

**MARKETECH INTERNATIONAL CORP.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 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.

Marketch International Corp.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2023, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the company that is required to be included in the consolidated financial statements of affiliates, is the same as the company required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard 10. Also, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,
Marketch International Corp.
Margaret Kao
February 19, 2024

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

Opinion

We have audited the accompanying consolidated balance sheets of Marketch International Corp. and its subsidiaries (the "Group") as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters on the consolidated financial statements for the year ended December 31, 2023 were as follows:

Recognition of construction contract revenue

Description

Refer to Note 4(28) for accounting policy on construction contract revenue, Note 5(2) for the details of uncertainty of construction contract accounting estimation and assumptions, and Notes 6(19) and 6(5) for details of construction contract revenue and construction contract cost.

The Group recognized revenue and profit by using the percentage of completion method. This method is also being used to calculate the cost for each contract at year-end. Management will re-evaluate the cost if the budget had increased or decreased, and depending on the cost after adjustment, the percentage of completion will be recalculated. The construction contract revenue may be affected by the appropriateness of determination of cost and estimated cost. Thus, we considered this as one of the key audit matters.

How our audit addressed the matter

We tailored the major audit scope as follows:

- A. Obtained an understanding of the management's control system and determined whether the contract had been created or significantly changed with respect to estimated cost.
- B. Obtained the newly added construction contracts list for this fiscal year, and checked whether the total contract price is equal to the amount being used to calculate construction contract revenue. Ascertained whether any additional construction supplements can be traced back to supplementary contracts.
- C. Checked the significant newly added construction projects, sample tested the construction costs incurred, estimation sheets and subcontract plans, and ascertained whether these have been approved appropriately by the management.
- D. Checked the significant changes in the estimation of construction cost, and ascertained whether the revised plan had been approved by the management.
- E. Obtained the billing details and selected samples of related vouchers by using statistical procedure to check the correctness of input cost in engineering reports and confirmed whether the current input costs have been accounted for appropriately.

Valuation of inventories

Description

Refer to Note 4(12) for description of accounting policy on inventory valuation, Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(5) for details of inventory.

The Group is primarily engaged in the import and export trading business, which include integrated circuit, electronic equipment, as well as materials and components used in electronic equipment. Due to the rapid technological changes, the semiconductor equipment industry has become more and more competitive, and the product price frequently changes. Therefore, the Group is now exposed to risk on inventory valuation loss and slow-moving inventory. Inventories are stated at the lower of cost or net realizable value, and the specific identification method is used to estimate the allowance for inventory valuation loss on slow-moving inventories.

The base stock of inventories is based on assumptions of future demand and development plan. Due to the large quantity of inventories for sale, and since the amounts involved are significant, the determination of net realizable value for obsolete or slow-moving inventory involves subjective judgement resulting in high degree of estimation uncertainty. As a result of the high uncertainties in these estimates, we considered this as one of the key audit matters.

How our audit addressed the matter

We tailored the major audit scope as follows:

- A. Assessed the policy on allowance for inventory valuation loss based on our understanding of the operations and industry of the Group.
- B. Tested whether the basis of market value used in calculating the net realizable value of inventory is consistent with the policy of the Group and validated selling prices of selected samples of respective inventory and their accuracy of net realizable value calculation.
- C. Acquired management's individually identified out-of-date inventory list, inspected the related supporting documents and proper recognition in the financial statements.

Valuation of loss allowance for accounts receivable

Description

Refer to Notes 4(9) and (10) for accounting policy on accounts receivable, Note 5(2) for accounting estimates and assumption uncertainty in relation to loss allowance of accounts receivable, and Note 6(3) for the details of accounts receivable.

The Group assesses impairment of accounts receivable in accordance with IFRS 9, 'Financial instruments'. The Group first classified accounts receivable into two categories, namely, sales and construction, and are then subdivided as to whether the receivable accounts are subject to individual assessment or group assessment. For accounts receivable subject to group assessment, the Group referred to the historical loss rates and used the forecastability to estimate expected credit loss in order to assess the unrecoverable amounts. For accounts receivable subject to individual assessment, loss allowance is recognized on a case by case basis. The estimation of the above expected credit loss is affected by various factors, such as customers' financial conditions, historical transaction records and current economic conditions, etc. Therefore, the relevant supporting documents related to management's judgment are determined to be areas of focus for this year's audit.

As the valuation of allowance for uncollectible accounts receivable involved management's subjective judgement and the valuation amount was material to the financial statements, thus, we considered the valuation of allowance for uncollectible accounts as one of the key matters.

How our audit addressed the matter

We tailored the major audit scope as follows:

- A. Obtained an understanding of the process which management used to evaluate the collectability of accounts receivable.
- B. Ensured that the classification of impairment in the group of accounts receivable is appropriate and in accordance with the Group's accounting policy.
- C. Checked the details of significant impairment recognized by the management against the supporting documents to verify appropriateness.
- D. Verified the subsequent collection details of significant accounts receivable.
- E. Obtained the details of significant accounts receivable which have not yet been collected at year end, and re-evaluated the appropriateness.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Marketch International Corp. as at and for the years ended December 31, 2023 and 2022.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgement and professional skepticism throughout the audit. We also:

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

SUNG-TSE WANG

Lin, Chun-Yao

For and on Behalf of PricewaterhouseCoopers, Taiwan

February 19, 2024

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

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

	Assets	Notes	December 31, 2023		(adjusted) December 31, 2022		(adjusted) January 1, 2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	\$ 7,210,086	16	\$ 6,481,297	18	\$ 4,187,655	15
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		164,696	-	103,087	-	175,306	1
1136	Current financial assets at	8						
	amortized cost		-	-	803	-	747	-
1140	Current contract assets	6(19)	13,530,731	29	9,059,781	26	8,510,574	30
1150	Notes receivable, net	6(3)	171,878	-	29,193	-	52,866	-
1160	Notes receivable - related	6(3) and 7						
	parties		98	-	158	-	113	-
1170	Accounts receivable, net	6(3)(4)	8,558,811	18	6,232,983	18	4,805,260	17
1180	Accounts receivable - related	6(3) and 7						
	parties, net		26,896	-	89,331	-	122,384	-
1200	Other receivables		44,176	-	27,043	-	201,074	1
1220	Current tax assets		97,482	-	-	-	-	-
130X	Inventories, net	6(5)	7,315,707	16	6,267,875	18	3,562,479	13
1410	Prepayments		2,019,039	4	1,421,484	4	1,026,464	4
1470	Other current assets	8	319,627	1	385,679	1	300,806	1
11XX	Total current assets		<u>39,459,227</u>	<u>84</u>	<u>30,098,714</u>	<u>85</u>	<u>22,945,728</u>	<u>82</u>
	Non-current assets							
1510	Financial assets at fair value	6(2)						
	through profit or loss - non-							
	current		1,397,973	3	653,075	2	802,715	3
1535	Non-current financial assets at	8						
	amortized cost		15,790	-	16,199	-	42,119	-
1550	Investments accounted for	6(6) and 7						
	using equity method		216,541	1	104,090	-	75,386	-
1600	Property, plant and equipment,	6(7), 7 and 8						
	net		2,414,956	5	2,441,994	7	2,366,042	9
1755	Right-of-use assets	6(8) and 7	2,483,355	6	1,624,507	5	1,255,415	5
1780	Intangible assets	7	98,634	-	109,186	-	106,822	-
1840	Deferred tax assets	6(23)	471,703	1	313,266	1	207,214	1
1900	Other non-current assets	6(2)(6) and 8	138,525	-	94,256	-	108,507	-
15XX	Total non-current assets		<u>7,237,477</u>	<u>16</u>	<u>5,356,573</u>	<u>15</u>	<u>4,964,220</u>	<u>18</u>
1XXX	Total Assets		<u>\$ 46,696,704</u>	<u>100</u>	<u>\$ 35,455,287</u>	<u>100</u>	<u>\$ 27,909,948</u>	<u>100</u>

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

Liabilities and Equity			December 31, 2023		(adjusted) December 31, 2022		(adjusted) January 1, 2022						
			Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%				
Current liabilities													
2100	Short-term borrowings	6(10) and 8	\$	9,679,501	21	\$	5,349,747	15	\$	3,568,994	13		
2130	Current contract liabilities	6(19)		9,811,214	21		6,889,495	19		4,684,990	17		
2150	Notes payable			1,740,895	4		2,159,902	6		1,721,874	6		
2160	Notes payable - related parties	7		11,335	-		7,487	-		15,218	-		
2170	Accounts payable			6,630,517	14		7,075,213	20		6,363,401	23		
2180	Accounts payable - related parties	7		20,881	-		22,366	-		12,409	-		
2200	Other payables	6(11)		1,301,729	3		1,112,753	3		853,528	3		
2230	Current tax liabilities			466,179	1		390,985	1		173,703	1		
2280	Current lease liabilities	7		493,015	1		236,604	1		146,794	-		
2320	Long-term liabilities, current portion	6(12)(13)		2,412	-		644,880	2		-	-		
2399	Other current liabilities			65,381	-		56,775	-		71,612	-		
21XX	Total current liabilities			30,223,059	65		23,946,207	67		17,612,523	63		
Non-current liabilities													
2530	Bonds payable	6(12)		2,391,712	5		-	-		885,747	3		
2540	Long-term borrowings	6(13)		217,588	-		200,000	1		200,000	1		
2570	Deferred tax liabilities	6(23)		365,268	1		283,781	1		143,168	-		
2580	Non-current lease liabilities	7		2,117,874	5		1,396,335	4		1,098,869	4		
2640	Net defined benefit liability - non-current	6(14)		139,087	-		138,106	-		163,688	1		
2670	Other non-current liabilities	6(6)		6,077	-		4,710	-		3,145	-		
25XX	Total non-current liabilities			5,237,606	11		2,022,932	6		2,494,617	9		
2XXX	Total Liabilities			35,460,665	76		25,969,139	73		20,107,140	72		
Equity													
	Share capital	6(16)											
3110	Ordinary shares			2,013,154	4		1,950,284	6		1,927,562	7		
	Capital surplus	6(15)(17)											
3200	Capital surplus			2,498,186	5		1,787,330	5		1,562,207	6		
	Retained earnings	6(18)											
3310	Legal reserve			1,310,579	3		1,087,737	3		932,127	3		
3320	Special reserve			182,589	-		256,244	1		167,098	1		
3350	Unappropriated retained earnings			5,365,203	12		4,461,219	13		3,340,475	12		
	Other equity interest												
3400	Other equity interest		(226,430)	-	(182,589)	(1)	(256,244)	(1)
31XX	Total equity attributable to owners of parent			11,143,281	24		9,360,225	27		7,673,225	28		
36XX	Non-controlling interests	4(3)		92,758	-		125,923	-		129,583	-		
3XXX	Total Equity			11,236,039	24		9,486,148	27		7,802,808	28		
	Significant contingent liabilities and unrecognized contract commitments	9											
	Significant events after the balance sheet date	11											
3X2X	Total Liabilities and Equity		\$	46,696,704	100	\$	35,455,287	100	\$	27,909,948	100		

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

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022

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

			Year ended December 31,			
			2023		2022 (adjusted)	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Operating Revenue	6(19) and 7		\$ 56,279,732	100	\$ 50,366,704	100
5000 Operating Costs	6(5)(22) and 7		(51,032,096) (91)		(44,980,634) (89)	
5900 Gross Profit			<u>5,247,636</u>	<u>9</u>	<u>5,386,070</u>	<u>11</u>
Operating Expenses	6(22)					
6100 Sales and marketing expenses			(814,807) (1)		(749,202) (1)	
6200 General and administrative expenses			(1,546,579) (3)		(1,317,772) (3)	
6300 Research and development expenses			(284,759) (1)		(277,870) (1)	
6450 Expected credit loss	12(2)		(167,117) -		(174,976) -	
6000 Total operating expenses			(2,813,262) (5)		(2,519,820) (5)	
6900 Operating Profit			<u>2,434,374</u>	<u>4</u>	<u>2,866,250</u>	<u>6</u>
Non-operating Income and Expenses						
7100 Interest income			94,130	-	25,255	-
7010 Other income	6(20)		120,212	-	81,890	-
7020 Other gains and losses	6(2)(21)		525,158	1	111,642	-
7050 Finance costs	7		(341,758) -		(95,985) -	
7060 Share of profit of associates and joint ventures accounted for using equity method	6(6)		<u>5,044</u>	<u>-</u>	<u>7,386</u>	<u>-</u>
7000 Total non-operating income and expenses			<u>402,786</u>	<u>1</u>	<u>130,188</u>	<u>-</u>
7900 Profit before Income Tax			2,837,160	5	2,996,438	6
7950 Income tax expense	6(23)		(735,931) (1)		(842,153) (2)	
8200 Net Income			<u>\$ 2,101,229</u>	<u>4</u>	<u>\$ 2,154,285</u>	<u>4</u>

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MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022

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

Items	Notes	Year ended December 31,			
		2023		2022 (adjusted)	
		AMOUNT	%	AMOUNT	%
Other Comprehensive Income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311 (Loss) gain on remeasurements of defined benefit plan	6(14)	(\$ 3,564)	-	\$ 22,145	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(23)	713	-	(4,429)	-
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Exchange differences on translation of foreign operations		(47,664)	-	91,858	-
8370 Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method	6(6)	(7,130)	-	553	-
8399 Income tax relating to components of other comprehensive income that will be reclassified to profit or loss	6(23)	10,960	-	(18,414)	-
8360 Other comprehensive (loss) income that will be reclassified to profit or loss		(43,834)	-	73,997	-
8300 Other comprehensive (loss) income, net of tax		(\$ 46,685)	-	\$ 91,713	-
8500 Total Comprehensive Income		<u>\$ 2,054,544</u>	<u>4</u>	<u>\$ 2,245,998</u>	<u>4</u>
Profit (loss) attributable to:					
8610 Owners of the parent		\$ 2,161,833	4	\$ 2,215,187	4
8620 Non-controlling interests		(60,604)	-	(60,902)	-
Total		<u>\$ 2,101,229</u>	<u>4</u>	<u>\$ 2,154,285</u>	<u>4</u>
Comprehensive income (loss) attributable to:					
8710 Owners of the parent		\$ 2,115,141	4	\$ 2,306,558	4
8720 Non-controlling interests		(60,597)	-	(60,560)	-
Total		<u>\$ 2,054,544</u>	<u>4</u>	<u>\$ 2,245,998</u>	<u>4</u>
9750 Basic earnings per share (in dollars)	6(24)	<u>\$ 10.96</u>		<u>\$ 11.36</u>	
9850 Diluted earnings per share (in dollars)	6(24)	<u>\$ 10.47</u>		<u>\$ 10.89</u>	

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

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent									
		Capital Reserves			Retained Earnings			Financial statements translation differences of foreign operations	Total	Non-controlling interests	Total equity
Notes	Share capital - ordinary shares	Capital Surplus - share premium	Capital Surplus - - others	Legal reserve	Special reserve	Unappropriated retained earnings					
<u>Year ended December 31, 2022</u>											
Balance at January 1, 2022		\$ 1,927,562	\$ 1,530,365	\$ 31,842	\$ 932,127	\$ 167,098	\$ 3,339,807	(\$ 256,244)	\$ 7,672,557	\$ 129,583	\$ 7,802,140
Effects of retrospective application and retrospective restatement		-	-	-	-	-	668	-	668	-	668
Balance at January 1 after adjustments		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
Profit (loss) for the year		-	-	-	-	-	2,215,187	-	2,215,187	(60,902)	2,154,285
Other comprehensive income for the year		-	-	-	-	-	17,716	73,655	91,371	342	91,713
Total comprehensive income (loss)		-	-	-	-	-	2,232,903	73,655	2,306,558	(60,560)	2,245,998
Appropriations and distribution of 2021 retained earnings:	6(18)										
Legal reserve		-	-	-	155,610	-	(155,610)	-	-	-	-
Special reserve		-	-	-	-	89,146	(89,146)	-	-	-	-
Cash dividends		-	-	-	-	-	(867,403)	-	(867,403)	-	(867,403)
Share-based payment	6(15)	-	-	-	-	-	-	-	-	121	121
Changes in ownership interest in subsidiaries	6(17)	-	-	383	-	-	-	-	383	(383)	-
Conversion of convertible bonds	6(12)(16)(17)	22,722	232,010	(7,270)	-	-	-	-	247,462	-	247,462
Change in non-controlling interests		-	-	-	-	-	-	-	-	57,162	57,162
Balance at December 31, 2022		<u>\$ 1,950,284</u>	<u>\$ 1,762,375</u>	<u>\$ 24,955</u>	<u>\$ 1,087,737</u>	<u>\$ 256,244</u>	<u>\$ 4,461,219</u>	<u>(\$ 182,589)</u>	<u>\$ 9,360,225</u>	<u>\$ 125,923</u>	<u>\$ 9,486,148</u>
<u>Year ended December 31, 2023</u>											
Balance at January 1, 2023		\$ 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
Profit (loss) for the year		-	-	-	-	-	2,161,833	-	2,161,833	(60,604)	2,101,229
Other comprehensive income (loss)		-	-	-	-	-	(2,851)	(43,841)	(46,692)	7	(46,685)
Total comprehensive income (loss)		-	-	-	-	-	2,158,982	(43,841)	2,115,141	(60,597)	2,054,544
Appropriations and distribution of 2022 retained earnings:	6(18)										
Legal reserve		-	-	-	222,842	-	(222,842)	-	-	-	-
Special reserve		-	-	-	-	(73,655)	73,655	-	-	-	-
Cash dividends		-	-	-	-	-	(1,105,811)	-	(1,105,811)	-	(1,105,811)
Conversion of convertible bonds	6(12)(16)(17)	62,870	603,371	(18,762)	-	-	-	-	647,479	-	647,479
Due to recognition of equity component of convertible bonds issued	6(12)(17)	-	-	126,247	-	-	-	-	126,247	-	126,247
Change in non-controlling interests		-	-	-	-	-	-	-	-	27,432	27,432
Balance at December 31, 2023		<u>\$ 2,013,154</u>	<u>\$ 2,365,746</u>	<u>\$ 132,440</u>	<u>\$ 1,310,579</u>	<u>\$ 182,589</u>	<u>\$ 5,365,203</u>	<u>(\$ 226,430)</u>	<u>\$ 11,143,281</u>	<u>\$ 92,758</u>	<u>\$ 11,236,039</u>

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

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31,	
	Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 2,837,160	\$ 2,996,438
Adjustments			
Adjustments to reconcile profit (loss)			
Net (gain) loss on financial assets at fair value through profit or loss	6(2)(21)	(491,654)	154,730
Expected credit loss	12(2)	167,117	174,976
Share of loss of associates and joint ventures accounted for using equity method	6(6)	(5,044)	(7,386)
Depreciation	6(7)(8)(22)	634,300	422,584
Amortization	6(22)	35,717	30,739
Gain on disposal of property, plant and equipment	6(21)	(25,337)	(27,343)
Impairment of non-financial assets	6(7)(9)(21)	-	12,509
Compensation cost of share-based payments	6(15)(22)	-	121
(Gain) loss on lease modification	6(8)	(408)	133
Interest income		(94,130)	(25,255)
Interest expense		341,758	95,985
Dividend income	6(20)	(27,694)	(15,354)
Changes in operating assets and liabilities			
Changes in operating assets			
Contract assets – current		(4,470,950)	(549,207)
Notes receivable, net		(142,685)	23,673
Notes receivable – related parties, net		60	(45)
Accounts receivable, net		(2,539,015)	(1,564,144)
Accounts receivable – related parties, net		60,976	30,386
Other receivables		(18,978)	5,964
Inventories		(1,193,162)	(2,696,656)
Prepayments		(597,448)	(394,935)
Other current assets		68,386	(120,257)
Changes in operating liabilities			
Contract liabilities – current		2,921,719	2,204,505
Notes payable		(419,007)	438,028
Notes payable – related parties		3,848	(7,731)
Accounts payable		(400,128)	647,086
Accounts payable – related parties		(1,485)	9,957
Other payables		186,664	237,839
Other current liabilities		8,606	(14,838)
Other non-current liabilities		(2,583)	(3,436)
Cash (outflow) inflow generated from operations		(3,163,397)	2,059,066
Interest received		94,308	25,022
Dividends received		27,694	15,354
Interest paid		(314,731)	(85,702)
Income tax paid		(818,140)	(618,670)
Net cash flows (used in) from operating activities		(4,174,266)	1,395,070

(Continued)

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31,	
	Notes	2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss		(\$ 233,213)	(\$ 67,465)
Proceeds from disposal of financial assets at fair value through profit or loss		31,522	317,914
Proceeds from capital reduction of financial assets at fair value through profit or loss		-	455
Acquisition of financial assets at amortized cost		(24,306)	(11,580)
Proceeds from disposal of financial assets at amortized cost		25,195	38,119
Acquisition of investments accounted for using equity method		(56,840)	(19,200)
Acquisition of property, plant and equipment	6(7)	(234,765)	(371,971)
Proceeds from disposal of property, plant and equipment	6(7)	318	77,295
Acquisition of right-of-use assets		(7,663)	(1,260)
Acquisition of intangible assets		(23,738)	(33,013)
(Increase) decrease in refundable deposits		(7,042)	24,795
(Increase) decrease in other non-current assets		(32,112)	27,813
Dividends received		3,868	-
Net cash flows used in investing activities		(558,776)	(18,098)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(26)	4,381,214	1,772,058
Increase in long-term borrowings	6(26)	20,000	-
Proceeds from issuance of bonds	6(12)(26)	2,495,000	-
Repayments of bonds	6(12)(26)	(1,600)	-
Repayments of lease principal	6(8)(26)	(253,374)	(170,224)
Increase in guarantee deposits received		963	-
Cash dividends paid	6(18)	(1,105,811)	(867,403)
Changes in non-controlling interests		27,432	57,162
Net cash flows from financing activities		5,563,824	791,593
Effect of exchange rate changes on cash and cash equivalents		(101,993)	125,077
Net increase in cash and cash equivalents		728,789	2,293,642
Cash and cash equivalents at beginning of year	6(1)	6,481,297	4,187,655
Cash and cash equivalents at end of year	6(1)	\$ 7,210,086	\$ 6,481,297

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

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars)

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 41.46% 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 by the Board of Directors on February 19, 2024.

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[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by 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. Upon adoption, the Group recognized an increase in deferred tax assets by \$49,414, \$128,229 and \$264,120 and deferred tax liabilities by \$48,746 \$123,083, and \$230,867 as of January 1, 2022 and December 31, 2022, December 31, 2023, respectively, and a decrease in income tax expense by \$4,478 and \$28,106, and an increase in earnings per share by \$0.02 (in dollars) and \$0.14 (in dollars), for the years ended December 31, 2022 and 2023, respectively.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards 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) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards 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 applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC[®] Interpretations, and SIC[®] Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
 - (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
 - (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - (b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
 - (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the noncontrolling interests having a deficit balance.

- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%)		Note
			December 31, 2023	December 31, 2022	
Marketch International Corp.	Marketch Integrated Pte. Ltd.	Contracting for semiconductor automatic supply system	100	100	-
Marketch International Corp.	Headquarter International Ltd.	Investment holdings and reinvestment	100	100	-
Marketch International Corp.	Tiger United Finance Ltd.	Investment holdings and reinvestment	100	100	-
Marketch International Corp.	Market Go Profits Ltd.	Investment holdings and reinvestment	100	100	-
Marketch International Corp.	MIC-Tech Global Corp.	International trade	100	100	-
Marketch International Corp.	MIC-Tech Viet Nam Co., Ltd.	Trading, installation and repair of various machinery equipment and its peripherals; consulting service and software execution service associated with computer hardware installation	100	100	-
Marketch International Corp.	Marketch Engineering Pte. Ltd.	Contracting for electrical installation construction	100	100	-

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%)		Note
			December 31, 2023	December 31, 2022	
Marketech International Corp.	eZoom Information, Inc. (eZoom)	Research, trading and consulting of information system software and hardware appliance	100	100	-
Marketech International Corp.	Marketech Co., Ltd.	Specialized contracting and related repair services; equipment sales and repair, sales of cosmetics and daily necessities; production, development and implementation of software and providing coding service; providing installation service of industrial machine and equipment	100	100	-
Marketech International Corp.	Marketech Integrated Manufacturing Company Limited	Design, manufacturing, installation of automatic production equipment and its parts	100	100	-
Marketech International Corp.	Marketech International Sdn. Bhd.	Specialized contracting and related repair services; sales of medical devices	100	100	-
Marketech International Corp.	PT Marketech International Indonesia	Trading of machine equipment and parts	99.92	99.92	-
Marketech International Corp.	Marketech Netherlands B.V.	International trade of machine and components and technical service	100	100	-
Marketech International Corp.	ADAT Technology CO., LTD. (ADAT)	Research, development, application, and service of software; supply of electronic information and data processing service	25.62	25.62	Note 1
Marketech International Corp.	Marketech International Corporation USA	Specialized contracting and related repair services	100	100	-
Marketech International Corp.	Spiro Technology Systems Inc.	International trade	100	100	-

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%)		Note
			December 31, 2023	December 31, 2022	
Marketech International Corp.	Taiwan Radisen HealthCare Co., Ltd. (Taiwan Radisen)	Smart medical consulting services and investment	100	100	-
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	-
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	-
Marketech International Corp.	Marketech International Corp. Japan	International trade	100	100	-
Marketech International Corp.	Advanced Technology Matrix United Corporation	Warehousing logistics services; sales agent of semiconductor equipment, components and consumables and semiconductor materials	68.97	-	-
Marketech International Corp.	Marketech International Corporation Germany GmbH	International trade of machine and components and technical service	100	-	-
Marketech International Corp.	MIC Industrial Viet Nam Co., Ltd.	Assembling of air conditioning equipment and testing OEM	100	-	-
Market Go Profits Ltd.	MIC-Tech Ventures Asia Pacific Inc.	Investment holdings and reinvestment	100	100	-

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%)		Note
			December 31, 2023	December 31, 2022	
MIC-Tech Ventures Asia Pacific	Rusky H.K. Limited	Investment holdings and reinvestment	100	100	-
MIC-Tech Ventures Asia Pacific Inc.	MICT International Limited	Investment holdings and reinvestment	60	60	-
MIC-Tech Ventures Asia Pacific Inc.	Frontken MIC Co., Limited	Investment holdings and reinvestment	-	100	Note 2
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	-
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	-
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	-
MIC-Tech Ventures Asia Pacific Inc.	MIC-Tech China Trading (Shanghai) Co., Ltd.	Wholesale, commission agency import and export installation, maintenance, repairment of chemical products, semiconductors and solar equipment consumables, trading and trading agency among enterprises in customs bonded area	100	100	-

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%)		Note
			December 31, 2023	December 31, 2022	
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	-
Rusky H.K. Limited	PT Marketech International Indonesia	Trading of machine equipment and parts	0.08	0.08	-
MICT International Limited	Integrated Manufacturing & Services Co., Ltd.	Development of special equipment for solar cell production, manufacture of optical engine, cleaning and regeneration of new electrical device	60	60	-
Marketech Engineering Pte. Ltd.	Marketech Integrated Construction Co., Ltd.	Specialized contracting for electrical installation construction	98.33	97.69	-

Note 1 : The Company holds less than 50% share ownership in ADAT Technology CO., LTD. However, as the definition of control is met, the subsidiary was included in the consolidated entities.

Note 2 : 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 December 31, 2023 and December 31, 2022, the non-controlling interests amounted to \$92,758 and \$125,923, respectively. Subsidiaries that have non-controlling interests are not material to the Group.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars (NTD), which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) Foreign exchange gains and loss based on the nature of those transactions are presented in the statement of comprehensive income within other gains and losses.

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognized in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate or joint arrangement, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group retains partial interest in the former foreign associate or joint arrangement after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangement, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

- (d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets:

- (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realized within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

The Group classifies assets that do not meet the above criteria as non-current.

B. Liabilities that meet one of the following criteria are classified as current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies liabilities that do not meet the above criteria as non-current.

C. Assets and liabilities relating to the construction contracts are classified as current and non-current based on the operating cycle.

(6) Cash and cash equivalents

A. Cash and cash equivalents include petty cash, bank deposits and other short-term and highly liquid investments in the statements of cash flows.

B. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

- D. The Group recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at amortized cost

- A. Financial assets at amortized cost are those that meet all of the following criteria:
- (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date accounting.
- C. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.
- C. The Group's operating pattern of accounts receivable that are expected to be factored is for the purpose of selling, and the accounts receivable are subsequently measured at fair value, with any changes in fair value, recognized in profit or loss.

(10) Impairment of financial assets

At each reporting date, for accounts receivable, contract assets and financial guarantee contracts that have a significant financing component, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Group derecognizes a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred, and substantially all risks and rewards of ownership of the financial asset have been transferred.
- C. The contractual rights to receive cash flows of the financial asset have been transferred; and the control over the financial asset has not been retained.

(12) Inventories

The perpetual inventory system is adopted for inventory recognition. Cost is the basis for recognition and is determined using the weighted-average method. Costs include acquisition, manufacturing or processing costs to make inventories available for sale or use. These exclude borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value for the measure of the ending inventories. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

(13) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity are not recognized in profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

- F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.
- G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- H. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings	2 ~ 55 years
Machinery and equipment	1 ~ 15 years
Other equipment	2 ~ 10 years

(15) Leasing arrangements (lessee) — right-of-use assets/lease liabilities

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.
Lease payments are comprised of fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- (a) The amount of the initial measurement of lease liability; and
 - (b) Any initial direct costs incurred by the lessee.
- The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.
- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference between remeasured lease liability in profit or loss.

(16) Intangible assets

- A. Computer software
Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 1 to 10 years.
- B. Patent
Patent acquired in a business combination are recognized at fair value at the acquisition date. Patent has a finite useful life and are amortized on a straight-line basis over their estimated useful lives of 10 years.
- C. Goodwill
Goodwill arises in a business combination accounted for by applying the acquisition method.
- D. Other intangible assets
Other intangible assets are technology royalties which are stated at cost and amortized on a straight-line basis over the contract duration.

(17) Impairment of non-financial assets

- A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.
- B. Goodwill is evaluated annually and is recorded as cost less impairment loss. Impairment loss of goodwill shall not be reversed.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(18) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(19) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Convertible bonds payable

Convertible corporate bonds issued by the Company contain conversion options (that is, the bondholders have the right to convert the bonds into the Company's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Company classifies the bonds payable and derivative features embedded in convertible corporate bonds on initial recognition as a financial asset, a financial liability or an equity instrument ('capital surplus - stock options') in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument. Convertible corporate bonds are accounted for as follows:

- A. Call options and put options embedded in convertible corporate bonds are recognized initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognized as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.
- B. Bonds payable of convertible corporate bonds is initially recognized at fair value and subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is accounted for as the premium or discount on bonds payable and presented as an addition to or deduction from bonds payable, which is amortized in profit or loss as an adjustment to the 'finance costs' over the period of bond circulation using the effective interest method.
- C. Conversion options embedded in convertible corporate bonds issued by the Company, which meet the definition of an equity instrument, are initially recognized in 'capital surplus – stock options' at the residual amount of total issue price less amounts of 'financial assets or financial liabilities at fair value through profit or loss' and 'bonds payable - net' as stated above. Conversion options are not subsequently remeasured.
- D. Any transaction costs directly attributable to the issuance of convertible corporate bonds are allocated to the liability and equity components in proportion to the allocation of proceeds.
- E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable' and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The book value of common shares issued due to the conversion shall be based on the adjusted book value of the above-mentioned liability component plus the book value of capital surplus - stock options.

(21) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(22) Non-hedging and embedded derivatives

Non-hedging derivatives are initially recognized at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognized in profit or loss.

(23) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plan

For defined contribution plan, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plan

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.
- ii. Remeasurements arising on defined benefit plan are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognized immediately in profit or loss.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(24) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

(25) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(26) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(27) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(28) Revenue recognition

A. Sales of goods or products

- (a) The Group manufactures and sells a range of various integrated circuits, semiconductors, electrical equipment and materials, chemicals, gas, components. Sales are recognized when control of the products has transferred, being when the products are delivered to the customers, the customers have full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- (b) Sales revenue from products is recognized based on the contract price, and the amount is limited to the part that is highly possible of not incurring a significant reversal. The sales are usually made with a credit term of 2 to 3 months.
- (c) A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Construction contract

- (a) The Group is engaged in factory affair and mechatronic system including clean room, automatic supply system of (specialty) gas and chemicals, monitor system, turn-key and hook-up project services. Construction contract revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual costs spent relative to the total expected costs. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.
- (b) The Group's estimate of revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management becomes aware of the changes in circumstances.

(29) Business combinations

- A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.
- B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognized and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognized directly in profit or loss on the acquisition date.

(30) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Group's Chief Operating Decision-Maker is responsible for allocating resources and assessing performance of the operating segments.

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Construction contract

The Group recognizes contract revenue and profit based on management's evaluation to contract profit and percentage of completion. Management assesses and adjusts the contract profit and cost during execution of the contract. The actual result of the total profit and cost may be higher or lower than the estimation, and the effect is recognized in revenue and profit.

B. Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

C. Loss assessment of accounts receivable

During the process of assessing the loss allowance of receivables, the Group uses judgement in evaluating the collectability of receivables. The collectability assessment is affected by various factors: customers' financial conditions, historical transaction records, current economic conditions, etc. If the collectability of those accounts is in doubt, the Group is required to individually assess the possibility of recovery and make appropriate allowances for the amount. Since the evaluation of allowance is based on the status as of balance sheet date for reasonable expectations of future events, the actual results may be different than the estimation. Therefore, it may have significant changes.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand	\$ 17,144	\$ 15,227
Checking accounts and demand deposits	7,192,942	6,465,683
Time deposits	-	387
Total	<u>\$ 7,210,086</u>	<u>\$ 6,481,297</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. Except for the cash and cash equivalents pledged to others as shown in Note 8 that was transferred to 'financial assets at amortized cost', the Group has no cash and cash equivalents pledged to others.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 4,373	\$ 4,373
Hybrid instruments-call provision of convertible corporate bonds (Note 6(12))	500	195
	<u>4,873</u>	<u>4,568</u>
Valuation adjustment	159,823	98,519
Total	<u>\$ 164,696</u>	<u>\$ 103,087</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 26,293	\$ 12,474
Unlisted stocks	875,713	518,470
Private funds	55,595	43,105
Hybrid instruments	32,413	52,748
	<u>990,014</u>	<u>626,797</u>
Valuation adjustment	407,959	26,278
Total	<u>\$ 1,397,973</u>	<u>\$ 653,075</u>
Prepayments to investments (listed as ‘other non-current assets’) Unlisted stocks	<u>\$ 31,012</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:

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	\$ 467,815	(\$ 150,859)
Hybrid instruments	23,839	(3,871)
	<u>\$ 491,654</u>	<u>(\$ 154,730)</u>

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

(3) Notes and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	<u>\$ 171,878</u>	<u>\$ 29,193</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable	\$ 9,340,237	\$ 6,904,025
Less: Loss allowance	(781,426)	(671,042)
Total	<u>\$ 8,558,811</u>	<u>\$ 6,232,983</u>

The above accounts receivable and notes receivable were all from contracts with customers.

A. The ageing analysis of notes and accounts receivable (including related parties) that were past due but not impaired is as follows:

(a) Notes receivable

	December 31, 2023	December 31, 2022
Not past due	\$ 171,976	\$ 29,351

(b) Accounts receivable

	December 31, 2023	December 31, 2022
Not past due	\$ 6,682,334	\$ 4,931,701
Up to 90 days	1,241,710	841,498
91 to 180 days	316,952	260,855
181 to 365 days	344,951	237,095
Over 365 days	787,441	727,003
Total	\$ 9,373,388	\$ 6,998,152

The above ageing analysis was based on past due date.

B. As of December 31, 2023 and 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) was \$171,976 and \$29,351, respectively.

As of December 31, 2023 and 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) was \$8,585,707 and \$6,322,314, respectively.

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

D. As of December 31, 2023 and 2022, the amount of the Group's accounts receivable expected to be factored amounted to \$230,697 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:

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

B. As of December 31, 2023 and 2022, the Group's interest rate of amount advanced ranged from 0% and 4.43%~4.93%, respectively.

(5) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss and loss on obsolete and slow-moving inventories	Book value
Materials	\$ 2,183,767	(\$ 42,198)	\$ 2,141,569
Merchandise inventory	1,339,699	(54,764)	1,284,935
Raw materials	2,505,294	(24,136)	2,481,158
Supplies	113,962	(4,131)	109,831
Work in process	866,331	(20,502)	845,829
Semi-finished goods and finished goods	481,284	(28,899)	452,385
Total	<u>\$ 7,490,337</u>	<u>(\$ 174,630)</u>	<u>\$ 7,315,707</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>

A. Relevant expenses of inventories recognized as operating costs for the years ended December 31, 2023 and 2022 are as follows:

	Years ended December 31,	
	2023	2022
Construction cost	\$ 35,370,978	\$ 29,055,163
Cost of sales	13,242,967	14,177,011
Other operating cost	2,391,421	1,774,372
Loss on (gain on reversal of) market value decline and obsolete and slow-moving inventories (Note)	26,730 (25,912)
Total	<u>\$ 51,032,096</u>	<u>\$ 44,980,634</u>

Note: The Group reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold because the Group sold inventories, which had been previously provided with inventory valuation loss.

B. The Group has no inventories pledged to others.

(6) Investments accounted for using equity method

A. Details of investments accounted for using equity method:

	December 31, 2023		December 31, 2022	
	Carrying amount	% interest held	Carrying amount	% interest held
Glory Technology Service Inc.	\$ 68,538	29.24%	\$ 68,926	29.24%
Fortune Blessing Co., Limited	6,654	27.78%	6,711	27.78%
MIC Techno Co., Ltd.	1,809	20.00%	1,807	20.00%
Leader Fortune Enterprise Co., Ltd.	(5,036)	31.43%	(4,632)	31.43%
Bolite Co., Ltd.	43,257	37.33%	26,646	32.00%
Radisen Co., Ltd. (ordinary shares) (Note)	7,638	18.49%	-	-
Radisen Co., Ltd. (preferred stock) (Note)	88,645	44.85%	-	-
	<u>211,505</u>		<u>99,458</u>	
Add: Credit balance of long-term equity investment transferred to 'other non-current liabilities'	5,036		4,632	
Total	<u>\$ 216,541</u>		<u>\$ 104,090</u>	
Prepayments for long-term investments (listed as 'other non-current assets')				
Unlisted stocks	<u>\$ 1,535</u>		<u>\$ 1,536</u>	

Note: After the assessment, the Group's equity investment in common shares and preferred stock of Radisen Co., Ltd. comprised 30.88% of comprehensive voting rights in Radisen Co., Ltd. Accordingly, the investment 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:

	Years ended December 31,	
	2023	2022
Profit for the year from continuing operations	\$ 5,044	\$ 7,386
Other comprehensive (loss) income - net of tax	(7,130)	553
Total comprehensive (loss) income	<u>(\$ 2,086)</u>	<u>\$ 7,939</u>

C. The investment accounted for using equity method for the years ended December 31, 2023 and 2022 were evaluated based on the financial statements of the entity 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 37.33% equity interest. Given that the remaining 62.67% 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>Year ended December 31</u>						
Opening net book amount	\$ 217,661	\$ 1,724,882	\$ 248,500	\$ 117,542	\$ 133,409	\$ 2,441,994
Additions	-	14,020	27,672	68,012	125,061	234,765
Transfers (Note)	-	35,602	127,680	10,502	(47,511)	126,273
Disposals	-	-	(127,579)	(552)	(13)	(128,144)
Depreciation	-	(152,755)	(51,026)	(44,320)	(10,342)	(258,443)
Net exchange differences	(5)	(298)	(1,039)	(202)	55	(1,489)
Closing net book amount	<u>\$ 217,656</u>	<u>\$ 1,621,451</u>	<u>\$ 224,208</u>	<u>\$ 150,982</u>	<u>\$ 200,659</u>	<u>\$ 2,414,956</u>
<u>At December 31</u>						
Cost	\$ 217,656	\$ 3,251,919	\$ 833,230	\$ 405,211	\$ 233,397	\$ 4,941,413
Accumulated depreciation and impairment	-	(1,630,468)	(609,022)	(254,229)	(32,738)	(2,526,457)
Book value	<u>\$ 217,656</u>	<u>\$ 1,621,451</u>	<u>\$ 224,208</u>	<u>\$ 150,982</u>	<u>\$ 200,659</u>	<u>\$ 2,414,956</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>Year ended December 31</u>						
Opening net book amount	\$ 213,512	\$ 1,725,154	\$ 260,661	\$ 87,190	\$ 79,525	\$ 2,366,042
Additions	-	57,703	42,598	60,608	149,781	310,690
Transfers (Note)	34,119	114,187	-	4,614	(91,639)	61,281
Disposals	(33,250)	(10,966)	(3,324)	(728)	(799)	(49,067)
Depreciation	-	(145,008)	(52,144)	(34,412)	(3,794)	(235,358)
Impairment	-	(12,509)	-	-	-	(12,509)
Net exchange differences	3,280	(3,679)	709	270	335	915
Closing net book amount	<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>At December 31</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>

Note: Transfers during the year pertain to certain previously unfinished constructions which had completed acceptance check and were transferred to buildings, office equipment and other 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:

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Land	\$ 1,285,762	\$ 864,153
Buildings	1,115,307	689,891
Machinery and equipment	1,062	927
Office equipment	670	1,337
Other equipment	80,554	68,199
	<u>\$ 2,483,355</u>	<u>\$ 1,624,507</u>

	Years ended December 31,	
	2023	2022
	Depreciation charge	Depreciation charge
Land	\$ 28,017	\$ 24,441
Buildings	311,564	128,338
Machinery and equipment	378	160
Office equipment	814	502
Other equipment	35,084	33,785
	<u>\$ 375,857</u>	<u>\$ 187,226</u>

- D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$1,239,374 and \$558,133, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	Years ended December 31,	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 54,124	\$ 25,318
Expense on short-term lease contracts	\$ 288,065	\$ 130,931
Gain (loss) on lease modification	\$ 408	(\$ 133)

- F. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were \$595,563 and \$326,473, respectively.

G. Extension options

- (a) Extension options are included in approximately 38% of the Group's lease contracts pertaining to land. These options are expected to be exercised for maximizing optional flexibility in terms of managing contracts.
- (b) In determining the lease term, the Group takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(9) Impairment of non-financial assets

- A. The Group recognized impairment loss amounting to \$0 and \$12,509 for the years ended December 31, 2023 and 2022, respectively. Details of such loss are as follows:

	<u>Year ended December 31, 2023</u>		<u>Year ended December 31, 2022</u>	
	Recognized in other		Recognized in other	
	<u>Recognized in profit or loss</u>	<u>comprehensive income</u>	<u>Recognized in profit or loss</u>	<u>comprehensive income</u>
Impairment loss – Building	\$ -	\$ -	\$ 12,509	\$ -

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

	<u>Year ended December 31, 2023</u>		<u>Year ended December 31, 2022</u>	
	Recognized in other		Recognized in other	
	<u>Recognized in profit or loss</u>	<u>comprehensive income</u>	<u>Recognized in profit or loss</u>	<u>comprehensive income</u>
R&D and manufacturing of customized equipment	\$ -	\$ -	\$ 12,509	\$ -

- C. In 2022, because of political instability in Myanmar, the uncertainty in marketing and operations resulted in an impairment in the Group's property, plant and equipment. The Group wrote down the carrying amount of the asset based on the recoverable amount and recognized an impairment loss of 12,509 in 2022, respectively. The recoverable amount is the property's value in use, and the discount rate used in estimating the value in use was 19.71% in 2023 and 2022.

(10) Short-term borrowings

	<u>December 31, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
<u>Bank borrowings</u>			
Credit borrowings	\$ 9,628,263	1.59%~8.8157%	None
Mortgage loan	51,238	5.5464%~5.6106%	Buildings
	<u>\$ 9,679,501</u>		

	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
<u>Bank borrowings</u>			
Credit borrowings	\$ 5,292,547	1.27%~8.1679%	None
Mortgage loan	57,200	5.28%~6.28%	Buildings
	<u>\$ 5,349,747</u>		

Details of mortgage loan are provided in Note 8.

(11) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Salaries and bonus payable	\$ 796,351	\$ 719,679
Accrued employees' compensation and directors' remuneration	323,010	332,080
Others	182,368	60,994
	<u>\$ 1,301,729</u>	<u>\$ 1,112,753</u>

(12) Bonds payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Bonds payable	\$ 2,499,900	\$ 651,200
Less: Discount on bonds payable	(108,188)	(6,320)
	2,391,712	644,880
Bonds payable of current portion (recorded as "Long-term liabilities, current portion")	-	(644,880)
	<u>\$ 2,391,712</u>	<u>\$ -</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.

- 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: 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 year ended December 31, 2023, the bonds totaling \$649,600 had been converted into 6,286 thousand shares of common stock. Accordingly, the Group recognized capital surplus of \$603,232 and reduced capital surplus - stock option by \$18,711.
- viii. As of December 31, 2023, the bonds totaling \$1,498,400 had been converted into 13,926 thousand shares of common stock. Accordingly, the Group recognized capital surplus of \$1,382,553 and reduced capital surplus - stock option by \$43,160.
- (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%.
- (c) The bonds had been expired on December 15, 2023. The Company had paid the unconverted bonds whose face value amounting to \$1,600. At the same time, the Company reclassified the expired conversion options.
- 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. For the year ended December 31, 2023, the bonds totaling \$100 had been converted into 713 thousand shares of common stock. Accordingly, the Group recognized capital surplus of \$93 and reduced capital surplus - stock option by \$5.
- (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%.

(13) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>December 31, 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	1.6562%	None	\$ 200,000
"	Borrowing period is from May 10, 2023 to May 10, 2028; Interest is repayable monthly; principal is repayable monthly in 48 instalments starting from the date of borrowing after 12 months. The monthly payment shall be calculated by using equal total payment and the principal and interest shall be paid based on the schedule	2.9800%	None	2,000
"	Borrowing period is from June 29, 2023 to June 29, 2028; Interest is payable monthly; principal is payable monthly in 48 installments starting after 12 months from the date of borrowing. The monthly payment shall be calculated by using equal total payment and the principal and interest shall be paid based on the schedule	2.9800%	None	<u>18,000</u>
				220,000
Less: Long-term liabilities, current portion (recorded as 'Long-term liabilities, current portion')				(<u>2,412</u>)
				<u>\$ 217,588</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>

(14) Pensions

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

(b) The amounts recognized in the balance sheet are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	\$ 304,666	\$ 296,470
Fair value of plan assets	(165,579)	(158,364)
Net defined benefit liability	<u>\$ 139,087</u>	<u>\$ 138,106</u>

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

	2023		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	(\$ 296,470)	\$ 158,364	(\$ 138,106)
Current service cost	(667)	-	(667)
Interest (expense) income	(3,756)	2,001	(1,755)
	(300,893)	160,365	(140,528)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	1,364	1,364
Change in demographic assumptions	196	-	196
Change in financial assumptions	(2,688)	-	(2,688)
Experience adjustments	(2,436)	-	(2,436)
	(4,928)	1,364	(3,564)
Pension fund contribution	-	5,005	5,005
Paid pension	1,155	(1,155)	-
Balance at December 31	(\$ 304,666)	\$ 165,579	(\$ 139,087)
	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	(\$ 306,300)	\$ 142,612	(\$ 163,688)
Current service cost	(663)	-	(663)
Interest (expense) income	(1,930)	886	(1,044)
Settlement profit	88	-	88
	(308,805)	143,498	(165,307)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	11,506	11,506
Change in demographic assumptions	(21)	-	(21)
Change in financial assumptions	19,154	-	19,154
Experience adjustments	(8,494)	-	(8,494)
	10,639	11,506	22,145
Pension fund contribution	-	5,056	5,056
Paid pension	1,696	(1,696)	-
Balance at December 31	(\$ 296,470)	\$ 158,364	(\$ 138,106)

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.
- (e) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2023	2022
Discount rate	1.20%	1.30%
Future salary increases	2.00%	2.00%

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2023</u>				
Effect on present value of defined benefit obligation	(\$ 6,647)	\$ 6,872	\$ 6,801	(\$ 6,612)
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	(\$ 6,889)	\$ 7,135	\$ 7,068	(\$ 6,859)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

- (f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2024 amount to \$6,294.
- (g) As of December 31, 2023, the weighted average duration of the defined benefit retirement plan is 8 years.

- B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Company’s Mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on a certain percentage of the employees’ monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.
- (c) Certain overseas subsidiaries have a defined contribution plan. Contributions to an independent fund are based on a certain percentage of the employees’ monthly salaries and wages and are recognized as pension cost. Other than the monthly contributions, the Group has no further obligations.
- (d) The pension costs under the defined contribution pension plan of the Group for the years ended December 31, 2023 and 2022 were \$149,123 and \$124,405, respectively.

(15) Share-based payment

- A. For the years ended December 31, 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:

	Years ended December 31,			
	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 year	-	\$ -	122	\$ 10.00
Options exercised	-	-	(116)	10.00
Options forfeited	-	-	(6)	-
Options outstanding at end of the year	-		-	Note
Options exercisable at end of the year	-		-	Note

Note: The above share-based payment arrangement of Subsidiary - ADAT, had been fully exercised as of 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	December 31, 2022	
			No. of shares (in thousands)	Exercise price (in dollars)
Subsidiary-ADAT	2019.4.1	2025.3.31	-	\$ -
"	2020.5.1	2026.4.30	-	-
"	2020.9.1	2026.8.31	-	-

December 31, 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 and \$121 for the years ended December 31, 2023 and 2022, respectively.

(16) Share capital

A. As of December 31, 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 \$2,013,154, consisting of 201,315,437 shares with a par value of \$10 (in dollars) per share. 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	6,287,061	2,272,175
At December 31	<u>201,315,437</u>	<u>195,028,376</u>

(17) Capital surplus

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

Details of movements in capital surplus are as follows:

	2023			
	<u>Share premium</u>	<u>Stock options</u>	<u>Others</u>	<u>Total</u>
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	603,371	(18,762)	-	584,609
At December 31	<u>\$ 2,365,746</u>	<u>\$ 126,242</u>	<u>\$ 6,198</u>	<u>\$ 2,498,186</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	-	-	383	383
Conversion of convertible bonds	232,010	(7,270)	-	224,740
At December 31	<u>\$ 1,762,375</u>	<u>\$ 18,757</u>	<u>\$ 6,198</u>	<u>\$ 1,787,330</u>

(18) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Also, special reserve shall be set aside or reversed as required by regulations or the Competent Authority. The remaining amount along with the prior years' unappropriated earnings shall be proposed by the Board of Directors and resolved by the stockholders for appropriation or reserve.
- B. The Company's dividend policy is summarized below: in consideration of the overall environment development and industrial growth, fulfilling future operation development needs as priority and optimizing financial structure, distribution of stock dividends shall not exceed 50% of the dividends distributed.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.
- E. (a) 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 of)	(73,655)	-	89,146	-
appropriation for special reserve				
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.

- (b) Details of 2023 earnings appropriation proposed by the Board of Directors on February 19, 2024 are as follows:

	Year ended December 31, 2023	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 216,413	\$ -
Special reserve	43,841	-
Cash dividends	1,207,893	6
Total	<u>\$ 1,468,147</u>	

Information about the earnings appropriation for 2022 by the Company as approved by the Board of Directors will be posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

The earnings appropriation for 2022 has not yet been resolved by the shareholders, thus, no dividend was accrued in these consolidated financial statements.

(19) Operating revenue

	Years ended December 31,	
	2023	2022
Construction contract revenue	\$ 37,022,030	\$ 30,999,634
Sales contract revenue	15,925,529	16,773,461
Other contract revenue	3,332,173	2,593,609
Total	<u>\$ 56,279,732</u>	<u>\$ 50,366,704</u>

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

	Years ended December 31,	
	2023	2022
Automatic supplying system	\$ 27,288,902	\$ 19,804,801
Total Facility Engineering Turnkey Project	9,312,405	10,403,881
R&D and manufacturing of customized	9,336,520	10,217,482
Sales and service of high-tech equipment and materials	10,341,905	9,940,540
Total	<u>\$ 56,279,732</u>	<u>\$ 50,366,704</u>
Timing of revenue recognition		
At a point in time	\$ 16,621,270	\$ 17,462,529
Over time	39,658,462	32,904,175
Total	<u>\$ 56,279,732</u>	<u>\$ 50,366,704</u>

B. Contract assets and liabilities

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

	December 31, 2023	December 31, 2022	January 1, 2022
Contract assets:			
Construction contracts	<u>\$ 13,530,731</u>	<u>\$ 9,059,781</u>	<u>\$ 8,510,574</u>
Contract liabilities:			
Construction contracts	\$ 7,807,091	\$ 5,723,090	\$ 3,643,508
Sales contracts	1,518,877	737,272	784,108
Other contracts	485,246	429,133	257,374
	<u>\$ 9,811,214</u>	<u>\$ 6,889,495</u>	<u>\$ 4,684,990</u>

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

	Years ended December 31,	
	2023	2022
Revenue recognized that was included in the contract liability balance at the beginning of the year		
Construction contracts	\$ 4,090,612	\$ 2,306,133
Sales contracts	491,703	592,226
Other contracts	208,554	127,908
	<u>\$ 4,790,869</u>	<u>\$ 3,026,267</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.

(20) Other income

	Years ended December 31,	
	2023	2022
Grants revenue	\$ 34,032	\$ 30,757
Dividend income	27,694	15,354
Rental revenue	5,198	4,841
Other income	53,288	30,938
Total	<u>\$ 120,212</u>	<u>\$ 81,890</u>

(21) Other gains and losses

	Years ended December 31,	
	2023	2022
Net gains (losses) on financial assets at fair value through profit or loss	\$ 491,654	(\$ 154,730)
Foreign exchange gains	27,028	287,768
Gains on disposals of property, plant and equipment	25,337	27,343
Impairment of non-financial assets	-	(12,509)
Other losses	(18,861)	(36,230)
Total	<u>\$ 525,158</u>	<u>\$ 111,642</u>

(22) Employee benefit expense, depreciation and amortization

A. Employee benefit expense, depreciation and amortization

	Year ended December 31, 2023		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefit expense			
Wages and salaries	\$ 1,635,099	\$ 1,557,559	\$ 3,192,658
Labour and health insurance fees	120,033	95,617	215,650
Pension costs	91,258	60,287	151,545
Other employee benefit expense	35,925	63,430	99,355
Depreciation	475,406	158,894	634,300
Amortization	16,622	19,095	35,717

	Year ended December 31, 2022		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 1,205,447	\$ 1,457,894	\$ 2,663,341
Compensation cost of employee stock options	-	121	121
Labour and health insurance fees	95,857	84,723	180,580
Pension costs	71,314	54,710	126,024
Other employee benefit expense	40,028	37,148	77,176
Depreciation	282,490	140,094	422,584
Amortization	12,610	18,129	30,739

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 be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be higher than 3% for directors' remuneration and shall be 1~15% for employees' compensation. If the company has accumulated deficit, earnings should be reserved to cover losses.
- (b) For the years ended December 31, 2023 and 2022, employees' compensation and directors' remuneration are accrued as follows:

	Years ended December 31,	
	2023	2022
Employees' compensation	\$ 293,645	\$ 297,098
Directors' remuneration	29,365	29,710
	<u>\$ 323,010</u>	<u>\$ 326,808</u>

For the year ended December 31, 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 2023 as resolved by the Board of Directors were \$293,645 and \$29,365, respectively, and the employees' compensation will be distributed in the form of cash. Employees' compensation and directors' remuneration for 2022 as resolved by the Board of Directors 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.

(23) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2023	2022
Current tax		
Current tax on profits for the year	\$ 738,480	\$ 811,168
Tax on undistributed surplus earnings	48,671	-
Adjustments in respect of prior years	14,057	19,267
Total current tax	801,208	830,435
Deferred tax		
Origination and reversal of temporary differences	(65,277)	11,718
Income tax expense	\$ 735,931	\$ 842,153

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

	Years ended December 31,	
	2023	2022
Currency translation differences of foreign operations	(\$ 10,960)	(\$ 18,414)
Remeasurements of defined benefit obligations	(713)	(4,429)
	(\$ 11,673)	(\$ 22,843)

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate (Note)	\$ 567,432	\$ 599,288
Expenses disallowed by tax regulation	112,677	141,851
Effect of income tax of the applicable tax rate in the Group	41,765	81,747
Adjustments in respect of prior years	14,057	19,267
Income tax expense	\$ 735,931	\$ 842,153

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

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

	2023			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
— Deferred tax assets:				
Loss allowance on accounts receivable	\$ 37,576	\$ 1,652	\$ -	\$ 39,228
Valuation loss and loss on market value decline and obsolete and slow-moving inventories	16,000	1,800	-	17,800
Defined benefit obligation	27,621	(517)	713	27,817
Impairment loss on financial assets	8,349	-	-	8,349
Unused compensated absences payable	7,129	25	-	7,154
Unrealized construction loss	61,606	(9,371)	-	52,235
Unrealized exchange loss	-	17,284	-	17,284
Exchange differences on translation	26,756	-	10,960	37,716
Lease liabilities	128,229	135,891	-	264,120
Subtotal	313,266	146,764	11,673	471,703
— Deferred tax liabilities:				
Unrealized investment income	(156,090)	21,689	-	(134,401)
Unrealized exchange gain	(4,608)	4,608	-	-
Right-of-use assets	(123,083)	(107,784)	-	(230,867)
Subtotal	(283,781)	(81,487)	-	(365,268)
Total	\$ 29,485	\$ 65,277	\$ 11,673	\$ 106,435

	2022			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
— Deferred tax assets:				
Loss allowance on accounts receivable	\$ 24,486	\$ 13,090	\$ -	\$ 37,576
Valuation loss and loss on market value decline and obsolete and slow-moving inventories	22,000	(6,000)	-	16,000
Defined benefit obligation	32,738	(688)	(4,429)	27,621
Impairment loss on financial assets	8,349	-	-	8,349
Unused compensated absences payable	6,722	407	-	7,129
Unrealized construction loss	14,955	46,651	-	61,606
Unrealized exchange loss	3,380	(3,380)	-	-
Exchange differences on translation	45,170	-	(18,414)	26,756
Lease liabilities	<u>49,414</u>	<u>78,815</u>	<u>-</u>	<u>128,229</u>
Subtotal	<u>207,214</u>	<u>128,895</u>	<u>(22,843)</u>	<u>313,266</u>
— Deferred tax liabilities:				
Unrealized investment income	(94,422)	(61,668)	-	(156,090)
Unrealized exchange gain	-	(4,608)	-	(4,608)
Right-of-use assets	(48,746)	(74,337)	-	(123,083)
Subtotal	<u>(143,168)</u>	<u>(140,613)</u>	<u>-</u>	<u>(283,781)</u>
Total	<u>\$ 64,046</u>	<u>(\$ 11,718)</u>	<u>(\$ 22,843)</u>	<u>\$ 29,485</u>

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

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

(24) Earnings per share

Year ended December 31, 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	\$ 2,161,833	197,217	<u>\$ 10.96</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	20,729	8,753	
Employees' compensation	-	2,400	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 2,182,562</u>	<u>208,370</u>	<u>\$ 10.47</u>
Year ended December 31, 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	\$ 2,215,187	194,942	<u>\$ 11.36</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	5,275	6,184	
Employees' compensation	-	2,712	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 2,220,462</u>	<u>203,838</u>	<u>\$ 10.89</u>

(25) Supplemental cash flow information

	Years ended December 31,	
	2023	2022
Convertible bonds converted to capital stocks	\$ 647,479	\$ 247,462
Financial assets at fair value through profit or loss transferred to investments accounted for using equity method	\$ 36,822	\$ -
Equipment assets contributed as an investment in financial assets at fair value through profit or loss in exchange for shares	\$ 153,163	\$ -

(26) Changes in liabilities from financing activities

	2023				
	Lease liabilities	Short-term borrowings	Long-term borrowings (Note)	Bonds payable (Note)	Liabilities from financing activities-gross
At January 1	\$ 1,632,939	\$ 5,349,747	\$ 200,000	\$ 644,880	\$ 7,827,566
Changes in cash flow from financing activities	(253,374)	4,381,214	20,000	2,493,400	6,641,240
Impact of changes in foreign exchange rate	(86)	(51,460)	-	-	(51,546)
Changes in other non-cash items	1,231,410	-	-	(746,568)	484,842
At December 31	\$ 2,610,889	\$ 9,679,501	\$ 220,000	\$ 2,391,712	\$ 14,902,102
	2022				
	Lease liabilities	Short-term borrowings	Long-term borrowings	Bonds payable (Note)	Liabilities from financing activities-gross
At January 1	\$ 1,245,663	\$ 3,568,994	\$ 200,000	\$ 885,747	\$ 5,900,404
Changes in cash flow from financing activities	(170,224)	1,772,058	-	-	1,601,834
Impact of changes in foreign exchange rate	20,778	8,695	-	-	29,473
Changes in other non-cash items	536,722	-	-	(240,867)	295,855
At December 31	\$ 1,632,939	\$ 5,349,747	\$ 200,000	\$ 644,880	\$ 7,827,566

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 41.46% of the shares of the Company. The remaining 58.54% 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 Corporation	"
Hon Young Semiconductor Corporation	"
Servtech Co., Ltd.	"
CTS Investment Corp.	"
Altus Technology Inc.	"
Glory Technology Service Inc.	Associate
Fortune International Corporation	"
Radisen Co., Ltd.	"
Bolite 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.	"
Lucens Technology Inc.	"
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

	Years ended December 31,	
	2023	2022
Other related parties	\$ 34,324	\$ 2,976
Associates	3,952	-
Entities controlled by key management or entities with significant influence	7	5
	<u>\$ 38,283</u>	<u>\$ 2,981</u>

Prices to related parties and third parties are based on normal sales transactions and sales are collected 2 to 3 months after the completion of transactions.

(b) Construction contract revenue

	Years ended December 31,	
	2023	2022
Other related parties	\$ 265,404	\$ 73,072
Entities controlled by key management or entities with significant influence (Note)	7,420	(14,986)
Total	<u>\$ 272,824</u>	<u>\$ 58,086</u>

Note: Represents reversal of construction contract revenue which was previously recognized due to a supplemental reduction of construction contract items

- i. Construction contract revenue from related parties and non-related parties are collected based on the general construction contract or general agreement. In addition, construction contracts entered into with related parties are based on the price lists in force and terms that would be available to third parties while the collection periods for construction contracts are about 2 to 3 months after inspection of construction depending on the construction contracts or individual agreements.
- ii. As of December 31, 2023 and 2022, contract price and priced contract of unfinished construction are as follows:

	December 31, 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	\$ 2,329,889	\$ 831,392	\$ 663,896	\$ 595,836
Entities controlled by key management or entities with significant influence	203,113	181,614	396,569	375,627
Total	<u>\$ 2,533,002</u>	<u>\$ 1,013,006</u>	<u>\$ 1,060,465</u>	<u>\$ 971,463</u>

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

(c) Other contract revenue

	Years ended December 31,	
	2023	2022
Other related parties	\$ 11,053	\$ 12,362
Entities controlled by key management or entities with significant influence	2,742	4,406
Total	<u>\$ 13,795</u>	<u>\$ 16,768</u>

Other contract revenue from related parties and non-related parties are collected based on the general service contract or general agreement. In addition, service contracts entered into with related parties are based on the price lists in force and terms that would be available to third parties while the collection periods for service contracts are about 2 to 3 months after inspection of service depending on the other contracts or individual agreements.

B. Acquisition of goods and services

(a) Purchase of goods

	Years ended December 31,	
	2023	2022
Entities controlled by key management or entities with significant influence	\$ 5,445	\$ 8,975
Associates	679	-
Other related parties	22,740	35,002
Total	<u>\$ 28,864</u>	<u>\$ 43,977</u>

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

(b) Construction contract costs

	Years ended December 31,	
	2023	2022
Entities controlled by key management or entities with significant influence	\$ 1,593	\$ 1,874
Associate	39,353	11,587
Other related parties	518	1,423
Total	<u>\$ 41,464</u>	<u>\$ 14,884</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

	December 31, 2023	December 31, 2022
Entities controlled by key management or entities with significant influence	<u>\$ 98</u>	<u>\$ 158</u>

Accounts receivable

	December 31, 2023	December 31, 2022
Other related parties	\$ 28,319	\$ 67,243
Entities controlled by key management or entities with significant influence	4,417	26,884
Associates	415	-
Subtotal	33,151	94,127
Less: Loss allowance	(6,255)	(4,796)
Total	<u>\$ 26,896</u>	<u>\$ 89,331</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

	December 31, 2023	December 31, 2022
Entities controlled by key management or entities with significant influence	\$ 7,327	\$ 2,151
Other related parties	4,008	5,336
Total	<u>\$ 11,335</u>	<u>\$ 7,487</u>

Accounts payable

	December 31, 2023	December 31, 2022
Entities controlled by key management or entities with significant influence	\$ 12,073	\$ 13,956
Other related parties	8,757	6,534
Associates	51	1,876
Total	<u>\$ 20,881</u>	<u>\$ 22,366</u>

The payment terms to related parties and third parties are about 2 to 3 months after inspection of purchases. The payment terms for outsourcing construction costs are about 2 months after inspection of construction, depending on normal construction contracts or individual agreements.

E. Property transactions

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

For the years ended December 31, 2023 and 2022, the Group has acquired computer equipment and related software from entities controlled by key management amounting to \$23,585 and \$25,716 (recorded as ‘property, plant and equipment’ and ‘intangible assets’), respectively.

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

For the year ended December 31, 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 year ended December 31, 2023: None.

(c) Acquisition of financial assets

i. Investments accounted for using equity method

	Years ended December 31,	
	2023	2022
Associates	<u>\$ 8,000</u>	<u>\$ 19,200</u>

ii. Financial assets at fair value through profit or loss

	Years ended December 31,	
	2023	2022
Entities controlled by key management or entities with significant influence	<u>\$ 6,312</u>	<u>\$ -</u>

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 cannot 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:

	Years ended December 31,	
	2023	2022
Other related parties	\$ 32	\$ 33,431

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

(i) Outstanding balance:

	December 31, 2023	December 31, 2022
Other related parties	\$ 21,353	\$ 29,261

(ii) Interest expense

	Years ended December 31,	
	2023	2022
Other related parties	\$ 875	\$ 739

(4) Key management compensation

	Years ended December 31,	
	2023	2022
Salaries and other short-term employee benefits	\$ 196,498	\$ 196,305

8. PLEDGED ASSETS

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

Pledged asset	Book value		Purpose
	December 31, 2023	December 31, 2022	
Restricted time deposits (recorded as 'financial assets at amortized cost - current and non-current')	\$ 15,790	\$ 17,002	Performance guarantee and other guarantee
Guarantee deposits paid (recorded as 'other current assets' and 'other non-current assets')	178,843	189,940	Bid bond, performance guarantee and warranty
Buildings and structures (recorded as 'property, plant and equipment')	12,800	12,928	Guarantee for bank's borrowing facility
	<u>\$ 207,433</u>	<u>\$ 219,870</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. As of December 31, 2023, the notes and letters of guarantee used for construction performance and custom security amounted to \$3,463,142.

B. As of December 31, 2023, the Company's capital expenditure contracted for at the balance sheet date but not yet incurred amounted to \$281,814.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

For details of the 2023 earnings appropriation proposed by the Board of Directors on February 19, 2024, refer to Note 6(18) E(b).

12. OTHERS

(1) Capital management

The Group's main objective when managing capital is to maintain an optimal credit ranking and capital ratio to support the operations and to maximize stockholders' equity.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 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	\$ 1,562,669	\$ 756,162
Financial assets at amortized cost		
/ Loans and receivables		
Cash and cash equivalents	7,210,086	6,481,297
Notes receivable	171,976	29,351
(including related parties)		
Accounts receivable	8,585,707	6,322,314
(including related parties)		
Other accounts receivable	44,176	27,043
Restricted time deposits (recorded as 'financial assets at amortized cost-current and non-current')	15,790	17,002
Guarantee deposits paid (recorded as 'other current assets' and 'other non-current assets')	254,680	247,641
	<u>\$ 17,845,084</u>	<u>\$ 13,880,810</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liabilities measured at fair value through profit or loss		
Short-term borrowings	\$ 9,679,501	\$ 5,349,747
Notes payable	1,752,230	2,167,389
(including related parties)		
Accounts payable	6,651,398	7,097,579
(including related parties)		
Other accounts payable	1,301,729	1,112,753
Bonds payable (recorded as 'Long-term liabilities, current portion')	2,391,712	644,880
Long-term borrowings	220,000	200,000
Guarantee deposits received (recorded as 'other non-current liabilities')	1,041	78
	<u>\$ 21,997,611</u>	<u>\$ 16,572,426</u>
Lease liabilities	<u>\$ 2,610,889</u>	<u>\$ 1,632,939</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.
- (b) Risk management is carried out by a central treasury department under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD, RMB, JPY and EUR. Exchange rate risk arises from future commercial transactions and recognized assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency.
- iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB, 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:

December 31, 2023							
(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	\$	120,408	30.705	\$ 3,697,128	1%	\$ 36,971	\$ -
USD : RMB		20,276	7.0964	622,583	1%	6,226	-
USD : VND		5,204	24,564	159,788	1%	1,598	-
USD : SGD		1,617	1.3184	49,655	1%	497	-
EUR : NTD		27,058	33.98	919,435	1%	9,194	-
JPY : NTD		588,278	0.2172	127,774	1%	1,278	-
JPY : RMB		990,387	0.0502	215,112	1%	2,151	-
RMB : NTD		169,817	4.3268	734,772	1%	7,348	-
USD : IDR		1,112	15,508	34,151	1%	342	-
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD : NTD	\$	10,958	30.705	\$ 336,452	1%	\$ 3,365	\$ -
USD : RMB		7,268	7.0964	223,165	1%	2,232	-
JPY : NTD		812,419	0.2172	176,457	1%	1,765	-
JPY : RMB		171,519	0.0502	37,254	1%	373	-
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	-

- 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 years ended December 31, 2023 and 2022 were \$27,028 and \$287,768, respectively.

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by \$14,862 and \$6,959, 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 years ended December 31, 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 years ended December 31, 2023 and 2022 would have decreased/increased by \$79,196 and \$44,398 respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

- ii. The Group manages its credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of excellence are accepted. According to the Group's credit policy, the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments are past due over 30 days based on the terms, there is a significant increase in credit risk on that instrument since initial recognition.
- iv. The Group considers the historical experience and industrial characteristics, whereby a default occurs when the sale and construction contract payments are past due over 1 to 2 years in line with credit risk management procedure.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Group classifies customers' accounts receivable in accordance with customer types.
The Group applies the simplified approach using a provision matrix based on the loss rate methodology to estimate expected credit loss.
- vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. On December 31, 2023 and 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). As of December 31, 2023 and 2022, the provision matrix and loss rate methodology are as follows:

(i) Accounts receivable in relation to construction

<u>December 31, 2023</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~3.0027%	\$ 3,893,167	\$ 19,566
Up to 90 days	0%~14.1025%	669,637	27,404
91 to 180 days	0%~21.4088%	252,501	11,907
181 to 365 days	0%~35.4204%	179,451	43,988
1 to 2 years	0%~86.3171%	230,228	76,712
Over 2 years	100%	96,842	96,842
Total		<u>\$ 5,321,826</u>	<u>\$ 276,419</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>

(ii) Accounts receivable in relation to sales

<u>December 31, 2023</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~1.4770%	\$ 2,498,658	\$ 2,430
Up to 90 days	0%~9.3340%	499,778	8,793
91 to 180 days	0%~23.2306%	64,451	3,124
181 to 365 days	0%~80.7910%	107,943	13,525
Over 365 days	100%	186,832	186,832
Total		<u>\$ 3,357,662</u>	<u>\$ 214,704</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>

(iii) Based on historical experience, the Group applies individual assessment to evaluate expected credit loss of the high-credit risk customers. As of December 31, 2023 and 2022, accounts receivable and loss allowance amounted to \$331,097 and \$422,777 and \$296,558 and \$369,680, 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. As of December 31, 2023 and 2022, notes and accounts receivable and loss allowance amounted to \$534,779 and \$0 and \$178,050 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:

	Years ended December 31,	
	2023	2022
	Accounts receivable	Accounts receivable
At January 1	\$ 675,838	\$ 506,170
Provision for impairment	167,117	174,976
Write-offs	(42,441)	(15,794)
Effect of foreign exchange	(12,833)	10,486
At December 31	<u>\$ 787,681</u>	<u>\$ 675,838</u>

For provisioned loss for the years ended December 31, 2023 and 2022, the impairment arising from customers' contracts are \$167,117 and \$174,976, 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>December 31, 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)	\$ 9,715,521	\$ -	\$ -	\$ -
Notes payable (including related parties)	1,752,230	-	-	-
Accounts payable (including related parties)	6,651,398	-	-	-
Other payables	1,301,729	-	-	-
Bonds payable of current portion (recorded as "Long- term liabilities, current portion")	-	-	2,499,900	-
Long-term borrowings (including expected interest)	6,267	206,129	13,231	-
Lease liabilities	516,716	323,425	528,835	1,811,505

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

(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>December 31, 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	\$ 217,331	\$ -	\$ 1,268,861	\$ 1,486,192
Private funds	-	-	71,527	71,527
Hybrid instruments	-	-	4,950	4,950
Financial assets at fair value				
through other				
comprehensive				
Accounts receivable that are				
expected to be factored				
	-	-	230,697	230,697
Total	<u>\$ 217,331</u>	<u>\$ -</u>	<u>\$ 1,576,035</u>	<u>\$ 1,793,366</u>

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
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>

(b) The methods and assumptions the Group used to measure fair value are as follows:

Instruments which use market quoted prices as their fair value (that is, Level 1), are using the closing prices of listed shares as market quoted prices based on characteristics of the instruments.

D. For the years ended December 31, 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 years ended December 31, 2023 and 2022:

	2023			2022		
	Equity instruments and beneficiary certificates	Debt instruments	Hybrid instruments	Equity instruments and beneficiary certificates	Debt instruments	Hybrid instruments
At January 1	\$ 614,032	\$ 67,875	\$ 195	\$ 776,425	\$ -	\$ 4,066
Acquired during the year	382,186	230,697	5,283	67,465	67,875	-
Sold during the year	-	(67,875)	-	(21,309)	-	-
Reclassification adjustment	(12,454)	-	(24,368)	-	-	-
Gains and losses recognized in profit or loss (Note)	356,624	-	23,840	(208,549)	-	(3,871)
At December 31	<u>\$ 1,340,388</u>	<u>\$ 230,697</u>	<u>\$ 4,950</u>	<u>\$ 614,032</u>	<u>\$ 67,875</u>	<u>\$ 195</u>

Movement of unrealized gain or loss in profit or loss of assets and liabilities held as at end of the year (Note)

	<u>\$ 356,624</u>	<u>\$ -</u>	<u>\$ 23,840</u>	<u>(\$ 208,549)</u>	<u>\$ -</u>	<u>(\$ 3,871)</u>
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Note: Recorded as non-operating income and expense.

- F. For the year ended December 31, 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 year ended December 31, 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 December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 1,244,377	Market comparable companies	Note 1	Not applicable	Note 2
Venture capital shares and private funds	96,011	Net asset value	Not applicable	Not applicable	Not applicable
Hybrid instrument:					
Convertible debt	4,450	Discounted cash flow	Note 3	Not applicable	Note 4
Convertible bond – call provision	500	Binomial tree pricing model	Volatility	25.46% ~32.01%	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

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:

			December 31, 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%	\$ 134,039	(\$ 134,039)	\$ -	\$ -
Hybrid instrument	Stock price	± 10%	20	(10)	-	-
Hybrid instrument	Volatility	± 5%	20	(10)	-	-
Total			<u>\$ 134,079</u>	<u>(\$ 134,059)</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>

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 years ended December 31, 2023 and 2022 is as follows:

Year ended December 31, 2023					
	<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	\$ 6,800,002	\$ 3,536,793	\$ 4,690	\$ 420	\$ 10,341,905
R&D and manufacturing of customized equipment	-	-	9,336,520	-	9,336,520
Automatic supplying system	49,343	27,239,559	-	-	27,288,902
Total Facility Engineering Turnkey Project	-	9,312,405	-	-	9,312,405
	6,849,345	40,088,757	9,341,210	420	56,279,732
Inter-segment revenue	480,656	882,310	48,667	4,524	1,416,157
Total segment revenue	<u>\$ 7,330,001</u>	<u>\$ 40,971,067</u>	<u>\$ 9,389,877</u>	<u>\$ 4,944</u>	<u>\$ 57,695,889</u>
Segment profit (loss)	<u>\$ 957,370</u>	<u>\$ 528,980</u>	<u>\$ 952,880</u>	<u>(\$ 4,856)</u>	<u>\$ 2,434,374</u>
Segment profit including:					
Depreciation and amortization	<u>\$ 45,789</u>	<u>\$ 384,463</u>	<u>\$ 235,999</u>	<u>\$ 3,766</u>	<u>\$ 670,017</u>

Year ended December 31, 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	\$ 6,965,275	\$ 2,972,763	\$ 2,245	\$ 257	\$ 9,940,540
R&D and manufacturing of customized equipment	-	-	10,217,482	-	10,217,482
Automatic supplying system	91,027	19,713,774	-	-	19,804,801
Total Facility Engineering Turnkey Project	-	10,403,881	-	-	10,403,881
	\$ 7,056,302	\$ 33,090,418	\$ 10,219,727	\$ 257	\$ 50,366,704
Inter-segment revenue	379,611	281,184	45,935	4,615	711,345
Total segment revenue	<u>\$ 7,435,913</u>	<u>\$ 33,371,602</u>	<u>\$ 10,265,662</u>	<u>\$ 4,872</u>	<u>\$ 51,078,049</u>
Segment profit (loss)	<u>\$ 957,627</u>	<u>\$ 928,041</u>	<u>\$ 985,243</u>	<u>(\$ 4,661)</u>	<u>\$ 2,866,250</u>
Segment profit including:					
Depreciation and amortization	<u>\$ 41,166</u>	<u>\$ 187,655</u>	<u>\$ 220,765</u>	<u>\$ 3,737</u>	<u>\$ 453,323</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 years ended December 31, 2023 and 2022 is provided as follows:

	Years ended December 31,	
	2023	2022
Reportable segments income	\$ 2,439,230	\$ 2,870,911
Other reportable segments loss	(4,856)	(4,661)
Total segments	2,434,374	2,866,250
Other gains and losses	744,544	226,173
Finance costs	(341,758)	(95,985)
Income before tax from continuing operations	\$ 2,837,160	\$ 2,996,438

(5) Information on products

Details of revenue are as follows:

	Years ended December 31,	
	2023	2022
Automatic supplying system	\$ 27,288,902	\$ 19,804,801
Total Facility Engineering Turnkey Project	9,312,405	10,403,881
R&D and manufacturing of customized equipment	9,336,520	10,217,482
Sales and service of high-tech equipment and materials	10,341,905	9,940,540
Total	\$ 56,279,732	\$ 50,366,704

(6) Geographical information

Financial information by geographical area for the years ended December 31, 2023 and 2022 is as follows:

	Years ended December 31,			
	2023		2022	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 19,919,074	\$ 3,686,705	\$ 20,083,258	\$ 3,278,793
China	11,717,142	185,234	13,049,419	183,074
USA	16,932,805	973,875	9,065,003	557,742
Others	7,710,711	162,572	8,169,024	166,420
Total	\$ 56,279,732	\$ 5,008,386	\$ 50,366,704	\$ 4,186,029

Note: Revenue is classified based on geographic location of customers and non-current assets are classified based on assets location.

(7) Major customer information

Information on customers whose revenue exceeded 10% of the total operating revenue for the years ended December 31, 2023 and 2022 is as follows:

Years ended December 31,				
	2023		2022	
	Revenue	Segment	Revenue	Segment
Customer A	\$ 16,048,194	Facility system and mechanic & electric system service segment	\$ 8,759,312	Facility system and mechanic & electric system service segment
Customer B	6,841,083	R&D and manufacturing of customized equipment segment	7,038,810	R&D and manufacturing of customized equipment segment

Note: Operating revenue from other customers does not exceed 10% of consolidated operating revenue.

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES

Loans to others

For the year ended December 31, 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 year ended December 31, 2023 (Note 3)	Balance at December 31, 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	Marketch International Corp.	Marketch Integrated Pte. Ltd.	Other receivables - related parties	Y	\$ 39,923	\$ -	\$ -	-	Short-term financing	\$ -	Operations	\$ -	None	-	\$ 4,457,312	\$ 4,457,312	Note 7
0	Marketch International Corp.	Marketch International Sdn. Bhd.	Other receivables - related parties	Y	55,278	24,564	-	4.867	Short-term financing	-	Operations	-	None	-	4,457,312	4,457,312	Note 7
0	Marketch International Corp.	MIC-Tech Viet Nam Co., Ltd.	Other receivables - related parties	Y	122,960	-	-	-	Short-term financing	-	Operations	-	None	-	4,457,312	4,457,312	Note 7
0	Marketch International Corp.	Marketch International Corporation USA	Other receivables - related parties	Y	2,431,875	2,302,875	614,100	5.259	Short-term financing	-	Operations	-	None	-	4,457,312	4,457,312	Note 7
1	MIC-Tech Electronics Engineering Corp.	Shanghai Maohua Electronics Engineering Co., Ltd.	Other receivables	Y	53,339	25,961	25,961	4.350	Short-term financing	-	Operations	-	None	-	375,159	750,318	Note 7
2	Marketch Integrated Manufacturing Company Limited	Marketch Integrated Construction Co., Ltd.	Other receivables	Y	7,678	-	-	-	Short-term financing	-	Operations	-	None	-	50,647	101,294	Note 7
3	MIC-Tech Viet Nam Co., Ltd.	Marketch Co., Ltd.	Other receivables	Y	5,240	5,000	5,000	4.500-6.000	Short-term financing	-	Operations	-	None	-	174,381	174,381	Note 7

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

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

Note 2: Fill in the name of account in which the loans are recognized, such as receivables-related parties, current account with stockholders, prepayments, temporary payments, etc.

Note 3: Fill in the maximum outstanding balance of loans to others during the year ended December 31, 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) Limit on the accumulated balance of loans to others provided by the foreign companies whose voting rights are 100% owned directly and indirectly by the Company is not under the limit stated on (1). However, it shall make the limit and period for the loans to others in each subsidiary's internal Companies.
- (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 year ended December 31, 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 December 31, 2023 (Note 5)	Outstanding endorsement/ guarantee amount at December 31, 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	\$ 5,571,641	\$ 158,733	\$ 79,487	\$ 54,986	\$ -	0.71%	\$ 11,143,281	Y	N	N	Note 4
0	Marketech International Corp.	MIC-Tech (Shanghai) Corp.	2	5,571,641	627,075	560,379	-	-	5.03%	11,143,281	Y	N	Y	Note 4
0	Marketech International Corp.	MIC-Tech (WuXi) Co., Ltd.	2	5,571,641	320,534	304,120	175,019	-	2.73%	11,143,281	Y	N	Y	Note 4
0	Marketech International Corp.	MIC-Tech Electronics Engineering Corp.	2	5,571,641	4,289,985	2,636,356	1,586,397	-	23.66%	11,143,281	Y	N	Y	Note 4
0	Marketech International Corp.	Shanghai Maohua Electronics Engineering Co., Ltd.	2	5,571,641	163,875	32,580	14,722	-	0.29%	11,143,281	Y	N	Y	Note 4
0	Marketech International Corp.	Marketech International Sdn. Bhd.	2	5,571,641	125,020	122,820	17,932	-	1.10%	11,143,281	Y	N	N	Note 4
0	Marketech International Corp.	eZoom Information, Inc.	2	5,571,641	155,000	70,000	14,356	-	0.63%	11,143,281	Y	N	N	Note 4
0	Marketech International Corp.	Te Chang Construction Co., Ltd.	5	5,571,641	88,418	21,854	21,854	-	0.20%	11,143,281	N	N	N	Note 4
0	Marketech International Corp.	Marketech International Corporation USA	2	5,571,641	2,166,242	1,850,529	1,817,662	-	16.61%	11,143,281	Y	N	N	Note 4
0	Marketech International Corp.	MIC-Tech Viet Nam Co., Ltd.	2	5,571,641	140,648	138,173	4,456	-	1.24%	11,143,281	Y	N	N	Note 4
1	MIC-Tech Electronics Engineering Corp.	Marketech International Corp.	3	2,813,694	162,029	153,434	153,434	-	16.36%	4,689,490	N	Y	N	Note 4
1	MIC-Tech Electronics Engineering Corp.	The Second Construction Co., Ltd. of China Electronics System Engineering	5	2,813,694	1,132	1,102	1,102	-	0.12%	4,689,490	N	N	Y	Note 4
1	MIC-Tech Electronics Engineering Corp.	MIC-Tech (Shanghai) Corp.	4	2,813,694	102,990	97,527	97,527	-	10.40%	4,689,490	N	N	Y	Note 4
2	MIC-Tech (Shanghai) Corp.	MIC-Tech Electronics Engineering Corp.	4	2,892,531	306,805	300,213	300,213	-	31.14%	4,820,885	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 year ended December 31, 2023

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

As of December 31, 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	\$ 161,466	-	\$ 161,466	None	
"	"	Aerospace Industrial Development Corp.	"	"	50,925	2,730	-	2,730	"	
						<u>\$ 164,196</u>		<u>\$ 164,196</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	33,785	0.06%	33,785	"	
"	"	WINGS GLOBAL TECHNOLOGY INC.	"	"	750,000	6,420	18.75%	6,420	"	
"	"	Promos Technologies, Inc.	"	"	250,331	-	0.56%	-	"	
"	"	Taiwan Puritic Corp.	"	"	4,084,181	492,498	6.72%	492,498	"	
"	"	SOPOWER Technology Corp.	"	"	189,222	-	12.61%	-	"	
"	"	VEEV Interactive Pte. Ltd.	"	"	840,000	-	6.32%	-	"	
"	"	Taiwan Intelligent Fiber Optic Network Co.,	"	"	3,219,697	34,388	1.41%	34,388	"	
"	"	Civil Tech Pte. Ltd.	"	"	336,374	-	0.58%	-	"	
"	"	ProbeLeader Co., Ltd.	Entities controlled by key management or entities with significant influence	"	966,000	19,546	3.25%	19,546	"	
"	"	IP Fund Six Co., Ltd.	None	"	772,321	8,402	1.79%	8,402	"	
"	"	Innorich Venture Capital Corp.	"	"	1,000,000	5,685	1.87%	5,685	"	
"	"	Taiwan Foresight Co., Ltd.	"	"	380,000	2,908	2.24%	2,908	"	
"	"	Long Time Technology Corp.	"	"	346,000	6,972	0.29%	6,972	"	
"	"	Paradigm Venture Capital Corp.	"	"	76,659	1,017	3.50%	1,017	"	
"	"	Taiwan Special Chemicals Corp.	"	"	1,858,827	88,912	1.35%	88,912	"	
"	"	Aitech Totalolution 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	472	16.56%	472	"	
"	"	Foresight Energy Technologies Co., Ltd.	"	"	675,000	14,886	1.30%	14,886	"	
"	"	Mycropore Corporation, Ltd.	"	"	1,471,000	7,769	8.44%	7,769	"	
"	"	STEK CO., LTD.	"	"	634,285	14,373	6.21%	14,373	"	
"	"	Sum Capital Healthcare Investment Corp.	Entities controlled by key management or entities with significant influence	"	943,050	9,380	7.44%	9,380	"	
"	"	Forward Science Corp.	"	"	2,650,240	41,992	8.41%	41,992	"	
"	"	Renown Information Technology Corp.	None	"	720,000	8,999	14.40%	8,999	"	
"	"	TAIWAN TRUEWIN TECHNOLOGY CO.,	"	"	965,170	55,126	2.08%	55,126	"	
"	"	LUCENS TECHNOLOGY INC.	Entities controlled by key management or entities with significant influence	"	1,332,959	15,624	6.66%	15,624	"	
"	"	Everlasting Digital ESG Co., Ltd.	"	"	100,000	500	5.88%	500	"	
"	"	Artfil, Inc.	None	"	215	23,054	9.33%	23,054	"	
"	"	MEGA UNION TECHNOLOGY	"	"	659,837	67,864	1.08%	67,864	"	
"	"	Infinitesima Limited	"	"	3,666,667	62,524	5.24%	62,524	"	
"	"	Brilliant Network & Automation Integrated System Co., Ltd.	"	"	150,000	19,350	0.43%	19,350	"	
"	"	Brilliant Network & Automation Integrated System 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	"	"	-	24,737	-	24,737	"	
"	Convertible bonds	HALLYS CORPORATION	"	"	-	-	-	-	"	
"	"	Nitride Solutions Inc.	"	"	-	-	-	-	"	
"	"	Halio, Inc.	"	"	-	-	-	-	"	
"	Preferred stock	Adant Technologies Inc.	"	"	174,520	128	Note 3	128	"	
"	"	Halio, Inc.	"	"	501,532	-	"	-	"	
"	Convertible preferred stock	Biomedica Corporation	"	"	156,225	10,099	"	10,099	"	
"	Private funds	Vertex Growth (SG) LP	"	"	-	38,951	-	38,951	"	
"	"	Vertex Growth II (SG) LP	"	"	-	7,839	-	7,839	"	
"	Convertible debt	Adant Technologies Inc.	"	"	-	4,450	-	4,450	"	
"	Ordinary shares	NanoSecX Inc.	"	"	11,250,000	11,250	9.00%	11,250	"	
"	"	Asia Hydrogen Energy Corporation	"	"	375,000	15,000	2.56%	15,000	"	
MIC-Tech (Shanghai) Corp.	"	Kore Semiconductor Co., Ltd.	"	"	37,500,000	173,073	7.38%	173,073	"	
		Total				<u>\$ 1,397,973</u>		<u>\$ 1,397,973</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 had obtained a letter of investment intent from its major shareholders. The capital increase plan of Wonder Energy Co., Ltd. was in progress. The Company accounted it as non-current financial assets at fair profit or loss.

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

For the year ended December 31, 2023

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction		Percentage of total purchases (sales)	Credit term	Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount			Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Marketech International Corp.	Marketech International Corporation USA	Subsidiary	Sales/ Contract of construction	\$ 547,547	1.93%	Note 1	\$ -	-	\$ 73,722	1.25%	-
Marketech International Corp.	Hon Hai Precision Industry Co., Ltd.	Other related party	Contract of construction	105,351	0.37%	Note 1	-	-	922	0.02%	-
Marketech International Corp.	Altus Technology Inc.	"	Contract of construction	128,197	0.45%	Note 1	-	-	-	-	-
Shanghai Maohua Electronics Engineering Co., Ltd.	MIC-Tech Electronics Engineering Corp.	Subsidiary	Contract of construction	312,455	56.94%	Note 1	-	-	-	-	-
MIC-Tech Global Corp.	Marketech International Corp.	parent company	Sales of construction	157,805	84.87%	Note 1	-	-	2,794	33.04%	-
Ezoom Information, Inc.	Marketech International Corp.	"	labor/ Contract of construction	166,970	63.88%	Note 1	-	-	79,742	44.77%	-

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
December 31, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 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	\$ 614,100	-	\$ -	-	\$ -	\$ -

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 year ended December 31, 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	\$ 8,678	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 (Shanghai) Corp.	1	Non-operating revenue	5,676		0.01%
0	Marketch International Corp.	MIC-Tech Electronics Engineering Corp.	1	Other receivables	12,600		0.03%
0	Marketch International Corp.	MIC-Tech Electronics Engineering Corp.	1	Sales revenue	6,428		0.01%
0	Marketch International Corp.	MIC-Tech Electronics Engineering Corp.	1	Non-operating revenue	49,897		0.09%
0	Marketch International Corp.	MIC-Tech China Trading (Shanghai) Co., Ltd.	1	Sales revenue	5,386		0.01%
0	Marketch International Corp.	Marketch Integrated Pte. Ltd.	1	Accounts receivable	13,197		0.03%
0	Marketch International Corp.	Marketch Integrated Pte. Ltd.	1	Services revenue	8,166		0.01%
0	Marketch International Corp.	Marketch Integrated Pte. Ltd.	1	Sales revenue	31,289		0.06%
0	Marketch International Corp.	Marketch Integrated Pte. Ltd.	1	Construction revenue	9,103		0.02%
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	8,398		0.02%
0	Marketch International Corp.	Marketch International Corporation USA	1	Sales revenue	183,256		0.33%
0	Marketch International Corp.	Marketch International Corporation USA	1	Construction revenue	364,291		0.65%
0	Marketch International Corp.	Marketch International Corporation USA	1	Other receivables	614,100		1.32%
0	Marketch International Corp.	Marketch International Corporation USA	1	Non-operating revenue	27,235		0.05%
0	Marketch International Corp.	Marketch International Corporation USA	1	Accounts receivable	73,722		0.16%
0	Marketch International Corp.	Marketch Netherlands B.V.	1	Prepayment for purchases	5,274		0.01%
0	Marketch International Corp.	Spiro Technology Systems Inc.	1	Prepayment for purchases	21,453		0.05%
1	eZoom Information, Inc.	Marketch International Corp.	2	Accounts receivable	64,148		0.14%
1	eZoom Information, Inc.	Marketch International Corp.	2	Notes receivable	15,594		0.03%
1	eZoom Information, Inc.	Marketch International Corp.	2	Services revenue	54,948		0.10%
1	eZoom Information, Inc.	Marketch International Corp.	2	Construction revenue	112,022		0.20%
2	MIC-Tech Global Corp.	Marketch International Corp.	2	Sales revenue	157,805		0.28%
3	Marketch Netherlands B.V.	Marketch International Corp.	2	Sales revenue	29,391		0.05%
4	Spiro Technology Systems Inc.	Marketch International Corp.	2	Sales revenue	85,345		0.15%
5	Vertex System Corporation	Marketch International Corp.	2	Notes receivable	6,367		0.01%
6	MIC - Tech Viet Nam Co.,Ltd	Marketch Co., Ltd.	3	Other receivables	5,000		0.01%
7	MIC-Tech Electronics Engineering Corp.	MIC-Tech (Shanghai) Corp.	3	Construction revenue	5,399		0.01%
7	MIC-Tech Electronics Engineering Corp.	Shanghai Maohua Electronics Engineering Co., Ltd.	3	Other receivables	25,961		0.06%
8	Shanghai Maohua Electronics Engineering Co., Ltd.	MIC-Tech Electronics Engineering Corp.	3	Construction revenue	312,455		0.56%
9	MIC-Tech (WuXi) Co., Ltd.	Marketch Integrated Pte. Ltd.	3	Sales revenue	12,450		0.02%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

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

Note 2: Relationship between transaction company and counterparty is classified into the following three categories (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Individual amounts less than \$5,000 are not disclosed. Additionally, if it is disclosed as assets and revenue, its opposite transactions will not be disclosed.

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES

Information on investees

For the year ended December 31, 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 December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023 (Note 1)	Footnote
				Balance as at December 31, 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	\$ 331,733	\$ 292,147	14,636,958	100	\$ 54,302	\$ 865	\$ 865	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	2,521,328	488,991	488,991	The Company's subsidiary
Marketech International Corp.	MIC-Tech Global Corp.	South Korea	International trade	19,147	19,147	131,560	100	18,831	4,068	4,068	The Company's subsidiary
Marketech International Corp.	Headquarter International Ltd.	Virgin Islands	Investment holding and reinvestment	42,475	42,475	1,289,367	100	36,547	(512)	(512)	The Company's subsidiary
Marketech International Corp.	Tiger United Finance Ltd.	Virgin Islands	Investment holding and reinvestment	46,475	46,475	1,410,367	100	34,474	(194)	(194)	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	2,815	(1,364)	(1,364)	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	126,617	(19,604)	(19,604)	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	217,976	(4,565)	(4,565)	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	(1,666)	(8,333)	(8,333)	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	20,727	(90,761)	(90,761)	The Company's subsidiary
Marketech International Corp.	Marketech International Sdn.Bhd.	Malaysia	Specialized contracting and related repair services; sales of medical devices	108,162	82,014	16,871,250	100	33,826	(39,504)	(39,504)	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	792,616	(180,857)	(180,857)	The Company's subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount (Note 2)		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023 (Note 1)	Footnote
				Balance as at December 31, 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	\$ 83,886	\$ 1,279	\$ 1,279	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	11,462	(68,201)	(17,469)	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	34,490	(745)	(745)	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	(2,793)	(8,309)	(8,309)	The Company's subsidiary
Marketech International Corp.	Glory Technology Service Inc.	Taiwan	Sale and installation of information and communication equipment	42,714	42,714	6,208,320	29.24	68,538	11,910	3,483	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	1,809	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	333	(44)	(44)	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	23,198	(22,617)	(13,875)	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	27,200	19,200	2,240,000	37.33	43,257	19,369	8,611	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	41,536	22,822	3,600,000	100	4,464	(23,421)	(23,421)	The Company's subsidiary
Marketech International Corp.	Marketech International Corp. Japan	Japan	International trade	65,254	2,302	30,000	100	55,214	(10,068)	(10,068)	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	61,342	(100)	(69)	The Company's subsidiary

Table 7-2

Investor	Investee	Location	Main business activities	Initial investment amount (Note 2)		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023 (Note 1)	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
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	\$ 7,638	(\$ 35,588)	(\$ 6,581)	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	24,368	188,961	44.85	88,645	(35,588)	-	The Company's investee accounted for using equity method
Marketech International Corp.	Marketech International Corporation Germany GmbH	Germany	International trade of machine and components and technical service	6,617	-	200,000	100	5,642	(1,144)	(1,144)	The Company's subsidiary
Marketech International Corp.	MIC Industrial Viet Nam Co., Ltd.	Vietnam	Assembling of air conditioning equipment and testing OEM	39,567	-	-	100	38,253	235	235	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	2,520,116	489,101	-	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	2,401	(1,143)	-	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	9,335	17,507	-	The investor's subsidiary
MIC-Tech Ventures Asia Pacific Inc.	Frontken MIC Co. Limited	Hong Kong	Investment holding and reinvestment	-	31,422	-	-	-	15	-	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	27,034	(9,370)	-	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	(5,036)	(1,707)	-	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	6,654	237	-	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	31	(745)	-	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 December 31, 2023, the initial investment amounts of other investees are translated at the current rate as of the investment date.

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

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES

Information on investments in Mainland China

For the year ended December 31, 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 year ended December 31, 2023 (Note 3)		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023 (Note 3)	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2023 (Note 2)	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 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	\$ 782,978	Note 1(2)	\$ 629,453	\$ -	\$ -	\$ 629,453	(\$ 40,911)	100	(\$ 40,374)	\$ 99,374	\$ -	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	253,040	Note 1(2)	15,353	-	-	15,353	264,091	100	264,091	964,177	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	18,423	Note 1(2)	18,515	-	-	18,515	20,510	87	17,843	6,911	-	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 materials	540,991	Note 1(2)	261,607	-	-	261,607	164,865	100	164,865	937,898	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	214,935	Note 1(2)	119,750	-	-	119,750	(9,370)	60	(5,622)	26,265	-	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	46,058	Note 1(2)	46,058	-	-	46,058	123,611	100	123,611	235,212	-	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	29,382	Note 1(2)	9,234	-	-	9,234	(1,707)	31.43	(537)	(5,039)	-	Note 2 (2)B

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 year ended December 31, 2023 (Note 3)		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023 (Note 3)	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2023 (Note 2)	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 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	\$ 55,269	Note 1(2)	\$ 15,353	\$ -	\$ -	\$ 15,353	\$ 259	27.78	\$ 72	\$ 6,627	\$ -	Note 2 (2)B

Note 1: Investment methods are classified into the following three categories:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in Market Go Profits Ltd., which then invested in the investee in Mainland China.
- (3) Others.

Note 2: In the 'Investment income (loss) recognized by the Company for the year ended December 31, 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 audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
 - B.The financial statements were audited and attested by R.O.C. parent company's CPA.
 - C.Others-the financial statements were audited and attested 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 December 31, 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.	\$ 1,203,329	\$ 1,883,291	\$ 6,741,623

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, 2023, and accumulated amount of remittance from Taiwan to Mainland China registered at and approved by MOEA was US\$180 thousand.

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES

Major shareholders information

December 31, 2023

Table 9

Name of major shareholders	Shares	
	Name of shares held	Ownership (%)
Ennoconn International Investment Co., Ltd.	83,468,613	41.46
JI-XUAN Investment Corp.	11,005,795	5.46

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.