to evaluate expected credit loss of the high-credit risk customers. On December 31, 2021 and 2020, accounts receivable and loss allowance amounted to \$335,208 and \$543,820 and \$301,230 and \$475,123, 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, 2021 and 2020, notes and accounts receivable and loss allowance amounted to \$163,195 and \$0, \$293,494 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:

	<u>2021</u>	<u>2020</u>
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
At January 1	\$ 684,513	\$ 605,847
(Reserval of) provision for impairment	(6,611)	175,073
Write-offs	(162,174)	(94,724)
Effect of foreign exchange	(9,558)	(1,683)
At December 31	<u>\$ 506,170</u>	<u>\$ 684,513</u>

For provisioned (gain) loss for the years ended December 31, 2021 and 2020, the impairment loss arising from customers' contracts are (\$6,611) and \$175,073, 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, 2021</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	\$ 3,576,301	\$ -	\$ -	\$ -
Notes payable (including related parties)	1,737,092	-	-	-
Accounts payable (including related parties)	6,375,810	-	-	-
Other payables	853,528	-	-	-
Bonds payable	-	903,600	-	-
Long-term borrowings	1,775	200,444	-	-
Lease liabilities	153,539	118,674	205,493	1,110,174

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	-	-	1,500,000	-
Long-term borrowings	1,756	200,439	-	-
Lease liabilities	107,654	81,837	153,747	950,398

(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 are 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 (including related parties), accounts receivable (including related parties), other receivables, restricted time deposits (recorded as financial assets at amortized cost-current and non-current), 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, 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, 2021</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	\$ 197,530	\$ -	\$ 743,242	\$ 940,772
Private funds	-	-	33,183	33,183
Hybrid instruments	-	-	4,066	4,066
Total	<u>\$ 197,530</u>	<u>\$ -</u>	<u>\$ 780,491</u>	<u>\$ 978,021</u>
<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
Private funds	-	-	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>

(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, 2021 and 2020, 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, 2021 and 2020:

	2021		2020	
	Equity instruments and beneficiary certificates	Hybrid instruments	Equity instruments and beneficiary certificates	Hybrid instruments
At January 1	\$ 499,274	\$ 8,317	\$ 477,378	\$ 33,043
Acquired during the year	86,653	-	40,755	19,789
Sold during the year	(7,251)	-	(10,750)	-
Gains and losses recognized in profit or loss (Note)	<u>197,749</u>	<u>(4,251)</u>	<u>(8,109)</u>	<u>(44,515)</u>
At December 31	<u>\$ 776,425</u>	<u>\$ 4,066</u>	<u>\$ 499,274</u>	<u>\$ 8,317</u>
Movement of unrealized gain or loss in profit or loss of assets and liabilities held as at end of the year (Note)	<u>\$ 197,749</u>	<u>(\$ 4,251)</u>	<u>(\$ 8,109)</u>	<u>(\$ 44,515)</u>

Note: Recorded as non-operating income and expense.

F. For the years ended December 31, 2021 and 2020, 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, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 717,640	Market comparable companies	Note 1	Not applicable	Note 2
Venture capital shares and private funds	58,785	Net asset value	Not applicable	Not applicable	Not applicable
Hybrid instrument:					
Convertible bond – call provision	4,066	Binomial tree pricing model	Volatility	38.17% ~51.72%	The higher the stock price volatility, the higher the fair value
	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 private funds	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

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, 2021			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets						
Equity instruments and beneficiary certificates	Stock price and fair value	± 10%	\$ 77,643	(\$ 77,643)	\$ -	\$ -
Convertible bond - call provision	Stock price	± 10%	60	(110)	-	-
Convertible bond - call provision	Volatility	± 5%	140	(70)	-	-
Total			<u>\$ 77,843</u>	<u>(\$ 77,823)</u>	<u>\$ -</u>	<u>\$ -</u>
			December 31, 2020			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable 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>

(4) Evaluation of the impact of Covid-19

For the impact of Covid-19 pandemic and the government's multiple pandemic prevention programs, as of December 31, 2021, the pandemic and related prevention programs have no significant impact on the Group's operations based on the Group's assessment. Meanwhile, in order to prevent the spread of the pandemic, the Group has taken countermeasures and continues to manage related matters.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries and associates): Please refer to table 3.
- D. 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, 2021 and 2020 is as follows:

	Year ended December 31, 2021				
	<u>Sales and services for equipment materials segment</u>	<u>Facility system and mechanic & electric system service segment</u>	<u>Customized equipment manufacturing segment</u>	<u>Other segments</u>	<u>Total</u>
Revenue from external customers					
Sales and services of high-tech equipment and materials	\$ 5,770,765	\$ 2,154,243	\$ 1,329	\$ 1,189	\$ 7,927,526
R&D and manufacturing of customized equipment	-	-	8,647,217	-	8,647,217
Automatic supplying system	69,613	10,350,450	-	-	10,420,063
Total Facility Engineering Turnkey Project	-	7,463,868	-	-	7,463,868
	<u>\$ 5,840,378</u>	<u>\$ 19,968,561</u>	<u>\$ 8,648,546</u>	<u>\$ 1,189</u>	<u>\$ 34,458,674</u>
Inter-segment revenue	348,583	173,480	22,848	4,456	549,367
Total segment revenue	<u>\$ 6,188,961</u>	<u>\$ 20,142,041</u>	<u>\$ 8,671,394</u>	<u>\$ 5,645</u>	<u>\$ 35,008,041</u>
Segment profit (loss)	<u>\$ 636,158</u>	<u>\$ 448,177</u>	<u>\$ 565,026</u>	<u>(\$ 6,275)</u>	<u>\$ 1,643,086</u>
Segment profit including:					
Depreciation and amortization	<u>\$ 41,587</u>	<u>\$ 116,166</u>	<u>\$ 205,980</u>	<u>\$ 3,410</u>	<u>\$ 367,143</u>

	Year ended December 31, 2020				
	<u>Sales and services for equipment materials segment</u>	<u>Facility system and mechanic & electric system service segment</u>	<u>Customized equipment manufacturing segment</u>	<u>Other segments</u>	<u>Total</u>
Revenue from external customers					
Sales and services of high-tech equipment and materials	\$ 5,071,352	\$ 1,810,247	\$ 37	\$ 3,413	\$ 6,885,049
R&D and manufacturing of customized equipment	-	-	7,243,247	-	7,243,247
Automatic supplying system	141,865	5,937,520	-	-	6,079,385
Total Facility Engineering Turnkey Project	-	4,912,176	-	-	4,912,176
	<u>\$ 5,213,217</u>	<u>\$ 12,659,943</u>	<u>\$ 7,243,284</u>	<u>\$ 3,413</u>	<u>\$ 25,119,857</u>
Inter-segment revenue	<u>278,607</u>	<u>207,665</u>	<u>25,822</u>	<u>4,373</u>	<u>516,467</u>
Total segment revenue	<u>\$ 5,491,824</u>	<u>\$ 12,867,608</u>	<u>\$ 7,269,106</u>	<u>\$ 7,786</u>	<u>\$ 25,636,324</u>
Segment profit (loss)	<u>\$ 548,545</u>	<u>\$ 160,006</u>	<u>\$ 497,585</u>	<u>(\$ 4,638)</u>	<u>\$ 1,201,498</u>
Segment profit including: Depreciation and amortization	<u>\$ 35,743</u>	<u>\$ 91,279</u>	<u>\$ 207,034</u>	<u>\$ 3,684</u>	<u>\$ 337,740</u>

(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, 2021 and 2020 is provided as follows:

	Years ended December 31,	
	<u>2021</u>	<u>2020</u>
Reportable segments income	\$ 1,649,361	\$ 1,206,136
Other reportable segments loss	(6,275)	(4,638)
Total segments	1,643,086	1,201,498
Other gains and losses	355,675	15,578
Finance costs	(58,380)	(67,326)
Income before tax from continuing operations	<u>\$ 1,940,381</u>	<u>\$ 1,149,750</u>

(5) Information on products

Details of revenue are as follows:

	Years ended December 31,	
	2021	2020
R&D and manufacturing of customized equipment	\$ 8,647,217	\$ 7,243,247
Sales and service of high-tech equipment and materials	7,927,526	6,885,049
Automatic supplying system	10,420,063	6,079,385
Total Facility Engineering Turnkey Project	7,463,868	4,912,176
Total	<u>\$ 34,458,674</u>	<u>\$ 25,119,857</u>

(6) Geographical information

Financial information by geographical area for the years ended December 31, 2021 and 2020 is as follows:

	Years ended December 31,			
	2021		2020	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 18,276,141	\$ 3,067,876	\$ 11,400,180	\$ 2,697,352
China	8,086,508	223,874	7,203,398	220,219
Others	8,096,025	445,566	6,516,279	393,151
Total	<u>\$ 34,458,674</u>	<u>\$ 3,737,316</u>	<u>\$ 25,119,857</u>	<u>\$ 3,310,722</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, 2021 and 2020:

	Years ended December 31,			
	2021		2020	
	Revenue	Segment	Revenue	Segment
Customer A	\$ 7,359,354	Facility system and mechanic & electric system service segment	\$ 3,942,913	Facility system and mechanic & electric system service segment
Customer B	1,913,548	R&D and manufacturing of customized equipment segment	2,580,701	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, 2021

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, 2021 (Note 3)	Balance at December 31, 2021 (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 - related parties	Y	\$ 49,490	\$ 27,680	\$ 27,680	4.366	Short-term financing	\$ -	Operations	\$ -	None	\$ -	\$ 3,069,023	\$ 3,069,023	Note 7
0	Marketech International Corp.	Marketech International Sdn. Bhd.	Other receivables - related parties	Y	83,040	83,040	24,912	4.366	Short-term financing	-	Operations	-	None	-	3,069,023	3,069,023	Note 7
0	Marketech International Corp.	MIC-Tech Viet Nam Co., Ltd.	Other receivables - related parties	Y	166,500	110,720	110,720	4.366	Short-term financing	-	Operations	-	None	-	3,069,023	3,069,023	Note 7
1	MIC-Tech Electronics Engineering Corp.	Shanghai Maohua Electronics Engineering Co., Ltd.	Other receivables	Y	65,473	26,064	26,064	4.350	Short-term financing	-	Operations	-	None	-	242,290	484,580	Note 7
1	MIC-Tech Electronics Engineering Corp.	Fuzhou Jiwei System Integrated Co., Ltd.	Other receivables	Y	4,344	2,172	2,172	4.350	Short-term financing	-	Operations	-	None	-	484,580	484,580	Note 7
2	MIC-Tech (Shanghai) Corp.	MIC-Tech China Trading (Shanghai) Co., Ltd.	Other receivables	Y	26,063	13,032	13,032	4.350	Short-term financing	-	Operations	-	None	-	512,104	512,104	Note 7
2	MIC-Tech (Shanghai) Corp.	MIC-Tech (WuXi) Co., Ltd.	Other receivables	Y	43,839	-	-	-	Short-term financing	-	Operations	-	None	-	512,104	512,104	Note 7
3	Marketech Integrated Manufacturing Company Limited	Marketech Integrated Construction Co., Ltd.	Other receivables	Y	7,134	4,152	4,152	7.000	Short-term financing	-	Operations	-	None	-	76,950	153,901	Note 7
4	Marketech Co., Ltd.	MIC-Tech Viet Nam Co., Ltd.	Other receivables	Y	9,600	-	-	-	Short-term financing	-	Operations	-	None	-	10,498	10,498	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 recognized, 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, 2021.

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, 2021

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, 2021 (Note 5)	Outstanding endorsement/ guarantee amount at December 31, 2021 (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	\$ 3,836,279	\$ 17,131	\$ 14,911	\$ 3,603	\$ -	0.19%	\$ 7,672,557	Y	N	N	Note 4
0	Marketech International Corp.	MIC-Tech (Shanghai) Corp.	2	3,836,279	859,442	756,561	34,680	-	9.86%	7,672,557	Y	N	Y	Note 4
0	Marketech International Corp.	MIC-Tech (WuXi) Co., Ltd.	2	3,836,279	347,506	276,376	157,776	-	3.60%	7,672,557	Y	N	Y	Note 4
0	Marketech International Corp.	MIC-Tech Electronics Engineering Corp.	2	3,836,279	1,781,943	1,373,105	211,430	-	17.90%	7,672,557	Y	N	Y	Note 4
0	Marketech International Corp.	Shanghai Maohua Electronics Engineering Co.,Ltd.	2	3,836,279	318,971	296,340	207,518	-	3.86%	7,672,557	Y	N	Y	Note 4
0	Marketech International Corp.	Marketech International Sdn. Bhd.	2	3,836,279	227,840	166,080	32,843	-	2.16%	7,672,557	Y	N	N	Note 4
0	Marketech International Corp.	eZoom Information, Inc.	2	3,836,279	85,000	25,000	-	-	0.33%	7,672,557	Y	N	N	Note 4
0	Marketech International Corp.	Te Chang Construction Co., Ltd.	5	3,836,279	174,000	174,000	65,248	-	2.27%	7,672,557	N	N	N	Note 4
0	Marketech International Corp.	Marketech International Corporation USA	2	3,836,279	1,403,100	1,401,360	1,284,382	-	18.26%	7,672,557	Y	N	N	Note 4
1	MIC-Tech Electronics Engineering Corp.	Marketech International Corp.	3	1,817,175	482,670	-	-	-	-	3,028,625	N	Y	N	Note 4
1	MIC-Tech Electronics Engineering Corp.	MIC-Tech (WuXi) Co., Ltd.	4	1,817,175	8,570	-	-	-	-	3,028,625	N	N	Y	Note 4
1	MIC-Tech Electronics Engineering Corp.	MIC-Tech Viet Nam Co., Ltd.	4	1,817,175	413,406	409,990	409,990	-	67.69%	3,028,625	N	N	N	Note 4
1	MIC-Tech Electronics Engineering Corp.	The Fourth Construction Co., Ltd. of China Electronics System Engineering	5	1,817,175	808,756	801,400	778,920	-	132.30%	3,028,625	N	N	Y	Note 4
2	Marketech Co., Ltd.	MIC-Tech Viet Nam Co., Ltd.	4	131,230	126,166	-	-	-	-	131,230	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 Lending 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 endorsement/guarantee to a single party is the net assets of the Company.
- (2) In accordance with business relationship, limit on endorsement/guarantee to a single party is the total value of business transactions within past 12 months. (the value of business transactions is the higher of purchases or sales)
- (3) Except for (1) and (2) mentioned above, limit on endorsement/guarantee to a single party is 50% of the net assets of the Company.
- (4) For (2) and (3) mentioned above, limit on the total amount of endorsement/guarantee is the net assets of the Company.
- (5) For the Company and subsidiaries, limit on endorsement/guarantee to a single party is the net assets of the Company; limit on the total amount is 5 times of the net assets of the Company.

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, 2021

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

					As of December 31, 2021					
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	20,000	\$ 169,745	-	\$ 169,745	None	
"	"	Aerospace Industrial Development Corp.	"	"	50,925	1,495	-	1,495	"	
						<u>\$ 171,240</u>		<u>\$ 171,240</u>		
"	Ordinary shares	Taiwan Colour & Imaging Technology Corp.	None	Financial assets measured at fair value through profit or loss - non-current	1,700,000	\$ -	12.15%	\$ -	None	
"	"	Chung-Hsin Electric and Machinery Manufacturing Corp.	"	"	581,000	26,290	0.12%	26,290	"	
"	"	WINGS GLOBAL TECHNOLOGY INC.	"	"	750,000	9,096	18.75%	9,096	"	
"	"	Promos Technologies, Inc.	"	"	250,331	-	0.56%	-	"	
"	"	Taiwan Puritic Corp.	"	"	5,352,181	405,427	8.80%	405,427	"	
"	"	SOPOWER Technology Corp.	"	"	189,223	-	0.80%	-	"	
"	"	VEEV Interactive Pte. Ltd.	"	"	840,000	-	6.32%	-	"	
"	"	Taiwan Intelligent Fiber Optic Network Co., Civil Tech Pte. Ltd.	"	"	3,868,261	25,145	1.41%	25,145	"	
"	"	ProbeLeader Co., Ltd.	Entities controlled by key management or entities with significant influence	"	966,000	16,315	3.46%	16,315	"	
"	"	Top Green Energy Technologies, Inc.	None	"	1,111,111	-	0.89%	-	"	
"	"	IP Fund Six Co., Ltd.	"	"	817,857	7,991	1.79%	7,991	"	
"	"	Innorich Venture Capital Corp.	"	"	1,000,000	7,093	1.87%	7,093	"	
"	"	Taiwan Foresight Co., Ltd.	"	"	380,000	4,310	2.24%	4,310	"	
"	"	Long Time Technology Corp.	"	"	346,000	16,422	0.29%	16,422	"	
"	"	Paradigm Venture Capital Corp.	"	"	76,659	1,126	3.50%	1,126	"	
"	"	Taiwan Special Chemicals Corp.	"	"	2,268,828	88,451	1.64%	88,451	"	
"	"	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	320	19.01%	320	"	
"	"	Radisen Co., Ltd.	"	"	87,803	-	18.49%	-	"	
"	"	Foresight Energy Technologies Co., Ltd.	"	"	675,000	1,626	2.70%	1,626	"	
"	"	Mycropore Corporation, Ltd.	"	"	1,471,000	26,954	8.44%	26,954	"	
"	"	STEK CO., LTD.	"	"	507,428	24,006	6.34%	24,006	"	
"	"	Sum Capital Healthcare Investment Corp.	Entities controlled by key management or entities with significant influence	"	943,050	9,393	7.44%	9,393	"	
"	"	Forward Science Corp.	"	"	2,650,240	34,117	8.41%	34,117	"	
"	"	Renown Information Technology Corp.	None	"	800,000	1,696	16.00%	1,696	"	
"	"	TAIWAN TRUEWIN TECHNOLOGY CO.,	"	"	500,000	31,750	2.85%	31,750	"	
"	"	Sharpcon Optical Co., Ltd.	"	"	667,000	7,192	3.48%	7,192	"	
"	"	Everlasting Digital ESG Co., Ltd.	"	"	100,000	1,000	5.88%	1,000	"	
"	"	Artfil, Inc.	"	"	170	23,812	7.38%	23,812	"	
"	Private funds	Zoyi II Investment Limited Partnership	"	"	-	12,836	-	12,836	"	
"	Convertible bonds	HALLYS CORPORATION	"	"	-	-	-	-	"	
"	"	Radisen Co., Ltd.	"	"	-	-	-	-	"	
"	"	Nitride Solutions Inc.	"	"	-	-	-	-	"	
"	"	Kinestral Technologies, Inc.	"	"	-	-	-	-	"	
"	Preferred stock	Adant Technologies Inc.	"	"	174,520	-	Note 3	-	"	
"	"	Kinestral Technologies, Inc.	"	"	501,532	-	"	-	"	
"	Private funds	Vertex Growth (SG) LP	"	"	-	20,347	-	20,347	"	
		Total				<u>\$ 802,715</u>		<u>\$ 802,715</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 amortized 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, 2021

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)		
MIC-Tech Global Corp.	Marketech International Corp.	Subsidiary	Sales	\$ 164,320	89.59%	Note 1	\$ -	-	\$ 49,199	99.85%	-

Note 1: No significant difference from general transactions.

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
 Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
 December 31, 2021

Table 5

Expressed in thousands of NTD
 (Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2021 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Marketch International Corp.	MIC-Tech Viet Nam Co., Ltd.	Subsidiary	\$ 111,729	Note 2	\$ -	-	\$ -	-

Note 1: Fill in separately the balances of accounts receivable-related parties, notes receivable-related parties, other receivables-related parties.

Note 2: Other receivables pertain to funds lent to related parties, thus, it is not applicable.

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES

Significant inter-company transactions during the reporting period

For the year ended December 31, 2021

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction		Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount		
0	Marketech International Corp.	MIC-Tech (Shanghai) Corp.	1	Sales revenue	\$ 34,880	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.	0.10%
0	Marketech International Corp.	MIC-Tech (Shanghai) Corp.	1	Construction revenue	10,521		0.03%
0	Marketech International Corp.	MIC-Tech (Shanghai) Corp.	1	Accounts receivable	11,720		0.04%
0	Marketech International Corp.	MIC-Tech (Shanghai) Corp.	1	Non-operating revenue	6,483		0.02%
0	Marketech International Corp.	MIC-Tech Electronics Engineering Corp.	1	Other receivables	9,559		0.03%
0	Marketech International Corp.	MIC-Tech Electronics Engineering Corp.	1	Non-operating revenue	20,363		0.06%
0	Marketech International Corp.	Marketech Integrated Pte. Ltd.	1	Accounts receivable	16,184		0.06%
0	Marketech International Corp.	Marketech Integrated Pte. Ltd.	1	Other receivables	27,892		0.10%
0	Marketech International Corp.	Marketech Integrated Pte. Ltd.	1	Sales revenue	65,501		0.19%
0	Marketech International Corp.	Marketech Integrated Pte. Ltd.	1	Construction revenue	14,055		0.04%
0	Marketech International Corp.	Marketech International Sdn. Bhd.	1	Other receivables	25,296		0.09%
0	Marketech International Corp.	MIC-Tech Viet Nam Co., Ltd.	1	Other receivables	111,729		0.40%
0	Marketech International Corp.	MIC-Tech Global Corp.	1	Prepayment for purchases	7,624		0.03%
1	eZoom Information, Inc.	Marketech International Corp.	2	Services revenue	53,545		0.16%
1	eZoom Information, Inc.	Marketech International Corp.	2	Construction revenue	11,292	0.03%	
2	MIC-Tech Global Corp.	Marketech International Corp.	2	Sales revenue	164,320	0.48%	
2	MIC-Tech Global Corp.	Marketech International Corp.	2	Accounts receivable	49,199	0.18%	
3	Spiro Technology Systems Inc.	Marketech International Corp.	2	Accounts receivable	9,782	0.04%	
3	Spiro Technology Systems Inc.	Marketech International Corp.	2	Sales revenue	46,361	0.13%	
4	Marketech Netherlands B.V.	Marketech International Corp.	2	Sales revenue	8,273	0.02%	
5	MIC-Tech Electronics Engineering Corp.	MIC-Tech (Shanghai) Corp.	3	Accounts receivable	8,388	0.03%	
5	MIC-Tech Electronics Engineering Corp.	MIC-Tech (Shanghai) Corp.	3	Construction revenue	8,886	0.03%	
5	MIC-Tech Electronics Engineering Corp.	Shanghai Maohua Electronics Engineering Co., Ltd.	3	Other receivables	26,064	0.09%	
6	Shanghai Maohua Electronics Engineering Co., Ltd.	MIC-Tech Electronics Engineering Corp.	3	Accounts receivable	52,708	0.19%	
6	Shanghai Maohua Electronics Engineering Co., Ltd.	MIC-Tech Electronics Engineering Corp.	3	Construction revenue	78,914	0.23%	
6	Shanghai Maohua Electronics Engineering Co., Ltd.	MIC-Tech Electronics Engineering Corp.	3	Sales revenue	26,849	0.08%	
7	MIC-Tech (Shanghai) Corp.	MIC-Tech China Trading (Shanghai) Co., Ltd.	3	Other receivables	13,032	0.05%	

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, 2021

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, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognized by the Company for the year ended December 31, 2021 (Note 1)	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
Marketech International Corp.	Marketech Integrated Pte. Ltd.	Singapore	Contracting for semiconductor automatic supply system	\$ 233,306	\$ 233,306	10,085,678	100	(\$ 43,049)	(\$ 7,915)	(\$ 7,915)	The Company's subsidiary
Marketech International Corp.	Market Go Profits Ltd.	Virgin Islands	Investment holding and reinvestment	1,328,547	1,328,547	41,069,104	100	1,665,661	295,070	295,070	The Company's subsidiary
Marketech International Corp.	MIC-Tech Global Corp.	South Korea	International trade	19,147	19,147	131,560	100	11,571	409	409	The Company's subsidiary
Marketech International Corp.	Headquarter International Ltd.	Virgin Islands	Investment holding and reinvestment	42,475	42,475	1,289,367	100	33,757	(586)	(586)	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	31,391	(1,983)	(1,983)	The Company's subsidiary
Marketech International Corp.	Marketech Engineering Pte. Ltd.	Singapore	Contracting for electrical installing construction	21,804	21,804	937,533	100	(128)	(2,105)	(2,105)	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	192,376	(76,361)	(76,361)	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 software execution service associated with computer hardware installation	131,060	110,696	-	100	123,939	11,394	11,394	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	72,596	-	100	13,123	(4,778)	(4,778)	The Company's subsidiary
Marketech International Corp.	eZoom Information, Inc.	Taiwan	Research, trading and consulting of information system software and hardware appliance	225,737	195,737	23,000,000	100	93,588	(37,275)	(37,275)	The Company's subsidiary
Marketech International Corp.	Marketech International Sdn.Bhd.	Malaysia	Specialized contracting and related repair services	77,803	77,803	12,242,750	100	53,279	(1,563)	(1,563)	The Company's subsidiary
Marketech International Corp.	Marketech International Corporation USA	USA	Specialized contracting and related repair services	110,309	23,086	3,750,000	100	97,807	3,408	3,408	The Company's subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount (Note 2)		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognized by the Company for the year ended December 31, 2021 (Note 1)	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
Marketech International Corp.	Spiro Technology Systems Inc.	USA	Specialized contracting and related repair services	\$ 54,074	\$ 23,936	1,000,000	100.00	\$ 50,535	\$ 2,656	\$ 2,656	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 of equipment	64,119	50,000	4,205,940	26	26,756	(50,475)	(13,419)	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	31,867	(447)	(447)	The Company's subsidiary
Marketech International Corp.	Marketech Netherlands B.V	Netherlands	International trade business of machine and components and technical service	31,253	31,253	900,000	100	3,288	(8,397)	(8,397)	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	65,340	6,374	1,864	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	1,814	(46)	(10)	The Company's investee accounted for using equity method
Marketech International Corp.	Taiwan Radisen HealthCare Co., Ltd.	Taiwan	Smart medical consulting services and investment	500	500	50,000	100	418	(58)	(58)	The Company's subsidiary
Marketech International Corp.	Vertex System Corporation	Taiwan	Trading of equipment for private 5G wireless communication networks (picocells and core networks) and IoT intelligent control gateway; maintenance and operations of device management platform (DMP), and provision of services in software management platform and vertical integration of information technology (IT) and communication technology (CT)	50,000	20,000	5,000,000	61.35	45,080	(6,894)	(2,967)	The Company's subsidiary
Marketech International Corp.	MIC Healthcare Korea Co., Ltd.	South Korea	R&D, sales and professional technical services of medical device and its parts; international trade and import and export business	8,321	-	700,000	100.00	5,880	(2,465)	(2,465)	The Company's subsidiary
Market Go Profits Ltd.	MIC-Tech Ventures Asia Pacific Inc.	Cayman Islands	Investment holding and reinvestment	1,323,049	1,323,049	40,966,604	100	1,664,389	295,166	-	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	(854)	(1,987)	-	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	21,451	22,121	-	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	3,153	(1,760)	-	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	30,409	(11,932)	-	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	(3,067)	1,090	-	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	45,985	500,000	27.78	8,232	(9,742)	-	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	(447)	-	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, 2021, 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, 2021

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, 2021 (Note 3)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2021 (Note 3)		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021 (Note 3)	Net income of investee for the year ended December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2021 (Note 2)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	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	\$ 705,840	Note 1(2)	\$ 567,440	\$ -	\$ -	\$ 567,440	\$ 40,207	100	\$ 40,734	\$ 57,373	\$ -	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	228,111	Note 1(2)	13,840	-	-	13,840	146,165	100	146,165	640,130	-	Note 2 (2)B
Fuzhou Jiwei System Integrated Co., Ltd.	Installation and complete services of clean room, mechanical system, street pipe system	8,304	Note 1(2)	8,304	-	-	8,304	(346)	100	(346)	(2,143)	-	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 (except for auction), export, import and related services of electronic products, machinery equipment, chemical products (except for dangerous items), communication equipment, metal products, plastic products	16,608	Note 1(2)	16,691	-	-	16,691	25,468	87	22,157	18,912	-	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	487,694	Note 1(2)	235,834	-	-	235,834	72,327	100	72,327	605,725	-	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	63,885	Note 1(2)	25,554	-	-	25,554	(1,755)	100	(1,755)	-	-	Note 2 (2)B & Note 4

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, 2021 (Note 3)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2021 (Note 3)		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021 (Note 3)	Net income of investee for the year ended December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2021 (Note 2)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	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	\$ 193,760	Note 1(2)	\$ 107,952	\$ -	\$ -	\$ 107,952	(\$ 11,932)	60	(\$ 7,159)	\$ 29,717	\$ -	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	41,520	Note 1(2)	41,520	-	-	41,520	27,645	100	27,645	60,272	-	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	26,487	Note 1(2)	8,325	-	-	8,325	1,090	31.43	342	(3,071)	-	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	33,216	Note 1(2)	13,840	-	-	13,840	(9,728)	27.78	(2,703)	3,625	-	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) recognized by the Company for the year ended December 31, 2021' 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.

Note 4: Frontken-MIC (Wuxi) Co., Ltd. completed the liquidation procedure in July 2021.

2. Limit on investees in Mainland China

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021 (Note 1) (Note 2) (Note 3)	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.	\$ 1,084,773	\$ 1,807,973	\$ 4,681,284

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 November 30, 2011 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, 2021, 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, 2021

Table 9

Name of major shareholders	Shares	
	Name of shares held	Ownership (%)
Ennoconn International Investment Co., Ltd.	83,468,613	43.30
JI-XUAN Investment Corp.	11,005,795	5.70

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, 2021 AND 2020

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 Marketech International Corp.

Opinion

We have audited the accompanying parent company only balance sheets of Marketech International Corp. (the "Company") as at December 31, 2021 and 2020, 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, 2021 and 2020, 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

We conducted our audits 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. 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, 2021. 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, 2021 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 contracts list for this fiscal year, and checked whether the total contract price is equal to the amount being used to calculate construction contract revenue. Ascertained whether any additional construction supplements can be traced back to supplementary contracts.
- C. Checked the significant newly added construction projects, sample tested the construction costs incurred, estimation sheets and subcontract plans, and ascertained whether these have been approved appropriately by the management.
- D. Checked the significant changes in the estimation of construction cost, and ascertained 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 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 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 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 Notes 4(8) and (9) 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 the generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, 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.



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.

Lin, Chun-Yao

Weng, Shih-Jung

For and on behalf of PricewaterhouseCoopers, Taiwan

February 21, 2022

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 independent auditors' report 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, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2021		December 31, 2020		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,446,152	6	\$ 1,562,493	9
1110	Financial assets at fair value through profit or loss - current	6(2)	175,306	1	140,684	1
1136	Financial assets at amortized cost - current	8	-	-	45,000	-
1140	Current contract assets	6(17) and 7	7,556,616	33	4,226,388	25
1150	Notes receivable, net	6(3)	4,436	-	30,083	-
1160	Notes receivable due from related parties, net	6(3) and 7	92	-	-	-
1170	Accounts receivable, net	6(3)	3,072,904	13	2,395,135	14
1180	Accounts receivable - related parties, net	6(3) and 7	71,163	-	156,710	1
1200	Other receivables		195,048	1	9,266	-
1210	Other receivables - related parties	7	180,450	1	39,108	-
130X	Inventories, net	6(4)	3,015,240	13	2,385,410	14
1410	Prepayments		723,366	3	373,638	2
1470	Other current assets	8	94,864	1	87,612	1
11XX	Total current assets		<u>16,535,637</u>	<u>72</u>	<u>11,451,527</u>	<u>67</u>
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	802,715	3	535,283	3
1550	Investments accounted for using equity method	6(5) and 7	2,547,470	11	2,279,900	14
1600	Property, plant and equipment, net	6(6) and 7	1,979,380	9	1,717,285	10
1755	Right-of-use assets	6(7) and 7	962,581	4	905,860	5
1780	Intangible assets	7	75,746	-	48,026	-
1840	Deferred tax assets	6(21)	157,800	1	170,699	1
1900	Other non-current assets	8	49,152	-	34,970	-
15XX	Total non-current assets		<u>6,574,844</u>	<u>28</u>	<u>5,692,023</u>	<u>33</u>
1XXX	Total Assets		<u>\$ 23,110,481</u>	<u>100</u>	<u>\$ 17,143,550</u>	<u>100</u>

(Continued)

MARKETECH INTERNATIONAL CORP.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(8)	\$ 3,345,000	15	\$ 1,085,778	6
2130	Current contract liabilities	6(17) and 7	2,473,760	11	2,354,775	14
2150	Notes payable		1,719,791	7	1,150,933	7
2160	Notes payable - related parties	7	14,724	-	3,897	-
2170	Accounts payable		4,411,499	19	2,585,841	15
2180	Accounts payable - related parties	7	45,333	-	14,506	-
2200	Other payables	6(9)	639,993	3	468,688	3
2230	Current tax liabilities		154,008	1	149,664	1
2280	Current lease liabilities		78,737	-	71,518	-
2310	Advance receipts		207,026	1	118,015	1
2399	Other current liabilities		66,609	-	104,025	-
21XX	Total current liabilities		<u>13,156,480</u>	<u>57</u>	<u>8,107,640</u>	<u>47</u>
Non-current liabilities						
2530	Bonds payable	6(10)	885,747	4	1,455,438	9
2540	Long-term borrowings	6(11)	200,000	1	200,000	1
2570	Deferred tax liabilities	6(21)	94,422	-	51,303	-
2580	Non-current lease liabilities		894,340	4	841,381	5
2640	Net defined benefit liability - non-current	6(12)	163,688	1	178,133	1
2670	Other non-current liabilities	6(5)	43,247	-	37,251	-
25XX	Total non-current liabilities		<u>2,281,444</u>	<u>10</u>	<u>2,763,506</u>	<u>16</u>
2XXX	Total Liabilities		<u>15,437,924</u>	<u>67</u>	<u>10,871,146</u>	<u>63</u>
Equity						
Share capital		6(14)				
3110	Ordinary shares		1,927,562	8	1,872,192	11
Capital surplus		6(13)(15)				
3200	Capital surplus		1,562,207	7	1,029,109	6
Retained earnings		6(16)				
3310	Legal reserve		932,127	4	841,627	5
3320	Special reserve		167,098	1	170,247	1
3350	Unappropriated retained earnings		3,339,807	14	2,526,327	15
Other equity interest						
3400	Other equity interest		(256,244)	(1)	(167,098)	(1)
3XXX	Total Equity		<u>7,672,557</u>	<u>33</u>	<u>6,272,404</u>	<u>37</u>
Significant contingent liabilities and unrecognized contract commitments		7 and 9				
Significant events after the balance sheet date		11				
3X2X	Total Liabilities and Equity		<u>\$ 23,110,481</u>	<u>100</u>	<u>\$ 17,143,550</u>	<u>100</u>

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

MARKETECH INTERNATIONAL CORP.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

	Items	Notes	Year ended December 31,			
			2021		2020	
			AMOUNT	%	AMOUNT	%
4000	Operating Revenue	6(17) and 7	\$ 25,756,473	100	\$ 18,404,137	100
5000	Operating Costs	6(4)(20) and 7	(23,187,462)	(90)	(16,027,833)	(87)
5900	Gross Profit		<u>2,569,011</u>	<u>10</u>	<u>2,376,304</u>	<u>13</u>
	Operating Expenses	6(20) and 7				
6100	Sales and marketing expenses		(394,933)	(1)	(339,893)	(2)
6200	General and administrative expenses		(728,341)	(3)	(662,102)	(3)
6300	Research and development expenses		(197,474)	(1)	(153,325)	(1)
6450	Expected credit gain (loss)	12(2)	83,394	-	(149,153)	(1)
6000	Total operating expenses		<u>(1,237,354)</u>	<u>(5)</u>	<u>(1,304,473)</u>	<u>(7)</u>
6900	Operating Profit		<u>1,331,657</u>	<u>5</u>	<u>1,071,831</u>	<u>6</u>
	Non-operating Income and Expenses					
7100	Interest income	7	4,607	-	3,485	-
7010	Other income	6(18) and 7	90,618	-	73,940	-
7020	Other gains and losses	6(2)(19)	370,301	1	(13,947)	-
7050	Finance costs		(47,891)	-	(38,855)	-
7070	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method		<u>154,472</u>	<u>1</u>	<u>42,387</u>	<u>-</u>
7000	Total non-operating income and expenses		<u>572,107</u>	<u>2</u>	<u>67,010</u>	<u>-</u>
7900	Profit before Income Tax		<u>1,903,764</u>	<u>7</u>	<u>1,138,841</u>	<u>6</u>
7950	Income tax expense	6(21)	(356,285)	(1)	(225,105)	(1)
8200	Net Income		<u>\$ 1,547,479</u>	<u>6</u>	<u>\$ 913,736</u>	<u>5</u>
	Other Comprehensive Income (Loss)					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Gain (losses) on remeasurements of defined benefit plans	6(12)	\$ 10,746	-	(\$ 10,884)	-
8349	Income tax related to components of other comprehensive (loss) income that will not be reclassified to profit or loss	6(21)	(2,127)	-	2,155	-
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss		<u>8,619</u>	<u>-</u>	<u>(8,729)</u>	<u>-</u>
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Exchange differences on translation of foreign operations		(110,865)	-	3,909	-
8380	Share of other comprehensive loss of associates and joint ventures accounted for using equity method		(197)	-	(343)	-
8399	Income tax relating to components of other comprehensive income that will be reclassified to profit or loss	6(21)	<u>21,916</u>	<u>-</u>	<u>(417)</u>	<u>-</u>
8360	Other comprehensive (loss) income that will be reclassified to profit or loss		<u>(89,146)</u>	<u>-</u>	<u>3,149</u>	<u>-</u>
8300	Other comprehensive loss, net of tax		<u>(\$ 80,527)</u>	<u>-</u>	<u>(\$ 5,580)</u>	<u>-</u>
8500	Total Comprehensive Income		<u>\$ 1,466,952</u>	<u>6</u>	<u>\$ 908,156</u>	<u>5</u>
9750	Basic earnings per share (in dollars)	6(22)	\$ 8.24		\$ 4.88	
9850	Diluted earnings per share (in dollars)	6(22)	\$ 7.80		\$ 4.85	

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
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Notes	Share capital - ordinary shares	Capital Reserves		Retained Earnings			Other Equity	Total equity
		Capital surplus - share premium	Capital surplus - others	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statement translation differences of foreign operations	
<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 income (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
<u>Year ended December 31, 2021</u>								
Balance at January 1, 2021	\$ 1,872,192	\$ 981,167	\$ 47,942	\$ 841,627	\$ 170,247	\$ 2,526,327	(\$ 167,098)	\$ 6,272,404
Profit for the period	-	-	-	-	-	1,547,479	-	1,547,479
Other comprehensive income (loss) for the period	-	-	-	-	-	8,619	(89,146)	(80,527)
Total comprehensive income (loss)	-	-	-	-	-	1,556,098	(89,146)	1,466,952
Appropriations and distribution of earnings for 2020	6(16)							
Legal reserve	-	-	-	90,500	-	(90,500)	-	-
Special reserve	-	-	-	-	(3,149)	3,149	-	-
Cash dividends	-	-	-	-	-	(655,267)	-	(655,267)
Share-based payment	6(13)(14)(15)	1,690	1,887	(1,023)	-	-	-	2,554
Changes in ownership interest in subsidiaries	6(15)	-	-	2,102	-	-	-	2,102
Conversion of convertible bonds	6(10)(14)(15)(24)	53,680	547,311	(17,179)	-	-	-	583,812
Balance at December 31, 2021	\$ 1,927,562	\$ 1,530,365	\$ 31,842	\$ 932,127	\$ 167,098	\$ 3,339,807	(\$ 256,244)	\$ 7,672,557

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

MARKETECH INTERNATIONAL CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31,	
		2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 1,903,764	\$ 1,138,841
Adjustments			
Adjustments to reconcile profit (loss)			
Net gain on financial assets or liabilities at fair value through profit or loss	6(2)(19)	(443,233)	(39,251)
Expected credit (gain) loss	12(2)	(83,394)	149,153
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method		(154,472)	(42,387)
Depreciation	6(6)(7)(20)	243,273	219,933
Amortization	6(20)	19,794	18,816
Loss on disposal of property, plant and equipment	6(6)(19)	19	3,768
Gain on lease modification	6(7)(19)	(1,608)	(50)
Gain from disposal of investments	6(19)	(1)	-
Interest income	7	(4,607)	(3,485)
Interest expense		47,891	38,855
Dividend income	6(18)	(9,560)	(16,798)
Gain recognized from bargain purchase		-	(309)
Changes in operating assets and liabilities			
Changes in operating assets			
Current contract assets		(3,330,228)	(1,023,733)
Notes receivable, net		25,647	57,296
Notes receivable - related parties, net		(92)	-
Accounts receivable, net		(594,375)	172,201
Accounts receivable - related parties, net		85,547	(19,090)
Other receivables		(6,115)	(10,150)
Other receivables - related parties, net		610	4,551
Inventories, net		(629,830)	312,176
Prepayments		(349,728)	(189,612)
Other current assets		11,678	(25,757)
Changes in operating liabilities			
Current contract liabilities		118,985	(110,576)
Notes payable		564,689	199,731
Notes payable – related parties		14,996	625
Accounts payable		1,748,750	289,381
Accounts payable – related parties		(6,528)	1,284
Other payables		285,992	68,018
Advance receipts		89,011	78,923
Other current liabilities		(37,416)	8,196
Other non-current liabilities		(3,700)	(2,916)
Cash (outflow) inflow generated from operations		(494,241)	1,277,634
Interest received		4,607	3,485
Dividends received		9,560	16,798
Interest paid		(34,195)	(39,187)
Income tax paid		(272,024)	(136,552)
Net cash flows (used in) from operating activities		(786,293)	1,122,178

(Continued)

MARKETECH INTERNATIONAL CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31,	
		2021	2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss		(\$ 81,016)	(\$ 58,303)
Proceeds from disposal of financial assets at fair value through profit or loss		36,462	12,241
Proceeds from capital reduction of financial assets at fair value through profit or loss		1,957	2,812
Disposal of financial assets at amortized cost		45,000	-
Increase in other receivables – related parties		(141,952)	-
Acquisition of investments accounted for using equity method – subsidiaries	7	(220,164)	(212,863)
Acquisition of investments accounted for using equity method – non-subsiidiaries	7	-	(20,000)
Proceeds from capital reduction of investments accounted for using equity method		-	1,471
Acquisition of property, plant and equipment	6(6)	(430,259)	(202,042)
Proceeds from disposal of property, plant and equipment	6(6)	272	2,336
Acquisition of right-of-use assets		(659)	(4,058)
Acquisition of intangible assets		(47,514)	(55,466)
(Increase) decrease in refundable deposits		(33,111)	14,216
Increase in prepayments for business facilities		-	(9,037)
Dividends received		4,103	-
Net cash flows used in investing activities		<u>(866,881)</u>	<u>(528,693)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase (decrease) in short-term borrowings	6(25)	2,259,222	(1,234,222)
Proceeds from exercise of employee stock options	6(13)	2,554	5,902
Repayments of lease principal	6(7)(25)	(69,676)	(61,390)
Proceeds from issuance of bonds	6(10)(25)	-	1,495,000
Cash dividends paid	6(16)	(655,267)	(485,784)
Net cash flows from (used in) financing activities		<u>1,536,833</u>	<u>(280,494)</u>
Net (decrease) increase in cash and cash equivalents		(116,341)	312,991
Cash and cash equivalents at beginning of year	6(1)	<u>1,562,493</u>	<u>1,249,502</u>
Cash and cash equivalents at end of year	6(1)	<u>\$ 1,446,152</u>	<u>\$ 1,562,493</u>

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, 2021 AND 2020

(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 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 43.30% 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 21, 2022.

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 2021 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’	April 1, 2021 (Note)

Note: Earlier application from January 1, 2021 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 2022 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 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.

(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 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
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 - comparative information'	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 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

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) Financial assets at amortized cost

- A. Financial assets at amortized cost are those that meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.
- D. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) 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.

(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 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.

(10) Derecognition of financial assets

The Company 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 / 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.

(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 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

(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 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.

(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 3 years.

B. 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

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.

(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) 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 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 2 to 3 months, 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.

(28) Business combinations

- A. The Company 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 Company 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.

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, 2021</u>	<u>December 31, 2020</u>
Cash on hand	\$ 8,120	\$ 7,659
Checking accounts and demand deposits	<u>1,438,032</u>	<u>1,554,834</u>
Total	<u>\$ 1,446,152</u>	<u>\$ 1,562,493</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 ‘financial assets at amortized cost’, the Company has no cash and cash equivalents pledged to others.

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 4,373	\$ 8,197
Hybrid instruments-call provision of convertible corporate bonds (Note 6(10))	<u>3,000</u>	<u>3,000</u>
	7,373	11,197
Valuation adjustment	<u>167,933</u>	<u>129,487</u>
Total	<u>\$ 175,306</u>	<u>\$ 140,684</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 12,474	\$ 12,474
Unlisted stocks	486,561	429,048
Beneficiary certificates	28,858	8,970
Hybrid instruments-convertible corporate bonds	<u>52,748</u>	<u>52,748</u>
	580,641	503,240
Valuation adjustment	<u>222,074</u>	<u>32,043</u>
Total	<u>\$ 802,715</u>	<u>\$ 535,283</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>2021</u>	<u>2020</u>
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	\$ 447,484	\$ 83,766
Hybrid instruments	<u>(4,251)</u>	<u>(44,515)</u>
	<u>\$ 443,233</u>	<u>\$ 39,251</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, 2021</u>	<u>December 31, 2020</u>	<u>January 1, 2020</u>
Notes receivable	<u>\$ 4,436</u>	<u>\$ 30,083</u>	<u>\$ 87,379</u>
	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>January 1, 2020</u>
Accounts receivable	\$ 3,227,898	\$ 2,732,511	\$ 3,000,478
Less: Loss allowance	<u>(154,994)</u>	<u>(337,376)</u>	<u>(283,989)</u>
Total	<u>\$ 3,072,904</u>	<u>\$ 2,395,135</u>	<u>\$ 2,716,489</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, 2021</u>	<u>December 31, 2020</u>
Not past due	\$ 4,528	\$ 30,083

(b) Accounts receivable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Not past due	\$ 2,794,429	\$ 2,227,345
Up to 90 days	216,908	189,820
91 to 180 days	31,177	41,520
181 to 365 days	39,092	57,987
Over 365 days	219,584	372,585
	<u>\$ 3,301,190</u>	<u>\$ 2,889,257</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2021 and 2020, 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 (including related parties) was \$4,528 and \$30,083, respectively. As of December 31, 2021 and 2020, 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 \$3,144,067 and \$2,551,845, 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

	<u>December 31, 2021</u>		
	<u>Cost</u>	<u>Allowance for valuation loss and loss on obsolete and slow-moving inventories</u>	<u>Book value</u>
Materials	\$ 508,820	(\$ 10,327)	\$ 498,493
Merchandise inventory	505,334	(33,490)	471,844
Raw materials	1,132,187	(29,378)	1,102,809
Supplies	69,569	(3,344)	66,225
Work in process	638,059	(22,695)	615,364
Semi-finished goods and finished goods	271,271	(10,766)	260,505
Total	<u>\$ 3,125,240</u>	<u>(\$ 110,000)</u>	<u>\$ 3,015,240</u>

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	\$ 2,501,410	(\$ 116,000)	\$ 2,385,410

A. Relevant expenses of inventories recognized as operating costs for the years ended December 31, 2021 and 2020 are as follows:

	Years ended December 31,	
	2021	2020
Construction contract cost	\$ 13,537,084	\$ 7,331,558
Cost of sales	8,625,991	7,782,060
Other operating cost	1,030,387	865,215
(Gain on reversal of) loss on market value decline and obsolete and slow-moving inventories (Note)	(6,000)	49,000
Total	\$ 23,187,462	\$ 16,027,833

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, 2021		December 31, 2020	
	Carrying amount	% interest held	Carrying amount	% interest held
Subsidiaries:				
Market Go Profits Ltd.	\$ 1,665,661	100%	\$ 1,386,248	100%
Marketech Integrated Manufacturing Company Limited	192,376	100%	356,748	100%
eZoom Information, Inc.	93,588	100%	100,863	100%
Marketech International Sdn. Bhd.	53,279	100%	58,483	100%
Headquarter International Ltd.	33,757	100%	35,329	100%
Tiger United Finance Ltd.	31,391	100%	34,314	100%
PT Marketech International Indonesia	31,867	99.92%	33,131	99.92%
MIC-Tech Viet Nam Co., Ltd.	123,939	100%	85,787	100%
Spiro Technology Systems Inc.	50,535	100%	21,383	100%
Marketech International Corporation USA	97,807	100%	11,729	100%
Marketech Netherlands B.V.	3,288	100%	12,543	100%
Marketech Engineering Pte. Ltd.	(128)	100%	2,131	100%
MIC-Tech Global Corp.	11,571	100%	12,581	100%
Marketech Co., Ltd.	13,123	100%	16,751	100%
Smart Health Corp.	418	100%	476	100%
ADAT Technology CO.,LTD.	26,756	25.67%	23,954	26.74%
Vertex System Corporation (Note)	45,080	61.35%	-	-
Marketech Integrated Pte. Ltd.	(43,049)	100%	(37,181)	100%
MIC Healthcare Korea Co., Ltd.	5,880	100%	-	-
Add: Credit of long-term equity investment transferred to 'other non-current liabilities'	43,177	-	37,181	-
Associates:				
Glory Technology Service Inc.	65,340	29.24%	67,579	29.24%
Vertex System Corporation (Note)	-	-	18,046	38.83%
MIC Techno Co., Ltd.	1,814	20.00%	1,824	20.00%
	<u>\$ 2,547,470</u>		<u>\$ 2,279,900</u>	

Note: In November 2021, the equity interest in Vertex System Corporation acquired by the Company comprised 61.35%. Accordingly, Vertex System Corporation was included in the consolidated entities from the date the Company obtained control over it.

A. Subsidiaries

Details of the Company's subsidiaries are provided in Note 4(3) of the Company's 2021 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,	
	2021	2020
(Loss) profit for the year from continuing operations	(\$ 566)	\$ 7,829
Total comprehensive (loss) income	(\$ 566)	\$ 7,829

(6) Property, plant and equipment

	2021					
	Land	Buildings	Machinery and equipment	Office equipment	Others	Total
<u>At January 1</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>
<u>Year ended December 31</u>						
Opening net book amount	\$ 183,542	\$ 1,284,053	\$ 104,246	\$ 43,726	\$ 101,718	\$ 1,717,285
Additions	-	268,883	39,667	35,964	85,745	430,259
Transfers (Note)	-	-	110,529	-	(110,529)	-
Disposals	-	-	(183)	(108)	-	(291)
Depreciation	-	(102,167)	(41,824)	(22,415)	(1,467)	(167,873)
Closing net book amount	<u>\$ 183,542</u>	<u>\$ 1,450,769</u>	<u>\$ 212,435</u>	<u>\$ 57,167</u>	<u>\$ 75,467</u>	<u>\$ 1,979,380</u>
<u>At December 31</u>						
Cost	\$ 183,542	\$ 2,422,083	\$ 584,643	\$ 202,356	\$ 90,042	\$ 3,482,666
Accumulated depreciation	-	(971,314)	(372,208)	(145,189)	(14,575)	(1,503,286)
Book value	<u>\$ 183,542</u>	<u>\$ 1,450,769</u>	<u>\$ 212,435</u>	<u>\$ 57,167</u>	<u>\$ 75,467</u>	<u>\$ 1,979,380</u>

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>

Note: Transfers during the year refer to previously unfinished constructions and uninstalled equipment which had been completed and transferred to machinery and equipment, 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, 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:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 814,111	\$ 713,682
Buildings	97,808	141,052
Office equipment	86	-
Other equipment	<u>50,576</u>	<u>51,126</u>
	<u>\$ 962,581</u>	<u>\$ 905,860</u>

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 22,673	\$ 19,570
Buildings	27,815	25,888
Office equipment	11	-
Other equipment	<u>24,901</u>	<u>23,403</u>
	<u>\$ 75,400</u>	<u>\$ 68,861</u>

D. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were \$201,706 and \$123,918, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	<u>\$ 14,964</u>	<u>\$ 13,322</u>
Expense on short-term lease contracts	<u>\$ 43,336</u>	<u>\$ 34,688</u>
Gain on lease modification (Please refer to Note 7(3)H(b))	<u>\$ 1,608</u>	<u>\$ 50</u>

F. For the years ended December 31, 2021 and 2020, the Company's total cash outflow for leases were \$127,976 and \$109,400, respectively.

G. Extension options

- (a) Extension options are included in approximately 37.5% 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, 2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
<u>Bank borrowings</u>			
Credit borrowings	<u>\$ 3,345,000</u>	0.68%~0.78%	None
	<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

(9) Other payables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Salaries and bonus payable	\$ 374,150	\$ 304,265
Accrued employees' compensation and directors' remuneration	235,297	140,756
Others	30,546	23,667
Total	<u>\$ 639,993</u>	<u>\$ 468,688</u>

(10) Bonds payable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Bonds payable	\$ 903,600	\$ 1,500,000
Less: Discount on bonds payable	(17,853)	(44,562)
	<u>\$ 885,747</u>	<u>\$ 1,455,438</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, 2021, the bonds totaling \$596,400 had been converted into 5,368 thousand shares of common stock. Accordingly, the Company recognized capital surplus of \$547,311 and reduced capital surplus - stock option by \$17,179.

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, 2021</u>
Long-term bank borrowings Credit borrowings	Borrowing period is from December 27, 2021 to March 27, 2023; interest is payable monthly; principal is payable at maturity date	0.805%	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, 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>

(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:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present value of defined benefit obligations	\$ 306,300	\$ 324,881
Fair value of plan assets	(142,612)	(146,748)
Net defined benefit liability	<u>\$ 163,688</u>	<u>\$ 178,133</u>

(c) Movements in net defined benefit liabilities are as follows:

	<u>2021</u>		
	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
Balance at January 1	(\$ 324,881)	\$ 146,748	(\$ 178,133)
Current service cost	(854)	-	(854)
Interest (expense) income	(955)	430	(525)
	<u>(326,690)</u>	<u>147,178</u>	<u>(179,512)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	2,115	2,115
Change in demographic assumptions	(1,321)	-	(1,321)
Change in financial assumptions	11,318	-	11,318
Experience adjustments	(1,366)	-	(1,366)
	<u>8,631</u>	<u>2,115</u>	<u>10,746</u>
Pension fund contribution	-	5,078	5,078
Paid pension	11,759	(11,759)	-
Balance at December 31	<u>(\$ 306,300)</u>	<u>\$ 142,612</u>	<u>(\$ 163,688)</u>

	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>

(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, 2021 and 2020 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,	
	2021	2020
Discount rate	0.65%	0.30%
Future salary increases	2.00%	2.00%

Assumptions regarding future mortality experience are set based on the 6th 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 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2021</u>				
Effect on present value of defined benefit obligation	(\$ 7,853)	\$ 8,155	\$ 8,025	(\$ 7,770)
<u>December 31, 2020</u>				
Effect on present value of defined benefit obligation	(\$ 8,804)	\$ 9,158	\$ 8,980	(\$ 8,681)

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, 2022 amount to \$6,057.

(g) As of December 31, 2021, the weighted average duration of the defined benefit retirement plan is 10 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, 2021 and 2020 were \$40,923 and \$39,937, respectively.

(13) Share-based payment

A. For the years ended December 31, 2021 and 2020, 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,			
	2021		2020	
	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	169	\$ 15.20	548	\$ 15.70
Options exercised	(169)	15.11	(379)	15.57
Options outstanding at end of the year	-	(Note)	169	15.20
Options exercisable at end of the year	-	(Note)	169	
Options approved but not yet issued at end of the year	-	(Note)	44	

Note: The above share-based payment arrangement of the Company expired on September 10, 2021.

C. The expiry date and exercise price of stock options outstanding at the balance sheet date are as follows:

Issue date approved	Expiry date	December 31, 2020	
		No. of shares (in thousands)	Exercise price (in dollars)
2015.9.11	2021.9.10	169	\$ 15.20

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. No expense was incurred on share-based payment transactions for the years ended December 31, 2021 and 2020.

(14) Share capital

As of December 31, 2021, 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 \$1,927,562 with a par value of \$10 (in dollars) per share amounting to 192,756,201 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,	
	2021	2020
At January 1	187,219,200	186,839,950
Conversion of convertible bonds	5,368,001	-
Exercise of employee stock options	169,000	379,250
At December 31	<u>192,756,201</u>	<u>187,219,200</u>

(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:

	2021				
	Share premium	Employee stock options	Stock options	Others	Total
At January 1	\$ 981,167	\$ 1,431	\$ 43,206	\$3,305	\$1,029,109
Exercise of employee stock options	1,887	(1,431)	-	-	456
Expired employee stock options	-	-	-	408	408
Changes in ownership interest in subsidiaries	-	-	-	2,102	2,102
Conversion of convertible bonds	<u>547,311</u>	<u>-</u>	<u>(17,179)</u>	<u>-</u>	<u>530,132</u>
At December 31	<u>\$ 1,530,365</u>	<u>\$ -</u>	<u>\$ 26,027</u>	<u>\$5,815</u>	<u>\$1,562,207</u>

	2020				
	Employee				
	<u>Share premium</u>	<u>stock options</u>	<u>Stock options</u>	<u>Others</u>	<u>Total</u>
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>

(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 2020 and 2019 earnings appropriation resolved by the stockholders on July 26, 2021 and May 27, 2020, respectively are as follows:

	Years ended December 31,			
	2020		2019	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve (Reversal of) special reserve	\$ 90,500	\$ -	\$ 70,301	\$ -
Cash dividends	(3,149)	-	78,008	-
	655,267	3.5	485,784	2.6
Total	<u>\$ 742,618</u>		<u>\$ 634,093</u>	

The earnings appropriation for the years ended December 31, 2020 and 2019 listed above had no difference from that proposed by the Board of Directors on February 26, 2021 and March 5, 2020, respectively.

Information about the earnings distribution for 2020 and 2019 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 2021 earnings appropriation proposed by the Board of Directors on February 21, 2022 are as follows:

	Year ended December 31, 2021	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 155,610	\$ -
Special reserve	89,146	-
Cash dividends	867,403	4.5
Total	<u>\$ 1,112,159</u>	

Information about the earnings appropriation for 2021 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 2021 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,	
	2021	2020
Construction contract revenue	\$ 14,313,568	\$ 7,968,235
Sales contract revenue	9,797,536	8,969,226
Other contract revenue	1,645,369	1,466,676
Total	<u>\$ 25,756,473</u>	<u>\$ 18,404,137</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,	
	2021	2020
R&D and manufacturing of customized equipment	\$ 7,674,743	\$ 6,679,140
Automatic supplying system	8,141,302	4,520,904
Sales and service of high-tech equipment and materials	4,619,385	4,193,756
Total Facility Engineering Turnkey Project	5,321,043	3,010,337
Total	<u>\$ 25,756,473</u>	<u>\$ 18,404,137</u>
Timing of revenue recognition		
At a point in time	\$ 10,255,719	\$ 9,425,854
Over time	15,500,754	8,978,283
Total	<u>\$ 25,756,473</u>	<u>\$ 18,404,137</u>

B. Contract assets and liabilities

(a) The Company has recognized the following revenue-related contract assets and liabilities:

	December 31, 2021	December 31, 2020	January 1, 2020
Contract assets:			
Construction contracts	<u>\$ 7,556,616</u>	<u>\$ 4,226,388</u>	<u>\$ 3,202,655</u>
Contract liabilities:			
Construction contracts	\$ 2,167,126	\$ 1,784,654	\$ 1,716,965
Sales contracts	275,575	533,238	732,008
Service contracts	31,059	36,883	16,378
	<u>\$ 2,473,760</u>	<u>\$ 2,354,775</u>	<u>\$ 2,465,351</u>

(b) Revenue recognized that was included in the contract liability balance at the beginning of the year:

	Years ended December 31,	
	2021	2020
Revenue recognized that was included in the contract liability balance at the beginning of the year		
Construction contracts	\$ 1,290,107	\$ 934,409
Sales contracts	344,552	260,952
Service contracts	36,709	16,378
	<u>\$ 1,671,368</u>	<u>\$ 1,211,739</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,	
	2021	2020
Service fee-endorsements and guarantees (Please refer to Note 7(3) H(b))	\$ 36,924	\$ 39,259
Government grants revenue	400	374
Dividend income	9,560	16,798
Rental revenue	8,228	6,936
Other income	35,506	10,573
Total	<u>\$ 90,618</u>	<u>\$ 73,940</u>

(19) Other gains and losses

	Years ended December 31,	
	2021	2020
Net gain on financial assets at fair value through profit or loss	\$ 443,233	\$ 39,251
Foreign exchange losses	(74,522)	(49,480)
Loss on disposal of property, plant and equipment	(19)	(3,768)
Gain on lease modification	1,608	50
Gain from disposal of investments	1	-
Total	<u>\$ 370,301</u>	<u>(\$ 13,947)</u>

(20) Employee benefit expense, depreciation and amortization

A. Employee benefit expense, depreciation and amortization

	Year ended December 31, 2021		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefit expense			
Wages and salaries	\$ 383,172	\$ 842,476	\$ 1,225,648
Labour and health insurance fees	30,776	44,752	75,528
Pension costs	17,335	24,967	42,302
Directors' remuneration	-	22,592	22,592
Other employee benefit expense	19,495	21,697	41,192
Depreciation	168,001	75,272	243,273
Amortization	8,261	11,533	19,794
	Year ended December 31, 2020		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
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
Amortization	9,097	9,719	18,816

Note 1 : As of December 31, 2021 and 2020, the Company had 744 and 747 employees, respectively, and 7 directors who are not employees for both years.

Note 2 : (a) For the years ended December 31, 2021 and 2020, the average employee benefit expense was \$1,879 and \$1,653, respectively.

(b) For the years ended December 31, 2021 and 2020, the average employee wages and salaries was \$1,663 and \$1,456, respectively.

(c) The adjustment in the average employee's wage and salary expenses was 14.22%.

(d) For the years ended December 31, 2021 and 2020, 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 takes 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. Employees' 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 established its bonus distribution policy based on performance assessment and contribution, and the 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, 2021 and 2020, employees' compensation and directors' remuneration are accrued as follows:

	Years ended December 31,	
	2021	2020
Employees' compensation	\$ 213,906	\$ 127,960
Directors' remuneration	21,391	12,796
Total	<u>\$ 235,297</u>	<u>\$ 140,756</u>

For the year ended December 31, 2021, 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, respectively. The employees' compensation and directors' remuneration for 2021 as resolved by the Board of Directors were \$213,906 and \$21,391, respectively, and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' remuneration for 2020 as resolved by the Board of Directors were in agreement with those amounts recognized in the 2020 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,	
	2021	2020
Current tax		
Current tax on profits for the year	\$ 271,340	\$ 224,961
Tax on undistributed earnings	-	714
Adjustments in respect of prior years	9,138	(15,698)
Total current tax	280,478	209,977
Deferred tax		
Origination and reversal of temporary differences	75,807	15,128
Income tax expense	<u>\$ 356,285</u>	<u>\$ 225,105</u>

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Years ended December 31,	
	2021	2020
Currency translation differences of foreign operations	\$ 21,916	(\$ 417)
Remeasurement of defined benefit obligations	(2,127)	2,155
Total	<u>\$ 19,789</u>	<u>\$ 1,738</u>

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2021	2020
Tax calculated based on profit before tax and statutory tax rate	\$ 380,753	\$ 227,768
Effect of items disallowed by tax regulation	(33,606)	12,321
Tax on undistributed earnings	-	714
Adjustments in respect of prior years	9,138	(15,698)
Income tax expense	<u>\$ 356,285</u>	<u>\$ 225,105</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2021			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
—Deferred tax assets:				
Loss allowance on accounts receivable	\$ 61,455	(\$ 36,969)	\$ -	\$ 24,486
Valuation loss and loss on market value decline and obsolete and slow-moving inventories	23,200	(1,200)	-	22,000
Defined benefit obligation	35,627	(762)	(2,127)	32,738
Impairment loss on financial assets	8,349	-	-	8,349
Unused compensated absences payable	5,500	1,222	-	6,722
Unrealized construction loss	9,453	5,502	-	14,955
Unrealized exchange loss	3,861	(481)	-	3,380
Exchange differences on translation	23,254	-	21,916	45,170
Subtotal	<u>170,699</u>	<u>(32,688)</u>	<u>19,789</u>	<u>157,800</u>
—Deferred tax liabilities:				
Unrealized investment income	(51,303)	(43,119)	-	(94,422)
Subtotal	<u>(51,303)</u>	<u>(43,119)</u>	<u>-</u>	<u>(94,422)</u>
Total	<u>\$ 119,396</u>	<u>(\$ 75,807)</u>	<u>\$ 19,789</u>	<u>\$ 63,378</u>

	2020			
	<u>January 1</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>December 31</u>
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	<u>23,671</u>	<u>-</u>	<u>(417)</u>	<u>23,254</u>
Subtotal	<u>152,169</u>	<u>16,792</u>	<u>1,738</u>	<u>170,699</u>
—Deferred tax liabilities:				
Unrealized investment income	<u>(19,383)</u>	<u>(31,920)</u>	<u>-</u>	<u>(51,303)</u>
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>

D. The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

(22) Earnings per share

	<u>Year ended December 31, 2021</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit for the year	\$ 1,547,479	187,830	<u>\$ 8.24</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	11,297	10,643	
Employees' compensation	-	1,352	
Profit plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 1,558,776</u>	<u>199,825</u>	<u>\$ 7.80</u>
	<u>Year ended December 31, 2020</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<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>

(23) Business combinations

- A. On November 1, 2021, the Company subscribed capital increase of Vertex System Corporation \$30,000 for an additional 22.52% ownership comprehensive shareholding ratio from 38.83% to 61.35%. The Company obtained control over Vertex System Corporation, a company equipment used for building private 5G networks in Taiwan. After the acquisition, the Company expects to improve the efficiency of promoting smart manufacturing and smart city integration services. Please refer to Note 6(24) of the consolidated report as at the year ended December 31, 2021 for more details.
- B. On May 4, 2020, the Company 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 a semi-conductor equipment dealer operating in the United States. The Company expects to reduce the future cost of material purchases after the acquisition. Please refer to Note 6(24) of the consolidated report for the year ended December 31, 2021 for more details.

(24) Supplemental cash flow information

Financing activities with no cash flow effects

	Years ended December 31,	
	2021	2020
Convertible bonds converted to capital stocks	\$ 583,812	\$ -

(25) Changes in liabilities from financing activities

	2021				
	Lease liabilities	Short-term borrowings	Long-term borrowings	Bonds payable	Liabilities from financing activities-gross
At January 1	\$ 912,899	\$ 1,085,778	\$ 200,000	\$ 1,455,438	\$ 3,654,115
Changes in cash flow from financing activities	(69,676)	2,259,222	-	-	2,189,546
Changes in other non-cash items	129,854	-	-	(569,691)	(439,837)
At December 31	\$ 973,077	\$ 3,345,000	\$ 200,000	\$ 885,747	\$ 5,403,824

2020

	Lease liabilities	Short-term borrowings	Long-term borrowings	Bonds payable	Liabilities from financing activities-gross
At January 1	\$ 862,295	\$ 2,320,000	\$ 200,000	\$ -	\$ 3,382,295
Changes in cash flow from financing activities	(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>

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 43.30% of the shares of the Company. The remaining 56.70% 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 Co., Ltd.	"
Market Go Profits Ltd.	"
Marketech Integrated Manufacturing Co., Ltd.	"
Marketech Integrated Construction Co., Ltd.	"
Marketech International Corporation USA	"
MIC-Tech Viet Nam Co., Ltd.	"
Spiro Technology Systems Inc.	"
MIC-Tech Global Corp.	"
Marketech Engineering Pte. Ltd.	"
MIC Healthcare Korea Co., Ltd.	"
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.	"
ADAT Technology CO.,LTD.	"
Taiwan Radisen HealthCare Co., Ltd.	"
Vertex System Corporation	"

Names of related parties	Relationship with the Company
Macrotec Technology Corp.	Entities controlled by key management or entities with significant influence
Forward Science Corp.	"
ProbeLeader Co., Ltd.	"
CTS Investment Corp.	"
Hon Hai Precision Industry Co., Ltd.	Other related parties
Hong Kong Ennpower Information Technology Co., Limited	"
PEROBOT CO., LTD.	"
Foxconn Global Network Corporation	"
MIC Techno Co., Ltd.	Associate
Glory Technology Service Inc.	"

(3) Significant related party transactions and balances

A. Sales of goods and services

(a) Sales of goods

	Years ended December 31,	
	2021	2020
Subsidiaries	\$ 101,834	\$ 119,146
Entities controlled by key management or entities with significant influence	323	154
	<u>\$ 102,157</u>	<u>\$ 119,300</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,	
	2021	2020
Other related parties	\$ 64,488	\$ 12,202
Subsidiaries	30,173	48,754
Entities controlled by key management or entities with significant influence	267	1,599
Associates	-	(6,152)
Total	<u>\$ 94,928</u>	<u>\$ 56,403</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, 2021 and 2020, contract price and priced contract of unfinished construction are as follows:

	<u>December 31, 2021</u>		<u>December 31, 2020</u>	
	Total contract price (before tax)(Note)	Priced contract (Note)	Total contract price (before tax)	Priced contract
Other related parties	\$ 501,193	\$ 465,282	\$ 464,621	\$ 447,673
Subsidiaries	74,863	66,217	74,085	47,679
Entities controlled by key management or entities with significant influence	<u>2,497</u>	<u>186</u>	<u>1,450</u>	<u>145</u>
Total	<u>\$ 578,553</u>	<u>\$ 531,685</u>	<u>\$ 540,156</u>	<u>\$ 495,497</u>

Note: The amounts were translated at the current rate as of December 31, 2021.

iii. Contract assets

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiaries	\$ 4,411	\$ 17,626
Entities controlled by key management or entities with significant influence	1,164	1,017
Other related parties	<u>11,206</u>	<u>7,217</u>
Total	<u>\$ 16,781</u>	<u>\$ 25,860</u>

(c) Other contract revenue

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Subsidiaries	\$ 269	\$ -
Entities controlled by key management or entities with significant influence	<u>106</u>	<u>-</u>
Total	<u>\$ 375</u>	<u>\$ -</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,	
	2021	2020
Subsidiaries	\$ 192,004	\$ 96,961
Associates	109	-
Entities controlled by key management or entities with significant influence	10,598	4,705
Other related parties	-	87
Total	<u>\$ 202,711</u>	<u>\$ 101,753</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,	
	2021	2020
Subsidiaries	\$ 12,908	\$ 33,326
Associates	4,857	-
Entities controlled by key management or entities with significant influence	-	847
Total	<u>\$ 17,765</u>	<u>\$ 34,173</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

(a) Notes and Accounts receivable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Notes receivable		
Entities controlled by key management or entities with significant influence	<u>\$ 92</u>	<u>\$ -</u>

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts receivable		
Other related parties	\$ 45,373	\$ 115,891
Subsidiaries	27,904	40,855
Entities controlled by key management or entities with significant influence	<u>15</u>	<u>-</u>
Subtotal	73,292	156,746
Less: Loss allowance	(2,129)	(36)
Total	<u>\$ 71,163</u>	<u>\$ 156,710</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.

(b) Other receivable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiaries		
MIC-Tech Electronics Engineering Corp.	\$ -	\$ 11,056
Others	<u>17,006</u>	<u>6,541</u>
Subtotal	17,006	17,597
Entities controlled by key management or entities with significant influence	<u>132</u>	<u>151</u>
Total	<u>\$ 17,138</u>	<u>\$ 17,748</u>

D. Payables to related parties

Notes payable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Entities controlled by key management or entities with significant influence	\$ 5,949	\$ -
Associate	5,100	-
Subsidiaries	<u>3,675</u>	<u>3,897</u>
Total	<u>\$ 14,724</u>	<u>\$ 3,897</u>

Accounts payable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiaries	\$ 37,549	\$ 9,055
Entities controlled by key management or entities with significant influence	<u>7,784</u>	<u>5,451</u>
Total	<u>\$ 45,333</u>	<u>\$ 14,506</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

(a) Acquisition of property, plant and equipment, and intangible assets

For the years ended December 31, 2021 and 2020, the Company has acquired computer equipment and related software from subsidiaries and entities controlled by key management or entities with significant influence and the acquisition price was \$22,416 and \$13,087 (recorded as ‘property, plant and equipment’ and ‘intangible assets’), respectively.

(b) Disposal of right-of-use asset (early termination of lease contract)

On December 31, 2021, the Company terminated the lease contract with entities controlled by key management or entities with significant influence prior to the expiration date. As a result, right-of-use assets and lease liabilities decreased by \$57,685 and \$58,937, respectively, and gain arising from lease modification of \$1,252 was recognized.

(c) Acquisition of financial assets

(i) Investments accounted for using equity method

	Years ended December 31,	
	2021	2020
Subsidiaries	\$ 220,164	\$ 188,927
Associate	-	20,000
Total	<u>\$ 220,164</u>	<u>\$ 208,927</u>

As of November 1, 2021 and May 4, 2020, the Company acquired the shares of Vertex System Corporation and Spiro Technology Systems Inc., respectively. For the details of the above acquisitions, please refer to Note 6(23).

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

	Years ended December 31,	
	2021	2020
Entities controlled by key management or entities with significant influence	<u>\$ 4,005</u>	<u>\$ 9,000</u>

F. Operating expense

The information maintenance service fee in 2021 and 2020 allocated to subsidiaries by the Company amounted to \$38,118 and \$38,215, respectively.

G. Financing

(a) Loans to related parties:

(i) Outstanding balance:

	December 31, 2021	December 31, 2020
Subsidiaries		
MIC-Tech Viet Nam Co., Ltd.	\$ 110,720	\$ -
Others	<u>52,592</u>	<u>21,360</u>
Total	<u>\$ 163,312</u>	<u>\$ 21,360</u>

(ii) Interest income

	Years ended December 31,	
	2021	2020
Subsidiaries	\$ 4,230	\$ 959

The carry interest are from 4.366% to 4.616% and at 4.616% per annum for the years ended December 31, 2021 and 2020, respectively.

H. Endorsements and guarantees

- (a) As of December 31, 2021 and 2020, the balances of endorsements and guarantees provided to subsidiaries by the Company are as follows:

	December 31, 2021	December 31, 2020
	\$ 4,309,733	\$ 3,088,082

- (b) The revenue (recorded as 'other income') recognized from the abovementioned endorsements and guarantees are as follows:

	Years ended December 31,	
	2021	2020
Subsidiaries	\$ 36,924	\$ 39,259

(4) Key management compensation

	Years ended December 31,	
	2021	2020
Salaries and other short-term employee benefits	\$ 165,355	\$ 139,021

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, 2021	December 31, 2020	
Restricted time deposits (recorded as 'financial assets at amorised cost' -current)	\$ -	\$ 45,000	Performance guarantee
Guarantee deposits paid (recorded as 'other current assets' and 'other non- current assets')	90,960	60,985	Bid bond, performance guarantee and warranty
	<u>\$ 90,960</u>	<u>\$ 105,985</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

Commitments

As of December 31, 2021, the notes and letters of guarantee used for construction performance and custom security amounted to \$2,408,780.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

For details of the 2021 earnings appropriation proposed by the Board of Directors on February 21, 2022, 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, 2021</u>	<u>December 31, 2020</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	\$ 978,021	\$ 675,967
Financial assets at amortized cost/Loans and receivables		
Cash and cash equivalents	1,446,152	1,562,493
Notes receivable (including related parties)	4,528	30,083
Accounts receivable (including related parties)	3,144,067	2,551,845
Other accounts receivable (including related parties)	375,498	48,374
Restricted time deposits (recorded as 'financial assets at amortized cost'-current)	-	45,000
Guarantee deposits paid (recorded as 'other current assets' and 'other non-current assets')	115,311	82,200
	<u>\$ 6,063,577</u>	<u>\$ 4,995,962</u>

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial liabilities</u>		
Financial liabilities measured at fair value through profit or loss		
Short-term borrowings	\$ 3,345,000	\$ 1,085,778
Notes payable (including related parties)	1,734,515	1,154,830
Accounts payable (including related parties)	4,456,832	2,600,347
Other accounts payable	639,993	468,688
Bonds payable	885,747	1,455,438
Long-term borrowings	200,000	200,000
Guarantee deposits received (recorded as 'other non-current liabilities')	70	70
	<u>\$ 11,262,157</u>	<u>\$ 6,965,151</u>
Lease liabilities	<u>\$ 973,077</u>	<u>\$ 912,899</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, 2021

	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	\$ 80,117	27.68	\$ 2,217,626	1%	\$ 22,176	\$ -
EUR:NTD	14,852	31.32	465,155	1%	4,652	-
JPY:NTD	681,423	0.2405	163,882	1%	1,639	-
RMB:NTD	4,907	4.3440	21,316	1%	213	-
<u>Non-monetary items</u>						
USD:NTD	\$ 67,884	27.68	\$ 1,879,022	1%	\$ -	\$ 18,790
MMK:NTD	12,331,805	0.0156	192,376	1%	-	1,924
VND:NTD	114,218,621	0.0012	137,062	1%	-	1,371
MYR:NTD	8,384	6.3550	53,279	1%	-	533
IDR:NTD	16,094,616	0.0020	31,867	1%	-	319
KRW:NTD	742,588	0.0235	17,451	1%	-	175
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$ 15,872	27.68	\$ 439,334	1%	\$ 4,393	\$ -
JPY:NTD	1,433,949	0.2405	344,865	1%	3,449	-
EUR:NTD	334	31.32	10,458	1%	105	-

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	-
JYP: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	-
JYP:NTD	1,070,608	0.2763	295,809	1%	2,958	-

iv. The total exchange loss, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2021 and 2020 were \$74,522 and \$49,480, respectively.

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, 2021 and 2020 would have increased/decreased by \$9,408 and \$6,587, 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, 2021 and 2020, 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, 2021 and 2020 would have decreased/increased by \$28,360 and \$10,286, 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, 2021 and 2020, 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, 2021 and 2020, the provision matrix and loss rate methodology are as follows:

(i) Accounts receivable in relation to construction

<u>December 31, 2021</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%	\$ 1,110,853	\$ -
Up to 90 days	0%~0.0044%	133,691	3
91 to 180 days	0%~0.0114%	23,969	2
181 to 365 days	0%~0.1239%	18,896	10
1 to 2 years	0%~30.8085%	38,931	170
Over 2 years	100%	4,078	4,078
Total		<u>\$ 1,330,418</u>	<u>\$ 4,263</u>
<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>

(ii) Accounts receivable in relation to sales

<u>December 31, 2021</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0.0076%	\$ 1,595,497	\$ 121
Up to 90 days	0%~0.9402%	71,167	167
91 to 180 days	1.3748%~3.7003%	7,208	168
181 to 365 days	8.0930%~82.8337%	20,196	9,807
Over 365 days	100%	21,945	21,945
Total		<u>\$ 1,716,013</u>	<u>\$ 32,208</u>
<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>

(iii) Based on historical experience, the Company applies individual assessment to evaluate expected credit loss of the high-credit risk customers. On December 31, 2021 and 2020, accounts receivable and loss allowance amounted to \$154,630 and \$120,652, \$339,320 and \$270,624, respectively.

(iv) Due to the expected insignificant impairment, the Company applies individual assessment to evaluate expect credit loss of receivables due from construction warranties and notes receivable. On December 31, 2021 and 2020, notes and accounts receivable and loss allowance amounted to \$104,657 and \$0, \$280,146 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:

	<u>Accounts receivable</u>	
	<u>2021</u>	<u>2020</u>
At January 1	\$ 337,412	\$ 283,991
(Reserval of) provision for impairment	(83,394)	149,153
Write-offs	(93,955)	(88,423)
Effect of foreign exchange	(2,940)	(7,309)
At December 31	<u>\$ 157,123</u>	<u>\$ 337,412</u>

For provisioned (gain) loss for the years ended December 31, 2021 and 2020, the impairment loss arising from customers' contracts are (\$83,394) and \$149,153, 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, 2021</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	\$ 3,350,132	\$ -	\$ -	\$ -
Notes payable (including related parties)	1,734,515	-	-	-
Accounts payable (including related parties)	4,456,832	-	-	-
Other payables	639,993	-	-	-
Bonds payable	-	903,600	-	-
Long-term borrowings	1,775	200,444	-	-
Lease liabilities	79,385	70,483	136,850	1,017,386

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	-	-	1,500,000	-
Long-term borrowings	1,756	200,439	-	-
Lease liabilities	71,819	61,603	138,794	950,938

(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 are 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 (including related parties), accounts receivable (including related parties), other receivables (including related parties), restricted time deposits (recorded as financial assets at amortized cost), 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, 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, 2021</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	\$ 197,530	\$ -	\$ 743,242	\$ 940,772
Private funds	-	-	33,183	33,183
Hybrid instruments	-	-	4,066	4,066
Total	<u>\$ 197,530</u>	<u>\$ -</u>	<u>\$ 780,491</u>	<u>\$ 978,021</u>

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 168,376	\$ -	\$ 490,304	\$ 658,680
Private funds	-	-	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>

(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, 2021 and 2020, 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, 2021 and 2020:

	2021		2020	
	Equity instruments and beneficiary certificates	Hybrid instruments	Equity instruments and beneficiary certificates	Hybrid instruments
At January 1	\$ 499,274	\$ 8,317	\$ 477,378	\$ 33,043
Acquired during the year	86,653	-	40,755	19,789
Sold during the year	(7,251)	-	(10,750)	-
Gains and losses recognized in profit or loss (Note)	<u>197,749</u>	<u>(4,251)</u>	<u>(8,109)</u>	<u>(44,515)</u>
At December 31	<u>\$ 776,425</u>	<u>\$ 4,066</u>	<u>\$ 499,274</u>	<u>\$ 8,317</u>
Movement of unrealized gain or loss in profit or loss of assets and liabilities held as at end of the year (Note)	<u>\$ 197,749</u>	<u>(\$ 4,251)</u>	<u>(\$ 8,109)</u>	<u>(\$ 44,515)</u>

Note: Recorded as non-operating income and expense.

F. For the years ended December 31, 2021 and 2020, 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, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 717,640	Market comparable companies	Note 1	Not applicable	Note 2
Venture capital shares and beneficiary certificates	58,785	Net asset value	Not applicable	Not applicable	Not applicable
Hybrid instrument:					
Convertible bond – call provision	4,066	Binomial tree pricing model	Volatility	38.17% ~51.72%	The higher the stock price volatility, the higher the fair value
	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

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 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, 2021			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets						
Equity instrument and beneficiary certificates						
	Stock price and fair value	± 10%	\$ 77,643	(\$ 77,643)	\$ -	\$ -
Hybrid instrument	Stock price	± 10%	60	(110)	-	-
Hybrid instrument	Volatility	± 5%	140	(70)	-	-
			<u>\$ 77,843</u>	<u>(\$ 77,823)</u>	<u>\$ -</u>	<u>\$ -</u>
			December 31, 2020			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets						
Equity instrument and beneficiary certificates						
	Stock price 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>

(4) Evaluation of the impact of Covid-19

For the impact of Covid-19 pandemic and the government's multiple pandemic prevention programs, as of December 31, 2021, the pandemic and related prevention programs have no significant impact on the Company's operations based on the Company's assessment. Meanwhile, in order to prevent the spread of the pandemic, the Company has taken countermeasures and continues to manage related matters.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries and associates): Please refer to table 3.
- D. 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

Not applicable.

MARKETECH INTERNATIONAL CORP.

Loans to others

For the year ended December 31, 2021

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, 2021 (Note 3)	Balance at December 31, 2021 (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 - related parties	Y	\$ 49,490	\$ 27,680	\$ 27,680	4.366	Short-term financing	\$ -	Operations	\$ -	None	\$ -	\$ 3,069,023	\$ 3,069,023	Note 7
0	Marketech International Corp.	Marketech International Sdn. Bhd.	Other receivables - related parties	Y	83,040	83,040	24,912	4.366	Short-term financing	-	Operations	-	None	-	3,069,023	3,069,023	Note 7
0	Marketech International Corp.	MIC-Tech Viet Nam Co., Ltd.	Other receivables - related parties	Y	166,500	110,720	110,720	4.366	Short-term financing	-	Operations	-	None	-	3,069,023	3,069,023	Note 7
1	MIC-Tech Electronics Engineering Corp.	Shanghai Maohua Electronics Engineering Co., Ltd.	Other receivables	Y	65,473	26,064	26,064	4.350	Short-term financing	-	Operations	-	None	-	242,290	484,580	Note 7
1	MIC-Tech Electronics Engineering Corp.	Fuzhou Jiwei System Integrated Co., Ltd.	Other receivables	Y	4,344	2,172	2,172	4.350	Short-term financing	-	Operations	-	None	-	484,580	484,580	Note 7
2	MIC-Tech (Shanghai) Corp.	MIC-Tech China Trading (Shanghai) Co., Ltd.	Other receivables	Y	26,063	13,032	13,032	4.350	Short-term financing	-	Operations	-	None	-	512,104	512,104	Note 7
2	MIC-Tech (Shanghai) Corp.	MIC-Tech (WuXi) Co., Ltd.	Other receivables	Y	43,839	-	-	-	Short-term financing	-	Operations	-	None	-	512,104	512,104	Note 7
3	Marketech Integrated Manufacturing Company Limited	Marketech Integrated Construction Co., Ltd.	Other receivables	Y	7,134	4,152	4,152	7.000	Short-term financing	-	Operations	-	None	-	76,950	153,901	Note 7
4	Marketech Co., Ltd.	MIC-Tech Viet Nam Co., Ltd	Other receivables	Y	9,600	-	-	-	Short-term financing	-	Operations	-	None	-	10,498	10,498	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 recognized, 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, 2021.

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, 2021

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, 2021 (Note 5)	Outstanding endorsement/ guarantee amount at December 31, 2021 (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	\$ 3,836,279	\$ 17,131	\$ 14,911	\$ 3,603	\$ -	0.19%	\$ 7,672,557	Y	N	N	Note 4
0	Marketech International Corp.	MIC-Tech (Shanghai) Corp.	2	3,836,279	859,442	756,561	34,680	-	9.86%	7,672,557	Y	N	Y	Note 4
0	Marketech International Corp.	MIC-Tech (WuXi) Co., Ltd.	2	3,836,279	347,506	276,376	157,776	-	3.60%	7,672,557	Y	N	Y	Note 4
0	Marketech International Corp.	MIC-Tech Electronics Engineering Corp.	2	3,836,279	1,781,943	1,373,105	211,430	-	17.90%	7,672,557	Y	N	Y	Note 4
0	Marketech International Corp.	Shanghai Maohua Electronics Engineering Co.,Ltd.	2	3,836,279	318,971	296,340	207,518	-	3.86%	7,672,557	Y	N	Y	Note 4
0	Marketech International Corp.	Marketech International Sdn. Bhd.	2	3,836,279	227,840	166,080	32,843	-	2.16%	7,672,557	Y	N	N	Note 4
0	Marketech International Corp.	eZoom Information, Inc.	2	3,836,279	85,000	25,000	-	-	0.33%	7,672,557	Y	N	N	Note 4
0	Marketech International Corp.	Te Chang Construction Co., Ltd.	5	3,836,279	174,000	174,000	65,248	-	2.27%	7,672,557	N	N	N	Note 4
0	Marketech International Corp.	Marketech International Corporation USA	2	3,836,279	1,403,100	1,401,360	1,284,382	-	18.26%	7,672,557	Y	N	N	Note 4
1	MIC-Tech Electronics Engineering Corp.	Marketech International Corp.	3	1,817,175	482,670	-	-	-	-	3,028,625	N	Y	N	Note 4
1	MIC-Tech Electronics Engineering Corp.	MIC-Tech (WuXi) Co., Ltd.	4	1,817,175	8,570	-	-	-	-	3,028,625	N	N	Y	Note 4
1	MIC-Tech Electronics Engineering Corp.	MIC-Tech Viet Nam Co., Ltd.	4	1,817,175	413,406	409,990	409,990	-	67.69%	3,028,625	N	N	N	Note 4
1	MIC-Tech Electronics Engineering Corp.	The Fourth Construction Co., Ltd. of China Electronics System Engineering	5	1,817,175	808,756	801,400	778,920	-	132.30%	3,028,625	N	N	Y	Note 4
2	Marketech Co., Ltd.	MIC-Tech Viet Nam Co., Ltd.	4	131,230	126,166	-	-	-	-	131,230	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 Lending 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 endorsement/guarantee to a single party is the net assets of the Company.
- (2) In accordance with business relationship, limit on endorsement/guarantee to a single party is the total value of business transactions within past 12 months. (the value of business transactions is the higher of purchases or sales)
- (3) Except for (1) and (2) mentioned above, limit on endorsement/guarantee to a single party is 50% of the net assets of the Company.
- (4) For (2) and (3) mentioned above, limit on the total amount of endorsement/guarantee is the net assets of the Company.
- (5) For the Company and subsidiaries, limit on endorsement/guarantee to a single party is the net assets of the Company; limit on the total amount is 5 times of the net assets of the Company.

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, 2021

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

					As of December 31, 2021					
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	20,000	\$ 169,745	-	\$ 169,745	None	
"	"	Aerospace Industrial Development Corp.	"	"	50,925	1,495	-	1,495	"	
						<u>\$ 171,240</u>		<u>\$ 171,240</u>		
"	Ordinary shares	Taiwan Colour & Imaging Technology Corp.	None	Financial assets measured at fair value through profit or loss - non-current	1,700,000	\$ -	12.15%	\$ -	None	
"	"	Chung-Hsin Electric and Machinery Manufacturing Corp.	"	"	581,000	26,290	0.12%	26,290	"	
"	"	WINGS GLOBAL TECHNOLOGY INC.	"	"	750,000	9,096	18.75%	9,096	"	
"	"	Promos Technologies, Inc.	"	"	250,331	-	0.56%	-	"	
"	"	Taiwan Puritic Corp.	"	"	5,352,181	405,427	8.80%	405,427	"	
"	"	SOPOWER Technology Corp.	"	"	189,223	-	0.80%	-	"	
"	"	VEEV Interactive Pte. Ltd.	"	"	840,000	-	6.32%	-	"	
"	"	Taiwan Intelligent Fiber Optic Network Co., Civil Tech Pte. Ltd.	"	"	3,868,261	25,145	1.41%	25,145	"	
"	"	ProbeLeader Co., Ltd.	Entities controlled by key management or entities with significant influence	"	966,000	16,315	3.46%	16,315	"	
"	"	Top Green Energy Technologies, Inc.	None	"	1,111,111	-	0.89%	-	"	
"	"	IP Fund Six Co., Ltd.	"	"	817,857	7,991	1.79%	7,991	"	
"	"	Innorich Venture Capital Corp.	"	"	1,000,000	7,093	1.87%	7,093	"	
"	"	Taiwan Foresight Co., Ltd.	"	"	380,000	4,310	2.24%	4,310	"	
"	"	Long Time Technology Corp.	"	"	346,000	16,422	0.29%	16,422	"	
"	"	Paradigm Venture Capital Corp.	"	"	76,659	1,126	3.50%	1,126	"	
"	"	Taiwan Special Chemicals Corp.	"	"	2,268,828	88,451	1.64%	88,451	"	
"	"	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	320	19.01%	320	"	
"	"	Radisen Co., Ltd.	"	"	87,803	-	18.49%	-	"	
"	"	Foresight Energy Technologies Co., Ltd.	"	"	675,000	1,626	2.70%	1,626	"	
"	"	Mycropore Corporation, Ltd.	"	"	1,471,000	26,954	8.44%	26,954	"	
"	"	STEK CO., LTD.	"	"	507,428	24,006	6.34%	24,006	"	
"	"	Sum Capital Healthcare Investment Corp.	Entities controlled by key management or entities with significant influence	"	943,050	9,393	7.44%	9,393	"	
"	"	Forward Science Corp.	"	"	2,650,240	34,117	8.41%	34,117	"	
"	"	Renown Information Technology Corp.	None	"	800,000	1,696	16.00%	1,696	"	
"	"	TAIWAN TRUEWIN TECHNOLOGY CO.,	"	"	500,000	31,750	2.85%	31,750	"	
"	"	Sharpcor Optical Co., Ltd.	"	"	667,000	7,192	3.48%	7,192	"	
"	"	Everlasting Digital ESG Co., Ltd.	"	"	100,000	1,000	5.88%	1,000	"	
"	"	Artfil, Inc.	"	"	170	23,812	7.38%	23,812	"	
"	Private funds	Zoyi II Investment Limited Partnership	"	"	-	12,836	-	12,836	"	
"	Convertible bonds	HALLYS CORPORATION	"	"	-	-	-	-	"	
"	"	Radisen Co., Ltd.	"	"	-	-	-	-	"	
"	"	Nitride Solutions Inc.	"	"	-	-	-	-	"	
"	"	Kinestral Technologies, Inc.	"	"	-	-	-	-	"	
"	Preferred stock	Adant Technologies Inc.	"	"	174,520	-	Note 3	-	"	
"	"	Kinestral Technologies, Inc.	"	"	501,532	-	"	-	"	
"	Private funds	Vertex Growth (SG) LP	"	"	-	20,347	-	20,347	"	
		Total				<u>\$ 802,715</u>		<u>\$ 802,715</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 amortized 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, 2021

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) Balance	Percentage of total notes/accounts receivable (payable)	Footnote
			Purchases (sales)	Amount			Unit price	Credit term			
MIC-Tech Global Corp.	Marketech International Corp.	Subsidiary	Sales	\$ 164,320	89.59%	Note 1	\$ -	-	\$ 49,199	99.85%	-

Note 1: No significant difference from general transactions.

MARKETECH INTERNATIONAL CORP.

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

December 31, 2021

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2021 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Marketch International Corp.	MIC-Tech Viet Nam Co., Ltd.	Subsidiary	\$ 111,729	Note 2	\$ -	-	\$ -	-

Note 1: Fill in separately the balances of accounts receivable-related parties, notes receivable-related parties, other receivables-related parties.

Note 2: Other receivables pertain to funds lent to related parties, thus, it is not applicable.

MARKETECH INTERNATIONAL CORP.
Significant inter-company transactions during the reporting period
For the year ended December 31, 2021

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction		Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount		
0	Marketech International Corp.	MIC-Tech (Shanghai) Corp.	1	Sales revenue	\$ 34,880	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.	0.10%
0	Marketech International Corp.	MIC-Tech (Shanghai) Corp.	1	Construction revenue	10,521		0.03%
0	Marketech International Corp.	MIC-Tech (Shanghai) Corp.	1	Accounts receivable	11,720		0.04%
0	Marketech International Corp.	MIC-Tech (Shanghai) Corp.	1	Non-operating revenue	6,483		0.02%
0	Marketech International Corp.	MIC-Tech Electronics Engineering Corp.	1	Other receivables	9,559		0.03%
0	Marketech International Corp.	MIC-Tech Electronics Engineering Corp.	1	Non-operating revenue	20,363		0.06%
0	Marketech International Corp.	Marketech Integrated Pte. Ltd.	1	Accounts receivable	16,184		0.06%
0	Marketech International Corp.	Marketech Integrated Pte. Ltd.	1	Other receivables	27,892		0.10%
0	Marketech International Corp.	Marketech Integrated Pte. Ltd.	1	Sales revenue	65,501		0.19%
0	Marketech International Corp.	Marketech Integrated Pte. Ltd.	1	Construction revenue	14,055		0.04%
0	Marketech International Corp.	Marketech International Sdn. Bhd.	1	Other receivables	25,296		0.09%
0	Marketech International Corp.	MIC-Tech Viet Nam Co., Ltd.	1	Other receivables	111,729		0.40%
0	Marketech International Corp.	MIC-Tech Global Corp.	1	Prepayment for purchases	7,624		0.03%
1	eZoom Information, Inc.	Marketech International Corp.	2	Services revenue	53,545		0.16%
1	eZoom Information, Inc.	Marketech International Corp.	2	Construction revenue	11,292	0.03%	
2	MIC-Tech Global Corp.	Marketech International Corp.	2	Sales revenue	164,320	0.48%	
2	MIC-Tech Global Corp.	Marketech International Corp.	2	Accounts receivable	49,199	0.18%	
3	Spiro Technology Systems Inc.	Marketech International Corp.	2	Accounts receivable	9,782	0.04%	
3	Spiro Technology Systems Inc.	Marketech International Corp.	2	Sales revenue	46,361	0.13%	
4	Marketech Netherlands B.V.	Marketech International Corp.	2	Sales revenue	8,273	0.02%	
5	MIC-Tech Electronics Engineering Corp.	MIC-Tech (Shanghai) Corp.	3	Accounts receivable	8,388	0.03%	
5	MIC-Tech Electronics Engineering Corp.	MIC-Tech (Shanghai) Corp.	3	Construction revenue	8,886	0.03%	
5	MIC-Tech Electronics Engineering Corp.	Shanghai Maohua Electronics Engineering Co., Ltd.	3	Other receivables	26,064	0.09%	
6	Shanghai Maohua Electronics Engineering Co., Ltd.	MIC-Tech Electronics Engineering Corp.	3	Accounts receivable	52,708	0.19%	
6	Shanghai Maohua Electronics Engineering Co., Ltd.	MIC-Tech Electronics Engineering Corp.	3	Construction revenue	78,914	0.23%	
6	Shanghai Maohua Electronics Engineering Co., Ltd.	MIC-Tech Electronics Engineering Corp.	3	Sales revenue	26,849	0.08%	
7	MIC-Tech (Shanghai) Corp.	MIC-Tech China Trading (Shanghai) Co., Ltd.	3	Other receivables	13,032	0.05%	

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, 2021

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, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognized by the Company for the year ended December 31, 2021 (Note 1)	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
Marketech International Corp.	Marketech Integrated Pte. Ltd.	Singapore	Contracting for semiconductor automatic supply system	\$ 233,306	\$ 233,306	10,085,678	100	(\$ 43,049)	(\$ 7,915)	(\$ 7,915)	The Company's subsidiary
Marketech International Corp.	Market Go Profits Ltd.	Virgin Islands	Investment holding and reinvestment	1,328,547	1,328,547	41,069,104	100	1,665,661	295,070	295,070	The Company's subsidiary
Marketech International Corp.	MIC-Tech Global Corp.	South Korea	International trade	19,147	19,147	131,560	100	11,571	409	409	The Company's subsidiary
Marketech International Corp.	Headquarter International Ltd.	Virgin Islands	Investment holding and reinvestment	42,475	42,475	1,289,367	100	33,757	(586)	(586)	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	31,391	(1,983)	(1,983)	The Company's subsidiary
Marketech International Corp.	Marketech Engineering Pte. Ltd.	Singapore	Contracting for electrical installing construction	21,804	21,804	937,533	100	(128)	(2,105)	(2,105)	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	192,376	(76,361)	(76,361)	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 software execution service associated with computer hardware installation	131,060	110,696	-	100	123,939	11,394	11,394	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	72,596	-	100	13,123	(4,778)	(4,778)	The Company's subsidiary
Marketech International Corp.	eZoom Information, Inc.	Taiwan	Research, trading and consulting of information system software and hardware appliance	225,737	195,737	23,000,000	100	93,588	(37,275)	(37,275)	The Company's subsidiary
Marketech International Corp.	Marketech International Sdn.Bhd.	Malaysia	Specialized contracting and related repair services	77,803	77,803	12,242,750	100	53,279	(1,563)	(1,563)	The Company's subsidiary
Marketech International Corp.	Marketech International Corporation USA	USA	Specialized contracting and related repair services	110,309	23,086	3,750,000	100	97,807	3,408	3,408	The Company's subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount (Note 2)		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognized by the Company for the year ended December 31, 2021 (Note 1)	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
Marketech International Corp.	Spiro Technology Systems Inc.	USA	Specialized contracting and related repair services	\$ 54,074	\$ 23,936	1,000,000	100.00	\$ 50,535	\$ 2,656	\$ 2,656	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 of equipment	64,119	50,000	4,205,940	26	26,756	(50,475)	(13,419)	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	31,867	(447)	(447)	The Company's subsidiary
Marketech International Corp.	Marketech Netherlands B.V	Netherlands	International trade business of machine and components and technical service	31,253	31,253	900,000	100	3,288	(8,397)	(8,397)	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	65,340	6,374	1,864	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	1,814	(46)	(10)	The Company's investee accounted for using equity method
Marketech International Corp.	Taiwan Radisen HealthCare Co., Ltd.	Taiwan	Smart medical consulting services and investment	500	500	50,000	100	418	(58)	(58)	The Company's subsidiary
Marketech International Corp.	Vertex System Corporation	Taiwan	Trading of equipment for private 5G wireless communication networks (picocells and core networks) and IoT intelligent control gateway; maintenance and operations of device management platform (DMP), and provision of services in software management platform and vertical integration of information technology (IT) and communication technology (CT)	50,000	20,000	5,000,000	61.35	45,080	(6,894)	(2,967)	The Company's subsidiary
Marketech International Corp.	MIC Healthcare Korea Co., Ltd.	South Korea	R&D, sales and professional technical services of medical device and its parts; international trade and import and export business	8,321	-	700,000	100.00	5,880	(2,465)	(2,465)	The Company's subsidiary
Market Go Profits Ltd.	MIC-Tech Ventures Asia Pacific Inc.	Cayman Islands	Investment holding and reinvestment	1,323,049	1,323,049	40,966,604	100	1,664,389	295,166	-	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	(854)	(1,987)	-	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	21,451	22,121	-	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	3,153	(1,760)	-	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	30,409	(11,932)	-	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	(3,067)	1,090	-	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	45,985	500,000	27.78	8,232	(9,742)	-	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	(447)	-	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, 2021, 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, 2021

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, 2021 (Note 3)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2021 (Note 3)		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021 (Note 3)	Net income of investee for the year ended December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2021 (Note 2)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	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	\$ 705,840	Note 1(2)	\$ 567,440	\$ -	\$ -	\$ 567,440	\$ 40,207	100	\$ 40,734	\$ 57,373	\$ -	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	228,111	Note 1(2)	13,840	-	-	13,840	146,165	100	146,165	640,130	-	Note 2 (2)B
Fuzhou Jiwei System Integrated Co., Ltd.	Installation and complete services of clean room, mechanical system, street pipe system	8,304	Note 1(2)	8,304	-	-	8,304	(346)	100	(346)	(2,143)	-	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 (except for auction), export, import and related services of electronic products, machinery equipment, chemical products (except for dangerous items), communication equipment, metal products, plastic products	16,608	Note 1(2)	16,691	-	-	16,691	25,468	87	22,157	18,912	-	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	487,694	Note 1(2)	235,834	-	-	235,834	72,327	100	72,327	605,725	-	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	63,885	Note 1(2)	25,554	-	-	25,554	(1,755)	100	(1,755)	-	-	Note 2 (2)B & Note 4

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, 2021 (Note 3)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2021 (Note 3)		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021 (Note 3)	Net income of investee for the year ended December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2021 (Note 2)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	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	\$ 193,760	Note 1(2)	\$ 107,952	\$ -	\$ -	\$ 107,952	(\$ 11,932)	60	(\$ 7,159)	\$ 29,717	\$ -	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	41,520	Note 1(2)	41,520	-	-	41,520	27,645	100	27,645	60,272	-	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	26,487	Note 1(2)	8,325	-	-	8,325	1,090	31.43	342	(3,071)	-	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	33,216	Note 1(2)	13,840	-	-	13,840	(9,728)	27.78	(2,703)	3,625	-	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) recognized by the Company for the year ended December 31, 2021' 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.

Note 4: Frontken-MIC (Wuxi) Co., Ltd. completed the liquidation procedure in July 2021.

2. Limit on investees in Mainland China

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021 (Note 1) (Note 2) (Note 3)	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
Marketch International Corp.	\$ 1,084,773	\$ 1,807,973	\$ 4,681,284

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 November 30, 2011 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, 2021, 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, 2021

Table 9

Name of major shareholders	Shares	
	Name of shares held	Ownership (%)
Ennoconn International Investment Co., Ltd.	83,468,613	43.30
JI-XUAN Investment Corp.	11,005,795	5.70

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.