

**MARKETECH INTERNATIONAL CORP.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 30, 2023 AND 2022**

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' REVIEW REPORT TRANSLATED FROM CHINESE

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Marketech International Corp. and subsidiaries (the “Group”) as at September 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and nine months then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As explained in Notes 4(3) and 6(6), we did not review the financial statements of certain insignificant consolidated subsidiaries and investments accounted for using equity method, which statements reflect total assets (including investments accounted for using equity method) of NT\$1,495,509 thousand and NT\$3,550,223 thousand, constituting 4% and 10% of the consolidated total assets, and total liabilities of NT\$337,026 thousand and NT\$1,977,439 thousand, constituting 1% and 8% of the consolidated total liabilities as at September 30, 2023 and 2022, respectively, and total comprehensive (loss) income of (NT\$57,734) thousand, NT\$130,863 thousand, (NT\$201,767) thousand and NT\$192,680 thousand, constituting (9%), 4%, (11%) and 11% of the consolidated total comprehensive income for the three months and nine months then ended, respectively. These amounts were based solely on the unreviewed financial statements of these companies as of September 30, 2023 and 2022.

Qualified Conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain insignificant consolidated subsidiaries and investments accounted for using equity method been reviewed by independent auditors, that we might have become aware of had it not been for the situation described above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three months and nine months then ended and its consolidated cash flows for the nine months then ended in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

SUNG-TSE WANG

Lin, Chun-Yao

For and on Behalf of PricewaterhouseCoopers, Taiwan

November 1, 2023

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
SEPTEMBER 30, 2023, DECEMBER 31, 2022, SEPTEMBER 30, 2022 AND JANUARY 1, 2022
(Expressed in thousands of New Taiwan dollars)

			(adjusted)		(adjusted)		(adjusted)							
			September 30, 2023		December 31, 2022		September 30, 2022		January 1, 2022					
Assets			AMOUNT		AMOUNT		AMOUNT		AMOUNT					
Notes			%		%		%		%					
Current assets														
1100	Cash and cash equivalents	6(1)	\$	6,028,479	14	\$	6,481,297	18	\$	4,735,775	14	\$	4,187,655	15
1110	Financial assets at fair value through profit or loss - current	6(2)		104,718	-		103,087	-		66,735	-		175,306	1
1136	Current financial assets at amortized cost	8		-	-		803	-		821	-		747	-
1140	Current contract assets	6(18)		12,930,891	31		9,059,781	26		9,457,119	27		8,510,574	30
1150	Notes receivable, net	6(3)		122,431	-		29,193	-		76,051	-		52,866	-
1160	Notes receivable - related parties	6(3) and 7		95	-		158	-		93	-		113	-
1170	Accounts receivable, net	6(3)(4)		6,719,603	16		6,232,983	18		6,682,703	19		4,805,260	17
1180	Accounts receivable - related parties, net	6(3) and 7		207,921	1		89,331	-		98,698	-		122,384	-
1200	Other receivables			59,460	-		27,043	-		23,443	-		201,074	1
1220	Current tax assets			83,532	-		-	-		-	-		-	-
130X	Inventories, net	6(5)		7,745,560	18		6,267,875	18		6,436,389	19		3,562,479	13
1410	Prepayments			1,811,711	4		1,421,484	4		1,506,680	4		1,026,464	4
1470	Other current assets	8		379,860	1		385,679	1		446,194	1		300,806	1
11XX	Total current assets			36,194,261	85		30,098,714	85		29,530,701	84		22,945,728	82
Non-current assets														
1510	Financial assets at fair value through profit or loss - non-current	6(2)		1,172,720	3		653,075	2		772,989	2		802,715	3
1535	Non-current financial assets at amortized cost	8		16,111	-		16,199	-		16,438	-		42,119	-
1550	Investments accounted for using equity method	6(6)		205,897	1		104,090	-		91,259	-		75,386	-
1600	Property, plant and equipment, net	6(7), 7 and 8		2,436,470	6		2,441,994	7		2,422,801	7		2,366,042	9
1755	Right-of-use assets	6(8) and 7		1,845,775	4		1,624,507	5		1,660,685	5		1,255,415	5
1780	Intangible assets	7		102,189	-		109,186	-		102,339	-		106,822	-
1840	Deferred tax assets			380,492	1		313,266	1		311,499	1		207,214	1
1900	Other non-current assets	6(2)(6) and 8		144,731	-		94,256	-		123,369	1		108,507	-
15XX	Total non-current assets			6,304,385	15		5,356,573	15		5,501,379	16		4,964,220	18
1XXX	Total Assets			\$ 42,498,646	100		\$ 35,455,287	100		\$ 35,032,080	100		\$ 27,909,948	100
Liabilities and Equity														
Current liabilities														
2100	Short-term borrowings	6(9) and 8	\$	8,996,063	21	\$	5,349,747	15	\$	5,263,378	15	\$	3,568,994	13
2130	Current contract liabilities	6(18)		8,006,234	19		6,889,495	19		7,167,589	20		4,684,990	17
2150	Notes payable			1,663,610	4		2,159,902	6		2,100,778	6		1,721,874	6
2160	Notes payable - related parties	7		5,360	-		7,487	-		14,745	-		15,218	-
2170	Accounts payable			6,493,183	15		7,075,213	20		7,239,093	21		6,363,401	23
2180	Accounts payable - related parties	7		11,472	-		22,366	-		13,329	-		12,409	-
2200	Other payables	6(10)		853,752	2		1,112,753	3		836,294	2		853,528	3
2230	Current tax liabilities			322,147	1		390,985	1		282,967	1		173,703	1
2280	Current lease liabilities	7		301,517	1		236,604	1		242,292	1		146,794	

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MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2023, DECEMBER 31, 2022, SEPTEMBER 30, 2022 AND JANUARY 1, 2022
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	September 30, 2023		(adjusted) December 31, 2022		(adjusted) September 30, 2022		(adjusted) January 1, 2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
2320	Long-term liabilities, current portion	6(11)	\$ 239,692	1	\$ 644,880	2	\$ -	-	\$ -	-
2399	Other current liabilities		68,437	-	56,775	-	116,830	-	71,612	-
21XX	Total current liabilities		<u>26,961,467</u>	<u>64</u>	<u>23,946,207</u>	<u>67</u>	<u>23,277,295</u>	<u>66</u>	<u>17,612,523</u>	<u>63</u>
	Non-current liabilities									
2530	Bonds payable	6(11)	2,381,079	6	-	-	644,314	2	885,747	3
2540	Long-term borrowings	6(12)	220,000	-	200,000	1	200,000	1	200,000	1
2570	Deferred tax liabilities		357,110	1	283,781	1	355,811	1	143,168	-
2580	Non-current lease liabilities	7	1,612,927	4	1,396,335	4	1,434,232	4	1,098,869	4
2640	Net defined benefit liability - non-current		136,187	-	138,106	-	161,171	-	163,688	1
2670	Other non-current liabilities	6(6)	5,725	-	4,710	-	5,135	-	3,145	-
25XX	Total non-current liabilities		<u>4,713,028</u>	<u>11</u>	<u>2,022,932</u>	<u>6</u>	<u>2,800,663</u>	<u>8</u>	<u>2,494,617</u>	<u>9</u>
2XXX	Total Liabilities		<u>31,674,495</u>	<u>75</u>	<u>25,969,139</u>	<u>73</u>	<u>26,077,958</u>	<u>74</u>	<u>20,107,140</u>	<u>72</u>
	Equity									
	Share capital	6(15)								
3110	Ordinary shares		1,989,892	5	1,950,284	6	1,950,181	6	1,927,562	7
	Capital surplus	6(14)(16)								
3200	Capital surplus		2,282,981	5	1,787,330	5	1,785,881	5	1,562,207	6
	Retained earnings	6(17)								
3310	Legal reserve		1,310,579	3	1,087,737	3	1,087,737	3	932,127	3
3320	Special reserve		182,589	-	256,244	1	256,244	1	167,098	1
3350	Unappropriated retained earnings		5,056,362	12	4,461,219	13	3,918,213	11	3,340,475	12
	Other equity interest									
3400	Other equity interest		(109,552)	-	(182,589)	(1)	(128,702)	-	(256,244)	(1)
31XX	Total equity attributable to owners of parent		<u>10,712,851</u>	<u>25</u>	<u>9,360,225</u>	<u>27</u>	<u>8,869,554</u>	<u>26</u>	<u>7,673,225</u>	<u>28</u>
36XX	Non-controlling interests	4(3)	<u>111,300</u>	<u>-</u>	<u>125,923</u>	<u>-</u>	<u>84,568</u>	<u>-</u>	<u>129,583</u>	<u>-</u>
3XXX	Total Equity		<u>10,824,151</u>	<u>25</u>	<u>9,486,148</u>	<u>27</u>	<u>8,954,122</u>	<u>26</u>	<u>7,802,808</u>	<u>28</u>
	Significant contingent liabilities and unrecognized contract commitments	9								
3X2X	Total Liabilities and Equity		<u>\$ 42,498,646</u>	<u>100</u>	<u>\$ 35,455,287</u>	<u>100</u>	<u>\$ 35,032,080</u>	<u>100</u>	<u>\$ 27,909,948</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
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Items	Notes	Three months ended September 30,				Nine months ended September 30,			
		2023		2022 (adjusted)		2023		2022 (adjusted)	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Operating Revenue	6(18) and 7	\$ 13,549,726	100	\$ 14,243,589	100	\$ 41,057,852	100	\$ 35,735,058	100
5000 Operating Costs	6(5)(21) and 7	(12,253,491)	(91)	(12,717,848)	(89)	(37,110,406)	(90)	(31,848,914)	(89)
5900 Gross Profit		<u>1,296,235</u>	<u>9</u>	<u>1,525,741</u>	<u>11</u>	<u>3,947,446</u>	<u>10</u>	<u>3,886,144</u>	<u>11</u>
Operating Expenses	6(21)								
6100 Sales and marketing expenses		(210,158)	(2)	(222,523)	(2)	(585,492)	(1)	(540,645)	(1)
6200 General and administrative expenses		(414,782)	(3)	(367,964)	(3)	(1,134,060)	(3)	(944,412)	(3)
6300 Research and development expenses		(73,603)	-	(76,775)	-	(204,318)	(1)	(202,881)	(1)
6450 Expected credit loss	12(2)	(34,369)	-	(34,243)	-	(146,343)	-	(153,696)	-
6000 Total operating expenses		(732,912)	(5)	(701,505)	(5)	(2,070,213)	(5)	(1,841,634)	(5)
6900 Operating Profit		<u>563,323</u>	<u>4</u>	<u>824,236</u>	<u>6</u>	<u>1,877,233</u>	<u>5</u>	<u>2,044,510</u>	<u>6</u>
Non-operating Income and Expenses									
7100 Interest income		14,783	-	3,277	-	64,082	-	11,404	-
7010 Other income	6(19)	47,541	-	29,827	-	91,418	-	52,988	-
7020 Other gains and losses	6(2)(20)	224,547	2	245,765	2	612,520	2	235,665	1
7050 Finance costs	7	(100,409)	(1)	(20,008)	-	(225,363)	(1)	(56,495)	-
7060 Share of loss of associates and joint ventures accounted for using equity method	6(6)	(5,340)	-	(4,434)	-	(6,539)	-	(5,936)	-
7000 Total non-operating income and expenses		<u>181,122</u>	<u>1</u>	<u>254,427</u>	<u>2</u>	<u>536,118</u>	<u>1</u>	<u>237,626</u>	<u>1</u>
7900 Profit before Income Tax		744,445	5	1,078,663	8	2,413,351	6	2,282,136	7
7950 Income tax expense	6(22)	(183,891)	(1)	(267,379)	(2)	(607,062)	(1)	(638,218)	(2)
8200 Net Income		<u>\$ 560,554</u>	<u>4</u>	<u>\$ 811,284</u>	<u>6</u>	<u>\$ 1,806,289</u>	<u>5</u>	<u>\$ 1,643,918</u>	<u>5</u>

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MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Items	Notes	Three months ended September 30,				Nine months ended September 30,			
		2023		2022 (adjusted)		2023		2022 (adjusted)	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Other Comprehensive Income									
Components of other comprehensive income that will be reclassified to profit or loss									
8361 Exchange differences on translation of foreign operations		\$ 125,905	1	\$ 78,165	-	\$ 92,990	-	\$ 159,412	-
8370 Share of other comprehensive income of associates and joint ventures accounted for using equity method	6(6)	49	-	175	-	103	-	619	-
8399 Income tax relating to components of other comprehensive income that will be reclassified to profit or loss	6(22)	(24,863)	-	(15,644)	-	(18,259)	-	(31,885)	-
8360 Other comprehensive income that will be reclassified to profit or loss		101,091	1	62,696	-	74,834	-	128,146	-
8300 Other comprehensive income, net of tax		<u>\$ 101,091</u>	<u>1</u>	<u>\$ 62,696</u>	<u>-</u>	<u>\$ 74,834</u>	<u>-</u>	<u>\$ 128,146</u>	<u>-</u>
8500 Total Comprehensive Income		<u>\$ 661,645</u>	<u>5</u>	<u>\$ 873,980</u>	<u>6</u>	<u>\$ 1,881,123</u>	<u>5</u>	<u>\$ 1,772,064</u>	<u>5</u>
Profit (loss) attributable to:									
8610 Owners of the parent		\$ 576,720	4	\$ 829,179	6	\$ 1,850,141	5	\$ 1,689,897	5
8620 Non-controlling interests		(16,166)	-	(17,895)	-	(43,852)	-	(45,979)	-
Total		<u>\$ 560,554</u>	<u>4</u>	<u>\$ 811,284</u>	<u>6</u>	<u>\$ 1,806,289</u>	<u>5</u>	<u>\$ 1,643,918</u>	<u>5</u>
Comprehensive income (loss) attributable to:									
8710 Owners of the parent		\$ 676,173	5	\$ 891,756	6	\$ 1,923,178	5	\$ 1,817,439	5
8720 Non-controlling interests		(14,528)	-	(17,776)	-	(42,055)	-	(45,375)	-
Total		<u>\$ 661,645</u>	<u>5</u>	<u>\$ 873,980</u>	<u>6</u>	<u>\$ 1,881,123</u>	<u>5</u>	<u>\$ 1,772,064</u>	<u>5</u>
9750 Basic earnings per share (in dollars)	6(23)	<u>\$ 2.92</u>		<u>\$ 4.25</u>		<u>\$ 9.42</u>		<u>\$ 8.67</u>	
9850 Diluted earnings per share (in dollars)	6(23)	<u>\$ 2.84</u>		<u>\$ 4.09</u>		<u>\$ 9.10</u>		<u>\$ 8.32</u>	

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

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent									
		Capital Reserves			Retained Earnings			Other Equity			
								Financial statements translation differences of foreign operations			
Notes		Share capital - ordinary shares	Capital Surplus - share premium	Capital Surplus- - others	Legal reserve	Special reserve	Unappropriated retained earnings		Total	Non-controlling interests	Total equity
<u>Nine months ended September 30, 2022</u>											
		\$ 1,927,562	\$ 1,530,365	\$ 31,842	\$ 932,127	\$ 167,098	\$ 3,340,475	(\$ 256,244)	\$ 7,673,225	\$ 129,583	\$ 7,802,808
		-	-	-	-	-	1,689,897	-	1,689,897	(45,979)	1,643,918
		-	-	-	-	-	-	127,542	127,542	604	128,146
		-	-	-	-	-	1,689,897	127,542	1,817,439	(45,375)	1,772,064
Appropriations and distribution of 2021 retained earnings:	6(17)										
		-	-	-	155,610	-	(155,610)	-	-	-	-
		-	-	-	-	89,146	(89,146)	-	-	-	-
		-	-	-	-	-	(867,403)	-	(867,403)	-	(867,403)
Share-based payment	6(14)	-	-	-	-	-	-	-	-	133	133
Changes in ownership interest in subsidiaries	6(16)	-	-	(80)	-	-	-	-	(80)	80	-
Conversion of convertible bonds	6(11)(15)(16)	22,619	230,992	(7,238)	-	-	-	-	246,373	-	246,373
Change in non-controlling interests		-	-	-	-	-	-	-	-	147	147
		<u>\$ 1,950,181</u>	<u>\$ 1,761,357</u>	<u>\$ 24,524</u>	<u>\$ 1,087,737</u>	<u>\$ 256,244</u>	<u>\$ 3,918,213</u>	<u>(\$ 128,702)</u>	<u>\$ 8,869,554</u>	<u>\$ 84,568</u>	<u>\$ 8,954,122</u>
<u>Nine months ended September 30, 2023</u>											
		\$ 1,950,284	\$ 1,762,375	\$ 24,955	\$ 1,087,737	\$ 256,244	\$ 4,461,219	(\$ 182,589)	\$ 9,360,225	\$ 125,923	\$ 9,486,148
		-	-	-	-	-	1,850,141	-	1,850,141	(43,852)	1,806,289
		-	-	-	-	-	-	73,037	73,037	1,797	74,834
		-	-	-	-	-	1,850,141	73,037	1,923,178	(42,055)	1,881,123
Appropriations and distribution of 2022 retained earnings:	6(17)										
		-	-	-	222,842	-	(222,842)	-	-	-	-
		-	-	-	-	(73,655)	73,655	-	-	-	-
		-	-	-	-	-	(1,105,811)	-	(1,105,811)	-	(1,105,811)
Conversion of convertible bonds	6(11)(15)(16)	39,608	381,242	(11,838)	-	-	-	-	409,012	-	409,012
Due to recognition of equity component of convertible bonds issued	6(11)(16)	-	-	126,247	-	-	-	-	126,247	-	126,247
Change in non-controlling interests		-	-	-	-	-	-	-	-	27,432	27,432
		<u>\$ 1,989,892</u>	<u>\$ 2,143,617</u>	<u>\$ 139,364</u>	<u>\$ 1,310,579</u>	<u>\$ 182,589</u>	<u>\$ 5,056,362</u>	<u>(\$ 109,552)</u>	<u>\$ 10,712,851</u>	<u>\$ 111,300</u>	<u>\$ 10,824,151</u>

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

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Nine months ended September 30, 2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 2,413,351	\$ 2,282,136
Adjustments			
Adjustments to reconcile profit (loss)			
Net (gain) loss on financial assets at fair value through profit or loss	6(2)(20)	(411,503)	167,941
Expected credit loss	12(2)	146,343	153,696
Share of loss of associates and joint ventures accounted for using equity method	6(6)	6,539	5,936
Depreciation	6(7)(8)(21)	415,696	302,608
Amortization	6(21)	26,812	22,618
Loss (gain) on disposal of property, plant and equipment	6(20)	414	(27,975)
Compensation cost of share-based payments	6(14)(21)	-	133
(Gain) loss on lease modification	6(8)	(12)	133
Interest income		(64,082)	(11,404)
Interest expense		225,363	56,495
Dividend income	6(19)	(27,225)	(13,661)
Changes in operating assets and liabilities			
Changes in operating assets			
Contract assets – current		(3,871,110)	(946,545)
Notes receivable, net		(93,238)	(23,185)
Notes receivable – related parties, net		63	20
Accounts receivable, net		(619,952)	(1,911,343)
Accounts receivable – related parties, net		(120,672)	(28,573)
Other receivables		(30,803)	8,221
Inventories		(1,464,863)	(2,839,359)
Prepayments		(390,175)	(480,216)
Other current assets		(17,504)	(159,877)
Changes in operating liabilities			
Contract liabilities – current		1,116,739	2,482,599
Notes payable		(496,292)	378,904
Notes payable – related parties		(2,127)	(474)
Accounts payable		(621,850)	750,657
Accounts payable – related parties		(10,894)	921
Other payables		(261,777)	(42,295)
Other current liabilities		11,659	45,217
Other non-current liabilities		(1,919)	(2,516)
Cash (outflow) inflow generated from operations		(4,143,019)	170,812
Interest received		64,276	11,168
Dividends received		27,225	13,661
Interest paid		(210,479)	(48,426)
Income tax paid		(761,968)	(465,536)
Net cash flows used in operating activities		(5,023,965)	(318,321)

(Continued)

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Nine months ended September 30, 2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss		(\$ 200,533)	(\$ 58,790)
Proceeds from disposal of financial assets at fair value through profit or loss		30,849	212,466
Proceeds from capital reduction of financial assets at fair value through profit or loss		-	455
Acquisition of financial assets at amortized cost		(25,473)	(11,751)
Proceeds from disposal of financial assets at amortized cost		26,401	38,682
Acquisition of investments accounted for using equity method		(48,840)	(19,200)
Acquisition of property, plant and equipment	6(7)	(181,312)	(272,666)
Proceeds from disposal of property, plant and equipment	6(7)	74	77,099
Acquisition of right-of-use assets		(3,214)	(643)
Acquisition of intangible assets		(18,258)	(18,013)
Decrease in refundable deposits		20,635	6,553
Increase in other non-current assets		(44,943)	(2,855)
Net cash flows used in investing activities		(444,614)	(48,663)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(25)	3,515,547	1,682,177
Increase in long-term borrowings	6(25)	20,000	-
Repayments of lease principal	6(8)(25)	(160,132)	(104,029)
Proceeds from issuance of bonds	6(25)	2,495,000	-
Cash dividends paid	6(17)	(1,105,811)	(867,403)
Changes in non-controlling interests		27,432	147
Net cash flows from financing activities		4,792,036	710,892
Effect of exchange rate changes on cash and cash equivalents		223,725	204,212
Net (decrease) increase in cash and cash equivalents		(452,818)	548,120
Cash and cash equivalents at beginning of period	6(1)	6,481,297	4,187,655
Cash and cash equivalents at end of period	6(1)	\$ 6,028,479	\$ 4,735,775

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

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

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

1. ORGANIZATION AND OPERATIONS

Marketch International Corp. (the “Company”) was incorporated in the Republic of China (R.O.C) on December 27, 1988. On October 17, 2002, the Company’s common shares were officially listed on the Taiwan Over-The-Counter Securities Exchange and on May 24, 2004, the shares were transferred to be listed on the Taiwan Stock Exchange. The Company and its subsidiaries (collectively referred herein as the “Group”) are mainly engaged in (i) import and trade of various integrated circuits, semiconductors, electrical 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 41.94% 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 CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

The consolidated financial statements were approved and authorized for issuance by the Board of Directors on November 1, 2023.

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”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

Except for the following, the above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’

The amendments require an entity to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

Upon adoption, the Group recognized a deferred tax asset and liability for all deductible and taxable temporary differences associated with right-of-use assets and lease liabilities, and all deductible and taxable temporary differences were recognized retrospectively as of January 1, 2022. The potential impacts of these amendments are an increase in deferred tax assets by \$203,234, \$49,414, \$138,884 and \$128,229 and deferred tax liabilities by \$186,689, \$48,746, \$133,174 and \$123,083 as of September 30, 2023, January 1, 2022, September 30, 2022 and December 31, 2022, respectively, and a decrease in income tax expense by \$5,042 and \$11,399, and an increase in earnings per share by \$0.03 (in dollars) and \$0.06 (in dollars), for the 3rd quarter ended in 2023 and 2022, respectively.

(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 and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

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
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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 MATERIAL ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2022, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, 'Interim Financial Reporting' that came into effect as endorsed by the FSC.
- B. These consolidated financial statements should be read along with the consolidated financial statements as of and for the year ended December 31, 2022.

(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) Defined benefit liabilities recognized based on the net amount of pension fund assets less
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect 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 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:

The basis for preparation of these consolidated financial statements is the same as that for the preparation of the consolidated financial statements as of and for the year ended December 31, 2022.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%)			Note
			September 30, 2023	December 31, 2022	September 30, 2022	
Marketech International Corp.	Marketech Integrated Pte. Ltd.	Contracting for semiconductor automatic supply system	100	100	100	Note 1
Marketech International Corp.	Headquarter International Ltd.	Investment holdings and reinvestment	100	100	100	Note 1
Marketech International Corp.	Tiger United Finance Ltd.	Investment holdings and reinvestment	100	100	100	Note 1
Marketech International Corp.	Market Go Profits Ltd.	Investment holdings and reinvestment	100	100	100	-
Marketech International Corp.	MIC-Tech Global Corp.	International trade	100	100	100	Note 1
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	100	Note 1
Marketech International Corp.	Marketech Engineering Pte. Ltd.	Contracting for electrical installation construction	100	100	100	Note 1
Marketech International Corp.	eZoom Information, Inc. (eZoom)	Research, trading and consulting of information system software and hardware appliance	100	100	100	Note 1
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	100	Note 1
Marketech International Corp.	Marketech Integrated Manufacturing Company Limited	Design, manufacturing, installation of automatic production equipment and its parts	100	100	100	Note 1
Marketech International Corp.	Marketech International Sdn. Bhd.	Specialized contracting and related repair services; sales of medical devices	100	100	100	Note 1
Marketech International Corp.	PT Marketech International Indonesia	Trading of machine equipment and parts	99.92	99.92	99.92	Note 1

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%)			Note
			September 30, 2023	December 31, 2022	September 30, 2022	
Marketech International Corp.	Marketech Netherlands B.V.	International trade of machine and components and technical service	100	100	100	Note 1
Marketech International Corp.	ADAT Technology CO., LTD. (ADAT)	Research, development, application, and service of software; supply of electronic information and data processing service	25.62	25.62	25.64	Note 1 and 2
Marketech International Corp.	Marketech International Corporation USA	Specialized contracting and related repair services	100	100	100	-
Marketech International Corp.	Spiro Technology Systems Inc.	International trade	100	100	100	Note 1
Marketech International Corp.	Taiwan Radisen HealthCare Co., Ltd. (Taiwan Radisen)	Smart medical consulting services and investment	100	100	100	Note 1
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	100	100	Note 1
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	61.35	61.35	Note 1
Marketech International Corp.	Marketech International Corp. Japan	International trade	100	100	100	Note 1
Marketech International Corp.	Advanced Technology Matrix United Corporation	Warehousing logistics services; sales agent of semiconductor equipment, components and consumables and semiconductor materials	68.97	-	-	Note 1

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%)			Note
			September 30, 2023	December 31, 2022	September 30, 2022	
Marketech International Corp.	Marketech International Corporation Germany GmbH	International trade of machine and components and technical service	100	-	-	Note 1
Market Go Profits Ltd.	MIC-Tech Ventures Asia Pacific Inc.	Investment holdings and reinvestment	100	100	100	-
MIC-Tech Ventures Asia Pacific Inc.	Russky H.K. Limited	Investment holdings and reinvestment	100	100	100	-
MIC-Tech Ventures Asia Pacific Inc.	MICT International Limited	Investment holdings and reinvestment	60	60	60	-
MIC-Tech Ventures Asia Pacific Inc.	Frontken MIC Co., Limited	Investment holdings and reinvestment	-	100	100	Note 3
MIC-Tech Ventures Asia Pacific Inc.	MIC-Tech (WuXi) Co., Ltd.	Manufacturing and sales of semiconductor devices, intelligent storage equipments, illuminators, masks and labor protective products; manufacturing of package special equipments	100	100	100	-
MIC-Tech Ventures Asia Pacific Inc.	MIC-Tech (Shanghai) Corp.	Wholesale, commission agency, maintenance, repairment, manufacture, import and export of semiconductor production and its consumables; trading agency and consulting services in customs bonded area	100	100	100	-
MIC-Tech Ventures Asia Pacific Inc.	MIC-Tech Electronics Engineering Corp.	Installation and construction of mechanical and electrical systems; professional building renovation and decoration services; design and construction of smart buildings; construction of electronic projects and related technical services and consulting materials	100	100	100	-

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%)			Note
			September 30, 2023	December 31, 2022	September 30, 2022	
MIC-Tech Ventures Asia Pacific Inc.	MIC-Tech China Trading (Shanghai) Co., Ltd.	Wholesale, commission agency and import and export of chemical products, semiconductors, inspection equipment and its consumables, solar equipment consumables, trading and trading agency among enterprises in customs bonded area	100	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	87	87	87	-
Rusky H.K. Limited	PT Marketech International Indonesia	Trading of machine equipment and parts	0.08	0.08	0.08	Note 1
MICT International Limited	Integrated Manufacturing & Services Co., Ltd.	Development of special equipment for solar cell production, manufacture of optical engine, cleaning and regeneration of new electrical device	60	60	60	-
Marketech Engineering Pte. Ltd.	Marketech Integrated Construction Co., Ltd.	Specialized contracting for electrical installation construction	98.33	97.69	97.69	Note 1

Note 1 : The financial statements of the entity as of and for the nine months ended September 30, 2023 and 2022 were not reviewed by independent auditors as the entity did not meet the definition of significant subsidiary.

Note 2 : The Company holds less than 50% share ownership in ADAT Technology CO., LTD. However, as the definition of control is met, the subsidiary was included in the consolidated entities.

Note 3 : Frontken MIC Co., Limited completed the liquidation procedure in April 2023.

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 September 30, 2023, December 31, 2022 and September 30, 2022, the non-controlling interests amounted to \$111,300, \$125,923 and \$84,568, respectively. Subsidiaries that have non-controlling interests are not material to the Group.

(4) Income tax

If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognizes the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognized outside profit or loss is recognized in other comprehensive income or equity while the effect of the change on items recognized in profit or loss is recognized in profit or loss.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

There was no significant change in the reporting period. Please refer to Note 5 in the consolidated financial statements as of and for the year ended December 31, 2022.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Cash on hand	\$ 16,568	\$ 15,227	\$ 14,967
Checking accounts and demand deposits	6,011,911	6,465,683	4,720,412
Time deposits	-	387	396
Total	<u>\$ 6,028,479</u>	<u>\$ 6,481,297</u>	<u>\$ 4,735,775</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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks	\$ 4,373	\$ 4,373	\$ 4,373
Hybrid instruments-call provision of convertible corporate bonds (Note 6(11))	<u>1,000</u>	<u>195</u>	<u>326</u>
	5,373	4,568	4,699
Valuation adjustment	<u>99,345</u>	<u>98,519</u>	<u>62,036</u>
Total	<u>\$ 104,718</u>	<u>\$ 103,087</u>	<u>\$ 66,735</u>
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks	\$ 26,293	\$ 12,474	\$ 12,474
Unlisted stocks	676,389	518,470	532,360
Private funds	49,165	43,105	38,618
Hybrid instruments	<u>32,413</u>	<u>52,748</u>	<u>52,748</u>
	784,260	626,797	636,200
Valuation adjustment	<u>388,460</u>	<u>26,278</u>	<u>136,789</u>
Total	<u>\$ 1,172,720</u>	<u>\$ 653,075</u>	<u>\$ 772,989</u>
Prepayments to investments (listed as ‘other non-current assets’)			
Unlisted stocks	<u>\$ 43,843</u>	<u>\$ -</u>	<u>\$ -</u>

A. Amounts recognized in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

		Three months ended September 30,	
		2023	2022
Financial assets mandatorily measured at fair value through profit or loss			
Equity instruments	\$	108,749	(\$ 2,336)
Hybrid instruments	(15,544)	(131)
	\$	<u>93,205</u>	<u>(\$ 2,467)</u>
		Nine months ended September 30,	
		2023	2022
Financial assets mandatorily measured at fair value through profit or loss			
Equity instruments	\$	387,580	(\$ 164,201)
Hybrid instruments		<u>23,923</u>	<u>(3,740)</u>
	\$	<u>411,503</u>	<u>(\$ 167,941)</u>

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

(3) Notes and accounts receivable

	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivable	<u>\$ 122,431</u>	<u>\$ 29,193</u>	<u>\$ 76,051</u>
	September 30, 2023	December 31, 2022	September 30, 2022
Accounts receivable	\$ 7,493,715	\$ 6,904,025	\$ 7,288,859
Less: Loss allowance	(774,112)	(671,042)	(606,156)
Total	<u>\$ 6,719,603</u>	<u>\$ 6,232,983</u>	<u>\$ 6,682,703</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

	September 30, 2023	December 31, 2022	September 30, 2022
Not past due	<u>\$ 122,526</u>	<u>\$ 29,351</u>	<u>\$ 76,144</u>

(b) Accounts receivable

	September 30, 2023	December 31, 2022	September 30, 2022
Not past due	\$ 5,059,138	\$ 4,931,701	\$ 5,171,480
Up to 90 days	1,231,906	841,498	1,005,667
91 to 180 days	207,703	260,855	214,880
181 to 365 days	454,974	237,095	287,070
Over 365 days	<u>754,793</u>	<u>727,003</u>	<u>762,849</u>
	<u>\$ 7,708,514</u>	<u>\$ 6,998,152</u>	<u>\$ 7,441,946</u>

The above ageing analysis was based on past due date.

B. As of September 30, 2023, December 31, 2022 and September 30, 2022, 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 \$122,526, \$29,351 and \$76,144, respectively. As of September 30, 2023, December 31, 2022 and September 30, 2022, 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) were \$6,927,524, \$6,322,314 and \$6,781,401, respectively.

C. The Group does not hold any collateral as security.

D. On September 30, 2023 and December 31, 2022, the amount of the Group's accounts receivable expected to be factored amounted to \$179,085 and \$67,875, respectively, and belonged to financial assets at fair value through other comprehensive income which was shown as accounts receivable. Refer to Note 6(4) for information on transfer of financial assets.

E. Information relating to credit risk is provided in Note 12(2).

(4) Transfer of financial assets

Transferred financial assets that are derecognized in their entirety

A. The Group entered into a factoring agreement with the bank to sell its accounts receivable. Under the agreement, the Group is not obligated to bear the default risk of the transferred accounts receivable, but is liable for the losses incurred on any business dispute. The Group does not have any continuing involvement in the transferred accounts receivable. Thus, the Group derecognized the transferred accounts receivable, and the related information is as follows:

	September 30, 2023	December 31, 2022
Accounts receivable transferred (Amount derecognized)	\$ 564,725	\$ 948,939
Amount advanced	\$ 564,725	\$ 948,939
Unpaid amount advanced	\$ -	\$ -

B. As of September 30, 2023 and December 31, 2022, the Group's interest rate of amount advanced ranged from 4.43%~5.93% and 4.43%~4.93%, respectively.

C. On September 30, 2022, the Group had no transferred accounts receivable.

(5) Inventories

September 30, 2023			
	Cost	Allowance for valuation loss and loss on obsolete and slow-moving inventories	Book value
Materials	\$ 2,530,189	(\$ 43,902)	\$ 2,486,287
Merchandise inventory	1,335,027	(51,452)	1,283,575
Raw materials	2,508,606	(23,444)	2,485,162
Supplies	113,639	(3,665)	109,974
Work in process	938,540	(14,135)	924,405
Semi-finished goods and finished goods	485,463	(29,306)	456,157
Total	<u>\$ 7,911,464</u>	<u>(\$ 165,904)</u>	<u>\$ 7,745,560</u>
December 31, 2022			
	Cost	Allowance for valuation loss and loss on obsolete and slow-moving inventories	Book value
Materials	\$ 2,038,938	(\$ 31,772)	\$ 2,007,166
Merchandise inventory	1,182,304	(56,909)	1,125,395
Raw materials	2,001,472	(15,831)	1,985,641
Supplies	99,374	(2,653)	96,721
Work in process	729,525	(13,269)	716,256
Semi-finished goods and finished goods	365,430	(28,734)	336,696
Total	<u>\$ 6,417,043</u>	<u>(\$ 149,168)</u>	<u>\$ 6,267,875</u>
September 30, 2022			
	Cost	Allowance for valuation loss and loss on obsolete and slow-moving inventories	Book value
Materials	\$ 2,372,920	(\$ 41,955)	\$ 2,330,965
Merchandise inventory	1,336,077	(66,028)	1,270,049
Raw materials	1,688,596	(48,247)	1,640,349
Supplies	96,841	(5,563)	91,278
Work in process	871,804	(13,122)	858,682
Semi-finished goods and finished goods	272,095	(27,029)	245,066
Total	<u>\$ 6,638,333</u>	<u>(\$ 201,944)</u>	<u>\$ 6,436,389</u>

A. Relevant expenses of inventories recognized as operating costs for the three months and nine months ended September 30, 2023 and 2022 are as follows:

	Three months ended September 30,	
	2023	2022
Construction cost	\$ 8,177,238	\$ 7,891,032
Cost of sales	3,486,251	4,338,394
Other operating cost	577,179	462,730
Loss on market value decline and obsolete and slow-moving inventories	12,823	25,692
Total	<u>\$ 12,253,491</u>	<u>\$ 12,717,848</u>

	Nine months ended September 30,	
	2023	2022
Construction cost	\$ 25,908,792	\$ 19,972,803
Cost of sales	9,521,242	10,648,732
Other operating cost	1,664,463	1,202,452
Loss on market value decline and obsolete and slow-moving inventories	15,909	24,927
Total	<u>\$ 37,110,406</u>	<u>\$ 31,848,914</u>

B. The Group has no inventories pledged to others.

(6) Investments accounted for using equity method

A. Details of investments accounted for using equity method:

	<u>September 30, 2023</u>		<u>December 31, 2022</u>	
	<u>Carrying amount</u>	<u>% interest held</u>	<u>Carrying amount</u>	<u>% interest held</u>
Glory Technology Service Inc.	\$ 71,101	29.24%	\$ 68,926	29.24%
Fortune Blessing Co., Limited	6,713	27.78%	6,711	27.78%
MIC Techno Co., Ltd.	1,805	20.00%	1,807	20.00%
Leader Fortune Enterprise Co., Ltd.	(5,646)	31.43%	(4,632)	31.43%
Bolite Co., Ltd.	18,823	32.00%	26,646	32.00%
Radisen Co., Ltd.				
(ordinary shares) (Note)	18,810	18.49%	-	-
Radisen Co., Ltd.				
(preferred stock) (Note)	88,645	44.85%	-	-
	<u>200,251</u>		<u>99,458</u>	
Add: Credit balance of long-term equity investment transferred to 'other non-current liabilities'	<u>5,646</u>		<u>4,632</u>	
Total	<u>\$ 205,897</u>		<u>\$ 104,090</u>	
Prepayments for long-term investments (listed as 'other non-current assets')				
Unlisted stocks	<u>\$ 1,614</u>		<u>\$ 1,536</u>	
			<u>September 30, 2022</u>	
			<u>Carrying amount</u>	<u>% interest held</u>
Glory Technology Service Inc.			\$ 66,492	29.24%
Fortune Blessing Co., Limited			6,821	27.78%
MIC Techno Co., Ltd.			1,806	20.00%
Leader Fortune Enterprise Co., Ltd.			(5,056)	31.43%
Bolite Co., Ltd.			<u>16,140</u>	32.00%
			86,203	
Add: Credit balance of long-term equity investment transferred to 'other non-current liabilities'			<u>5,056</u>	
Total			<u>\$ 91,259</u>	
Prepayments for long-term investments (listed as 'other non-current assets')				
Unlisted stocks			<u>\$ 31,750</u>	

Note: After the assessment, the Group's equity investment in common shares and preferred stock of Radisen Co., Ltd. presented 30.88% of comprehensive voting rights in Radisen Co., Ltd. and was accounted for using equity method.

B. Associates

Associates accounted for using equity method are all individually immaterial and the Group's share of the operating results are summarized below:

	Three months ended September 30,	
	2023	2022
Loss for the period from continuing operations	(\$ 5,340)	(\$ 4,434)
Other comprehensive income - net of tax	49	175
Total comprehensive loss	(\$ 5,291)	(\$ 4,259)
	Nine months ended September 30,	
	2023	2022
Loss for the period from continuing operations	(\$ 6,539)	(\$ 5,936)
Other comprehensive income - net of tax	103	619
Total comprehensive loss	(\$ 6,436)	(\$ 5,317)

- C. The investment accounted for using equity method for the nine months ended September 30, 2023 and 2022 were evaluated based on the financial statements of the entity which were not reviewed by independent auditors. The investments accounted for using equity method for the year ended December 31, 2022 was evaluated based on the financial statements of the entities which were audited by independent auditors.
- D. The Group is the single largest shareholder of Glory Technology Service Inc. with a 29.24% equity interest. Given that the remaining 70.76% of Glory Technology Service Inc.'s equity is concentrated in investors from other parties, the number of votes for the minority voting rights holders to act together has surpassed that of the Group. Therefore, the Group has no control over the company and only has significant influence on Glory Technology Service Inc.
- E. The Group is the single largest shareholder of Bolite Co., Ltd. with a 32% equity interest. Given that the remaining 68% of Bolite's equity is concentrated in investors from other parties, the number of votes for the minority voting rights holders to act together has surpassed that of the Group. Therefore, the Group has no control over the company and only has significant influence on Bolite Co., Ltd.

(7) Property, plant and equipment

	2023					
	Land	Buildings	Machinery and equipment	Office equipment	Others	Total
<u>At January 1</u>						
Cost	\$ 217,661	\$ 3,206,003	\$ 811,969	\$ 345,328	\$ 155,934	\$ 4,736,895
Accumulated depreciation and impairment	-	(1,481,121)	(563,469)	(227,786)	(22,525)	(2,294,901)
Book value	<u>\$ 217,661</u>	<u>\$ 1,724,882</u>	<u>\$ 248,500</u>	<u>\$ 117,542</u>	<u>\$ 133,409</u>	<u>\$ 2,441,994</u>
<u>Nine months ended September 30</u>						
Opening net book amount	\$ 217,661	\$ 1,724,882	\$ 248,500	\$ 117,542	\$ 133,409	\$ 2,441,994
Additions	-	8,084	19,912	44,529	108,787	181,312
Transfers (Note)	-	35,602	-	10,502	(47,511)	(1,407)
Disposals	-	-	(97)	(377)	(13)	(487)
Depreciation	-	(118,319)	(38,182)	(31,890)	(6,985)	(195,376)
Net exchange differences	1,734	10,720	(71)	(2,407)	458	10,434
Closing net book amount	<u>\$ 219,395</u>	<u>\$ 1,660,969</u>	<u>\$ 230,062</u>	<u>\$ 137,899</u>	<u>\$ 188,145</u>	<u>\$ 2,436,470</u>
<u>At September 30</u>						
Cost	\$ 219,395	\$ 3,270,911	\$ 829,765	\$ 386,437	\$ 217,858	\$ 4,924,366
Accumulated depreciation and impairment	-	(1,609,942)	(599,703)	(248,538)	(29,713)	(2,487,896)
Book value	<u>\$ 219,395</u>	<u>\$ 1,660,969</u>	<u>\$ 230,062</u>	<u>\$ 137,899</u>	<u>\$ 188,145</u>	<u>\$ 2,436,470</u>

	2022					
	Land	Buildings	Machinery and equipment	Office equipment	Others	Total
<u>At January 1</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>
<u>Nine months ended September 30</u>						
Opening net book amount	\$ 213,512	\$ 1,725,154	\$ 260,661	\$ 87,190	\$ 79,525	\$ 2,366,042
Additions	-	49,239	32,750	39,494	87,712	209,195
Transfers (Note)	35,275	115,221	-	4,614	(91,639)	63,471
Disposals	(34,376)	(11,337)	(2,803)	(561)	(58)	(49,135)
Depreciation	-	(108,334)	(39,212)	(25,015)	(2,437)	(174,998)
Net exchange differences	4,406	1,658	1,272	476	414	8,226
Closing net book amount	<u>\$ 218,817</u>	<u>\$ 1,771,601</u>	<u>\$ 252,668</u>	<u>\$ 106,198</u>	<u>\$ 73,517</u>	<u>\$ 2,422,801</u>
<u>At September 30</u>						
Cost	\$ 218,817	\$ 3,213,056	\$ 810,068	\$ 326,937	\$ 94,827	\$ 4,663,705
Accumulated depreciation and impairment	-	(1,441,455)	(557,400)	(220,739)	(21,310)	(2,240,904)
Book value	<u>\$ 218,817</u>	<u>\$ 1,771,601</u>	<u>\$ 252,668</u>	<u>\$ 106,198</u>	<u>\$ 73,517</u>	<u>\$ 2,422,801</u>

Note: Transfers during the period pertain to certain previously unfinished constructions which had completed acceptance checked and transferred to buildings and office equipment.

A. The above property, plant and equipment are all owner-occupied.

B. The Group has no interest capitalized 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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 864,892	\$ 864,153	\$ 871,066
Buildings	901,526	689,891	718,937
Machinery and equipment	1,164	927	-
Office equipment	898	1,337	1,167
Other equipment	77,295	68,199	69,515
	<u>\$ 1,845,775</u>	<u>\$ 1,624,507</u>	<u>\$ 1,660,685</u>

	<u>Three months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 6,639	\$ 6,152
Buildings	62,259	33,351
Machinery and equipment	102	-
Office equipment	204	159
Other equipment	8,798	8,442
	<u>\$ 78,002</u>	<u>\$ 48,104</u>

	<u>Nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 19,413	\$ 18,284
Buildings	174,109	83,496
Machinery and equipment	275	-
Office equipment	610	331
Other equipment	25,913	25,499
	<u>\$ 220,320</u>	<u>\$ 127,610</u>

- D. For the nine months ended September 30, 2023 and 2022, the additions to right-of-use assets were \$423,209 and \$514,450, respectively.

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

	Three months ended September 30,	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 15,063	\$ 2,499
Expense on short-term lease contracts	\$ 98,118	\$ 29,568
Gain on lease modification	\$ 14	\$ 36
	Nine months ended September 30,	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 37,491	\$ 14,324
Expense on short-term lease contracts	\$ 195,333	\$ 83,616
Gain (loss) on lease modification	\$ 12	(\$ 133)

F. For the nine months ended September 30, 2023 and 2022, the Group's total cash outflow for leases were \$392,956 and \$201,969, respectively.

G. Extension options

- (a) Extension options are included in approximately 33.33% of the Group's lease contracts pertaining to land. These options are expected to be exercised for maximizing optional flexibility in terms of managing contracts.
- (b) In determining the lease term, the Group takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(9) Short-term borrowings

	September 30, 2023	Interest rate range	Collateral
<u>Bank borrowings</u>			
Credit borrowings	\$ 8,944,297	1.59%~8.533%	None
Mortgage loan	51,766	5.5304%~6.00%	Buildings
	<u>\$ 8,996,063</u>		
	December 31, 2022	Interest rate range	Collateral
<u>Bank borrowings</u>			
Credit borrowings	\$ 5,292,547	1.27%~8.17%	None
Mortgage loan	57,200	5.28%~6.28%	Buildings
	<u>\$ 5,349,747</u>		
	September 30, 2022	Interest rate range	Collateral
<u>Bank borrowings</u>			
Credit borrowings	\$ 5,207,853	1.02%~5.5768%	None
Mortgage loan	55,525	3.81%~4.64%	Buildings
	<u>\$ 5,263,378</u>		

Details of mortgage loan are provided in Note 8.

(10) Other payables

	September 30, 2023	December 31, 2022	September 30, 2022
Salaries and bonus payable	\$ 491,392	\$ 719,679	\$ 512,880
Accrued employees' compensation and directors' remuneration	276,167	332,080	261,877
Others	86,193	60,994	61,537
	<u>\$ 853,752</u>	<u>\$ 1,112,753</u>	<u>\$ 836,294</u>

(11) Bonds payable

	September 30, 2023	December 31, 2022	September 30, 2022
Bonds payable	\$ 2,740,200	\$ 651,200	\$ 652,300
Less: Discount on bonds payable	(119,429)	(6,320)	(7,986)
	2,620,771	644,880	644,314
Bonds payable of current portion (recorded as "Long-term liabilities, current portion")	(239,692)	(644,880)	-
	<u>\$ 2,381,079</u>	<u>\$ -</u>	<u>\$ 644,314</u>

A. The fourth unsecured convertible corporate bonds in 2020

- (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:
- Total issuance amount: NT\$1,500,000.
 - Issuance period: 3 years, and a circulation period from December 15, 2020 to December 15, 2023.
 - Coupon rate: 0%
 - 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.
 - 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.
 - Redemption method:
 - Redemption on the maturity date: Redeemed in cash at face value at the maturity date.
 - 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: 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.

vii. For the nine months ended September 30, 2023, the bonds totaling \$411,000 had been converted into 3,961 thousand shares of common stock. Accordingly, the Group recognized capital surplus of \$381,242 and reduced capital surplus - stock option by \$11,838.

viii. As of September 30, 2023, the bonds totaling \$1,259,800 had been converted into \$11,601 thousand shares of common stock. Accordingly, the Group recognized capital surplus of \$1,160,563 and reduced capital surplus - stock option by \$36,287.

(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%.

B. The fifth unsecured convertible corporate bonds in 2023

(a) The Company issued the 5th domestic unsecured convertible bonds, as approved by the regulatory authority on June 27, 2023. The terms and conditions are as follows:

- i. Total issuance amount: NT\$2,500,000.
- ii. Issuance period: 3 years, and a circulation period from June 27, 2023 to June 27, 2026.
- iii. Coupon rate: 0%
- iv. 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.
- v. 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.

vi. 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.

vii. As of September 30, 2023, no convertible bonds were converted.

- (b) Regarding the issuance of convertible bonds, the equity conversion options amounting to \$126,247 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 1.7960%.

(12) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>September 30, 2023</u>
Long-term bank borrowings				
Credit borrowings	Borrowing period is from September 28, 2023 to December 28, 2024; interest is payable monthly; principal is payable at maturity date	1.656%	None	\$ 200,000
"	Borrowing period is from May 10, 2023 to June 29, 2028; interest is payable monthly; principal is payable at maturity date	2.980%	None	20,000
				<u>\$ 220,000</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>December 31, 2022</u>
Long-term bank borrowings				
Credit borrowings	Borrowing period is from December 28, 2022 to March 28, 2024; interest is payable monthly; principal is payable at maturity date	1.530%	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>September 30, 2022</u>
Long-term bank borrowings				
Credit borrowings	Borrowing period is from September 28, 2022 to December 28, 2023; interest is payable monthly; principal is payable at maturity date	1.405%	None	<u>\$ 200,000</u>

(13) Pensions

- A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.
- (b) For the aforementioned pension plan, the Group recognized pension costs of \$605, \$426, \$1,816 and \$1,280 for the three months and nine months ended September 30, 2023 and 2022, respectively.
- (c) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2024 amount to \$4,981.

- 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 three months and nine months ended September 30, 2023 and 2022 were \$35,834, \$40,784, \$106,520 and \$91,708, respectively.

(14) Share-based payment

- A. For the nine months ended September 30, 2023 and 2022, 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>
Subsidiary-ADAT	Employee stock options	2019.4.1	436	6 years	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:

	Nine months ended September 30,			
	2023		2022	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at beginning and the end of the period	-	\$ -	122	\$ 10.00
Options granted	-	-	11	10.00
Options exercised	-	-	(15)	10.00
Options forfeited	-	-	(6)	-
Options outstanding at end of the period	-	Note	112	10.00
Options exercisable at end of the period	-	Note	60	

Note: The above share-based payment arrangement of Subsidiary - ADAT, had been exercised at full amount on December 31, 2022.

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

Issuing Company	Issue date approved	Expiry date	September 30, 2022	
			No. of shares (in thousands)	Exercise price (in dollars)
Subsidiary-ADAT	2019.4.1	2025.3.31	50	\$ 10.00
"	2020.5.1	2026.4.30	20	10.00
"	2020.9.1	2026.8.31	42	10.00

September 30, 2023: None.

D. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Issuing Company	Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Subsidiary-ADAT	Employee stock options	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. The expenses incurred by the subsidiary - ADAT on share-based payment transactions amounted to \$0, \$44, \$0 and \$133 for the three months and nine months ended September 30, 2023 and 2022, respectively.

(15) Share capital

A. As of September 30, 2023, 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 \$1,989,892 with a par value of \$10 (in dollars) per share amounting to 198,989,247 shares. All proceeds from shares issued have been collected.

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

	2023	2022
At January 1	195,028,376	192,756,201
Conversion of convertible bonds	3,960,871	2,261,878
At September 30	198,989,247	195,018,079

(16) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

Details of movements in capital surplus are as follows:

	2023			
	Share premium	Stock options	Others	Total
At January 1	\$ 1,762,375	\$ 18,757	\$ 6,198	\$ 1,787,330
Due to recognition of equity component of convertible bonds issued	-	126,247	-	126,247
Conversion of convertible bonds	381,242	(11,838)	-	369,404
At September 30	<u>\$ 2,143,617</u>	<u>\$ 133,166</u>	<u>\$ 6,198</u>	<u>\$ 2,282,981</u>
	2022			
	Share premium	Stock options	Others	Total
At January 1	\$ 1,530,365	\$ 26,027	\$ 5,815	\$ 1,562,207
Changes in ownership interest in subsidiaries	-	-	(80)	(80)
Conversion of convertible bonds	230,992	(7,238)	-	223,754
At September 30	<u>\$ 1,761,357</u>	<u>\$ 18,789</u>	<u>\$ 5,735</u>	<u>\$ 1,785,881</u>

(17) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Also, special reserve shall be set aside or reversed as required by regulations or the Competent Authority. The remaining amount along with the prior years' unappropriated earnings shall be proposed by the Board of Directors and resolved by the stockholders for appropriation or reserve.
- B. The Company's dividend policy is summarized below: in consideration of the overall environment development and industrial growth, fulfilling future operation development needs as priority and optimizing financial structure, distribution of stock dividends shall not exceed 50% of the 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 shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

E. Details of 2022 and 2021 earnings appropriation resolved by the shareholders on May 30, 2023 and May 27, 2022 are as follows:

	Years ended December 31,			
	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 222,842	\$ -	\$ 155,610	\$ -
(Reversal) special reserve	(73,655)	-	89,146	-
Cash dividends	1,105,811	5.67	867,403	4.5
Total	<u>\$ 1,254,998</u>		<u>\$ 1,112,159</u>	

The earnings appropriation for the years ended December 31, 2022 and 2021 listed above had no difference from that proposed by the Board of Directors on February 17, 2023 and February 21, 2022, respectively.

Information about the earnings distribution for 2022 and 2021 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.

(18) Operating revenue

	Three months ended September 30,	
	2023	2022
Construction contract revenue	\$ 8,498,686	\$ 8,360,482
Sales contract revenue	4,250,314	5,212,159
Other contract revenue	800,726	670,948
Total	<u>\$ 13,549,726</u>	<u>\$ 14,243,589</u>
	Nine months ended September 30,	
	2023	2022
Construction contract revenue	\$ 27,206,455	\$ 21,356,269
Sales contract revenue	11,497,858	12,570,365
Other contract revenue	2,353,539	1,808,424
Total	<u>\$ 41,057,852</u>	<u>\$ 35,735,058</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:

	Three months ended September 30,	
	2023	2022
Automatic supplying system	\$ 6,502,282	\$ 5,287,486
Total Facility Engineering Turnkey Project	1,909,658	2,897,993
R&D and manufacturing of customized equipment	2,596,339	2,839,895
Sales and service of high-tech equipment and materials	2,541,447	3,218,215
Total	<u>\$ 13,549,726</u>	<u>\$ 14,243,589</u>
Timing of revenue recognition		
At a point in time	\$ 4,412,309	\$ 5,387,894
Over time	9,137,417	8,855,695
Total	<u>\$ 13,549,726</u>	<u>\$ 14,243,589</u>
	Nine months ended September 30,	
	2023	2022
Automatic supplying system	\$ 20,381,827	\$ 12,592,392
Total Facility Engineering Turnkey Project	6,586,425	8,136,812
R&D and manufacturing of customized equipment	6,782,268	7,705,106
Sales and service of high-tech equipment and materials	7,307,332	7,300,748
Total	<u>\$ 41,057,852</u>	<u>\$ 35,735,058</u>
Timing of revenue recognition		
At a point in time	\$ 12,048,003	\$ 13,107,510
Over time	29,009,849	22,627,548
Total	<u>\$ 41,057,852</u>	<u>\$ 35,735,058</u>

B. Contract assets and liabilities

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>	<u>January 1, 2022</u>
Contract assets:				
Construction contracts	\$ <u>12,930,891</u>	\$ <u>9,059,781</u>	\$ <u>9,457,119</u>	\$ <u>8,510,574</u>
Contract liabilities:				
Construction contracts	\$ 6,468,569	\$ 5,723,090	\$ 5,569,543	\$ 3,643,508
Sales contracts	1,063,675	737,272	1,221,531	784,108
Other contracts	<u>473,990</u>	<u>429,133</u>	<u>376,515</u>	<u>257,374</u>
	<u>\$ 8,006,234</u>	<u>\$ 6,889,495</u>	<u>\$ 7,167,589</u>	<u>\$ 4,684,990</u>

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

	<u>Three months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Revenue recognized that was included in the contract liability balance at the beginning of the period		
Construction contracts	\$ 415,539	\$ 396,839
Sales contracts	62,991	195,192
Other contracts	<u>19,519</u>	<u>37,738</u>
	<u>\$ 498,049</u>	<u>\$ 629,769</u>
	<u>Nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Revenue recognized that was included in the contract liability balance at the beginning of the period		
Construction contracts	\$ 3,749,169	\$ 2,032,816
Sales contracts	434,838	544,150
Other contracts	<u>188,185</u>	<u>119,310</u>
	<u>\$ 4,372,192</u>	<u>\$ 2,696,276</u>

(c) All contracts of the Group with 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.

(19) Other income

	Three months ended September 30,	
	2023	2022
Grants revenue	\$ 9,086	\$ 5,628
Dividend income	27,023	13,320
Rental revenue	1,253	1,756
Other income	10,179	9,123
Total	<u>\$ 47,541</u>	<u>\$ 29,827</u>
	Nine months ended September 30,	
	2023	2022
Grants revenue	\$ 25,324	\$ 12,538
Dividend income	27,225	13,661
Rental revenue	3,772	3,520
Other income	35,097	23,269
Total	<u>\$ 91,418</u>	<u>\$ 52,988</u>

(20) Other gains and losses

	Three months ended September 30,	
	2023	2022
Net gains (losses) on financial assets at fair value through profit or loss	\$ 93,205	(\$ 2,467)
Foreign exchange gains	133,506	250,452
Losses on disposals of property, plant and equipment	(173)	(186)
Other losses	(1,991)	(2,034)
Total	<u>\$ 224,547</u>	<u>\$ 245,765</u>
	Nine months ended September 30,	
	2023	2022
Net gains (losses) on financial assets at fair value through profit or loss	\$ 411,503	(\$ 167,941)
Foreign exchange gains	217,446	400,902
(Losses) gains on disposals of property, plant and equipment	(414)	27,975
Other losses	(16,015)	(25,271)
Total	<u>\$ 612,520</u>	<u>\$ 235,665</u>

(21) Employee benefit expense, depreciation and amortization

A. Employee benefit expense, depreciation and amortization

	Three months ended September 30, 2023		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefit expense			
Wages and salaries	\$ 475,839	\$ 416,672	\$ 892,511
Labour and health insurance fees	27,310	21,285	48,595
Pension costs	21,301	15,138	36,439
Other employee benefit expense	7,820	12,208	20,028
Depreciation	104,007	40,431	144,438
Amortization	4,280	4,515	8,795
Three months ended September 30, 2022			
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefit expense			
Wages and salaries	\$ 303,927	\$ 419,795	\$ 723,722
Compensation cost of employee stock options	-	44	44
Labour and health insurance fees	32,500	20,826	53,326
Pension costs	25,689	15,521	41,210
Other employee benefit expense	16,781	13,012	29,793
Depreciation	69,313	38,579	107,892
Amortization	3,186	4,711	7,897
Nine months ended September 30, 2023			
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefit expense			
Wages and salaries	\$ 1,173,330	\$ 1,195,987	\$ 2,369,317
Labour and health insurance fees	86,761	65,386	152,147
Pension costs	65,169	43,167	108,336
Other employee benefit expense	27,835	30,710	58,545
Depreciation	298,237	117,459	415,696
Amortization	12,433	14,379	26,812

	Nine months ended September 30, 2022		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 838,771	\$ 1,086,043	\$ 1,924,814
Compensation cost of employee stock options	-	133	133
Labour and health insurance fees	73,110	58,421	131,531
Pension costs	53,974	39,014	92,988
Other employee benefit expense	29,940	27,425	57,365
Depreciation	193,913	108,695	302,608
Amortization	9,094	13,524	22,618

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 three months and nine months ended September 30, 2023 and 2022, employees' compensation and directors' remuneration are accrued as follows:

	Three months ended September 30,	
	2023	2022
Employees' compensation	\$ 82,042	\$ 110,017
Directors' remuneration	8,204	11,002
	<u>\$ 90,246</u>	<u>\$ 121,019</u>
	Nine months ended September 30,	
	2023	2022
Employees' compensation	\$ 251,061	\$ 233,277
Directors' remuneration	25,106	23,328
	<u>\$ 276,167</u>	<u>\$ 256,605</u>

For the nine months ended September 30, 2023, 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 2022 as resolved by the Board of Directors on February 17, 2022 were \$297,098 and \$29,710, respectively, and were in agreement with those amounts recognized in the 2022 financial statements.

Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(22) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended September 30,	
	2023	2022
Current tax		
Current tax on profits for the period	\$ 110,464	\$ 244,271
Tax on undistributed surplus earnings	-	-
Adjustments in respect of prior years	60,570	(3,569)
Total current tax	171,034	240,702
Deferred tax		
Origination and reversal of temporary differences	12,857	26,677
Income tax expense	\$ 183,891	\$ 267,379

	Nine months ended September 30,	
	2023	2022
Current tax		
Current tax on profits for the period	\$ 555,887	\$ 550,623
Tax on undistributed surplus earnings	48,671	-
Adjustments in respect of prior years	13,934	11,122
Total current tax	618,492	561,745
Deferred tax		
Origination and reversal of temporary differences	(11,430)	76,473
Income tax expense	\$ 607,062	\$ 638,218

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

	Three months ended September 30,	
	2023	2022
Currency translation differences of foreign operations	\$ 24,863	\$ 15,644

	Nine months ended September 30,	
	2023	2022
Currency translation differences of foreign operations	\$ 18,259	(\$ 31,885)

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

	Assessment
The Company	Through 2019
Vertex System, eZoom, ADAT and Taiwan Radisen	Through 2021

(23) Earnings per share

Three months ended September 30, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 576,720	197,815	\$ <u>2.92</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	689	3,515	
Employees' compensation	<u>-</u>	<u>1,819</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 577,409</u>	<u>203,149</u>	<u>\$ 2.84</u>
Three months ended September 30, 2022			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 829,179	195,018	\$ <u>4.25</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	1,321	6,108	
Employees' compensation	<u>-</u>	<u>2,150</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 830,500</u>	<u>203,276</u>	<u>\$ 4.09</u>

Nine months ended September 30, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,850,141	196,302	<u>\$ 9.42</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	3,060	5,028	
Employees' compensation	-	<u>2,232</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 1,853,201</u>	<u>203,562</u>	<u>\$ 9.10</u>

Nine months ended September 30, 2022			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,689,897	194,915	<u>\$ 8.67</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	3,952	6,210	
Employees' compensation	-	<u>2,408</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 1,693,849</u>	<u>203,533</u>	<u>\$ 8.32</u>

(24) Supplemental cash flow information

Nine months ended September 30,		
	2023	2022
Convertible bonds converted to capital stocks	<u>\$ 409,012</u>	<u>\$ 246,373</u>

(25) Changes in liabilities from financing activities

	2023				
	<u>Lease liabilities</u>	<u>Short-term borrowings</u>	<u>Long-term borrowings</u>	<u>Bonds payable (Note)</u>	<u>Liabilities from financing activities-gross</u>
At January 1	\$ 1,632,939	\$5,349,747	\$ 200,000	\$ 644,880	\$ 7,827,566
Changes in cash flow from financing activities	(160,132)	3,515,547	20,000	2,495,000	5,870,415
Impact of changes in foreign exchange rate	21,601	130,769	-	-	152,370
Changes in other non-cash items	<u>420,036</u>	<u>-</u>	<u>-</u>	<u>(519,109)</u>	<u>(99,073)</u>
At September 30	<u>\$ 1,914,444</u>	<u>\$8,996,063</u>	<u>\$ 220,000</u>	<u>\$2,620,771</u>	<u>\$ 13,751,278</u>

	2022				
	<u>Lease liabilities</u>	<u>Short-term borrowings</u>	<u>Long-term borrowings</u>	<u>Bonds payable</u>	<u>Liabilities from financing activities-gross</u>
At January 1	\$ 1,245,663	\$3,568,994	\$ 200,000	\$ 885,747	\$ 5,900,404
Changes in cash flow from financing activities	(104,029)	1,682,177	-	-	1,578,148
Impact of changes in foreign exchange rate	28,688	12,207	-	-	40,895
Changes in other non-cash items	<u>506,202</u>	<u>-</u>	<u>-</u>	<u>(241,433)</u>	<u>264,769</u>
At September 30	<u>\$ 1,676,524</u>	<u>\$5,263,378</u>	<u>\$ 200,000</u>	<u>\$ 644,314</u>	<u>\$ 7,784,216</u>

Note: Including bonds payable of current portion (recorded as "Long-term liabilities, current portion")

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 41.94% of the shares of the Company. The remaining 58.06% 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

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Ennoconn Corporation	Ultimate parent company
Chung-Hsin Precision Machinery Co., Ltd.	Other related party
Hon Hai Precision Industry Co., Ltd.	"
Chung-Hsin Electric & Machinery Mfg. Corp.	"
Hong Kong Ennpower Information Technology Co., Limited	"
Coiler Corporation	"
Foxconn Global Network	"
Hon Young Semiconductor Corporation	"
SERVTECH Co., Ltd.	"
CTS Investment Corp.	"
Altus Technology Inc.	"
Glory Technology Service Inc.	Associate
Fortune International Corporation	"
Radisen Co., Ltd.	"
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.	"
Everlasting Digital ESG Co., Ltd.	"
E-WIN Investment Corp.	"

(3) Significant related party transactions and balances

A. Sales of goods and services

(a) Sales of goods

	Three months ended September 30,	
	2023	2022
Other related parties	\$ 19,451	\$ 265
Associates	3,281	-
Entities controlled by key management or entities with significant influence	7	-
	<u>\$ 22,739</u>	<u>\$ 265</u>
	Nine months ended September 30,	
	2023	2022
Other related parties	\$ 29,797	\$ 520
Associates	3,281	-
Entities controlled by key management or entities with significant influence	7	5
	<u>\$ 33,085</u>	<u>\$ 525</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

	Three months ended September 30,	
	2023	2022
Other related parties	\$ 47,609	\$ 26,831
Entities controlled by key management or entities with significant influence	2,773	2,072
Total	<u>\$ 50,382</u>	<u>\$ 28,903</u>
	Nine months ended September 30,	
	2023	2022
Other related parties	\$ 94,769	\$ 62,162
Entities controlled by key management or entities with significant influence	7,383	8,440
Total	<u>\$ 102,152</u>	<u>\$ 70,602</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 September 30, 2023, December 31, 2022 and September 30, 2022, contract price and priced contract of unfinished construction are as follows:

	September 30, 2023		December 31, 2022	
	Total contract price (before tax) (Note)	Priced contract (Note)	Total contract price (before tax) (Note)	Priced contract (Note)
Other related parties	\$ 2,825,317	\$ 749,819	\$ 663,896	\$ 595,836
Entities controlled by key management or entities with significant influence	207,825	184,804	396,569	375,627
Total	<u>\$ 3,033,142</u>	<u>\$ 934,623</u>	<u>\$ 1,060,465</u>	<u>\$ 971,463</u>
			September 30, 2022	
			Total contract price (before tax) (Note)	Priced contract (Note)
Other related parties			\$ 652,722	\$ 593,922
Entities controlled by key management or entities with significant influence			427,371	404,571
Total			<u>\$ 1,080,093</u>	<u>\$ 998,493</u>

Note: The amounts were translated at the original currency times exchange rate at each period end.

(c) Other contract revenue

Three months ended September 30,		
	2023	2022
Other related parties	\$ 1,128	\$ 2,923
Entities controlled by key management or entities with significant influence	787	2,467
Total	<u>\$ 1,915</u>	<u>\$ 5,390</u>
Nine months ended September 30,		
	2023	2022
Other related parties	\$ 8,244	\$ 10,778
Entities controlled by key management or entities with significant influence	2,915	3,774
Total	<u>\$ 11,159</u>	<u>\$ 14,552</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

Three months ended September 30,		
	2023	2022
Entities controlled by key management or entities with significant influence	\$ 1,172	\$ 1,603
Associates	679	-
Other related parties	2,941	6,941
Total	<u>\$ 4,792</u>	<u>\$ 8,544</u>
Nine months ended September 30,		
	2023	2022
Entities controlled by key management or entities with significant influence	\$ 2,127	\$ 6,355
Associates	679	-
Other related parties	13,925	25,994
Total	<u>\$ 16,731</u>	<u>\$ 32,349</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

		Three months ended September 30,	
		2023	2022
Entities controlled by key management or entities with significant influence	\$	484	\$ 30
Associate		3,669	1,937
Other related parties		320	28
Total	\$	<u>4,473</u>	<u>\$ 1,995</u>
		Nine months ended September 30,	
		2023	2022
Entities controlled by key management or entities with significant influence	\$	848	\$ 497
Associate		27,843	11,518
Other related parties		421	1,373
Total	\$	<u>29,112</u>	<u>\$ 13,388</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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Entities controlled by key management or entities with significant influence	<u>\$ 95</u>	<u>\$ 158</u>	<u>\$ 93</u>

Accounts receivable

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Other related parties	\$ 209,653	\$ 67,243	\$ 97,564
Entities controlled by key management or entities with significant influence	<u>5,146</u>	<u>26,884</u>	<u>55,523</u>
Subtotal	214,799	94,127	153,087
Less: Loss allowance	(6,878)	(4,796)	(54,389)
Total	<u>\$ 207,921</u>	<u>\$ 89,331</u>	<u>\$ 98,698</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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Entities controlled by key management or entities with significant influence	\$ 2,142	\$ 2,151	\$ 10,957
Other related parties	<u>3,218</u>	<u>5,336</u>	<u>3,788</u>
Total	<u>\$ 5,360</u>	<u>\$ 7,487</u>	<u>\$ 14,745</u>

Accounts payable

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Entities controlled by key management or entities with significant influence	\$ 7,270	\$ 13,956	\$ 9,793
Other related parties	3,549	6,534	1,735
Ultimate parent company	30	-	-
Associates	<u>623</u>	<u>1,876</u>	<u>1,801</u>
Total	<u>\$ 11,472</u>	<u>\$ 22,366</u>	<u>\$ 13,329</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 three months and nine months ended September 30, 2023 and 2022, the Group has acquired computer equipment and related software from entities controlled by key management amounting to \$4,327, \$11,116, \$17,550 and \$17,574 (recorded as ‘property, plant and equipment’ and ‘intangible assets’), respectively.

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

For the nine months ended September 30, 2022, the Group terminated the lease contracts with other related parties prior to the expiration date. As a result, right-of-use assets and lease liabilities decreased by \$3,790 and \$3,844, respectively, and gain arising from lease modification of \$54 was recognized.

For the nine months ended September 30, 2023: None.

F. Lease transactions — lessee

- (a) i. 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.
- ii. The Group leases offices from CTS Investment Corp. Rental contracts are made for periods of 5 years from January 1, 2022 to December 31, 2026. Rents are paid monthly. There are no contractual restrictions and other important commitments.
- iii. The Group leases offices from Coiler Corp. Rental contracts are made for periods of 5 years from January 1, 2022 to December 31, 2026. Rents are paid monthly. There are no contractual restrictions and other important commitments.
- (b) Acquisition of right-of-use assets:

	Three months ended September 30,	
	2023	2022
Other related parties	\$ -	\$ -
	Nine months ended September 30,	
	2023	2022
Other related parties	\$ 32	\$ 33,431

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

(i) Outstanding balance:

	September 30, 2023	December 31, 2022	September 30, 2022
Other related parties	\$ 23,370	\$ 29,261	\$ 31,601

(ii) Interest expense

	Three months ended September 30,	
	2023	2022
Other related parties	\$ 120	\$ 161
	Nine months ended September 30,	
	2023	2022
Other related parties	\$ 768	\$ 587

(4) Key management compensation

	Three months ended September 30,	
	2023	2022
Salaries and other short-term employee benefits	\$ 53,185	\$ 61,434
	Nine months ended September 30,	
	2023	2022
Salaries and other short-term employee benefits	\$ 160,005	\$ 155,211

8. PLEDGED ASSETS

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

Pledged asset	Book value			Purpose
	September 30, 2023	December 31, 2022	September 30, 2022	
Restricted time deposits (recorded as 'financial assets at amortized cost - current and non-current')	\$ 16,111	\$ 17,002	\$ 17,259	Performance guarantee and other guarantee
Guarantee deposits paid (recorded as 'other current assets' and 'other non-current assets')	157,324	189,940	210,263	Bid bond, performance guarantee and warranty
Buildings and structures (recorded as 'property, plant and equipment')	12,961	12,928	12,658	Guarantee for bank's borrowing facility
	<u>\$ 186,396</u>	<u>\$ 219,870</u>	<u>\$ 240,180</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT

COMMITMENTS

(1) Contingencies

None.

(2) Commitments

As of September 30, 2023, the notes and letters of guarantee used for construction performance and custom security amounted to \$4,625,263.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

There was no significant change in the reporting period. Please refer to Note 12 in the consolidated financial statements as of and for the year ended December 31, 2022.

(2) Financial instruments

A. Financial instruments by category

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</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	\$ 1,277,438	\$ 756,162	\$ 839,724
Financial assets at amortized cost			
/ Loans and receivables			
Cash and cash equivalents	6,028,479	6,481,297	4,735,775
Notes receivable (including related parties)	122,526	29,351	76,144
Accounts receivable (including related parties)	6,927,524	6,322,314	6,781,401
Other accounts receivable	59,460	27,043	23,443
Restricted time deposits (recorded as 'financial assets at amortized cost-current and non-current')	16,111	17,002	17,259
Guarantee deposits paid (recorded as 'other current assets' and 'other non-current assets')	227,006	247,641	267,663
	<u>\$ 14,658,544</u>	<u>\$ 13,880,810</u>	<u>\$ 12,741,409</u>
<u>Financial liabilities</u>			
Financial liabilities measured at fair value through profit or loss			
Short-term borrowings	\$ 8,996,063	\$ 5,349,747	\$ 5,263,378
Notes payable (including related parties)	1,668,970	2,167,389	2,115,523
Accounts payable (including related parties)	6,504,655	7,097,579	7,252,422
Other accounts payable	853,752	1,112,753	836,294
Bonds payable (recorded as 'Long-term liabilities, current portion')	2,620,771	644,880	644,314
Long-term borrowings	220,000	200,000	200,000
Guarantee deposits received (recorded as 'other non-current liabilities')	79	78	79
	<u>\$ 20,864,290</u>	<u>\$ 16,572,426</u>	<u>\$ 16,312,010</u>
Lease liabilities	<u>\$ 1,914,444</u>	<u>\$ 1,632,939</u>	<u>\$ 1,676,524</u>

B. Financial risk management policies

There was no significant change in the reporting period. Please refer to Note 12 in the consolidated financial statements as of and for the year ended December 31, 2022.

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, USD, 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:

September 30, 2023							
				Sensitivity analysis			
				Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation
(Foreign currency: functional currency)							
<u>Financial assets</u>							
<u>Monetary items</u>							
USD : NTD	\$	111,364	32.27	\$ 3,593,721	1%	\$ 35,937	\$
USD : RMB		17,389	7.3094	561,147	1%	5,611	
USD : VND		4,106	24,634	132,502	1%	1,325	
USD : SGD		1,277	1.3714	41,200	1%	412	
EUR : NTD		23,814	33.91	807,517	1%	8,075	
JPY : NTD		784,765	0.2162	169,666	1%	1,697	
JPY : RMB		648,535	0.0490	140,213	1%	1,402	
RMB : NTD		132,417	4.4149	584,601	1%	5,846	
USD : IDR		1,130	15,514	36,456	1%	365	
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD : NTD	\$	10,227	32.27	\$ 330,039	1%	\$ 3,300	\$
USD : RMB		5,461	7.3094	176,233	1%	1,762	
EUR : NTD		1,044	33.91	35,412	1%	354	
JPY : NTD		937,624	0.2162	202,714	1%	2,027	

December 31, 2022						
(Foreign currency: functional currency)	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
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	\$ 105,018	30.71	\$ 3,225,098	1%	\$ 32,251	\$ -
USD : RMB	30,095	6.9671	924,210	1%	9,242	-
USD : SGD	2,697	1.3422	82,821	1%	828	-
EUR : NTD	17,947	32.72	587,235	1%	5,872	-
JPY : NTD	456,978	0.2324	106,202	1%	1,062	-
JPY : RMB	561,056	0.0527	130,389	1%	1,304	-
USD : IDR	1,138	15,510	34,949	1%	349	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	\$ 14,068	30.71	\$ 432,030	1%	\$ 4,320	\$ -
USD : RMB	9,375	6.9671	287,895	1%	2,879	-
USD : VND	4,000	23,806	122,840	1%	1,228	-
USD : SGD	1,988	1.3422	61,051	1%	611	-
JPY : NTD	617,082	0.2324	143,410	1%	1,434	-
JPY : RMB	177,563	0.0527	41,266	1%	413	-
September 30, 2022						
(Foreign currency: functional currency)	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
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	\$ 116,234	31.75	\$ 3,690,432	1%	\$ 36,904	\$ -
USD : RMB	33,742	7.0983	1,071,303	1%	10,713	-
USD : SGD	3,129	1.4295	99,351	1%	994	-
EUR : NTD	17,531	31.26	548,028	1%	5,480	-
JPY : NTD	843,463	0.2201	185,646	1%	1,856	-
JPY : RMB	678,556	0.0492	149,350	1%	1,494	-
USD : IDR	1,137	15,264	36,105	1%	361	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	\$ 11,587	31.75	\$ 367,875	1%	\$ 3,679	\$ -
USD : RMB	13,573	7.0983	430,929	1%	4,309	-
USD : VND	4,000	24,053	127,000	1%	1,270	-
USD : SGD	1,684	1.4295	53,478	1%	535	-
JPY : NTD	1,111,780	0.2201	244,703	1%	2,447	-
JPY : RMB	230,253	0.0492	50,679	1%	507	-

- iv. The total exchange gain, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the three months and nine months ended September 30, 2023 and 2022 were \$133,506, \$250,452, \$217,446 and \$400,902, 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 nine months ended September 30, 2023 and 2022 would have increased/decreased by \$12,069 and \$7,879, 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 and the advanced amount of accounts receivable transferred, which expose the Group to cash flow interest rate risk. For the nine months ended September 30, 2023 and 2022, 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 nine months ended September 30, 2023 and 2022 would have decreased/increased by \$55,296 and \$32,780 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 September 30, 2023, December 31, 2022 and September 30, 2022, 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 September 30, 2023, December 31, 2022 and September 30, 2022, the provision matrix and loss rate methodology are as follows:

(i) Accounts receivable in relation to construction

<u>September 30, 2023</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~3.0027%	\$ 2,582,793	\$ 7,296
Up to 90 days	0%~14.1025%	592,067	22,413
91 to 180 days	0%~21.4088%	64,510	8,056
181 to 365 days	0%~35.4204%	357,015	68,387
1 to 2 years	0%~86.3171%	165,607	54,804
Over 2 years	100%	80,735	80,735
Total		<u>\$ 3,842,727</u>	<u>\$ 241,691</u>

<u>December 31, 2022</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~1.1349%	\$ 2,719,554	\$ 7,478
Up to 90 days	0%~8.2306%	501,751	23,680
91 to 180 days	0%~12.3744%	123,525	9,865
181 to 365 days	0%~21.7626%	117,768	13,170
1 to 2 years	0%~84.0286%	157,422	39,804
Over 2 years	100%	90,227	90,227
Total		<u>\$ 3,710,247</u>	<u>\$ 184,224</u>

<u>September 30, 2022</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~1.1349%	\$ 2,314,429	\$ 8,100
Up to 90 days	0%~8.2306%	480,608	9,038
91 to 180 days	0%~12.3744%	131,444	11,227
181 to 365 days	0%~21.7626%	146,471	17,483
1 to 2 years	0%~84.0286%	138,575	38,049
Over 2 years	100%	124,043	124,043
Total		<u>\$ 3,335,570</u>	<u>\$ 207,940</u>

(ii) Accounts receivable in relation to sales

<u>September 30, 2023</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~1.477%	\$ 2,545,765	\$ 2,509
Up to 90 days	0%~9.334%	433,976	5,273
91 to 180 days	0%~23.2306%	143,193	7,320
181 to 365 days	0%~80.791%	40,666	11,580
Over 365 days	100%	192,334	192,334
Total		<u>\$ 3,355,934</u>	<u>\$ 219,016</u>

<u>December 31, 2022</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~26.6078%	\$ 2,001,962	\$ 1,317
Up to 90 days	0%~1.7783%	339,648	358
91 to 180 days	0%~1.3981%	137,330	434
181 to 365 days	0%~56.9072%	119,327	1,663
Over 365 days	100%	118,162	118,162
Total		<u>\$ 2,716,429</u>	<u>\$ 121,934</u>

<u>September 30, 2022</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~26.6078%	\$ 2,608,059	\$ 418
Up to 90 days	0%~2.5233%	524,021	527
91 to 180 days	0%~3.9817%	83,436	541
181 to 365 days	0%~56.9072%	140,600	3,425
Over 365 days	100%	131,161	131,161
Total		<u>\$ 3,487,277</u>	<u>\$ 136,072</u>

(iii) Based on historical experience, the Group applies individual assessment to evaluate expected credit loss of the high-credit risk customers. On September 30, 2023, December 31, 2022 and September 30, 2022, accounts receivable and loss allowance amounted to \$373,410, \$422,777 and \$369,069 and \$320,283, \$369,680 and \$316,533, 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 September 30, 2023, December 31, 2022 and September 30, 2022, notes and accounts receivable and loss allowance amounted to \$258,969 and \$0, \$178,050 and \$0, \$326,174 and \$0, 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>Nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
At January 1	\$ 675,838	\$ 506,170
Provision for impairment	146,343	153,696
Write-offs	(42,635)	(14,187)
Effect of foreign exchange	1,444	14,866
At September 30	<u>\$ 780,990</u>	<u>\$ 660,545</u>

For provisioned loss for the nine months ended September 30, 2023 and 2022, the impairment arising from customers' contracts are \$146,343 and \$153,696, 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 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>September 30, 2023</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 (including expected interest)	\$ 9,033,321	\$ -	\$ -	\$ -
Notes payable (including related parties)	1,668,970	-	-	-
Accounts payable (including related parties)	6,504,655	-	-	-
Other payables	853,752	-	-	-
Bonds payable of current portion (recorded as "Long- term liabilities, current portion")	240,200	-	2,500,000	-
Long-term borrowings (including expected interest)	3,893	201,428	21,611	-
Lease liabilities	318,425	243,779	452,069	1,270,392

Non-derivative financial liabilities

<u>December 31, 2022</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 (including expected interest)	\$ 5,368,738	\$ -	\$ -	\$ -
Notes payable (including related parties)	2,167,389	-	-	-
Accounts payable (including related parties)	7,097,579	-	-	-
Other payables	1,112,753	-	-	-
Bonds payable of current portion (recorded as "Long- term liabilities, current portion")	651,200	-	-	-
Long-term borrowings (including expected interest)	3,025	200,756	-	-
Lease liabilities	253,773	184,000	363,169	1,207,518

Non-derivative financial liabilities

<u>September 30, 2022</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 (including expected interest)	\$ 5,284,766	\$ -	\$ -	\$ -
Notes payable (including related parties)	2,115,523	-	-	-
Accounts payable (including related parties)	7,252,422	-	-	-
Other payables	836,294	-	-	-
Bonds payable	-	652,300	-	-
Long-term borrowings (including expected interest)	2,790	200,697	-	-
Lease liabilities	252,888	186,295	366,698	1,237,639

(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 (including current and non-current), bonds payable (recorded as "Long-term liabilities, current portion"), long-term borrowings and guarantee deposits received (recorded as other non-current liabilities) are approximate to their fair values.

C. The related information on financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets are as follows:

(a) The related information on the nature of the assets is as follows:

<u>September 30, 2023</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	\$ 155,293	\$ -	\$ 1,051,627	\$ 1,206,920
Private funds	-	-	65,485	65,485
Hybrid instruments	-	-	5,033	5,033
Financial assets at fair value				
through other comprehensive				
income				
Accounts receivable that are				
expected to be factored	-	-	179,085	179,085
Total	<u>\$ 155,293</u>	<u>\$ -</u>	<u>\$ 1,301,230</u>	<u>\$ 1,456,523</u>
<u>December 31, 2022</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	\$ 141,935	\$ -	\$ 553,919	\$ 695,854
Private funds	-	-	60,113	60,113
Hybrid instruments	-	-	195	195
Financial assets at fair value				
through other comprehensive				
income	-	-	-	-
Accounts receivable that are				
expected to be factored	-	-	67,875	67,875
Total	<u>\$ 141,935</u>	<u>\$ -</u>	<u>\$ 682,102</u>	<u>\$ 824,037</u>
<u>September 30, 2022</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	\$ 99,468	\$ -	\$ 688,416	\$ 787,884
Private funds	-	-	51,514	51,514
Hybrid instruments	-	-	326	326
Total	<u>\$ 99,468</u>	<u>\$ -</u>	<u>\$ 740,256</u>	<u>\$ 839,724</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 nine months ended September 30, 2023 and 2022, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the nine months ended September 30, 2023 and 2022:

	2023			2022	
	Equity instruments and beneficiary certificates	Debt instruments	Hybrid instruments	Equity instruments and beneficiary certificates	Hybrid instruments
At January 1	\$ 614,032	\$ 67,875	\$ 195	\$ 776,425	\$ 4,066
Acquired during the period	176,433	179,085	5,283	58,790	-
Sold during the period	-	(67,875)	-	(3,231)	-
Reclassification adjustment	(12,454)	-	(24,368)	-	-
Gains and losses recognized in profit or loss (Note)	339,101	-	23,923	(92,054)	(3,740)
At September 30	<u>\$ 1,117,112</u>	<u>\$ 179,085</u>	<u>\$ 5,033</u>	<u>\$ 739,930</u>	<u>\$ 326</u>
Movement of unrealized gain or loss in profit or loss of assets and liabilities held as at end of the period (Note)	<u>\$ 339,101</u>	<u>\$ -</u>	<u>\$ 23,923</u>	<u>(\$ 92,054)</u>	<u>(\$ 3,740)</u>

Note: Recorded as non-operating income and expense.

F. For the nine months ended September 30, 2023, the Company increased its investment in Radisen Co., Ltd. and therefore had significant control over Radisen Co., Ltd. Accordingly, the Company transferred its investment which was classified as financial assets at fair value through profit or loss on initial recognition into investments accounted for using equity method, and the investment in Radisen Co., Ltd. was transferred out from Level 3 fair value measurement. For the nine months ended September 30, 2022, 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 September 30, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 1,026,552	Market comparable companies	Note 1	Not applicable	Note 2
Venture capital shares and private funds	90,560	Net asset value	Not applicable	Not applicable	Not applicable
Hybrid instrument:					
Convertible debt	4,033	Discounted cash flow	Note 3	Not applicable	Note 4
Convertible bond – call provision	1,000	Binomial tree pricing model	Volatility	29.89% ~35.84%	The higher the stock price volatility, the higher the fair value
	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 529,562	Market comparable companies	Note 1	Not applicable	Note 2
Venture capital shares and private funds	84,470	Net asset value	Not applicable	Not applicable	Not applicable
Hybrid instrument:					
Convertible bond – call provision	195	Binomial tree pricing model	Volatility	37.56% ~45.23%	The higher the stock price volatility, the higher the fair value

	Fair value at September 30, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 663,884	Market comparable companies	Note 1	Not applicable	Note 2
Venture capital shares and private funds	76,046	Net asset value	Not applicable	Not applicable	Not applicable
Hybrid instrument:					
Convertible bond – call provision	326	Binomial tree pricing model	Volatility	42.36% ~45.23%	The higher the stock price volatility, the higher the fair value

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.

Note 3: Long-term revenue growth rate, weighted average cost of capital, long-term pre-tax operating margin, discount for lack of marketability.

Note 4: The higher the weighted average cost of capital, the lower the fair value; the higher the long-term revenue growth rate and long-term pre-tax operating margin, 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:

			September 30, 2023			
			Recognized in profit or loss		Recognized in other comprehensive income	
	<u>Input</u>	<u>Change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>
Financial assets						
Equity instruments and beneficiary certificates	Stock price and fair value	± 10%	\$ 111,711	(\$ 111,711)	\$ -	\$ -
Hybrid instrument	Stock price	± 10%	30	(20)	-	-
Hybrid instrument	Volatility	± 5%	50	(20)	-	-
Total			<u>\$ 111,791</u>	<u>(\$ 111,751)</u>	<u>\$ -</u>	<u>\$ -</u>

			December 31, 2022			
			Recognized in profit or loss		Recognized in other comprehensive income	
	<u>Input</u>	<u>Change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>
Financial assets						
Equity instruments and beneficiary certificates	Stock price and fair value	± 10%	\$ 61,403	(\$ 61,403)	\$ -	\$ -
Hybrid instrument	Stock price	± 10%	30	(10)	-	-
Hybrid instrument	Volatility	± 5%	20	(10)	-	-
Total			<u>\$ 61,453</u>	<u>(\$ 61,423)</u>	<u>\$ -</u>	<u>\$ -</u>

			September 30, 2022			
			Recognized in profit or loss		Recognized in other comprehensive income	
	<u>Input</u>	<u>Change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>
Financial assets						
Equity instruments and beneficiary certificates	Stock price and fair value	± 10%	\$ 73,993	(\$ 73,993)	\$ -	\$ -
Hybrid instrument	Stock price	± 10%	20	(20)	-	-
Hybrid instrument	Volatility	± 5%	10	(20)	-	-
Total			<u>\$ 74,023</u>	<u>(\$ 74,033)</u>	<u>\$ -</u>	<u>\$ -</u>

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Refer to table 1.
- B. Provision of endorsements and guarantees to others: Refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries and associates): 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: Refer to table 4.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Refer to table 5.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 7.

(3) Information on investments in Mainland China

- A. Basic information: Refer to table 8.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to table 6.

(4) Major shareholders information

Major shareholders information: 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 nine months ended September 30, 2023 and 2022 is as follows:

	Nine months ended September 30, 2023				
	Sales and services for equipment materials segment	Facility system and mechanic & electric system service segment	Customized equipment manufacturing segment	Other segments	Total
Revenue from external customers					
Sales and services of high-tech equipment and materials	\$ 4,904,781	\$ 2,398,172	\$ 4,047	\$ 332	\$ 7,307,332
R&D and manufacturing of customized equipment	-	-	6,782,268	-	6,782,268
Automatic supplying system	43,550	20,338,277	-	-	20,381,827
Total Facility Engineering Turnkey Project	-	6,586,425	-	-	6,586,425
	\$ 4,948,331	\$ 29,322,874	\$ 6,786,315	\$ 332	\$ 41,057,852
Inter-segment revenue	412,343	695,752	36,195	3,383	1,147,673
Total segment revenue	\$ 5,360,674	\$ 30,018,626	\$ 6,822,510	\$ 3,715	\$ 42,205,525
Segment profit (loss)	\$ 718,014	\$ 461,997	\$ 700,757	(\$ 3,535)	\$ 1,877,233
Segment profit including: Depreciation and amortization	\$ 33,665	\$ 228,528	\$ 177,424	\$ 2,891	\$ 442,508

Nine months ended September 30, 2022					
	<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	\$ 5,136,892	\$ 2,162,674	\$ 1,034	\$ 148	\$ 7,300,748
R&D and manufacturing of customized equipment	-	-	7,705,106	-	7,705,106
Automatic supplying system	81,652	12,510,740	-	-	12,592,392
Total Facility Engineering Turnkey Project	-	8,136,812	-	-	8,136,812
	<u>\$ 5,218,544</u>	<u>\$ 22,810,226</u>	<u>\$ 7,706,140</u>	<u>\$ 148</u>	<u>\$ 35,735,058</u>
Inter-segment revenue	<u>303,929</u>	<u>211,935</u>	<u>38,055</u>	<u>3,451</u>	<u>557,370</u>
Total segment revenue	<u>\$ 5,522,473</u>	<u>\$ 23,022,161</u>	<u>\$ 7,744,195</u>	<u>\$ 3,599</u>	<u>\$ 36,292,428</u>
Segment profit (loss)	<u>\$ 706,766</u>	<u>\$ 548,198</u>	<u>\$ 792,837</u>	<u>(\$ 3,291)</u>	<u>\$ 2,044,510</u>
Segment profit including:					
Depreciation and amortization	<u>\$ 30,544</u>	<u>\$ 124,260</u>	<u>\$ 167,666</u>	<u>\$ 2,756</u>	<u>\$ 325,226</u>

(4) Reconciliation for segment (loss) income

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 nine months ended September 30, 2023 and 2022 is provided as follows:

Nine months ended September 30,		
	<u>2023</u>	<u>2022</u>
Reportable segments income	\$ 1,880,768	\$ 2,047,801
Other reportable segments loss	(3,535)	(3,291)
Total segments	1,877,233	2,044,510
Other gains and losses	761,481	294,121
Finance costs	(225,363)	(56,495)
Income before tax from continuing operations	<u>\$ 2,413,351</u>	<u>\$ 2,282,136</u>

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES

Loans to others

For the nine months ended September 30, 2023

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 nine months ended September 30, 2023 (Note 3)	Balance at September 30, 2023 (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	\$ 39,923	\$ -	\$ -	-	Short-term financing	\$ -	Operations	\$ -	None	\$ -	\$ 4,285,140	\$ 4,285,140	Note 7
0	Marketech International Corp.	Marketech International Sdn. Bhd.	Other receivables - related parties	Y	55,278	25,816	16,135	4.867	Short-term financing	-	Operations	-	None	-	4,285,140	4,285,140	Note 7
0	Marketech International Corp.	MIC-Tech Viet Nam Co., Ltd.	Other receivables - related parties	Y	122,960	-	-	-	Short-term financing	-	Operations	-	None	-	4,285,140	4,285,140	Note 7
0	Marketech International Corp.	Marketech International Corporation USA	Other receivables - related parties	Y	1,129,450	1,129,450	16,135	4.867-5.259	Short-term financing	-	Operations	-	None	-	4,285,140	4,285,140	Note 7
1	MIC-Tech Electronics Engineering Corp.	Shanghai Maohua Electronics Engineering Co., Ltd.	Other receivables	Y	53,339	26,489	26,489	4.350	Short-term financing	-	Operations	-	None	-	376,287	752,574	Note 7
2	Marketech Integrated Manufacturing Company Limited	Marketech Integrated Construction Co., Ltd.	Other receivables	Y	7,678	-	-	-	Short-term financing	-	Operations	-	None	-	55,501	111,002	Note 7
3	MIC-Tech Viet Nam Co., Ltd.	Marketech Co., Ltd.	Other receivables	Y	5,240	5,240	2,620	4.500-6.000	Short-term financing	-	Operations	-	None	-	178,792	178,792	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 nine months ended September 30, 2023.

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.

(3) The accumulated balance of loans between the foreign subsidiaries, in which the Group holds 100% of the voting rights directly or indirectly was not restricted to (1), but the limit amount and due date of loans should be regulated in the internal working procedure of each subsidiary, which shall follow the regulations of regulatory authorities, "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies".

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. 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 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. 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.

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. 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.

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 nine months ended September 30, 2023

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 September 30, 2023 (Note 5)	Outstanding endorsement/ guarantee amount at September 30, 2023 (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	\$ 5,356,426	\$ 158,733	\$ 80,128	\$ 55,497	\$ -	0.75%	\$ 10,712,851	Y	N	N	Note 4
0	Marketech International Corp.	MIC-Tech (Shanghai) Corp.	2	5,356,426	625,448	581,652	-	-	5.43%	10,712,851	Y	N	Y	Note 4
0	Marketech International Corp.	MIC-Tech (WuXi) Co., Ltd.	2	5,356,426	319,108	318,958	136,477	-	2.98%	10,712,851	Y	N	Y	Note 4
0	Marketech International Corp.	MIC-Tech Electronics Engineering Corp.	2	5,356,426	4,279,630	3,753,490	2,541,685	-	35.04%	10,712,851	Y	N	Y	Note 4
0	Marketech International Corp.	Shanghai Maohua Electronics Engineering Co., Ltd.	2	5,356,426	163,875	32,430	7,938	-	0.30%	10,712,851	Y	N	Y	Note 4
0	Marketech International Corp.	Marketech International Sdn. Bhd.	2	5,356,426	122,840	64,540	18,388	-	0.60%	10,712,851	Y	N	N	Note 4
0	Marketech International Corp.	eZoom Information, Inc.	2	5,356,426	155,000	100,000	16,900	-	0.93%	10,712,851	Y	N	N	Note 4
0	Marketech International Corp.	Te Chang Construction Co., Ltd.	5	5,356,426	88,418	22,167	22,167	-	0.21%	10,712,851	N	N	N	Note 4
0	Marketech International Corp.	Marketech International Corporation USA	2	5,356,426	2,148,486	1,961,646	1,851,299	-	18.31%	10,712,851	Y	N	N	Note 4
1	MIC-Tech Electronics Engineering Corp.	Marketech International Corp.	3	2,822,151	161,254	161,254	161,254	-	17.12%	4,703,585	N	Y	N	Note 4
1	MIC-Tech Electronics Engineering Corp.	The Second Construction Co., Ltd. of China Electronics System Engineering	5	2,822,151	1,132	1,124	1,124	-	0.12%	4,703,585	N	N	Y	Note 4
1	MIC-Tech Electronics Engineering Corp.	MIC-Tech (Shanghai) Corp.	4	2,822,151	102,498	102,498	102,498	-	10.88%	4,703,585	N	N	Y	Note 4
2	MIC-Tech (Shanghai) Corp.	MIC-Tech Electronics Engineering Corp.	4	2,786,742	306,320	306,320	306,320	-	32.98%	4,644,570	N	N	Y	Note 4

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
- (5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
- (6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Fill in limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees provided as prescribed in the endorser/guarantor company's "Procedures for Provision of Endorsements and Guarantees", and state each individual party to which the endorsements/guarantees have been provided and the calculation for ceiling on total amount of endorsements/guarantees provided in the footnote.

Note 4: Limit on endorsements and guarantees stated in "Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies":

- (1) In accordance with mutual guarantee requirement in the same industry for contracting constructions, limit on 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.

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 nine months ended September 30, 2023

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

As of September 30, 2023										
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	\$ 100,922	-	\$ 100,922	None	
"	"	Aerospace Industrial Development Corp.	"	"	50,925	2,796	-	2,796	"	
						<u>\$ 103,718</u>		<u>\$ 103,718</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.	"	"	290,000	31,175	0.06%	31,175	"	
"	"	WINGS GLOBAL TECHNOLOGY INC.	"	"	750,000	6,859	18.75%	6,859	"	
"	"	Promos Technologies, Inc.	"	"	250,331	-	0.56%	-	"	
"	"	Taiwan Puritic Corp.	"	"	4,084,181	471,750	6.72%	471,750	"	
"	"	SOPOWER Technology Corp.	"	"	189,222	-	12.61%	-	"	
"	"	VEEV Interactive Pte. Ltd.	"	"	840,000	-	6.32%	-	"	
"	"	Taiwan Intelligent Fiber Optic Network Co., Civil Tech Pte. Ltd.	"	"	3,219,697	29,878	1.41%	29,878	"	
"	"	ProbeLeader Co., Ltd.	Entities controlled by key management or entities with significant influence	"	336,374	-	0.58%	-	"	
					966,000	20,848	3.46%	20,848	"	
"	"	Top Green Energy Technologies, Inc.	None	"	1,111,111	-	0.89%	-	"	
"	"	IP Fund Six Co., Ltd.	"	"	772,321	8,949	1.79%	8,949	"	
"	"	Innorich Venture Capital Corp.	"	"	1,000,000	5,734	1.87%	5,734	"	
"	"	Taiwan Foresight Co., Ltd.	"	"	380,000	3,208	2.24%	3,208	"	
"	"	Long Time Technology Corp.	"	"	346,000	7,351	0.29%	7,351	"	
"	"	Paradigm Venture Capital Corp.	"	"	76,659	1,009	3.50%	1,009	"	
"	"	Taiwan Special Chemicals Corp.	"	"	1,858,827	83,463	1.35%	83,463	"	
"	"	Atech Totalsolution Co., Ltd.	"	"	128,000	-	0.19%	-	"	
"	"	East Wind Life Science Systems	"	"	124,457	-	12.87%	-	"	
"	"	EcoLand Corp.	"	"	310,715	-	13.51%	-	"	
"	"	Kcashin Technology Corporation	"	"	642,500	-	16.56%	-	"	
"	"	Foresight Energy Technologies Co., Ltd.	"	"	675,000	10,760	1.30%	10,760	"	
"	"	Mycropore Corporation, Ltd.	"	"	1,471,000	8,934	8.44%	8,934	"	
"	"	STEK CO., LTD.	"	"	634,285	21,403	6.21%	21,403	"	
"	"	Sum Capital Healthcare Investment Corp.	Entities controlled by key management or entities with significant influence	"	943,050	9,384	7.44%	9,384	"	
"	"	Forward Science Corp.	"	"	2,650,240	41,877	8.41%	41,877	"	
"	"	Renown Information Technology Corp.	None	"	720,000	9,551	14.40%	9,551	"	
"	"	TAIWAN TRUEWIN TECHNOLOGY CO., LUCENS TECHNOLOGY INC.	Entities controlled by key management or entities with significant influence	"	965,170	59,477	2.18%	59,477	"	
					1,332,959	14,987	6.66%	14,987	"	
"	"	Everlasting Digital ESG Co., Ltd.	"	"	100,000	546	5.88%	546	"	
"	"	Artfil, Inc.	None	"	215	27,089	9.33%	27,089	"	
"	"	MEGA UNION TECHNOLOGY	"	"	659,837	65,404	1.08%	65,404	"	
"	"	Infinitesima Limited	"	"	3,666,667	62,524	5.24%	62,524	"	
"	"	Brilliant Network & Automation Integrated System Co., Ltd.	"	"	150,000	20,400	0.43%	20,400	"	
"	"	Wonder Energy Co., Ltd.	"	"	5,800,000	58,000	Note 4	58,000	"	
"	"	Advanced Supply Chain & Logistics Management Ltd.	"	"	1,200,000	12,000	16.67%	12,000	"	
"	Private funds	Zoyi II Investment Limited Partnership	"	"	-	22,218	-	22,218	"	
"	Convertible bonds	HALLYS CORPORATION	"	"	-	-	-	-	"	
"	"	Nitride Solutions Inc.	"	"	-	-	-	-	"	
"	"	Halio, Inc.	"	"	-	-	-	-	"	
"	Preferred stock	Adant Technologies Inc.	"	"	174,520	544	Note 3	544	"	
"	"	Halio, Inc.	"	"	501,532	-	"	-	"	
"	Convertible preferred stock	Biomedica Corporation	"	"	156,225	10,099	"	10,099	"	
"	Private funds	Vertex Growth (SG) LP	"	"	-	38,495	-	38,495	"	
"	"	Vertex Growth II (SG) LP	"	"	-	4,771	-	4,771	"	
"	Convertible debt	Adant Technologies Inc.	"	"	-	4,033	-	4,033	"	
		Total				<u>\$ 1,172,720</u>		<u>\$ 1,172,720</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.

Note 4: In July 2023, the Company early invested in Wonder Energy Co., Ltd., and the capital increase of Wonder Energy Co., Ltd. was in progress. According to the final execution result of the current investment agreement, the Company's shareholding in Wonder Energy Co., Ltd. was 5%.

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 nine months ended September 30, 2023

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

							Differences in transaction				
							terms compared to third		Notes/accounts		
Transaction							party transactions		receivable (payable)		
Relationship			Purchases		Percentage of		Percentage of				
Purchaser/seller	Counterparty	with the counterparty	(sales)	Amount	purchases	Credit term	Unit price	Credit term	Balance	total	Footnote
			(sales)		(sales)					notes/accounts	
										receivable	
										(payable)	
Marketech International Corp.	Marketech International Corporation USA	Subsidiary	Sales/ Contract of construction	\$ 525,818	2.50%	Note 1	\$ -	-	\$ 280,596	5.15%	-
Shanghai Maohua Electronics Engineering Co., Ltd.	MIC-Tech Electronics Engineering Corp.	"	Contract of construction	235,774	65.33%	Note 1	-	-	-	-	-
MIC-Tech Global Corp.	Marketech International Corp.	"	Sales of construction	124,052	87.83%	Note 1	-	-	2,914	73.57%	-

Note 1: Payment terms were in accordance with the contracts.

Note 2: Paid-up capital refers to that of the Parent company. If the issuer has issued shares without a face value or at face values other than NT\$10 per share,

the 20% requirement on paid-up capital shall be calculated instead at 10% of equity attributable to parent company shareholders, as shown on the balance sheet.

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
September 30, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2023 (Note)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Marketch International Corp.	Marketch International Corporation USA	Subsidiary	\$ 280,596	5.01	\$ 204,615	-	\$ -	\$ -

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

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
For the nine months ended September 30, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Marketch International Corp.	MIC-Tech (Shanghai) Corp.	1	Sales revenue	\$ 7,854	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 prices of construction contracts entered into with 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.	0.02%
0	Marketch International Corp.	MIC-Tech Electronics Engineering Corp.	1	Other receivables	14,208		0.03%
0	Marketch International Corp.	MIC-Tech Electronics Engineering Corp.	1	Sales revenue	6,428		0.02%
0	Marketch International Corp.	MIC-Tech Electronics Engineering Corp.	1	Non-operating revenue	37,296		0.09%
0	Marketch International Corp.	Marketch Integrated Pte. Ltd.	1	Accounts receivable	8,404		0.02%
0	Marketch International Corp.	Marketch Integrated Pte. Ltd.	1	Services revenue	7,751		0.02%
0	Marketch International Corp.	Marketch Integrated Pte. Ltd.	1	Sales revenue	19,144		0.05%
0	Marketch International Corp.	Marketch Integrated Pte. Ltd.	1	Construction revenue	8,769		0.02%
0	Marketch International Corp.	Marketch International Sdn. Bhd.	1	Other receivables	16,491		0.04%
0	Marketch International Corp.	eZoom Information, Inc.	1	Prepayment for purchases	18,000		0.04%
0	Marketch International Corp.	MIC-Tech Global Corp.	1	Prepayment for purchases	10,548		0.02%
0	Marketch International Corp.	Marketch International Corporation USA	1	Sales revenue	183,256		0.45%
0	Marketch International Corp.	Marketch International Corporation USA	1	Construction revenue	342,562		0.83%
0	Marketch International Corp.	Marketch International Corporation USA	1	Accounts receivable	280,596		0.66%
0	Marketch International Corp.	Marketch International Corporation USA	1	Other receivables	16,135		0.04%
0	Marketch International Corp.	Marketch International Corporation USA	1	Non-operating revenue	11,860		0.03%
0	Marketch International Corp.	Marketch Netherlands B.V.	1	Prepayment for purchases	12,031		0.03%
1	eZoom Information, Inc.	Marketch International Corp.	2	Accounts receivable	14,230		0.03%
1	eZoom Information, Inc.	Marketch International Corp.	2	Services revenue	45,443		0.11%
1	eZoom Information, Inc.	Marketch International Corp.	2	Construction revenue	40,756		0.10%
2	MIC-Tech Global Corp.	Marketch International Corp.	2	Sales revenue	124,052		0.30%
3	Marketch Netherlands B.V.	Marketch International Corp.	2	Sales revenue	18,370		0.04%
4	Spiro Technology Systems Inc.	Marketch International Corp.	2	Accounts receivable	13,455		0.03%
4	Spiro Technology Systems Inc.	Marketch International Corp.	2	Sales revenue	66,036		0.16%
5	MIC-Tech Electronics Engineering Corp.	MIC-Tech (Shanghai) Corp.	3	Construction revenue	5,392		0.01%
5	MIC-Tech Electronics Engineering Corp.	Shanghai Maohua Electronics Engineering Co., Ltd.	3	Other receivables	26,489		0.06%
6	Shanghai Maohua Electronics Engineering Co., Ltd.	MIC-Tech Electronics Engineering Corp.	3	Construction revenue	235,774		0.57%
7	MIC-Tech (WuXi) Co., Ltd.	Marketch Integrated Pte. Ltd.	3	Sales revenue	12,443		0.03%

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 nine months ended September 30, 2023

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 September 30, 2023			Net profit (loss) of the investee for the nine months ended September 30, 2023	Investment income (loss) recognized by the Company for the nine months ended September 30, 2023 (Note 1)	Footnote
				Balance as at September 30, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Marketech International Corp.	Marketech Integrated Pte. Ltd.	Singapore	Contracting for semiconductor automatic supply system	\$ 331,732	\$ 292,147	14,636,958	100	\$ 54,427	\$ 434	\$ 434	The Company's subsidiary
Marketech International Corp.	Market Go Profits Ltd.	Virgin Islands	Investment holding and reinvestment	1,299,429	1,299,429	40,119,104	100	2,457,037	366,383	366,383	The Company's subsidiary
Marketech International Corp.	MIC-Tech Global Corp.	South Korea	International trade	19,147	19,147	131,560	100	18,321	3,451	3,451	The Company's subsidiary
Marketech International Corp.	Headquarter International Ltd.	Virgin Islands	Investment holding and reinvestment	42,475	42,475	1,289,367	100	38,445	(475)	(475)	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	36,298	(128)	(128)	The Company's subsidiary
Marketech International Corp.	Marketech Engineering Pte. Ltd.	Singapore	Contracting for electrical installing construction	29,545	21,804	1,270,133	100	3,317	(1,017)	(1,017)	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	138,753	(14,510)	(14,510)	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	271,476	131,060	-	100	223,490	(9,438)	(9,438)	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	488	(6,133)	(6,133)	The Company's subsidiary
Marketech International Corp.	eZoom Information, Inc.	Taiwan	Research, trading and consulting of information system software and hardware appliance	280,737	230,737	11,100,000	100	54,575	(56,913)	(56,913)	The Company's subsidiary
Marketech International Corp.	Marketech International Sdn.Bhd.	Malaysia	Specialized contracting and related repair services; sales of medical devices	80,484	82,014	12,242,750	100	6,425	(37,424)	(37,424)	The Company's subsidiary
Marketech International Corp.	Marketech International Corporation USA	USA	Specialized contracting and related repair services	556,886	259,794	18,450,000	100	997,500	(21,884)	(21,884)	The Company's subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount (Note 2)		Shares held as at September 30, 2023			Net profit (loss) of the investee for the nine months ended September 30, 2023	Investment income (loss) recognized by the Company for the nine months ended September 30, 2023 (Note 1)	Footnote
				Balance as at September 30, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Marketech International Corp.	Spiro Technology Systems Inc.	USA	International trade	\$ 54,074	\$ 54,074	1,000,000	100	\$ 89,428	\$ 2,483	\$ 2,483	The Company's subsidiary
Marketech International Corp.	ADAT Technology CO., LTD.	Taiwan	Research, development, application, and service of software; supply of electronic information and data processing service	84,119	84,119	5,005,940	25.62	16,398	(48,931)	(12,534)	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	36,442	(539)	(539)	The Company's subsidiary
Marketech International Corp.	Marketech Netherlands B.V	Netherlands	International trade business of machine and components and technical service	40,510	40,510	1,200,000	100	(998)	(6,495)	(6,495)	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	71,101	20,674	6,045	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	1,805	(10)	(2)	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	100.00	342	(35)	(35)	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	50,000	5,000,000	61.35	25,787	(18,398)	(11,287)	The Company's subsidiary
Marketech International Corp.	Bolite Co., Ltd.	Taiwan	Precision R&D, manufacturing and sales of laser-related modules and equipment, and provide laser application solutions	19,200	19,200	1,600,000	32	18,823	(24,446)	(7,823)	The Company's investee accounted for using equity method
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	41,537	22,822	3,600,000	100	10,009	(17,830)	(17,830)	The Company's subsidiary
Marketech International Corp.	Marketech International Corp. Japan	Japan	International trade	13,750	2,302	6,000	100	5,482	(7,671)	(7,671)	The Company's subsidiary
Marketech International Corp.	Advanced Technology Matrix United Corporation	USA	Warehousing logistics services; sales agent of semiconductor equipment, components and consumables and semiconductor materials	60,960	-	2,000,000	68.97	64,540	-	-	The Company's subsidiary
Marketech International Corp.	Radisen Co., Ltd. (Ordinary shares)	South Korea	AI medical resolution and teleradiology medical platform	12,454	12,454	87,803	18.49	18,810	(19,697)	(3,642)	The Company's investee accounted for using equity method
Marketech International Corp.	Radisen Co., Ltd. (Preferred stock)	South Korea	AI medical resolution and teleradiology medical platform	73,208	73,208	188,961	44.85	88,645	(19,697)	-	The Company's investee accounted for using equity method

Table 7-2

Investor	Investee	Location	Main business activities	Initial investment amount (Note 2)		Shares held as at September 30, 2023			Net profit (loss) of the investee for the nine months ended September 30, 2023	Investment income (loss) recognized by the Company for the nine months ended September 30, 2023 (Note 1)	Footnote
				Balance as at September 30, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Marketech International Corp.	Marketech International Corporation Germany GmbH	Germany	International trade of machine and components and technical service	6,617	-	200,000	100.00	6,751	(30)	(30)	The Company's subsidiary
Market Go Profits Ltd.	MIC-Tech Ventures Asia Pacific Inc.	Cayman Islands	Investment holding and reinvestment	1,293,932	\$ 1,293,932	40,016,604	100	\$ 2,455,710	\$ 366,441	\$ -	The investor's subsidiary
Marketech Engineering Pte Ltd.	Marketech Integrated Construction Co., Ltd.	Myanmar	Contracting for electrical installing construction	\$ 27,083	19,342	88,500	98.33	2,852	(821)	-	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	8,123	16,031	-	The investor's subsidiary
MIC-Tech Ventures Asia Pacific Inc.	Frontken MIC Co. Limited	Hong Kong	Investment holding and reinvestment	-	31,422	-	-	-	14	-	Note 3
MIC-Tech Ventures Asia Pacific Inc.	MICT International Limited	Hong Kong	Investment holding and reinvestment	132,282	132,282	5,400,000	60	29,068	(6,944)	-	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	(5,646)	(3,518)	-	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	6,713	(40)	-	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	32	(539)	-	The investor's investee accounted for using equity method

Note 1: The amount of \$0 means that the Company does not directly recognize gain or loss on investments.

Note 2: Except for subsidiaries in Malaysia which are translated at the current rate as of September 30, 2023, the initial investment amounts of other investees are translated at the current rate as of the investment date.

Note 3: Frontken MIC Co. Limited was completed in April, 2023.

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES

Information on investments in Mainland China

For the nine months ended September 30, 2023

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, 2023 (Note 3)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine months ended September 30, 2023 (Note 3)		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2023 (Note 3)	Net income of investee for the nine months ended September 30, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the nine months ended September 30, 2023 (Note 2)	Book value of investments in Mainland China as of September 30, 2023	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
MIC-Tech (WuXi) Co., Ltd.	Manufacturing and sales of semiconductor devices, intelligent storage equipments, illuminators, masks and labor protective products; manufacturing of package special equipments	\$ 822,885	Note 1(2)	\$ 661,535	\$ -	\$ -	\$ 661,535	(\$ 40,654)	100	(\$ 40,218)	\$ 101,531	\$ -	Note 2 (2)B
MIC-Tech (Shanghai) Corp.	Wholesale, commission agency, maintenance, repairment, manufacture, import and export of semiconductor production and its consumables; trading agency and consulting services in customs bonded area	265,937	Note 1(2)	16,135	-	-	16,135	209,358	100	209,358	928,914	217,487	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	19,362	Note 1(2)	19,459	-	-	19,459	18,819	87	16,372	5,583	-	Note 2 (2)B
MIC-Tech Electronics Engineering Corp.	Installation and construction of mechanical and electrical systems; professional building renovation and decoration services; design and construction of smart buildings; construction of electronic projects and related technical services and consulting	568,565	Note 1(2)	274,940	-	-	274,940	148,600	100	148,600	940,717	112,742	Note 2 (2)B
Integrated Manufacturing & Services Co., Ltd.	Development of special equipment for solar cell production, manufacture of optical engine, cleaning and regeneration of new electrical device	225,890	Note 1(2)	125,853	-	-	125,853	(6,944)	60	(4,166)	28,260	-	Note 2 (2)B
MIC-Tech China Trading (Shanghai) Co., Ltd.	Wholesale, commission agency and import and export of chemical products, semiconductors, inspection equipment and its consumables, solar equipment consumables, trading and trading agency among enterprises in customs bonded area	48,405	Note 1(2)	48,405	-	-	48,405	74,116	100	74,116	190,308	-	Note 2 (2)B
Macrotec Technology (Shanghai) Co., Ltd.	Wholesale, commission agency, import and export and other complementary service of electrical products, instrumentation, metal products, electrical equipment, International and entrepot trade, trading and trading agency among enterprises in customs bonded area	30,879	Note 1(2)	9,705	-	-	9,705	(3,518)	31.43	(1,106)	(5,650)	-	Note 2 (2)C

Table 8-1

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, 2023 (Note 3)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine months ended September 30, 2023 (Note 3)		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2023 (Note 3)	Net income of investee for the nine months ended September 30, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the nine months ended September 30, 2023 (Note 2)	Book value of investments in Mainland China as of September 30, 2023	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Fortune International Corporation	Research and development, manufacturing, sales, installation and repair services of semiconductor-related devices, equipment and materials; supply chain and property management service; industrial park management service; venue rental; conference and exhibition services; warehousing service	\$ 58,086	Note 1(2)	\$ 16,135	\$ -	\$ -	\$ 16,135	(\$ 50)	27.78	(\$ 14)	\$ 6,675	\$ -	Note 2 (2)C

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 nine months ended September 30, 2023' column:

- (1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this year.
- (2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
 - A.The financial statements were reviewed by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
 - B.The financial statements were reviewed by R.O.C. parent company's CPA.
 - C.Others-the financial statements were not reviewed by independent auditors.

Note 3: Paid-in capital and investment amount were translated at the original currency times exchange rate at period end.

2. Limit on investees in Mainland China

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2023 (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.	\$ 1,264,661	\$ 1,979,280	\$ 6,494,491

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, 2022, 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

September 30, 2023

Table 9

Name of major shareholders	Shares	
	Name of shares held	Ownership (%)
Ennoconn International Investment Co., Ltd.	83,468,613	41.94
JI-XUAN Investment Corp.	11,005,795	5.53

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.