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Marketech International Corp.

2022 Annual Report

Printed on May 10th , 2023

Notice to readers

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

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

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Title : President
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Email : mic@micb2b.com

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

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Tel : +886-3-5160088

Central Taiwan Science Branch : 5F.-5, No.6, Zhongke Rd., Daya Dist., Taichung City 428728, Taiwan, R.O.C.
Tel : +886-4-24608169

Tainan Science Park Branch : No.6, Dali 2nd Rd., Shanhua Dist., Tainan City 741014, Taiwan, R.O.C.
Tel : +886-6-5055666

Hukou Factory : No.35, Guangfu S. Rd., Hukou Township, Hsinchu County 303036, Taiwan, R.O.C.
Tel : +886-3-5974779

Toufen Factory : No.15, Lane 430, Zonghua Rd., Toufen City, Miaoli County 351015, Taiwan, R.O.C.
Tel : +886-37-612385

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Tel : +886-6-5050228

Tainan Science Factory V : No.5, Dali 3rd Rd., Shanhua Dist., Tainan City 741014, Taiwan, R.O.C.
Tel : +886-6-5050768

MIC-TECH Wuxi Factory : No. 11, Xin Xi Rd., Wuxi National High-Tech DEV Zone, Wuxi City, Jiangsu Province, China 214028
Tel : + 86-510-85200505

Myanmar Factory : Lot No. B12, Tailawa SEZ Zone A, Thanlyin Township, Yangon , Myanmar
Tel : +95-1-535-927

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

Company : KGI Securities Co., Ltd., Stock Administration Department

Address : 4F, No.2, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City 100, Taiwan, R.O.C.

Website : <https://www.kgiworld.com.tw>

Tel : +886-2-23892999

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

Auditors : Accountant Lin, Chun-Yao & Accountant Weng, Shih-Jung

Accounting Firm : PricewaterhouseCoopers Taiwan

Address : 27F, No.333., Sec. 1, Keelung Rd, Taipei City, Taiwan 11012, R.O.C.

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

Tel : +886-2-2729-6666

5. The name of any exchanges where the company's securities are traded offshore, and the method by which to access information on said offshore securities : None.

6. Corporate Website : <https://www.micb2b.com>

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I 、 A Letter to Shareholders

1 、 Preface

Dear Shareholders,

2022 can be described as a year of extreme insanity, with high energy costs pushing up manufacturing costs, the war between Russia and Ukraine disrupting the transformation of green energy, and the subsequent inflation forcing the Fed to repeatedly raise interest rates. President Biden's chips bill passed in August, further choking the throat of China's development of advanced chip manufacturing processes. In the eventful year of 2022, we are trying to live with the virus while trying to fight inflation.

In 2022, Marketech fearlessly accomplished the task delivered by important customers, and lived up to the expectations by setting a new record of NT\$50.4 billion in revenue, with annual operating income of NT\$ 2.866 billion, up 74.44%, after-tax net income of NT\$2.149 billion, up 42.52% from the previous year, and consolidated earnings per share of NT\$11.34.

Looking forward to 2023, the chance of the global economy falling into "stagflation" is extremely high, so the IMF estimates that the global economic growth rate in 2023 may only be 2.7%, lower than the 3.2% in 2022. The challenges faced by our country will not be less than in 2022. The Directorate General of Budget, Accounting and Statistics estimates that Taiwan's economic growth rate in 2023 will be 2.75%, and the Central Bank even estimates that it will only be 2.53%, which is lower than the level in 2022. Although the general environment is not good, Marketech will still be shouldering important tasks for many customers in 2023, and will still benefit from the niche of large customers expanding factories. We are cautiously optimistic about 2023 and will continue to move forward with the responsibilities.

In order to increase the long-term international competitiveness, Marketech has successfully obtained the third party BSI (British Standards Institution) Assurance Statement of the 2021 Sustainability Report in 2022, strengthening information disclosure and aligning with international standards, and fully demonstrating the efforts and achievements of the sustainability concept. In the report, the Company's data on carbon emissions and waste treatment are fully disclosed. In response to international trends and in line with the balanced development of ESG, Marketech continues to save energy and reduce carbon to build a green and happy enterprise.

While the new manufacturing plate is moving, Marketech continues to stand with our customers with excellent technology and ethical management philosophy. While we pursue good returns for our shareholders, we also gradually improve the benefits for our employees, hoping to attract more outstanding talents to join Marketech's fleet. We strive to become an excellent vanguard in semiconductors, serve as pioneers for customers, and nurture more outstanding talents for the industry.

Margaret Kao
Chairman and CEO

2. Business Report

2.1 The operating results of 2022

2.1.1 Operating results

In 2022, MIC group's consolidated revenue was NT\$50,366,704 thousand with an increase of 46.17% comparing with NT\$34,458,674 thousand in 2021; consolidated net income was NT\$2,149,807 thousand with an increase of 42.52% comparing with NT\$1,508,422 thousand in 2021; and earnings per share was NT\$11.34 with an increase of 37.62% comparing with NT\$8.24 in 2021.

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

Summary of the 2022 and 2021 Consolidated Financial Statement is listed as follows :

| Unit : NT\$ thousands; % | | | | |
|---|------------|------------|-----------------|----------------|
| Items | 2021 | 2022 | Difference (\$) | Difference (%) |
| Operating Revenue | 34,458,674 | 50,366,704 | 15,908,030 | 46.17% |
| Gross Profit | 3,619,982 | 5,386,070 | 1,766,088 | 48.79% |
| Operating Income | 1,643,086 | 2,866,250 | 1,223,164 | 74.44% |
| Net Income | 1,508,422 | 2,149,807 | 641,385 | 42.52% |
| Net Income attributable to owners of parent | 1,547,479 | 2,210,709 | 663,230 | 42.86% |
| EPS(in dollars) (Note2) | 8.24 | 11.34 | 3.10 | 37.62% |

Note 1: The above information is summarized from Audit Reports of 2021 and 2022.

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

2.1.2 Budget Implementation

In 2022, due to prospect of the of semiconductor and the relevant industries, the order demands of the customers have been increasing. This has led MIC consolidated revenue and profit higher than expected. MIC will continue to strive for stable growth and achievement of operational goals.

2.1.3 Analysis of Receipts, Expenditures, and Profitability

| Items | | Consolidated Financial Statement | |
|---------------------|--|----------------------------------|--------|
| | | 2021 | 2022 |
| Financial Structure | Ratio of liabilities to assets (%) | 72.00 | 73.16 |
| | Ratio of long-term capital to fixed assets (%) | 433.13 | 466.05 |
| Solvency | Current ratio (%) | 130.28 | 125.69 |
| | Quick ratio (%) | 104.23 | 93.58 |
| | Times interest earned | 34.24 | 32.22 |
| Profitability | Return on total assets (%) | 6.46 | 7.05 |
| | Return on shareholders' equity (%) | 21.29 | 24.88 |
| | Ratio of operating income to paid-in capital (%) | 85.24 | 146.97 |
| | Ratio of pre-tax income to paid-in capital (%) | 100.67 | 153.64 |
| | Profit margin (%) | 4.38 | 4.27 |
| | Earnings per share (dollar) (Note) | 8.24 | 11.34 |

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

2.1.4. Research and Development

(1) Expenditure involved

Unit : NT\$ thousands

| Items | Year | Consolidated Financial Statement | |
|---------------------------------------|------|----------------------------------|------------|
| | | 2021 | 2022 |
| Research and development expenses (A) | | 226,158 | 277,870 |
| Operating revenue (B) | | 34,458,674 | 50,366,704 |
| Ratio (A)/(B)(%) | | 0.66 | 0.55 |

(2) Developed technologies and products in 2022

Featured with the capability of integrating high-technology production, auto-control and precision machinery technologies, the R&D team of MIC Group has shown extraordinary results in developing high-technology system and facilities. Its major performance in 2022 is shown below:

| Year | R&D Performance | Applications |
|------|---|--|
| 2022 | Desktop multiaxis cutting machine | Dental instruments |
| | 96-specimen automatic extractor | Biotechnology |
| | Automatic wrap-packaging for reagent production line | Biotechnology |
| | Fabrication and testing of high pressure products (1,300 bar) | Sub-modules of laser source for mask aligner |
| | GDD mask atomizer | Reliability check of mask pellicle for mask aligner |
| | Composite vacuum laminating machine | Micro LED panel lamination |
| | MLA on UTG substrate | Fabrication of micro optoelectronic components |
| | Automatic chemical cap replacement system | Facility system for semiconductor/LCD/advanced packaging |

2.2 Highlights of 2023 Business Plan

2.2.1 Operating Strategies

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

2.2.2 Sales volume forecast and basis thereof

Directorate-General of Budget, Accounting and Statistics (DGBAS) estimated that the annual economic growth rate (yoy) would be 3.06% in 2022; and forecasted that the number will drop to 2.75% in 2023. In the latest "Global Economic Prospects" report published by the

World Bank in January 2023, the global economic growth rate was 2.9% in 2022 and is expected to be 1.7% in 2023 and 2.7% in 2024.

At 2022 SEMICON Japan Exhibition, Semiconductor Equipment and Materials International (SEMI) forecasted that the total sale of worldwide original equipment manufacturers' (OEM) semiconductor manufacturing equipment in 2022 will increase 5.9% to US\$108.5 billion, then drop 16% to US\$91.2 billion in 2023, and rebound 17.5% to US\$107.16 billion in 2024.

At the earnings call held by TSMC on January 12th, 2023, the company's capital expenditure in 2023 will drop from the historical high of US\$36.3 billion (around NT\$1,100 billion) in 2022 to between US\$32 billion to US\$36 billion (around NT\$974.6 billion to NT\$1,090 billion).

Looking into 2023, due to the slowdown of macroeconomy and semiconductor industry, MIC forecasts that the Group's business performance will seek for stable or slight growth.

2.2.3 Important Production and Sales Policies

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

2.3 Future Development Strategy

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

Regarding the management system, MIC has implemented AEO, ISO9001, ISO13485, ISO14001, ISO14064, ISO45001, SA8000, GMP and ESG work standards to enhance its work quality and efficiency to ensure the Group's competitiveness, to make employees confident, to bring customers a good protection, and to maximize shareholders' benefits.

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

Impacted by the pandemic and the demand of globalization, the management of supply chain plays a crucial role to adapt to the environmental change, in order to provide the services both in quality and in quantity. MIC Group is now making efforts on the project and purchase management in order to enhance our competitiveness in the industry by controlling the costs and expenditure. As for the regulations, amendments concerning the protection of our environment, consumers and investors, as well as our social responsibilities were made, creating more restrictions on the business and turning the macroeconomic environment even more complicated. MIC Group values the spirit of ESG, therefore we will provide even more professional services to confront the incoming challenges. Upholding the spirit of "innovations", MIC Group will optimize our advantages and expand our market by offering "integrated", "eco-friendly", "differentiated", "digitalize", and "smart" solutions and services.

A Good Health and All the Bests to our Shareholders.

Sincerely yours,

Chairman: Margaret Kao

President: Scott Lin

Accounting Director: Chung Chi-Wen

Part 2. Company Profile

1. Date of Incorporation : December 27, 1988

2. Company History :

2.1 Company History

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

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

| | |
|------|---|
| 2016 | Issued MIC's 3 rd domestic unsecured convertible bond of NT\$ 500 million. |
| 2017 | Marketech Netherlands B.V. set-up. |
| 2018 | Phase III of Tainan Science Park factory was officially opened and operated in June. |
| 2018 | The factory in Myanmar was officially opened and operated in December. |
| 2018 | The new office in Shanghai was officially opened and operated in December. |
| 2018 | Received the ISO 45001 certification in December. |
| 2018 | Established the subsidiary (Marketech International Corporation USA). |
| 2020 | Issued MIC's 4 th domestic unsecured convertible bond of NT\$ 1.5 billion. |
| 2021 | Established the subsidiary (MIC Healthcare Korea Co., Ltd.). |
| 2022 | Established the subsidiary (Marketech International Corp. Japan). |
| 2022 | Phase V of Tainan Science Park factory was officially opened and operated. |

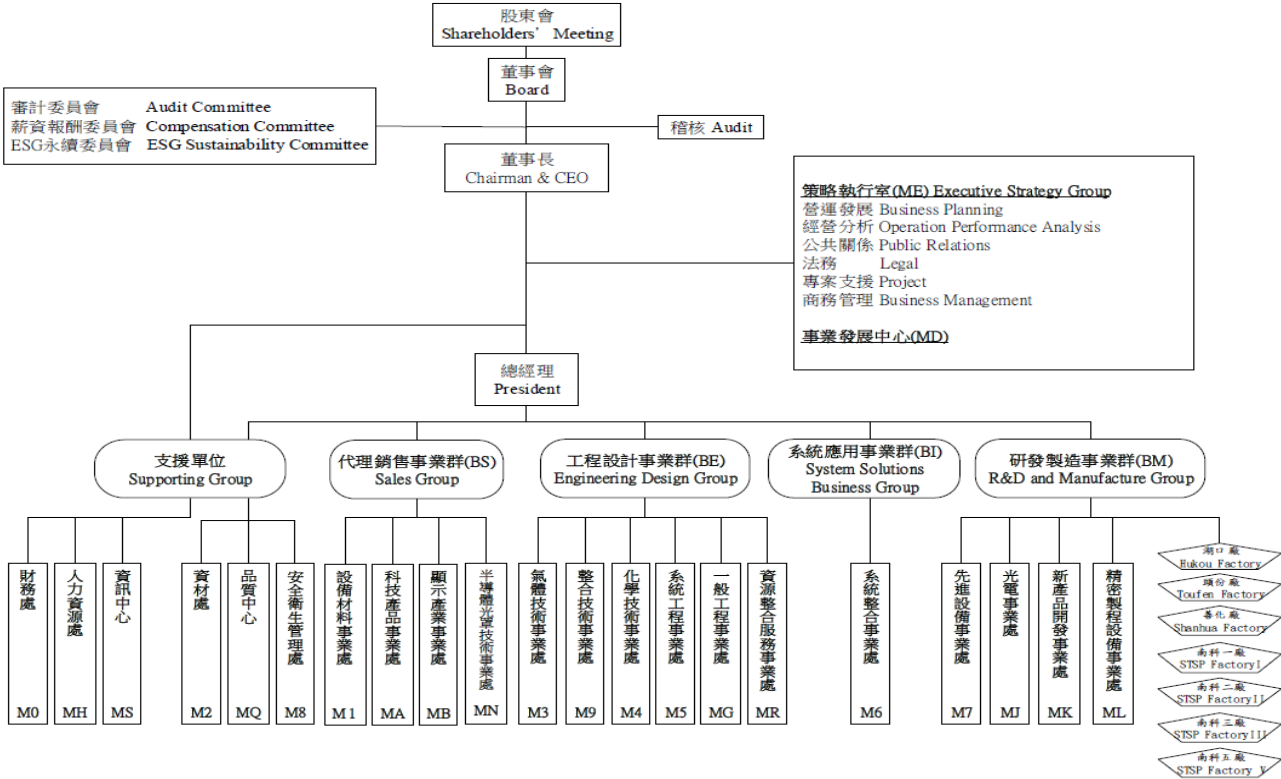
2.2 In the most recent year up to the date of publication of the annual report, our company has not handled the merger and reorganization of the company, nor has there been many directors, supervisors, or shareholders with more than 10% of the shares transferred or replaced. There are also no changes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

Part 3. Corporate Governance Report

1. Organization

1.1 Organization Chart

Marketch International Corp. Organization



1.2 Major corporate functions

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

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

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

2.1 Information on the directors and supervisors

2.1.1 Information on the directors and supervisors (I)

April 1, 2023

Unit: NTD per thousand; shares; %

| Position (Note 1) | Nationality or registered origin | Name | Gender/ AGE(Note 2) | Appointed (incumbent) date | Tenure | Initial appointed date (Note 3) | Shareholdings when appointed | | Initial appointed (incumbent) date | | Shareholding held by spouse, minor offspring | | Shareholding held by the name of others | | Major exposure (education)(Note4) | Position currently also serve at the company and other companies | Related to other executive, director or auditor as the spouse or blood relative within two tiers | | |
|----------------------|---|--|------------------------|----------------------------------|--------|--|---------------------------------|----------------------------|---------------------------------------|----------------------------|---|----------------------------|---|----------------------------|---|---|--|------|----------|
| | | | | | | | Share count | Share- holding ratio | Share count | Share- holding ratio | Share count | Share- holding ratio | Share count | Share- holding ratio | | | Title | Name | Relation |
| Director | ROC | Ji-Xuan Investment Corp. representative: Sung Kao, Hsin-Ming | F 71-80 | 2022/05/27 | 3 | 2001/10/22 | 11,005,795 | 5.93% | 11,005,795 | 5.62% | 0 | 0.00% | 0 | 0.00% | Master of International Business Management, National Taiwan University Institute for Industrial Research electronics research institute section head | Chairman and CEO, Marktech International Corp. Director, WTMicroelectronics Director, Machrotec Technology Corp. Chairman, Ji-Xuan Investment Co., Ltd. Chairman, Smart Health Corp. Director, Probeleader Co., Ltd. Director, eZoom Information, Inc. Director, ADAT Technology Co., Ltd. Director, Vertex System Corporation Director, Forward Science Corp. Director, Brilliant Network & Automation Director, Bolite Co., Ltd. Chairman, Everlasting Digital ESG Co., Ltd. | Nil | Nil | Nil |
| Director | ROC | E-Win Investment Co. representative: Lin, Yue-Yeh | M 61-70 | 2022/05/27 | 3 | 2001/10/22 | 6,647,112 | 3.58% | 6,647,112 | 3.40% | 0 | 0.00% | 0 | 0.00% | Cheng Chi University business administration research institution master TRI Western US Office superintendent TRI electronics research institute section head | President and director, Marktech International Corp. Chairman, E-Win INVESTMENT CO., LTD. Chairman, Probeleader Co., Ltd Chairman, eZoom Information, Inc. Chairman, Auro & Pro Corp. Chairman, ADAT Technology Co., Ltd. Director, Vertex System Corporation | Nil | Nil | Nil |
| Director | ROC | Ennoconn International Investment Co., Ltd. representative: Chu, Fu- Chuan | M 61-70 | 2022/05/27 | 3 | 2019/05/30 | 83,468,613 | 44.95% | 83,468,613 | 42.65% | 0 | 0.00% | 0 | 0.00% | St. John's University of electrical engineering master Senior manager, Hon Hai Precision Industry Co., Ltd. | Director, Marktech International Corp. Chairman and CEO, ENNOCONN CORPORATION Director, ENNOCONN INTERNATIONAL INVESTMENT CO., LTD Chairman, GOLDTEK TECHNOLOGY CO., LTD. Chairman, CASWELL, INC. Director, ENNOWEGH PRECISION CO., LTD. Chairman, DEXATEK TECHNOLOGY LTD. Director, Vecow Co., Ltd. Director, S&T AG Chairman, ABS Cayman Technology Director, Ennoconn (Suzhou) Technology Co., Ltd Director, ENGA Technology Co., Ltd Chairman, POSLAB TECHNOLOGY CORPORATION | Nil | Nil | Nil |
| Director | ROC | Ennoconn International Investment Co., Ltd. representative: Lou, Chao Tsung | M 51-60 | 2022/05/27 | 3 | 2018/10/31 | 83,468,613 | 44.95% | 83,468,613 | 42.65% | 0 | 0.00% | 0 | 0.00% | FengChia University B.A Nan Ya Plastic Corporation, engineering administrator Vice president, Hon Hai Precision Industry Co., Ltd. | Director, Marktech International Corp. Director, Shihchun International Investment Co., Ltd. Director, Innovative systems integration limited. Chairman, Ennoconn international investment co., Ltd. Director, GOLDTEK TECHNOLOGY CO., LTD. Director, CASWELL, INC. | Nil | Nil | Nil |

| | | | | | | | | | | | | | | | | | | | | |
|----------------------|-----|---|------------|------------|---|------------|------------|--------|------------|--------|---|-------|---|-------|--|--|---|-----|-----|-----|
| | | | | | | | | | | | | | | | | | Chairman, ENNOMECH PRECISION CO., LTD. Chairman, EnnoMech Precision (Cayman) Co., Ltd. Chairman, Ennoconn Investment Holding Co., Ltd. Chairman, Ennoconn (Foshan) Investment Co., Ltd. Chairman, Ennoconn Investment Co., Ltd. Chairman, ENGA Technology Co., Ltd. Chairman, Ennoconn (Suzhou) Technology Co., Ltd. | | | |
| Director | ROC | Ennoconn International Investment Co., Ltd. representative: Tsai, Neng-Chi | M 51-60 | 2022/05/27 | 3 | 2021/02/19 | 83,468,613 | 44.95% | 83,468,613 | 42.65% | 0 | 0.00% | 0 | 0.00% | | MBA, West Coast University President, Ennoconn Corp. | Director, Marketech International Corp. President, Ennoconn Corp. Director, Ennoconn International Investment Co., Ltd. Chairman, American Industrial Systems Inc. Chairman, VECOW CO., LTD. Director, AIS Cayman Technology Group Director, CASWELL, INC. Director, POSLAB TECHNOLOGY CORPORATION Director, ARBOR TECHNOLOGY CORPORATION | Nil | Nil | Nil |
| Director | ROC | Ennoconn International Investment Co., Ltd. representative: Wu, You-Mei(Note 7) | F 51-60 | (Note 7) | | (Note 7) | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | | National Chengchi University Finance Master University of Reading, U.K.MSc Internationalcurities Investment and Banking Financial Supervisory Commission of Securities and Futures Bureau, Chief of management | (Note 7) | Nil | Nil | Nil |
| Director | ROC | Ennoconn International Investment Co., Ltd. representative: Selena Lin(Note 7) | F 51-60 | (Note 7) | | (Note 7) | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | | EMBA, National Chiao Tung University Spokesman, Ennoconn Corp. | Director, Marketech International Corp. Chairman and CEO, Renown Information Technology Corp. | Nil | Nil | Nil |
| Director | ROC | Ennoconn International Investment Co., Ltd. representative: Chuang, Tsung-Hsien(Note 7) | M 51-60 | (Note 7) | | (Note 7) | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | | MBA Finance, New York University Taiwan CPA AICPA, Maryland State CFO, Ennoconn Corp. | Director, Marketech International Corp. Supervisor, Ennoconn International Investment Co., Ltd. | Nil | Nil | Nil |
| Independent director | ROC | Lin Hsiao-Ming | M 61-70 | 2022/05/27 | 3 | 2016/05/31 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | | Taiwan University MBA Chairman and CEO, Taiwan Finance Corp. | Independent Director, Marketech International Chairman and CEO, Taiwan Finance Corp. Independent Director, GODEX INTERNATIONAL CO., LTD. | Nil | Nil | Nil |
| Independent director | ROC | Wu Chung-Pao | M 61-70 | 2022/05/27 | 3 | 2009/06/19 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | | Master of International Business Management, National Taiwan University Chairman, Protech Systems Co., Ltd. Chairman, Prox Systems Co., Ltd. | Independent Director, Marketech International Corp Chairman, Protech Systems Co., Ltd. Chairman, Prox Systems Co., Ltd. Director, Chenbro Microm Co., Ltd. Services Co., Ltd. Director, CPC Corporation, Taiwan Independent Director, EVE Airways Corporation | Nil | Nil | Nil |
| Independent director | ROC | Wang, Yi-Chun | M 51-60 | 2022/05/27 | 3 | 2019/05/30 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | | PHD of Electronic Engineering National Taipei University of Technology President for Administration and Distinguished Professor at St. John's University | Independent Director, Marketech International Corp Independent Director, CASWELL, INC Professor, National Taipei University of Technology Department of Electrical Engineering, AI and Big Data | Nil | Nil | Nil |

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

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

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

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

Note 4: When having worked at the auditing CPAs Office or its affiliated enterprise in relevant exposure prior to serving the current position, the position served and the responsible job description shall be described.

Note 5: When the Company's Chairman and the President or equivalent (the highest ranked managerial officer) are the same person, or relatives such as spouses or the first degree of kinship, the information such as the reason, reasonableness, necessity and response measures (For example, increasing the number of independent directors, and having more than half of the directors who do not serve concurrently as employees or managerial officers, etc.) should be provided. Please refer to page 29-31.

Note 6: The book closure date of the Company's 2023 regular shareholders' meeting is on April 1, 2023. The numbers of current shareholding listed in the table are the numbers of shareholding recorded on the April 1, 2023 shareholders' registry.

Note 7: Ennoconn International Investment Co., Ltd. was elected as the Company's director on May 27, 2022, and Ms. Wu, You-Mei was appointed as the representative. Ms. Wu, You-Mei was released on August 22, 2022, and Ms. Selena Lin was appointed as the representative. Then Ms. Selena Lin was released on February 7, 2023, and Mr. Chuang, Tsung-Hsien was appointed as the representative.

2.1.2 Major shareholders as institutions shareholders

Table I: Major shareholders as institutional shareholders

April 1, 2023

| Name of institutional shareholders (Note 1) | Major shareholders as institutional investors (Note 2) |
|---|---|
| Ennoconn international investment co., Ltd. | Ennoconn Coporation(100.00%) |
| Ji-Xuan Investment Company | Sung Kao, Hsin-Ming (16.06%), Sung Bing-Zhong (23.41%), Sung Feng-Pei (22.56%), Bai Shuan Investment Company (16.35%), Ji Yung Investment Company (16.26%), Song En-Rui (2.68%), Song Yi-Le (2.68%) |
| E-Win Investment Company | Lin Yu-Yeh (95%), Chen Wen-Shu (2.5%), Lin Yu-Jeh (0.5%), Lin Yu-Yao (0.5%), Chen Lian-Zhe (0.5%), Zheng Li-Jen (0.5%), Feng Shu-Jen (0.5%) |

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

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

If a major investor is a institutional shareholder, please fill in table II as follows.

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

Note 4: The book closure date of the Company's 2023 regular shareholders' meeting is on April 1, 2023.

Table II: Major shares of institutional investors as institutional shareholders

April 1, 2023

| Name of institutional shareholders (Note 1) | Major shareholders as institutional investors (Note 2) |
|---|---|
| Ennoconn Corporation | Bao Shin International Investmen Co., Ltd (30.50%), Fubon Life Insurance Co., Ltd (5.57%), Citibank Taiwan in custody for Google International LLC (4.49%), TransGlobe Life Insurance Inc. (3.07%), Hyield Venture Capital Co., Ltd (1.90%), HSBC Bank Taiwan in custody for Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. — Equity Trading Division (Proprietary Trading Desk) for Tri-party SBL Trading (1.07%), Chu,Fu-Chuan (0.94%), Standard Chartered Bank in custody for Mizuho Securities Co., Ltd. (0.89%), SinoPac Securities Corporation (0.88%), Taishin Securities Investment Trust account for Taishin Life Insurance Co., Ltd (0.83%) |
| Ji Yung Investment Company | Ji-Xuan Investment Company (68.44%), Sung Bing-Zhong (21.45%), Kao, Hsin-Ming (0.25%), Sung Feng-Pei (5.94%), Song En-Rui (1.96%), Song Yi-Le (1.96%) |
| Bai Shuan Investment Company | Ji-Xuan Investment Company (86.28%), Sung Feng-Pei (1.84%), Sung Bing-Zhong (0.10%), Kao, Hsin-Ming (0.02%), Song En-Rui (5.88%), Song Yi-Le (5.88%) |

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

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

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

Note 4: The book closure date of the Company's 2023 regular shareholders' meeting is on April 1, 2023.

2.1.3 Information on the directors and supervisors (II)

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

① Directors with professional qualifications and experience

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

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

April 1, 2023

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

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

| Name | | Qualification | Professional qualifications and experience (Note 1) |
|----------------------|---|---------------|--|
| Director | ENNOCONN International Investment Co., Ltd Representative: Tsai, Neng-Chi | | <p>* Graduated from the Graduate School of Business Management of West Coast University in the US, he is currently the general manager of ENNOCONN Corporation and a director of CASWELL, INC. Director Tsai, Neng-Chi has been deeply involved in the marketing and development of European and American industrial computer markets for more than 20 years. Director has rich industrial knowledge and international market vision, and has business creation ability and leadership ability and decision-making ability. In conclusion, director Tsai, Neng-Chi possesses the necessary knowledge, skills and qualities to perform his duties.</p> <p>* Director Tsai, Neng-Chi does not violate Article 30 of the Company Law.</p> |
| Director | ENNOCONN International Investment Co., Ltd Representative: Wu, You-Mei (Note 3) | | <p>* Graduated from the Graduate School of Financial Management of Chengchi University, University of Reading, U.K. MSc International Securities Investment and Banking, served as the head of the securities dealer management group of the Securities and Futures Bureau of the Financial Regulatory Commission, and is currently the chief financial officer of ENNOCONN Corporation, and concurrently serves as S&T AG director. Director Wu, You-Mei served in the Securities and Futures Bureau of the Financial Supervision and Administration Commission for more than 20 years. Director is currently the chief financial officer of ENNOCONN Corporation, specializing in securities business, financial finance, financial planning and capital operation. Director has accounting and financial analysis capabilities, crisis management, leadership and decision-making ability, industry knowledge and international market vision. In conclusion, director Wu, You-Mei possesses the necessary knowledge, skills and qualities to perform her duties.</p> <p>* Director Wu, You-Mei does not violate Article 30 of the Company Law.</p> |
| Director | ENNOCONN International Investment Co., Ltd Representative: Selena Lin (Note 3) | | <p>* Graduated from the graduate school of National Chiao Tung University, director Selena Lin is currently the spokesman of Ennoconn Corp. , as well as the chairmen and CEO of Renown Information Technology Corp. She has international market vision, rich industrial knowledge, operational judgment, operation management, crisis management, leadership and decision-making. In conclusion, director Selena Lin possesses the necessary knowledge, skills and qualities to perform her duties.</p> <p>* Director Selena Lin does not violate Article 30 of the Company Law.</p> |
| Director | ENNOCONN International Investment Co., Ltd Representative: Chuang, Tsung-Hsien (Note 3) | | <p>* Graduated from National Taiwan University, Department of Accountancy, and the Finance graduate school of New York University, director Chuang, Tsung-Hsien is currently the CFO of Ennoconn Corp. and the supervisor of Ennoconn International Investment Co., Ltd. He is a CPA both in Taiwan and in Maryland State, USA. He has accounting and financial analysis abilities, crisis management, leadership, decision-making, rich industrial knowledge and international market vision. In conclusion, director Chuang, Tsung-Hsien possesses the necessary knowledge, skills and qualities to perform his duties.</p> <p>* Director Chuang, Tsung-Hsien does not violate Article 30 of the Company Law.</p> |
| Independent Director | Lin, Hsiao-Ming | | <p>* Graduated from the Graduate School of Business Studies of the School of Management, National Taiwan University, he is currently the chairman of Taiwan Finance Corporation and an independent director of GODEX International Co., Ltd. Director is the convener of the Company's audit committee and a member of the remuneration committee. Director Lin,</p> |

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

| Name | | Qualification | Professional qualifications and experience (Note 1) |
|----------------------|---------------|---------------|---|
| Independent Director | Wang, Yi-Chun | | <p>* Graduated from the Electrical Engineering Computer Group of Taipei University of Technology with a Ph.D., he is currently an adjunct professor of artificial intelligence and big data EMBA at the School of Electrical Engineering, Taipei University of Technology, and an independent director of CASWELL, INC., and a member of the Company's audit committee. Director Wang, Yi-Chun has both practical experience, information management and academic ability. Director Wang, Yi-Chun "complies with the professional qualifications required by independent directors in Article 2 of the Regulations on the Establishment of Independent Directors of Public Offering Companies", and has more than five years in business, legal affairs, and finance, accounting or corporate business required work experience, and more than five years of teaching experience in public and private colleges and universities related to business or corporate business. Director Wang, Yi-Chun specializes in artificial intelligence, cloud, Internet of Things and big data analysis and other technological fields, and has rich professional knowledge. Director is committed to the cultivation of talents in related fields and passing the professional experience. Director can provide timely and professional services for company management and business development. The Company relies on director's management expertise in the professional technology industry to improve the quality of corporate governance management of the board of directors and the supervision function of the audit committee.</p> <p>* Wang, Yi-Chun does not violate Article 30 of the Company Law.</p> |

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

Note 2: The Company's 2023 Annual General Meeting of Shareholders book close date was April 1, 2023.

Note 3: Ennoconn International Investment Co., Ltd. was elected as the Company's director on May 27, 2022, and Ms. Wu, You-Mei was appointed as the representative. Ms. Wu, You-Mei was released on August 22, 2022, and Ms. Selena Lin was appointed as the representative. Then Ms. Selena Lin was released on February 7, 2023, and Mr. Chuang, Tsung-Hsien was appointed as the representative.

② Director independence information

April 1, 2023

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

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

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

| Name \ Qualification | | Independence situation (Note 2) | Number of independent directors of other public companies |
|----------------------|-----------------|---|---|
| | | <p>3. There is no relationship of spouses or relatives within the second degree of kinship with other directors.</p> <p>4. The rest meet the independent qualification requirements listed in the "Regulations on the Establishment of Independent Directors of Publicly Issued Companies and Matters to be Followed".</p> | |
| Independent Director | Lin, Hsiao-Ming | <p>1. Has not been elected by the government, legal person or its representative in accordance with Article 27 of the Company Law, has not had a relationship of spouse or relative within the second degree of kinship with other directors, and has not had any of the following conditions during the two years prior to the election and during the term of office: Independent directors who meet the requirements of Article 3 of the "Regulations on the Establishment of Independent Directors of Public Offering Companies and Matters to be Followed" shall maintain their independence within the scope of business execution, and shall not have direct or indirect interests with the Company:</p> <p>(1) Employees of the Company or its affiliates.</p> <p>(2) Directors and supervisors of the Company or its affiliates.</p> <p>(3) I and my spouse, minor children, or natural person shareholders who hold more than 1% of the total issued shares of the Company in the name of others or hold the top ten shares.</p> <p>(4) Spouses, relatives within the second degree or lineal blood relatives within the third degree of the managers listed in Paragraph (1) or persons listed in (2) and (3).</p> <p>(5) Who directly holds 5% or more of the Company's total issued shares, who holds the top five shares, or director, supervisor or employee of a legal person shareholder who is designated as a representative to serve as the Company's director or supervisor in accordance with Paragraph 1 or 2 of Article 27 of the Company Law.</p> <p>(6) More than half of the directors' seats or voting shares of the Company and another company are controlled by the same person, the director, supervisor or employee of the other company.</p> <p>(7) The chairman, general manager or equivalent positions of the Company and other companies or institutions are the same person or spouse, and the directors, supervisors or employees of other companies or institutions.</p> | 1 |

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

| Name \ Qualification | | Independence situation (Note 2) | Number of independent directors of other public companies |
|----------------------|---------------|---|---|
| | | <p>(6) More than half of the directors' seats or voting shares of the Company and another company are controlled by the same person, the director, supervisor or employee of the other company.</p> <p>(7) The chairman, general manager or equivalent positions of the Company and other companies or institutions are the same person or spouse, and the directors, supervisors or employees of other companies or institutions.</p> <p>(8) Directors, supervisors, managers or shareholders holding more than 5% of the shares of a specific company or institution that has financial or business dealings with the Company.</p> <p>(9) Professionals, sole proprietorships, partnerships, business owners and partnerships of companies or institutions directors, supervisors, managers and their spouses who provide auditing or business, legal, financial, accounting and other related services for the Company or affiliated companies with a cumulative amount of remuneration exceeding NT\$500,000 in the last two years. However, the members of the Remuneration Committee, the Public Offer Review Committee or the Special Committee on Mergers and Acquisitions who perform their functions in accordance with this Act or the relevant laws and regulations of the Mergers and Acquisitions Act are not included.</p> | |
| Independent Director | Wang, Yi-Chun | <p>1. Has not been elected by the government, legal person or its representative in accordance with Article 27 of the Company Law, has not had a relationship of spouse or relative within the second degree of kinship with other directors, and has not had any of the following conditions during the two years prior to the election and during the term of office: Independent directors who meet the requirements of Article 3 of the "Regulations on the Establishment of Independent Directors of Public Offering Companies and Matters to be Followed" shall maintain their independence within the scope of business execution, and shall not have direct or indirect interests with the Company:</p> <p>(1) Employees of the Company or its affiliates.</p> <p>(2) Directors and supervisors of the Company or its affiliates.</p> <p>(3) I and my spouse, minor children, or natural person shareholders who hold more than 1% of the total issued shares of the Company in the name of others or hold the top ten shares.</p> | 1 |

| Name | Qualification | Independence situation (Note 2) | Number of independent directors of other public companies |
|------|---------------|---|---|
| | | <p>(4) Spouses, relatives within the second degree or lineal blood relatives within the third degree of the managers listed in Paragraph (1) or persons listed in (2) and (3).</p> <p>(5) Who directly holds 5% or more of the Company's total issued shares, who holds the top five shares, or director, supervisor or employee of a legal person shareholder who is designated as a representative to serve as the Company's director or supervisor in accordance with Paragraph 1 or 2 of Article 27 of the Company Law.</p> <p>(6) More than half of the directors' seats or voting shares of the Company and another company are controlled by the same person, the director, supervisor or employee of the other company.</p> <p>(7) The chairman, general manager or equivalent positions of the Company and other companies or institutions are the same person or spouse, and the directors, supervisors or employees of other companies or institutions.</p> <p>(8) Directors, supervisors, managers or shareholders holding more than 5% of the shares of a specific company or institution that has financial or business dealings with the Company.</p> <p>(9) Professionals, sole proprietorships, partnerships, business owners and partnerships of companies or institutions directors, supervisors, managers and their spouses who provide auditing or business, legal, financial, accounting and other related services for the Company or affiliated companies with a cumulative amount of remuneration exceeding NT\$500,000 in the last two years. However, the members of the Remuneration Committee, the Public Offer Review Committee or the Special Committee on Mergers and Acquisitions who perform their functions in accordance with this Act or the relevant laws and regulations of the Mergers and Acquisitions Act are not included.</p> | |

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

Note 2: Ennoconn International Investment Co., Ltd. was elected as the Company's director on May 27, 2022, and Ms. Wu, You-Mei was appointed as the representative. Ms. Wu, You-Mei was released on August 22, 2022, and Ms. Selena Lin was appointed as the representative. Then Ms. Selena Lin was released on February 7, 2023, and Mr. Chuang, Tsung-Hsien was appointed as the representative.

(2) Board of Directors Diversity and Independence:

① Diversity of the Board of Directors and Achievements:

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

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

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

The selection of directors of the Company adopts a nomination system. The selection and appointment procedures of all directors comply with the relevant laws and regulations. The current board of directors consists of nine directors, all of them are R.O.C. nationality. All have the necessary knowledge, skills and education background to perform their duties (please refer to the professional qualifications and experience of directors mentioned above), and the professional background of board members covers law, accounting, industry, finance, marketing, technology and other professional fields; among them, there is one female director, accounting for 11.11% of all directors; five directors are over 61 years old (55.6%), and four directors are between 51 and 60 years old (44.4%).

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

② Board of Director's Independence:

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

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

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

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

April 1, 2023

Unit: NTD per thousand; share; %

| Title (Note 1) | Nationality | Name | Gender | Appointed (incumbent) date | Shareholdings held | | Shareholdings held by spouse, minor offspring | | Shareholdings held under the name of others | | Main exposure (education) (Note 2) | The position who also currently serves at other companies | Managers related as spouse or within two tiers of blood relation | | | Noted (Note 3) |
|---------------------|-------------|---------------------------------|--------|----------------------------------|--------------------|----------------------------|---|----------------------------|---|----------------------------|---|---|---|------|----------|-------------------|
| | | | | | Share count | Share- holding ratio | Share count | Share- holding ratio | Share count | Share- holding ratio | | | Title | Name | Relation | |
| Chairman and CEO | ROC | Kao, Hsin- Ming | F | 1989/01/01 | 2,010,513 | 1.03% | 0 | 0.00% | 0 | 0.00% | Master of International Business Management, National Taiwan University Institute for Industrial Research electronics laboratory section head | Director, WT Microelectronics Director, Machrotec Technology Corp. Chairman, Ji-Xuan Investment Co., Ltd. Chairman, Smart Health Corp. Director, Probeleader Co., Ltd. Director, eZoom Information, Inc. Director, ADAT Technology Co., Ltd. Director, Vertex System Corporation Director, Forward Science Corp. Director, Brilliant Network & Automation Director, Bolite Co., Ltd. Chairman, Everlasting Digital ESG Co., Ltd. Chairman, E-WIN INVESTMENT CO., LTD. | Nil | Nil | Nil | Nil |
| President | ROC | Lin, Yue- Yeh | M | 2004/07/01 | 5,986,097 | 3.06% | 0 | 0.00% | 0 | 0.00% | Cheng Chi University business administration research institute master Institute for Industrial Research western USA office superintendent ITRI electronics research institute section head | Chairman, E-WIN INVESTMENT CO., LTD. Chairman, Probeleader Co., Ltd. Chairman, eZoom Information, Inc. Chairman, Auro & Pro Corp. Chairman, ADAT Technology Co., Ltd. Director, Vertex System Corporation | Nil | Nil | Nil | Nil |
| Group GM | ROC | Chen, Jian- Tsuen | M | 2010/04/01 | 216,700 | 0.11% | 0 | 0.00% | 0 | 0.00% | Tamkang University school of applied physics B.A. | Nil | Nil | Nil | Nil | |
| Divison GM | ROC | Huang Zhong-Wen | M | 2010/02/01 | 183,983 | 0.09% | 0 | 0.00% | 0 | 0.00% | Murray State University USA business administration research institute master Asia Word Hotel departmental superintendent | Nil | Nil | Nil | Nil | |
| Divison GM | ROC | Chang Ruei-Ru | M | 2010/02/01 | 176,048 | 0.09% | 0 | 0.00% | 0 | 0.00% | Taiwan Technology University EMBA global strategy section master China Precision Diecast co technical section head Jia Rong Company sales superintendent | Nil | Nil | Nil | Nil | |
| Divison VGM | ROC | Li Ruei- Wen | M | 2017/02/01 | 78,700 | 0.04% | 1,700 | 0.00% | 0 | 0.00% | National Chiao Tung University Department of Communications Engineering B.A. Applied Materials Taiwan Quality Assuranc manager. | Nil | Nil | Nil | Nil | |
| Divison VGM | ROC | Lin Chih-Jen | M | 2018/04/11 | 16,000 | 0.01% | 0 | 0.00% | 0 | 0.00% | Master, Graduate School of Environmental Engineering, National Cheng Kung University | Nil | Nil | Nil | Nil | |
| Divison VGM | ROC | Lu Chien-Kuo | M | 2018/04/11 | 62,029 | 0.03% | 82,700 | 0.04% | 0 | 0.00% | Master, Graduate School of Biotech Healthcare Management, National Yang-Ming University | Nil | Nil | Nil | Nil | |
| Divison VGM | ROC | Lo Ssu-Yuan | M | 2018/04/11 | 112,700 | 0.06% | 0 | 0.00% | 0 | 0.00% | B.A., Department of Mechanical Engineering, Hsiuping University of Science and Technology Deputy Section Head, Rexon Industrial Corporation Limited | Nil | Nil | Nil | Nil | |
| Divison VGM | ROC | Tseng Lieh-Huang (Note 5) | M | 2018/04/11 | 0 (Note 5) | 0.00% | 0 (Note 5) | 0.00% | 0 | 0.00% | Master, Graduate School of Civil Engineering, National Taiwan University Senior Manager, Gamuda Bhd., Malaysia Manager, Transport Enterprise Department, Pacific Engineers & Constructors Ltd. Manager, Construction Administration, Dong Hung Construction Co., Ltd. | Nil | Nil | Nil | Nil | |
| Divison VGM | ROC | Yang Yuan-Zhi | M | 2018/11/01 | 50,000 | 0.03% | 0 | 0.00% | 0 | 0.00% | Middlesex University, UK FMM Department of Atmospheric Sciences, National Central University | Nil | Nil | Nil | Nil | |

| Title (Note 1) | Nationality | Name | Gender | Appointed (incumbent) date | Shareholdings held | | Shareholdings held by spouse, minor offspring | | Shareholdings held under the name of others | | Main exposure (education) (Note 2) | The position who also currently serves at other companies | Managers related as spouse or within two tiers of blood relation | | | Noted (Note 3) |
|---|-------------|---------------|--------|----------------------------|--------------------|---------------------|---|---------------------|---|---------------------|---|---|--|------|----------|----------------|
| | | | | | Share count | Share-holding ratio | Share count | Share-holding ratio | Share count | Share-holding ratio | | | Title | Name | Relation | |
| GM Finance | ROC | Hsieh Ming-Ju | F | 1998/07/01 | 423,459 | 0.22% | 0 | 0.00% | 0 | 0.00% | Taipei Business College school of accounting and statistics B.A. Lung Pu Group financial specialist Cathay group administrator | Nil | Nil | Nil | Nil | |
| Director, Finance & Accounting Division | ROC | Zhong Chi-Wen | F | 2006/04/21 | 70,973 | 0.04% | 0 | 0.00% | 0 | 0.00% | Soochow University accounting research institute master PWC CPA Office Director Daiwa Securities co assistant manager | Nil | Nil | Nil | Nil | |
| Chief Audit | ROC | Lin Ya-Qing | F | 2016/09/01 | 5,000 | 0.00% | 0 | 0.00% | 0 | 0.00% | Soochow University school of business administration B.A. KPMG CPA Office assistant manager TransAsia Airways senior accountant | Nil | Nil | Nil | Nil | |

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

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

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

Note 4: The book closure date of the Company's 2023 regular shareholders' meeting is on April 1, 2023. The shares shown in the table represent the number of shares held in the register of shareholders as of April 1, 2023.

Note 5: Mr. Tseng Lieh-Huang resign and released the position of Division VGM on April 28, 2023.

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

Chairman Kao Hsin-Ming also serves as the company's CEO. Since Chairman Kao Hsin-Ming has dedicated 30+ years toward the semiconductor and other related fields where she specializes in technology management, technology marketing, strategic planning, operations management, business management, engineering management, financial management, and similar expertises, she has a rich industry experience and industry knowledge, exceptionally detailed operations analysis capability, innovative and decisive leadership skills and decision-making ability, and therefore has a definitive impact toward the Company's business and operations; the Company's operations decisions are made by the CEO and the general manager to strengthen management efficiency, and additionally Chairman Kao Hsin-Ming personally leads the Company to plan for future growth. Aside from formulating the strategic direction, she also participates in the daily operations management to implement the aforementioned future growth plan allowing the Company to respond quickly of its business activities, improving efficiency and overall increase operations performance, resulting in significant results in the Company's transformation and growth. In summary, Chairman Kao Hsin-Ming's rich industry experience and leadership as well as strategic execution skills have a decisive impact on the Company's operations and business, so it is necessary for Chairman Kao Hsin-Ming to concurrently serve as the CEO.

Chairman Kao Hsin-Ming has closely communicated with the board of directors on the Company's operations status and strategic directions to collectively

take initiatives to enhance the functions of the board of directors and strengthen the supervisory function. Furthermore, in order to respond to the development trend of corporate governance and strengthen the functions and operations of the board of directors, the Company amended the Articles of Incorporation at the shareholders' meeting in 2022 to increase the number of directors, and proposed the election of one additional independent director at the shareholders' meeting in 2023 to strengthen the supervisory function of the Board of Directors and maintain half of the directors as no employees or managers of the Company, so as to refine the implementation of corporate governance.

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

3.1 The Company, when in one of the following circumstances, shall disclose the remunerations dispensed to its directors or auditors individually; and the rest may adopt the means of a consolidated tally as coordinated with a scale by which to disclose the names, or by means of disclosing the names and

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

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

3.1.3 If the directors or auditors' average mortgaging percentage exceeds 50% in any given three months in the most recent year, the particular month of the remunerations of the individual directors or auditors with a mortgaging ratio exceeding 50% shall be disclosed.
(Note: the entire directors' monthly average mortgaging ratio: the entire directors' mortgaged share count / the entire directors' shareholdings (including the retained voting right trust share count); the entire auditors monthly average mortgaging ratio: the entire auditors mortgaging share count / the entire auditors shareholdings (including the retained voting right trust share count).)

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

3.1.5 A TWSE-listed or TPEX-listed company which is ranked in the lowest tier in the corporate governance evaluation for the most recent fiscal year, or in the most recent fiscal year or as of the printing date of the annual report for that year, has been placed under an altered trading method, been

suspended from trading, been delisted from the exchange, or the situations deemed by the Corporate Governance Evaluation Committee that it shall be excluded from evaluation.

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

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

Any names of the Directors, President and Vice Presidents of the Company are not listed in 3.1.1 to 3.1.6 and 3.2 above, therefore, the names are aggregated to match the level of disclosure.

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

The remunerations of the directors (including the independent directors)

Year 2022

The remunerations of the directors (including the independent directors)

Unit: NTD per thousand; shares

| Title | Name | Director remunerations | | | | | | | | The ratio of the sum of the four items A, B, C and D to the after-tax net earnings (Note 10) | | Pertinent remunerations doubling employees collect | | | | | | | | The ratio of the sum of the seven items A, B, C, D, E, F and G to the after-tax net earnings (Note 10) | | Whether collecting remunerations from reinvested entities beyond the subsidiaries (Note 11) | | |
|---|---|------------------------|--|------------------------|--|--------------------------------------|--|---|--|--|--------------------|---|--|-------------------------|--|--------------------------------------|--|-------------------|--------------------|--|--------|---|--|------|
| | | Return (A) (Note 2) | | Retirement pension (B) | | Directors' Remuneration (C) (Note 3) | | Business execution expenditure (D) (Note 4) | | | | Wages, bonuses and special expensed expenditure etc. (E) (Note 5) | | Retirement pensions (F) | | Employees' Remuneration (G) (Note 6) | | | | | | | | |
| | | The company | All companies in the financial statements (Note 7) | The company | All companies in the financial statements (Note 7) | The company | All companies in the financial statements (Note 7) | The company | All companies in the financial statements (Note 7) | | | The company | All companies in the financial statements (Note 7) | The company | All companies in the financial statements (Note 7) | The company | All companies in the financial statements (Note 7) | The company | | | | | All companies in the financial statements (Note 7) | |
| | | | | | | | | | | Cash bonus amount | Stock bonus amount | | | | | | | Cash bonus amount | Stock bonus amount | | | | | |
| Chairman and CEO and subsidiary president | Ji-Xuan Investment Corp. representative: Kao, Hsin-Ming | | | | | | | | | | | | | | | | | | | | | | | |
| Chairman President | E-Win Investment co representative: Lin, Yue-Yeh | | | | | | | | | | | | | | | | | | | | | | | |
| Director | Ennoconn International Investment Co., Ltd. representative: Chu, Fu-Chuan | 0 | 0 | 0 | 0 | 19,807 | 19,807 | 576 | 576 | 20,383 | 20,383 | 29,838 | 31,493 | 0 | 0 | 10,000 | 0 | 10,000 | 0 | 60,221 | 61,876 | 2.72% | 2.88% | None |
| Director | Ennoconn International Investment Co., Ltd. representative: Lou, Chao Tsung | | | | | | | | | | | | | | | | | | | | | | | |

| Remunerations dispensed to individual company directors by scale | Name of the directors | | | |
|--|--|---|---|---|
| | Total sum of the remunerations of the first four items (A+B+C+D) | | Total sum of the first seven items(A+B+C+D+E+F+G) | |
| | The company (Note 8) | All companies stated in the financial statements (Note 9) (H) | The company (Note 8) | All companies stated in the financial statements (Note 9) (I) |
| \$5,000,000 (inclusive) ~ \$10,000,000 (preclusive) | Nil | Nil | Nil | Nil |
| \$10,000,000 (inclusive) ~ \$15,000,000 (preclusive) | Nil | Nil | Nil | Nil |
| \$15,000,000 (inclusive) ~ \$30,000,000 (preclusive) | Nil | Nil | Director: Ji-Xuan Investment Corp. representative: Kao, Hsin-Ming Director: E-Win Investment co representative: Lin, Yue-Yeh | Director: Ji-Xuan Investment Corp. representative: Kao, Hsin-Ming Director: E-Win Investment co representative: Lin, Yue-Yeh |
| \$30,000,000 (inclusive) ~ \$50,000,000 (preclusive) | Nil | Nil | Nil | Nil |
| \$50,000,000 (inclusive) ~ \$100,000,000 (preclusive) | Nil | Nil | Nil | Nil |
| Over \$100,000,000 | Nil | Nil | Nil | Nil |
| Total | 9 | 9 | 9 | 9 |

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

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

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

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

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

Note 5: Which refers to the most recent year in which the directors doubling as employees (including doubling as the president, vice president, other managers and employees) have collected of the wages, position stipends, resignation payouts, various bonuses, incentive payouts, travel expenses, specially dispensed expenditures, various subsidies, dormitory, car allocation and related tangible goods allocation and the like. When allocating with housing, car, other transportation means or exclusive personal expenditures, it shall disclose the nature of the asset allocated, the actual or market value actuated rent, fuel and other payouts. Also when allocating with a driver, please include in the footnote explaining pertinent remuneration the Company pays said driver, but excluding from the remunerations. Company Chairman Kao, Hsin-Ming is allocated with one leased company vehicle, which carries a monthly lease at NT\$91,238 spanning from Jan. 1, 2022 to Dec. 31 2022; President Lin, Yu-Yeh is allocated with one leased company vehicle, which carries a monthly lease at NT\$31,905 from Jan. 1, 2022 to Dec. 31 2022.

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

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

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

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

Note 10: The after-tax net return refers to the most recent year's after-tax net return; when adopting the International Financial Statement Reporting Criteria, the after-tax net return refers to the after-tax net return of an individual entity or individual financial statements. The Company's net after-tax return on the 2022 consolidated financial statement is NT\$2,210,709 thousands.

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

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

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

Note 12: Ennoconn International Investment Co., Ltd. was elected as the Company's director on May 27, 2022, and Ms. Wu, You-Mei was appointed as the representative. Ms. Wu, You-Mei was released on August 22, 2022, and Ms. Selena Lin was appointed as the representative. Then Ms. Selena Lin was released on February 7, 2023, and Mr. Chuang, Tsung-Hsien was appointed as the representative.

3.2.2 The remunerations of the supervisors

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

3.2.3 The remunerations of the president and the vice presidents

The remunerations of the president and vice presidents

Year 2022

Unit: NTD per thousand; shares

| Title | Name | Wage (A) (Note 2) | | Retire-ment pension (B) | | Bonus and special expense etc. (C) (Note 3) | | Employee bonus amount in the earnings distribution (D) (Note 4) | | | | The percentage of the total sum of the four items A, B, C and C to the after-tax net return (%) (Note 8) | | Whether collecting remuneration from reinvested entities beyond the subsidiaries (Note 9) |
|--|-------------------|----------------------|---|-------------------------|---|---|---|---|--------------------------|---|-----------------------|--|---|--|
| | | The company | All companies in the financial statements (Note 5) | The company | All companies in the financial statements (Note 5) | The company | All companies in the financial statements (Note 5) | The company | | All companies in the financial statements (Note 5) | | The company | All companies in the financial statements (Note 5) | |
| | | | | | | | | Cash bonus amount | Stock bonus amount | Cash bonus amount | Stock bonus amount | | | |
| Chairman doubling as CEO, also as subsidiary president | Kao, Hsin-Ming | 107,853 | 109,508 | 1,409 | 1,409 | 6,454 | 6,454 | 50,000 | 0 | 50,000 | 0 | 165,716 | 167,371 | None |
| President | Lin, Yue-Yeh | | | | | | | | | | | | | |
| Group GM | Chen, Jian-Tsuen | | | | | | | | | | | | | |
| Divison GM | Huang, Zhong-Wen | | | | | | | | | | | | | |
| Divison GM | Chang, Ruei-Ru | | | | | | | | | | | | | |
| Divison VGM | Li, Ruei-Wen | | | | | | | | | | | | | |
| Divison VGM | Lin, Chih-Jen | | | | | | | | | | | | | |
| Divison VGM | Lu, Chien-kuo | | | | | | | | | | | | | |
| Divison VGM | Lo, Ssu-Yuan | | | | | | | | | | | | | |
| Divison VGM | Tseng, Lieh-Huang | | | | | | | | | | | | | |
| Divison VGM | Yang, Yuan-Zhi | | | | | | | | | | | | | |
| GM Finance | Hsieh, Ming-Ju | | | | | | | | | | | | | |

Remuneration Scale Table

Year 2022

| The remunerations dispensed to each individual company president and vice presidents | Name of the president and vice presidents | |
|--|---|---|
| | The company (Note 6) | All companies stated in the financial statements (Note 7) (E) |
| Less than \$1,000,000 | Nil | Nil |
| \$1,000,000 (inclusive) ~ \$2,000,000 (preclusive) | Nil | Nil |
| \$2,000,000 (inclusive) ~ \$3,500,000 (preclusive) | Nil | Nil |
| \$3,500,000 (inclusive) ~ \$5,000,000 (preclusive) | Nil | Nil |
| \$5,000,000 (inclusive) ~ \$10,000,000 (preclusive) | Nil | Nil |
| \$10,000,000 (inclusive) ~ \$15,000,000 (preclusive) | Chen Jian-Tsuen, Huang Zhong-Wen, Chang Ruei-Ru, Li Ruei-Wen, Lin Chih-Jen, Lu Chien-Kuo, Lo Ssu-Yuan, Tseng Lieh-Huang, Yang Yuan-Zhi, Hsieh Ming-Ju | Chen Jian-Tsuen, Huang Zhong-Wen, Chang Ruei-Ru, Li Ruei-Wen, Lin Chih-Jen, Lu Chien-Kuo, Lo Ssu-Yuan, Tseng Lieh-Huang, Yang Yuan-Zhi, Hsieh Ming-Ju |
| \$15,000,000 (inclusive) ~ \$30,000,000 (preclusive) | Kao, Hsin-Ming, Lin, Yue-Yeh | Kao, Hsin-Ming, Lin, Yue-Yeh |
| \$30,000,000 (inclusive) ~ \$50,000,000 (preclusive) | Nil | Nil |
| \$50,000,000 (inclusive) ~ \$100,000,000 (preclusive) | Nil | Nil |
| Over \$100,000,000 | Nil | Nil |
| Total | 12 | 12 |

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

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

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

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

Note 3: Which pertains to entering the most recent year's president and vice presidents' various bonuses, incentive payouts, travel stipends, special dispensed expenditures, various subsidies, dormitory, car allocation and related tangible supply of goods and other remuneration amounts. When allocating with housing, car, other transportation means or exclusive personal expenditures, it shall disclose the nature of the asset allocated, the actual or market value actuated rent, fuel and other payouts. Also when allocating with a driver, please include in the footnote explaining pertinent remuneration the company pays said driver, but excluding from the remunerations. Company Chairman Kao, Hsin-Ming is allocated with one leased company vehicle, which carries a monthly lease at NT\$91,238 spanning from Jan. 1, 2022 to Dec 31, 2022; President Lin Yu-Yeh is allocated with one leased company vehicle, which carries a monthly lease at NT\$31,905 from Jan. 1, 2022 to Dec. 31 2022; President Chen Jian-Tsuen, VGM Chang Ruei-Ru, Huang Zhong-Wen, Vice President Li Ruei-Wen, Lo Ssu-Yuan, Lin Chih-Jen, Lu Chien-Kuo, Tseng Lieh-Huang and Yang Yuan-Zhi are allocated with one leased company vehicle, which carries an average monthly lease at NT\$385,929 from Jan. 1, 2022 to Dec. 31, 2022.

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

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

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

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

Note 8: The after-tax net return refers to the most recent year's after-tax net return; when adopting the International Financial Statement Reporting Criteria, the after-tax net return refers to the after-tax net return of an individual entity or individual financial statements. The company's 2022 individual financial statements' after-tax net return is at NT\$2,210,209 thousands.

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

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

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

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

December 31, 2022
Unit: NTD per thousand; shares

| | Position (Note 1 & Note 2) | Name (Note1 & Note 2) | Stock Amount | Cash Amount | Total | Percent of the total amount to the after-tax net return (%) |
|----------|--|-----------------------|--------------|-------------|--------|---|
| Managers | Chairman and CEO | Kao, Hsin-Ming | 0 | 53,500 | 53,500 | 2.42% |
| | President | Lin, Yue-Yeh | | | | |
| | Group GM | Chen Jian-Tsuen | | | | |
| | Divison GM | Huang Zhong-Wen | | | | |
| | Divison GM | Chang Ruei-Ru | | | | |
| | Divison VGM | Li Ruei-Wen | | | | |
| | Divison VGM | Lo Ssu-Yuan | | | | |
| | Divison VGM | Lin Chih-Jen | | | | |
| | Divison VGM | Lu Chien-Kuo | | | | |
| | Divison VGM | Tseng Lieh-huang | | | | |
| | Divison VGM | Yang Yuan-Zhi | | | | |
| | GM Finance | Hsieh Ming-Ju | | | | |
| | Director, Finance & Accounting Divison | Zhong Chi-Wen | | | | |

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

Note 2: Which refers to when managers who serve as employee receive employees' remuneration (including stock and cash), the percentage of employees' remuneration distributed based on the remuneration amount approved by the board of directors this year. Those who unable to estimate the amount shall have this year's amount calculated based on last year's amount. The after-tax net return refers to the most recent year's after-tax net return; when adopting the International Financial Statement Reporting Criteria, the after-tax net return pertains to the after-tax net return stated in the most recent year's individual entity or individual financial statements. The company's 2022 individual financial statements' after-tax net return is at NT\$2,210,709 thousands.

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

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

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

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

3.2.5.1. Analysis on the most recent years in percentage

| Position \ Item | The percentage of the total remuneration amount to the after-tax return | | | |
|--|---|-------------------------|---------------------------|-------------------------|
| | Year 2021 | | Year 2022 | |
| | Parent company statements | Consolidated statements | Parent company statements | Consolidated statements |
| Directors, President and vice presidents | 13.85% | 14.06% | 10.69% | 11.15% |

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. Implementation of Corporate Governance

4.1 Board of Directors

A total of 8 meetings of the board of directors were held in the previous year (2022).

The directors' attendance status is as follows:

| Title | Name | Attendance in Person | By Proxy | Attendance Rate in Person (%) | Remarks |
|----------------------|--|----------------------|----------|-------------------------------|------------------------------|
| Chairman | Ji-Xuan Investment Corp. representative: Kao, Hsin-Ming | 8 | 0 | 100% | Re-elected on May 27, 2022 |
| Director | E-Win Investment co representative: Lin, Yue-Yeh | 8 | 0 | 100% | Re-elected on May 27, 2022 |
| Director | Ennoconn International Investment Co., Ltd. representative: Chu, Fu-Chuan | 8 | 0 | 100% | Re-elected on May 27, 2022 |
| Director | Ennoconn International Investment Co., Ltd. representative: Lou, Chao-Tsung | 8 | 0 | 100% | Re-elected on May 27, 2022 |
| Director | Ennoconn International Investment Co., Ltd. representative: Tsai, Neng-Chi | 7 | 1 | 87% | Re-elected on May 27, 2022 |
| Director | Ennoconn International Investment Co., Ltd. representative: Wu, You-Mei (Note 3) | 5 | 0 | 100% | Dismissal on August 22, 2022 |
| Director | Ennoconn international investment co., Ltd. representative: Selena Lin (Note 3) | 3 | 0 | 100% | Elected on August 22, 2022 |
| Independent Director | Lin, Hsiao-Ming | 8 | 0 | 100% | Re-elected on May 27, 2022 |
| Independent Director | Wu, Chung-Pao | 8 | 0 | 100% | Re-elected on May 27, 2022 |
| Independent Director | Wang, Yi-Chun | 8 | 0 | 100% | Re-elected on May 27, 2022 |

Other items that shall be disclosed:

1. When one of the following situations occurred to the operations of the Board, state the date and term of the Board meeting, content of proposals, opinions of all Independent Directors and the Company's actions in response to the opinions of the Independent Directors:
 - (1) Matters included in Article 14-3 of the Securities and Exchange Act.
Please refer to pages 62 to 65 for matters decided by the Company. Moreover, the independent directors of the company have no objection or reservation to the resolution.
 - (2) In addition to the aforementioned matters, any other resolutions from the Board of Directors where an Independent Director expressed a dissenting or qualified opinion that has been recorded or stated in writing: None.
2. If there is Directors' avoidance of motions in conflict of interest, the Directors' names, contents of motions, causes for avoidance and voting should be specified:
 - (2.1) Regarding the discussion of Compensation Committee's proposal for "Remunerations of the directors" held by the Board of Directors on the 21st of February 2022, the proposal was divided into three groups for voting to avoid the conflict of interest. All joined directors passed the said proposals for each vote.

(2.2) Regarding the discussion of Compensation Committee’s proposal for “Management’s salary adjustment” held by the Board of Directors on the 26th of April, 2022, as two directors –Ms. Kao, Hsin-Ming and Mr. Lin, Yu-Yeh are also managers of the Company, they did not join the voting to avoid conflict of interest. All of other joined directors passed the said proposals.

(2.3) Regarding the discussion of Compensation Committee’s proposal for “Appointment of the fifth Compensation Committee” which held by the Board of Directors on the 14th of June 2022, as two directors – Mr. Wu, Chung-Pao and Mr. Lin, Hsiao-Ming are also nominees of Compensation Committee, they did not join the voting to avoid conflict of interest. All of other joined directors passed the said proposals.

(2.4) Regarding the discussion of Compensation Committee’s proposal for “Management’s employee compensation” held by the Board of Directors on the 8th of August, 2022, as two directors –Ms. Kao, Hsin-Ming and Mr. Lin, Yu-Yeh are also managers of the Company, they did not join the voting to avoid conflict of interest. All of other joined directors passed the said proposals.

(2.5) Regarding the discussion of Compensation Committee’s proposal for “Year 2022 End-of-term Performance Bonus” held by the Board of Directors on the 28th of December, 2022, as two directors – Ms. Kao, Hsin-Ming and Mr. Lin, Yu-Yeh are also managers of the Company, they did not join the voting to avoid conflict of interest. All of other joined directors passed the said proposals.

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

| Cycle | Period | Scope | Method | Content |
|---------------|-------------------------|--|---|---------|
| Once per year | 2022.1.1~ 2022.12.31 | The board of directors, board members and the functional committees. | Internal self-evaluation of the board of directors, self-evaluation of board members. | Note |

Note1: The measurement items for the performance evaluation of board, which include the following aspects :

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

Note2: The measurement items for the performance evaluation of directors, which include the following aspects :

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

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

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

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

- (1)Strengthen the functionality of the Board:
The Company has implemented the "Board of Directors Meeting Rules" in accordance with the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies." To reinforce corporate governance, the Company provides continuing education/training programs to directors to strengthen their knowledge and capabilities on corporate governance.
- (2)Improving information transparency
Financial information, resolutions on material issues, board meeting participation, and director/supervisor ongoing education information are published on the Market Observation Post System as required by relevant laws. The Company's business performance and product information are also made accessible to the public on its website.
- (3)Establishing Audit Committee

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

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

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

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

Note 3: Ennoconn International Investment Co., Ltd. acted as company director on May 27, 2022 and appointed Ms. Wu, You-Mei as the company legal representative. The Company legal director representative Ms. Wu, You-Mei was discharged on August 22, 2022, and Ms. Selena Lin was appointed as the new legal director representative. Then the Company legal director representative Ms. Selena Lin was discharged on February 7, 2023, and Mr. Chuang ,Tsung-Hsien was appointed as the new legal director representative.

4.2 Audit Committee or Attendance of Supervisors for Board Meeting

Audit Committee

A total of 8 meetings of the audit committee were held in the previous year (2022). The attendance status of the members is as follows:

| Title | Name | Actual Attendance (B) | By Proxy | Attendance Rate (%) (B/A)(Note) | Remarks |
|----------------------|-----------------|-----------------------|----------|---------------------------------|---------------------------|
| Independent Director | Lin, Hsiao-Ming | 8 | 0 | 100% | Re-elected on 27 May 2022 |
| Independent Director | Wu, Chung-Pao | 8 | 0 | 100% | Re-elected on 27 May 2022 |
| Independent Director | Wang, Yi-Chun | 8 | 0 | 100% | Re-elected on 27 May 2022 |

Other items that shall be disclosed: :

1. When one of the following situations has occurred to the operations of the Audit Committee, state the date, term and content of proposals of the Board meeting, result of resolutions of the Audit Committee and the Company's actions in response to the resolutions:
 - (1) Matters included in Article 14-5 of the Securities and Exchange Act:
Please refer to pages 62 to 65 for matters decided by the Company. In the event of any of the following in the audit committee, the dates of audit committee meetings, sessions, contents of motions, resolutions of the audit committee meetings and the Company's response to audit members' opinion should be specified: None.
 - (2) Except the items in the preceding issues, other resolutions which had not been approved with the concurrence of one-half or more of all Audit Committee members but were undertaken upon the consent of two-thirds or more of all directors: None.
2. If there is independent directors' avoidance of motions in conflict of interest, the independent directors' names, contents of motions, causes for avoidance and voting should be specified: None.
3. Communications between independent directors and the Company's chief internal auditor and CPA (e.g. the items, methods and results of the audits of corporate finance or operations, etc.)
 - (3.1) Communications between the independent directors and the internal auditors:

| Date | The Major Items of the Communication | Result |
|------------|--|----------------------|
| 2022/02/18 | A. No sign of material weaknesses in Control Self-Assessment for 2021. Issuance of the internal control statement report stating that the company's internal control system is designed and implemented effectively. B. The internal audit report for December 2021 and January 2022. | For Board's approval |
| 2022/04/26 | The internal audit report for February and March 2022. | For Board's approval |
| 2022/06/14 | The internal audit report for April 2022. | For Board's approval |
| 2022/08/05 | The internal audit report for May and June 2022. | For Board's approval |
| 2022/10/12 | A. The internal audit report for July and August 2022. B. Formulate annual audit plan for 2023 based on risk assessment results. | For Board's approval |
| 2022/11/01 | The internal audit report for September 2022. | For Board's approval |
| 2022/12/28 | The internal audit report for October and November 2022. | For Board's approval |

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

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

| Date | The Major Items of the Communication | Result |
|------------|---|---|
| 2022/02/21 | <ol style="list-style-type: none"> 1. Reviewing 2021 audited consolidated financial statements and audited parent financial statements (including the impact of covid-19, draft of audit report, key audit matters, materiality, material adjusted and unadjusted journal entries, related parties transactions, discussion on significant matters with the management, critical accounting estimates, significant events after the balance sheet date, management assertions, and auditor independence) and other related matters. 2. The auditor reported to independent directors the matters mentioned above, and answered to any audit questions raised from the independent directors. 3. All of above matters were acknowledged and agreed by all of the independent directors. | All of the independent directors raised no objection. |
| 2022/04/26 | <ol style="list-style-type: none"> 1. Reviewing 2022 first quarter reviewed consolidated financial statements (including materiality, related parties transactions, discussion on significant matters with the management, critical accounting estimates and accounting principles, fraud and unlawful events, significant events after the balance sheet date, and management assertions) and auditor independence. 2. Communicating all of reviewed matters mentioned above from the auditor in a written form. 3. All of above matters were acknowledged and agreed by all of the independent directors. | All of the independent directors raised no objection. |
| 2022/08/08 | <ol style="list-style-type: none"> 1. Reviewing 2022 second quarter reviewed consolidated financial statements (including materiality, related parties transactions, discussion on significant matters with the management, critical accounting estimates and accounting principles, fraud and unlawful events, significant events after the balance sheet date, and management assertions) and auditor independence. 2. The auditor reported to independent directors the matters mentioned above through video conference, and answered to any audit questions raised from the independent directors. 3. All of above matters were acknowledged and agreed by all of the independent directors. | All of the independent directors raised no objection. |
| 2022/11/01 | <ol style="list-style-type: none"> 1. Reviewing 2022 third quarter reviewed consolidated financial statements (including materiality, related parties transactions, discussion on significant matters with the management, critical accounting estimates and accounting principles, fraud and unlawful events, significant events after the balance sheet date and management assertions) and auditor independence. 2. Communicating all of reviewed matters mentioned above from the auditor in a written form. 3. All of above matters were acknowledged and agreed by all of the independent directors. | All of the independent directors raised no objection. |
| 2022/12/28 | <ol style="list-style-type: none"> 1. Reviewing 2022 audit plan of consolidated financial statements and parent financial statements before auditing (including communication plan, role and responsibility of the accountant in charge, audit plan, view on key audit matters, and auditor independence) and other related matters. 2. The auditor reported to independent directors the matters mentioned above, and answered to any audit questions raised from the independent directors. 3. All of above matters were acknowledged and agreed by all of the independent directors. | All of the independent directors raised no objection. |

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

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

Note3: Audit Committee was established to replace supervisors' duties.

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

| Item | Implementation Status (note 1) | | | Non-implementation and Its Reason(s) |
|---|--------------------------------|----|--|--------------------------------------|
| | Yes | No | Summary | |
| 1. If the Company has established corporate governance policies based on “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”, please describe any discrepancy between the policies and their implementation. | V | | The Company has established "Corporate Governance Practical Rules" based on the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies." These practices are disclosed on the Market Observation Post System and the Company’s website, which can be easily accessed by shareholders and the public. | None |
| 2. Shareholding Structure and Shareholders’ Rights | | | | |
| (1) Method of handling shareholder suggestions or complaints | V | | (1) The Company has appointed a spokesperson, a PR person and stock affair specialists to handle shareholder suggestions or complaints. In addition, the Company also established columns for shareholders and stakeholders on its website to facilitate the communication. | None |
| (2) The Company’s possession of a list of major shareholders and a list of ultimate owners of these major shareholders | V | | (2) The Company tracks the shareholdings of major shareholders by its designated department and persons and report to the competent authority in accordance with relevant regulations. | |
| (3) Risk management mechanism and “firewall” between the company and its affiliates | V | | (3) The Company and each of its affiliated enterprises operate independently from each other. The subsidiaries are governed by the internal control system, the "Finance and Business Policy for Group Members and Related Parties," and the "Subsidiary Management Policy." | |
| (4) Internal regulation to prevent insider trading | V | | (4) The Company has established “Information Disclosure and Insider Trading Prevention Procedure” and “Ethical Corporate Management Principle” and addressed them to insiders regularly through educational programs. | |
| 3. Composition and Responsibilities of the Board of Directors | | | | |
| (1) The board members proposed diversify strategies /specific management goal and execution | V | | (1) The Company has established "Corporate Governance Practical Rules" specifying that the composition of board of directors should consider the diversity of knowledge and capabilities. Our directors have specialties in different domains, such as operation, accounting and management that fulfills our operation needs. Please refer to page 14-27. | None |
| (2) The establishment of other functional committees beside of Compensation Committee and Audit Committee | V | | (2) Beside Compensation Committee in accordance with law, Audit Committee was set up to execute supervisors’ responsibilities. | |

| | | | |
|---|-------------------|---|-------------|
| <p>(3) Board Performance Evaluation and Director Appraisal and report the results of the performance evaluation to the Board of Directors, and apply them as a reference for individual directors' remuneration and nomination for reappointment.</p> <p>(4) Regular evaluation of external auditors' independence and suitability.</p> | <p>V</p> <p>V</p> | <p>(3) The Company has formulated the Regulations Governing Performance Evaluation of the Board of Directors, which specify the measurement items for the performance evaluation, including the level of participation in the Company's operations, improving the quality of the Board's decision-making, composition and structure of the Board of Directors, selection of the Board of Directors, continuous training, and internal control. After the end of the year, the evaluation is carried out based on various evaluation indicators, and reported to the Board of Directors in the following year. If there are any significant differences among the evaluation results of individual directors, they will be listed as a reference for nomination and performance.</p> <p>(4) The assessment of the independence and suitability of the external auditors is approved by the audit committee and reported to the board meetings. If necessary, the external auditors may be invited to attend the board meetings to ensure their independence and suitability. External auditors should avoid conflicts of interest against assignments or themselves, and its rotation should follow relevant rules. The Company has examined and evaluated the independence of external auditors, which was approved by the audit committee and board meetings. The evaluation result showed that accountant Lin, Chun-Yao and accountant Weng, Shih-Jung met the Company's independence standards and are qualified to act as the Company's accountants. The aforementioned independence check and evaluation includes (1) whether the accountant is not a shareholder of the Company or its affiliates; (2) whether the accountant is not paid by the Company or its affiliates; (3) whether the accountant's co-practicing accountant of the firm has not been a director, manager, or held a position of significant influence over the audit within one year of leaving the firm; (4) whether the accountant has confirmed that the firm has complied with the relevant independence standards; and (5) the Company should obtain information on 13 Audit Quality Indicators (AQIs) provided by the accounting firm, and evaluate the audit quality of the firm and its audit team based on the "Audit Committee Interpretation of Audit Quality Indicators (AQIs) Guidelines" published by the regulatory authority.</p> | |
| <p>4. Does a listed company establish full (part)-time governance units or personnel in charge of governing relevant matters (including but not limited to providing directors and supervisors with the information to do their business, holding board meetings and shareholders'</p> | <p>V</p> | <p>The Company has established a corporate governance officer who is responsible for coordinating the planning and execution of corporate governance-related matters, including 1. conducting meetings of the board of directors and shareholders' meetings in accordance with the law; 2. assisting directors in their appointment, continuing education,</p> | <p>None</p> |

| | | | | |
|---|---|--|---|------|
| meetings in accordance with law, dealing with company registration and change of registration, making the minutes of board meetings and shareholders' meetings? | | | compliance with laws and regulations, and providing information necessary for the execution of business; and 3. other matters in accordance with the competent authorities, articles of incorporation, or contracts. Each department also assigns personnel to work with the head of corporate governance to carry out related corporate governance matters. | |
| 5. Communication Channel with Stakeholders | V | | The Company has designated PR Department to handle stakeholders' complaints and suggestions promptly. The Company also set up Stakeholder Center on its website that the issues brought up by stakeholders will be handled and replied on a case by case basis, as needed. | None |
| 6. Share Transfer Agent and Registrar | V | | In addition to its own stock affairs specialists, the Company also has appointed "KGI Securities" as the share transfer agent and registrar. | None |
| 7. Information Disclosure | | | | |
| (1) Establishment of a corporate website to disclose information regarding the Company's financials, business and corporate governance status | V | | (1) The Company's financials, business and corporate governance status are published on the Market Observation Post System regularly. The Company fully discloses business and financial information on its official website, including monthly revenue, financial statements, corporate governance, etc. | None |
| (2) Other information disclosure channels (e.g., maintaining an English-language website, appointing responsible people to handle information collection and disclosure, appointing spokespersons, webcasting investors conference) | V | | (2) The Company has designated a responsible person of Finance & Accounting Division to handle information collection and disclosure and has established an English-language website, appointed a spokesperson, and disclosed investors conference. | |
| (3) Does the company announce and register the annual financial report within two months after the end of the fiscal year, and announce and register the first, second and third quarter financial reports and the monthly operating situations before the prescribed time limit? | V | | (3) The Company announces and registers the annual and quarterly financial reports and monthly operating situations before the prescribed time limit, in response to the laws and regulations and the Group's overall planning. | |
| 8. Other important information to facilitate better understanding of the Company's corporate governance practices (e.g., employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors) | V | | (1) Employee rights: The process of recruitment is open and fair. Employees are provided with benefits such as health checkups and insurance. The rights of handicapped and aboriginal employees are under well protection. (2) Employee wellness: The Company provides employees with a fair working environment and an organized training system for career development. (3) Investor relations: The Company has devoted to enhance internal communication and informatization. Meanwhile, a platform to communicate with investors and to improve transparency has | None |

| | | | |
|---|--|---|--|
| | | <p>been established as a mechanism of dual communication between investors and the management.</p> <p>(4) Supplier relations: To fulfill the social responsibility, the Company has assisted suppliers to build up environmental protection, safety and hygiene management system, industrial safety evaluation rules and high-risk operations skills certification system.</p> <p>(5) The company has established the " Related-party Transaction Procedure," which requires all related-party transactions, including purchases, sales, asset transactions, endorsements, guarantees, and loans, to be conducted in accordance with regulations. Significant transactions must be reported to the board of directors. There were no significant transactions in purchases, sales, or asset transactions with related parties in the current year. The endorsement and guarantee transactions were reported to the board of directors in accordance with regulations and were disclosed in the shareholders' meeting report.</p> <p>(6) Directors' and supervisors' training records: The Company provides directors and supervisors with information concerning regulatory requirements and developments from time to time Year 2022. Directors and supervisors also attend training programs on corporate governance topics.</p> <p>(7) Implementation of risk management policies and risk evaluation measures: Internal control system, managing regulations and accounting systems are established and implemented under supervision of internal auditors, board of directors and supervisors.</p> <p>(8) Customer relations policies: The Company has obtained ISO 9001 and ISO 14001 certification and continuously provides products and services in a high quality. Strict compliance with contracts and customers' rights are assured.</p> <p>(9) Purchasing insurance for directors and supervisors: From 2014 the Company has taken out liabilities insurance for directors, supervisors and officers pursuant to the shareholder resolution, which can reduce risks resulting from fault and misconduct by directors, supervisors and officers.</p> | |
| <p>9. As regards the assessment conducted by Taiwan Stock Exchange Corporate Governance Center for the most recent year, please illustrate things that have been improved and provide solutions to those that need to be strengthened.(If the company is not in the assessment list, please ignore this item.)(Note 2)</p> <p>In accordance with the result of "7th Corporate Governance Evaluation" announced by Taiwan Securities Exchange Corporation on April 28, 2022, the Company is ranked at between 51% ~65% among public listed companies, and of items not reaching the evaluation indicators, the Company has sought improvement gradually, which are described below:</p> <p>(1) The Company has hired the third-party expert – "Taiwan Institute of Ethical Business" to conduct the performance evaluation of the Board of Directors.</p> | | | |

- (2) The Company has established the framework of information security risk management, formulated information security policy and specific management plan, and disclosed above information in the annual report.
- (3) The ESG report prepared by the Company has been third-party verified by BSI in the UK.
- (4) The Company has disclosed the annual greenhouse gas emission, water consumption, and total weight of waste for the past two years.

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

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

4.4 Composition, Responsibility and Operations of Compensation Committee

(1) Information on Compensation Committee Members

April 1, 2023

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

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

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

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

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

Note 4: The Company's 2023 Annual General Meeting of Shareholders book close date was April 1, 2023.

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

(3)Information on Operations of Compensation Committee

The Compensation Committee consists of 3 members.

Period of compensation committee : June 14th,2022~May 26th, 2025

In 2022, Compensation Committee held 4 meetings(A). The Committee members' attendance status is as follows:

| Title | Name | Attendance in Person | By Proxy | Attendance Rate in Person (%) (B/A)(Note) | Remarks |
|----------|-------------------|----------------------|----------|---|-----------------------------|
| Convener | Wu, Chung-Pao | 4 | 0 | 100% | Re-elected on June 14, 2022 |
| Member | Lin, Hsiao-Ming | 4 | 0 | 100% | Re-elected on June 14, 2022 |
| Member | Chao, Rong-Shiang | 4 | 0 | 100% | Re-elected on June 14, 2022 |

Other matters to be disclosed :

1. If the board of directors declines to adopt, or modifies a recommendation of the remuneration committee, the date of the Board of Directors meeting, term, content of motions, board resolution results and Company handling of remuneration committee opinions shall be specified. (if the compensation approved by the Board of Directors exceeds that proposed by the remuneration committee, the circumstances and cause of the difference shall be specified): None.
2. If any committee member has an objection or qualified opinion together with a record or written statement regarding a remuneration committee resolution, the remuneration committee date, term, content of motions, all members opinions and how the opinions were handled shall be specified: None.

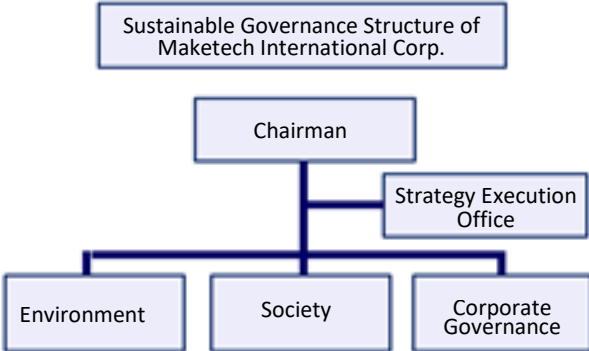
Note: (1) Where directors and supervisors resign the job before the end of the year, their date of resignation shall be noted down in remarks. Their actual attendance rate (%), it shall be calculated by the number of Board of Directors meetings during their employment and the number of times of their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

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

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

| Date | Period | Proposal content and follow-up processing | Resolution results | Handling situations |
|------------|---|--|--|--|
| 2022/02/18 | 4 th board meeting 9 th times | 1. Total amount and distribution for 2021 Directors' Remuneration. 2. Total amount for 2021 employee bonus. | All of matters were acknowledged and agreed by all of the members. | 8 th board meeting-23 rd board meeting all directors approved and executed |
| 2022/04/21 | 4 th board meeting 10 th times | 1. Amendment of performance evaluation rules. 2. Proposal of the management's salary adjustment. | All of matters were acknowledged and agreed by all of the members. | 8 th board meeting-24 th all directors approved and executed |
| 2022/08/01 | 5 th board meeting 1 st times | 1. Amendment of Remuneration Committee Charter. 2. 2021 the management distributed the employee bonus | All of matters were acknowledged and agreed by all of the members. | 9 th board meeting-3 rd all directors approved and executed |
| 2022/12/13 | 5 th board meeting 2 nd times | 1. Periodic review of Board of Directors' performance evaluation method amendments. 2.2021 performance bonus of the Company's management. | All of matters were acknowledged and agreed by all of the members. | 9 th board meeting-6 th all directors approved and executed |

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

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

| Promotion Item | Execution Status (Note1) | | | Differences and reasons with the Corporate Governance Best Practice Principles for Sustainable Development of Listed and OTC Companies |
|--|--------------------------|----|--|--|
| | Yes | No | Summary(Note 2) | |
| 2. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to Company operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies? (Note 2) | V | | The Company has introduced ISO 14001 (environmental management system) and has also passed ISO 45001 (occupational safety and health management system), incorporating environmental sustainable development strategies into the management system, such as climate change, improving resource efficiency and suppressing environmental impacts caused by pollutants, etc. Fulfill the commitment to sustainable development and comply with legal regulations and customer requirements and continue to improve towards the goal of environmental safety, health and sustainability. | None |
| 3. Environmental issues (1) Has the Company established an appropriate environmental management system according to its industrial characteristics? | V | | (1) The Company thoroughly implements the industrial safety and environmental protection policy, and has obtained the ISO 14001 environmental management system certification. Arrange training for new recruits and hold regular environmental safety and health meetings to enhance employees' awareness of hazardous substances and their ability to respond to emergencies. The content of the policy is as follows: 1. The Company's business activities, product development, manufacturing process, engineering construction, maintenance operation, and customer service must comply with the environmental safety and health requirements of its customers in the relevant government environmental safety and health laws and regulations. 2. Implement education and training to strengthen the awareness and skills of employees and management on environmental protection, safety and health. 3. Committed to the prevention of environmental pollution and the reduction of waste in the production process, the effective use of energy, and the recycling of resources. 4. Committed to improving the working environment of employees, improving equipment safety protection, and teaching safe operation methods to prevent the occurrence of industrial safety and environmental accidents. 5. Through the regular review of the environmental safety and health management system, the environmental safety and health performance is reviewed, and continuous improvement is promoted. | None |

| Promotion Item | Execution Status (Note1) | | | Differences and reasons with the Corporate Governance Best Practice Principles for Sustainable Development of Listed and OTC Companies |
|---|--------------------------|----|---|--|
| | Yes | No | Summary(Note 2) | |
| (2) Is the Company committed to improving energy efficiency and using recycled materials with low impact on the environment? | V | | <p>All colleagues of the Company must understand the meaning of the environmental safety and health policy, and promise to follow the environmental safety and health management manual and the document instructions of the environmental safety and health management system, implement the requirements of the environmental safety and health policy, enhance the Company's image, and ensure the sustainable operation of the enterprise.</p> <p>(2) The Company is not an energy-intensive industry, but the Company is also making efforts for environmental protection while operating profitably by launching the first solar cell local doping selective emitter laser processing machine in Taiwan to enhance solar energy battery performance. In addition, it promotes e-electronic exchange of official documents, responds to the paperless operation process, and adopts LED lighting and inverter air conditioners to implement energy saving and carbon reduction, and continues to promote the procurement of green energy-saving products to reduce the environmental impact.</p> | |
| (3) Has the Company assessed the current and future potential risks and opportunities of climate change to the Company, and taken measures to | V | | <p>(3) In response to climate change and energy conservation and carbon reduction, the Company has successively replaced LED lighting fixtures in the factory area, adjusted the number of ice water compressors turned on, replaced high-efficiency ice water pumps, and promoted the purchase of green energy-saving products, adjusted the air-conditioning outlet water temperature and indoor air-conditioning temperature, at the same time, has promoted energy conservation and carbon</p> | |

| Promotion Item | Execution Status (Note1) | | | Differences and reasons with the Corporate Governance Best Practice Principles for Sustainable Development of Listed and OTC Companies |
|--|--------------------------|----|--|--|
| | Yes | No | Summary(Note 2) | |
| <p>address climate-related issues?</p> <p>(4) Has the Company taken a statistics for the greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulated policies for energy conservation and carbon reduction, greenhouse gas reduction, water reduction or other waste management?</p> | v | | <p>reduction and greenhouse gas inventory, and conducted continuous monitoring of energy-consuming equipment to reduce the impact of Company operations on the natural environment. The Company conducts internal greenhouse gas inspections for each factory area every year in accordance with the relevant specifications announced by the Environmental Protection Agency. The results of each annual greenhouse gas self-inspection meet the standard values stipulated by the competent authority. The Hukou factory has obtained the greenhouse gas inspection certification. Other factories do not need required to log in to the information platform designated by the central competent authority, but the Company still compiles the results of the previous year's inventory for backup.</p> <p>(4) The Company sets an annual energy saving and carbon reduction target of 1%, and collects statistics on the emissions of various emission sources, electricity consumption, water consumption and waste recycling in each plant area. For waste management, in addition to the method of reduction at the source, we continue to improve the recycling rate of waste, determine the priority of reduction and confirm the reduction results through the results of greenhouse gas inventory, and carry out the solar power generation plan of Southern Taiwan Science Park (STSP) Plant for pollution prevention, energy management and other sustainable environmental protection.</p> <p>The Company's greenhouse gas emissions statistics for the last two years are as follows:</p> | |

| Promotion Item | Execution Status (Note1) | | Summary(Note 2) | Differences and reasons with the Corporate Governance Best Practice Principles for Sustainable Development of Listed and OTC Companies | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--------------------------------------|--------------------------|-----------|--|--|------------------|----|--|--|--|--|----|--------------|-----------|-----------|--------------|------------|----|-----|------|-------|-------|------|--------|--|-----|------|------|------|-------|---------|--|--------|------|------|------|------|---------|--|------|------|------|-------|------|---------|--|------------------------------------|--|--|--|--|----------------|--|--------------------------------|--|--|--|--|--|--|------------------------------|--|--|--|--|--|--|----|--------------|-----------|--------------|-----------|------------|----|-----|--------|--------|---------|--------|----------|--|-----|---|---|---|---------|-----------|--|-------|---|---|---|---------|-----------|--|-------|---|---|---|---------|-----------|--|-------|---|---|---|------|----------|--|-----|---|---|---|---|----------|--|--------------------------------------|--|--|--|--|------------------|--|---------------------------------|--|--|--|--|--|--|--|
| | Yes | No | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| 湖口廠 | 0.00 | 25.07 | 13.14 | 9.16 | 817.79 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 頭份廠 | 0.00 | 0.00 | 4.00 | 10.82 | 1838.26 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 南科一、二廠 | 5.71 | 0.00 | 0.00 | 0.05 | 2760.30 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| (範疇 1+2)= 7993.37 (公噸 CO2-e/年) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2022年廠區各類排放源排放量 (公噸 CO2-e/年) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 廠區 | 固定式燃燒 排放源 | 製程 排放源 | 移動式燃燒 排放源 | 逸散 排放源 | 能源 間接排放 | 備註 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 湖口廠 | 0.1366 | 25.065 | 47.1376 | 9.8125 | 744.5774 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 頭份廠 | 0 | 0 | 0 | 10.9825 | 1436.2024 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 南科廠一廠 | 0 | 0 | 0 | 28.2675 | 2400.7932 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 南科廠三廠 | 0 | 0 | 0 | 15.8425 | 3077.8212 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 南科廠五廠 | 0 | 0 | 0 | 6.01 | 619.5141 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 善化廠 | 0 | 0 | 0 | 0 | 182.5478 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (範疇 1)總計(不含間接): 143.2544(公噸 CO2-e/年) | | | | | (範疇 2)=8461.4561 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (範疇 1+2): 8604.7105(公噸 CO2-e/年) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Promotion Item | Execution Status (Note1) | | | Differences and reasons with the Corporate Governance Best Practice Principles for Sustainable Development of Listed and OTC Companies |
|--|--------------------------|----|---|--|
| | Yes | No | Summary(Note 2) | |
| | | | Company's corporate social responsibility report "Environmental Protection" section and information on the Company's official website. | |
| 4. Promotion of social welfare | | | | None |
| (1) Compliance with labor regulations, international recognized human right principles, and appropriate management measures and procedures | V | | (1) The Company strictly complies with government laws and regulations. The process of recruitment is open and fair. The rights of handicapped and aboriginal employees are under well protection. | |
| (2) Does the Company establish and implement reasonable employee welfare measures (including compensation, leaves, other benefits, etc.), and appropriately reflect the operating performance or results in employee compensation? | V | | (2) The Group's Human Resources Department and the Remuneration Compensation Committee jointly formulate policies on compensation and remuneration. The design of compensation is mainly to support the Company's goals, effective recruitment, incentives and retention of talents. The Company continues to collect and analyze information on the salary market externally, and make adjustment in response to inflation, in order to maintain the overall salary level and competitiveness. Internally, it is expected to provide incentives to excellent employees and comply with internal fairness. Regarding the salary of newly recruited employees, the Company provides different salaries according to the background conditions such as the position and level of responsibility, academic background and work experience, and will not discriminate against factors such as gender, race, religious belief, political position, marital status, groups participated, etc. Marketech as one of the constituent stocks of "High Salary 100", provide market-competitive salaries and comprehensive benefits to attract talents, retain talents and achieve the Company's operating goals. | |
| (3) Safety and health in working environment, and the condition for providing periodical safety and health training to employees | V | | (3) The Company provides a fair, appropriate and safe working environment to employees in compliance with government laws and regulations. The physical working environment is examined every year to ensure a healthy environment. Breastfeeding rooms are provided to meet female employees' needs. To enhance knowledge of health and to prevent occupational injuries, health checkups and seminars are regularly held. | |

| Promotion Item | Execution Status (Note1) | | | Differences and reasons with the Corporate Governance Best Practice Principles for Sustainable Development of Listed and OTC Companies |
|--|--------------------------|----|--|--|
| | Yes | No | Summary(Note 2) | |
| (4) Effective capabilities development program for employees | V | | (4) The Group institutionalized a career skillset learning pathway program and development blueprint based on different job roles/categories, management levels, career development structure and surveyed training needs. With five dimensions: strategy trends, operations development, management skillsets, professional fundamentals, and employee care (new employees guidance and general knowledge), the annual education and training plan are structured. Within the plan includes internal training courses and external training courses to implement the employees' knowledge and skills and the future development capabilities. | |
| (5) Compliance with products and services marketing and labeling regulations and international standards | V | | (5) The Company has obtained ISO 90001 certification, and the product labeling follows "Outgoing Product Control Procedure" and "Outgoing Product Inspection Standard." Government regulations and industry standards are complied with to assure the quality of products and services. | |
| (6) Evaluation of suppliers | V | | (6) The Company's management policies and requirements for suppliers include regularly confirming and managing and tracking suppliers' environmental safety and health management regulations, environmental safety and fire prevention measures, and SA 8000 social responsibility commitment statement. The Company also regularly inspects and evaluates the supplier's environmental safety and health management, environmental safety and fire protection, and social and environmental responsibility to ensure that the supplier actually complies with the relevant specifications. | |
| 5. Does the Company take reference to international reporting standards or guidelines to prepare reports such as the corporate social responsibility report, etc., that disclose the Company's non-financial information? | V | | The Company's report issued every year is prepared in the spirit of GRI Standards. The 2021 ESG report prepared by the Company has obtained the verification of BSI in the UK. | None |
| 6. If the Company has established its corporate social responsibility code of practice according to "Listed Companies Corporate Social Responsibility Code of Practice", please describe the operational status and differences: The Company has followed corporate governance related operations to set and implement "Listed Companies Corporate Social Responsibility Code of Practice". | | | | |
| 7. Other important information to facilitate better understanding of the Company's implementation of corporate social responsibility: The information of the Company's implementation of corporate social responsibility has been disclosed in "Corporate Social Responsibility Report" published on the official website. | | | | |

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

Note 2: The principle of materiality refers to those have material impacts on the Company's investors and other stakeholders in relation to environmental, social and corporate governance issues.

4.6 Implementation of Corporate Conduct and Ethics

| Item | Implementation Status | | | Deviation from “Corporate Conduct and Ethics Best Practice Principles for TWSE/GTSM Listed Companies” and reason(s) |
|---|-----------------------|----|--|--|
| | Yes | No | Summary | |
| <p>1. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures</p> <p>(1) The Company’s guidelines on corporate conduct and ethics are provided in internal policies and disclosed publicly. The Board of Directors and the management team demonstrate their commitments to implement the policies.</p> <p>(2) The Company establishes relevant policies for preventing any unethical conduct. The implementation of the relevant procedures, guidelines, disciplines and appealing mechanism are provided in the policies.</p> <p>(3) The Company establishes appropriate measures for preventing bribery and illegal political contribution for higher potential unethical conduct in the relevant policies.</p> | V | | <p>(1) “Integrity, Careness, Profession, Innovation, Dedication and Cooperation” is the Company’s most important core value. The Company has established the Code of “Ethics and Business Conduct” and is committed to acting ethically in all aspects of our business. For conflicts of interest avoidance, directors must recuse themselves from discussion and voting on issues in which they have a direct personal or pecuniary interest.</p> <p>(2) The Company has established the Code of “Ethics and Business Conduct” and formed the corporate culture based on integrity. The prevention of unethical conduct and its penalty are clearly stated in the Company’s service regulation, employment contract and Reward and Discipline Policy. The Company also provides employee appealing mechanism that accepts complaints through a mail box.</p> <p>(3) The Company is in compliance with “Corporate Conduct and Ethics Best Practice Principles for TWSE/GTSM Listed Companies.” The management regularly audits and reviews the compliance status to prevent unethical conduct. For higher potential unethical conduct, promotion on ethics is addressed to employees and related persons. Any delivery of gifts has to be cautiously evaluated and approved.</p> | None |
| <p>2. Corporate Conduct and Ethics Compliance Practice</p> <p>(1) The Company shall prevent doing business with whomever has unethical records and include business conduct and ethics related clauses in the business contracts.</p> <p>(2) The Company sets up dedicated unit in charge of promotion and execution of the company’s corporate conduct and ethics. The board of directors supervises such execution and compliance of the policies.</p> <p>(3) The Company establishes policies to prevent conflicts of interest and</p> | V | | <p>(1) The Company performs credit verification on new suppliers, vendors and partners to understand their ethical records. All business contracts have to be previewed by the legal personnel and contain clauses of contract termination and penalty as a result of unethical conduct.</p> <p>(2) The Company has not yet established a unit that promotes Ethics and Business Conduct. However, while conducting business, departments of the Company shall follow “Ethics and Business Conduct”. The Executive Strategy Office shall also supervise to ensure if the departments have violated the said Conduct. Any matter that is found violating the said Conduct shall be reported to directors at Board of Director Meeting.</p> <p>(3) Directors must rescue themselves from discussion and voting on issues in which they have a direct personal or pecuniary interest.</p> | None |

| Item | Implementation Status | | | Deviation from "Corporate Conduct and Ethics Best Practice Principles for TWSE/GTSM Listed Companies" and reason(s) |
|--|-----------------------|----|--|--|
| | Yes | No | Summary | |
| <p>provides appropriate communication and complaint channels.</p> <p>(4) The Company establishes effective accounting and internal control systems for the implementation of policies, and the internal auditors audit such execution and compliance.</p> <p>(5) Internal and external training programs on corporate conduct and ethics</p> | V | | <p>(4) The Company has established accounting and internal control systems, and the systems are reviewed at all times to ensure conformation with regulations and operation needs. Internal auditors regularly audit the execution and report to the board of directors.</p> <p>(5) The Company regularly promotes corporate conduct and ethics policies, principles and corporate values to employees. The results of unethical conduct are will be carried out according to a clear and effective reward and discipline mechanism.</p> | |
| <p>3. Operational Status of Reporting Mechanism</p> <p>(1) The Company establishes reporting and reward system as well as convenient reporting channels and designates an appropriate person in charge</p> <p>(2) The standard of procedure for processing ethical irregularities reporting and the confidentiality</p> <p>(3) Measures to protect reporters</p> | V | | <p>(1) The Company has explicitly specified the Company's reporting channel and reward system in its Ethics and Business Conduct Regulations Governing the Management and Communication of Corporate Social Responsibility and Reward and Discipline Policy, where reporter may conduct the report anonymously and the Company shall keep the confidentiality on reporter information and reported content. A reporting mailbox is established under and managed by Human Resources & Administration Division. The mailbox related information shall be announced on the Company's internal website and be propagated in trainings for new employees.</p> <p>(2) In order to solve problems at work, communicate and improve efficiency, a mail box has been maintained to receive employee opinions and complaints. The procedure of reporting includes:</p> <p>A. An employee can file complaints in writing for any suggestions on the Company's policies and administrative measures, or any impairment to employees' rights and improper treatment without reasonable responses from his department.</p> <p>B. The appeal should be sealed up and delivered to the President directly by Human Resources & Administration Division in confidential class.</p> <p>The investigation on the reporting should be processed cautiously and kept confidential. Sexual harassment complaints are processed according to Sexual Harassment Prevention Policy.</p> <p>(3) The opinions received through employee communication mail box directly go to the top management. The process of reporting is under control of the Company's information safety system. Violation of confidentiality will be judged according to the reward and discipline system.</p> | None |
| 4. Information Disclosure | | | | |

| | | | | |
|---|---|--|--|------|
| (1) Disclosure of corporate conduct and ethics policies and such execution on the Company's website and the Market Observation Post System | V | | The Company has disclosed information of corporate conduct and ethics on the official website and published on the Market Observation Post System. | None |
| 5. If the Company has established the Code of "Ethics and Business Conduct" based on "Corporate Conduct and Ethics Best Practice Principles for TWSE/GTSM Listed Companies", please describe any discrepancy between the policies and their implementation: The Company has already stipulated Ethics and Business Conduct and implemented it accordingly. | | | | |
| 6. Other important information to facilitate better understanding of the Company's corporate conduct and ethics compliance practices: (1) The Company provides promotion and training programs on service regulations to employees to facilitate employees' better understanding of the Company's determination, policies, prevention measures on corporate conduct and ethics as well as the results of violation. (2) Suppliers, vendors and partners are required to follow the Company's service regulation and to report the violation or unethical conduct of the Company's employees. (3) Please refer to the section of "Implementation of Corporate Social Responsibility" in this annual report and "Corporate Social Responsibility Report" on the official website for more information. | | | | |

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

4.7 Principles and relevant regulations on corporate governance of the Company can be found at the official website <https://www.micb2b.com>. Please refer to the section of "Implementation of Corporate Governance" of this annual report page 44-47.

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

4.9 Internal control system execution

4.9.1. Internal control statement

Marketech International Corp.
Internal Control Statement

Date: February 17, 2023

Based on the results of examination from the 2022 internal control system of the company, the following are stated:

- I. The Company is ascertain of the establishment, implementation and maintenance of the internal control system of the Company in terms of the responsibilities of the board of director and the managers as the Company has already established such system. The objective is to, within a reasonable range, ensure operation results and efficiency (including profitability, performance and the protection of asset safety); the reliability, timeliness and transparency of reports; and compliance of relevant rules and regulations.
- II. There are still natural limitations of the internal control system regardless of the comprehensiveness of the design. The effectiveness of the internal control system can only provide reasonable guarantees to the goal-achievement of the three aforementioned objectives; also, due to the environmental and situational changes, the effectiveness of the internal control system may alter. Still, the internal control system of the Company is set with a self-supervision mechanism. Once the defect is detected, the Company will adopt a corrective action for modification.
- III. With the reference of the content of determination within the “Guidelines of the Internal Control System of Public Company” (hereinafter referred to as “the Guideline”), the effectiveness of the design and the implementation of internal control system shall be determined. The evaluation items that the Guidelines has adopted for internal control refers to the management and control process, where the internal control system is divided into five constituents: 1. Environment control; 2. Risk assessment; 3. Control operations; 4. Information and communication, and; 5. Supervision. Each constituent would contain several other items. For the aforementioned items, please refer to the regulations of the Guideline.
- IV. The Company has already adopted aforementioned internal control assessment items to evaluate the design of internal control system and the efficiency of implementation.
- V. Based on the results of aforementioned assessment, the Company believes that the internal control system (including the supervision and management of subsidiaries), which has adopted on the 31 of December 2022, ensures an effective design and implementation of relevant internal control measures, where the objectives of understanding the operation results and efficiency, providing reliable, on-time and transparent reports, and ensuring the compliance of relevant rules and regulations can all be reached.
- VI. This statement will become the main content of the annual report of the Company and an open statement for the public. In the event of any faking or illegal situations of the aforementioned content, it shall be obliged with the legal responsibilities stated in Article 20, 32, 171 and 174 of Securities and Exchange Act.
- VII. This statement was approved by the board on February 17, 2023 with the presence of 9 directors without any objection. The rest also agreed with the content of the statement.

Marketech International Corp.

Chairman of the board: Kao, Hsin-Ming

General Manager: Lin, Yue-Yeh

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

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

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

4.11.1. Important Resolutions at Shareholders' Meeting

| Date | Resolutions |
|------------|--|
| 2022/05/27 | <ol style="list-style-type: none"> 1. Recognized company 2021 operating report and financial report proposal. State of implementation: voted and approved in the 2022 shareholders' meeting. 2. Recognized company 2021 earnings distribution proposal. State of implementation: a resolution voted in the 2022 shareholders' meeting approving for distributed cash dividend of NT\$4.5 per share, with cash dividend having been distributed as of August 3, 2022. 3. Approved amending company "Articles of Incorporation" proposal. State of implementation: a resolution has been approved in the 2022 shareholders' meeting, with relevant matters having been executed by related law and regulations. 4. Approved amending company "Procedures for Acquisition or Disposal of Assets" proposal. State of implementation: a resolution has been approved in the 2022 shareholders' meeting, with relevant matters having been executed by related law and regulations. 5. Approved re-election of members of Board Directors of company. State of implementation: a resolution has been approved by election in the 2022 shareholders' meeting, with relevant matters having been executed by related law and regulations. 6. Approved dismissal of non-competition restrictions on directors proposal. State of implementation: a resolution has been approved in the 2022 shareholders' meeting, with relevant matters having been executed by related law and regulations. |

4.11.2. Important Resolutions at Board of Directors' Meeting

| Date | Resolutions |
|------------|---|
| 2022/02/21 | <ol style="list-style-type: none"> 1. Approved the Company's 2021 Individual and Consolidated Financial Statements. 2. Approved the Company's 2021 Distribution of Compensations of Board Directors and Employees. 3. Approved the Company's 2021 Earnings Distribution. 4. Approved the Company's 2021 Internal Control Statement. 5. Approved company 2021 individual consolidated financial report proposal. 6. Approved amending company "Procedures for Acquisition or Disposal of Assets" proposal. 7. Approved the date of, location of and reasons for holding the Company's 2022 Shareholders' Meeting. 8. Approved the proposal for overdue payment examination in the forth quarter of 2021. 9. Approved the independent review of CPAs (certified public accountant) and accounting firm to which they belong in 2022. 10. Approved the proposal for the company to provide the bank financing guarantor to its subsidiary, Marketech Intergrated Pte. Ltd.. 11. Approved the proposal capital lending proposal to its subsidiary, Marketech International Sdn. Bhd.. 12. Approved the proposal for amending the Articles of Incorporation of company. 13. Approved the proposal for re-election of Board of Directors of company. |

| Date | Resolutions |
|------------|---|
| | <ol style="list-style-type: none"> 14. Approved the proposal for period of nomination rights for re-election of Board of Directors in 2022. 15. Approved the proposal of candidates list for re-election of Board of Directors in 2022. 16. Approved the case of dismissal of non-competition restrictions on newly elected directors. 17. Approved offering the 4th domestic unsecured convertible bonds convert into ordinary shares. |
| 2022/04/26 | <ol style="list-style-type: none"> 1. Approved the Company's Q1 2022 consolidated financial report. 2. Approved the proposal for overdue payment examination in the first quarter of 2022. 3. Approved the Company's bank financing quota. 4. Approved the company capital lending proposal to its subsidiary MIC-Tech Viet Nam Co., Ltd.. 5. Approved amending company "Internal Control System - Payroll" proposal. 6. Approved the proposal for the salary adjustment of professional managers of company. |
| 2022/05/27 | <ol style="list-style-type: none"> 1. Approved the proposal of election of Chairman of the Board. |
| 2022/06/14 | <ol style="list-style-type: none"> 1. Approved the Company's bank financing quota. 2. Approved the proposal for the company to provide the bank financing guarantor to its subsidiaries: MIC-Tech Electronics Engineering Corp., MIC-Tech (Shanghai) Co. Ltd. and MIC-Tech (WuXi) Co., Ltd. 3. Approved the proposal for the company to dismiss the bank financing guarantor to its subsidiaries: MIC-Tech Electronics Engineering Corp., MIC-Tech (Shanghai) Co. Ltd. and MIC-Tech (WuXi) Co., Ltd. 4. Approved the proposal for the company to provide the guarantor to Te Chang Construction Co., Ltd. due to the requirement for the contracting works. 5. Approved the proposal capital lending proposal to its subsidiary, MIC-Tech Viet Nam Co., Ltd.. 6. Approved offering the 4th domestic unsecured convertible bonds convert into ordinary shares. 7. Approved the Company's cash dividend allocation base date. 8. Approved the proposal for appointment of Remuneration Committee members. |
| 2022/08/08 | <ol style="list-style-type: none"> 1. Approved the Company's Q2 2022 consolidated financial report. 2. Approved the proposal for overdue payment examination in the second quarter of 2022. 3. Approved the proposal for the company to provide the bank financing guarantor to its subsidiaries MIC-Tech Electronics Engineering Corp., MIC-Tech (Shanghai) Co. Ltd. and MIC-Tech (WuXi) Co., Ltd. 4. Approved the proposal for amending company "Audit Committee Organizational Procedures". 5. Approved the proposal for amending company "Regulation of the Board Meeting". 6. Approved the proposal for disclosure the information of greenhouse gas inventory and planning of verification schedule. 7. Approved the proposal for amending company "Remuneration Committee Organizational Procedures". 8. Approved the proposal for Employees' Compensation of 2021. |
| 2022/10/12 | <ol style="list-style-type: none"> 1. Approved the Company's bank financing quota. 2. Approved the proposal for the company to provide the bank financing guarantor to its subsidiaries MIC-Tech Electronics Engineering Corp., MIC-Tech (Shanghai) Co. Ltd. and MIC-Tech (WuXi) Co., Ltd. 3. Approved the proposal for the company to provide the bank financing guarantor to its subsidiaries Marketech International Sdn. Bhd. 4. Approved the proposal for the company to provide guarantee of construction contract to its subsidiary : MIC-Tech Electronics Engineering Corp.. |

| Date | Resolutions |
|------------|---|
| | <ol style="list-style-type: none"> 5. Approved the proposal for the company to amend the guarantee amount to Te Chang Construction Co., Ltd.. 6. Approved the proposal for the company to provide the guarantor to Te Chang Construction Co., Ltd. due to the requirement for the contracting works. 7. Approved the proposal for the company to amend the amount of bank financing guarantee to its subsidiary: Marketech International Corporation USA. 8. Approved the proposal for the company to provide the bank financing guarantor to its subsidiary: Marketech International Corporation USA. 9. Approved the proposal Audit Plan of 2023. |
| 2022/11/01 | <ol style="list-style-type: none"> 1. Approved the Company's Q3 2022 consolidated financial report. 2. Approved the proposal for overdue payment examination in the third quarter of 2022. 3. Approved the proposal capital lending proposal to its subsidiary, Marketech International Corporation USA. 4. Approved the proposal for the company to provide the bank financing guarantor to its subsidiary: MIC-Tech Electronics Engineering Corp.. |
| 2022/12/28 | <ol style="list-style-type: none"> 1. Approved the Company's bank financing quota. 2. Approved the proposal for the company to provide the bank financing guarantor to its subsidiaries MIC-Tech Electronics Engineering Corp., MIC-Tech (Shanghai) Co. Ltd. 3. Approved the proposal for the company to provide guarantee of construction contract to its subsidiary : MIC-Tech Electronics Engineering Corp.. 4. Approved the proposal for the company to amend the amount of bank financing guarantee to its subsidiary: Marketech International Corporation USA. 5. Approved the company capital lending proposal to its subsidiary Marketech International Sdn. Bhd. 6. Approved offering the 4th domestic unsecured convertible bonds convert into ordinary shares. 7. Approved the proposal for amending company "Procedures of Information Disclosure and Prevention from Insider Trading". 8. Approved the consolidated financial budgets of 2023. 9. Approved the proposal for adoption of the "Board of Directors' Performance Evaluation Guildlines". 10. Approved the proposal in regard to the year-end and performance bonus of the Company's management personnel proposed by the Remuneration Committee. |
| 2023/02/17 | <ol style="list-style-type: none"> 1. Approved the Company's 2022 Individual and Consolidated Financial Statements. 2. Approved the Company's 2022 Distribution of Compensations of Board Directors and Employees. 3. Approved the Company's 2022 Earnings Distribution. 4. Approved the Company's 2022 Internal Control Statement. 5. Approved company 2022 individual consolidated financial report proposal. 6. Approved amending company "Procedures of Capital Lending to Others" proposal. 7. Approved amending company "Regulation of Board Directors' Meeting" proposal. 8. Approved the proposal of election of independent directors. 9. Approved the proposal for period of nomination rights for re-election of independent directors in 2023. 10. Approved the proposal of candidates list for re-election of independent directors in 2023. 11. Approved the date of, location of and reasons for holding the Company's 2023 Shareholders' Meeting. 12. Approved the proposal for overdue payment examination in the forth quarter of 2022. 13. Approved the appointment of CPAs, Wang Song Ze and Lin Jun Yao to be responsible for auditing companies' financial reports. 14. Approved the independent review of CPAs (certified public accountant) and accounting firm to which they belong in 2023. |

| Date | Resolutions |
|------------|--|
| | 15. Approved the proposal for non-assurance service to the company, parent company and subsidiaries which is provided by CPAs. 16. Approved the proposal for CPA's fee in 2023 and 2024. 17. Approved the proposal for the company to provide the bank financing guarantor to its subsidiary: Marketech International Corporation USA. 18. Approved the proposal of the subsidiary's greenhouse gas verification schedule planning and information disclosure 19. Approved the case of dismissal of non-competition restrictions on newly elected directors. 20. Approved offering the 4th domestic unsecured convertible bonds convert into ordinary shares. |
| 2023/03/17 | 1. Approved the proposal for the company to provide the bank financing guarantor to its subsidiary: MIC-Tech Electronics Engineering Corp. 2. Approved the proposal for the company 's adjustment and extension of the endorsement guarantee to Te Chang Construction Co., Ltd. 3. Approved the issuance of the fifth domestic unsecured convertible bonds. |

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

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

5 Information Regarding the Company's Audit Fee and Independence

Unit: NTD/thousand

| Name of the Accountant's firm | Accountant's name | | Auditing period | Audit Fee | None-Audit | Total | Note |
|-------------------------------|-------------------|----------------|------------------------------|-----------|------------|-------|------|
| PwC Taiwan | Lin, Jun-Yao | Weng Shih-Jung | Jan. 1, 2022 – Dec. 31, 2022 | 4,943 | 947 | 5,890 | None |

Note1: If there is any change of accountant or accounting firm in the year, the inspection period shall be listed separately and specified the reason of the change in the column of "Note."

Note2: None- audit fee means tax compliance.

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

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

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

6. Information on Replacement of Certified Public Accountant

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

6.1 About the previous accountant

| | | | |
|---|--|---------------|------------------------------------|
| Date of change | February 17, 2023 | | |
| Reason of the change and description | Due to the structural organizational adjustment of PricewaterhouseCoopers Taiwan, the Company certification accountant of 2023 is changed to Wang, Song-Ze and Lin, Jun-Yao. | | |
| Description of the termination or non-appointment of the trustee or accountant | Situation | Party | Accountant |
| | Active termination of appointment | Not available | |
| | No further appointment is accepted (continued) | | |
| Reason and opinion of approved audit report without further opinion of the latest two years | Not available | | |
| Disagreement with the publisher | YES | | Accounting principles or practices |
| | | | Disclosure of financial report |
| | | | Audit scope or procedure |
| | | | Other |
| | None | V | |
| | Description | Not available | |
| Other disclosure (The discloser shall be included based on Article 10.6(1.4~1.7) of the Guideline) | None | | |

6.2 About the successor-account

| | |
|--|--------------------------------|
| Firm name | PricewaterhouseCoopers Taiwan |
| Accountant name | Wang, Song-Ze and Lin, Jun-Yao |
| Appointment date | February 17, 2023 |
| For the accountant of particular transaction before the appointment, the management approach or accounting principles and the counselling and results of the approval of the financial report. | Not available |
| Written opinions of the successor-accountant against the previous accountant. | Not available |

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

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

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

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

Unit: share

| Title (Note 1) | Name | 2022 | | As of April 1, 2023 | |
|---|--|--|--|--|--|
| | | The increased (decreased) number of possessed shares | The increased (decreased) number of pledged shares | The increased (decreased) number of possessed shares | The increased (decreased) number of pledged shares |
| Shareholder(Note 1) (4 seats) | Ennoconn International Investment Co., Ltd. (Note 2) | 0 | 0 | 0 | 0 |
| Director (1 seat) | Ji-Xuan Investment Corp. | 0 | 0 | 0 | 0 |
| Director (1 seat) | E-Win Investment Company | 0 | 0 | 0 | 0 |
| Independent director | Wu, Chung -Pao | 0 | 0 | 0 | 0 |
| Independent director | Lin, Hsiao-Ming | 0 | 0 | 0 | 0 |
| Independent director | Wang, Yi-Chun | 0 | 0 | 0 | 0 |
| Chairman and CEO | Sung Kao,Hsin-Ming | 0 | 0 | 0 | 0 |
| Director and President | Lin, Yue-Yeh | 0 | 0 | 0 | 0 |
| Group GM | Chen, Jian-Tsuen | 0 | 0 | 0 | 0 |
| Divison GM | Huang, Zhong-Wen | 0 | 0 | 0 | 0 |
| Divison GM | Chang, Ruei-Ru | 0 | 0 | 0 | 0 |
| Divison VGM | Li, Ruei-Wen | 2,000 | 0 | 0 | 0 |
| Divison VGM | Lin, Chih-Jen | 0 | 0 | 0 | 0 |
| Divison VGM | Lu, Chien-Kuo | 0 | 0 | 0 | 0 |
| Divison VGM | Lo, Ssu-Yuan | 0 | 0 | 0 | 0 |
| Divison VGM | Tseng, Lieh-Huang (Note 4) | 0 | 0 | 0 | 0 |
| Divison VGM | Yang, Yuan-Zhi | 0 | 0 | 0 | 0 |
| Vice General Manager and Financial Supervisor | Hsieh, Ming-Ju | (18,000) | 0 | 0 | 0 |
| Accounting Supervisor | Zhong, Chi-Wen | 0 | 0 | 0 | 0 |

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

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

Note 3: The book closure date of the Company's 2023 regular shareholders' meeting is on April 1, 2023. The numbers of current shareholding listed in the table are the numbers of shareholding recorded in the 2023 shareholders' registry.

Note 4: Mr. Tseng, Lieh-Huang resigned and released the position of Division VGM on April 28, 2023.

8.2 Share pledge

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

8.3 Share pledge

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

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

April 1, 2023
Unit: Shares ; %

| Name (Note 1) | Personal shareholding | | Shareholding of the spouse and under age children | | Total shareholding using other's name | | Relationship with the 10 largest shareholders or relationship as the spouse or second lineage. Title or name and relationship (note 3) | | Other |
|--|--------------------------|-----------------------|---|------------------------|---------------------------------------|-----------------------|--|---|-------|
| | No. of shares | Percent age of shares | No. of shares | Per cent age of shares | No. of shares | Percent age of shares | Title (or name) | Relationship | |
| Ennoconn International Investment Co., Ltd.: Lou, Chao-Tsung | 83,468,613 *0 | 42.65% *0.00% | 0 *0 | 0.00% *0.00% | 0 *0 | 0.00% *0.00% | None | None | None |
| Ji-Xuan Investment Corp: Kao, Hsin-Ming | 11,005,795 *2,010,513 | 5.62% *1.03% | 0 *0 | 0.00% *0.00% | 0 *0 | 0.00% *0.00% | None | None | None |
| E-Win Investment Company: Lin, Yu-Yeh | 6,647,112 *5,986,097 | 3.40% *3.06% | 0 *0 | 0.00% *0.00% | 0 *0 | 0.00% *0.00% | Lin, Yu-Yeh | Person in charge of the company | None |
| Lin, Yu-Yeh | 5,986,097 | 3.06% | 0 | 0.00% | 0 | 0.00% | • E-Win Investment Company • Lin, Yu-Yao | • Person in charge of the company • Brother relationship | None |
| Sung, Bing-Zhong | 3,328,492 | 1.70% | 230,000 | 0.12% | 0 | 0.00% | • Ji Chang Investment Company • Kao, Hsin-Ming • Sung, Feng-Pei | • Person in charge of the company • Mother and son relationship • Sister and brother relationship | None |
| Chunghwa Post Co., Ltd. | 3,237,000 | 1.65% | 0 | 0.00% | 0 | 0.00% | None | None | None |
| Sung, Feng-Pei | 3,112,734 | 1.59% | 0 | 0.00% | 0 | 0.00% | • Kao, Hsin-Ming • Sung, Bing-Zhong | • Mother and daughter relationship • Sister and brother relationship | None |
| Ji Chang Investment Company: Sung, Bing-Zhong | 2,698,955 *3,328,492 | 1.38% *1.70% | 0 *230,000 | 0.00% *0.12% | 0 *0 | 0.00% *0.00% | • Kao, Hsin-Ming • Sung, Feng-Pei | • Mother and son relationship • Sister and brother relationship | None |
| Lin, Yu-Yao | 2,190,515 | 1.12% | 0 | 0.00% | 0 | 0.00% | Lin, Yu-Yeh | Brother relationship | None |
| Ya Tai Investment Company: Yang, Yi-Shun | 2,150,000 *232,000 | 1.10% *0.12% | 0 *0 | 0.00% *0.00% | 0 *0 | 0.00% *0.00% | None | None | None |

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

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

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

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

Note 4: The book closure date of the Company's 2023 regular shareholders' meeting is on April 1, 2023. The numbers of current shareholding listed in the table are the numbers of shareholding recorded in the 2023 shareholders' registry.

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

December 31, 2022

Unit : Share ; %

| Invested enterprises (Note 1) | Investment of our company(Note 1) | | Investments made by Directors, Supervisors, Managers and the Company's Directly or Indirectly Controlled Businesses(Note 2) | | Combined investment | |
|--|-----------------------------------|----------------------|---|----------------------|---------------------|----------------------|
| | No. of shares | Percentage of shares | No. of shares | Percentage of shares | No. of shares | Percentage of shares |
| Marketech Integrated Pte Ltd. | 12,898,078 | 100.00% | 0 | 0.00% | 12,898,078 | 100.00% |
| Market Go Profits Ltd. | 40,119,104 | 100.00% | 0 | 0.00% | 40,119,104 | 100.00% |
| MIC-Tech Global Corp. | 131,560 | 100.00% | 0 | 0.00% | 131,560 | 100.00% |
| Headquarter International Ltd. | 1,289,367 | 100.00% | 0 | 0.00% | 1,289,367 | 100.00% |
| Tiger United Finance Ltd. | 1,410,367 | 100.00% | 0 | 0.00% | 1,410,367 | 100.00% |
| Marketech Engineering Pte. Ltd. | 937,533 | 100.00% | 0 | 0.00% | 937,533 | 100.00% |
| Marketech Integrated Manufacturing Company Limited | 1,535,600 | 100.00% | 0 | 0.00% | 1,535,600 | 100.00% |
| MIC-Tech Viet Nam Co., Ltd. | 0 | 100.00% | 0 | 0.00% | 0 | 100.00% |
| Marketech Co., Ltd. | 0 | 100.00% | 0 | 0.00% | 0 | 100.00% |
| eZoom Information, Inc. | 23,500,000 | 100.00% | 0 | 0.00% | 23,500,000 | 100.00% |
| Marketech International Sdn. Bhd. | 12,242,750 | 100.00% | 0 | 0.00% | 12,242,750 | 100.00% |
| Marketech International Corporation USA. | 8,750,000 | 100.00% | 0 | 0.00% | 8,750,000 | 100.00% |
| Spiro Technology Systems Inc. | 1,000,000 | 100.00% | 0 | 0.00% | 1,000,000 | 100.00% |
| ADAT Technology CO., LTD. | 5,005,940 | 25.62% | 4,586,224 | 23.46% | 9,592,164 | 49.08% |
| PT Marketech International Indonesia | 1,199,000 | 99.92% | 1,000 | 0.08% | 1,200,000 | 100.00% |
| Marketech Netherlands B.V. | 1,200,000 | 100.00% | 0 | 0.00% | 1,200,000 | 100.00% |
| Glory Technology Service Inc. | 5,968,371 | 29.24% | 0 | 0.00% | 5,968,371 | 29.24% |
| MIC Techno Co., Ltd. | 200,000 | 20.00% | 120,000 | 12.00% | 320,000 | 32.00% |
| Smart Health Corp. | 50,000 | 100% | 0 | 0.00% | 50,000 | 100% |
| Vertex System Corporation | 5,000,000 | 61.35% | 0 | 0.00% | 5,000,000 | 61.35% |
| Bolite Co.,Ltd | 1,600,000 | 32.00% | 0 | 0.00% | 1,600,000 | 32.00% |
| MIC Healthcare Korea Co., Ltd | 2,000,000 | 100.00% | 0 | 0.00% | 2,000,000 | 100.00% |
| Marketech International Corp. Japan | 990 | 100.00% | 0 | 0.00% | 990 | 100.00% |
| MIC-Tech Ventures Asia Pacific Inc. | 0 | 0.00% | 40,016,604 | 100.00% | 40,016,604 | 100.00% |
| Marketech Integrated Construction Co., Ltd. | 0 | 0.00% | 63,500 | 97.69% | 63,500 | 97.69% |
| Rusky H.K. Limited | 0 | 0.00% | 833,000 | 100.00% | 833,000 | 100.00% |
| Frontken MIC Co., Limited | 0 | 0.00% | 2,337,608 | 100.00% | 2,337,608 | 100.00% |
| MICT International Limited | 0 | 0.00% | 5,400,000 | 60.00% | 5,400,000 | 60.00% |
| Leader Fortune Enterprise Co., Ltd. | 0 | 0.00% | 303,000 | 31.43% | 303,000 | 31.43% |
| Fortune Blessing Co., Limited | 0 | 0.00% | 500,000 | 27.78% | 500,000 | 27.78% |
| MIC-Tech (WuXi) Co., Ltd. | 0 | 0.00% | 0 | 100.00% | 0 | 100.00% |
| MIC-Tech (Shanghai) Co. Ltd. | 0 | 0.00% | 0 | 100.00% | 0 | 100.00% |
| Shanghai Maohua Electronics Engineering Co., Ltd. | 0 | 0.00% | 0 | 87.00% | 0 | 87.00% |
| MIC-Tech Electronics Engineering Corp. | 0 | 0.00% | 0 | 100.00% | 0 | 100.00% |

| Invested enterprises (Note 1) | Investment of our company(Note 1) | | Investments made by Directors, Supervisors, Managers and the Company's Directly or Indirectly Controlled Businesses(Note 2) | | Combined investment | |
|---|-----------------------------------|----------------------|---|----------------------|---------------------|----------------------|
| | No. of shares | Percentage of shares | No. of shares | Percentage of shares | No. of shares | Percentage of shares |
| Integrated Manufacturing & Services Co., Ltd. | 0 | 0.00% | 0 | 60.00% | 0 | 60.00% |
| MIC-Tech China Trading (Shanghai) Co., Ltd | 0 | 0.00% | 0 | 100.00% | 0 | 100.00% |
| Macrotec Technology(Shanghai) Co. LTD. | 0 | 0.00% | 0 | 31.43% | 0 | 31.43% |
| Fortune International Corporation | 0 | 0.00% | 0 | 27.78% | 0 | 27.78% |

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

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

Part 4. Information on capital raising activities

1. Capital and Shares

1.1 Sources of the capital for shares

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

April 30, 2023

Unit : NTD per share

| mm/yy | Issue price | Rated capital for shares | | Actual received capital for shares | | Note | | |
|-----------|-------------|--------------------------|---------------|------------------------------------|---------------|--|--|--------|
| | | Shares | Amount | Shares | Amount | Source of the capital | Stock offset by assets other than cash | Others |
| Jan. 2022 | 10 | 300,000,000 | 3,000,000,000 | 192,756,201 | 1,927,562,010 | shares changed from the equity for employee's dividends: 5,368,001 | N/A | Note 1 |
| Apr. 2022 | 10 | 300,000,000 | 3,000,000,000 | 195,018,079 | 1,950,180,790 | shares changed from the equity for employee's dividends: 2,261,878 | N/A | Note 2 |
| Feb. 2023 | 10 | 300,000,000 | 3,000,000,000 | 195,028,376 | 1,950,283,760 | shares changed from the equity for employee's dividends: 10,297 | N/A | Note 3 |
| Apr. 2023 | 10 | 300,000,000 | 3,000,000,000 | 195,678,166 | 1,956,781,660 | shares changed from the Corporate Bonds: 649,790 | N/A | Note 4 |

Note 1: As stipulated under the Financial Supervisory Commission's Taiwan FSC correspondence No. 11101005850 directive on Jan. 18, 2022.

Note 2: As stipulated under the Financial Supervisory Commission's Taiwan FSC correspondence No. 11101064260 directive on Apr. 22, 2022.

Note 3: As stipulated under the Financial Supervisory Commission's Taiwan FSC correspondence No. 11230009490 directive on Feb. 01, 2023.

Note 4: As stipulated under the Financial Supervisory Commission's Taiwan FSC correspondence No. 11230058490 directive on Apr. 10, 2023.

April 1, 2023 : Unit: shares

| Share type | Rated capital for shares | | | | | Note |
|----------------------------|--------------------------|---------------|-------------|-----------------|-------------|------|
| | Issued shares (note) | | | Unissued shares | Total | |
| | Listed (note) | OTC (counter) | Total | | | |
| Registered ordinary shares | 195,678,166 | 0 | 195,678,166 | 104,321,834 | 300,000,000 | N/A |

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

Note2: The book closure date of the Company's 2023 regular shareholders' meeting is on April 1, 2023. The numbers of current shareholding listed in the table are the numbers of shareholding recorded in the 2023 shareholders' registry.

Related information of General Application System: not applicable

1.2 Structure of shareholders

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

April 1, 2023

Unit: shar; person; %

| Number | Structure of shareholders | Government agency | Financial constitutions | Other juristic person | Individual | Foreign constitution and foreigner | Total |
|----------------------------|---------------------------|-------------------|-------------------------|-----------------------|------------|------------------------------------|-------|
| | | Number (person) | 0 | 2 | 95 | 18,654 | 135 |
| Number (share) | 0 | 271,000 | 115,015,348 | 66,566,296 | 13,825,522 | 195,678,166 | |
| Ration of shareholding (%) | 0.00% | 0.14% | 58.78% | 34.02% | 7.06% | 100.00% | |

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

1.3 Allocation of shares

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

April 1, 2023

Unit: shar; person; %

| Shareholding level | Shareholder (persons) | Number (shares) | Shareholding ration (%) |
|----------------------|-----------------------|-----------------|-------------------------|
| 1 to 999 | 4,200 | 752,659 | 0.38% |
| 1,000 to 5,000 | 12,982 | 22,536,330 | 11.52% |
| 5,001 to 10,000 | 959 | 7,578,899 | 3.87% |
| 10,001 to 15,000 | 231 | 2,957,702 | 1.51% |
| 15,001 to 20,000 | 158 | 2,922,724 | 1.49% |
| 20,001 to 30,000 | 129 | 3,279,314 | 1.68% |
| 30,001 to 40,000 | 51 | 1,833,479 | 0.94% |
| 40,001 to 50,000 | 41 | 1,876,831 | 0.96% |
| 50,001 to 100,000 | 63 | 4,728,074 | 2.42% |
| 100,001 to 200,000 | 32 | 4,555,460 | 2.33% |
| 200,001 to 400,000 | 11 | 2,903,264 | 1.48% |
| 400,001 to 600,000 | 7 | 3,282,059 | 1.68% |
| 600,001 to 800,000 | 6 | 4,020,690 | 2.05% |
| 800,001 to 1,000,000 | 0 | 0 | 0.00% |
| Above 1,000,001 | 16 | 132,450,681 | 67.69% |
| Total | 18,886 | 195,678,166 | 100.00% |

Note: The book closure date of the Company's 2023 regular shareholders' meeting is on April 1, 2023. The numbers of current shareholding listed in the table are the numbers of shareholding recorded in the 2023 shareholders' registry.

1.4 Name list of major shareholders

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

April 1, 2023

| Names of major shareholders | Share held (shares) | Shareholding ratio (%) |
|---|---------------------|------------------------|
| Ennoconn International Investment Co., Ltd. | 83,468,613 | 42.65% |
| Ji-Xuan Investment Corp | 11,005,795 | 5.62% |
| E-Win Investment Company | 6,647,112 | 3.40% |
| Lin, Yu-Yeh | 5,986,097 | 3.06% |
| Sung, Bing-Zhong | 3,328,492 | 1.70% |
| Chunghwa Post Co., Ltd. | 3,237,000 | 1.65% |
| Sung, Feng-Pei | 3,112,734 | 1.59% |
| Ji Chang Investment Company | 2,698,955 | 1.38% |
| Lin, Yu-Yao | 2,190,515 | 1.12% |
| Ya Tai Investment Company | 2,150,000 | 1.10% |

Note: The book closure date of the Company's 2023 regular shareholders' meeting is on April 1, 2023. The numbers of current shareholding listed in the table are the numbers of shareholding recorded in the 2023 shareholders' registry.

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

Unit : NT\$; thousand shares ; %

| Item | 2021 | 2022 | As of Mar 31, 2023(Note 8) |
|---------------------------------|--|---------|----------------------------|
| Market Price per Share (Note 1) | Highest Market Price(Note 1) | 195.00 | 190.00 |
| | Lowest Market Price(Note 1) | 87.00 | 95.00 |
| | Average Market Price(Note 1) | 138.08 | 147.61 |
| Net Worth per Share(Note 2) | Before Distribution | 39.80 | 47.97 |
| | After Distribution(Note 2) | 35.30 | 42.30(Note 2) |
| Earnings per Share | Weighted Average Shares | 187,830 | 194,942 |
| | Earning (loss) per share (before the retroactive adjustment)(Note 3) | 8.24 | 11.34 |
| | Earning (loss) per share (after the retroactive adjustment) (Note 3) | 8.24 | 11.34 |
| | Cash Dividends | 4.50 | 5.67(Note 2) |

| | | | | | |
|----------------------|---|----------------------------------|-------|---------------|----------------|
| Dividends per Share | Stock Dividends | Dividends from Retained Earnings | 0 | 0 | Not Applicable |
| | | Dividends from Capital Surplus | 0 | 0 | Not Applicable |
| | Accumulated Undistributed Dividends(Note 4) | | 0 | 0 | Not Applicable |
| Return on Investment | Price - Earnings Ratio(Note 5) | | 16.76 | 13.02 | Not Applicable |
| | Price - Dividend Ratio(Note 6) | | 30.68 | 26.03(Note 2) | Not Applicable |
| | Cash Dividend Yield Rate(Note 7) | | 3.26% | 3.84%(Note 2) | Not Applicable |

*In the case of capitalization of earnings or capital surplus, the market price and cash dividend information shall be disclosed retroactively adjusted for the number of shares issued.

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

Note 2: Refers to the number of issued shares at the end of the year and the distribution finalized at Annual Shareholders' Meeting; 2022 Profit Distribution is not yet finalized at Shareholders' Meeting.

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

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

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

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

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

Note 8: The net value and earning per share shall be specified on the information audited (reviewed) by the accountant in the most recent quarter up to the printing of the annual report; other columns shall fill the annual information up to the printing of the annual report. Aforementioned net value per share and earning per share (or basic earning per share) shall be revealed on the 2021 and 2022 consolidated financial statement certified by the accountant and 2023 Q1 consolidated financial statement certified by the accountant.

1.6 The dividend application status

1.6.1. The policy

Article 20 of the Article of Incorporation:

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

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

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

Article 20-1 of the Article of Incorporation:

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

The Company's profit distribution is determined by the Board of Directors based on factors such as operational performance, operational development fund requirements, and internal and external environmental changes. The distribution is set at 30% to 50% of the

annual profit and submitted to the Shareholders' meeting. Considering future profit and funding needs, shareholder dividends were fully distributed in cash in the current year. If there are significant changes in our dividend policy in the future, we will provide further explanation.

1.6.2. The proposed appointment

Unit : In TWD dollar

| Items | Amount |
|--|------------------------|
| Beginning unappropriated retained earnings | \$2,227,647,867 |
| Plus: Net income in 2022 | \$ 2,210,708,536 |
| Plus: Adjusted retained earnings in 2022(Note 1) | <u>17,715,947</u> |
| Total | 2,228,424,483 |
| Less: Legal reserve | (222,842,448) |
| Plus: Special reserve (Note 2) | <u>73,655,274</u> |
| Retained earning available for distribution | 4,306,885,176 |
| Distribution item(s): (Note 3) | (1,105,810,892) |
| Shareholders' dividend – Cash dividends 5.67 / per share | <u>\$3,201,074,284</u> |
| Unappropriated retained earnings | |

Note 1: Refers to re-measurements of defined benefit plans, which was recognized as other comprehensive income due to actuarial assumption variables of defined benefit / pension plan of 2022 and then transferred into retained earnings was NT\$17,715,947.

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

Note 3: The distributed profit was generated mainly in 2022 as the priority.

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

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

1.6.3. The explanation for severe policy adjusting: None.

1.7 The influence of share appointment:

As the Company's shareholders' meeting in 2023 does not have any proposal regarding the stock dividend distribution, it makes no effect upon business performance, earnings per share and shareholders' equity return ratio.

1.8 The dividends and the compensation for directors and supervisors

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

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

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

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

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

- (1) The Company's 2022 Employees' Compensation and Directors Remuneration were estimated based on the pre-tax net profit of the year. Employees' compensation and directors' remuneration were recognized as wage expenses.
- (2) Accounting treatment for discrepancy between the actual distributed amount and estimated amount: discrepancy between the amount of remuneration actually distributed to employees and directors, and the estimated amount in financial statement shall be considered as changes in accounting estimates and shall be listed as the loss / profit of next year.

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

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

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

Regarding the 2022 Employees' Compensation and Directors Remuneration, Board of Director already approved the proposal in the meeting held on February 17, 2023, and where NT\$297,097,738 will be distributed to employees as compensation and NT\$29,709,774 will be distributed to directors as remuneration.

Unit: dollars

| Subject | Amount to be appointed |
|---|------------------------|
| Employees' Compensation-Cash dividends | 297,097,738 |
| Employees' Compensation-Stock dividends | 0 |
| Director and supervisor compensation | 29,709,774 |

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

Above proposed employees' compensation and directors' remuneration for 2022 resolved by the Board of Directors were in agreement with those amounts recognised in the 2021 financial statements, which were NT\$297,097,738 and NT\$29,709,774, respectively.

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

1.8.4. The actual distribution of employee, director, and supervisor compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there

is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated.

Unit: TWD

| Item | The appointed profit for 2021 | | | |
|-------------------------------|-------------------------------|------------------|------------|-------|
| | The appointed amount | Estimated amount | Difference | Cause |
| Status | | | | |
| 1.Cash dividends | 213,906,120 | 213,906,120 | 0 | 0 |
| 2. Stock dividends | | | | |
| (1) Stock | 0 | 0 | 0 | 0 |
| (2) Cash | 0 | 0 | 0 | 0 |
| 3. Compensation for directors | 21,390,612 | 21,390,612 | 0 | 0 |

1.9 Buy-back: None

2. Bonds :

2.1 Outstanding Corporate Bonds

| Types of Corporate Bond (Note 2) | The 4th Domestic Unsecured Convertible Bonds (Note 5) |
|--|---|
| Issue Date | December 15, 2020 |
| Denomination | NT\$100,000 |
| Issuance & Trading Location (Note 3) | Not Application |
| Offering Price | Par |
| Total Amount | NT\$1.5 billion |
| Coupon rate | 0% |
| Tenor and Maturity Date | Tenor: Three Years Maturity Date: December 15, 2023 |
| Guarantee Institution | None |
| Trustee | Fubon Bank's Trust Department |
| Underwriter | Fubon Securities Co., Ltd. |
| Bond Lawyer | Yang-Yi Cheng |
| Bond Accountant | Chang, Shu-Chiung & Wong, Shu-Rong |
| Repayment Method | According to the Clause 6 of the issue and conversion method of our company's 4th domestic unsecured convertible bond for 2020, denomination in cash is to be paid upon maturity, except those cases when the convertible bond holders convert the bond into common stocks in accordance with clause 10 or early redemption from the securities company's business office in accordance with Clause 18. |
| Outstanding | NT\$581,800 thousands |
| Redemption or Advance Repayment Clause | Please refer to the issue and conversion method of our company's 4th domestic unsecured convertible bond for 2020. |

| | | |
|---|---|--|
| Restriction Clauses (Note 4) | | Please refer to issue and conversion method. |
| Credit Rating Agency Name, Rating date, Rating Outcome | | Not Applicable |
| Other Attached Rights | Up till the time of the printing of the annual report, the amount money of the conversion (exchange or buyback) of bonds into common stocks, overseas depository receipt or other securities. | After the issuance of the corporate bond, the accumulated exercised conversion right amount up till the time of the printing of the annual report is NT\$918,200 thousands. |
| | Issue & Conversion (Exchange or Buyback) Method | Please refer to the issue and conversion method of our company's 4th domestic unsecured convertible bond for 2020. |
| Issue and conversion, exchange or buyback methods, issue conditions that may dilute equity and affect the present shareholders' equity. | | Calculate the remaining corporate bond value according to the present conversion price if all convertible bonds are exchanged to become common stocks, then our company needs to reissue common stocks of 5,447,565 shares with a capital inflation rate of 2.78%, which would have limited influence on shareholders' equity. |
| Entrusted Institution of the Convertible Bonds | | Not Applicable |

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

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

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

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

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

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

2.2 Coporate Bond in Process

In order to repay bank loans and reduce interest burden, the Company decided at the board meeting on March 17th, 2023, to issue the fifth unsecured convertible bonds in Taiwan. Each bond has a face value of NTD 100,000 and the total number of bonds issued is limited to 25,000 with a total face value of NTD 2.5 billion. The bonds will be issued at a price of 100% to 102% of the face value and have a three-year term. This case has been approved and is effective as of the Financial Supervisory Commission's letter with reference number 1120339091 issued on April 27th, 2023.

2.3 Convertible Corporate Bond Information

Unit: New Taiwan Dollar

| Types of Corporate Bond (Note 1) | | The 4th Domestic Unsecured Convertible Bonds | | |
|---|---------|--|-----------|------------------------------|
| Item / Year | | Year 2021 | Year 2022 | As of March 31, 2023(Note 4) |
| Market Price of Convertible Corporate Bond (Note 2) | Maximum | 174.00 | 169.00 | 126.90 |
| | Minimum | 108.00 | 110.40 | 113.00 |
| | Average | 125.90 | 141.34 | 121.46 |
| Conversion Price | | 111.10 | 106.80 | 106.80 |

| | |
|---|--|
| Issue Date & Conversion Price at Issuance | Issue Date: December 15, 2020 Conversion Price at Issuance: NT\$ 114.80/Share |
| Obligation Method for Executing the Conversion (Note 3) | Issue new shares |

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

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

Note 3: Deliver issued shares or new shares.

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

(3) Shelf registered corporate bond: None

(4) Information on equity warrant bond: None

(5) Information of attached stock option bond: None

3. Preferred Stock : None

4. Global Depository Receipts : None

5. Employee Stock Options : None

6. New Restricted Employee Shares:

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

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

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

7.1 Share issuance for merger: N/A

7.2 Share issuance for acquisition: N/A

8. Financing Plans and Implementation: None.

Part 5. Overview of operations

1. Business Activities

1.1 Business Range

1.1.1. Contents of business range

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

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

1.1.2. Business percentages

Unit NT\$1,000 ; %

| Product or service cat. | Year | 2021 | | 2021 | |
|--|------|------------------|--------------|------------------|--------------|
| | | Business incomes | Business(%) | Business incomes | Business(%) |
| R&D and manufacturing of customized equipment | | 7,927,526 | 23.01 | 9,940,540 | 19.73 |
| Total Facility Engineering Turnkey Project | | 10,420,063 | 30.24 | 19,804,801 | 39.32 |
| Sales and service of high-tech equipment and materials | | 7,463,868 | 21.66 | 10,403,881 | 20.66 |
| Automatic Supplying system | | 8,647,217 | 25.09 | 10,217,482 | 20.29 |
| Total | | 34,458,674 | 100.00 | 50,366,704 | 100.00 |

Note: Disclosed based on the consolidated financial reports of 2021 and 2022 as certified by accountant.

1.1.3. Current lines of product (service) offered by MIC

- (1) Sales and service of high-tech equipment and materials:
 - (1.1) Semiconductor mask process
 - (1.2) IC manufacturing process
 - (1.3) IC packaging process
 - (1.4) LCD and color filter processes
 - (1.5) GaAs process for LEDs
 - (1.6) Front end process for LEDs

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

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

1.2 Current status of industry

1.2.1 Global macroeconomic environment

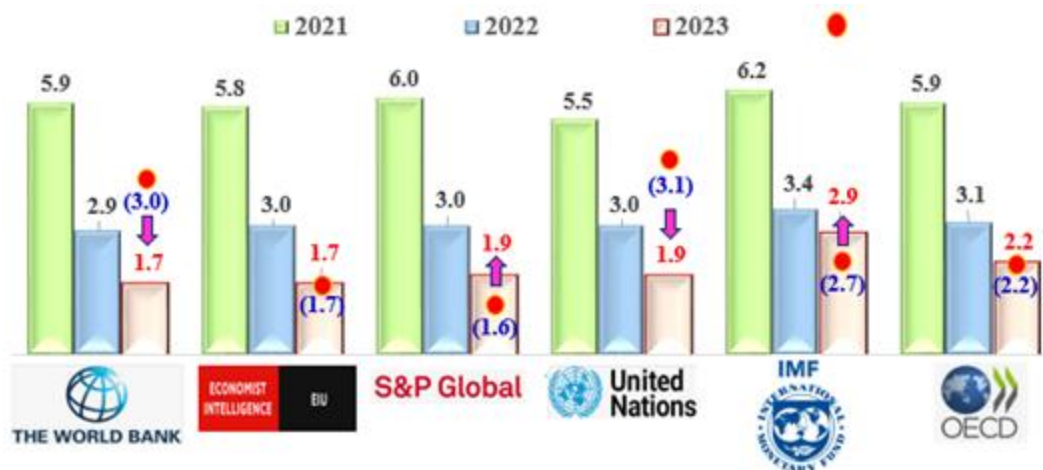
It was expected in 2022 that the global economy would have gone up. Little did we know the military conflicts between Russia and Ukraine broke out in Q1, leading to a surge in global energy and raw material prices. On top of that, China adopted strict "zero-COVID" in Q2 due to epidemic outbreak, another blow to the global supply chain. Seeing the rise in inflation in Europe and the United States, FED started raising the interest rate rapidly in March in order to put a cap on the inflation, and tapered its bond purchases in the second half of the year. For this, the fluctuations intensified in the global financial market, and most non-US-dollar currencies experienced violent depreciation, which led to a surge in imported inflationary pressures in many countries. The economic growth in 2022 started a descend quarter by quarter due to the Russia-Ukraine

war, inflationary pressures, and the tightening monetary policy adjustments of major economies. The World Economic Outlook by the International Monetary Fund (IMF) in January 2023 indicated that the global GDP growth dropped from 6.2% in 2021 to 3.4% in 2022. S&P Global predicted that the global economic growth rate would be 3.0% in 2022.



Figure 1 Global economic growth predictions

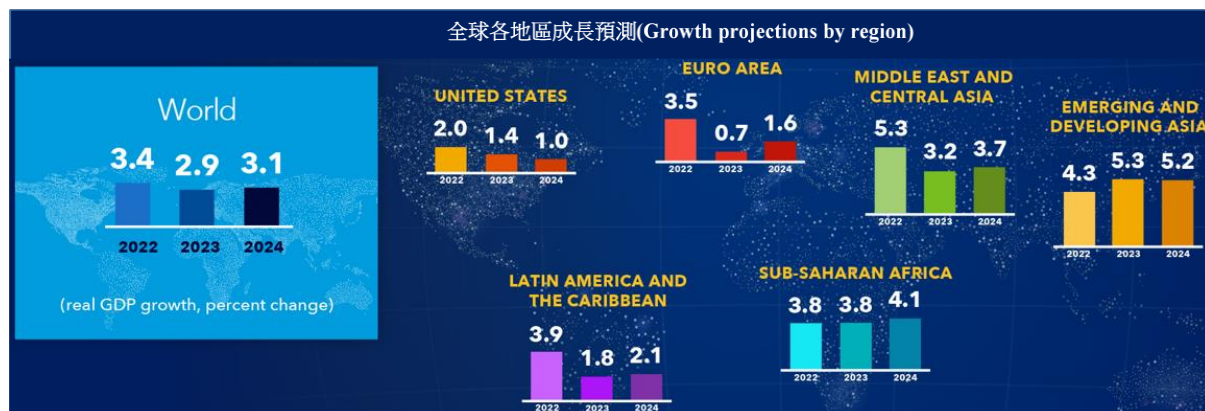
In 2023, the global economy will experience a much steeper descend over time due to geopolitical risks (Russia-Ukraine war, US-China dispute, Taiwan Strait crisis, etc.), monetary policies (interest rate rise and quantitative tightening) and inflation threats, in addition to uncertainties such as climate change. Most international survey institutions expect the global economic growth momentum to slow down in 2023, predicting that the economic growth rate will generally be lower than that in 2022 and below 2% (about 1.7% to 2.2%). For example, the Economist Intelligence Unit (EIU) predicts that the inflation in 2023 will be lower than 9.3% in 2022, but the price growth rate can be as high as 6.3%, which is why the global GDP growth rate drops to 1.7%; S&P Global predicts that the global economic growth rate will be 1.9%; and OECD's prediction for a growth rate is 2.2%.



Source: 1. World Bank, Global Economic Prospect, Jan. 10, 2023 (previous prediction in Oct 2022)
 2.S&P Markit, World Overviews, Jan. 17, 2023 (previous prediction in May 2022)
 3.United Nations, World Economic Situation and Prospect, Jan. 25, 2023 (previous prediction in May 2022)
 4.EIU, Global outlook summary, Jan. 17, 2023 (previous prediction in Dec 2022)
 5.IMF, World Economic Outlook Update, Jan. 25, 2022 (previous prediction in Oct 2022)
 6.OECD, Economic Outlook, Nov.23, 2022 (previous prediction in Sep 2022)
 7. Current Economy Briefing, Jan 2023, National Development Council, Feb 17 2023

Figure 2 Economic growth predictions in 2023 by survey institutes

Comparing with other institutes, IMF has a rather optimistic outlook and prediction for economy in 2023. IMF predicts the economic growth of 2.9% in 2023, and it will increase to 3.1% in 2024. IMF also predicts the global inflation will decrease from 8.8% in 2022 to 6.6% in 2023, and further to 4.3% in 2024. Nevertheless, the predictions are still higher than 3.5% in the pre-pandemic days (between 2017 and 2019). For individual countries, IMF predicts that the US economic growth will descend from 2.0% in 2022 to 1.4% in 2023, and further to 1.0% in 2024; For Euro area, the prediction for economic growth in 2023 is merely 0.7%, but will come back to 1.6% in 2023. Germany may avoid negative economic growth in 2023, as the prediction indicates 0.1% of German economic growth in 2023 and it will increase to 1.4% in 2024. In Asia, with the continuous supports from monetary and financial policies, Japan will see slight increase in economic growth to 1.8% in 2023, and it will be 0.9% in 2024 as the effects of previous revitalization efforts start to dissipate. In China, the lifting of zero-COVID policy paves the way for economic reopening. It is predicted that the economic growth will accelerate in China and we may see the economic growth of 5.2% in 2023, but it will experience a slide to 4.5% in 2024. For India, the economy is still looking good. The prediction for 2023 remains at 6.1%, but it will bounce to 6.8% in 2024, consistent with 2022. IMF reports that the economic energy of China and India combined will contribute more than 50% to the global economy in 2023. The cooling of global demands is not in favor of the exports of emerging countries, but the slowdown in inflation growth will help ease the pressure from interest rate raise. IMF predicts that emerging and developing economies will maintain similar growth momentum in 2023 to that in 2022.



Source: IMF World Economic Outlook · 2023/01
 Note: Order of bars for each group indicates (left to right) : 2022, 2023 projections, and 2024 projections.

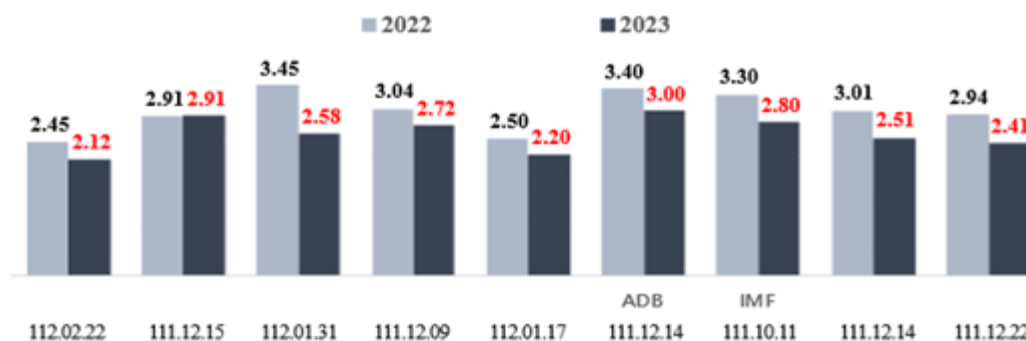
Figure 3 IMF’s economic growth projections by region for 2023

Looking at Taiwan, the Directorate-General of Budget, Accounting and Statistics, Executive Yuan announced that Taiwan’s economic growth rate in 2022 is estimated to be 2.45%, and the prediction for 2023 is 2.12%, the lowest in the recent 8 years. The slowdown in global economic and trade growth is inevitable in 2023. Major domestic and foreign institutions predict that Taiwan’s growth rate in 2023 will be between 2.2% and 3.0%. Taiwan Institute of Economic Research revised its domestic economic growth prediction for 2023 down to 2.58%, 0.33% lower than its previous prediction, as it is not looking for both exporting and investment prospects.



Source: Directorate-General of Budget, Accounting and Statistics, Executive Yuan, Feb 2023

Figure 4 Economic growth of Taiwan



Source: Directorate-General of Budget, Accounting and Statistics, Executive Yuan, National Development Council, and other institutes, Oct 2022 to Feb 2023

Figure 5 Predictions of Taiwan’s economic growth by institute

Looking forward to 2023, the global economic growth will slow down, which will hold Taiwan's exports back; however, people are likely to open their wallets thanks to the lifting of domestic epidemic prevention measures and the opening of borders. The momentum of domestic demands is likely to maintain the momentum as the government is looking to increase the investments in public construction and accelerate the deployment of green energy facilities. However, the IMF reminds that Russia's invasion of Ukraine in 2023 will have a negative impact on the global economy, and the interest rate hike policies launched by central banks around the world to curb high inflation will also put pressure on economic activities. Potential risks are lurking for the future of global economy.

1.2.2 Current industrial status and development

MIC provides its products and services for clients in the manufacturing of semiconductors, display devices, and LEDs, and some of the clients are in the traditional industry, such as petrochemical plants, traditional production plants, and intelligent buildings. The following breaks down where MIC is now, what MIC is planning to do, and MIC's projection for the future:

1.2.2.1 IC (semiconductor) manufacturing

Looking back at the semiconductor market in 2022, Gartner says in its semiconductor market share analysis report that semiconductor manufacturers created a total revenue of approximately US\$601.7 billion in 2022, an increase of merely 1.1% from US\$595 billion in 2021 and nothing compared to 25% in 2021. In 2022, the total revenue of the world's top ten semiconductor factories reached approximately US\$324.2 billion; that is 53.9% of the global semiconductor market. Among the top ten, Samsung Electronics continues to sit firmly on the throne of the world's largest manufacturer, but its revenue actually fell by 10% to US\$65.585 billion from US\$73.197 billion in 2021, mainly due to the decline in demands for DRAM and NAND. Intel ranked second, and SK Hynix third with US\$36.229 billion, a decrease of 2.6% from 2021. Qualcomm took the fourth place with an increase of 28.3%, reaching US\$34.748 billion. At the seventh place, AMD made US\$23.285 billion, but has the highest year-on-year growth rate of 42.9%.

Table 1 Global top ten semiconductor manufacturers by revenue

In US\$ 100 million

| 2022 ranking | 2021 ranking | Manufacturer | Revenue 2022 | Market share 2022 (%) | Revenue 2021 | Growth 2021~2022 (%) |
|--------------|--------------|-------------------------|-----------------|-----------------------|-----------------|----------------------|
| 1 | 1 | Samsung | 655.85 | 10.9 | 731.97 | -10.4 |
| 2 | 2 | Intel | 583.73 | 9.7 | 725.36 | -19.5 |
| 3 | 3 | SK Hynix | 362.29 | 6.0 | 371.92 | -2.6 |
| 4 | 5 | Qualcomm | 347.48 | 5.8 | 270.93 | 28.3 |
| 5 | 4 | Micron | 275.66 | 4.6 | 286.24 | -3.7 |
| 6 | 6 | Broadcom | 238.11 | 4.0 | 187.93 | 26.7 |
| 7 | 10 | AMD | 232.85 | 3.9 | 162.99 | 42.9 |
| 8 | 8 | TI | 188.12 | 3.1 | 172.72 | 8.9 |
| 9 | 7 | MediaTek | 182.33 | 3.0 | 176.17 | 3.5 |
| 10 | 11 | Apple | 175.51 | 2.9 | 145.80 | 20.4 |
| | | Others (beyond top ten) | 2,775.01 | 46.1 | 2,717.49 | 2.1 |
| | | Total | 6,016.94 | 100.0 | 5,949.52 | 1.1 |

Source: Gartner (Market Share Analysis: Semiconductors, Worldwide, Preliminary 2022), Jan 2023

The data of World Semiconductor Trade Statistics (WSTS) suggests that the cumulative global semiconductor market sales value is US\$573.5 billion in

2022, an annual increase of 3.2%. Among them, the US has US\$140.9 billion with an annual increase of 16%; Japan has US\$48 billion with an annual increase of 10%; Europe has US\$53.8 billion with an annual increase of 12.7%; China has US\$180.3 billion with an annual decrease of 6.3%; and the Asia-Pacific region has US\$150.4 billion with an annual decrease of 0.1%.

For the global semiconductor production capacity, the "Global Wafer Capacity Report" of Knometa Research shows that by the end of 2022, the three major memory semiconductor manufacturers, Samsung, SK Hynix, and Micron, owned collectively 76% of the world's advanced process production capacity, most of which were used in the production of advanced DRAM and 3D NAND Flash memory.

According to the Knometa 's criteria, the current advanced process capacity includes 3-6nm process of pure wafer foundries, Intel's own Intel 4 and 7 processes, 11~14nm process of DRAM manufacturers, and the technology used by NAND Flash manufacturers to produce 3D NAND Flash memories stacking more than 176 layers. There is also the "sub-advanced" process for the production capacity of semiconductor manufacturers; that is, the 7-16nm process of pure wafer foundries. Next, there is the mature process; i.e., the 20nm-0.11 micron process, and finally, the large line width process or the process of 0.13 microns or more.

Global IC Wafer Capacity Leaders at Dec-2022 – by Generation Group (Ranked by Share of WW Installed Monthly 200mm-equiv. Capacity)

| Leading Edge | | | Lagging Edge | | | Mature | | | Large Features | | |
|--------------|----------------|-------------------|--------------|----------------|-------------------|----------|----------------|-------------------|----------------|----------------|-------------------|
| WW Share | Top 5 Relative | Top 5 in Capacity | WW Share | Top 5 Relative | Top 5 in Capacity | WW Share | Top 5 Relative | Top 5 in Capacity | WW Share | Top 5 Relative | Top 5 in Capacity |
| 32% | | Samsung | 31% | | Samsung | 20% | | TSMC | 11% | | TI |
| 25% | | Micron | 16% | | Kioxia/WD | 9% | | Samsung | 10% | | TSMC |
| 19% | | SK Hynix | 16% | | TSMC | 9% | | UMC | 7% | | UMC |
| 9% | | TSMC | 14% | | SK Hynix | 8% | | SMIC | 5% | | STMicro |
| 5% | | Kioxia/WD | 9% | | Intel | 7% | | Sony | 5% | | SMIC |

WW Share is each company's share of total industry capacity for that process generation group.

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

Note: Includes shares of capacity from joint ventures.

Source: Knometa Research (Global Wafer Capacity 2023), Feb 2023

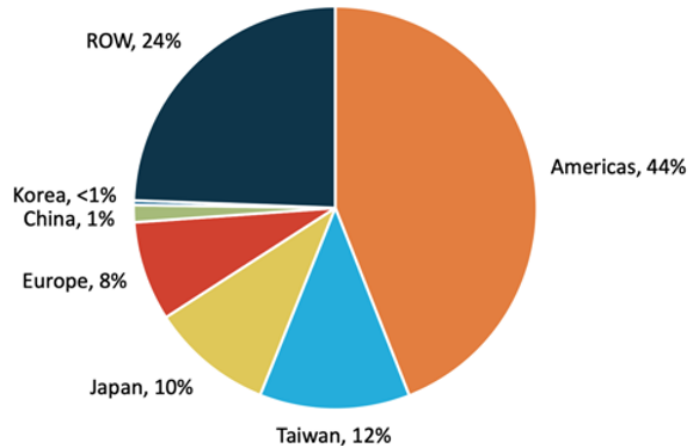
Figure 6 Global IC wafer capacity leaders in 2022

Knomet Research reports that Samsung is the largest supplier of DRAM and NAND Flash memory products by the end of 2022, as well as one of the largest manufacturers of low power consumption and other advanced logic products, which makes Samsung the largest owner of production capacity. TSMC, the leader in wafer foundry, holds its place in the top five in all four process categories. TSMC currently has 39 fab production lines that allow it to provide a wide diversity of process technologies. In addition, other pure wafer foundries, such as UMC and SMIC, play an important role in mature technologies.

Knomet Research also reports that the total monthly installed wafer production capacity of US IC manufacturers has reached 4.6 million by the end of 2022 based on the equivalent of 8" wafers, but only 2 million wafers of this capacity are located in the Americas (44%), while the other 2.6 million wafers are located outside the Americas. The wafer production capacities located in Singapore, Taiwan, Japan, Germany, Ireland and Israel

accounted for 22%, 12%, 10%, 4%, 3% and 2% of the total production capacity respectively. The U.S. manufacturers are planning to build more fabs overseas, but it is expected that the local wafer production of IC manufacturers in the US will increase once the facilities mentioned above are built and put into production.

American-Owned Capacity by Geography at Dec-2022
(4.6 Million 200mm-equiv. Wafers per Month Installed)



Source: Knometa Research (Global Wafer Capacity 2023), Feb 2023

Figure 7 America-owned capacity by geography at Dec 2022

As far as the manufacturers are concerned, Micron has four fabs in Singapore, Taiwan and Japan. These fabs accounts for 65% of the total overseas production capacity of US manufacturers, placing Micron at the first place among all manufacturers. GlobalFoundries has 4 fabs in Singapore and 2 in Germany; these fabs account for 14% of the total production capacity, placing GlobalFoundries at the second place. Intel has 1 and 2 fabs in Ireland and Israel respectively, and Texas Instruments (TI) has 2 and 1 fabs in Japan and Germany respectively. They account for 9% and 5% of the total production capacity, respectively. For other manufacturers, each of Diodes, Onsemi, and ADI has a fab in Taiwan, Japan and Ireland.

In addition, the latest report of McKinsey & Company shows that the local semiconductor supply in the United States accounts for about 14% of the world, but the local semiconductor market demand accounts for 34% of the world. This means that the local semiconductor production capacity is far lower than the actual demand of the local market, which makes building new fabs locally an urgent task.

Local firms have started building new fabs thanks to the encouragement of the “CHIPS Act” and the intention of local semiconductor manufacturers for increasing production capacity. New fabs expected to start production in 2024~2025 are: Intel’s Fabs 52 and 62 in Chandler, AZ and Fab 27 in New Albany, OH; TI’s Fabs SM1 and SM2 in Sherman, TX; the memory facility in Boise, ID built by Micron who also indicated to build another advanced DRAM wafer foundry in Clay, NY in 2024; and ADI announced not long ago to double the production capacity of its wafer foundry in Beaverton, OR.

While American IC firms are planning for more fabs overseas, the production capacity and percentage of local fabs are expected to increase once the fabs mentioned above are built and put to work.

SEMI's latest World Fab Forecast points out that as many as 84 fabs were being built in the world from 2021 to 2023 thanks to automotive and high-speed computing (HPC) applications, with a total investment of over US\$500 billion (approximately NT\$15.27 trillion).

The World Fab Forecast released by SEMI covers 1,470 factories and production lines around the world, and includes 162 factories and production lines that are expected to start mass production in 2022 and in the future. The Forecast predicts that 33 fabs will start construction around the world in 2022, which is a record high in the history. In 2023, 28 new fabs were expected to start construction.

From a regional perspective, SEMI estimates that 18 new fabs are being built in the Americas from 2021 to 2023 thanks to the promulgation of CHIPS Act, the government's investment in new fabs and support for the supplier ecosystem. However, there are more fabs being built in China than anywhere else. It is estimated that as many as 20 new fabs will be built with mature processes.

Not wanting to be left out, Europe is promoting their own version of CHIPS Act. A record-high number of fabs are going to pop out like mushrooms in Europe and Mid-East. 17 new fabs started the construction from 2021 to 2023. The construction is expected to start for 14 fabs in Taiwan, and 6 in Japan and Southeast Asia, and 3 in Korea.



Source: SEMI (World Fab Forecast Report, 4Q22 update), Dec 2022

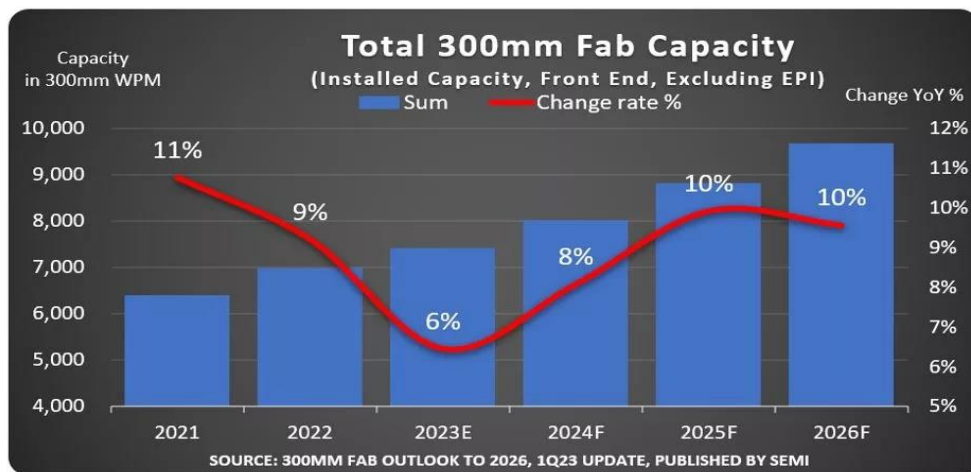
Figure 8 Prediction of global fab constructions (World Fab Forecast)

Released in Mar 2023, SEMI's "300mm Fab Outlook to 2026" indicates that the total production of 12" wafers will be pushed up to a record-high 9.6 million wpm in 2026. The expansion of 12" wafer production capacity is likely to slow down in 2023 due to the weak demands for memories and logic elements, after the surge in 2021 and 2022.

During the projected period from 2022 to 2026, chip manufacturers will continue to increase the production capacity of 12” fabs to meet the growing demands. GlobalFoundries, Hua Hong Semiconductor, Infineon, Intel, Kioxia, Micron, Samsung, SK Hynix, SMIC, STMicroelectronics, Texas Instruments, TSMC and UMC are expected to have 82 new facilities and production lines start running between 2023 and 2026.

Driven by strong automotive demands and government investments, the proportion of production capacity in the United States, Europe and the Middle East is expected to increase. SEMI estimates that the proportion of the United States will jump from 0.2% in 2022 to nearly 9% in 2026. The proportion of Europe and the Middle East will also rise from 6% to 7%. Despite the U.S. export sanctions, the Chinese government continues to invest in mature 12” manufacturing processes, and the monthly production capacity of 12” wafer fabs is still expected to reach 2.4 million wafers in 2026; the global proportion will rise from 22% in 2022 to 25% in 2026. For Korea, on the other hand, the weak demands in the memory market are likely to result in decrease of 12” fab production capacity from 25% of the world's total in 2022 to 23% in 2026. The global share of Taiwan's 12” production capacity will drop slightly from 22% to 21%. Facing competition from other regions, Japan's global share of 12” production capacity will drop from 13% to 12%.

SEMI predicts that the compound growth rate of 12” fab capacity for analog and power components will reach 30% from 2022 to 2026, making it the fastest growing item. The compound annual growth rate is roughly 12% for wafer foundering and about 4% for memories.

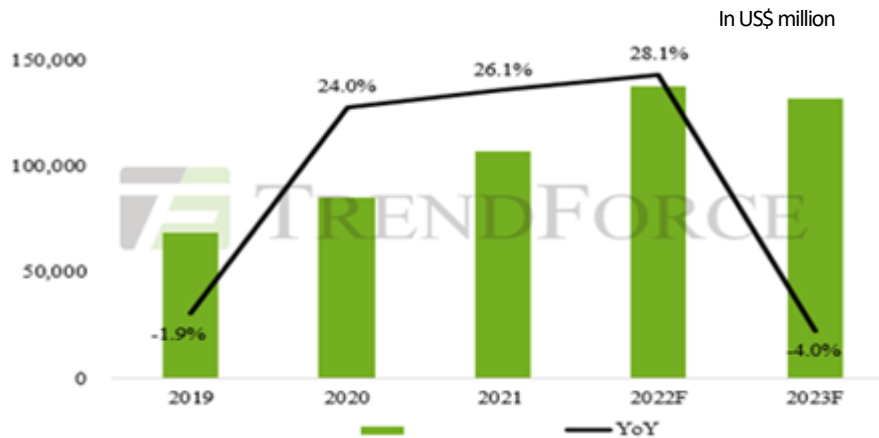


Source: SEMI ((300mm Fab Outlook to 2026, 1Q23 update), Mar 2023

Figure 9 Global 12” fab capacity

The medium and long-term supply and demand of wafer foundries will gradually lean towards spreading the production capacities in various regions. According to TrendForce, there will be more than 20 new fabs in

the world in recent years, including 5 in Taiwan, 5 in the United States, 6 in China, 4 in Europe, 4 in Japan, South Korea and Singapore.



Source: TrendForce, Jan 2023

Figure 10 Estimated global wafer foundry production values in 2019~2023

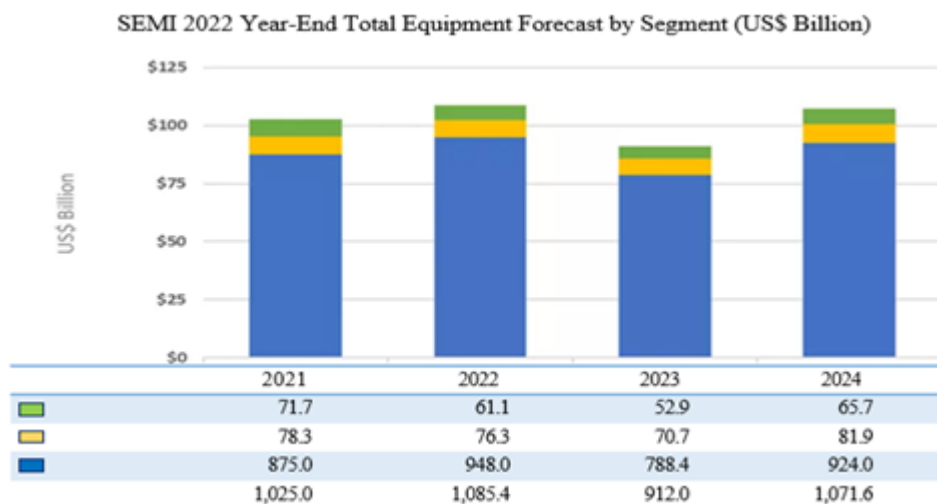
The Industry, Science and Technology International Strategy Center, ITRI estimates to see 41 new fabs from 2022 to 2025 due to the growth of demand for semiconductor applications and geopolitical factors. With TSMC, Samsung, Intel, Micron, and Texas Instruments investing heavily in expanding production in the United States, as many as 9 new fabs, including 8 12" one and an 8" one, will be and are being built in the United States.

Semiconductors are now considered as strategic materials by countries around the world, as geopolitics stimulates awareness of localized production. In addition to business and cost structures, wafer foundries have to consider government subsidy policies and customers' localized production needs to meet, while maintaining a balance between supply and demand. The future product diversities and pricing strategies are the key to the operation of wafer foundries.

In terms of global semiconductor equipment spending, SEMI's Year-End Total Semiconductor Equipment Forecast – OEM Perspective indicates that the market size will increase by 6% in 2022 to a new high of US\$108.54 billion. The fab equipment market increases by 8% to US\$94.8 billion, which was better than expected. However, the packaging and testing plants revised their investment plans in advance due to decreased number of orders received in the second half of the year. The packaging equipment market decreased by 15% to US\$6.11 billion, and the test equipment market decreased by 3% to 7.63 billion US dollars.

For front-end fab equipment, the market maintains its growth momentum in 2022 as half of the increased investments come from wafer foundry expansion. The logic process-related equipment market, including wafer foundries, is expected to grow 16% annually to US\$53 billion. The sluggish demands and falling prices have taken their toll on the memory market, as investments became reluctant significantly. DRAM-related equipment decreased by 10% annually to US\$14.3 billion, and NAND Flash equipment decreased by 4% annually to US\$19 billion.

SEMI expects that the global consumer electronics destocking brings clouds over market outlook, resulting in the reduction of capital expenditures by semiconductor factories. The market size will decrease by 16% annually to US\$91.2 billion, with China, Taiwan and South Korea ranking the top three. The fab equipment market will decrease by 17% to US\$78.84 billion, and the packaging equipment market will decrease by 13% to US\$5.29 billion, the test equipment market decreased by 7% to 7.07 billion US dollars. In terms of front-end equipment, the logic process equipment market will decrease by 9% compared with 2022, the DRAM equipment market will drop by 25%, and the NAND Flash equipment market will also decline by 36%.



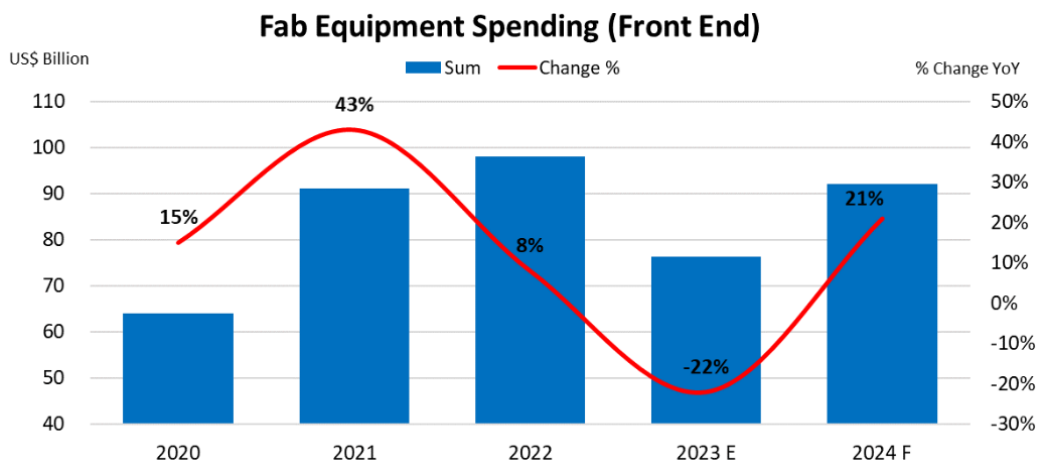
Source: SEMI (World Fab Equipment Spending Forecast), Dec 2022

Figure 11 SEMI’s Year-End Total Semiconductor Equipment Forecast for 2022

SEMI indicates that things are looking good in 2024 for semiconductor equipment market with destocking coming to an end. The market size will reach US\$107.16 billion, an annual increase of 18% and the second highest in the record book. Taiwan will return as the world's largest market. Among them, the fab equipment will grow by 17% to US\$92.4 billion, the packaging equipment market by 24% to US\$6.57 billion, and the test equipment market will increase by 16% to US\$8.19 billion.

In addition, in the latest World Fab Forecast Report (WFFR) in March 2023, SEMI warns that the total global spendings on front-end fab equipment are affected by weak chip demands, and increased consumer and mobile device inventories and expected to fall by 22% to \$76 billion from a new high of \$98 billion in 2022. However, it is expected to rebound by 21% to \$92 billion in 2024.

SEMI said that fab equipment expenditures will be dominated by the foundry industry, as more suppliers provide foundry services and expand production capacity, which will lead the expansion of the semiconductor industry in 2023, with an investment of US\$43.4 billion, an annual decrease of 12.1%; but 2024 will see an annual increase of 12.4% to US\$48.8 billion. The investment in memory in 2023 will decrease by 44.4% annually to US\$17.1 billion, but it is still at the second largest place in global spendings,



and it is expected to jump to US\$28.2 billion in 2024.

Source: SEMI (World Fab Forecast Report, 1Q23 update), Mar 2023

Figure 12 Global front-end wafer foundry equipment spending predictions for 2020 to 2024

SEMI expects that Taiwan will continue to sit firmly on the throne of global fab equipment spending in 2024, with a total estimated annual increase of 4.2% to US\$24.9 billion. South Korea will rank second with a total of 21 billion U.S. dollars, an annual increase of 41.5%. China will take the third place, but it is expected that the development of advanced manufacturing processes will be limited by US export controls, and the total amount will remain at US\$16 billion, equivalent to 2023. In 2024, the US fab equipment expenditure is expected to reach a record-high US\$11 billion, ranking fourth in the world with an annual increase of 23.9%; the investment in Europe and the Middle East is expected to continue with new highs, with a total annual increase of 36% to 8.2 billion U.S. dollars. Spending on fab equipment in Japan and Southeast Asia is expected to rebound to US\$7 billion and US\$3 billion by 2024, respectively.

When it comes to the global semiconductor material market, SEMI estimates that the size of the global semiconductor material market will increase by 7.6% annually in 2022 to US\$69.2 billion. By 2023, SEMI predicts that the semiconductor materials market will decrease by 1% annually to \$68.7 billion. Wafer manufacturing materials accounts for the majority of the material market, estimated to increase by 10% annually in 2022 to US\$44 billion; in 2023, it is estimated to decrease by 2% annually. On the other hand, the packaging material market is estimated to grow by 4% annually in 2022 to US\$24.8 billion, and expected to decrease by 4% in 2023.

Taiwan has really been deeply involved in the semiconductor industry market, with a complete industrial chain and world-leading technology. The market position in the global semiconductor industry has already shown its

results. According to Taiwan Semiconductor Industry Association (TSIA) and the Industry, Science and Technology International Strategy Center, ITRI, the production of Taiwan's semiconductor industry will reach NT\$ 4.84 trillion (approximately NT\$ 162.3 billion) in 2022, an increase of 18.5% compared with 2021. This is 3.2% higher than the global semiconductor market and accounts for 28.3% of the global semiconductor production value. The production of the IC design reached NT\$1.23 trillion, an annual increase of 1.4%; that of the IC manufacturing increased by 31.0% to NT\$2.92 trillion (the production of wafer foundry was NT\$2.68 trillion, a 38.3% increase compared with 2021); that of the IC packaging was NT\$466 billion, an increase of 70.0%; and that of IC testing was NT\$218.7 billion, an annual decrease of 2.3%.

Table 2 Taiwan's IC industry productions, 2019~2023

In NT\$ 100 million; %

| Item/year | 2019 | 2019 growth | 2020 | 2020 growth | 2021 | 2021 growth | 2022 | 2022 growth | 2023(e) | 2023(e) growth |
|---|--------|-------------|--------|-------------|--------|-------------|--------|-------------|---------|----------------|
| IC industry production in general | 26,656 | 1.7% | 32,222 | 20.9% | 40,820 | 26.7% | 48,370 | 18.5% | 45,643 | -5.6% |
| IC design | 6,928 | 8.0% | 8,529 | 23.1% | 12,147 | 42.4% | 12,320 | 1.4% | 10,800 | -12.3% |
| IC manufacturing | 14,721 | -0.9% | 18,203 | 23.7% | 22,289 | 22.4% | 29,203 | 31.0% | 28,213 | -3.4% |
| Wafer foundry | 13,125 | 2.1% | 16,297 | 2.1% | 19,410 | 19.1% | 26,847 | 38.3% | 26,486 | -1.3% |
| Manufacturing of memories and others | 1,596 | -20.4% | 1,906 | 19.4% | 2,879 | 51.0% | 2,356 | -18.2% | 1,727 | -26.7% |
| IC packaging | 3,463 | 0.5% | 3,775 | 9.0% | 4,354 | 15.3% | 4,660 | 7.0% | 4,500 | -3.4% |
| IC testing | 1,544 | 4.0% | 1,715 | 11.1% | 2,030 | 18.4% | 2,187 | 7.7% | 2,130 | -2.6% |
| IC product value | 8,524 | 1.3% | 10,435 | 22.4% | 15,026 | 44.0% | 14,676 | -2.3% | 12,527 | -14.6% |
| Global semiconductor market (US\$ 100 million) and growth (%) | 4,123 | -12.0% | 4,404 | 6.8% | 5,559 | 26.2% | 5,735 | 3.2% | 5,502 | -4.1% |

Source: TSIA; Industry, Science and Technology International Strategy Center, ITRI; Feb 2023

Note 1: (e) stands for (estimate).

Note 2: description of the numbers

* IC industry production in general = IC design + IC manufacturing + IC packaging + IC testing

* IC product production = IC design + manufacturing of memories and others

* IC manufacturing = wafer foundry + manufacturing of memories and others

*The numbers above are determined based on firms headquartered in Taiwan.

For 2023, TSIA and IEK estimate the annual production value at NT\$ 4.56 trillion for Taiwan's IC industry, an annual decrease of 5.6% but higher than the global semiconductor market's annual decrease of 4.1%, and the product value at NT\$ 1.25 trillion, an annual decrease of 14.6%.

For Taiwan's capital equipment imports, Dept. of Statistics, Ministry of Finance says that the import value of capital equipment will reach a record high of US\$75.3 billion in 2022, an increase of about 85.6% compared to 2017; semiconductor equipment plays the role of a "locomotive" and investment is booming. The 5-year import volume grew by 126.8%.

Table 3 Overview of Taiwan's capital equipment imports, 2022

In US\$ 100 milli on; %

| Year | Capital equipment | | | | | | Semiconductor equipment |
|---|----------------------|---------------------|---------------|--------------------|--------------------------|-------|-------------------------|
| | Mechanical equipment | Prevision equipment | ICT equipment | Electric equipment | Transportation equipment | | |
| 2017 | 406 | 233 | 74 | 43 | 27 | 23 | 160 |
| 2022 | 753 | 450 | 134 | 69 | 58 | 31 | 363 |
| Increase/decrease compared to 2017 | 85.6 | 93.1 | 80.7 | 60.7 | 113.5 | 39.7 | 126.8 |
| Jan-Feb 2023 | 108 | 69 | 19 | 9 | 8 | 3 | 54 |
| Increase/decrease compared to previous year | -0.4 | 14.2 | -11.7 | -17.3 | -19.7 | -48.6 | 16.3 |
| 2017 | 100.0 | 57.5 | 18.3 | 10.5 | 6.7 | 5.6 | 39.5 |
| 2022 | 100.0 | 59.8 | 17.9 | 9.1 | 7.7 | 4.2 | 48.3 |
| Increase/decrease % compared to 2017 | 0.0 | 2.3 | -0.5 | -1.4 | 1.0 | -1.4 | 8.8 |
| Jan-Feb 2023 | 100.0 | 63.5 | 17.2 | 7.9 | 7.7 | 2.4 | 50.3 |

Source: Dept. of Statistics, Ministry of Finance, Mar 2023

Dept. of Statistics, Ministry of Finance indicates that, of the five-year growth of US\$34.7 billion, US\$20.3 billion came from semiconductor equipment, which is the largest source of growth for capital equipment. 16 billion U.S. dollars of semiconductor equipment was imported in 2017, and the number increased to record-high 36.3 billion in 2022, an increase of 126.8%, which is quite remarkable. The percentage of semiconductor equipment imports in total capital equipment imports also climbed from 39.5% in 2017 to 48.3% in 2022, also a new high.

Looking at the import of capital equipment in 2022 alone, Dept. of Statistics, Ministry of Finance points out that 19.4% of the imports comes from Japan, and most of the imports are semiconductor production equipment, railway passenger cars, sensors and electric motors. In addition, 18.3%, 16.1% and 11.9% of the imported goods come from the US, China and the Netherlands. All of the four regions above combine 66%. The intensified competition in global chip manufacturing, stimulates strong demands among domestic manufacturers for process improvement and production expansion. According to Dept. of Statistics, Ministry of Finance, more than 60% of imported machinery and precision equipment are those for semiconductor manufacturing, measurement, and inspection, and a large portion of them came from the Netherlands, the United States, and Japan.

Table 4 Percentage of top 5 countries/regions from which Taiwan imported capital equipment in 2022

In %

| Capital equipment (100.0%) | | Mechanical equipment (59.8%) | Prevision equipment (17.9%) | ICT equipment (9.1%) | Electric equipment (7.7%) | Transportation equipment (4.2%) | Semiconductor equipment (48.3%) | |
|----------------------------|------|------------------------------|-----------------------------|----------------------|---------------------------|---------------------------------|---------------------------------|------|
| 1. Japan | 19.4 | Japan | 23.0 USA | 24.2 China | 50.0 China | 45.5 Germany | 19.1 the Netherlands | 23.4 |
| 2. USA | 18.3 | USA | 20.2 Japan | 18.5 Taiwan | 9.0 Japan | 13.6 Japan | 18.7 USA | 21.4 |
| 3. China | 16.1 | the Netherlands | 19.0 China | 9.4 Thailand | 7.2 Denmark | 10.7 USA | 17.9 Japan | 21.3 |
| 4. the Netherlands | 11.9 | China | 9.4 Israel | 9.2 Singapore | 5.5 USA | 6.0 South Korea | 12.4 Singapore | 11.1 |
| 5. Singapore | 6.7 | Singapore | 8.4 Malaysia | 8.6 USA | 5.3 Germany | 4.6 France | 7.9 Malaysia | 4.8 |

Note: countries of importing include Taiwan, since they are identified by place of origin, and products sometimes are exported from Taiwan and imported later after buyback or simple processing.

Source: Dept. of Statistics, Ministry of Finance, Mar 2023

The intensified competition in global chip manufacturing, stimulates strong demands among domestic manufacturers for process improvement and production expansion. According to Dept. of Statistics, Ministry of Finance, more than 60% of imported machinery and precision equipment are those

for semiconductor manufacturing, measurement, and inspection, and a large portion of them came from the Netherlands, the United States, and Japan.

The cyclical changes in market demands and macro economy have led to fluctuations in sales, the semiconductor industry at home and abroad falls seemingly into recession in the short term. However, chips are playing an increasingly important role in making the world smarter, more efficient and more connected. Moreover, semiconductor products constitute the underlying foundation for the digital transformation of human society. In the long run, the long-term demands in the domestic and international semiconductor markets are still expectedly strong, and the growth is foreseeable in the future.

China has been working hard investing in the semiconductor industry for a long time. However, the United States continues to restrict and expand semiconductor export controls to China as the US-China technology war continues to rage. From the restrictions on equipment, EDA software to professional personnel, it gradually moves up along the industrial chain, meaning that the US is trying to hold China back by denying China chips, OEN, equipment and professional personnel. An analysis of the U.S. ban on China shows that the restrictions on equipment have profound impacts on China's domestic fabs; particularly, technologies other than those used for production of planar transistor technology were shut down completely by the banned exports of 16nm equipment and below. The ban does not include 28nm and above, but it must be proved that the technology and equipment cannot be upgraded and used for 16nm or below before it is released. China's fabs will definitely try to expand 28nm production and above. Nevertheless, the efforts will slow down under scrutiny. Under the influence of geopolitics, localized manufacturing is imperative. It is expected to see China continue to expand semiconductor subsidy measures, as it is committed to moving towards the goal of localized semiconductor production and a self-sufficiency rate of 70%. On the other hand, it is quite difficult for China to achieve its goals without the support of international manufacturers, since many key technologies along the semiconductor supply chain are in the hand of international manufacturers, such as exposure, etc. Obviously, there are difficulties for both internal subsidies and external controls, which will make it difficult for China's semiconductor industry to make any breakthrough in 2023.

The international economy will continue to affect the terminal demand market of the semiconductor industry, and inflation will aggravate the pressure on the global economy. On top of that, a number of factors will have a key impact on the development of the semiconductor industry, such as the U.S. ban on China, geopolitical conflicts, and the trend of localized semiconductor production. In the short term, the semiconductor industry will inevitably have to deal with supply and demand adjustment, but in the long run, structural demand still gives the industry great potential for development.

1.2.2.2 Display panel industry

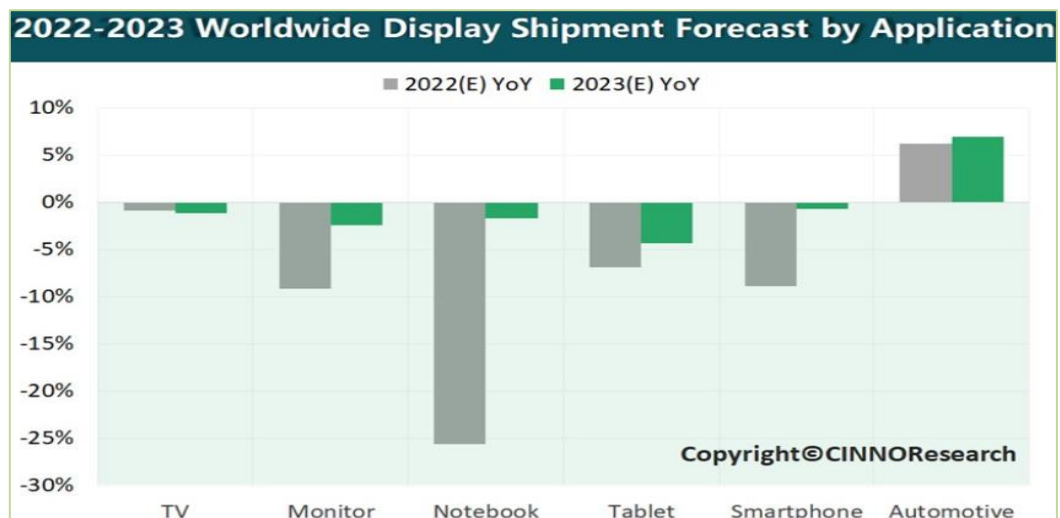
Display industry could be classified by its application into five mainstream categories, including TV, Notebook, Mobile devices and In-vehicle application.

In 2022, global display panel industry became more volatile, especially affected by the COVID-19, the situation between Russia and Ukraine, and

the inflation. The demand for TVs and cell phones were significantly shrunk no matter in consumer or commercial aspect. Inventory for all brands continued to remain at a high level. The industry was in a difficult situation. The demand for display panel went down continuously due to the high level of inventory for all brands, and also affected the panel manufacturer. It caused the quantities and area of shipment declined in 2022. According to the statics data of CINNO Research, the shipment area of panel around the world is estimated to decrease 7% compared with 2021 and the shipment quantity is estimated to decrease 8%. Combined with the impact of the sharp decline in unit price, global panel companies are expected to see a 23% decline in output value compared with 2021. Due to the demand of end market remains weak and the challenge of oversupply still exists in 2023, the shipment quantity is estimated to remain downside trend in 2023. On the other hand, the trend of large size of all applications would estimate to push the shipment area increase 3% than 2022. According to CINNO Research, the output value would be the same level compare with 2022.

With the view of shipment quantity from each region around the world of all mainstream applications, China is the biggest supplier with over 50% in all mainstream applications shipment around the world except Notebook and In-vehicle. Especially in TV application, China is estimated to 66% of shipment around the world in 2022, 6% increased than 2021. Besides, in Tablet and Smart Mobile Phone are estimated approximately 60% of shipment around the world. According to the CINNO Research, China is estimated to increase 2% in shipment of all applications around the world in 2023, compared with 2022.

CINNO Research's shipment forecast for 2023 by consumer electronics application is as follows:



Source: CINNO Research (2022~2023 Worldwide Display Shipment Forecast by Application),2023/01

Figure 13. Forecast for 2022-2023 by applications of panel around the world

In terms of display panel area analysis, market research firm Omdia pointed out that in 2022, the shipment volume of large size panel declined 8.2%, and the shipment area declined 3.1%, compared with 2021. China panel makers accounted for about 55% of the shipment volume and more than 60% of the shipment area, firmly taking the lead in the market. Taiwan's panel makers were the second place in both shipment volume and area with approximately 25% and 17% in 2022. Omdia estimated the shipment volume of mainstream applications in 2022: TV was about 270M pieces, 0.6% increased annually, IT panels shipment had a sharp shrunk in 2022, with Monitor was about 159M pieces, 7.6% decreased annually, Notebook was about 217M pieces, which was 25.6%, a significant decreased annually, and the Tablet was about 159M, 7.6% decreased annually. Combined with other applications, PID for instance, the shipment volume of aggregate large size panel was about 895M pieces in 2022, 8.2% decreased compared with 2021.

In the view of TV, Monitor and Notebook, the three mainstream applications, the shipment area of TV was about 171M square meters, 2.9% decreased annually, Monitor was about 27M square meters, 6% decreased annually, Notebook was about 17M square meters, 20% sharply decreased annually, and the tablet was about 5M square meters, 6.9% decreased annually. Combined with other applications, the shipment area of aggregate large size panel was 229M square meters, 3.1% decreased compared with 2021.

Table 5. Forecast of shipment volume and area in 2022-2023 by applications

Forecast of shipment volume for TV and IT around the world

unit: M pieces

| Application | 2021 | 2022 | 2023(F) | 2022 YoY(%) | 2023(F) YoY(%) |
|-------------------|-----------|-----------|-----------|--------------|----------------|
| TV | 69 | 70 | 62 | 0.6% | 3.1% |
| Monitor | 72 | 59 | 68 | -7.6% | 5.5% |
| Notebook | 92 | 17 | 23 | 25.6% | 2.8% |
| PC | 72 | 59 | 57 | -7.6% | 1.3% |
| Tablet PC | 71 | 90 | 93 | 6.4% | 3.2% |
| Others/PID | 76 | 95 | 92 | -8.2% | 0.8% |
| Total | 76 | 95 | 92 | -8.2% | 0.8% |

Forecast of shipment area for TV and IT around the world

unit: M pieces

| Application | 2021 | 2022 | 2023(F) | 2022 YoY(%) | 2023(F) YoY(%) |
|--------------|-----------|-----------|-----------|--------------|----------------|
| TV | 77 | 71 | 78 | 2.9% | -0.0% |
| Monitor | 29 | 27 | 29 | 6.7% | -0.1% |
| Notebook | 16 | 13 | 13 | 21.4% | -0.2% |
| Tablet PC | 6 | 5 | 5 | -6.9% | 0.5% |
| Others/PID | 9 | 12 | 11 | 2.9% | 14.1% |
| Total | 36 | 29 | 37 | -3.1% | -0.5% |

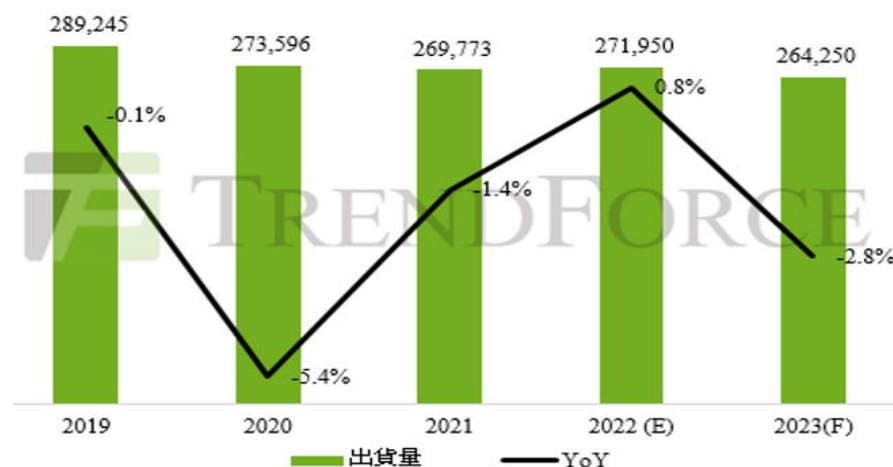
Note: the total amount includes other large size panel application such as PID etc.

Source: statistical data from Omdia, 2023/03

About the market analysis for different applications are stated separately following:

Application 1. TV

A significantly shrunk of shipment volume of LCD panel around the world in 2022. In order to keep the unit price from going down continuously, BOE, CSOT and HKC, the biggest three panel firm in the world, had even dropped their average crop rate to 70%. According to the TrendForce's forecast for 2023, the shipment volume of TV panels would drop 2.8%, which was about 264M pieces.

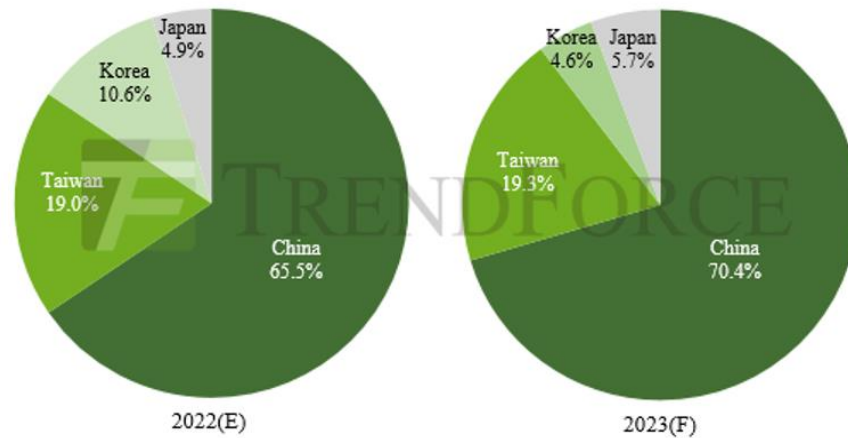


Source: statistical data from TrendForce, 2023/01

Figure 14. Forecast for 2019-2023 shipment volume of TV panels around the world in thousand pieces

TrendForce pointed out that there would be extremely different situations between OLED and LCD panels in 2023.

In the TV panels market, LCD is comparably matured than others and take a large portions of market shares. That's why LCD is enforced more impaction by economy situation. The shipment volume of 2023 is estimated to decrease 3.1%, that is, 256M pieces than 2022. In terms of regional shipments, Chinese panel makers, with their huge LCD production capacity and competitiveness, are expected to further expand their LCD TV panel market share to 70.4% in 2023. Among them, the three panel majors BOE, CSOT and HKC will still be the top three LCD TV panels shipped in 2023.



Source: statistical data from TrendForce, 2023/01

Figure 15. Estimated shipped volume of LCD panels by region in 2022 and 2023

In the view of OLED, Korean panel firms engaged in field of OLED and provided more production made by it after faded out from the market of LCD in 2022. The shipment volume of OLED panels increased 7.8% in 2022 compared with 2021. In market share of TV panels, the share of OLED panels increased to 3.1% after the growth in Korean firms.

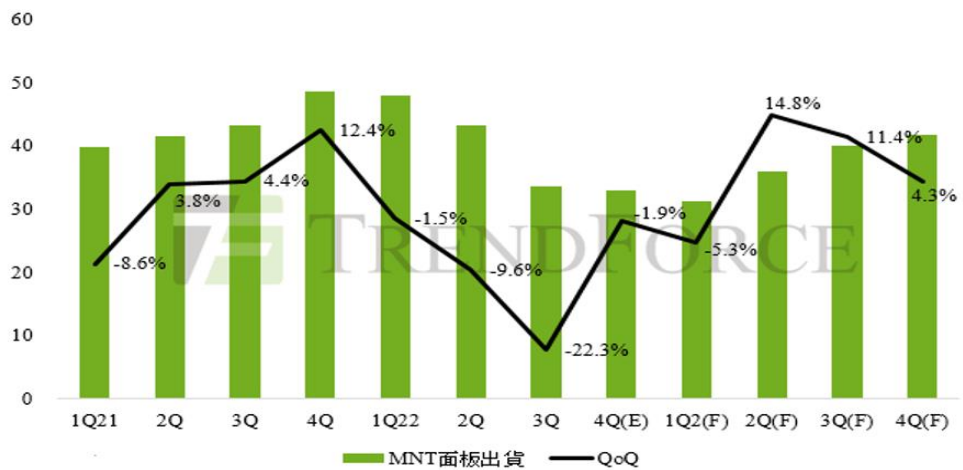
The shipment volume of Micro-LED is about 16.8M in 2022, 74% growth annually. Mini LED provides the best path for LCD TVs to improve their specifications and rejuvenate their products. Chinese manufacturers are positively deploying Mini LED upstream, midstream and downstream, and with the strategy of volume to price, they are able to accelerate the penetration of Mini LED in the TV market with a higher cost-performance ratio, and it is estimated that the shipment of Mini LED TVs will reach 4.4 million units in 2023, an annual increase of about 13%.

Application 2. Monitor

According to TrendForce's research observation, monitor panel shipment dropped occurs later than TV panel and notebook panel, there is a

significant dropped until the third quarter of 2022. However, the later the dropped occurs, also means that the later the recovery time. In the current, brand inventory is still higher than the healthy level of the situation. In the first quarter of 2023, monitor panel shipments are still expected to have 5.3% quarterly decline.

TrendForce analysis, monitor panel shipments from the peak in the fourth quarter of 2021 has been declining, to the first quarter of 2023 is expected to be the bottom of shipments. The shipments of monitor panel are expected to climb quarter by quarter after the inventory level of supply chain back to the healthy level. It is estimated that the annual decline in shipments for the year 2023 will be recessed to 5.8%, reaching 149M pieces.

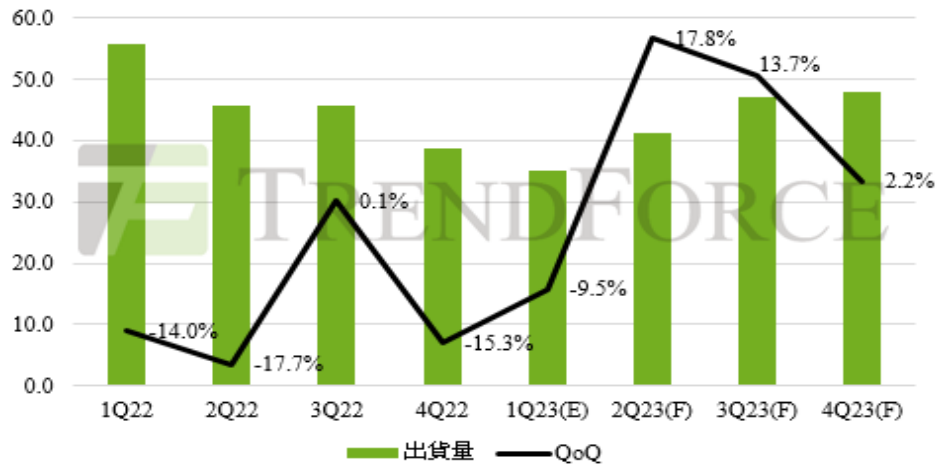


Source: statistical data from TrendForce, 2023/01

Figure 16. Forecast for 2021-2023 quarterly shipped volume of monitor panels in million pieces

Application 3. Notebook

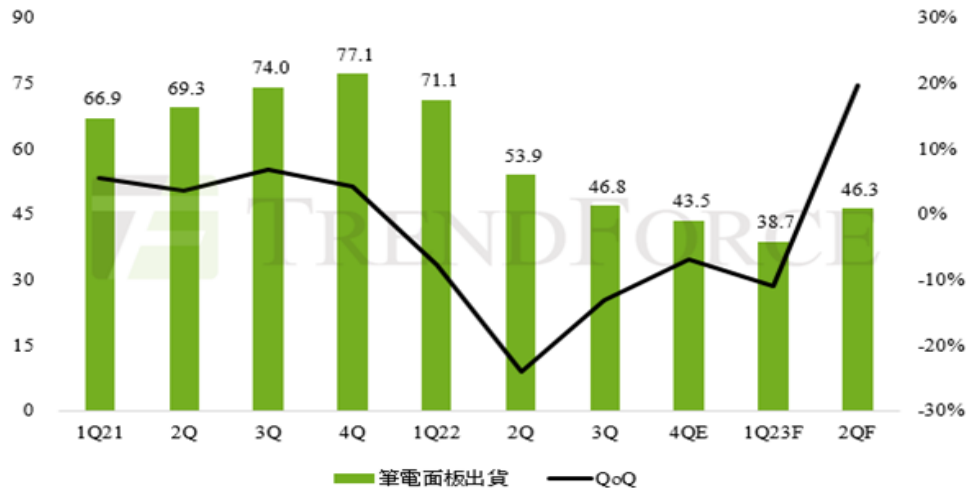
In 2022, the global political and economic situation has dragged down the demand, and the global notebook computer shipments are declining quarter by quarter, with only about 186 million units, a 24.5% annual decline.



Source: statistical data from TrendForce, 2023/01

Figure 17. Forecast for 2022-2023 quarterly shipped volume of notebooks in million units

According to TrendForce's analysis, in the first quarter of 2023, the inventory of some brands' commercial models has gradually recovered to a healthy level, and in the second quarter, as the brands' inventory adjustment is ended, the rebound of China's domestic demand and the 618 stocking demand are expected to enable shipments to break out of the five consecutive quarters of decline and return to growth. Overall, despite the weak performance of notebooks in the first half of 2023, notebook panel shipments are expected to pick up due to the restoration of healthy inventory level. The second half of 2023 is expected to see a slowdown in U.S. interest rate hikes, a cooling of European inflation, and a recovery in socioeconomic activity driven by the unsealing of China, which will give notebook panel demand a chance to return to the normal situation.



Source: statistical data from TrendForce, 2023/01

Figure 18. Forecast for 2021-2023Q2 quarterly shipped volume of notebook panels in million pieces

In recent years, the escalating trade tensions between China and the US have led to an increase in geopolitical risks. This has prompted major manufacturers to reconsider their supply chain strategies. According to TrendForce's observation, there may be two different models for the production of notebooks outside of China in the future, depending on each brand's strategic considerations. Vietnam, with its geographical advantage and convenient transportation of materials from China, has become an attractive location for brands and OEMs due to its young and relatively low-cost labor force. Additionally, some brands are focusing on nearby consumer markets to be closer to sizable economies. In 2023, besides increasing production at its Mexican plant to serve the North American market, the brand is also actively seeking local partners in India to enjoy tax benefits and significantly improve its pricing advantages by adopting a local production and sales model.

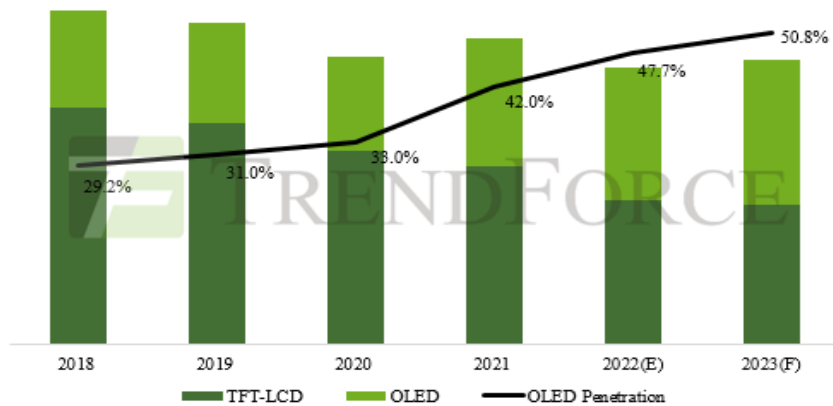
As for AMOLED panels, Apple is considering using them for its iPad and MacBook series products. The mid-sized market is expected to accelerate the development of AMOLED panels. TrendForce predicts that AMOLED notebooks will account for about 1.2% and 1.7% of the total notebook market in 2022 and 2023, respectively. TrendForce believes that the next few years will be a critical period for increasing OLED penetration. If Apple can successfully introduce iPads and MacBook series with OLED panels according to plan after 2024, it will bring extremely positive benefits for the development of OLED panels in IT products.

Application 4. Mobile devices

With the introduction of the iPhone 12 series by Apple in 2020, which utilizes OLED panels across the lineup, other smartphone brands have also started to expand the use of OLED panels in their high-end models.

Currently, only the SE series of Apple phones still use LCD panels, while the main series all adopt OLED panels. Over half of Samsung phones also use OLED panels, and 3-4 out of every 10 models from Xiaomi, OPPO, and Vivo also use OLED panels. Among the various brands, the adoption rate of OLED panels is lower for those that focus on low-cost phones for the African market, while the other brands plan to expand their use of OLED panels.

As the use of OLED panels in smartphones gradually increases, TrendForce estimates that the penetration rate of smartphones using OLED panels will reach around 47.7% in 2022, and will continue to increase annually, reaching 50.8% in 2023 and over 60% in 2026. With the exception of those brands that focus on low-cost phones for the African market and have a lower adoption rate for OLED panels, other brands plan to expand their use of OLED panels.



Source: statistical data from TrendForce, 2022/12

Figure 19. The shares and penetration rate between cell phones with TFT-LCD and OLED panels in 2018 – 2023.

TrendForce has noted that Apple is set to incorporate Micro LED technology into its line of consumer electronics products, with the first application of this technology expected to debut in the Apple Watch by 2024. Leveraging Apple's early adoption of this technology, the scope of Micro LED technology is anticipated to expand to include AR glasses, smartphones, and automotive displays by 2026-2030. Apple is known for its cautious and deliberate evaluation process when it comes to introducing new technologies, but once approved, such technologies are typically adopted across multiple products. For instance, OLED is an exemplar of display technology that has permeated Apple's product line, including the Watch, iPhone, the soon-to-be-released iPad in 2024, and even the MacBook 2-3 years later. As such, TrendForce expects that Micro LED technology will be gradually introduced into other Apple products following its initial launch in 2024.

In terms of wearable devices, the concept of the metaverse has become an increasingly popular topic in recent years. As previously noted, Forbes has reported that the global metaverse market is projected to reach \$5 trillion by 2030. In 2023, industry leaders such as Apple, Meta, Sony, and PICO, having invested heavily in technology and research, will unveil more AR/VR products. Related content and industry ecosystems will continue to be developed and refined alongside these products.

Application 5. In-vehicle application

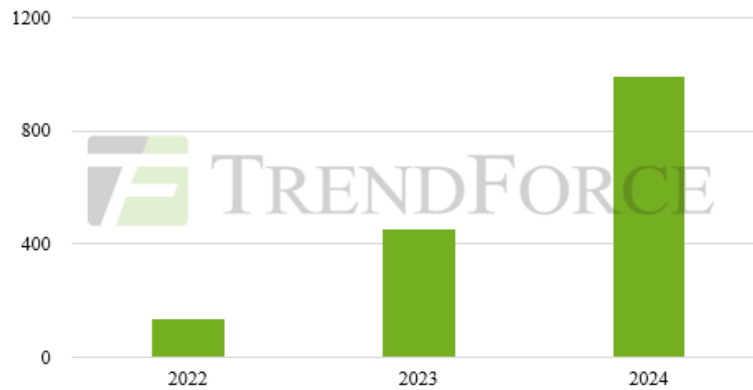
According to DIGITIMES Research, the application of in-vehicle displays is mainly reflected in the dashboard, central control panel, head-up display, and rearview mirror, among others. Their research shows that the total number of in-vehicle panels reached 189 million units in 2022, with an expected annual growth rate of 10.68% in 2023. In the coming years, demand for in-vehicle displays is expected to continue to grow steadily.



Source: statistical data from DIGITIMES, 2023/01

Figure 20. Global shipments and forecast for in-vehicle displays (unit: hundred million pieces).

Currently, LCD is the dominant display technology for in-vehicle applications. However, with the increasing demand for smart cars and display quality, OLED technology has emerged as the leading display technology for automotive displays. However, due to the drawbacks of low brightness, burn-in, and short lifespan, Mini LED technology is gradually being adopted in cars. On the one hand, Mini LED is the best solution for current in-vehicle displays, and on the other hand, many companies are making significant technological advancements in this field. According to TrendForce, the shipment volume of Mini LED backlight displays for cars was approximately 140,000 units in 2022, marking the first year of Mini LED backlight displays being applied to in-vehicle displays. In 2023, European and American carmakers will gradually expand the application of Mini LED backlight displays to more of their models, and the estimated shipment volume will reach 450,000 units. 2024 will be a time when the shipment volume of Mini LED backlight displays for cars will increase significantly. As Mini LED backlight displays become more mature, carmakers that have been slower to adopt this technology will begin to use Mini LED backlight displays in 2024, leading to a substantial increase in shipment volume to nearly one million units.



Source: statistical data from TrendForce, 2022/12

Figure 21. Estimated shipment volume of Mini LED backlit displays for cars from 2022 to 2024 (unit: thousand pieces).

According to a report by research firm DCSS, despite the difficult market conditions faced by FPD (Flat Panel Display), in-vehicle panels will continue to grow in 2022, with a projected global total shipment (LCD + OLED panels) of over 200 million units, meaning that on average, each car will have more than two panels.

In the field of in-vehicle displays, the shipment volume of OLED is still very small compared to mainstream LCD, but OLED is gradually penetrating into high-end flagship models of traditional cars and applications of new energy vehicles. Although OLED's reliability, brightness, and lifespan are challenged compared to LCD, these challenges are gradually being overcome through the use of flexible and serial structures. The price of rigid OLEDs in sizes of 12 to 14 inches is more than twice that of LCDs, while the price of flexible types is even higher.

The report indicates that the in-vehicle OLED display market is currently dominated by South Korea's LG Display (LGD) and Samsung Display (SDC); JOLED is entering the market with its IJP OLED approach. European automotive manufacturers that emphasize design prefer some of the technologies used in flexible OLEDs, and car manufacturers in other regions are also following this trend. In addition, Chinese OLED panel manufacturers, such as BOE, have begun supplying flexible OLED panels to various car manufacturers since 2022, including Ideal Automobile, SAIC, and NIO, in addition to the larger-volume customer BYD.

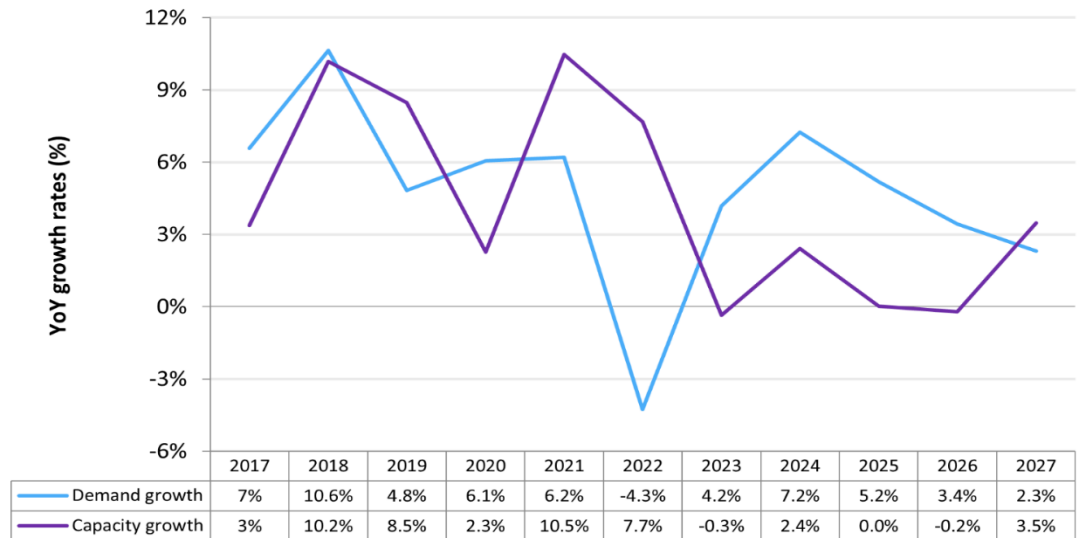
Taiwanese panel manufacturers are focusing their technology development on new generation display technologies such as Mini/Micro LED. In addition to their own R&D efforts, they are also expanding their ecosystem of industry alliances. Although the cost of these technologies is currently higher than LCD or OLED, they are seen as a major advantage for future in-vehicle displays due to their high brightness, contrast, and wide color gamut. These technologies are expected to become a key new frontier for Taiwanese panel manufacturers to break through in the future.

The Capex and Equipment Market of Display Industry

In 2022, the global economy faced challenges such as inflation, economic uncertainty, geopolitical conflicts, rising operating costs, labor shortages, and an oversupply in the display industry. As a result, flat panel display manufacturers have been delaying equipment investments as panel prices continue to drop in a weak demand environment.

According to a report on OLED and LCD supply and equipment tracking released in March 2023 by research firm Omdia, 2023 will see a decline in production capacity for OLED and LCD panels for the first time in the history of flat panel display (FPD) manufacturing. While the decrease in 2023 is small, it is noteworthy that FPD production capacity has been continuously expanding at a compound annual growth rate (CAGR) of 22.6% from 2000 to 2022.

TFT based FPD demand to capacity annual growth rate comparison



Source: OLED and LCD Supply Demand and Equipment Tracker) › 2023/02

Figure 22. The trend of demand and supply in TFT display industry

According to the Quarterly Display Capex and Equipment Market Share Report updated by research firm DSCC in March 2023, display equipment capital expenditures have been revised down again. The data shows that display equipment spending in 2022 was about \$12 billion, a decrease of about 9%. OLED equipment increased by about 21% to \$5.9 billion, while LCD equipment decreased by about 26% to \$6.1 billion due to the current control of the utilization rate by major panel makers at around 70%. DSCC predicts that the main display equipment expenditure in 2023 is expected to decrease by 68% to about \$3.8 billion compared to 2022's \$12 billion. OLED equipment expenditure is down 11%, while LCD expenditure is down 24%, as current capacity is still not fully utilized. This means that LCD spending will decrease by 75% year-on-year in 2023, while OLED spending will decrease by 64% year-on-year. Some key deliveries in the fourth quarter of 2023 may be further delayed until the first quarter of 2024 or later, and while larger key equipment companies may not be affected, most equipment companies have received notice of delayed

deliveries. In 2023, global display panel demand is still under the influence of many uncertain factors, but the external environment shows signs of a volatile recovery.

In recent years, with the evolution of technology, OLED has gradually been introduced into the IT and mobile industries. It is expected that from 2023, capital expenditures on OLED will significantly surpass those of LCD.

According to DSCC's prediction, the display equipment market will increase by 98% to approximately \$7.6 billion in 2024, with OLED increasing by 102% and LCD increasing by 111% to reach \$3.2 billion. Most of the OLED investment is focused on the IT market, as OLED has great potential to gradually replace LCD in the future and lead to increased demand for more production capacity.

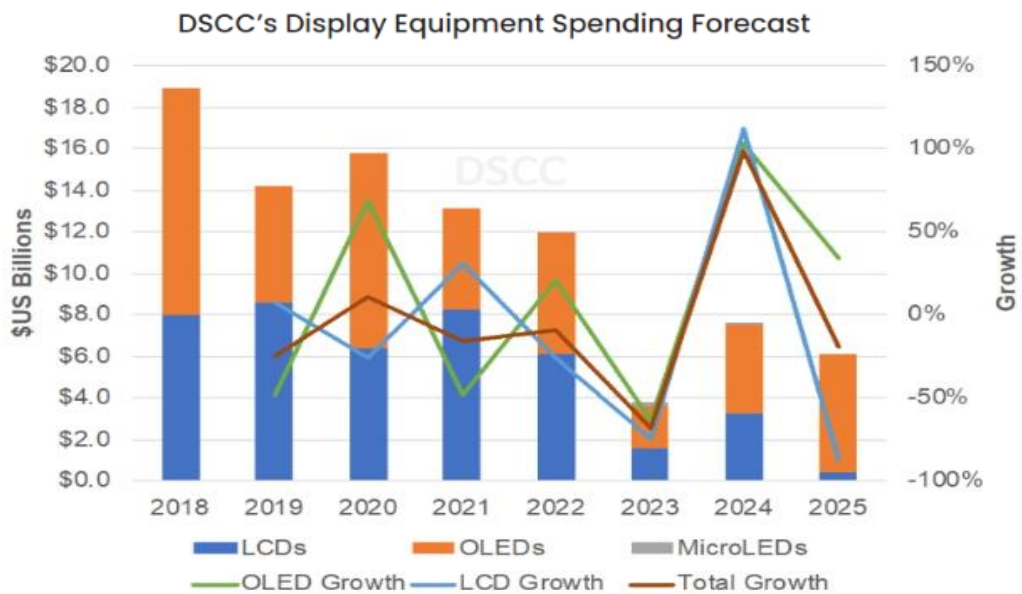


Figure 23. Capex prediction of display equipment

It is worth noting that although DSCC has repeatedly lowered its capital expenditure forecast for the display industry in 2023, there has been no reduction in the overall forecast for key display equipment from 2020 to 2026, which remains at approximately \$63.5 billion. This means that the decline in 2023 is only a postponement of capital expenditures for various companies in the display industry rather than a cancellation, with some expenditures being delayed from 2023 to 2024 or even 2025, and 2025 has even grown by 26% compared to previous forecasts. For the industry as a whole, with technological innovations and new applications such as OLED being introduced into the IT and mobile sectors, Mini LED being introduced into the in-vehicle industry, and Micro LED continuing to develop, DSCC remains optimistic about the future development of the entire display industry.

According to DSCC's statistical data on the market share of display device manufacturers in 2022, Cannon has regained the top spot after a two-year hiatus, while AMAT ranks second in sales of FPD production equipment.

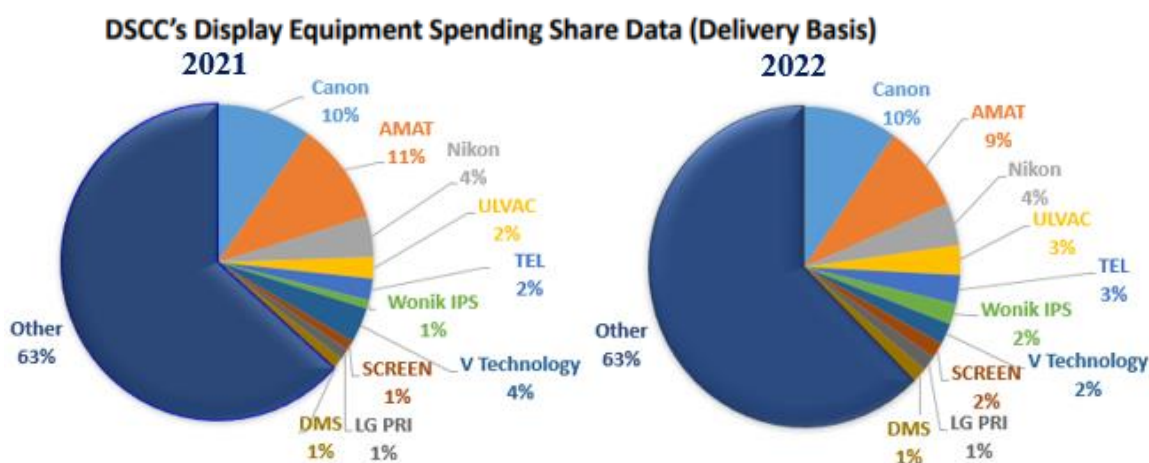
Among the top 15 companies, 8 are Japanese companies. Although Nikon still holds the third position, the overall trend has changed significantly, and there have been major changes in the rankings of companies from 4th to 15th place. Wonik IPS, which has succeeded in expanding its dry etching order business, jumped to sixth place, while Nissin Ion Equipment, which rose to twelfth place, introduced its main ion implantation machine not only for LTPS but also for organic EL backplanes such as Oxide and LTPO.

Table 6. The sales ranking for global FPD equipment manufacturers

Unit: Millions USD

| 2021 Rank | 2022 Rank | Supplier | 2021 | 2022 | 2021~22 Growth |
|-----------|-----------|-------------------------|---------------|---------------|----------------|
| 2 | 1 | Canon | 1,284 | 1,157 | -9.8% |
| 1 | 2 | Applied Materials(AMAT) | 1,386 | 1,050 | -24.2% |
| 3 | 3 | Nikon | 547 | 513 | -6.3% |
| 7 | 4 | ULVAC | 288 | 358 | 24.4% |
| 6 | 5 | TEL | 295 | 348 | 17.9% |
| 13 | 6 | Wonik IPS | 122 | 257 | 111.5% |
| 4 | 7 | V Technology | 471 | 253 | -46.2% |
| 12 | 8 | SCREEN | 129 | 196 | 51.4% |
| 11 | 9 | LG PRI | 141 | 180 | 27.9% |
| 9 | 10 | DMS | 158 | 179 | 12.8% |
| 28 | 11 | Han's Laser | 64 | 139 | 116.9% |
| 25 | 12 | Nissin | 69 | 127 | 84.2% |
| 8 | 13 | AP Systems | 172 | 123 | -28.5% |
| 21 | 14 | Iruja | 75 | 105 | 39.8% |
| 26 | 15 | Toray Engineering | 65 | 89 | 36.5% |
| | | Others | 7,900 | 6,923 | -12.4% |
| | | Grand Total | 13,167 | 11,997 | -8.9% |

Source: DSCC (Quarterly Display Capex and Equipment Market Report) , 2022/11

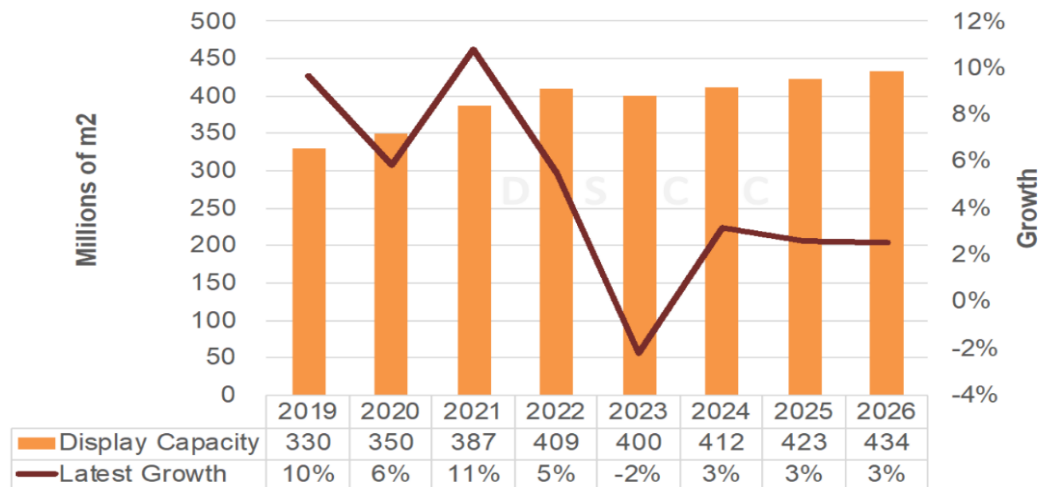


Source: DSCC (Quarterly Display Capex and Equipment Market Share Report) , 2022/11

Figure 24. The sales share of best 10th FPD equipment manufacturers.

As for 2023, DSCC predicts that the top three companies in sales of FPD manufacturing equipment will remain unchanged, with Cannon maintaining its top position, followed closely by AMAT and Nikon. However, Nikon is expected to lose some market share due to the decline in sales of its exposure equipment. On the other hand, market share of major manufacturers of excimer laser annealing equipment such as Wonik IPS and AP Systems is expected to increase, and rankings may continue to change.

DSCC expects that display panel production capacity will decrease by 2% YoY in 2023, due to Korean manufacturers LG Display and Samsung Display closing or converting their LCD production capacity in China and/or Korea, and other manufacturers delaying capacity increases in a weak market condition. As shown in DSCC's quarterly display capacity and equipment market share report, DSCC expects LCD capacity to decrease by 3% in 2023, while OLED capacity will grow by 6%. Despite the decrease in 2023, LCDs will still dominate the display capacity by area, with its market share decreasing from 92% to 91% in 2023.



Source: DSCC (Quarterly Display Capex and Equipment Market Share Report) · 2023/02

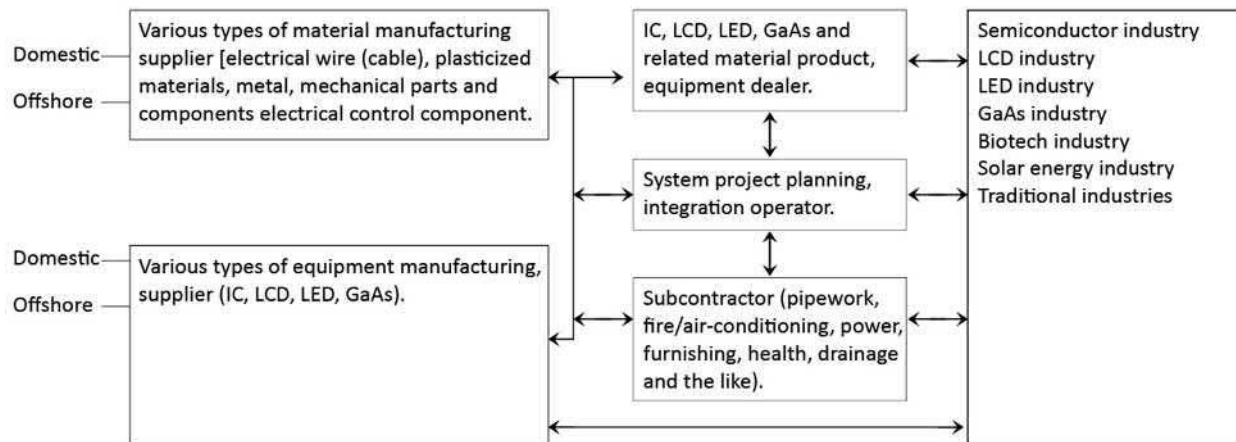
Figure 25. The analysis of productivity and growth in FPD industry.

With the FPD industry struggling with overcapacity, panel manufacturers are now speeding up the integration of underutilized old factories and delaying the construction of new ones, while also announcing future investment plans to reduce operating costs and save cash. The slowdown in capacity growth may pose challenges to FPD supply chain companies that rely on new factory construction to conduct business. However, at the same time, this also allows the industry to self-adjust and achieve a healthy balance between panel supply and demand with more stable pricing and profitability.

In 2023, both the display industry as a whole and industry chain enterprises have reached a crucial point for a new start. Under the trends of metaverse, intelligent automobile, and interconnected everything in the future, the display terminal is becoming an "omnipresent" hub and will

develop in the direction of high-end, diversified, and integrated. However, it is also necessary to pay attention to the fact that the future display industry needs to achieve "value-added" product application experience through technological innovation and design application innovation, exploring and mining new application scenarios and products. At the same time, a gradual approach is needed to lay the groundwork for technology application of large-size printing OLED, Micro LED, and other technologies, in order to better cope with the arrival of a new round of competition cycle.

1.2.3 The upstream, midstream and downstream



1.2.4 The products' various development trends

1.2.4.1 Sales and services of high-tech equipment and materials

① Integrated circuitry component processing

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

IC designers will introduce a new generation of silicon intellectual property, strengthen ASIC and chip customization capabilities, and accelerate the application of 7nm EUV and 5nm. In terms of manufacturing, the adoption rate of the 7-nanometer node has increased, the timing of mass production of 5nm and R&D of 3 nm is more and more clear, and the proportion of advanced manufacturing will increase in the future days. Due to a new challenges in the global semiconductor manufacturing landscape, competition for advanced manufacturing processes under 10 nm is dominated by Taiwan and Korea, and it will also affect the future end-

customer's order selection. As the 7nm process will be gradually put into mass production in recent years, the solution will come out after 7nm. Global wafer manufacturers predict higher-than-expected demand for high-end chips for 5G mobile phones and base stations. Both the 5nm and 7nm enhanced versions are introduced into the EUV process. EUV plays an important role in the advanced process, and related capital expenditures continue to be invested.

②IC packaging processing

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

③LED processing

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

Mini LED could be applied to the LCD, with the direct-type area backlight technology. It can increase the contrast and brightness of the LCD, also provide consumers having another choice. The independent control of the backlight with multi-zones will help to improve the contrast and bring better display. However, due to the high technical cost at this stage, it can only be applied to high-end models. If the cost of Mini LED and the process of mass transfer can achieve breakthrough development in the future, Mini LED backlight technology is expected to be widely used in various displays. It will effectively boost the chip demand of the LED industry.

④Display Panel processing

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

In terms of mobile screens, OLED has become the mainstream technology in the 2020s, replacing LCD screens. With the development of various new technologies, OLED will compete with emerging technologies such as quantum dots, Mini LED, and Micro LED in the future. In the television market, the competition between LG's OLED TV and Chinese companies like BOE's LCD TV lies in their weaknesses. LCDs require backlighting, making it

difficult to achieve ultra-thinness and display perfect blacks. OLED, on the other hand, has a higher cost and each OLED material has a different lifespan, which may result in burn-in after prolonged use. QD OLED takes a different approach by using blue OLED as the light source and quantum dot materials to convert blue light into other colors. This technology solves the problem of inconsistent OLED material lifespan and has the same self-luminous display technology as OLED, but may be less expensive.

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

1.2.4.2 Automatic supplying system

① Gas automated supply system

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

② Chemical automated supply system

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

③ Operating service businesses

Our group has been deeply involved in the operation of client-side industrial systems for decades, including Total Chemical Management (TCM), Total Gas Management (TGM), and Total Water Management (TWM). We provide customers with comprehensive and complete services, and have a sound corporate operating system that ensures employee promotion, annual salary increases, and various generous benefits. This not only fosters strong employee morale and high work efficiency, but also earns us excellent and irreplaceable word-of-mouth recommendations from all of our clients.

④ Factory automated operation

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

⑤ Equipment health pre-diagnosis and management system

1.2.4.3 Total Facility Engineering Turnkey Project

① Factory-wide planning, design, construction, and testing for high-tech, data center, and precision manufacturing industries.

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

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

1.2.4.4 R&D and manufacturing of Customized equipment

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

1.2.5 Competitive status

1.2.5.1 Sales and services of high-tech equipment and materials

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

1.2.5.2 Automatic Supplying system

① Gas automated supply system

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

② Chemical automated supply system

Using our own brand, MIC has successfully introduced factory-wide chemical supply system equipment to the semiconductor and optoelectronics industries through turnkey system engineering. We have completed several 12-inch wafer fab projects and have established ourselves as a first-class brand with an excellent market share in the high-tech construction industry.

③ Operating service businesses

Outsourcing operation services has become a common practice in Europe, America, and Japan due to the demand for specialized labor and streamlined human resources. In Taiwan, currently, only TCM (Total Chemical

Management), TGM (Total Gas Management), and TWM (Total Water Management) in the facility management system are outsourced to provide on-site maintenance, replacement of chemicals and gas supply materials, monitoring and supervision of the system. The main providers of technical services are still the original equipment suppliers, and there is no independent "technical service provider" that specializes in this field yet.

④ Factory automated operation

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

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

B. Computer-integrated manufacturing (CIM)

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

C. Automated product representation operation

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

D. Prognostic and Health Management

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

1.2.5.3 Total Facility Engineering Turnkey Project

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

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

1.2.5.4 R&D and manufacturing of Customized equipment

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

1.3 Technology and R&D status

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

The group, at its initial inception, primarily caters to TSMC, UMC and related IC manufacturing companies, and through the close-knit cooperation with globally renowned semiconductor and electronic materials plants, it has introduced various high-tech products when Taiwan's semiconductor industry is at a budding stage, and as it has also utilize the opportunity of collaborating with

globally renowned producers to steadfastly introduce the technology to laid a sound foundation on the group's automated supply system and integrated system professional know-how.

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

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

1.3.2 R&D personnel and their education/exposure

Unit: persons; %

| Year Education | 2021 | | 2022 | | As of March 31, 2023 | |
|-------------------|-----------|-----------|-----------|-----------|----------------------|-----------|
| | Personnel | Ratio (%) | Personnel | Ratio (%) | Personnel | Ratio (%) |
| Doctoral | 5 | 15.38% | 4 | 10.53% | 3 | 7.90% |
| Master | 24 | 51.28% | 18 | 47.37% | 19 | 50.00% |
| B.A. | 11 | 23.08% | 14 | 36.84% | 14 | 36.84% |
| College | 4 | 10.26% | 2 | 5.26% | 2 | 5.26% |
| Total | 44 | 100.00% | 38 | 100.00% | 38 | 100.00% |
| Average seniority | 4.85 | | 4.72 | | 4.73 | |

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

Unit: NTD per

thousand

| Item | Year | 2022 | As of March 31, 2023 |
|----------------------|---------------------------------------|------------|----------------------|
| | Research and development expenses (A) | | 277,870 |
| Operating income (B) | | 50,366,704 | 13,885,761 |
| Ratio (A)/(B) (%) | | 0.55 | 0.41 |

Note: The figures are disclosed based on the 2022 CPA-audited consolidated financial statements and the 2023 Q1 CPA-reviewed consolidated financial statements.

1.3.4 Successfully developed technology or products

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

| Year | R&D Performance | Applications |
|------|---|--|
| 2022 | Desktop multiaxis cutting machine | Dental instruments |
| | 96-specimen automatic extractor | Biotechnology |
| | Automatic wrap-packaging for reagent production line | Biotechnology |
| | Fabrication and testing of high pressure products (1,300 bar) | Sub-modules of laser source for mask aligner |
| | GDD mask atomizer | Reliability check of mask pellicle for mask aligner |
| | Composite vacuum laminating machine | Micro LED panel lamination |
| | MLA on UTG substrate | Fabrication of micro optoelectronic components |
| | Automatic chemical cap replacement system | Facility system for semiconductor/LCD/advanced packaging |

1.4 Long, short-term business development plans

1.4.1 Short-term operating strategies

1.4.1.1 To expand the depth and propensity of the high-tech equipment/material sale product lines.

1.4.1.2 To integrate the electrical and mechanical engineering, facility design and facility integration implementing capability. Enhance the ability for providing international service.

1.4.1.3 To integrate the capability of installation and maintenance of equipment, in order to expand the depth and propensity of service provided to client.

1.4.1.4 To research and develop, design, manufacture customized private label equipment.

1.4.1.5 To actively introduce international factories for cooperation to enhance the domestic technical capabilities of production process equipment.

1.4.1.6 To actively develop application and deployment capabilities for IoT, Big Data, AI, 5G networks, as well as AR/VR technologies.

1.4.1.7 To enforce the requirements of ISO 9001, ISO 14001, and ISO 45001 standards to ensure quality and occupational health and safety. In addition, the group has introduced ISO 50001 to enhance the energy performance management and expanded the adoption of ISO 14064 for greenhouse gas

emissions. The group focuses on ESG corporate governance has been intensified, and the group is dedicated to strengthening sustainable operations within our group.

1.4.1.8 To enhance the capability for providing professional, international service.

1.4.2 Mid-term operating strategies

1.4.2.1 To actively rally for potentially dynamic industry processing equipment or material representation rights.

1.4.2.2 To accumulate non-high-tech industry's customer base and technology, and expand into the Asian markets.

1.4.2.3 To actively introduce relevant high-tech technology, develop the localized assembly-related processing equipment technical capability, with which to assist localizing the original manufacturer equipment.

1.4.2.4 To integrate the initial plant and customer resources to jointly expand the Asian markets.

1.4.3 Long-term operating strategies

1.4.3.1 To excel in the high-tech industry, i.e. IC, TFT-LCD, LED, OLED, petrochemical, solar energy battery and biotech, electrical and mechanical, telecommunications, foods and related industry services, and also to expand the sale and service network in securing its footing in the Asian markets.

1.4.3.2 To continue accumulated experience on customized equipment R&D and manufacturing by jointly developing future fabrication equipment.

1.4.3.3 To continue excelling automated supply system's relevant technology and seeking higher end design development.

1.4.3.4 To develop enterprise-to-enterprise e-commerce system, bearing to become a customer end and supply end's information exchange hub.

2. Market and Sales Overview

2.1 Market analysis

2.1.1 Key products (services) sale (supply) areas

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

Unit: NTD per thousand; %

| Sale or service area \ Year | 2021 | | 2022 | |
|-----------------------------|------------|-----------|------------|-----------|
| | Amount | Ratio (%) | Amount | Ratio (%) |
| Taiwan | 18,276,141 | 53.04 | 20,083,258 | 39.87 |
| Mainland China | 8,086,508 | 23.47 | 13,049,419 | 25.91 |
| USA | 937,817 | 2.72 | 9,064,003 | 18.00 |
| Other | 8,096,025 | 20.77 | 8,169,024 | 16.22 |
| Total | 34,458,674 | 100.00 | 50,366,704 | 100.00 |

Note: The above figures are disclosed based on the 2021 and 2022 CPA audited consolidated financial statements. The consolidated income in above sales or service areas were classified according to the country where the customers located.

2.1.2 Market Share

2.1.2.1 Sales and Service Business for High Technology Equipment

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

2.1.2.2 Automatic Supply System

① Gas Automatic Supply System

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

② Chemistry Automatic Supply System

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

Currently, we have our own brand both to enhance price competitiveness, and to maintain and increase market share.

③ Plant Automation Business

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

2.1.2.3 Total Facility Engineering Turnkey Project

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

Leveraging our experience in technological plant construction, our group has participated in various traditional industry plant construction and expansion projects as well as government public works. Currently, we have been involved in government public works such as water resource recycling and automation, as well as expansion projects in the traditional industry. Our diversified business approach aims to expand our business areas and create new opportunities for growth.

2.1.2.4 R&D and Manufacturing of Customized Equipment

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

2.1.3 Future Supply and Demand in the Market and Growth Prospect

2.1.3.1 Sales and Service Business for High Technology Equipment

① Equipment Business

SEMI, the Semiconductor Equipment and Materials International, has reported that the total sales of semiconductor manufacturing equipment by global original equipment manufacturers (OEMs) in 2022 reached a new record of \$117.5 billion, representing a significant increase of 14.7% compared to \$102.5 billion in 2021. However, SEMI predicts that the global sales of semiconductor manufacturing equipment in 2023 will likely drop below the \$100 billion mark, slipping to \$91.2 billion, due to the effects of the market downturn. Nevertheless, with the boost from the front-end and back-end sectors, the sales of semiconductor manufacturing equipment are expected to rebound in 2024.

② Material Business

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

2.1.3.2 Automation System Business

① Gas Automatic Supply System

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

② Chemistry Automatic Supply System

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

③ Running Service Business

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

④ Plant Automation Business

A. Facility Monitoring Control System (FMCS)

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

B. Automatic Special Gas Monitoring System (GMS)

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

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

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

independent decision-making and fault prediction targets to meet customer needs.

D. Information & Communication and Software Services

The software services are based on the development of integrated capabilities of information and communication technology, the mastery of digital convergence trends, and the collaboration of group resources to provide enterprises with complete ERP, BI, and Cloud solutions. The company also utilizes intelligent cloud-based system solutions, such as enterprise clouds and education clouds, to achieve interconnectedness, information integration, and sharing services, thereby establishing long-term stable business relationships with customers.

E. Prognostic and Health Management

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

2.1.3.3 Integrated System Business

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

To maintain its competitive advantage and reduce costs while diversifying manufacturing risks, the high-tech industry has expanded its market competition from Taiwan to the United States, China, and Southeast Asia. The group has deepened its cultivation and layout in various regional markets, resulting in fruitful achievements.

2.1.3.4 Customized Equipment R&D and Manufacturing Business

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

2.1.4 Competition Niche

2.1.4.1 Wide business range capable of reducing single industry business cycle risk effectively.

2.1.4.2 High technological level facilitating to win whole plan turn-key engineering business because there are few vendors with both automatic supply system and process equipment linking integration capabilities in our nation.

2.1.4.3 Providing customers with diversified services, based on which deepness and breadth of products can be further expanded from process equipment, material agent, automatic supply system and integration system to localized assemblage, manufacturing design (OEM, ODM), installation, maintenance service.

2.1.4.4 Business sites are located in Taiwan, China, Singapore, Netherland, Malaysia, Vietnam, Myanmar, Indonesia, Korea, Japan and United States for providing customers with local services and handling local market.

2.1.4.5 We have robust operation team and rich experiences, and excellent professional staffs, and integrate transversely related technologies of various business divisions, go into different industries deeply, and deploy related business in Asia.

2.1.5 Advantageous and Disadvantageous Factors of Development Vision and Response Strategy

2.1.5.1 Advantageous Factors

①The business of the Company covers, for example, IC, TFT- LCD, LED, IC packaging, OLED, petrochemical, lithium iron battery, solar cell, electro mechanics, telecom, food industries, which are still the industries with large growth for the coming 10 years in Taiwan, China and Southeast Asian region. The coming growth trend is a definite fact although there is still business cycle.

②As for high technology equipment material sales and service business, the Group and various suppliers have keep long term cooperative partnership. In addition to business transaction, we also obtain long term common interest with each other through cooperative production plan actively.

③For past decades, the Company has introduced foreign technologies and developed integration in depth as the only one choice in our nation now. Moreover, the companies with such capabilities in Europe and America are very rare. Furthermore, under "localization" requirement in our nation, the

development of the Company is far superior to other European and American companies.

④In order to reduce production cost and excessively large equipment (e.g., process equipment beyond 10.5G TFT-LCD) factors, the opportunity that foreign vendors search for OEM cooperation has increased. Currently, the customized equipment manufacturing business of the Group has been developed for many years, and cooperation projects with multiple original vendors are ongoing. The development with respect to capability of such technology facilitates to R&D of future equipment of high technology industry and accelerates improvement of both manufacturing quality and quantity for introducing foreign process equipment into Taiwan.

⑤The Company has been approved with ISO 9001 international quality certification and ISO 14001, ISO13485 、 ISO 45001 certifications to provide customers better service quality.

2.1.5.2 Disadvantageous Factors and Countermeasure

①The growth of high technology industry grows excessively fast and graduate talents are insufficient. Moreover, excellent professional talents of the Group are susceptible to be poached by other companies and customers.

Countermeasure:

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

②After participation in WTO (World Trade Organization), foreign operation sites have entered our nation such that market competition is more and more intense. Therefore, partial products may suffer from reduction of price and product gross margin due to competition with companies in the same industry and mature market.

Countermeasure:

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

③ There are very engineering variables for automatic system and integrated system business, which are susceptible to mutual interaction of various engineering. Therefore, if the engineering work period is relatively long, increase of expenses of materials, equipment and outsourcing fees will result in increased cost, which causes business risk and financial maneuver risk.

Countermeasure:

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

2.2 Important purposes and production processes of major products

2.2.1 Important purposes of major products

2.2.1.1 Sale and service of hi-tech equipment materials

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

2.2.1.2 Automation Supplying System

MIC is the leading brand of automation system integration services in the industry's factory engineering business. It has been served in the field of automated supply systems for gas, chemicals, and pure water for several years. The Group also assists owners to operate TCM, TGM, TWM, the whole plant management monitoring system provides the purpose of integrating the monitoring and, data collection and sub-division of each subsystem to improve the operation efficiency of the factory management system and simplify manpower. For the monitoring of the most sensitive special gases, the overall plan provided by the Group can maintain

production operations and ensure the safety of staff under the most economic considerations. In the manufacturing integration business, the mission of MIC is to help the machine diagnose and connect, and then further integrate and analyze the data to assist the management layer to use the information management system ERP to fully grasp the field control system MES of the operation layer operation. The hardware report software allows information streaming, collection, and integration to help customers build better smart factories.

2.2.1.3 Total Facility Engineering Turnkey Project

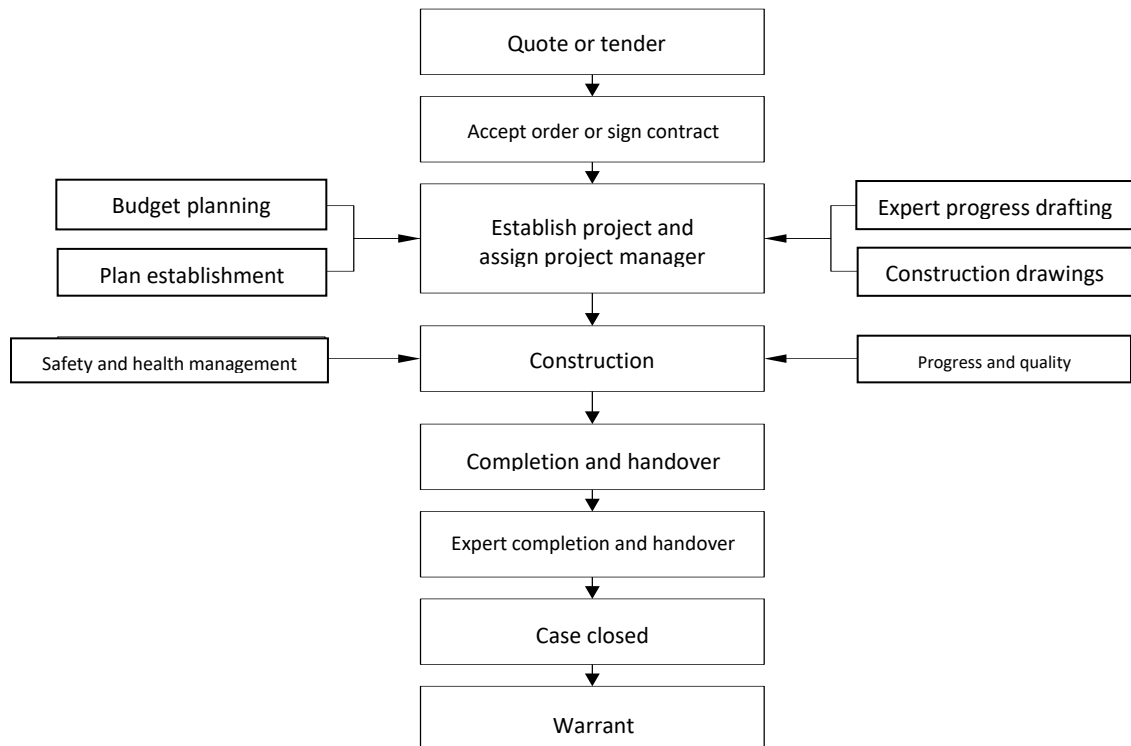
Business includes planning, design, construction, manufacturing supervision, and testing. Including electromechanical, clean room, UPW water, gas, chemical, sewage treatment, exhaust emission treatment and equipment integration connection. Our customers can rely on professional manufacturers to quickly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

2.2.1.4 R&D and manufacturing of customized equipment

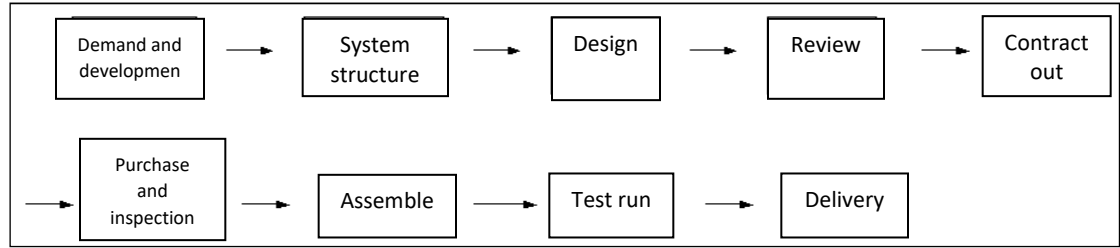
To provide OEM services for major international semiconductor and panel equipment manufacturers, and provide advanced and complete services to become the industry's leading OEM brand.

2.2.2 Production process of major product

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



2.2.2.2 Production process of R&D and manufacturing customized equipment



2.3 Status of major material supply

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

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

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

Unit: thousand NTD; %

| Item | 2021 | | | | 2022 | | | | As of end of 2023 Q1 (Note 2) | | | |
|------|------------|------------|-------------------------------|--------------------------|------------|------------|-------------------------------|--------------------------|-------------------------------|------------|-------------------------------|--------------------------|
| | Name | Amount | Net ratio of annual sales (%) | Relationship with issuer | Name | Amount | Net ratio of annual sales (%) | Relationship with issuer | Name | Amount | Net ratio of annual sales (%) | Relationship with issuer |
| 1 | Customer A | 742,986 | 2.16 | Non-related | Customer A | 8,759,312 | 17.39 | Non-related | Customer A | 4,517,229 | 32.53 | Non-related |
| 2 | Customer B | 7,359,354 | 21.36 | Non-related | Customer B | 7,038,810 | 13.98 | Non-related | Customer B | 2,408,899 | 17.35 | Non-related |
| | Other | 26,356,334 | 76.48 | | Other | 34,568,582 | 68.63 | | Other | 6,959,633 | 50.12 | |
| | Net sales | 34,458,674 | 100.00 | | Net sales | 50,366,704 | 100.00 | | Net sales | 13,885,761 | 100.00 | |

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

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

Note 3: The above information shall be revealed on the 2021 and 2022 consolidated financial statement certified by the accountant and 2023 Q1 consolidated financial statement certified by the accountant.

Variation analysis:

We act as an agent for multiple critical materials and equipment required by semiconductor and photoelectric businesses, and we collaborate with OEM in developing related equipment modules. Our steady goods supply and elevated added values, such as technical support, have won the trust of customers. As we have years of technical and managerial experience as well as outstanding construction performance, our expert system integration construction services for automation gas and chemical supply system and plant affairs control system are highly praised by our customers. We have built solid and close supply value chain system with customers, and the status of our sales and service targets are quite. In the fiscal year 2022, we benefited from the global semiconductor market's growth momentum, increased demand for semiconductor industry clients to build and expand factories, and recorded revenue growth. Overall, there were no significant abnormalities.

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

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

2.5 Yield and output value for the recent two years

Unit: thousand NTD

| Major merchandise (dept.) / Yield & output value / Year | 2021 | | | 2022 | | |
|---|----------|-------|--------------|----------|-------|--------------|
| | Capacity | Yield | Output value | Capacity | Yield | Output value |
| Sales and service of high-tech equipment and materials | Note | Note | 6,427,419 | Note | Note | 8,075,979 |
| Automation supply system | | | 9,688,512 | | | 18,225,294 |
| Total Facility Engineering Turnkey Project | | | 7,166,026 | | | 10,102,818 |
| R&D and manufacturing of customized equipment | | | 7,556,735 | | | 8,576,543 |
| Total | | | 30,838,692 | | | 44,980,634 |

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

Note 2: The above information is revealed in the CPA certified consolidated financial reports for 2021 and 2022.

Variation analysis:

The 2022 consolidated operating income was increased massively than the 2021, and the entirely output value increased by the customer demand. In the overall, there was no occurrence of significant unusual situations.

2.6 Sales volume for the recent two years

Unit: thousand NTD

| Major merchandise (dept.) / Sales volume / Year | 2021 | | | | 2022 | | | |
|---|------------|-----------|--------------|-----------|------------|------------|--------------|-----------|
| | Region | | | | Region | | | |
| | Taiwan | China | United State | Other | Taiwan | China | United State | Other |
| Sales and service for hi-tech equipment and materials | 3,923,335 | 3,542,439 | - | 461,752 | 4,407,750 | 4,986,688 | 144,774 | 401,328 |
| Automation supply system | 7,667,536 | 1,819,827 | 847,419 | 85,281 | 7,682,570 | 3,216,437 | 8,817,923 | 87,871 |
| Total Facility Engineering Turnkey Project | 5,107,899 | 1,733,941 | 388 | 621,640 | 5,714,977 | 4,208,610 | 10,622 | 469,672 |
| R&D and manufacturing of customized equipment | 1,577,371 | 990,301 | 90,010 | 5,989,535 | 2,277,961 | 637,684 | 91,684 | 7,210,153 |
| Total | 18,276,141 | 8,086,508 | 938,817 | 7,158,208 | 20,083,258 | 13,049,419 | 9,065,003 | 8,169,024 |

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

Note 2: The above information is revealed in the CPA certified consolidated financial reports for 2021 and 2022.

Variation analysis:

In the past two years, our group mainly focused on providing sales services to Taiwan and China. From the changes in our sales figures, our analysis is that our group benefited from the continual economic upturn of the semiconductor and panel industries in 2021. Thus, our orders on demand from clients from all different industries had risen, resulting in our consolidated revenue increase in 2022 compared to the previous year. All in all, the changes in the consolidated revenue of Marketech International Corporation according to sales and regional categories

are due to reasonable causes such as customer demand, market demand and supply, the nature of engineering works, and continued relationships in cooperation. There was no occurrence of significant unusual situations.

3. Human Resources

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

Date: April 30, 2023
Unit: person(s); %

| Item/Year | | 2021 | 2022 | As of March 31, 2023 |
|----------------------------------|-----------------|-------|-------|----------------------|
| Number of employees | Direct worker | 976 | 1,113 | 1,167 |
| | Indirect worker | 821 | 870 | 884 |
| | Total | 1,797 | 1,983 | 2,051 |
| Average age | | 38.40 | 38.57 | 38.74 |
| Average years of service | | 8.4 | 8.18 | 8.06 |
| Education distribution ratio (%) | Doctor | 0.83 | 0.96 | 0.88 |
| | Master | 13.24 | 12.36 | 12.48 |
| | University | 41.63 | 42.00 | 41.68 |
| | Junior college | 29.16 | 29.75 | 30.67 |
| | Other | 15.14 | 14.93 | 14.29 |

4. Environmental Protection Expenditure

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

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

5. Labor Relations

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

5.1.1 Employee benefit practices

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

5.1.2 Employee continuing education

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

5.1.3 Employee training

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

5.1.4. Retirement system and its implementation

5.1.4.1 Employees of the Company and its domestic subsidiaries who choose the old labor pension system

Retirement includes voluntary retirement and compulsory retirement. An employee who has served the Company for 25 years or is 55 years old and has worked for over 15 years or is over 60 years old may apply for voluntary retirement. An employee who is over 65 years old or is not qualified for the job due to state of insanity or physically disabled must be compelled to retire.

Pension payment and calculation shall be handled in accordance with the regulations of the Labor Standards Act.

5.1.4.2 Employees of the Company and its domestic subsidiaries who choose the new labor pension system

① For an employee who chooses the new system, 6% of his/her wage will be allocated monthly to a personal account at the Bureau of Labor Insurance in accordance with the labor pension. For voluntary allocation, the wage withheld will be remitted to a personal account at the Bureau of Labor Insurance in accordance with the voluntary allocation rate. The calculation of labor pension is followed and executed by Enforcement Rules of the Labor Pension Act.

② Monthly retirement payment: according to the annuity table, the amount calculated using bases of life expectancy and interests for an employee's personal pension account and accumulated gains is the retirement payment paid regularly.

③ Lump-sum retirement payment: collect the capital of the employee personal pension account and accumulated gains all at once. The abovementioned annuity table, life expectancy, interest and amount calculation shall be established by the Bureau of Labor Insurance and filed to the central competent authority for approval.

④ An employee who is over 60 years old and has worked for over 15 years may apply for monthly retirement payment. But an employee who has not worked for over 15 years shall apply for lump-sum retirement payment.

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

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

5.1.5. Labor-capital agreements and employee rights maintenance measures

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

5.1.5.1 Industrial coordination mechanism:

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

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

5.1.5.2 Beneficial activities:

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

5.1.5.3 Physical examination:

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

From the year 2022, in order to strengthen the health management of senior employees and colleagues, we have added tracking and management of carotid ultrasound, thyroid ultrasound, and other blood tests for this group of colleagues.

5.1.5.4 Group insurance:

In addition to the basic protection provided by social insurance, our company offers group insurance to employees. In addition to basic life and accident insurance, we have also planned medical insurance and cancer insurance, which covers spouses and children and is fully paid for by the company.

In addition to the above-mentioned employee group insurance, we also provide travel insurance for employees on business trips, providing more comprehensive protection for colleagues during their travels.

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

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

6. Information and communication security management

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

6.1.1 Information and communication security risk management framework

6.1.1.1 The responsible party of information security of the Company is the information center, which is responsible for planning, implementing and promoting information security matters.

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

6.1.2 Information and communication security policy

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

6.1.2.1 Maintain continuous operation of information-related systems.

6.1.2.2 Prevent insiders from illegally using software and information.

6.1.2.3 Prevent external hackers, virus intrusions to damage equipment, and data theft, resulting in operational interruptions.

6.1.2.4 Protect sensitive and confidential information and prevent data leakage.

6.1.3 Specific management plan

6.1.3.1 Network resource security management

①Account/Password management:

Account management: When there is an account demand or change, an application form should be filled out. Password management: Password settings must be set in accordance with the minimum length and complexity rules for passwords announced by the information unit, and it is mandatory to change passwords quarterly. Account check: The information unit performs check on idle accounts that have not been logged in for more than a year in the first quarter of each year, and records the account check results.

②Internet and Email Usage Guidelines:

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

③Antivirus system security management:

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

④ Network traffic monitoring and management:

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

⑤ Personal computer access clearance:

- A. Considering information security, after purchasing a general stand-alone computer, the information unit will set the user domain and usage clearance to the Company domain and general user clearance.
- B. Computers provided by the Company for personal use are prohibited from being used for other purposes except for official business purposes.

⑥ Firewall management:

- A. In order to block unknown intrusions and attacks from the Internet and ensure the security and integrity of the Company's internal data, the information unit builds a firewall to control the Internet connection in accordance with the Company's information security policy.
- B. The information unit conducts rule checking operations every six months. If there is any abnormality in the operation, it will confirm the applicability of the rule and make improvements. After confirming that the improvement is completed, record the results.

6.1.3.2 Hardware resource security management

① After the Company's hardware resources are purchased, it will be managed by the demand unit. If the purchased hardware resources are the main equipment, the information unit will be responsible for management and registration.

② The main equipment needs to be installed on the UPS (uninterruptible power supply) power system device. Take caution of power load and balance during installation.

6.1.3.3 Copyright software resource security control

① Copyright software purchase and management:

- A. Basic configuration software: The information unit will evaluate the needs every year and make recommendations and file a budget. After purchase, it will be kept and registered.
- B. Non-basic configuration software: The demand unit will purchase it according to the needs. After purchase, it will be kept and registered.
- C. The software should be stored in an appropriate storage location and kept by a designated person.

② Software installation management:

- A. For the basic configuration software, when a new computer is purchased, the information unit will select the appropriate copyrighted

software version and install it based on the overall performance of the stand-alone computer.

- B. For the installation of non-basic configuration software is newly added or changed, an application form should be filled out and installed by the information unit.
- C. The information unit should check the installation and use of the software at any time, and notify the responsible unit for improvement if there is any abnormality.

6.1.3.4 Information security education and training

When educating and training new personnel, the information unit will explain the proper use of information resources, and let users understand the threats and concerns of information security. In addition to education and training for new recruits, information units should put information security-related information on the Company's internet portal so that users can obtain it at any time.

6.1.3.5 Data security controls

① Electronic file data storage

- A. The relevant documents used by the Company shall be uniformly stored in the file server for access. If each unit needs to create a server folder clearance, it should submit an application and the information unit will set it up.
- B. The information unit audits the server folder clearance management status every month, and records the inspection results.

② Server data backup

- A. The system and file data stored by the Company need to be backed up, and daily change records should be kept. When necessary, historical data at a certain point in time can be accessed.
- B. The backup media and host should be password protected.
- C. Backup data should be stored in an appropriate storage location and properly kept by a designated person. Backup data may not be lent without permission.
- D. Backup data should have two or more backup storage methods, including in-site backup and off-site backup.
- E. Backup data is kept for at least one year.

③ Portable storage device control

Considering information security, the function of the external storage device should be disabled according to the characteristics of the unit.

6.1.3.6 Outsourced information security

① In the outsourcing contract, the information unit should clearly stipulate that the supplier must keep the data processing and process confidential, strictly prohibit leakage, and formulate relevant terms or penalties in the contract.

② The supplier must obtain the consent of the information unit before the operation, or be accompanied by the personnel of the information unit.

6.1.3.7 Computer room security control

①The computer room should be set up with access control, monitoring, fire protection, temperature and humidity management and other related configurations

②The access control of the computer room is controlled by the information unit.

Personnel entering and leaving the computer room must be approved by the information unit before they can enter and leave the computer room, and they must fill in the log.

③The maintenance manufacturer must be accompanied by the responsible unit when entering and leaving the computer room, and is restricted to operate within the scope of the operation and must not operate unrelated equipment.

④Only hardware and software equipment and related documents can be in the computer room, items not required for operation are prohibited from being brought into the computer room.

⑤The information unit shall inspect the computer room from time to time, and prohibit the storage of flammable materials, unapproved electrical appliances, eating, drinking or smoking.

6.1.3.8 Information security incident notification and recovery

①Notification:

After an information security incident occurs, the information unit should immediately notify the top director of the information unit after determining the type of disaster. If it cannot be repaired immediately, the head of the information unit should immediately report the incident to the general manager and CEO, and inform colleagues of the scope of influence and possible repair time.

②Emergency response:

- A. Regarding the signs of the security hazard incidents, it is necessary to identify the cause of the incident, determine the possible impact scope, assess the possible losses, and determine whether it is necessary to apply assistance.
- B. Obtain solutions through system vulnerability database, Internet access, technical support units, etc.

③Recovery:

- A. Check whether the hardware equipment can operate normally. If the hardware equipment is damaged and cannot be used, it can be temporarily replaced with a backup equipment and contact the manufacturer for maintenance.
- B. Check whether information security risks affect normal operation, and perform system repair or environmental reconstruction after eliminating information security risks.
- C. After the operation is normal, data recovery and data reset will be performed.

④Review/Drill:

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

6.1.4 Resources invested in the information and communication security management

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

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

7. Important Contracts

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

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

Part 6. Overview of the company's financial status

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

1.1 Consolidated Financial Information – Based on IFRS

1.1.1 Consolidated Financial Statement

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

Unit: NT\$, thousands

| Year Item | Financial Summary for The Last Five Years (Note1) | | | | | As of March 31, 2023 Financial Information (Note3) | |
|---|---|------------|------------|------------|------------|--|-----------------------|
| | 2018 | 2019 | 2020 | 2021 | 2022 | | |
| Current assets | 15,268,921 | 15,635,023 | 16,013,346 | 22,945,728 | 30,098,714 | 31,546,215 | |
| Property, Plant and Equipment (Note 2) | 2,231,933 | 2,211,675 | 2,223,383 | 2,366,042 | 2,441,994 | 2,475,368 | |
| Intangible assets | 19,441 | 16,695 | 52,792 | 106,822 | 109,186 | 107,009 | |
| Other assets (Note 2) | 707,911 | 1,789,485 | 1,971,902 | 2,441,942 | 2,677,164 | 2,992,470 | |
| Total assets | 18,228,206 | 19,652,878 | 20,261,423 | 27,860,534 | 35,327,058 | 37,121,062 | |
| Current liabilities | Before distribution | 12,123,395 | 12,587,440 | 11,132,653 | 17,612,523 | 23,946,207 | 25,021,871 |
| | After distribution | 12,680,169 | 13,073,224 | 11,787,920 | 18,479,926 | (Note6) 25,052,018 | (Note6) 25,021,871 |
| Non-current liabilities | 367,508 | 1,227,470 | 2,762,387 | 2,445,871 | 1,899,849 | 2,078,883 | |
| Total liabilities | Before distribution | 12,490,903 | 13,814,910 | 13,895,040 | 20,058,394 | 25,846,056 | 27,100,754 |
| | After distribution | 13,047,677 | 14,300,694 | 14,550,307 | 20,925,797 | (Note6) 26,951,867 | (Note6) 27,100,754 |
| Equity attributable to shareholders of the parent | 5,666,734 | 5,800,013 | 6,272,404 | 7,672,557 | 9,355,079 | 9,880,372 | |
| Capital stock | 1,855,913 | 1,868,400 | 1,872,192 | 1,927,562 | 1,950,284 | 1,956,782 | |
| Capital surplus | 970,381 | 982,882 | 1,029,109 | 1,562,207 | 1,787,330 | 1,849,638 | |
| Retained earnings | Before distribution | 2,981,371 | 3,118,978 | 3,538,201 | 4,439,032 | 5,800,054 | 6,260,435 |
| | After distribution | 2,424,597 | 2,633,194 | 2,882,934 | 3,571,629 | (Note6) 4,694,243 | (Note6) 6,260,435 |
| Other equity interest | (140,931) | (170,247) | (167,098) | (256,244) | (182,589) | (186,483) | |
| Treasury stock | 0 | 0 | 0 | 0 | 0 | 0 | |
| Non-controlling interest | 70,569 | 37,955 | 93,979 | 129,583 | 125,923 | 139,936 | |
| Total equity | 5,737,303 | 5,837,968 | 6,366,383 | 7,802,140 | 9,481,002 | 10,020,308 | |

| Year Item | Financial Summary for The Last Five Years (Note1) | | | | | As of March 31,2023 Financial Information(Note3) |
|---------------------------|---|-----------|-----------|-----------|----------------------|---|
| | 2018 | 2019 | 2020 | 2021 | 2022 | |
| After distributio n | 5,180,529 | 5,352,184 | 5,711,116 | 6,934,737 | (Note6) 8,375,191 | (Note6) 10,020,308 |

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

Notes:

1. The year of financial statement that has not been certified by an accountant shall be stated. The Company's financial statements mentioned above have all been checked and verified by an accountant.
2. Company that has conducted asset-revaluation shall state the date of holding the asset revaluation and the revaluated added amount. This Company hasn't held asset-revaluation in the above-mentioned years.
3. Listed company or company that has its stock listed and traded on the stock exchange shall have the information stated up to the season of the printing of the annual report. Besides, it is also a must to note whether the financial information has or has not been certified and reviewed by accountant. The financial statements for the year ended March 31, 2023 have been reviewed by the accountant.
4. Regarding above-mentioned figures after distribution, please write-in with regards to the resolution of Shareholders' Meeting next year.
5. Financial information that shall be self-corrected or compiled as noted by the competent authority shall list revised or corrected figures, and have its conditions and reasons noted down.
6. Up to the printing of the annual report, the Company's 2022 profit distribution has not yet been approved by Shareholders' Meeting.

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

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

| Year Item | Financial Summary for The Last Five Years (Note1) | | | | | As of March 31, 2022 Financial Information (Note2) | |
|--|---|------------|------------|------------|------------|---|------|
| | 2018 | 2019 | 2020 | 2021 | 2022 | | |
| Operating revenue | 24,415,723 | 24,182,681 | 25,119,857 | 34,458,674 | 50,366,704 | 13,885,761 | |
| Gross profit | 2,819,196 | 2,566,979 | 3,100,342 | 3,619,982 | 5,386,070 | 1,279,182 | |
| Operating Income | 875,753 | 819,338 | 1,201,498 | 1,643,086 | 2,866,250 | 606,502 | |
| Non-operating Income/expense | 125,086 | 71,683 | (51,748) | 297,295 | 130,188 | 11,972 | |
| Earnings before tax | 1,000,839 | 891,021 | 1,149,750 | 1,940,381 | 2,996,438 | 618,474 | |
| Net income from continuing operations | 782,164 | 669,120 | 875,502 | 1,508,422 | 2,149,807 | 441,586 | |
| Loss from discontinued operations(Note3) | 0 | 0 | 0 | 0 | 0 | 0 | |
| Net income (loss) | 782,164 | 669,120 | 875,502 | 1,508,422 | 2,149,807 | 441,586 | |
| Other comprehensive income (net after tax) | (45,658) | (38,855) | (5,215) | (80,714) | 91,713 | (3,664) | |
| Current comprehensive income/loss | 736,506 | 630,265 | 870,287 | 1,427,708 | 2,241,520 | 437,922 | |
| Net earnings attributable to owners of the parent | 792,582 | 703,006 | 913,736 | 1,547,479 | 2,210,709 | 455,235 | |
| Net earnings attributable to non-controlling interest | (10,418) | (33,886) | (38,234) | (39,057) | (60,902) | (13,649) | |
| Comprehensive income/loss attributable to owners of the parent | 747,730 | 665,065 | 908,156 | 1,466,952 | 2,302,080 | 451,341 | |
| Comprehensive income/loss attributable to non-controlling interest | (11,224) | (34,800) | (37,869) | (39,244) | (60,560) | (13,419) | |
| Earnings per share (in dollars) | Basic earnings per share – current(Note5) | 4.40 | 3.78 | 4.88 | 8.24 | 11.34 | 2.33 |
| | Diluted earnings per share – current(Note5) | 4.21 | 3.74 | 4.85 | 7.80 | 10.87 | 2.24 |
| | Adjusted Diluted Earnings per Share(Note6) | 4.21 | 3.74 | 4.85 | 7.80 | 10.87 | 2.24 |

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

Notes:

1. The year of financial statement that has not been certified by an accountant shall be stated. The Company's financial statements mentioned above have all been checked and verified by an accountant.
2. Listed company or company that has its stock listed and traded on the stock exchange shall have the information stated up to the season of the printing of the annual report. Besides, it is also a must to note whether the financial information has or has not been certified and reviewed by accountant. The financial statements for the year ended March 31, 2023 have been reviewed by the accountant.
3. The loss of unit that has suspended the operations shall be listed in net value after deducted the income tax.
4. Financial information that shall be self-corrected or compiled as noted by the competent authority shall list revised or corrected figures, and have its conditions and reasons noted down.
5. Calculated by weighted average outstanding shares of the year.
6. Earning per share of the year shall be calculated based on the weighted average outstanding shares of the year, which are adjusted according to the number of increased shares over the years due to capital increase by earnings.

1.1.2 Separate Financial Information – Based on IFRS

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

Unit: NT\$, thousands

| Item | Year | Financial Summary for The Last Five Years (Note1) | | | | |
|--|---------------------|---|------------|------------|------------|-----------------------|
| | | 2018 | 2019 | 2020 | 2021 | 2022 |
| Current assets | | 10,679,609 | 10,497,307 | 11,451,527 | 16,535,637 | 20,251,059 |
| Property, Plant and Equipment (note 2) | | 1,719,499 | 1,672,574 | 1,717,285 | 1,979,380 | 2,078,508 |
| Intangible assets | | 14,032 | 11,377 | 48,026 | 75,746 | 77,464 |
| Other assets(note 2) | | 2,497,035 | 3,590,436 | 3,926,712 | 4,519,718 | 5,715,765 |
| Total assets | | 14,910,175 | 15,771,694 | 17,143,550 | 23,110,481 | 28,122,796 |
| Current liabilities | Before distribution | 8,880,579 | 8,739,835 | 8,107,640 | 13,156,480 | 17,319,656 |
| | After distribution | 9,437,353 | 9,225,619 | 8,762,907 | 14,023,883 | (Note6) 18,425,467 |
| Non-current liabilities | | 362,862 | 1,231,846 | 2,763,506 | 2,281,444 | 1,448,061 |
| Non-current liabilities | Before distribution | 9,243,441 | 9,971,681 | 10,871,146 | 15,437,924 | 18,767,717 |
| | After distribution | 9,800,215 | 10,457,465 | 11,526,413 | 16,305,327 | (Note6) 16,305,327 |
| Capital stock | | 1,855,913 | 1,868,400 | 1,872,192 | 1,927,562 | 1,950,284 |
| Capital surplus | | 970,381 | 982,882 | 1,029,109 | 1,562,207 | 1,787,330 |
| Retained earnings | Before distribution | 2,981,371 | 3,118,978 | 3,538,201 | 4,439,032 | 5,800,054 |
| | After distribution | 2,424,597 | 2,633,194 | 2,882,934 | 3,571,629 | (Note6) 4,694,243 |
| Other equity interest | | (140,931) | (170,247) | (167,098) | (256,244) | (182,589) |
| Total equity | Before distribution | 5,666,734 | 5,800,013 | 6,272,404 | 7,672,557 | 9,355,079 |
| | After distribution | 5,109,960 | 5,314,229 | 5,617,137 | 6,805,154 | (Note6) 8,249,268 |

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

Notes:

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

6. Up to the printing of the annual report, the Company's 2022 profit distribution has not yet been approved by Shareholders' Meeting.

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

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

| Item | Year | Financial Summary for The Last Five Years (Note1) | | | | |
|--|--|---|-----------|-----------|-----------|-----------|
| | | 2018 | 2019 | 2020 | 2021 | 2022 |
| Operating revenue | | 16,757,54 | 17,631,89 | 18,404,13 | 25,756,47 | 30,201,15 |
| Gross profit | | 1,937,844 | 1,855,600 | 2,376,304 | 2,569,011 | 3,170,836 |
| Operating Income | | 748,195 | 752,258 | 1,071,831 | 1,331,657 | 1,534,298 |
| Non-operating Income/expense | | 244,957 | 125,959 | 67,010 | 572,107 | 1,109,872 |
| Earnings before tax | | 993,152 | 878,217 | 1,138,841 | 1,903,764 | 2,644,170 |
| Net income from continuing operations | | 792,582 | 703,006 | 913,736 | 1,547,479 | 2,210,709 |
| Loss from discontinued operations(Note3) | | 0 | 0 | 0 | 0 | 0 |
| Net income (loss) | | 792,582 | 703,006 | 913,736 | 1,547,479 | 2,210,709 |
| Other comprehensive income (net after tax) | | (44,852) | (37,941) | (5,580) | (80,527) | 91,371 |
| Current comprehensive income/loss | | 747,730 | 665,065 | 908,156 | 1,466,952 | 2,302,080 |
| Earnings per share (in dollars) | Basic earnings per share — current (Note5) | 4.40 | 3.78 | 4.88 | 8.24 | 11.34 |
| | Diluted earnings per share — current (Note5) | 4.21 | 3.74 | 4.85 | 7.80 | 10.87 |
| | Adjusted Diluted Earnings per Share(Note6) | 4.21 | 3.74 | 4.85 | 7.80 | 10.87 |

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

Notes:

1. The year of financial statement that has not been certified by an accountant shall be stated. The Company's financial statements mentioned above have all been checked and verified by an accountant.
2. Listed company or company that has its stock listed and traded on the stock exchange shall have the information stated up to the season of the printing of the annual report. Besides, it is also a must to note whether the financial information has or has not been certified and reviewed by accountant.
3. The loss of unit that has suspended the operations shall be listed in net value after deducted the income tax.
4. Financial information that shall be self-corrected or compiled as noted by the competent authority shall list revised or corrected figures, and have its conditions and reasons noted down.
5. Calculated by weighted average outstanding shares of the year.
6. Earnings per share of the year shall be calculated based on the weighted average outstanding shares of the year, which are adjusted according to the number of increased shares over the years due to capital increase by earnings.
7. Up to the printing of the annual report, the Company's 2022 profit distribution has not yet been approved by Shareholders' Meeting.

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

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

| Years | Accounting Firms | Names of accounts | Certifying remarks |
|-------|-------------------------------|------------------------------------|--------------------|
| 2018 | PricewaterhouseCoopers Taiwan | Chang, Shu-Chiung & Wong, Shu-rong | Unqualified |
| 2019 | PricewaterhouseCoopers Taiwan | Chang, Shu-Chiung & Wong, Shu-rong | Unqualified |
| 2020 | PricewaterhouseCoopers Taiwan | Chang, Shu-Chiung & Wong, Shu-rong | Unqualified |
| 2021 | PricewaterhouseCoopers Taiwan | Lin, Chun-Yao & Wong, Shu-rong | Unqualified |
| 2022 | PricewaterhouseCoopers Taiwan | Lin, Chun-Yao & Wong, Shu-rong | Unqualified |

Notes: Due to the internal reorganization of the firm, the certifying accountants of the FY 2021 changed to Lin, Chun-Yao and Wong, Shu-rong.

2. Financial Analysis in the past 5 fiscal years

2.1 Below data is analyzed based on IFRS

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

| | | Year | Financial Analysis over the last Five Years (Note1) | | | | | As of Mar. 31, 2023 (Note 2) |
|--------------------------------|---|------|---|--------|--------|--------|--------|------------------------------|
| | | | 2018 | 2019 | 2020 | 2021 | 2022 | |
| Items (Note4) | | | | | | | | |
| Capital structure analysis (%) | Debts Ratio | | 68.53 | 70.29 | 68.58 | 72.00 | 73.16 | 73.01 |
| | Long Term Funds to Fixed Assets | | 273.52 | 319.46 | 410.58 | 433.13 | 466.05 | 488.78 |
| Liquidity analysis (%) | Current Ratio | | 125.95 | 124.21 | 143.84 | 130.28 | 125.69 | 126.07 |
| | Quick Ratio | | 91.11 | 96.60 | 113.06 | 104.23 | 93.58 | 92.91 |
| | Interest Guarantee (times) | | 16.15 | 11.56 | 18.08 | 32.24 | 32.22 | 13.22 |
| Operating performance analysis | Average Collection Turnover (times) | | 5.18 | 4.49 | 4.85 | 6.86 | 8.05 | 8.12 |
| | Average Collection Days | | 70 | 81 | 75 | 53 | 46 | 45 |
| | Average Inventory Turnover (times) | | 2.72 | 2.77 | 3.86 | 4.09 | 3.74 | 2.38 |
| | Average Payables Turnover (times) | | 4.23 | 4.10 | 4.20 | 4.62 | 5.18 | 5.56 |
| | Average Days in Sales | | 134 | 132 | 95 | 90 | 98 | 154 |
| | Fixed Asset Turnover (times) | | 11.92 | 10.88 | 11.33 | 15.02 | 20.95 | 22.59 |
| | Total Asset Turnover (times) | | 1.42 | 1.28 | 1.26 | 1.43 | 1.59 | 1.53 |
| Return on investment analysis | Return on Total Asset (%) | | 4.87 | 3.89 | 4.66 | 6.46 | 7.05 | 5.32 |
| | Return on Total Equity (%) | | 14.38 | 11.56 | 14.35 | 21.29 | 24.88 | 18.12 |
| | Pre-tax Profit to Capital Stocks (%) (Note 8) | | 53.93 | 47.69 | 61.41 | 100.67 | 153.64 | 126.43 |

| | | | | | | | |
|--------------------|---------------------------------------|--------|-------|-------|--------|-------|--------|
| | Net Income to Sales(%) | 3.20 | 2.77 | 3.49 | 4.38 | 4.27 | 3.18 |
| | Earnings per Share(NT) (Note 3) | 4.40 | 3.78 | 4.88 | 8.24 | 11.34 | 2.33 |
| Cash flow analysis | Cash Flow Ratio(%) | 0.80 | 7.75 | 12.99 | 2.49 | 5.83 | (4.78) |
| | Cash Flow Adequacy Ratio (%) (Note 6) | 27.82 | 31.48 | 58.24 | 58.78 | 45.10 | 36.46 |
| | Cash Flow Reinvestment Ratio (%) | (4.61) | 5.53 | 9.84 | (2.01) | 4.49 | (9.70) |
| Leverage | Operating Leverage | 2.55 | 2.33 | 2.07 | 1.77 | 1.62 | 1.82 |
| | Financial Leverage | 1.08 | 1.11 | 1.06 | 1.04 | 1.03 | 1.09 |

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

(1) Operating performance analysis:

Increase in turnover ratios for real estate, plants, and equipment: This is primarily due to the increase in operating revenue in 2022, and as the increase in operating revenue in 2022 was greater than the average increase in net value of real estate, plants, and equipment, the turnover ratios for these assets increased from 2021 to 2022.

(2) Return on investment analysis:

Increase in the ratio of pre-tax net income to paid-in capital and earnings per share: This is mainly due to the increase in operating revenue and profits in 2022, which led to an increase in the ratio of pre-tax net income to paid-in capital and earnings per share in 2022 compared to 2021.

(3) Cash flow analysis:

- Increase in cash flow ratio: This is mainly due to the increase in net cash inflow from operating activities in 2022, which resulted in an increase in the cash flow ratio in 2022 compared to 2021.
- Decrease in cash flow adequacy ratio: This is mainly due to the increase in inventory, capital expenditures, and cash dividends over the past five years, and the magnitude of the increase was greater than the increase in net cash inflow from operating activities over the past five years. This resulted in an increase in operating revenue and profits in 2022, leading to a decrease in the cash flow adequacy ratio in 2022 compared to 2021.
- Increase in cash reinvestment ratio: This is mainly due to the increase in net cash inflow from operating activities in 2022, and the magnitude of the increase was greater than the increase in real estate, plant, and equipment. This led to an increase in the cash reinvestment ratio in 2022 compared to 2021.

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

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

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

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

Note 3 : Adjusted for diluted EPS

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

1. Financial structure

(1) Debt ratio = Total liabilities / Total Assets

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

2. Solvency

(1) Current ratio = Current assets / Current liabilities

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

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

3. Operating performance

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

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

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

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

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

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

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

4. Profitability

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

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

(3) Profit ratio = Net income / Net sales

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

5. Cash flow

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

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

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

6. Leverage

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

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

Note 5 : the above formulas should note the following:

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

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

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

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

Note 6 : Cash analysis should note the following:

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

2. Capital expenditure is the annual net cash outflow

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

4. Cash dividend includes common stocks and preferred stocks

5. Gross fixed asset has taken consideration of accumulative depreciation

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

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

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

| Items (Note4) | | Financial Analysis over the last Five Years (Note1) | | | | |
|-------------------------|---|--|--------|--------|--------|--------|
| | | 2018 | 2019 | 2020 | 2021 | 2022 |
| Financial structure (%) | Debts Ratio | 61.99 | 63.23 | 63.41 | 66.80 | 66.73 |
| | Long Term Funds to Fixed Assets | 350.66 | 420.42 | 526.17 | 502.88 | 519.75 |
| Solvency (%) | Current Ratio | 120.26 | 120.11 | 141.24 | 125.68 | 116.93 |
| | Quick Ratio | 80.88 | 87.14 | 107.21 | 97.27 | 81.18 |
| | Interest Guarantee (times) | 58.29 | 24.93 | 30.31 | 40.75 | 38.95 |
| Operating performance | Average Collection Turnover (times) | 5.38 | 5.41 | 5.99 | 8.28 | 8.05 |
| | Average Collection Days | 68 | 67 | 61 | 44 | 46 |
| | Average Inventory Turnover (times) | 2.37 | 2.55 | 3.56 | 3.63 | 3.25 |
| | Average Payables Turnover (times) | 4.02 | 4.39 | 4.52 | 4.66 | 4.29 |
| | Average Days in Sales | 154 | 143 | 103 | 101 | 113 |
| | Fixed Asset Turnover (times) | 10.56 | 10.40 | 10.86 | 13.93 | 14.89 |
| | Total Asset Turnover (times) | 1.23 | 1.15 | 1.12 | 1.28 | 1.18 |
| Profitability | Return on Total Asset (%) | 5.90 | 4.77 | 5.74 | 7.88 | 8.85 |
| | Return on Total Equity (%) | 14.66 | 12.26 | 15.14 | 22.19 | 25.97 |
| | Pre-tax Profit to Capital Stocks (%) (Note 8) | 53.51 | 47.00 | 60.83 | 98.77 | 135.58 |
| | Net Income to Sales (%) | 4.73 | 3.99 | 4.96 | 6.01 | 7.32 |
| | Earnings per Share (NT) (Note 3) | 4.40 | 3.78 | 4.88 | 8.24 | 11.34 |
| Cash flow | Cash Flow Ratio (%) | 0.29 | 8.71 | 13.84 | (5.98) | 3.68 |

| | | | | | | |
|----------|---------------------------------------|--------|-------|-------|---------|--------|
| | Cash Flow Adequacy Ratio (%) (Note 6) | 29.15 | 28.98 | 42.54 | 22.81 | 25.46 |
| | Cash Flow Reinvestment Ratio (%) | (6.34) | 3.05 | 7.28 | (15.24) | (2.19) |
| Leverage | Operating Leverage | 2.17 | 2.01 | 1.90 | 1.63 | 1.79 |
| | Financial Leverage | 1.02 | 1.05 | 1.04 | 1.04 | 1.05 |

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

1. Profitability analysis:

The turnover rate of fixed assets has increased: This is mainly due to the increase in operating revenue in 2022, and the increase in operating revenue is greater than the increase in the net value of fixed assets, resulting in a higher turnover rate of fixed assets in 2022 than in 2021.

2. Cash flow analysis:

1. The cash flow ratio has increased: This is mainly due to the increase in net cash inflow from operating activities in 2022, and the increase in net cash inflow is greater than the increase in current liabilities, resulting in a higher cash flow ratio in 2022 than in 2021.

2. The cash reinvestment ratio has increased: This is mainly due to the increase in net cash inflow from operating activities in 2022, and the increase in net cash inflow is greater than the increase in capital expenditures, including fixed assets, plant and equipment, and long-term investments, resulting in a higher cash reinvestment ratio in 2022 than in 2021.

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

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

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

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

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

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

1. Financial structure

(1)Debt ratio= Total liabilities/Total Assets

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

2. Solvency

(1)Current ratio= Current assets/Current liabilities

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

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

3. Operating performance

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

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

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

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

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

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

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

4. Profitability

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

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

(3)Profit ratio= Net income/Net sales

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

5. Cash flow

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

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

(3)Cash reinvestment ratio=(Cash provided by operating activities - cash dividends) / (Gross property, plant and equipment + Long-term Investments + Other Noncurrent Assets + working capital) (note6)

6. Leverage

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Marketech International Corp.

Audit Committee Audit Report

To: Members of the 2023 Shareholders' Meeting

We, as the Audit Committee of MIC Group, have audited the 2022 Business Report, Financial Statements and Earnings Distribution Proposal made and submitted by the board of directors. The said Financial Statements were audited by Independent Accountant Lin, Chun-Yao and Independent Accountant Weng Shih-Jung of PricewaterhouseCoopers (PwC) Taiwan, and are supported with an audit report issued by PwC. We believe that there is no inconsistent information of aforementioned Business Report, Financial Statements and Earnings Distribution Proposal and hereby submit these documents to you according to Article 14-4 of Securities and Exchange Act and Article 219 of the Company Act.

Sincerely yours,

Chairperson of Audit Committee, Lin Hsiao-Ming

February 17, 2023

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

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

1. Review and Analysis of the Company's Financial Position and Financial Performance, and the Listing of Risks

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

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

Unit: NT\$, thousands ; %

| Description \ Year | As of December 31,2022 | As of December 31,2021 | Difference | |
|--|------------------------|------------------------|------------------|---------------|
| | | | Amount | % |
| Current assets | 30,098,714 | 22,945,728 | 7,152,986 | 31.17 |
| Property, plant and equipment | 2,441,994 | 2,366,042 | 75,952 | 3.21 |
| Intangible assets | 109,186 | 106,822 | 2,364 | 2.21 |
| Other assets | 2,677,164 | 2,441,942 | 235,222 | 9.63 |
| Total assets | 35,327,058 | 27,860,534 | 7,466,524 | 26.80 |
| Current liabilities | 23,946,207 | 17,612,523 | 6,333,684 | 35.96 |
| Non-current liabilities | 1,899,849 | 2,445,871 | (546,022) | (22.32) |
| Total liabilities | 25,846,056 | 20,058,394 | 5,787,662 | 28.85 |
| Capital stock | 1,950,284 | 1,927,562 | 22,722 | 1.18 |
| Capital surplus | 1,787,330 | 1,562,207 | 225,123 | 14.41 |
| Retained earnings | 5,800,054 | 4,439,032 | 1,361,022 | 30.66 |
| Other equity interest | (182,589) | (256,244) | 73,655 | 28.74 |
| Equity attributable to shareholders of the parent | 9,355,079 | 7,672,557 | 1,682,522 | 21.93 |
| Non-controlling interests | 125,923 | 129,583 | (3,660) | (2.82) |
| Total equity | 9,481,002 | 7,802,140 | 1,678,862 | 21.52 |

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

- (1) Current assets increased, mainly due to an increase in cash and cash equivalents, accounts receivable, and inventory. This was driven by the growth of the company's business activities, resulting in a net increase in cash flows from operating activities in 2022 compared to 2021. Additionally, the company increased its inventory to meet growing demand.
- (2) Current liabilities increased, primarily due to an increase in short-term borrowings and contract liabilities. The company needed to increase its short-term operating funds and invested in new projects, leading to an increase in short-term borrowings. Furthermore, the company invested in new projects, leading to an increase in contract liabilities.
- (3) Non-current liabilities decreased, mainly due to the reclassification of company bonds payable from non-current liabilities to current liabilities.
- (4) Retained earnings increased, mainly due to an increase in profits in 2022 compared to 2021.
- (5) Other equity increased, mainly due to a decrease in foreign currency translation losses from foreign operations, resulting in a higher balance of other equity in 2022 compared to 2021.

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

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

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

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

Unit: NT\$, thousands; %

| Description | Year | As of December 31,2022 | As of December 31,2021 | Difference | |
|-------------------------------|------|---------------------------|---------------------------|------------------|--------------|
| | | | | Amount | % |
| Current assets | | 20,251,059 | 16,635,637 | 3,715,422 | 22.47 |
| Property, plant and equipment | | 2,078,508 | 1,979,380 | 99,128 | 5.01 |
| Intangible assets | | 77,464 | 75,746 | 1,718 | 2.27 |
| Other current assets | | 5,715,765 | 4,519,718 | 1,196,047 | 26.46 |
| Total assets | | 28,122,796 | 23,110,481 | 5,012,315 | 21.69 |
| Current liabilities | | 17,319,656 | 13,156,480 | 4,163,176 | 31.64 |
| Non-current liabilities | | 1,448,061 | 2,281,444 | (833,383) | (36.53) |
| Total liabilities | | 18,767,717 | 15,437,924 | 3,329,793 | 21.57 |
| Capital stock | | 1,950,284 | 1,927,562 | 22,722 | 1.18 |
| Capital surplus | | 1,787,330 | 1,562,207 | 225,123 | 14.41 |
| Retained earnings | | 5,800,054 | 4,439,032 | 1,361,022 | 30.66 |
| Other equity interest | | (182,589) | (256,244) | 73,655 | 28.74 |
| Total equity | | 9,355,079 | 7,672,557 | 1,682,522 | 21.93 |

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

(1) Increase in current assets: The increase in cash and cash equivalents and inventory is due to the growth in operating activities during 2022. The company increased inventory levels to meet the demand for business growth.

(2) Increase in other assets: The increase in other assets is mainly due to the company's adoption of the equity method in accounting for its subsidiaries, associates, and joint ventures. As a result, the company's share of profits and losses in these entities increased.

(3) Increase in current liabilities: The increase in short-term borrowing and contract liabilities is due to the increased demand for short-term working capital and investment in construction projects.

(4) Decrease in non-current liabilities: The decrease in non-current liabilities is due to the reclassification of company bonds as current liabilities.

(5) Increase in retained earnings: The increase in retained earnings is due to the increase in profits during the 2022.

(6) Increase in other equity: The decrease in foreign exchange losses in the financial statements of the company's overseas operations led to an increase in other equity at the end of the 2022.

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

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

2. Analysis of Financial Performance

2.1 Consolidated Financial Performance Analysis (consolidated financial statement)

2.1.1 The last two Profit and Loss accounts reported significant changes in net profit and pre-tax profit, owing to:

Unit: NT\$ thousands; %
(In addition to earnings per share, NT\$)

| Year | 2022 | 2021 | Amount increased (decreased) | Proportion change (%) | |
|---|--------------------------------|------------|------------------------------|-----------------------|-------|
| Description | | | | | |
| Net Operating Income | 50,366,704 | 34,458,674 | 15,908,030 | 46.17 | |
| Operating Cost | 44,980,634 | 30,838,692 | 14,141,942 | 45.86 | |
| Gross profit | 5,386,070 | 3,619,982 | 1,766,088 | 48.79 | |
| Operating expenses | 2,519,820 | 1,976,896 | 542,924 | 27.46 | |
| Operating income from operations | 2,866,250 | 1,643,086 | 1,223,164 | 74.44 | |
| Non-operating income and expenses | 130,188 | 297,295 | (167,107) | (56.21) | |
| Income before tax | 2,996,438 | 1,940,381 | 1,056,057 | 54.43 | |
| Income Tax | 846,631 | 431,959 | 414,672 | 96.00 | |
| Net Income of Continuing Operations | 2,149,807 | 1,508,422 | 641,385 | 42.52 | |
| Income from discontinued operations | 0 | 0 | 0 | 0 | |
| Net income | 2,149,807 | 1,508,422 | 641,385 | 42.52 | |
| Other comprehensive income (income after tax) | 91,713 | (80,714) | 172,427 | 213.63 | |
| Total comprehensive income | 2,241,520 | 1,427,708 | 813,812 | 57.00 | |
| Net income attributable to shareholders of the parent | 2,210,709 | 1,547,479 | 663,230 | 42.86 | |
| Net income attributable to non-controlling interests | (60,902) | (39,244) | 21,845 | 55.93 | |
| Total comprehensive income attributable to shareholders of the parent | 2,302,080 | 1,466,952 | 835,128 | 56.93 | |
| Total comprehensive income attributable to the non-controlling interests | (60,560) | (39,244) | 21,316 | 54.32 | |
| EPS(NT\$) | Basic EPS for current period | 11.34 | 8.24 | 3.10 | 37.62 |
| | Diluted EPS for current period | 10.87 | 7.80 | 3.07 | 39.36 |
| <p>(1)The company's last 2 years' profit/loss changes in ratio analysis and explanation. If the change in operating gross profit exceeds 20%, the difference should be analyzed separately as in (2).</p> <p>Analysis of the change (increase/decrease) in the ratio: (Analysis and explanation of the changes of more than 20% in the previous and subsequent periods and the amount is NT\$10,000,000)</p> <p>①The company's net revenue, operating costs, operating expenses, and operating profit increased in the year 2022 due to the growth of the global semiconductor market and increased demand for customer factory construction and expansion. Although there was an increase in operating expenses due to the operation's needs and conservative assessment of customer credit risks and expected recovery, the growth in revenue and gross profit resulted in an increase in operating profit compared to the previous year.</p> <p>②The net profit of non-operating income and expenses decreased in 2022 due to the increase in foreign exchange gains. However, the net profit of other benefits and losses decreased due to the impact of financial assets measured at fair value being a net loss.</p> <p>③The company's pre-tax net profit increased in 2022 primarily due to the increase in operating profit, despite the decrease in non-operating income and expenses' net profit compared to the previous year.</p> | | | | | |

| Year | 2022 | 2021 | Amount increased (decreased) | Proportion change (%) |
|---|------|------|------------------------------|-----------------------|
| Description | | | | |
| <p>④ The income tax expense increased in 2022 due to the increase in profit, leading to an increase in the current income tax expense compared to the previous year, based on accounting standards and statutory tax rates.</p> <p>⑤ Increase in net profit for the period: primarily due to an increase in pre-tax profit for the fiscal year 2022, resulting in an increase in income tax expense. However, the growth in operating profit for the fiscal year 2022 compared to the fiscal year 2021 resulted in an increase in net profit for the period.</p> <p>⑥ Increase in net profit for other comprehensive income (loss) for the period (net of tax): primarily due to a net gain in foreign currency translation differences of overseas operations for the fiscal year 2022, compared to a net loss for the fiscal year 2021.</p> <p>⑦ Increase in total comprehensive income for the period, net profit attributable to owners of the parent, and total comprehensive income attributable to owners of the parent: primarily due to an increase in net profit for the fiscal year 2022.</p> <p>⑧ Increase in earnings per share: primarily due to an increase in net profit for the fiscal year 2022.</p> <p>(2) Analysis of changes in gross profit:</p> <p>① Explanation of Changes: The increase in demand for the construction and expansion of semiconductor industry customers' factories in 2022 led to an increase in related business revenue and cost of goods sold, resulting in an increase in gross profit.</p> <p>② Price-Volume Analysis: Not applicable.</p> | | | | |

2.1.2 Expected sales volume and its possible impact on the company's future financial operations and the response plan:

The forecast of the Group's sales or service volumes in 2023 aims to assess changes of the industry conditions, future business environment, company and department's operation plans, market supply and demand, and future development plan. It is compiled under reasonable assumptions including the operating performance of 2022 and orders to be released. Therefore, it does not have big impacts on the Group's finances.

2.2 Individual Financial Performance Analysis (individual financial statement)

2.2.1 The last two Profit and Loss accounts reported significant changes in net profit and pre-tax profit, owing to:

Unit : NT\$ thousands ; %
(In addition to earnings per share, NT\$)

| Year | 2022 | 2021 | Amount increased (decreased) | Proportion change (%) |
|----------------------|------------|------------|------------------------------|-----------------------|
| Description | | | | |
| Net Operating Income | 30,201,152 | 25,756,473 | 4,444,679 | 17.26 |
| Operating Cost | 27,030,316 | 23,187,462 | 3,842,854 | 16.57 |
| Gross profit | 3,170,836 | 2,569,011 | 601,825 | 23.43 |
| Operating expenses | 1,636,538 | 1,237,354 | 399,184 | 32.26 |

| Description | | Year | | Amount increased (decreased) | Proportion change (%) |
|---|--------------------------------|-----------|-----------|------------------------------|-----------------------|
| | | 2022 | 2021 | | |
| Operating income from operations | | 1,534,298 | 1,331,657 | 202,641 | 15.22 |
| Non-operating income and expenses | | 1,109,872 | 572,107 | 537,765 | 94.00 |
| Income before tax | | 2,644,170 | 1,903,764 | 740,406 | 38.89 |
| Income Tax | | 433,461 | 356,285 | 77,176 | 21.66 |
| Net Income of Continuing Operations | | 2,210,709 | 1,547,479 | 663,230 | 42.86 |
| Income from discontinued operations | | 0 | 0 | 0 | 0.00 |
| Net income | | 2,210,709 | 1,547,479 | 663,230 | 42.86 |
| Other comprehensive income (income after tax) | | 91,371 | (80,527) | 171,898 | 213.47 |
| Total comprehensive income for the year | | 2,302,080 | 1,466,952 | 835,128 | 56.93 |
| EPS(NT\$) | BasicEPS for current period | 11.34 | 8.24 | 3.10 | 37.62 |
| | Diluted EPS for current period | 10.87 | 7.80 | 3.07 | 39.36 |
| <p>(1) The company's last 2 years' profit/loss changes in ratio analysis and explanation. If the change in operating gross profit exceeds 20%, the difference should be analyzed separately as in (2). Analysis of the change (increase/decrease) in the ratio: (Analysis and explanation of the changes of more than 20% in the previous and subsequent periods and the amount is NT\$10,000,000)</p> <p>①Gross Profit: The increase in the company's gross profit in 2022 was mainly due to the growth in the global semiconductor market and increased demand from customers for factory construction and expansion.</p> <p>②Operating Expenses: The increase in the company's operating expenses in 2022 was mainly due to the growth in business operations. Additionally, the company increased the estimated credit loss provisions due to conservative assessment of customer credit risks and expected recovery situation, resulting in higher expenses compared to the previous year.</p> <p>③Net Income from Operating Activities and Non-operating Activities: The increase in the company's net income from operating and non-operating activities in 2022 was mainly due to the increase in equity earnings from the company's subsidiaries, affiliates, and joint ventures. Moreover, the company earned more foreign exchange gains in 2022. However, due to the impact of financial assets measured at fair value through profit or loss, the company incurred net losses, which partially offset the increase.</p> <p>④Income Tax Expenses: The increase in the company's income tax expenses in 2022 was mainly due to the increase in profits, resulting in higher tax expenses based on accounting standards and statutory tax rates.</p> <p>⑤Income Tax Expenses: The increase in the company's income tax expenses in 2022 was mainly due to the increase in profits, resulting in higher tax expenses based on accounting standards and statutory tax rates.</p> <p>⑥Net Profit for the Period: The increase in the company's net profit for the period in 2022 was mainly due to the increase in pre-tax profit, although the increase in tax expenses partially offset this increase.</p> <p>⑦Other Comprehensive Income (Loss) for the Period (Net of Tax): The increase in the company's other comprehensive income (loss) for the period in 2022 was mainly due to the foreign exchange gain on the financial statements of the company's foreign operations. In contrast, the company incurred a foreign exchange loss in the previous year, which resulted in a net increase in other comprehensive income for 2022 compared to 2021.</p> <p>⑧The increase in comprehensive (loss) income for the period is mainly due to the increase in net profit for the year 2022.</p> <p>(2) Analysis of gross profit changes:</p> <p>①Explanation of the changes: The increase in operating revenue and operating costs for the semiconductor industry was primarily due to increased demand from customers for new plant construction and expansion in the year 2022, resulting in a corresponding increase in gross profit.</p> <p>②Price-volume analysis: Not applicable.</p> | | | | | |

2.2.2. Expected sales volume and its possible impact on the company's future financial operations and the response plan:

The forecast of the Company's expected sales or service volume in 2023 was prepared mainly according to evaluations of economic changes in the industry, future business environment, operational plans of the Company and its departments, supply and demand in the market, future development plans, etc. and also referred to 2022 annual business performance under reasonable assumptions of unfinished production of orders, which has no significant impact on the Company's results of operations and financial position.

3. Analysis of Cash Flow

3.1 Consolidated Financial Performance Analysis (consolidated financial statement)

3.1.1. Change in cash flows for the latest year

Unit: NT\$ thousands

| Cash and cash equivalents at beginning of period (December 31, 2021) | Net cash flow from operating activities for the entire year | Net cash flow from investing activities for the entire year | Net cash flow from financing activities for the entire year | Effects of exchange rate change on cash | Cash and cash equivalents at end of period (December 31, 2022) |
|--|---|---|---|---|--|
| 4,187,655 | 1,395,070 | (18,098) | 791,593 | 125,077 | 6,481,297 |
| Analysis of change in cash flows for the year (2021) are as follows: | | | | | |
| (1) The net cash inflow from operating activities was NTD 1,395,070 thousand, primarily due to operating profits, resulting in a net cash inflow from operating activities. | | | | | |
| (2) The net cash outflow from investing activities was NTD 18,098 thousand, mainly due to the purchase of real estate, factory, and equipment to meet operational and production needs, which exceeded the cash inflow from the disposal of financial assets measured at fair value through profit or loss, resulting in a net cash outflow from investing activities. | | | | | |
| (3) The net cash inflow from financing activities was NTD 791,593 thousand, primarily due to the increase in short-term borrowings to meet operating capital needs, which exceeded the cash outflow from payments of lease liabilities and cash dividends, resulting in a net cash inflow from financing activities. | | | | | |
| In summary, the net cash flow for the year 2022 was a net cash inflow, leading to an increase in cash balance at the end of the period compared to the beginning. | | | | | |

3.1.2. Liquidity analysis in the latest year

Unit: %

| Item \ Year | 2021 | 2010 | Variance (%) |
|--------------------------|-------|---------|--------------|
| Cash Flow Ratio | 5.83 | 2.49 | 134.14 |
| Cash Flow Adequacy Ratio | 45.10 | 58.78 | (23.27) |
| Cash Reinvestment Ratio | 4.49 | (2.02) | 322.28 |

Analysis of changes (increase/decrease) in ratio: (Explanation for analysis of the ratio of increase & decrease above 20% between two periods)

- (1) Increase in cash flow ratio: The main reason for the rise in the cash flow ratio for the year 2022 compared to 2021 is due to the increase in net cash inflows from operating activities in 2022.
- (2) Decrease in cash flow adequacy ratio: The decrease in the cash flow adequacy ratio for the year 2022 compared to 2021 is mainly due to the increase in inventory, capital expenditure, and cash dividends over the past five years, which has increased more than the net cash inflows from operating activities over the past five years. As a result, the operating income and profit for 2022 have increased, leading to a decrease in the cash flow adequacy ratio compared to 2021.
- (3) Increase in cash reinvestment ratio: The increase in the cash reinvestment ratio for the year 2022 compared to 2021 is mainly due to the increase in net cash inflows from operating activities in 2022, which has increased more than the increase in property, plant, and equipment. As a result, the cash reinvestment ratio for 2022 has increased compared to 2021.
- (4) Decrease in cash flow ratio: which mainly due to the decrease in net cash inflow from operating activities and an increase in current liabilities.
- (5) Decrease in cash reinvestment ratio: primarily attributes to the decrease in net cash inflow from operating activities ,and an increase in fixed assests and cash dividend .

3.1.3. Liquidity analysis for future year

Unit : NT\$ thousands

| Cash and cash equivalents at beginning of period (December 31, 2022) | Net cash flow from operating activities ② | Cash outflow③ | Cash surplus (deficit) ①+②-③ | Cash deficiency planning | |
|---|--|---------------|---------------------------------|--------------------------|-----------------|
| | | | | Investment plans | Financing plans |
| 6,481,297 | 29,118,382 | (28,711,220) | 6,888,459 | Not applicable | |
| (1) Analysis of expected changes in cash flows for the year 2023 are as follows: | | | | | |
| ① Operating Activities: It is anticipated that there will be a net cash inflow from operating activities in the coming year, mainly due to business growth and increased collection of accounts receivable, resulting in a net cash inflow. | | | | | |
| ② Investing Activities: It is expected that there will be a net cash outflow from investing activities in the coming year, primarily due to the increase in long-term investments and the purchase of assets such as equipment. | | | | | |
| ③ Financing Activities: It is expected that there will be a net cash outflow from financing activities in the coming year, mainly due to the payment of cash dividends. | | | | | |
| (2) Contingency plans expected for projected insufficient cash position and the liquidity analysis: Not applicable. | | | | | |

3.2 Analysis of individual cash flows (Individual Financial Statements)

3.2.1. Changes of cash flows in the latest year

Unit : NT\$ thousands

| Cash and cash equivalents at beginning of period (December 31, 2021) | Net cash flow from operating activities for the entire year | Net cash flow from investing activities for the entire year | Net cash flow from financing activities for the entire year | Cash and cash equivalents at end of period (December 31, 2022) |
|--|---|---|---|--|
| 1,446,152 | 636,628 | (244,771) | 805,989 | 2,643,998 |
| Analyses of changes in cash flows for the year 2022 are as follows: | | | | |
| ① Net cash inflow from operating activities was NT\$636,628 million, mainly due to operating profits, resulting in a net cash inflow from operating activities. | | | | |
| ② Net cash outflow from investing activities was NT\$244,771 million, primarily due to the acquisition of investments accounted for using the equity method, as well as the purchase of real estate, factories, and equipment to meet operational and production needs, resulting in a net cash outflow from investing activities. | | | | |
| ③ Net cash inflow from financing activities was NT\$805,989 million, mainly due to an increase in short-term borrowings to meet working capital requirements, resulting in a net cash inflow from financing activities. | | | | |
| In summary, the cash flow for the fiscal year 2022 was a net cash inflow, resulting in an increase in the ending cash balance compared to the beginning cash balance. | | | | |

3.2.2. Liquidity analysis in the latest year

Unit: %

| Item \ Year | 2022 | 2021 | Variance (%) |
|---|--------|---------|--------------|
| Cash Flow Ratio | 3.68 | (5.98) | 161.54 |
| Cash Flow Adequacy Ratio | 25.46 | 22.81 | 11.62 |
| Cash Reinvestment Ratio | (2.19) | (15.24) | 85.63 |
| Analyses of changes in the proportion of increase & decrease: (Explanation for analyses of the proportion of increase & decrease above 20% between two periods) | | | |
| (1) Increase in Cash Flow Ratio: The main reason for the increase in cash flow ratio in the fiscal year 2022 was the increase in net cash inflow from operating activities, which exceeded the increase in current liabilities. This resulted in a higher cash flow ratio in the fiscal year 2022 compared to the fiscal year 2021. | | | |
| (2) Increase in Cash Reinvestment Ratio: The increase in net cash inflow from operating activities in the fiscal year 2022, which was greater than the increase in capital expenditures such as real estate, factories, equipment, and long-term investments, led to a higher cash reinvestment ratio in the fiscal year 2022 compared to the fiscal year 2021. | | | |

3.2.3. Liquidity analysis in the future one year

Unit : NT\$ thousands

| Cash and cash equivalents at beginning of period (December 31, 2022)① | Net cash flow from operating activities for the entire year② | Cash outflows for the entire year ③ | Cash surplus (deficient) ①+②-③ | Contingency plans for projected insufficient cash position | |
|--|--|-------------------------------------|--------------------------------|--|-----------------|
| | | | | Investment plans | Financial plans |
| 2,643,998 | 28,660,363 | (30,060,672) | 1,243,689 | Not applicable | |
| (1) Analyses of expected changes in cash flows for the year 2023 are as follows: | | | | | |
| ① Operating Activities: It is expected that there will be a net cash inflow from operating activities in the coming year, primarily due to business growth and an increase in collection of accounts receivable, resulting in a net cash inflow. | | | | | |
| ② Investment Activities: It is expected that there will be a net cash outflow from investment activities in the coming year, mainly due to an increase in long-term investments and the purchase of assets such as equipment. | | | | | |
| ③ Financing Activities: It is expected that there will be a net cash outflow from financing activities in the coming year, mainly due to the payment of cash dividends. | | | | | |
| (2) Contingency plans expected for projected insufficient cash position and the liquidity analysis: Not applicable. | | | | | |

4. The Effect upon Financial Operations of any major capital expenditures during the most recent fiscal year:

4.1 Operation condition of major capital expenditure and its capital resources in recent years: None.

4.2 Expected benefits: Not applicable.

5. Investment Policy in the current fiscal year, Main reasons for profits or losses, Improvement Plans and the Investment Plans for the coming year:

5.1 Shift Policies in Investment in Recent Years

Based on the requirements of expanding business and enlarge service customers, the Group has invested and set service and dealing bases in Singapore, South Korea, China, Vietnam, Malaysia, Myanmar, Indonesia, Netherland, USA, Japan etc, so as to establish sales and service network and service customers in the neighborhood, and thus to improve market share and competitiveness of the company. In the last year, the group took product development and district development of the industry as the investment spindle and continued expand service fields. With regional resource distribution and integrated flexible scheduling support, the Group gave full play to the complementary synergy effect and improved business efficiency and scale. It will keep a foothold in Asia and become an integrated system service dealer with international reputation for professional high-tech industry process equipment, materials and factory service system facilities etc.

5.2 Causes Analysis of Benefits and Losses of Shift in Investment

Unit: A Thousand TWD : %

Dec. 31, 2022

| Name of Invested Company | Description | Direct or indirect shareholding ratio of the company | Ending investment book amount (Note 2) | Current Term (Losses) Benefits of Invested Company | Major Caused of Benefits or Losses | Improvement Plan | Investment Plan in the next 1 year |
|---|---|--|--|--|---|--|---|
| Direct Investment | | | | | | | |
| Marketech Integrated Pte.Ltd. (shortened as MIPL) | Directly invested subsidiary of the Company | 100% | 12,708 | (3,305) | Net losses were mainly caused by the insufficiency of Revenue and Operating Gain to cope with the Non-operating expenses. Losses are shown, so it is listed as investment losses in current period. | MIPL is mainly engaged in automation supply systems business in the semiconductor industry. With the increased market demands in Southeast Asia, the company will expand agent business actively in the future and strengthen costs and expenses control. It will make a profit instead of suffering a loss and have balances to the parent company's investment benefits. | Take timely assessment according to the market requirements and industry development. |
| Market Go Profits Ltd. (shortened as Market Go) | Directly invested subsidiary of the Company | 100% | 2,370,906 | 686,499 | It is the holding company of abroad shift investment business. Investment gains were mainly caused by gains of indirectly invested subsidiary in mainland. | Not applicable. | Take timely assessment according to the market requirements and industry development. |
| Headquarter International Ltd. (shortened as Headquarter) | Directly invested subsidiary of the Company | 100% | 37,058 | (382) | It is abroad holding and shift investment business. Major business is to purchase real estate in mainland and | With the growth demands of business in mainland, it will expand leasing business scale in the future | Take timely assessment according to the market |

| Name of Invested Company | Description | Direct or indirect shareholding ratio of the company | Ending investment book amount (Note 2) | Current Term (Losses) Benefits of Invested Company | Major Caused of Benefits or Losses | Improvement Plan | Investment Plan in the next 1 year |
|---|---|--|--|--|---|---|---|
| | | | | | provide to local employees for accommodation. The benefits source is rental income. losses in this year were mainly because the rental income is insufficient to cope with operation costs. | and have balances to the parent company's investment benefits. | requirements and industry development. |
| Tiger United Finance Ltd. (shortened as Tiger) | Directly invested subsidiary of the Company | 100% | 34,671 | (152) | It is abroad holding and shift investment business. Major business is to purchase real estate in mainland and provide to local employees for accommodation. The benefits source is rental income. Losses in this year were mainly caused by insufficient rental income. | With the growth demands of business in mainland, it will expand leasing business scale in the future and have balances to the parent company's investment benefits. | Take timely assessment according to the market requirements and industry development. |
| MIC-Tech Global Corp. (shortened as MICK) | Directly invested subsidiary of the Company | 100% | 15,198 | 2,940 | Company business expansion as of expected, as its operating income is enough to cover the operating cost and expenditure. | MICK mainly engages in sales of restricted gas and its related gas supply equipment and solution system. Company would continue to develop new business, as it is expected to achieve a turnaround to contribute investment return to the parent company. | Take timely assessment according to the market requirements and industry development. |
| Marketech Engineering Pte Ltd. (shortened as MEPL) | Directly invested subsidiary of the Company | 100% | (3,356) | (3,542) | It is the holding company of abroad shift investment business. Investment losses in this year were mainly | Not applicable. | Take timely assessment according to the market |

| Name of Invested Company | Description | Direct or indirect shareholding ratio of the company | Ending investment book amount (Note 2) | Current Term (Losses) Benefits of Invested Company | Major Caused of Benefits or Losses | Improvement Plan | Investment Plan in the next 1 year |
|--|---|--|--|--|---|---|---|
| | | | | | caused by loss of indirectly invested subsidiary in Myanmar. | | requirements and industry development. |
| Marketech Integrated Manufacturing Company Limited (shortened as MIMC) | Directly invested subsidiary of the Company | 100% | 145,956 | (36,190) | Company business was still in development, Impairment loss due to that the adverse impact of the political turmoil in Myanmar may lead to impairment of the plant, resulting in operating losses. | Established for the increasing demand in Myanmar, MIMC mainly provides design, production and assembly services for equipments and components of automated production machines. In the future, MIMC will proactively expand its business and efficiently hold its advantages in the market. The scale of its production business will gradually expand and have the profit increased, which will bring benefits to the parent company's investment. | Take timely assessment according to the market requirements and industry development. |
| MIC-Tech Viet Nam Co., Ltd. (shortened as MIC-Tech VN) | Directly invested subsidiary of the Company | 100% | 91,016 | (41,236) | Company business expansion fell short of expected, as its operating income fell short of coping the operating cost and expenditure to result in deficit. | MIC-Tech VN mainly focuses on professional engineering works and maintenance service through contracts. In the future, we also plan to increase sales expansion in cooperation with the increase in market demand | Take timely assessment according to the market requirements and industry development. |

| Name of Invested Company | Description | Direct or indirect shareholding ratio of the company | Ending investment book amount (Note 2) | Current Term (Losses) Benefits of Invested Company | Major Caused of Benefits or Losses | Improvement Plan | Investment Plan in the next 1 year |
|---|---|--|--|--|--|---|---|
| | | | | | | in Vietnam to effectively grasp the market advantage by increasing the scales of engineering works. Thus, we expect to turn the loss into profit to ensure the beneficial investment return of the parent company on us. | |
| Marketech Co., Ltd. | Directly invested subsidiary of the Company | 100% | 6,613 | (7,320) | Company business expansion fell short of expected, as its operating income fell short of coping the operating cost and expenditure to result in deficit. | Marketech Co., Ltd. is mainly engaged in professional engineering contracting and related maintenance services. With the increased market demands in Vietnam, the company will expand business actively and master the advantages of existed markets in future. Engineering business will be expanded gradually. It will make a profit instead of suffering a loss and have balances to the parent company's investment benefits. | Take timely assessment according to the market requirements and industry development. |
| PT Marketech International Indonesia (shortened as PTMII) | Directly invested subsidiary of the Company | 99.92% | 35,209 | 3,393 | Operating loss as the business is still in development. | PTMII mainly focuses on international trade on machinery and components. In the future, we also plan to increase | Take timely assessment according to the market requirements |

| Name of Invested Company | Description | Direct or indirect shareholding ratio of the company | Ending investment book amount (Note 2) | Current Term (Losses) Benefits of Invested Company | Major Caused of Benefits or Losses | Improvement Plan | Investment Plan in the next 1 year |
|---|--|--|--|--|---|--|---|
| | | | | | | sales expansion in cooperation with the increase in market demand in Indonesia to effectively grasp the market advantage by increasing the scales of international trade. Thus, we expect to increase profit to ensure the beneficial investment return of the parent company on us. | and industry development. |
| eZoom Information, Inc. (shortened as eZoom) | Directly invested subsidiary of the Company | 100% | 61,488 | (37,100) | Company business expansion fell short of expected, as its income in computer information and cloud computing and related integration technology fell short of coping the operating cost and expenditure to result in deficit. | EZoom is mainly engaged in software building tenders and self-developed software business with cloud application services. The company is now in business and human power integration stage. It will expand information and cloud business. It will make a profit instead of suffering a loss and have balances to the parent company's investment benefits. | Take timely assessment according to the market requirements and industry development. |
| Marketech Ntherlands B.V. (shortened as MNBV) | Invested company of the Company adopting equity method | 100% | 5,378 | (7,545) | Company's operating income and gross margin fell short of coping the operating | MNBV primarily operates in machinery, equipment, parts sales and technical services, with said | Take timely assessment according to the market |

| Name of Invested Company | Description | Direct or indirect shareholding ratio of the company | Ending investment book amount (Note 2) | Current Term (Losses) Benefits of Invested Company | Major Caused of Benefits or Losses | Improvement Plan | Investment Plan in the next 1 year |
|--|--|--|--|--|--|---|---|
| | | | | | expenditure to result in deficit.. | company currently at operations and manpower integrating stage, it is actively expanding its operations and effectively seizing its market edge, and is expected to achieve a turnaround, to contribute investment gains to the parent company. | requirements and industry development. |
| Marketech International Sdn. Bhd. (shortened as MISB) | Invested company of the Company adopting equity method | 100% | 44,671 | (11,090) | Company business expansion fell short of expected, as its operating income fell short of covering the operating cost and expenditure to result in deficit. | MISB is mainly engaged in professional engineering contracting and related maintenance services. While the demand in South-East Asia is increasing, the Company aims to proactively expand its business while mastering its advantages in current market and the scale of its engineering services will gradually increase with an expectation to turn the deficit into surplus profits. This surely will bring positive influences to the parent company's investment. | Take timely assessment according to the market requirements and industry development. |

| Name of Invested Company | Description | Direct or indirect shareholding ratio of the company | Ending investment book amount (Note 2) | Current Term (Losses) Benefits of Invested Company | Major Caused of Benefits or Losses | Improvement Plan | Investment Plan in the next 1 year |
|--|--|--|--|--|---|---|---|
| Marketch International Corporation USA (shortened as MICU) | Invested company of the Company adopting equity method | 100% | 667,977 | 393,884 | The main profit is to actively expand the business, Lead to revenue and profit growth. | MICU mainly engages in the contracting services of automated supply systems for the semiconductor industry. While the demand in US is increasing, the Company aims to proactively expand its business while mastering its advantages in current market and the scale of its engineering services will gradually expand and increase profits. This surely will bring positive influences to the parent company's investment. | Take timely assessment according to the market requirements and industry development. |
| Spiro Technology Systems Inc. (shortened as STS) | Invested company of the Company adopting equity method | 100% | 82,639 | 25,785 | The main profit is to actively expand the business, leading to revenue and profit growth. | Spiro primarily operates in machinery, equipment, parts sales and technical services. The company is currently actively expanding its business and increase revenue, to contribute investment gains to the parent company. | Take timely assessment according to the market requirements and industry development. |
| Smart Health Corp. | Invested company of the Company adopting equity method | 100% | 377 | (41) | Company business was still in development, resulting in operating losses. | Smart Health Corp. primarily operates in smart health consulting services and investment, and with | Take timely assessment according to the market |

| Name of Invested Company | Description | Direct or indirect shareholding ratio of the company | Ending investment book amount (Note 2) | Current Term (Losses) Benefits of Invested Company | Major Caused of Benefits or Losses | Improvement Plan | Investment Plan in the next 1 year |
|---|--|--|--|--|--|---|---|
| | | | | | | said company currently at operations and manpower integrating stage, it is actively developing its smart health business, an expectation to turn the deficit into surplus profits. This surely will bring positive influences to the parent company's investment. | requirements and industry development. |
| MIC Healthcare Korea Co., Ltd. (shortened as MHK) | Invested company of the Company adopting equity method | 100% | 8,838 | (12,594) | Company's operating income and gross margin fell short of coping the operating expenditure to result in deficit. | MHK primarily operates in R&D, sales and professional technical services in medical instruments and Components, and with said company currently at operations and manpower integrating stage, an expectation to turn the deficit into surplus profits. This surely will bring positive influences to the parent company's investment. | Take timely assessment according to the market requirements and industry development. |
| Marketech International Corp. Japan (shortened as MICJ) | Invested company of the Company adopting equity method | 100% | 2,190 | (109) | Company business was still in development, resulting in operating losses. | MICJ mainly engages in the contracting services of automated supply systems for the semiconductor industry. While the demand in Japan is | Take timely assessment according to the market requirements |

| Name of Invested Company | Description | Direct or indirect shareholding ratio of the company | Ending investment book amount (Note 2) | Current Term (Losses) Benefits of Invested Company | Major Caused of Benefits or Losses | Improvement Plan | Investment Plan in the next 1 year |
|---|--|--|--|--|--|---|--|
| | | | | | | increasing, the Company aims to proactively expand its business while mastering its advantages in current market and the scale of its engineering services will gradually expand and increase profits. This surely will bring positive influences to the parent company's investment. | and industry development |
| Vertex System Corporation | Invested company of the Company adopting equity method | 61.35% | 37,073 | (13,051) | Company business expansion fell short of expected, as its operating income fell short of covering the operating cost and expenditure to result in deficit. | The company is mainly engaged in the design and manufacture of RF signal wave generators, IoT management and 5G-related business integration and application. The company is at the stage of business and manpower integration. In the future, it will actively expand its 5G business and is expected to turn losses into profits. | Take timely assessment according to the market requirements and industry development |
| ADAT Technology Co., LTD. (shortened as ADAT) | Invested company of the Company adopting equity method | 25.62% | 28,931 | (70,988) | Company business was still in development, resulting in operating losses. | ADAT primarily operates in information software R&D, application and services, and with said company currently at operations and | Take timely assessment according to the market requirements |

| Name of Invested Company | Description | Direct or indirect shareholding ratio of the company | Ending investment book amount (Note 2) | Current Term (Losses) Benefits of Invested Company | Major Caused of Benefits or Losses | Improvement Plan | Investment Plan in the next 1 year |
|--|--|--|--|--|--|---|---|
| | | | | | | manpower integrating stage, it is actively developing its information and AI business, and is expected to contribute investment gains to the parent company. | and industry development. |
| Glory Technology Service Inc. (shortened as Glory) | Invested company of the Company adopting equity method | 29.24% | 68,926 | 12,262 | Net profits mainly were caused by actively business expanding and effectively grasping the market tendency, so that the business income and profits were all in growth tendency. | Glory primarily operates Communication equipment trading and installation services. The company will continue developing new business to increase benefits. | Take timely assessment according to the market requirements and industry development. |
| MIC techno Co., Ltd. (shortened as MIC) | Invested company of the Company adopting equity method | 20% | 1,807 | (38) | Company business expansion fell short of expected, as its operating income fell short of covering the operating cost and expenditure to result in deficit. | The company is mainly engaged in panel equipment and materials sales. The company will continue developing new business to increase benefits, including development and marketing of laminating machine. The company will enter into touch panel area, and seek sales and OEM opportunities of touch panel materials and products. It will improve operation performance. | |

| Name of Invested Company | Description | Direct or indirect shareholding ratio of the company | Ending investment book amount (Note 2) | Current Term (Losses) Benefits of Invested Company | Major Caused of Benefits or Losses | Improvement Plan | Investment Plan in the next 1 year |
|--|--|--|--|--|--|---|---|
| BOLITE CO.,LTD (shortened as BOLITE) | Invested company of the Company adopting equity method | 32% | 26,646 | 23,268 | Net profits mainly were caused by actively business expanding and effectively grasping the market tendency, so that the business income and profits were all in growth tendency. | BOLITE is mainly engaged in highly customizable laser solutions, especially in broaden business in PCBAOR and side wiring technology of Micro LED panels. It will improve operation performance. | Take timely assessment according to the market requirements and industry development. |
| Indirect investment | | | | | | | |
| MIC-Tech Ventures Asia Pacific Inc. (shortened as MIC-Tech Ventures) | Shift invested subsidiary of SubsidiaryMarket Go | 100% | 2,369,586 | 686,587 | It is the holding company of abroad shift investment business. Investment losses in 2022 were mainly caused by profits of directly and indirectly invested subsidiary in mainland. | Not applicable. | Take timely assessment according to the market requirements and industry development. |
| Marketech Integrated Construction Co., Ltd. (shortened as MICC) | Shift invested subsidiary of Subsidiary MEPL | 97.69% | (4,007) | (3,472) | Company business expansion fell short of expected, as its operating income fell short of covering the operating cost and expenditure to result in deficit. | MICC is mainly engaged in mechanical and electrical installation and other engineering business. With the increased market demands in Southeast Asia, the company will expand business actively and master the advantages of existed markets in future. Engineering business will be expanded gradually. It will make a profit instead of suffering a loss and have balances to | Take timely assessment according to the market requirements and industry development. |

| Name of Invested Company | Description | Direct or indirect shareholding ratio of the company | Ending investment book amount (Note 2) | Current Term (Losses) Benefits of Invested Company | Major Caused of Benefits or Losses | Improvement Plan | Investment Plan in the next 1 year |
|---|---|--|--|--|---|--|---|
| | | | | | | the parent company's investment benefits. | |
| MIC-Tech (Wu Xi) Co., Ltd. (shortened as MTW) | Shift invested subsidiary of Subsidiary MIC-Tech Ventures | 100% | 141,745 | 83,126 | The main reason for the profit was increase in sales revenue of semiconductor chiller equipment assembly, increase in operating income and profit | MIT-Tech (Wu Xi) primarily operates in OEM customized equipment and parts assembly, backed by Mainland China's overall mild economic growth trend, it is currently actively expanding its business, including the good and slaughter industry's rear-end automated equipment manufacture, and smart warehousing development. While the capacity utilization of plant gradually increases, MIT-Tech (Wu Xi) is able to effectively reduce the adverse impact of high depreciation on plant machinery/ equipment, and is expected to achieve a turnaround in earnings. | Take timely assessment according to the market requirements and industry development. |
| MIC-Tech (Shanghai) Corp. Ltd. (shortened as SMTS) | Shift invested subsidiary of Subsidiary MIC-Tech Ventures | 100% | 717,312 | 288,444 | The profit was primarily generated from the income and profit of selling semiconductor equipments and materials. | SMTS is mainly engaged in semi-conductor production, testing equipment and supplies, power generation boilers wholesales, import and | Take timely assessment according to the market requirements |

| Name of Invested Company | Description | Direct or indirect shareholding ratio of the company | Ending investment book amount (Note 2) | Current Term (Losses) Benefits of Invested Company | Major Caused of Benefits or Losses | Improvement Plan | Investment Plan in the next 1 year |
|---|---|--|--|--|--|--|---|
| | | | | | | export agent and other trade services. The company will continue developing new agent business to increase benefits. | and industry development. |
| Fuzhou Jiwei System Integrated Co., Ltd. (shortened as FJS) | Shift invested subsidiary of Subsidiary MIC-Tech Ventures | 100% | - | 2,177 | Note 3 | Note 3 | Note 3 |
| MIC-Tech Electroics Engineering Corp.. (shortened as MTE) | Shift invested subsidiary of Subsidiary MIC-Tech Ventures | 100% | 790,078 | 290,334 | The profit gained was mainly due to our company's active expansion of sales to effectively take advantage of the market trend so that our operating income and profit display a growing trend. | MTE mainly engages in contracting electrical and electronic engineering construction projects, projects of installing chemical and petrol equipment and pipelines, and relevant maintenance service. To increase the profit, the company will continue to expand its businesses including gas engineering, electrical engineering, production base expansion and purification engineering for biopharmaceutical industry in mainlander China, clean room and air-conditioning installation, and factory affairs system engineering for the | Take timely assessment according to the market requirements and industry development. |

| Name of Invested Company | Description | Direct or indirect shareholding ratio of the company | Ending investment book amount (Note 2) | Current Term (Losses) Benefits of Invested Company | Major Caused of Benefits or Losses | Improvement Plan | Investment Plan in the next 1 year |
|---|---|--|--|--|--|--|---|
| | | | | | | semiconductor industry. It is expected to increase parent company's investment income | |
| MIC-Tech China Trading (Shanghai) Co., Ltd.. (shortened as MCT) | Shift invested subsidiary of Subsidiary MIC-Tech Ventures | 100% | 115,617 | 54,512 | The profit gained was mainly due to our company's active expansion of sales to effectively take advantage of the market trend so that our operating income and profit display a growing trend. | SMCT is mainly engaged in import and export business of chemical products, semiconductors, testing equipment, and solar energy equipment, etc. The company will integrated market demand and may increase benefits. | Take timely assessment according to the market requirements and industry development. |
| Rusky H.K. Limited (shortened as Rusky) | Shift invested subsidiary of Subsidiary MIC-Tech Ventures | 100% | (8,102) | (30,137) | It is the holding company of abroad shift investment business. Investment losses were mainly caused by profits of indirectly invested subsidiary in mainland. | Not applicable. | Take timely assessment according to the market requirements and industry development. |
| Shanghai Maohua Electronics Engineering Co.,Ltd. | Shift invested subsidiary of Subsidiary Rusky | 87% | (10,858) | (34,571) | The deficit was mainly due to the negative performance of contract cases. | The company is mainly engaged in waste barrel recycling in semiconductor manufacturing industry, piping systems and related equipment repair and installation services. China mainland is promoting economic reform and opening up policy actively and encouraging hi-tech industry development continuously. Plus the | Take timely assessment according to the market requirements and industry development. |

| Name of Invested Company | Description | Direct or indirect shareholding ratio of the company | Ending investment book amount (Note 2) | Current Term (Losses) Benefits of Invested Company | Major Caused of Benefits or Losses | Improvement Plan | Investment Plan in the next 1 year |
|--|---|--|--|--|---|--|---|
| | | | | | | implementation of westward expansion of hi-industry in Taiwan, related factory facility services demand will be increased. It will increase benefits. | |
| Leader Fortune Enterprise Co., Ltd. (shortened as Leader) | Shift invested subsidiary of Subsidiary Russky | 31.43% | (4,632) | (5,411) | It is the holding company of abroad shift investment business. Investment losses were mainly caused by the losses of indirectly invested subsidiary in mainland.. | Not applicable. | Take timely assessment according to the market requirements and industry development. |
| Macrotec Technology (Shanghai) Co., Ltd. (shortened as JM) | Invested company of Subsidiary Leader adopting equity method | 31.43% | (4,635) | (5,411) | The deficit situation is mainly due to the recognition of foreign currency exchange losses. | JM is main engaged in back plane agent and sales business and expands development of food equipment agents, group purchase business, channel sales and Internet transactions. With increased demands of green industry, it will make a profit instead of suffering a loss. | Take timely assessment according to the market requirements and industry development. |
| Frontken MIC Co., Limited (shortened as Frontken MIC) | Invested company of Subsidiary MIC-Tech Ventures adopting equity method | 100% | 3,345 | (148) | It is the holding company of abroad shift investment business, Fronken-MIC, which was cancelled in July, 2021.. Investment losses were mainly caused by | In process of cancellation. | In process of cancellation. |

| Name of Invested Company | Description | Direct or indirect shareholding ratio of the company | Ending investment book amount (Note 2) | Current Term (Losses) Benefits of Invested Company | Major Caused of Benefits or Losses | Improvement Plan | Investment Plan in the next 1 year |
|--|---|--|--|--|---|---|---|
| | | | | | expenses during the process of cancellation. | | |
| MICT International Limited(shortened as MICT) | Invested company of Subsidiary MIC-Tech Ventures adopting equity method | 60% | 33,166 | 3,743 | It is the holding company of abroad shift investment business. Investment losses were mainly caused by the deficit of indirectly invested subsidiary in mainland. | Not applicable. | Take timely assessment according to the market requirements and industry development. |
| Integrated Manufacturing & Services Co., Ltd. (shortened as IMS) | Invested company of Subsidiary Ruixuan adopting equity method | 60% | 32,397 | 3,743 | The company has entered into a profitable structure, mainly due to the business growth. But revenue and profit are still expanded. | The Company mainly engaged in semiconductor, panel industry, solar energy and LED industry, with differentiated technology, niche type, small amount of variety and high value-added products as market segments, it is expected to turn losses into profits in the future. | Take timely assessment according to the market requirements and industry development. |
| Fortune Blessing Co., Limited. (shortened as Fortune) | Invested company of Subsidiary MIC-Tech Ventures adopting equity method | 27.78% | 6,711 | (6,969) | It is the holding company of abroad shift investment business. Investment losses were mainly caused by the deficit of indirectly invested subsidiary in mainland. | Not applicable. | Take timely assessment according to the market requirements and industry development. |
| Fortune International Co., Limited. (shortened | Invested company of Subsidiary Fortune adopting equity method | 27.78% | 6,679 | (7,107) | Company operation still in development, therefore, the operating loss for the current period | The company mainly engaged in semiconductor-related industries through diversified operations of | Take timely assessment according to the market |

| Name of Invested Company | Description | Direct or indirect shareholding ratio of the company | Ending investment book amount (Note 2) | Current Term (Losses) Benefits of Invested Company | Major Caused of Benefits or Losses | Improvement Plan | Investment Plan in the next 1 year |
|---|---|--|--|--|--|---|---|
| as Fortune International) | | | | | | property management and park management services, With differentiated technology management as the market segment, it is expected that continuous business expansion and strict cost control will be able to turn losses into profits, effectively contributing to the investment returns of the parent company. | requirements and industry development. |
| PT Marketech International Indonesia (shortened as PTMII) | Invested company of Subsidiary Russkys adopting equity method | 0.08% | 31 | 3,393 | Company operation still in development, therefore, the operating loss for the current period | PTMII mainly focuses on international trade on machinery and components. In the future, we also plan to increase sales expansion in cooperation with the increase in market demand in Indonesia to effectively grasp the market advantage by increasing the scales of international trade. Thus, we expect to increase profit to ensure the beneficial investment return of the parent company on us. | Take timely assessment according to the market requirements and industry development. |

Note 1: The table discloses subsidiaries directly and indirectly invested by the Company and information of invested company of the Company or subsidiaries using equity method by the end of December 31, 2022.

Note 2: It is the investment boo amount by the end of December 31, 2022.

Note 3: Fuzhou Jiwei System Integrated Co., Ltd. has finished the process of cancellation in September, 2022.

6. Analysis of Risk Management

6.1 By the latest annual report and the publish date of the annual report this year, the impact of the interest rate, exchange rate changes and inflation on our company and future response measures.

6.1.1 The interest rate risk of our group is mainly from bank loans and loans at floating rates which may cause interest rate risk for cash flow. We regularly assess interest rate for bank loan, and closely contact with banks for more favorable borrowing rates in order to lower the impact of interest rate change on the company. And in the future, we will review and consider the amount and cost of a variety of funding sources for raising the necessary funds.

6.1.2 As we operate internationally, the relevant currency risk is mainly from future commercial transactions, recognized assets and liabilities and net investments on foreign organizations. Our group's procurement personnel shall refer to the recent currency trend for the abroad suppliers' quotes to avoid increasing procurement cost due to currency fluctuation. The finance department should occasionally collect exchange rate information for references with exchange rate changes, so the purchase payment shall depend on the level of exchange rate to be paid by our foreign currency cash like U.S. dollars or by our foreign currency deposits account, with offset effect of foreign currency income and expense which the exchange rate changes may cause a certain hedge effect, in order to reduce the harmful impact on the company due to the exchange rate changes.

6.1.3 Our Group pays attention to the inflation all the time: our quotation for import and sales activities and service transactions is based on the market price in order to reduce influences caused by the inflation.

6.1.4 Our group has established appropriate risk management mechanisms, and will continue to monitor changes in interest rate, exchange rate and inflation, in order to avoid any harmful influence on company profit and loss account caused by the aforesaid situations.

6.2 By the latest annual report and the publish date of the annual report this year, the main reasons and future response measures for policy profits or losses of the engaged in high-risk and highly leveraged investments, capital lending to others, endorsement and derivatives financial commodity transactions.

6.2.1 Engaging in high-risk and highly leveraged investments and derivatives financial commodity transactions:

We focus upon our business operations, and for ensuring safety of assets, we do not engage in high-risk and highly leveraged investments and derivatives financial commodity transactions. And we shall take more robust fixed time deposits or risk-free bond funds for free capital flows to prevent losses.

6.2.2 Capital lending to others:

By the latest annual report and the publish date of the annual report this year, the capital lending to others we engaged in is mainly the short-term financing for working capital needs within company's subsidiaries, which should be operated in accordance with "Operation Procedures for Capital Lending to Others" and the relevant regulations and laws, and the amount of capital lending does not exceed the limit.

6.2.3 Endorsement

In recent years and up to the printing of the annual report, the endorsement guarantees provided by the Group include: the Company's bank financing guarantee to its subsidiaries and joint guarantee as required by subsidiaries' construction performance bond; and joint guarantee signed among subsidiaries due to engineering contracting bonds. And such endorsements operation shall be complied with the "Endorsement Operation Procedure" and the relevant regulations and laws, and the amount of endorsements does not exceed the limit.

6.3 The future R&D Plan and estimated R&D cost of the latest year and by the annual report's publish date.

Our company's research and development team has integration capability of high-tech process, automatic control and precision machinery technology in developing high-tech system equipment, which has achieved superb results. In the future, Our company will continue to develop automatic testing equipment and products used in related industries such as semiconductors, LEDs and biotechnology, and will continue to invest in equipment and products that have been successfully developed to improve their performance. The estimated R&D-related expenses that are expected to be invested this year are at least NT\$246.1 million.

6.4 By the latest annual report and the publish date of the annual report this year, the impact of important domestic and international policy and legislation changes on the company's financial operations and response measures.

Recent domestic and foreign policy and legislation changes have no obvious effects on our current operations. We will closely monitor the important domestic and foreign policy and legislation changes, and under the quickest condition, assist in the company's internal transformation and change to enhance the overall operation capacity.

6.5 The company has dedicated staff that collects the latest industry dynamics and market information. With a strong management team and experienced and excellent professionals, the company has rich experience in market development, customer relationship management, marketing and ability to adapt to changes in industry, allowing itself to flexibly react to market dynamics, customer demand, technological development and supply and demand. The company also actively integrates and introduces advanced products and technology in the role of a supplier and a marketer, instantly and consistently delivers products and the supporting services of applications. Overall, technological change can bring more opportunities to the company's business development.

As the market development has gradually shifted to Asia, and with the globalization strategy and the establishment of overseas operations of the technology industry in general, the company establishes offices in China (Shanghai, Wuxi and others), Singapore, Malaysia, Vietnam, Myanmar, Indonesia and Korea to expand its business and serve more clients. In response to technological development, the company provides international sales of advanced technology, high-tech equipment and materials to reduce the communication barrier.

The company will make good use of technological and industry changes to enhance its business management capacity and reduce cost to improve the overall competitiveness.

6.6 The impact of image change on the company's risk management and the response measures for the most recent year and the latest annual report:

The corporate image has always been about modesty and stability. The company also operates honestly and maintains the shareholders' best interests for the company philosophy. In addition to improving business growth, the company also strives for transparency and enhances the relationship with shareholders and various investment institutions. If the media or the outside parties have any questions, the company maintains its openness and transparency and quickly offers explanation to achieve active communication.

- 6.7 The expected benefits, possible risk and the response measures of acquisitions of the most recent year and the latest annual report: None.
- 6.8 The expected benefits, possible risk and the response measures of plant expansion of the most recent year and the latest annual report:
Due to the business and capacity' expansion, MIC group bought a manufacturing plant in Tainan, to solve the problem of insufficient production area and maintain high capacity demand, and which helps MIC will develop business and increase competitive entirely.
- 6.9 The risks and the response measures of purchase and sales of the most recent year and the latest annual report:
1. Risks and the response measures for purchase: None.
2. Risks and the response measures for sales: None.
- 6.10 The impact and the risks of directors, supervisors and major shareholders with more than ten percent of the equity and the transfer or change of equity in large volume and the response measures for the most recent year and the latest annual report: None.
- 6.11 The impact and risks of changes in right to operate and the response measures for the most recent year and the latest annual report: None.
- 6.12 For the most recent year and the latest annual report, any litigation and non-litigation cases of the company, directors, supervisors, general manager, person in charge, major shareholders with more than ten percent of the equity and the subsidiaries should be clearly listed. For the results that can potentially present huge impact to the rights of shareholders and share price, the dispute, money, lawsuits starting date and the major parties to the suit should be disclosed: None
- 6.13 Other major risks and the response measures of the most recent year and the latest annual report: None

7. Other Important Matters: None.

Part 8. Other items deserving special mention

1. Information related to the Company's Affiliates

1.1 Consolidated report on subsidiaries

1.1.1 Organization profile of subsidiaries

1.1.1.1 Organizational chart of subsidiaries

1.1.1.2 Controlled company and affiliation under the presumption of Article 369-3 of the Company Law: None.

1.1.1.3 Affiliation with personnel, finances or business operations directly or indirectly controlled by the company under the second item of Article 369-2 of the Company Law: None.

1.1.2 Basic information of subsidiaries

December 31, 2022

| Company Name | Date of establishment | Address | Paid in capital | | Main businesses or production | |
|-------------------------------------|-----------------------|---|-------------------|--------------------|-------------------------------|--|
| | | | Original currency | NTD (in thousands) | | |
| Marketech Integrated Pte. Ltd. | Jul. 10, 1997 | 86 KaKi Bukit Industrial Terrace, Singapore 416166 | SGD | 12,898,078 | 295,108 | Handles the business of automated supply system in the semiconductor industry |
| Market Go Profits Ltd. | Dec. 20, 2000 | P.O. Box 957 Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands | USD | 41,069,104 | 1,232,058 | Engaged in holdings and reinvestment |
| Headquarter International Ltd. | Dec. 10, 2002 | P.O. Box 957 Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands | USD | 1,289,367 | 39,596 | Engaged in holdings and reinvestment |
| Tiger United Finance Ltd. | Oct. 9, 2002 | P.O. Box 957 Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands | USD | 1,410,367 | 43,312 | Engaged in holdings and reinvestment |
| MIC-Tech Global Corp. | Oct. 18, 2004 | RM918,Hyundai Office Bldg,9-4,Sunae 1-dong,Bundang-gu,Seongnam-si, Gyeonggi-do,Korea | KRW | 657,800,000 | 16,162 | General international trade |
| MIC-Tech Viet Nam Co., Ltd. | Jan. 22, 2010 | 7F, No 36, Hoang Cau street, O Cho Dua Ward, Dong Da District,Ha Noi City, Vietnam | USD | 4,400,000 | 135,124 | Trading, installation and maintenance of various industrial machinery, equipments and supplies |
| Marketech Co., Ltd. | Jun 13, 2011 | (R1-08-09)The EverRich, 968 3-2 St., 15 Ward, Dist 11, Ho Chi Minh city, Vietnam | USD | 2,400,000 | 73,704 | Construction contracting and the related repair business. Sale and maintance of machine tools, sale of cosmetics and daily necessities. Software production, development and implementation and programming services; provide industrial machinery and equipment installation services |
| MIC-Tech Ventures Asia Pacific Inc. | Feb. 1, 2001 | Huntlaw Building, P.O. Box 2804, George Town, Grand Cayman, Cayman Islands | USD | 40,016,604 | 1,228,910 | Engaged in holdings and reinvestment |

| Company Name | Date of establishment | Address | Paid in capital | | Main businesses or production | |
|--|-----------------------|--|-------------------|--------------------|-------------------------------|--|
| | | | Original currency | NTD (in thousands) | | |
| Marketech International Sdn. Bhd. | Feb. 16, 2009 | A-02-02, Capital 1 (Block A), Oasis Square, Oasis Damansara, 47301 Petaling Jaya, Selangor Petaling Jaya, Selangor | MYR | 12,242,750 | 82,014 | Handles the business of automated supply system in the semiconductor industry |
| Marketech Engineering Pte. Ltd. | Nov. 28, 2013 | 86 Kaki Bukit Industrial Terrace Singapore 416166 | SGD | 937,533 | 21,451 | Handles mechanical and electrical installation and engineering businesses |
| Marketech Integrated Construction Co., Ltd. | Apr. 3, 2014 | 67/A, Htan Tapin Street, Kamayut Township, Yangon Region, Myanmar | USD | 650,000 | 19,962 | Handles mechanical and electrical installation and engineering businesses |
| Marketech Integrated Manufacturing Company Limited | Mar. 19, 2015 | Plot No. B12, Thilawa Special Economic Zone A, Yangon Region, Myanmar | USD | 15,356,000 | 471,583 | Design, production and assembly services for equipment and components of automated production machines. |
| PT. Marketech International Indonesia | Sep. 25, 2014 | VIP Chamber #2, Wisma GKBI Lantai 39 Suite 3901, Jl. Jend. Sudirman No. 28, Kel. Bendungan Hilir, Kec. Tanah Abang Jakarta Pusat | USD | 1,200,000 | 36,852 | Trading machinery and equipment |
| Marketech Netherlands B.V. | Jun.30.2017 | Luchthavenweg 81,8657 EA Eindhoven | EUR | 1,200,000 | 39,264 | Machinery, equipment, parts and related international trade operation and technical services |
| Marketech International Corporation USA | Nov. 14, 2018 | 1125 W Pinnacle Peak Road #107, Phoenix,85027, USA | USD | 8,750,000 | 268,713 | Handles the business of automated supply system in the semiconductor industry |
| Spiro Technology Systems Inc. | Apr. 2, 2008 | 80 Tanforan Ave. Ste. 10 South San Francisco CA 94080 | USD | 1,000,000 | 30,710 | General international trade |
| MIC Healthcare Korea Co., Ltd | Oct. 21,2021 | 1608, 199, Baekbum-Ro, Mapo-Gu, Seoul, Korea | KRW | 1,000,000,000 | 24,570 | Sale and research development of Medical equipment technology ,trading business |
| Marketech International Corp. Japan | Apr. 20, 2022 | 6F Shimotori NS Bld. 1-3-8 Shimotori Chuo-ku, Kumamoto-shi, Kumamoto-ken 860-0807, Japan | JPY | 9,900,000 | 2,301 | General international trade |
| Rusky H.K. Limited | Dec .17, 1992 | Rm 1401, The Centre Mark, 287-299 Queen's Road Central, Hong Kong | USD | 833,000 | 25,581 | Engaged in holdings and reinvestment |
| Frontken MIC Co.,Limited | Dec. 28, 2007 | Rm 1401, The Centre Mark, 287-299 Queen's Road Central, Hong Kong | USD | 2,337,608 | 71,788 | Engaged in holdings and reinvestment |
| Shanghai Maohua Electronics Engineering Co.,Ltd. | Apr. 21, 1998 | No.36,Alley2777,JinxiuRd(E),Pudong,Shanghai ,P.R.C 20120, China | USD | 600,000 | 18,426 | Design, installation, adjustment and technical services for scrubber regeneration , pipeline system and relevant facilities used in the semiconductor industry; maintenance of equipment used in the semiconductor industry; technical advices for electronic and medical facilities; wholesaler, commission-based agent, export, import and related support services for electronic products, |

| Company Name | Date of establishment | Address | Paid in capital | | Main businesses or production | |
|---|-----------------------|--|-------------------|--------------------|--|--|
| | | | Original currency | NTD (in thousands) | | |
| | | | | | mechanical equipment, chemical products, communication equipment, metal products and plastic products. | |
| MIC-Tech (Shanghai) Co. Ltd. | May 24, 2001 | Area A1-3, 1st Floor, Great Wall Building, No. 333, Futexi First Road, China (Shanghai) (Note 4) | USD | 8,241,000 | 253,081 | Semiconductor production, testing equipment and supplies, wholesale of power generation boiler, commission agents, import and export and other related business, boiler warehousing and distribution. international trade, entropot trade, bonded area trade and agency, business advisory services. |
| MIC-Tech Electronics Engineering Corp. | Jun 30, 2003 | Room 701-706, No. 36, Lane 2777, Jinxiu East Road, China (Shanghai) Pilot Free Trade Zone | USD | 17,619,000 | 541,079 | Mechanical and electrical installation general contracting and sub-contracting, electronic engineering sub-contracting, petrochemical pipeline installation sub-contracting, pipeline sub-contracting and provide maintenance service at the end of project, related engineering consultation services. |
| MIC-Tech (WuXi) Co., Ltd. | May 16, 2001 | No. 11, Xin Xi Road, Wuxi High-Tech Industrial Development Zone, Jiangsu Province | USD | 25,500,000 | 783,105 | Mechanical and electrical installation construction engineering construction, chemical oil construction engineering construction, municipal public construction, construction decoration, construction intelligent construction engineering professional construction, electronic construction engineering professional construction, and related technical services and technical consultation. Construction equipment, building materials, electronic products, chemical products, metal products, electrical equipment, communication equipment wholesale, commission agents and import and export, and provide related supporting services |
| MIC-Tech China Trading (Shanghai) Co., Ltd. | Mar 21, 2013 | Room 517, No. 8 Huajin Road, Shanghai Wai Gao Qiao Free Trade Zone | USD | 1,500,000 | 46,065 | Chemical products, semiconductor and solar equipment consumables, wholesale, commission agency, import/export, installation, maintenance, and other related services for machinery equipment and its accessories. Also, trading agency for bonded zone and commercial consulting services |
| MICT International Limited | Dec. 14, 2007 | National Guard Center, 151 Gloucester Road, Wanchai, Hong Kong | USD | 9,000,000 | 276,390 | Engaged in holdings and reinvestment |
| Integrated Manufacturing & Services Co., Ltd. | Oct. 22, 2008 | Huolong Industry Park, Sijia Town, Haimen, Nantong, Jiangsu, China (No. 60, Sizu , Liantong Village) | USD | 7,000,000 | 214,970 | To develop and produce equipment specially designed for the production of solar energy battery; key components of large screen color projection displays such as optical engines, light sources, projection screens, high resolution projection tubes and LCOS modules; new electronic components; and cleaning and regeneration services. |

| Company Name | Date of establishment | Address | Paid in capital | | Main businesses or production |
|---------------------------|-----------------------|--|-------------------|--------------------|--|
| | | | Original currency | NTD (in thousands) | |
| eZoom Information, Inc. | Nov. 20, 1996 | 6F-3, No. 3-2, Yuanqu Street, Nangang District, Taipei | NTD 235,000,000 | 235,000 | Research and development, buying and selling and consultation of information system software and hardware |
| ADAT Technology Co., LTD. | Oct. 19, 2017 | 6F, No. 3-2, Yuanqu Street, Nangang District, Taipei | NTD 195,426,480 | 195,426 | Software research and development, application and services; electronic information provisioning and equipment sales |
| Smart Health Corp. | Oct. 22, 2019 | 10F-2, No. 3-2, Yuanqu Street, Nangang District, Taipei | NTD 500,000 | 500 | Smart health consulting service and investment. |
| Vertex System Corporation | Mar. 19,2020 | 21F.-7, No. 77, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City | NTD 81,500,000 | 81,500 | 5G communication, IOT smart control system and software platform, IT and telecommunication CT service |

Note 1: All affiliated companies should be disclosed regardless of size.

Note 2: For all affiliated companies that have factories and the sales revenue exceeds ten percent of the mother company, the names, founding dates, address and the main products should be listed.

Note 3: If the affiliated companies are foreign, the names and addresses can be presented in English. The founding dates can be shown in AD date, and the paid in capital should be converted by using the official currency conversion rate.

1.1.3 Shareholders in command Its Subsidiaries with Deemed Control and Subordination:

Unit: NTD in thousands; shares: %

| Presumed reasons | Name (Note 1) | Shareholding (Note 2) | | Date of establishment | Address | Paid in Capital | Main areas of business |
|------------------|---------------|-----------------------|--------------|-----------------------|---------|-----------------|------------------------|
| | | Shares | Share ratios | | | | |
| | | Not applicable | | | | | |

Note 1: Fill in the corporate name if the corporate shareholder is the same. Fill in the individual name if the individual shareholder is the same. For individual shareholders, only fill in the presumed reasons, name and the shares in holding.

Note 2: Fill in the shareholding information of the shareholder in the controlling company.

1.1.4 Businesses covered by the overall affiliation

1.1.4.1 Industries covered by the company and the subsidiaries

A. Sales and service of high-tech equipment and materials: MIC provides sales, distribution, service and technical support for process and factory management infrastructure for high-tech industries such as semiconductor manufacturing and optoelectronics, as well as the associated materials, chemicals and parts/components.

B. Automatic supplying systems: MIC provides planning, design, construction, supervision, installation, testing, operating consultation and warranty service for gas supply, automatic chemical feeding system, special gas and factory monitoring systems for high-tech industry facilities such as those in semiconductor manufacturing, optoelectronics and biochemical and pharmaceutical companies.

C. Total Facility Engineering Turnkey Project: for this part, MIC provides service for turn-key projects for high-tech industry facilities such as those in semiconductor manufacturing, optoelectronics and biochemical and pharmaceutical companies from electrical system, clean room, factory peripherals to process equipment. Also, MIC is known for the integration of electrical systems in, for example, petrochemical compound, traditional industry facilities and smart buildings.

D. R&D and manufacturing of customized equipment: MIC designs and builds automatic factory and process equipment to the needs of clients in semiconductor manufacturing, optoelectronics and other high-tech industries as well as traditional industries.

1.1.4.2 Business dealings and division of labor between the subsidiaries:

The company and its subsidiaries that it deals business with are involved in high-technology products related sales agent activities and services, factory affairs, production and system integration services and equipment production. The companies have adopted division of work based on their specialization in terms of their cooperation: The Company is responsible for the expansion of domestic and foreign market and related services as well as the overall operational planning, control, execution and technical

instructions for its subsidiaries; eZoon aims to build ICT and cloud computation integrated technology as its core competitiveness, integrate the Group business and sources, and collaborate with the Group to conduct a comprehensive marketing in order to maximize the overall effectiveness and to expand business opportunity. Marketech Integrated Pte. Ltd., Marketech International Sdn. Bhd., Mic-Tech Viet Nam Co., Ltd., Hoa Phong Marketech Co., Ltd., Marketech Intergrated Construction Co., Ltd., Marketech Integrated Manufacturing Company Limited and PT Marketech International Indonesia are responsible not only for developing the South-East Asia market, but also for constructing pipelines required for Semiconductor and general industry customers in Mainlander China to expand their production capacity and the production, installation and maintenance of equipment. Marketech International Corporation USA is mainly responsible for market business development, equipment manufacturing installation and maintenance services in the US, Spiro Technology Systems Inc. is mainly responsible for the procurement of customized equipment components in the Americas, and Marketech Netherlands B.V. takes the same responsibility as MICU but services in the European market. Besides, they also support the engineering of factory affair systems required for customers in the Greater China region to build plants. MIC-Tech (Shanghai) Co. Ltd., Wuxi Qihua Electronic Technology Co., Ltd., Shanghai Maohua Electronics Engineering Co.,Ltd. , Ltd., MIC-Tech Electronics Engineering Corp., Fuzhou Jiwei System Technology Co., Ltd. and Electrical Engineering Design Co., Ltd. , Integrated Manufacturing & Services Co., Ltd., and MIC-Tech China Trading (Shanghai) Co., Ltd. are responsible for expanding the market of the Greater China region. These companies are specialized in fields of sales agent activities, equipment production, installation and maintenance, and factory affair system engineering for chemicals used to satisfy the domestic market of the Greater China. To respond to the demand of Korea's semiconductor and TFT industries, MIC-Tech Global Corp. and Marketech International Corp. Japan are appointed to expand the East Asia market. ADAT Technology CO., LTD. is mainly responsible for investing in the research and development of AI and AR products and entering the market of high-end maintenance services. Smart Health Corp. and MIC Healthcare Korea Co., Ltd. are mainly responsible for smart medical consulting services and enter the medical market. The parent company and the subsidiaries provide complementary synergy through distribution of regional resources and the integrated support.

1.1.5. Information of directors, supervisors and general manager of all subsidiaries

Unit: Dollar; shares: %
December 31, 2022

| Company Name | Title | Name or representative | Shareholding (Note 2 and 3) | |
|--|---|--|---|---------------------|
| | (Note 1) | | Number of shares or capital contributions | Shareholding ratios |
| Marketech Integrated Pte. Ltd. | Chairman Director Director | Kao Hsin-Ming Scott Lin Loo Lam Huat | SGD 12,898,078 | 100% |
| Market Go Profits Ltd. | Director Director | Kao Hsin-Ming Scott Lin | USD 41,119,104 | 100% |
| Headquarter International Ltd. | Director Director | Kao Hsin-Ming Scott Lin | USD 1,289,367 | 100% |
| Tiger United Finance Ltd. | Director Director | Kao Hsin-Ming Scott Lin | USD 1,410,367 | 100% |
| MIC-Tech Global Corp. | Director Director Director Supervisor General Manager | Kao Hsin-Ming Scott Lin Pu Zhen-Hao Li Yi-Jung Pu Zhen-Hao | KRW 657,800,000 | 100% |
| MIC-Tech Viet Nam Co.,Ltd. | General manager | Kao Hsin-Ming | USD 4,400,000 | 100% |
| Marketech Co., Ltd. | General manager | Kao Hsin-Ming | USD 2,400,000 | 100% |
| MIC-Tech Ventures Asia Pacific Inc. | Director Director | Kao Hsin-Ming Scott Lin | USD 40,016,604 | 100% |
| Marketech International Sdn.Bhd. | Director Director Director Director Director | Kao Hsin-Ming Scott Lin Ma Kuo-Peng Mohd Salleh Bin Mohamad Siti Zaleha Binti Mohd Salim | MYR 12,242,750 | 100% |
| Marketech Engineering Pte.Ltd. | Director Director Director | Kao Hsin-Ming Scott Lin Loo Lam Huat | SGD 937,533 | 100% |
| Marketech Integrated Construction Co., Ltd. | Director Director | Kao Hsin-Ming Scott Lin | USD 635,000 | 97.69% |
| Marketech Integrated Manufacturing Company Limited | Director Director | Kao Hsin-Ming Scott Lin | USD 15,356,000 | 100% |
| PT Marketech International Indonesia | Director Director Director Supervisor | Kao Hsin-Ming Scott Lin NATALRIANA Li Yi-Jung | USD 1,200,000 | 100% |
| Marketech Netherlands B.V. | Director Director Director | Kao Hsin-Ming Scott Lin Ma Kuo-Peng | EUR 1,200,000 | 100% |
| Marketech International Corporation USA | Director Director | Sung Bing-Zhong Cheng Chieh-Chung | USD 8,750,000 | 100% |

| Company Name | Title | Name or representative | Shareholding (Note 2 and 3) | |
|--|---|--|---|---------------------|
| | (Note 1) | | Number of shares or capital contributions | Shareholding ratios |
| Spiro Technology Systems Inc. | Director Director Director General manager | Kao Hsin-Ming Scott Lin Sung Bing-Zhong Sung Bing-Zhong | USD 1,000,000 | 100% |
| MIC Healthcare Korea Co., Ltd | Director Director Director Supervisor | Sung Kao Hsin-Ming Scott Lin Joon Ho Baek Li Yi-Jung | KRW 100,000,000 | 100% |
| Marketech International Corp. Japan | Director | Kao Hsin-Ming | JPY 9,900,000 | 100% |
| Rusky H.K. Limited | Director Director | Kao Hsin-Ming Scott Lin | USD 833,000 | 100% |
| Frontken MIC Co. Limited | Director Director | Kao Hsin-Ming Scott Lin | USD 2,337,608 | 100% |
| Shanghai Maohua Electronics Engineering Co.,Ltd. | Chairman Director Director Supervisor General manager Director Director | Kao Hsin-Ming Ma Kuo-Peng Scott Lin Li Yi-Jung Kao Hsin-Ming Shouhei Fukaya Osamu Watanabe | USD 600,000 | 87% |
| MIC-Tech (Shanghai) Corp. Ltd. | Chairman Director Director Supervisor General manager | Kao Hsin-Ming Scott Lin Ma Kuo-Peng Li Yi-Jung Kao Hsin-Ming | USD 8,241,000 | 100% |
| MIC-Tech Electronics Engineering Corp. | Chairman Director Director | Kao Hsin-Ming Ma Kuo-Peng Scott Lin | USD 17,619,000 | 100% |
| MIC-Tech(WuXi) Co., Ltd. | Chairman Director Director Supervisor General manager | Kao Hsin-Ming Ma Kuo-peng Scott Lin Li Yi-Jung Kao Hsin-Ming | USD 25,500,000 | 100% |
| MIC-Tech China Trading (Shanghai)Co., Ltd | Chairman Director Director Supervisor General manager | Kao Hsin-Ming Scott Lin Ma Kuo-peng Li Yi-Jung Scott Lin | USD 1,500,000 | 100% |
| MICT International Limited | Director Director Director | Kao Hsin-Ming Scott Lin Wu Jin-Tiao | USD 4,296,716 | 60% |

| Company Name | Title | Name or representative | Shareholding (Note 2 and 3) | |
|---|--|---|---|---------------------|
| | (Note 1) | | Number of shares or capital contributions | Shareholding ratios |
| Integrated Manufacturing & Services Co., Ltd. | Chairman Director Director Supervisor Manager | Kao Hsin-Ming Li Yi-Jung You Zheng-Cun Scott Lin Lin Zhi-Fu | USD 4,296,716 | 60% |
| eZoom Information, Inc. | Chairman Director Director Director Supervisor | Corporate representatives Scott Lin Corporate representatives Kao Hsin-Ming Corporate representatives Sung Bing-zhong Corporate representatives Li Yi-Jung Corporate representatives Ma Kuo-Peng | 23,500,000 | 100% |
| ADTA Technology Co., LTD | Chairman Director Director Supervisor | Corporate representatives Scott Lin Corporate representatives Sung Kao Hsin-Ming Su Kai-Hung Li Yi-Jung | 5,005,940 | 25.62% |
| Smart Health Corp. | Chairman Supervisor | Corporate representatives Kao Hsin-Ming Corporate representatives Li Yi-Jung | 500,000 | 100% |
| Vertex System Corporation | Chairman Director Director Supervisor Supervisor | Corporate representatives from other firm Chang, Yu-Hui Corporate representatives Scott Lin Kao Hsin-Ming Tsai Li-Ling Li Yi-Jung | 50,000,000 | 61.35% |

Note 1: If the affiliated company is a foreign firm, list the person with the corresponding title.

Note 2: If the invested firm is a limited company, please fill in the number of shares and the shareholding ratios. For others, please fill in the paid in capital and the contribution ratio and provide explanation notes.

Note 3: When the directors and the supervisors are corporates, the related information of the representatives should be disclosed.

(2) Operation profile of subsidiaries

(2.1) Financial position and operating results of the affiliated companies

Unit: NTD in thousands

| Company Name | Capital | Total assets | Total liabilities | Net Value | Operating income | Operating (loss) gain | (Loss) gain of the period (after tax) | Earning per share (loss) (NTD) (after tax) |
|--|-----------|--------------|-------------------|-----------|------------------|-----------------------|---------------------------------------|--|
| Marketech Integrated Pte. Ltd. | 295,108 | 159,089 | 146,381 | 12,708 | 143,936 | 2,283 | (3,305) | |
| Market Go Profits Ltd. | 1,232,058 | 2,370,906 | - | 2,370,906 | - | (89) | 686,499 | |
| Headquarter International Ltd. | 39,596 | 37,239 | 181 | 37,058 | 2,163 | (7) | (382) | |
| Tiger United Finance Ltd. | 43,312 | 35,242 | 571 | 34,671 | 2,710 | 352 | (152) | |
| MIC-Tech Global Corp. | 16,162 | 24,018 | 8,820 | 15,198 | 220,960 | 2,696 | 2,940 | |
| MIC-Tech Viet Nam Co., Ltd. | 135,124 | 315,093 | 224,077 | 91,016 | 353,528 | (23,276) | (41,236) | |
| Marketech Co., Ltd. | 73,704 | 11,634 | 5,021 | 6,613 | 1,306 | (7,329) | (7,320) | |
| Marketech Engineering Ptd. Ltd. | 21,451 | 742 | 4,098 | (3,356) | - | (159) | (3,542) | |
| MIC-Tech Ventures Asia Pacific Inc. | 1,228,910 | 2,369,656 | 70 | 2,369,586 | - | (294) | 686,587 | |
| Marketech International Sdn.Bhd. | 82,014 | 60,268 | 16,741 | 43,527 | 80,742 | (11,604) | (11,090) | |
| Marketech Integrated Construction Co., Ltd. | 19,962 | 3,132 | 7,234 | (4,102) | 65 | (1,045) | (3,472) | |
| Marketech Integrated Manufacturing Company Limited | 471,583 | 159,402 | 13,446 | 145,956 | - | (27,317) | (36,190) | |
| Russky H.K. Limited | 25,581 | 2,756 | 10,858 | (8,102) | - | (69) | (30,137) | |
| Frontken MIC Co. Limited | 71,788 | 3,345 | - | 3,345 | - | (160) | (148) | |
| PT Marketech International Indonesia | 36,852 | 35,248 | 7 | 35,241 | - | (162) | 3,393 | |
| Marketech Netherlands B.V. | 39,264 | 15,690 | 10,312 | 5,378 | 23,588 | (7,546) | (7,545) | |
| Marketech International Corporation USA | 268,713 | 2,935,715 | 2,267,738 | 667,977 | 7,058,775 | 555,817 | 393,884 | |
| Spiro Technology Systems Inc. | 30,710 | 89,581 | 6,942 | 82,639 | 97,210 | 7,311 | 25,785 | |
| MIC Healthcare Korea Co., Ltd. | 24,570 | 11,002 | 2,164 | 8,838 | 20,449 | (12,602) | (12,594) | |
| Marketech International Corp. Japan | 2,301 | 2,199 | 9 | 2,190 | - | (109) | (109) | |
| Shanghai Maohua Electronics Engineering Co.,Ltd. | 18,426 | 387,296 | 399,777 | (12,481) | 391,595 | (31,783) | (34,571) | |
| MIC-Tech (Shanghai) Corp. Ltd. | 253,081 | 1,615,261 | 897,949 | 717,312 | 3,372,119 | 398,670 | 288,444 | |
| Fuzhou Jiwei System Integrated Co., Ltd. | 9,213 | - | - | - | 2,250 | 2,199 | 2,177 | |
| MIC-Tech Electronics Engineering Corp. | 541,079 | 3,972,160 | 3,182,082 | 790,078 | 7,599,118 | 423,596 | 290,334 | |
| MIC-Tech(WuXi) Co., Ltd. | 783,105 | 518,280 | 376,006 | 142,274 | 990,215 | 118,080 | 83,126 | |
| MIC-Tech China Trading (Shanghai)Co., Ltd | 46,065 | 127,892 | 12,275 | 115,617 | 233,901 | 67,770 | 54,512 | |
| MICT International Limited | 276,390 | 53,999 | - | 53,999 | - | - | 3,743 | |
| Integrated Manufacturing & Services Co., Ltd. | 214,970 | 72,728 | 18,733 | 53,995 | 61,184 | 4,102 | 3,743 | |
| eZoom Information, Inc. | 235,000 | 159,274 | 98,771 | 60,503 | 182,244 | (44,837) | (37,100) | (1.60) |
| ADAT Technology Co., LTD | 195,426 | 128,123 | 14,996 | 113,127 | 3,955 | (71,073) | (70,988) | (4.32) |
| Smart Health Corp. | 500 | 377 | - | 377 | - | (41) | (41) | (0.81) |
| Vertex System Corporation | 81,500 | 70,036 | 13,514 | 56,522 | 34,883 | (12,975) | (13,051) | (1.60) |

Note 1: If any of the above affiliated companies is foreign, the number should presented in NTD using the currency exchange rate of the report date.

Note 2: Earnings (loss) per share is calculated based on the number of shares outstanding of each company on December 31, 2022.

1.2 The consolidated financial statements of affiliated companies: In 2022, The companies that should be included in the consolidated financial reports of affiliated companies based on "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" and the companies that should be included in the consolidated financial reports of subsidiaries based on "Consolidated and separate financial statements" of International Accounting Standards Section 27 are the same. The related information that should be disclosed in the consolidated financial statements of affiliated companies are also already disclosed in the consolidated financial reports for subsidiaries, so that the consolidated financial statements of affiliated companies will not be published separately. Please refer to the consolidated reports of this annual report.

1.3 Affiliation report: Not applicable.

2.Private Placement Securities in the most recent fiscal year and during the current fiscal year up to the date of printing of the annual report: None.

3.The Shares in the Company Held or Disposal of by subsidiaries in the most recent fiscal year and during the current fiscal year up to the date of printing of the annual report: None.

4. Other Disclosures : None.

Part 9 Any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act of Taiwan, which might materially affect Shareholders' Equity or the price of the Company Securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report: None.

**MARKETECH INTERNATIONAL CORP.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2022 AND 2021**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

Marketech International Corp.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2022, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the company that is required to be included in the consolidated financial statements of affiliates, is the same as the company required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard 10. Also, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,
Marketech International Corp.
Margaret Kao
February 17, 2023



INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

Opinion

We have audited the accompanying consolidated balance sheets of Marketech International Corp. and its subsidiaries (the “Group”) as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, 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 Auditing and Attestation of Financial Statements by 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, 2022. 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, 2022 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 Note 4(9) and (10) for accounting policy on accounts receivable, Note 5(2) for accounting estimates and assumption uncertainty in relation to loss allowance of accounts receivable, and Note 6(3) for the details of accounts receivable.

The Group assesses the significant accounts receivable individually, and for those that are not significant, are assessed either individually or collectively. If there is no impairment after individual assessment, then the group of accounts receivable will be added for collective assessment. If the accounts receivable over a certain age is significant, the management will re-examine the collectability and assess each case for possible impairment. Management uses professional judgement during the process, and accounting estimates have a high possibility of becoming inappropriate. The professional judgement may be affected by several factors, such as customer's financial status, internal credit rating, order history, and economic situation. Accordingly, obtaining the supporting documents which management used for judgement is important. Thus, we considered the assessment on loss allowance of accounts receivable as one of our key audit matters.

How our audit addressed the matter

We tailored the major audit scope as follows:

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

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Marketech International Corp. as at and for the years ended December 31, 2022 and 2021.

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.



Lin, Chun-Yao

For and on Behalf of PricewaterhouseCoopers, Taiwan

February 17, 2023



Weng, Shih-Jung

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and 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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

| Assets | Notes | December 31, 2022 | | December 31, 2021 | | |
|---------------------------|---|-------------------|----------------------|-------------------|----------------------|------------|
| | | AMOUNT | % | AMOUNT | % | |
| Current assets | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ 6,481,297 | 18 | \$ 4,187,655 | 15 |
| 1110 | Financial assets at fair value through profit or loss - current | 6(2) | 103,087 | - | 175,306 | 1 |
| 1136 | Current financial assets at amortized cost | 8 | 803 | - | 747 | - |
| 1140 | Current contract assets | 6(19) | 9,059,781 | 26 | 8,510,574 | 30 |
| 1150 | Notes receivable, net | 6(3) | 29,193 | - | 52,866 | - |
| 1160 | Notes receivable - related parties | 6(3) and 7 | 158 | - | 113 | - |
| 1170 | Accounts receivable, net | 6(3)(4) | 6,232,983 | 18 | 4,805,260 | 17 |
| 1180 | Accounts receivable - related parties, net | 6(3) and 7 | 89,331 | - | 122,384 | - |
| 1200 | Other receivables | | 27,043 | - | 201,074 | 1 |
| 130X | Inventories, net | 6(5) | 6,267,875 | 18 | 3,562,479 | 13 |
| 1410 | Prepayments | | 1,421,484 | 4 | 1,026,464 | 4 |
| 1470 | Other current assets | 8 | 385,679 | 1 | 300,806 | 1 |
| 11XX | Total current assets | | <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 through profit or loss - non-current | 6(2) | 653,075 | 2 | 802,715 | 3 |
| 1535 | Non-current financial assets at amortized cost | 8 | 16,199 | - | 42,119 | - |
| 1550 | Investments accounted for using equity method | 6(6) and 7 | 104,090 | - | 75,386 | - |
| 1600 | Property, plant and equipment, net | 6(7)(9), 7 and 8 | 2,441,994 | 7 | 2,366,042 | 9 |
| 1755 | Right-of-use assets | 6(8) and 7 | 1,624,507 | 5 | 1,255,415 | 5 |
| 1780 | Intangible assets | 7 | 109,186 | - | 106,822 | - |
| 1840 | Deferred tax assets | 6(23) | 185,037 | 1 | 157,800 | 1 |
| 1900 | Other non-current assets | 6(6) and 8 | 94,256 | - | 108,507 | - |
| 15XX | Total non-current assets | | <u>5,228,344</u> | <u>15</u> | <u>4,914,806</u> | <u>18</u> |
| 1XXX | Total Assets | | <u>\$ 35,327,058</u> | <u>100</u> | <u>\$ 27,860,534</u> | <u>100</u> |

(Continued)

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

| Liabilities and Equity | | Notes | December 31, 2022 | | December 31, 2021 | |
|--|--|-------------|----------------------|------------|----------------------|------------|
| | | | AMOUNT | % | AMOUNT | % |
| Current liabilities | | | | | | |
| 2100 | Short-term borrowings | 6(10) and 8 | \$ 5,349,747 | 15 | \$ 3,568,994 | 13 |
| 2130 | Current contract liabilities | 6(19) | 6,889,495 | 20 | 4,684,990 | 17 |
| 2150 | Notes payable | | 2,159,902 | 6 | 1,721,874 | 6 |
| 2160 | Notes payable - related parties | 7 | 7,487 | - | 15,218 | - |
| 2170 | Accounts payable | | 7,075,213 | 20 | 6,363,401 | 23 |
| 2180 | Accounts payable - related parties | 7 | 22,366 | - | 12,409 | - |
| 2200 | Other payables | 6(11) | 1,112,753 | 3 | 853,528 | 3 |
| 2230 | Current tax liabilities | | 390,985 | 1 | 173,703 | 1 |
| 2280 | Current lease liabilities | 7 | 236,604 | 1 | 146,794 | - |
| 2320 | Long-term liabilities, current portion | 6(12) | 644,880 | 2 | - | - |
| 2399 | Other current liabilities | | 56,775 | - | 71,612 | - |
| 21XX | Total current liabilities | | <u>23,946,207</u> | <u>68</u> | <u>17,612,523</u> | <u>63</u> |
| Non-current liabilities | | | | | | |
| 2530 | Bonds payable | 6(12) | - | - | 885,747 | 3 |
| 2540 | Long-term borrowings | 6(13) | 200,000 | 1 | 200,000 | 1 |
| 2570 | Deferred tax liabilities | 6(23) | 160,698 | - | 94,422 | - |
| 2580 | Non-current lease liabilities | 7 | 1,396,335 | 4 | 1,098,869 | 4 |
| 2640 | Net defined benefit liability - non-current | 6(14) | 138,106 | - | 163,688 | 1 |
| 2670 | Other non-current liabilities | 6(6) | 4,710 | - | 3,145 | - |
| 25XX | Total non-current liabilities | | <u>1,899,849</u> | <u>5</u> | <u>2,445,871</u> | <u>9</u> |
| 2XXX | Total Liabilities | | <u>25,846,056</u> | <u>73</u> | <u>20,058,394</u> | <u>72</u> |
| Equity | | | | | | |
| Share capital | | | | | | |
| 3110 | Ordinary shares | 6(16) | 1,950,284 | 6 | 1,927,562 | 7 |
| Capital surplus | | | | | | |
| 3200 | Capital surplus | 6(15)(17) | 1,787,330 | 5 | 1,562,207 | 6 |
| Retained earnings | | | | | | |
| 3310 | Legal reserve | 6(18) | 1,087,737 | 3 | 932,127 | 3 |
| 3320 | Special reserve | | 256,244 | 1 | 167,098 | 1 |
| 3350 | Unappropriated retained earnings | | 4,456,073 | 13 | 3,339,807 | 12 |
| Other equity interest | | | | | | |
| 3400 | Other equity interest | | (182,589) | (1) | (256,244) | (1) |
| 31XX | Total equity attributable to owners of parent | | <u>9,355,079</u> | <u>27</u> | <u>7,672,557</u> | <u>28</u> |
| 36XX | Non-controlling interests | 4(3) | <u>125,923</u> | <u>-</u> | <u>129,583</u> | <u>-</u> |
| 3XXX | Total Equity | | <u>9,481,002</u> | <u>27</u> | <u>7,802,140</u> | <u>28</u> |
| Significant contingent liabilities and unrecognized contract commitments | | | | | | |
| Significant events after the balance sheet date | | | | | | |
| 3X2X | Total Liabilities and Equity | | <u>\$ 35,327,058</u> | <u>100</u> | <u>\$ 27,860,534</u> | <u>100</u> |

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

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021

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

| | Items | Notes | Year ended December 31, | | | |
|------|---|----------------|-------------------------|-----------|---------------------|-----------|
| | | | 2022 | | 2021 | |
| | | | AMOUNT | % | AMOUNT | % |
| 4000 | Operating Revenue | 6(19) and 7 | \$ 50,366,704 | 100 | \$ 34,458,674 | 100 |
| 5000 | Operating Costs | 6(5)(22) and 7 | (44,980,634) | (89) | (30,838,692) | (90) |
| 5900 | Gross Profit | | <u>5,386,070</u> | <u>11</u> | <u>3,619,982</u> | <u>10</u> |
| | Operating Expenses | 6(22) | | | | |
| 6100 | Sales and marketing expenses | | (749,202) | (1) | (712,422) | (2) |
| 6200 | General and administrative expenses | | (1,317,772) | (3) | (1,044,927) | (3) |
| 6300 | Research and development expenses | | (277,870) | (1) | (226,158) | (1) |
| 6450 | Expected credit (loss) gain | 12(2) | (174,976) | - | 6,611 | - |
| 6000 | Total operating expenses | | (2,519,820) | (5) | (1,976,896) | (6) |
| 6900 | Operating Profit | | <u>2,866,250</u> | <u>6</u> | <u>1,643,086</u> | <u>4</u> |
| | Non-operating Income and Expenses | | | | | |
| 7100 | Interest income | | 25,255 | - | 11,791 | - |
| 7010 | Other income | 6(20) | 81,890 | - | 66,917 | - |
| 7020 | Other gains and losses | 6(2)(9)(21) | 111,642 | - | 279,660 | 1 |
| 7050 | Finance costs | 7 | (95,985) | - | (58,380) | - |
| 7060 | Share of profit (loss) of associates and joint ventures accounted for using equity method | 6(6) | <u>7,386</u> | - | (2,693) | - |
| 7000 | Total non-operating income and expenses | | <u>130,188</u> | <u>-</u> | <u>297,295</u> | <u>1</u> |
| 7900 | Profit before Income Tax | | 2,996,438 | 6 | 1,940,381 | 5 |
| 7950 | Income tax expense | 6(23) | (846,631) | (2) | (431,959) | (1) |
| 8200 | Net Income | | <u>\$ 2,149,807</u> | <u>4</u> | <u>\$ 1,508,422</u> | <u>4</u> |

(Continued)

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021

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

| Items | Notes | Year ended December 31, | | | | |
|---|--|-------------------------|--------------|--------|--------------|---|
| | | 2022 | | 2021 | | |
| | | AMOUNT | % | AMOUNT | % | |
| Other Comprehensive Income | | | | | | |
| 8311 | Gain on remeasurements of defined benefit plan | 6(14) | \$ 22,145 | - | \$ 10,746 | - |
| 8349 | Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | 6(23) | (4,429) | - | (2,127) | - |
| 8310 | Other comprehensive income that will not be reclassified to profit or loss | | 17,716 | - | 8,619 | - |
| Components of other comprehensive income that will be reclassified to profit or loss | | | | | | |
| 8361 | Exchange differences on translation of foreign operations | | 91,858 | - | (111,052) | - |
| 8370 | Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method | 6(6) | 553 | - | (197) | - |
| 8399 | Income tax relating to components of other comprehensive income that will be reclassified to profit or loss | 6(23) | (18,414) | - | 21,916 | - |
| 8360 | Other comprehensive income (loss) that will be reclassified to profit or loss | | 73,997 | - | (89,333) | - |
| 8300 | Other comprehensive income (loss), net of tax | | \$ 91,713 | - | (\$ 80,714) | - |
| 8500 | Total Comprehensive Income | | \$ 2,241,520 | 4 | \$ 1,427,708 | 4 |
| Profit (loss) attributable to: | | | | | | |
| 8610 | Owners of the parent | | \$ 2,210,709 | 4 | \$ 1,547,479 | 4 |
| 8620 | Non-controlling interests | | (60,902) | - | (39,057) | - |
| | Total | | \$ 2,149,807 | 4 | \$ 1,508,422 | 4 |
| Comprehensive income (loss) attributable to: | | | | | | |
| 8710 | Owners of the parent | | \$ 2,302,080 | 4 | \$ 1,466,952 | 4 |
| 8720 | Non-controlling interests | | (60,560) | - | (39,244) | - |
| | Total | | \$ 2,241,520 | 4 | \$ 1,427,708 | 4 |
| 9750 | Basic earnings per share (in dollars) | 6(24) | \$ 11.34 | | \$ 8.24 | |
| 9850 | Diluted earnings per share (in dollars) | 6(24) | \$ 10.87 | | \$ 7.80 | |

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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

| | Notes | Equity attributable to owners of the parent | | | | | | | | | Non-controlling interests | Total equity |
|--|-------------------|---|---------------------------------|--------------------------|-------------------|-----------------|----------------------------------|--|--------------|------------|---------------------------|--------------|
| | | Capital Reserves | | | Retained Earnings | | | Other Equity | | | | |
| | | Share capital - ordinary shares | Capital Surplus - share premium | Capital Surplus - others | Legal reserve | Special reserve | Unappropriated retained earnings | Financial statements translation differences of foreign operations | Total | | | |
| Year ended December 31, 2021 | | | | | | | | | | | | |
| Balance at January 1, 2021 | | \$ 1,872,192 | \$ 981,167 | \$ 47,942 | \$ 841,627 | \$ 170,247 | \$ 2,526,327 | (\$ 167,098) | \$ 6,272,404 | \$ 93,979 | \$ 6,366,383 | |
| Profit (loss) for the year | | - | - | - | - | - | 1,547,479 | - | 1,547,479 | (39,057) | 1,508,422 | |
| Other comprehensive income (loss) for the year | | - | - | - | - | - | 8,619 | (89,146) | (80,527) | (187) | (80,714) | |
| Total comprehensive income (loss) | | - | - | - | - | - | 1,556,098 | (89,146) | 1,466,952 | (39,244) | 1,427,708 | |
| Appropriations and distribution of 2020 retained earnings: | 6(18) | | | | | | | | | | | |
| Legal reserve | | - | - | - | 90,500 | - | (90,500) | - | - | - | - | |
| Special reserve | | - | - | - | - | (3,149) | 3,149 | - | - | - | - | |
| Cash dividends | | - | - | - | - | - | (655,267) | - | (655,267) | - | (655,267) | |
| Share-based payment | 6(15)(16)(17) | 1,690 | 1,887 | (1,023) | - | - | - | - | 2,554 | 704 | 3,258 | |
| Changes in ownership interest in subsidiaries | 6(17) | - | - | 2,102 | - | - | - | - | 2,102 | (2,102) | - | |
| Conversion of convertible bonds | 6(16)(17)(26) | 53,680 | 547,311 | (17,179) | - | - | - | - | 583,812 | - | 583,812 | |
| Change in non-controlling interests | | - | - | - | - | - | - | - | - | 76,246 | 76,246 | |
| Balance at December 31, 2021 | | \$ 1,927,562 | \$ 1,530,365 | \$ 31,842 | \$ 932,127 | \$ 167,098 | \$ 3,339,807 | (\$ 256,244) | \$ 7,672,557 | \$ 129,583 | \$ 7,802,140 | |
| Year ended December 31, 2022 | | | | | | | | | | | | |
| 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 | |
| Profit (loss) for the year | | - | - | - | - | - | 2,210,709 | - | 2,210,709 | (60,902) | 2,149,807 | |
| Other comprehensive income for the year | | - | - | - | - | - | 17,716 | 73,655 | 91,371 | 342 | 91,713 | |
| Total comprehensive income (loss) | | - | - | - | - | - | 2,228,425 | 73,655 | 2,302,080 | (60,560) | 2,241,520 | |
| 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)(26) | 22,722 | 232,010 | (7,270) | - | - | - | - | 247,462 | - | 247,462 | |
| Change in non-controlling interests | | - | - | - | - | - | - | - | - | 57,162 | 57,162 | |
| Balance at December 31, 2022 | | \$ 1,950,284 | \$ 1,762,375 | \$ 24,955 | \$ 1,087,737 | \$ 256,244 | \$ 4,456,073 | (\$ 182,589) | \$ 9,355,079 | \$ 125,923 | \$ 9,481,002 | |

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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

| | Notes | Year ended December 31, | |
|---|-------------|-------------------------|----------------|
| | | 2022 | 2021 |
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | | |
| Profit before tax | | \$ 2,996,438 | \$ 1,940,381 |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Net loss (gain) on financial assets at fair value through profit or loss | 6(2)(21) | 154,730 | (443,233) |
| Expected credit loss (gain) | 12(2) | 174,976 | (6,611) |
| Share of (profit) loss of associates and joint ventures accounted for using equity method | 6(6) | (7,386) | 2,693 |
| Depreciation | 6(7)(8)(22) | 422,584 | 345,272 |
| Amortization | 6(22) | 30,739 | 21,871 |
| (Gain) loss on disposal of property, plant and equipment | 6(7)(21) | (27,343) | 841 |
| Impairment of non-financial assets | 6(7)(9)(21) | 12,509 | 47,309 |
| Compensation cost of share-based payments | 6(15)(22) | 121 | 704 |
| Gain from disposal of investments | 6(25) | - | (1) |
| Loss (gain) on lease modification | 6(8) | 133 | (1,647) |
| Interest income | | (25,255) | (11,791) |
| Interest expense | | 95,985 | 58,380 |
| Dividend income | 6(20) | (15,354) | (9,560) |
| Changes in operating assets and liabilities | | | |
| Changes in operating assets | | | |
| Contract assets – current | | (549,207) | (3,203,956) |
| Notes receivable, net | | 23,673 | (2,195) |
| Notes receivable – related parties, net | | (45) | (113) |
| Accounts receivable, net | | (1,564,144) | (1,121,382) |
| Accounts receivable – related parties, net | | 30,386 | 25,834 |
| Other receivables | | 5,964 | (4,825) |
| Inventories | | (2,696,656) | (713,838) |
| Prepayments | | (394,935) | (448,475) |
| Other current assets | | (120,257) | (11,980) |
| Changes in operating liabilities | | | |
| Contract liabilities – current | | 2,204,505 | 1,316,946 |
| Notes payable | | 438,028 | 569,839 |
| Notes payable – related parties | | (7,731) | 11,321 |
| Accounts payable | | 647,086 | 2,289,075 |
| Accounts payable – related parties | | 9,957 | 6,876 |
| Other payables | | 237,839 | 199,281 |
| Other current liabilities | | (14,838) | (35,592) |
| Other non-current liabilities | | (3,436) | (14,444) |
| Cash inflow generated from operations | | 2,059,066 | 806,980 |
| Interest received | | 25,022 | 11,818 |
| Dividends received | | 15,354 | 9,560 |
| Interest paid | | (85,702) | (42,794) |
| Income tax paid | | (618,670) | (347,765) |
| Net cash flows from operating activities | | <u>1,395,070</u> | <u>437,799</u> |

(Continued)

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

| | Notes | Year ended December 31, | |
|--|----------|-------------------------|--------------|
| | | 2022 | 2021 |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | | |
| Acquisition of financial assets at fair value through profit or loss | | (\$ 67,465) | (\$ 81,016) |
| Proceeds from disposal of financial assets at fair value through profit or loss | | 317,914 | 36,462 |
| Proceeds from capital reduction of financial assets at fair value through profit or loss | | 455 | 1,957 |
| Acquisition of financial assets at amortized cost | | (11,580) | - |
| Proceeds from disposal of financial assets at amortized cost | | 38,119 | 40,676 |
| Acquisition of investments accounted for using equity method | | (19,200) | - |
| Net cash flow from acquisition of subsidiaries | 6(25) | - | 11,413 |
| Acquisition of property, plant and equipment | 6(7) | (371,971) | (482,388) |
| Proceeds from disposal of property, plant and equipment | 6(7) | 77,295 | 1,943 |
| Acquisition of right-of-use assets | | (1,260) | (4,221) |
| Acquisition of intangible assets | | (33,013) | (46,554) |
| Decrease (increase) in refundable deposits | | 24,795 | (87,945) |
| Decrease in other non-current assets | | 27,813 | - |
| Dividends received | | - | 4,103 |
| Net cash flows used in investing activities | | (18,098) | (605,570) |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | | |
| Increase in short-term borrowings | 6(27) | 1,772,058 | 2,100,100 |
| Proceeds from exercise of employee stock options | 6(15) | - | 2,554 |
| Repayments of lease principal | 6(8)(27) | (170,224) | (106,441) |
| Cash dividends paid | 6(18) | (867,403) | (655,267) |
| Changes in non-controlling interests | | 57,162 | 48,861 |
| Net cash flows from financing activities | | 791,593 | 1,389,807 |
| Effect of exchange rate changes on cash and cash equivalents | | 125,077 | (26,760) |
| Net increase in cash and cash equivalents | | 2,293,642 | 1,195,276 |
| Cash and cash equivalents at beginning of year | 6(1) | 4,187,655 | 2,992,379 |
| Cash and cash equivalents at end of year | 6(1) | \$ 6,481,297 | \$ 4,187,655 |

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

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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

1. ORGANIZATION AND OPERATIONS

Marketech International Corp. (the “Company”) was incorporated in the Republic of China (R.O.C) on December 27, 1988. On October 17, 2002, the Company’s common shares were officially listed on the Taiwan Over-The-Counter Securities Exchange and on May 24, 2004, the shares were transferred to be listed on the Taiwan Stock Exchange. The Company and its subsidiaries (collectively referred herein as the “Group”) are mainly engaged in (i) import and trade of various integrated circuits, semiconductors, electrical equipment and materials, chemicals, gas, components; (ii) factory affair and mechatronic system including clean room, automatic supply system of (specialty) gas and chemicals, monitoring system, Turn-key and Hook-up Project services and (iii) design and manufacturing of customized equipment. Ennoconn International Investment Co., Ltd. owns 42.79% 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 17, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC that became effective from 2022 are as follows:

| <u>New Standards, Interpretations and Amendments</u> | <u>Effective date by International Accounting Standards Board</u> |
|---|---|
| Amendments to IFRS 3, ‘Reference to the conceptual framework’ | January 1, 2022 |
| Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’ | January 1, 2022 |
| Amendments to IAS 37, ‘Onerous contracts - cost of fulfilling a contract’ | January 1, 2022 |
| Annual improvements to IFRS Standards 2018 - 2020 | January 1, 2022 |

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

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 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 |

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 expects to recognize 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 are recognized retrospectively as of January 1, 2022. The potential impacts of these amendments are an increase in deferred tax assets by \$49,414 and \$128,229 and deferred tax liabilities by \$48,746 and \$123,083, and an increase in retained earnings by \$668 and \$5,146 as of January 1, 2022 and December 31, 2022, respectively, and a decrease in income tax expense and earnings per share by \$4,478 and \$0.02 (in dollars), respectively, for the year ended December 31, 2022.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

| New Standards, Interpretations and Amendments | Effective date by International Accounting Standards Board |
|---|--|
| Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture' | To be determined by International Accounting Standards Board |
| Amendments to IFRS 16, 'Lease liability in a sale and leaseback' | January 1, 2024 |
| IFRS 17, 'Insurance contracts' | January 1, 2023 |
| Amendments to IFRS 17, 'Insurance contracts' | January 1, 2023 |
| Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information' | January 1, 2023 |
| Amendments to IAS 1, 'Classification of liabilities as current or non-current' | January 1, 2024 |
| Amendments to IAS 1, 'Non-current liabilities with covenants' | 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) 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 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, 2022 | December 31, 2021 | |
| Marketech International Corp. | Marketech Integrated Pte. Ltd. | Contracting for semiconductor automatic supply system | 100 | 100 | - |
| Marketech International Corp. | Headquarter International Ltd. | Investment holdings and reinvestment | 100 | 100 | - |
| Marketech International Corp. | Tiger United Finance Ltd. | Investment holdings and reinvestment | 100 | 100 | - |
| Marketech International Corp. | Market Go Profits Ltd. | Investment holdings and reinvestment | 100 | 100 | - |
| Marketech International Corp. | MIC-Tech Global Corp. | International trade | 100 | 100 | - |
| Marketech International Corp. | MIC-Tech Viet Nam Co., Ltd. | Trading, installation and repair of various machinery equipment and its peripherals; consulting service and software execution service associated with computer hardware installation | 100 | 100 | - |

| Name of investor | Name of subsidiary | Main business activities | Percentage of Ownership (%) | | Note |
|-------------------------------|--|--|-----------------------------|-------------------|--------|
| | | | December 31, 2022 | December 31, 2021 | |
| Marketech International Corp. | Marketech Engineering Pte. Ltd. | Contracting for electrical installation construction | 100 | 100 | - |
| Marketech International Corp. | eZoom Information, Inc. (eZoom) | Research, trading and consulting of information system software and hardware appliance | 100 | 100 | - |
| 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 | 25.67 | Note 1 |
| Marketech International Corp. | Marketech International Corporation USA | Specialized contracting and related repair services | 100 | 100 | - |

| Name of investor | Name of subsidiary | Main business activities | Percentage of Ownership (%) | | Note |
|-------------------------------------|--|--|-----------------------------|-------------------|--------|
| | | | December 31, 2022 | December 31, 2021 | |
| Marketech International Corp. | Spiro Technology Systems Inc. | International trade | 100 | 100 | - |
| Marketech International Corp. | Taiwan Radisen HealthCare Co., Ltd. (Taiwan Radisen) | Smart medical consulting services and investment | 100 | 100 | - |
| 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 | Note 2 |
| Marketech International Corp. | Marketech International Corp. Japan | International trade | 100 | - | - |
| Market Go Profits Ltd. | MIC-Tech Ventures Asia Pacific Inc. | Investment holdings and reinvestment | 100 | 100 | - |
| MIC-Tech Ventures Asia Pacific Inc. | Rusky H.K. Limited | Investment holdings and reinvestment | 100 | 100 | - |
| MIC-Tech Ventures Asia Pacific Inc. | MICT International Limited | Investment holdings and reinvestment | 60 | 60 | - |

| Name of investor | Name of subsidiary | Main business activities | Percentage of Ownership (%) | | Note |
|-------------------------------------|---|---|-----------------------------|-------------------|--------|
| | | | December 31, 2022 | December 31, 2021 | |
| MIC-Tech Ventures Asia Pacific Inc. | Frontken MIC Co., Limited | Investment holdings and reinvestment | 100 | 100 | - |
| MIC-Tech Ventures Asia Pacific Inc. | MIC-Tech (WuXi) Co., Ltd. | 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. | Fuzhou Jiwei System Integrated Co., Ltd. | Installation and complete services of clean room, mechanical system and street pipe system | - | 100 | Note 3 |
| 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, 2022 | December 31, 2021 | |
| 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 | 97.69 | 97.69 | - |

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

Note 2 : Vertex System Corporation was included in the consolidated entities in November 2021. Refer to Note 6(25) for the details.

Note 3 : Fuzhou Jiwei System Integrated Co., Ltd. completed the liquidation procedure in September 2022.

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, 2022 and 2021, the non-controlling interests amounted to \$125,923 and \$129,583, 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. 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, 2022</u> | <u>December 31, 2021</u> |
|---------------------------------------|--------------------------|--------------------------|
| Cash on hand | \$ 15,227 | \$ 14,922 |
| Checking accounts and demand deposits | 6,465,683 | 4,172,373 |
| Time deposits | <u>387</u> | <u>360</u> |
| Total | <u>\$ 6,481,297</u> | <u>\$ 4,187,655</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, 2022</u> | <u>December 31, 2021</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)) | <u>195</u> | <u>4,066</u> |
| | 4,568 | 8,439 |
| Valuation adjustment | <u>98,519</u> | <u>166,867</u> |
| Total | <u>\$ 103,087</u> | <u>\$ 175,306</u> |
| Non-current items: | | |
| Financial assets mandatorily measured at fair value through profit or loss | | |
| Listed stocks | \$ 12,474 | \$ 12,474 |
| Unlisted stocks | 518,470 | 486,561 |
| Private funds | 43,105 | 28,858 |
| Hybrid instruments-convertible corporate bonds | <u>52,748</u> | <u>52,748</u> |
| | 626,797 | 580,641 |
| Valuation adjustment | <u>26,278</u> | <u>222,074</u> |
| Total | <u>\$ 653,075</u> | <u>\$ 802,715</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>2022</u> | <u>2021</u> |
| Financial assets mandatorily measured at fair value through profit or loss | | |
| Equity instruments | (\$ 150,859) | \$ 447,484 |
| Hybrid instruments | (3,871) | (4,251) |
| | <u>(\$ 154,730)</u> | <u>\$ 443,233</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, 2022</u> | <u>December 31, 2021</u> | <u>January 1, 2021</u> |
|----------------------|--------------------------|--------------------------|--------------------------|
| Notes receivable | \$ 29,193 | \$ 52,866 | \$ 50,671 |
| | <u>December 31, 2022</u> | <u>December 31, 2021</u> | <u>December 31, 2021</u> |
| Accounts receivable | \$ 6,904,025 | \$ 5,309,301 | \$ 4,364,184 |
| Less: Loss allowance | (671,042) | (504,041) | (684,477) |
| Total | <u>\$ 6,232,983</u> | <u>\$ 4,805,260</u> | <u>\$ 3,679,707</u> |

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

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

(a) Notes receivable

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|--------------|--------------------------|--------------------------|
| Not past due | \$ 29,351 | \$ 52,979 |

(b) Accounts receivable

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|-----------------|--------------------------|--------------------------|
| Not past due | \$ 4,931,701 | \$ 3,957,915 |
| Up to 90 days | 841,498 | 579,703 |
| 91 to 180 days | 260,855 | 85,597 |
| 181 to 365 days | 237,095 | 200,952 |
| Over 365 days | 727,003 | 609,647 |
| | <u>\$ 6,998,152</u> | <u>\$ 5,433,814</u> |

The above ageing analysis was based on past due date.

B. As of December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable (including related parties) were \$29,351 and \$52,979, respectively. As of December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable (including related parties) were \$6,322,314 and \$4,927,644, respectively.

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

D. On December 31, 2022, the amount of the Group's accounts receivable expected to be factored were \$67,875, 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) Financial asset transfer

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:

| | <u>December 31, 2022</u> |
|---|--------------------------|
| Accounts receivable transferred (Amount derecognized) | \$ 948,939 |
| Amount advanced | \$ 948,939 |
| Unpaid amount advanced | \$ - |

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

C. On December 31, 2021, the Group had no transferred accounts receivable.

(5) Inventories

| | <u>December 31, 2022</u> | | |
|--|--------------------------|---|---------------------|
| | 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> |

| | December 31, 2021 | | |
|--|---------------------|---|---------------------|
| | Cost | Allowance for valuation loss and loss on obsolete and slow-moving inventories | Book value |
| Materials | \$ 527,706 | (\$ 25,385) | \$ 502,321 |
| Merchandise inventory | 902,026 | (55,931) | 846,095 |
| Raw materials | 1,214,230 | (30,920) | 1,183,310 |
| Supplies | 69,580 | (3,344) | 66,236 |
| Work in process | 724,987 | (27,152) | 697,835 |
| Semi-finished goods and finished goods | 297,447 | (30,765) | 266,682 |
| Total | \$ 3,735,976 | (\$ 173,497) | \$ 3,562,479 |

A. Relevant expenses of inventories recognized as operating costs for the years ended December 31, 2022 and 2021 are as follows:

| | Years ended December 31, | |
|---|--------------------------|----------------------|
| | 2022 | 2021 |
| Construction cost | \$ 29,055,163 | \$ 17,604,454 |
| Cost of sales | 14,177,011 | 12,058,153 |
| Other operating cost | 1,774,372 | 1,211,792 |
| Gain on reserval of market value decline and obsolete and slow-moving inventories (Note) | (25,912) | (35,707) |
| Total | \$ 44,980,634 | \$ 30,838,692 |

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:

| | <u>December 31, 2022</u> | | <u>December 31, 2021</u> | |
|---|--------------------------|------------------------|--------------------------|------------------------|
| | <u>Carrying amount</u> | <u>% interest held</u> | <u>Carrying amount</u> | <u>% interest held</u> |
| Glory Technology Service Inc. | \$ 68,926 | 29.24% | \$ 65,340 | 29.24% |
| Fortune Blessing Co., Limited | 6,711 | 27.78% | 8,232 | 27.78% |
| MIC Techno Co., Ltd. | 1,807 | 20% | 1,814 | 20% |
| Leader Fortune Enterprise Co., Ltd. | (4,632) | 31.43% | (3,067) | 31.43% |
| Bolite Co., Ltd | <u>26,646</u> | 32% | <u>-</u> | - |
| | 99,458 | | 72,319 | |
| Add: Credit balance of long-term equity investment transferred to 'other non-current liabilities' | <u>4,632</u> | | <u>3,067</u> | |
| Total | <u>\$ 104,090</u> | | <u>\$ 75,386</u> | |
| Prepayments for long-term investments (listed as 'other non-current assets') | | | | |
| Unlisted stocks | <u>\$ 1,536</u> | | <u>\$ 27,680</u> | |

B. Associates

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

| | <u>Years ended December 31,</u> | |
|---|---------------------------------|-------------------|
| | <u>2022</u> | <u>2021</u> |
| Profit (loss) for the year from continuing operations | \$ 7,386 | (\$ 2,693) |
| Other comprehensive income (loss) - net of tax | <u>553</u> | <u>(197)</u> |
| Total comprehensive loss | <u>\$ 7,939</u> | <u>(\$ 2,890)</u> |

C. The investments accounted for using equity method for the years ended December 31, 2022 and 2021 were evaluated based on the financial statements of the entities which were audited by independent auditors.

D. The Group is the single largest shareholder of Glory Technology Service Inc. with a 29.24% equity interest. Given that the remaining 70.76% of Glory Technology Service Inc.'s equity is concentrated in investors from other parties, the number of votes for the minority voting rights holders to act together has surpassed that of the Group, Therefore, the Group has no control over the company and only has significant influence on Glory Technology Service Inc.

E. The Group is the single largest shareholder of Bolite Co., Ltd. with a 32% equity interest. Given that the remaining 68% of Bolite's equity is concentrated in investors from other parties, the number of votes for the minority voting rights holders to act together has surpassed that of the Group, Therefore, the Group has no control over the company and only has significant influence on Bolite Co., Ltd.

(7) Property, plant and equipment

| | 2022 | | | | | |
|--|-------------------|---------------------|------------------------------------|-------------------------|-------------------|---------------------|
| | <u>Land</u> | <u>Buildings</u> | <u>Machinery and equipment</u> | <u>Office equipment</u> | <u>Others</u> | <u>Total</u> |
| <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> |

| | 2021 | | | | | |
|-------------------------------|-------------------|---------------------|-------------------------|------------------|-------------------|---------------------|
| | Land | Buildings | Machinery and equipment | Office equipment | Others | Total |
| <u>At January 1</u> | | | | | | |
| Cost | \$ 183,542 | \$ 2,873,152 | \$ 636,594 | \$ 262,570 | \$ 119,830 | \$ 4,075,688 |
| Accumulated depreciation | - | (1,156,096) | (493,199) | (185,974) | (17,036) | (1,852,305) |
| Book value | <u>\$ 183,542</u> | <u>\$ 1,717,056</u> | <u>\$ 143,395</u> | <u>\$ 76,596</u> | <u>\$ 102,794</u> | <u>\$ 2,223,383</u> |
| <u>Year ended December 31</u> | | | | | | |
| Opening net book amount | \$ 183,542 | \$ 1,717,056 | \$ 143,395 | \$ 76,596 | \$ 102,794 | \$ 2,223,383 |
| Additions | 9,902 | 279,049 | 58,426 | 45,201 | 89,810 | 482,388 |
| Transfers (Note) | 20,648 | - | 110,529 | - | (110,909) | 20,268 |
| Disposals | - | - | (1,887) | (896) | - | (2,783) |
| Depreciation | - | (143,632) | (48,953) | (32,881) | (2,150) | (227,616) |
| Impairment | - | (47,309) | - | - | - | (47,309) |
| Net exchange differences | (580) | (80,010) | (849) | (830) | (20) | (82,289) |
| Closing net book amount | <u>\$ 213,512</u> | <u>\$ 1,725,154</u> | <u>\$ 260,661</u> | <u>\$ 87,190</u> | <u>\$ 79,525</u> | <u>\$ 2,366,042</u> |
| <u>At December 31</u> | | | | | | |
| Cost | \$ 213,512 | \$ 3,046,857 | \$ 777,755 | \$ 294,069 | \$ 98,541 | \$ 4,430,734 |
| Accumulated depreciation | - | (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> |

Note: Transfers during the period pertain to certain previously unfinished constructions which had completed acceptance checked and transferred to land, buildings and machinery and equipment, as well as certain prepayments for business facilities (recorded as “other non-current assets”).

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

B. The Group has no interest capitalised to property, plant and equipment.

C. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(8) Leasing arrangements – lessee

- A. The Group leases various assets including land, buildings, machinery and equipment, office equipment, and other equipment. Rental contracts are typically made for periods of 1 to 75 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise buildings, machinery and equipment, office equipment, and other equipment. Consequently, those leases are not included in right-of-use assets.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|-------------------------|--------------------------|--------------------------|
| | <u>Carrying amount</u> | <u>Carrying amount</u> |
| Land | \$ 864,153 | \$ 843,089 |
| Buildings | 689,891 | 346,751 |
| Machinery and equipment | 927 | - |
| Office equipment | 1,337 | 311 |
| Other equipment | 68,199 | 65,264 |
| | <u>\$ 1,624,507</u> | <u>\$ 1,255,415</u> |

| | <u>Years ended December 31,</u> | |
|-------------------------|---------------------------------|----------------------------|
| | <u>2022</u> | <u>2021</u> |
| | <u>Depreciation charge</u> | <u>Depreciation charge</u> |
| Land | \$ 24,441 | \$ 23,262 |
| Buildings | 128,338 | 62,086 |
| Machinery and equipment | 160 | 132 |
| Office equipment | 502 | 84 |
| Other equipment | 33,785 | 32,092 |
| | <u>\$ 187,226</u> | <u>\$ 117,656</u> |

- D. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were \$558,133 and \$447,819, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

| | <u>Years ended December 31,</u> | |
|---------------------------------------|---------------------------------|-------------|
| | <u>2022</u> | <u>2021</u> |
| <u>Items affecting profit or loss</u> | | |
| Interest expense on lease liabilities | \$ 25,318 | \$ 18,321 |
| Expense on short-term lease contracts | \$ 130,931 | \$ 99,595 |
| (Loss) gain on lease modification | (\$ 133) | \$ 1,647 |

- F. For the years ended December 31, 2022 and 2021, the Group's total cash outflow for leases were \$326,473 and \$224,357, respectively.

G. Extension options

(a) Extension options are included in approximately 36 % 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 \$12,509 and \$47,309 for the years ended December 31, 2022 and 2021, respectively. Details of such loss are as follows:

| | <u>Year ended December 31, 2022</u> | | <u>Year ended December 31, 2021</u> | |
|-------------------------------|-------------------------------------|---|-------------------------------------|---|
| | Recognized in profit or loss | Recognized in other comprehensive income | Recognized in profit or loss | Recognized in other comprehensive income |
| Impairment loss – Building | \$ 12,509 | \$ - | \$ 47,309 | \$ - |

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

| | <u>Year ended December 31, 2022</u> | | <u>Year ended December 31, 2021</u> | |
|--|-------------------------------------|---|-------------------------------------|---|
| | Recognized in profit or loss | Recognized in other comprehensive income | Recognized in profit or loss | Recognized in other comprehensive income |
| R&D and manufacturing of customized equipment | \$ 12,509 | \$ - | \$ 47,309 | \$ - |

C. In 2022 and 2021, because of political instability in Myanmar, the uncertainty in marketing and operations resulted in an impairment in the Group’s property, plant and equipment. The Group wrote down the carrying amount of the asset based on the recoverable amount and recognized an impairment loss of \$12,509 and \$47,309 in 2022 and 2021, respectively. The recoverable amount is the property’s future use value, and the discount rate used in estimating the use value were 19.71% and 13%.

(10) Short-term borrowings

| | <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> | | |

| | <u>December 31, 2021</u> | <u>Interest rate range</u> | <u>Collateral</u> |
|------------------------|--------------------------|----------------------------|-------------------|
| <u>Bank borrowings</u> | | | |
| Credit borrowings | \$ 3,517,844 | 0.68%~3.55% | None |
| Mortgage loan | 51,150 | 2.17857%~2.18750% | Buildings |
| | <u>\$ 3,568,994</u> | | |

Details of mortgage loan are provided in Note 8.

(11) Other payables

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|--|--------------------------|--------------------------|
| Salaries and bonus payable | \$ 719,679 | \$ 567,251 |
| Accrued employees' compensation and directors' remuneration | 332,080 | 235,297 |
| Others | 60,994 | 50,980 |
| Total | <u>\$ 1,112,753</u> | <u>\$ 853,528</u> |

(12) Bonds payable

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|--|--------------------------|--------------------------|
| Bonds payable | \$ 651,200 | \$ 903,600 |
| Less: Discount on bonds payable | (6,320) | (17,853) |
| | 644,880 | 885,747 |
| Bonds payable - current portion (recorded as "Long-term liabilities, current portion") | (644,880) | - |
| | <u>\$ -</u> | <u>\$ 885,747</u> |

A. The Company issued the 4th domestic unsecured convertible bonds, as approved by the regulatory authority on November 27, 2020. The terms and conditions are as follows:

- (a) Total issuance amount: NT\$1,500,000
- (b) Issuance period: 3 years, and a circulation period from December 15, 2020 to December 15, 2023.
- (c) Coupon rate: 0%
- (d) Conversion period: The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds before the maturity date, except the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
- (e) The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. If the reset conversion price is higher than the conversion price before the reset, the conversion price will not be adjusted.

(f) Redemption method:

- i. Redemption on the maturity date: Redeemed in cash at face value at the maturity date.
- ii. Redemption before the maturity date: The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after one month of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after one month of the bonds issue to 40 days before the maturity date.
- iii. Under the terms of the bonds, all bonds redeemed, matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

(g) For the year ended December 31, 2022, the bonds totaling \$252,400 had been converted into 2,272 thousand shares of common stock. Accordingly, the Group recognized capital surplus of \$232,010 and reduced capital surplus - stock option by \$7,270.

(h) As of December 31, 2022, the bonds totaling \$848,800 had been converted into 7,640 thousand shares of common stock. Accordingly, the Group recognized capital surplus of \$779,321 and reduced capital surplus - stock option by \$24,449.

B. Regarding the issuance of convertible bonds, the equity conversion options amounting to \$43,206 were separated from the liability component and were recognized in 'capital surplus—stock warrants' in accordance with IAS 32. The call options embedded in bonds payable were separated from their host contracts and were recognized in 'financial assets or liabilities at fair value through profit or loss' in net amount in accordance with IAS 39 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rate of the bonds payable after such separation is 1.0255%.

(13) Long-term borrowings

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

| <u>Type of borrowings</u> | <u>Borrowing period and repayment term</u> | <u>Interest rate</u> | <u>Collateral</u> | <u>December 31, 2021</u> |
|---------------------------|--|----------------------|-------------------|--------------------------|
| Long-term bank borrowings | | | | |
| Credit borrowings | Borrowing period is from December 27, 2021 to March 27, 2023; interest is payable monthly; principal is payable at maturity date | 0.805% | None | <u>\$ 200,000</u> |

(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, 2022</u> | <u>December 31, 2021</u> |
|--|--------------------------|--------------------------|
| Present value of defined benefit obligations | \$ 296,470 | \$ 306,300 |
| Fair value of plan assets | (158,364) | (142,612) |
| Net defined benefit liability | <u>\$ 138,106</u> | <u>\$ 163,688</u> |

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

| | 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 |
| | <u>(308,805)</u> | <u>143,498</u> | <u>(165,307)</u> |
| 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) |
| | <u>10,639</u> | <u>11,506</u> | <u>22,145</u> |
| Pension fund contribution | - | 5,056 | 5,056 |
| Paid pension | 1,696 | (1,696) | - |
| Balance at December 31 | <u>(\$ 296,470)</u> | <u>\$ 158,364</u> | <u>(\$ 138,106)</u> |
| | 2021 | | |
| | Present value of defined benefit obligations | Fair value of plan assets | Net defined benefit liability |
| Balance at January 1 | (\$ 324,881) | \$ 146,748 | (\$ 178,133) |
| Current service cost | (854) | - | (854) |
| Interest (expense) income | (955) | 430 | (525) |
| | <u>(326,690)</u> | <u>147,178</u> | <u>(179,512)</u> |
| Remeasurements: | | | |
| Return on plan assets (excluding amounts included in interest income or expense) | - | 2,115 | 2,115 |
| Change in demographic assumptions | (1,321) | - | (1,321) |
| Change in financial assumptions | 11,318 | - | 11,318 |
| Experience adjustments | (1,366) | - | (1,366) |
| | <u>8,631</u> | <u>2,115</u> | <u>10,746</u> |
| Pension fund contribution | - | 5,078 | 5,078 |
| Paid pension | 11,759 | (11,759) | - |
| Balance at December 31 | <u>(\$ 306,300)</u> | <u>\$ 142,612</u> | <u>(\$ 163,688)</u> |

- (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, 2022 and 2021 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, | |
|-------------------------|--------------------------|-------|
| | 2022 | 2021 |
| Discount rate | 1.30% | 0.65% |
| 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, 2022</u> | | | | |
| Effect on present value of defined benefit obligation | (\$ 6,889) | \$ 7,135 | \$ 7,068 | (\$ 6,859) |
| <u>December 31, 2021</u> | | | | |
| Effect on present value of defined benefit obligation | (\$ 7,853) | \$ 8,155 | \$ 8,025 | (\$ 7,770) |

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, 2023 amount to \$6,193.
- (g) As of December 31, 2022, the weighted average duration of the defined benefit retirement plan is 9 years.

- B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Company’s Mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on a certain percentage of the employees’ monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.
- (c) Certain overseas subsidiaries have a defined contribution plan. Contributions to an independent fund are based on a certain percentage of the employees’ monthly salaries and wages and are recognized as pension cost. Other than the monthly contributions, the Group has no further obligations.
- (d) The pension costs under the defined contribution pension plan of the Group for the years ended December 31, 2022 and 2021 were \$124,405 and \$121,053, respectively.

(15) Share-based payment

- A. For the years ended December 31, 2022 and 2021, the Company’s share-based payment arrangements were as follows:

| <u>Issuing Company</u> | <u>Type of arrangement</u> | <u>Grant date</u> | <u>Quantity granted (in thousands)</u> | <u>Contract period</u> | <u>Vesting conditions</u> |
|------------------------|----------------------------|-------------------|--|------------------------|---------------------------|
| The Company | Employee stock options | 2015.9.11 | 3,956 | 6 years | 2~4 years’ service |
| Subsidiary-ADAT | “ | 2019.4.1 | 436 | “ | 0~2 years’ service |
| “ | “ | 2019.9.1 | 314 | “ | “ |
| “ | “ | 2020.5.1 | 27 | “ | “ |
| “ | “ | 2020.9.1 | 137 | “ | “ |

The above share-based payment arrangements are all settled by equity.

B. Details of the share-based payment arrangements are as follows:

(a) The Company

| | <u>Year ended December 31, 2021</u> | |
|--|-------------------------------------|---|
| | <u>No. of options</u> | <u>Weighted-average exercise price (in dollars)</u> |
| Options outstanding at beginning of the year | 169 | \$ 15.20 |
| Options exercised | (169) | 15.11 |
| Options outstanding at end of the year | <u> -</u> | (Note) |
| Options exercisable at end of the year | <u> -</u> | (Note) |

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

(b) Subsidiary-ADAT

| | <u>Years ended December 31,</u> | | | |
|--|---------------------------------|---|-----------------------|---|
| | <u>2022</u> | | <u>2021</u> | |
| | <u>No. of options</u> | <u>Weighted-average exercise price (in dollars)</u> | <u>No. of options</u> | <u>Weighted-average exercise price (in dollars)</u> |
| Options outstanding at beginning of the year | 122 | \$ 10.00 | 446 | \$ 10.00 |
| Options exercised | (116) | 10.00 | (298) | 10.00 |
| Options forfeited | (6) | - | (26) | - |
| Options outstanding at end of the year | <u> -</u> | (Note) | <u> 122</u> | 10.00 |
| Options exercisable at end of the year | <u> -</u> | (Note) | <u> 64</u> | |

Note: The above share-based payment arrangement of the subsidiary - ADAT, had been exercised at full amount 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, 2021 | |
|-----------------|---------------------|-------------|------------------------------|-----------------------------|
| | | | No. of shares (in thousands) | Exercise price (in dollars) |
| Subsidiary-ADAT | 2019.4.1 | 2025.3.31 | 50 | \$ 10.00 |
| " | 2019.9.1 | 2025.8.31 | 9 | 10.00 |
| " | 2020.5.1 | 2026.4.30 | 15 | 10.00 |
| " | 2020.9.1 | 2026.8.31 | 48 | 10.00 |

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

| Issuing Company | Type of arrangement | Grant date | Stock price (in dollars) | Exercise price (in dollars) | Expected price volatility | Expected option life | Expected dividends | Risk-free interest rate | Fair value per unit (in dollars) |
|-----------------|------------------------|------------|--------------------------|-----------------------------|---------------------------|----------------------|--------------------|-------------------------|----------------------------------|
| The Company | Employee stock options | 2015.9.11 | \$ 19.60 | \$ 19.60 | 34.91% | 4.375 years | 0% | 0.81% | \$ 5.8326 |
| Subsidiary-ADAT | " | 2019.4.1 | 10.00 | 10.00 | 47.77% | 3.550 years | 0% | 0.61% | 2.4727 |
| " | " | 2019.9.1 | 10.00 | 10.00 | 44.29% | 3.550 years | 0% | 0.54% | 2.7873 |
| " | " | 2020.5.1 | 10.00 | 10.00 | 38.58% | 3.550 years | 0% | 0.38% | 10.4014 |
| " | " | 2020.9.1 | 10.00 | 10.00 | 38.10% | 3.550 years | 0% | 0.29% | 9.9910 |

E. No expense was incurred on share-based payment transactions for the years ended December 31, 2022 and 2021.

F. The expenses incurred by the subsidiary - ADAT on share-based payment transactions amounted to \$121 and \$704 for the years ended December 31, 2022 and 2021, respectively.

(16) Share capital

A. As of December 31, 2022, the Company's authorized capital was \$3,000,000, consisting of 300 million shares of ordinary stock (including 9,800 thousand shares reserved for employee stock options), and the paid-in capital was \$1,950,284 with a par value of \$10 (in dollars) per share amounting to 195,028,376 shares. All proceeds from shares issued have been collected.

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

| | 2022 | 2021 |
|------------------------------------|--------------------|--------------------|
| At January 1 | 192,756,201 | 187,219,200 |
| Conversion of convertible bonds | 2,272,175 | 5,368,001 |
| Exercise of employee stock options | - | 169,000 |
| At December 31 | <u>195,028,376</u> | <u>192,756,201</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:

| | 2022 | | | | |
|---|----------------------|-------------------------------|----------------------|---------------------|---------------------|
| | <u>Share premium</u> | <u>Stock options</u> | <u>Others</u> | <u>Total</u> | |
| 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 | <u>232,010</u> | <u>(7,270)</u> | <u>-</u> | <u>224,740</u> | |
| At December 31 | <u>\$ 1,762,375</u> | <u>\$ 18,757</u> | <u>\$ 6,198</u> | <u>\$ 1,787,330</u> | |
| | 2021 | | | | |
| | <u>Share premium</u> | <u>Employee stock options</u> | <u>Stock options</u> | <u>Others</u> | <u>Total</u> |
| At January 1 | \$ 981,167 | \$ 1,431 | \$ 43,206 | \$ 3,305 | \$ 1,029,109 |
| Exercise of employee stock options | 1,887 | (1,431) | - | - | 456 |
| Expired employee stock options | - | - | - | 408 | 408 |
| Changes in ownership interest in subsidiaries | - | - | - | 2,102 | 2,102 |
| Conversion of convertible bonds | <u>547,311</u> | <u>-</u> | <u>(17,179)</u> | <u>-</u> | <u>530,132</u> |
| At December 31 | <u>\$ 1,530,365</u> | <u>\$ -</u> | <u>\$ 26,027</u> | <u>\$ 5,815</u> | <u>\$ 1,562,207</u> |

(18) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Also, special reserve shall be set aside or reversed as required by regulations or the Competent Authority. The remaining amount along with the prior years' unappropriated earnings shall be proposed by the Board of Directors and resolved by the stockholders for appropriation or reserve.
- B. The Company's dividend policy is summarized below: in consideration of the overall environment development and industrial growth, fulfilling future operation development needs as priority and optimizing financial structure, distribution of stock dividends shall not exceed 50% of the dividends distributed.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with the Financial-Supervisory-Securities-Firms No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.
- E. (a) Details of 2021 and 2020 earnings appropriation resolved by the shareholders on May 27, 2022 and July 26, 2021, respectively, are as follows:

| | Years ended December 31, | | | |
|----------------------------|--------------------------|----------------------------------|-------------------|----------------------------------|
| | 2021 | | 2020 | |
| | Amount | Dividends per share (in dollars) | Amount | Dividends per share (in dollars) |
| Legal reserve | \$ 155,610 | \$ - | \$ 90,500 | \$ - |
| Special reserve (reversal) | 89,146 | - (| 3,149) | - |
| Cash dividends | <u>867,403</u> | 4.5 | <u>655,267</u> | 3.5 |
| Total | <u>\$ 1,112,159</u> | | <u>\$ 742,618</u> | |

The earnings appropriation for the years ended December 31, 2021 and 2020 listed above had no difference from that proposed by the Board of Directors on February 21, 2022 and

February 26, 2021, respectively. The earnings appropriation for the year ended December 31, 2021 has not yet been approved by the shareholders, therefore, no dividends payable was included in the current consolidated financial statements.

Information about the earnings distribution for 2021 and 2020 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 2022 earnings appropriation proposed by the Board of Directors on February 17, 2023 are as follows:

| | <u>Year ended December 31, 2022</u> | |
|-----------------------------|-------------------------------------|---|
| | <u>Amount</u> | <u>Dividends per share (in dollars)</u> |
| Legal reserve | \$ 222,842 | \$ - |
| Reversal of special reserve | (73,655) | - |
| Cash dividends | <u>1,105,811</u> | 5.67 |
| Total | <u>\$ 1,254,998</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

| | <u>Years ended December 31,</u> | |
|-------------------------------|---------------------------------|----------------------|
| | <u>2022</u> | <u>2021</u> |
| Construction contract revenue | \$ 30,999,634 | \$ 18,724,632 |
| Sales contract revenue | 16,773,461 | 13,789,676 |
| Other contract revenue | <u>2,593,609</u> | <u>1,944,366</u> |
| Total | <u>\$ 50,366,704</u> | <u>\$ 34,458,674</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, | |
|---|--------------------------|----------------------|
| | 2022 | 2021 |
| Automatic supplying system | \$ 19,804,801 | \$ 10,420,063 |
| Total Facility Engineering Turnkey Project | 10,403,881 | 7,463,868 |
| R&D and manufacturing of customized equipment | 10,217,482 | 8,647,217 |
| Sales and service of high-tech equipment and materials | 9,940,540 | 7,927,526 |
| Total | <u>\$ 50,366,704</u> | <u>\$ 34,458,674</u> |
| Timing of revenue recognition | | |
| At a point in time | \$ 17,462,529 | \$ 14,391,995 |
| Over time | 32,904,175 | 20,066,679 |
| Total | <u>\$ 50,366,704</u> | <u>\$ 34,458,674</u> |

B. Contract assets and liabilities

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

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> | <u>January 1, 2021</u> |
|------------------------|--------------------------|--------------------------|------------------------|
| Contract assets: | | | |
| Construction contracts | <u>\$ 9,059,781</u> | <u>\$ 8,510,574</u> | <u>\$ 5,306,618</u> |
| Contract liabilities: | | | |
| Construction contracts | \$ 5,723,090 | \$ 3,643,508 | \$ 2,478,159 |
| Sales contracts | 737,272 | 784,108 | 725,288 |
| Other contracts | 429,133 | 257,374 | 164,596 |
| | <u>\$ 6,889,495</u> | <u>\$ 4,684,990</u> | <u>\$ 3,368,043</u> |

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

| | Years ended December 31, | |
|---|--------------------------|---------------------|
| | 2022 | 2021 |
| Revenue recognized that was included in the contract liability balance at the beginning of the year | | |
| Construction contracts | \$ 2,306,133 | \$ 1,670,157 |
| Sales contracts | 592,226 | 543,084 |
| Other contracts | 127,908 | 88,478 |
| | <u>\$ 3,026,267</u> | <u>\$ 2,301,719</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, | |
|-----------------|--------------------------|------------------|
| | 2022 | 2021 |
| Grants revenue | \$ 30,757 | \$ 13,792 |
| Dividend income | 15,354 | 9,560 |
| Rental revenue | 4,841 | 3,590 |
| Other income | 30,938 | 39,975 |
| Total | <u>\$ 81,890</u> | <u>\$ 66,917</u> |

(21) Other gains and losses

| | Years ended December 31, | |
|---|--------------------------|-------------------|
| | 2022 | 2021 |
| Net (losses) gains on financial assets at fair value through profit or loss | (\$ 154,730) | \$ 443,233 |
| Foreign exchange gains (losses) | 287,768 | (92,019) |
| Gains (losses) on disposals of property, plant and equipment | 27,343 | (841) |
| Impairment of non-financial assets | (12,509) | (47,309) |
| Other losses | (36,230) | (23,404) |
| Total | <u>\$ 111,642</u> | <u>\$ 279,660</u> |

(22) Employee benefit expense, depreciation and amortization

A. Employee benefit expense, depreciation and amortization

| | 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 |

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

B. Employees' compensation and directors' remuneration

(a) According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, shall not be higher than 3% for directors' remuneration and shall be 1~15% for employees' compensation. If the company has accumulated deficit, earnings should be reserved to cover losses.

(b) For the years ended December 31, 2022 and 2021, employees' compensation and directors' remuneration are accrued as follows:

| | Years ended December 31, | |
|-------------------------|--------------------------|-------------------|
| | 2022 | 2021 |
| Employees' compensation | \$ 297,098 | \$ 213,906 |
| Directors' remuneration | 29,710 | 21,391 |
| | <u>\$ 326,808</u> | <u>\$ 235,297</u> |

For the year ended December 31, 2022, employees' compensation and directors' remuneration were estimated and accrued based on 10% and 1% of distributable profit of current year as of the end of reporting period. The employees' compensation and directors' remuneration for 2022 as resolved by the Board of Directors were \$297,098 and \$29,710, respectively, and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' remuneration for 2021 as resolved by the Board of Directors were in agreement with those amounts recognized in the 2021 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, | |
|---|--------------------------|-------------------|
| | 2022 | 2021 |
| Current tax | | |
| Current tax on profits for the year | \$ 811,168 | \$ 345,245 |
| Adjustments in respect of prior years | 19,267 | 10,907 |
| Total current tax | 830,435 | 356,152 |
| Deferred tax | | |
| Origination and reversal of temporary differences | 16,196 | 75,807 |
| Income tax expense | <u>\$ 846,631</u> | <u>\$ 431,959</u> |

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

| | Years ended December 31, | |
|--|--------------------------|------------------|
| | 2022 | 2021 |
| Currency translation differences of foreign operations | (\$ 18,414) | \$ 21,916 |
| Remeasurements of defined benefit obligations | (4,429) | (2,127) |
| | <u>(\$ 22,843)</u> | <u>\$ 19,789</u> |

B. Reconciliation between income tax expense and accounting profit

| | Years ended December 31, | |
|---|--------------------------|-------------------|
| | 2022 | 2021 |
| Tax calculated based on profit before tax and statutory tax rate (Note) | \$ 599,288 | \$ 388,076 |
| Expenses disallowed by tax regulation | 146,329 | 16,401 |
| Effect of income tax of the applicable tax rate in the Group | 81,747 | 16,575 |
| Adjustments in respect of prior years | 19,267 | 10,907 |
| Income tax expense | <u>\$ 846,631</u> | <u>\$ 431,959</u> |

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

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

| | 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 |
| Subtotal | <u>157,800</u> | <u>50,080</u> | <u>(22,843)</u> | <u>185,037</u> |
| – Deferred tax liabilities: | | | | |
| Unrealized investment income | (94,422) | (61,668) | - | (156,090) |
| Unrealized exchange gain | - | (4,608) | - | (4,608) |
| Subtotal | <u>(94,422)</u> | <u>(66,276)</u> | <u>-</u> | <u>(160,698)</u> |
| Total | <u>\$ 63,378</u> | <u>(\$ 16,196)</u> | <u>(\$ 22,843)</u> | <u>\$ 24,339</u> |

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

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

| | Assessment |
|---|--------------|
| The Company | Through 2019 |
| Vertex System, eZoom, ADAT and Taiwan Radisen | Through 2020 |

(24) Earnings per share

| | <u>Year ended December 31, 2022</u> | | |
|--|-------------------------------------|---|--|
| | <u>Amount after tax</u> | <u>Weighted average number of ordinary shares outstanding (shares in thousands)</u> | <u>Earnings per share (in dollars)</u> |
| <u>Basic earnings per share</u> | | | |
| Profit attributable to ordinary shareholders of the parent | \$ 2,210,709 | 194,942 | \$ <u>11.34</u> |
| <u>Diluted earnings per share</u> | | | |
| Assumed conversion of all dilutive potential ordinary shares | | | |
| Convertible bonds | 5,275 | 6,184 | |
| Employees' compensation | <u>-</u> | <u>2,712</u> | |
| Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares | \$ <u>2,215,984</u> | <u>203,838</u> | \$ <u>10.87</u> |

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

(25) Business combinations

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

| | <u>November 1, 2021</u> |
|--|-------------------------|
| Consideration transferred | |
| Purchase consideration - Cash paid | \$ 30,000 |
| Fair value of equity interest held before the business combination | 15,865 |
| Fair value of the non-controlling interest | <u>27,385</u> |
| | <u>73,250</u> |
| Fair value of the identifiable assets acquired and liabilities assumed | |
| Cash | \$ 41,413 |
| Accounts receivable | 3,750 |
| Prepayments | 3,075 |
| Right-of-use assets | 207 |
| Intangible assets | 24,586 |
| Other non-current assets | 140 |
| Accounts payable | (362) |
| Other payables | (1,625) |
| Lease liabilities | (209) |
| Other current liabilities | <u>(122)</u> |
| Total identifiable net assets | <u>70,853</u> |
| Goodwill | <u>\$ 2,397</u> |

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

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

(26) Supplemental cash flow information

| | Years ended December 31, | |
|---|--------------------------|------------|
| | 2022 | 2021 |
| Convertible bonds converted to capital stocks | \$ 247,462 | \$ 583,812 |

(27) Changes in liabilities from financing activities

| | 2022 | | | | |
|--|---------------------|-----------------------|----------------------|-------------------|---|
| | Lease liabilities | Short-term borrowings | Long-term borrowings | Bonds payable | 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 | <u>\$ 1,632,939</u> | <u>\$ 5,349,747</u> | <u>\$ 200,000</u> | <u>\$ 644,880</u> | <u>\$ 7,827,566</u> |
| | 2021 | | | | |
| | Lease liabilities | Short-term borrowings | Long-term borrowings | Bonds payable | Liabilities from financing activities-gross |
| At January 1 | \$ 980,425 | \$ 1,474,800 | \$ 200,000 | \$ 1,455,438 | \$ 4,110,663 |
| Changes in cash flow from financing activities | (106,441) | 2,100,100 | - | - | 1,993,659 |
| Impact of changes in foreign exchange rate | (507) | (5,906) | - | - | (6,413) |
| Changes in other non-cash items | 372,186 | - | - | (569,691) | (197,505) |
| At December 31 | <u>\$ 1,245,663</u> | <u>\$ 3,568,994</u> | <u>\$ 200,000</u> | <u>\$ 885,747</u> | <u>\$ 5,900,404</u> |

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 42.79% of the shares of the Company. The remaining 57.21% 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> |
|--|---|
| Chung-Hsin Precision Machinery Co., Ltd. | Other related party |
| Hon Hai Precision Industry Co., Ltd. | " |
| Chung-Hsin Electric & Machinery Mfg. Corp. | " |
| Hong Kong Ennopower Information Technology Co., Limited | " |
| Coiler Corporation | " |
| Foxconn Global Network | " |
| Hon Young Semiconductor Corporation | " |
| SERVTECH Co., Ltd. | " |
| CTS Investment Corp. | " |
| Altus Technology Inc. | " |
| Glory Technology Service Inc. | Associate |
| Fortune International Corporation | " |
| Macrotec Technology Corp. | Entity controlled by key management or entity with significant influence |
| Forward Science Corp. | " |
| Shenzhen Hyper Power Information Technology Co., Ltd. | " |
| ProbeLeader Co., Ltd. | " |
| Everlasting Digital ESG Co., Ltd. | " |
| E-WIN Investment Corp. | " |

(3) Significant related party transactions and balances

A. Sales of goods and services

(a) Sales of goods

| | <u>Years ended December 31,</u> | |
|---|---------------------------------|------------------|
| | <u>2022</u> | <u>2021</u> |
| Other related parties | \$ 2,976 | \$ 28,255 |
| Entities controlled by key management or entities with significant influence | 5 | 5,537 |
| | <u>\$ 2,981</u> | <u>\$ 33,792</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, | |
|---|--------------------------|------------------|
| | 2022 | 2021 |
| Other related parties | \$ 73,072 | \$ 64,488 |
| Entities controlled by key management or entities with significant influence (Note) | (14,986) | 12,104 |
| Total | <u>\$ 58,086</u> | <u>\$ 76,592</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, 2022 and 2021, contract price and priced contract of unfinished construction are as follows:

| | December 31, 2022 | | December 31, 2021 | |
|--|--|------------------------|--|------------------------|
| | Total contract price (before tax) (Note) | Priced contract (Note) | Total contract price (before tax) (Note) | Priced contract (Note) |
| Other related parties | \$ 663,896 | \$ 595,836 | \$ 501,193 | \$ 465,282 |
| Entities controlled by key management or entities with significant influence | <u>396,569</u> | <u>375,627</u> | <u>410,257</u> | <u>371,550</u> |
| Total | <u>\$ 1,060,465</u> | <u>\$ 971,463</u> | <u>\$ 911,450</u> | <u>\$ 836,832</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, | |
|--|--------------------------|---------------|
| | 2022 | 2021 |
| Other related parties | \$ 12,362 | \$ 360 |
| Entities controlled by key management or entities with significant influence | <u>4,406</u> | <u>226</u> |
| Total | <u>\$ 16,768</u> | <u>\$ 586</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

| | <u>Years ended December 31,</u> | |
|--|---------------------------------|------------------|
| | <u>2022</u> | <u>2021</u> |
| Entities controlled by key management or entities with significant influence | \$ 8,975 | \$ 12,383 |
| Associate | - | 109 |
| Other related parties | <u>35,002</u> | <u>6,723</u> |
| Total | <u>\$ 43,977</u> | <u>\$ 19,215</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

| | <u>Years ended December 31,</u> | |
|--|---------------------------------|-----------------|
| | <u>2022</u> | <u>2021</u> |
| Entities controlled by key management or entities with significant influence | \$ 1,874 | \$ - |
| Associate | 11,587 | 4,857 |
| Other related parties | <u>1,423</u> | <u>45</u> |
| Total | <u>\$ 14,884</u> | <u>\$ 4,902</u> |

The outsourcing construction contract costs paid to related parties and third parties are based on normal construction contracts or individual agreements. Furthermore, the payment terms to related parties are approximately the same to third parties, which is about 2 months after inspection of construction depending on the construction contracts or individual agreements.

C. Receivables from related parties

Notes receivable

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|--|--------------------------|--------------------------|
| Entities controlled by key management or entities with significant influence | <u>\$ 158</u> | <u>\$ 113</u> |

Accounts receivable

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|--|--------------------------|--------------------------|
| Other related parties | \$ 67,243 | \$ 73,739 |
| Entities controlled by key management or entities with significant influence | <u>26,884</u> | <u>50,774</u> |
| Subtotal | 94,127 | 124,513 |
| Less: Loss allowance | (4,796) | (2,129) |
| Total | <u>\$ 89,331</u> | <u>\$ 122,384</u> |

The collection terms to related parties and third parties are about 2 to 3 months after the sale while terms for construction are about 2 to 3 months after inspection of construction depending on the construction contracts or individual agreements.

D. Payables to related parties

Notes payable

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|--|--------------------------|--------------------------|
| Entities controlled by key management or entities with significant influence | \$ 2,151 | \$ 5,949 |
| Other related parties | 5,336 | 4,169 |
| Associate | <u>-</u> | <u>5,100</u> |
| Total | <u>\$ 7,487</u> | <u>\$ 15,218</u> |

Accounts payable

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|--|--------------------------|--------------------------|
| Entities controlled by key management or entities with significant influence | \$ 13,956 | \$ 7,788 |
| Other related parties | 6,534 | 4,621 |
| Associates | <u>1,876</u> | <u>-</u> |
| Total | <u>\$ 22,366</u> | <u>\$ 12,409</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, 2022 and 2021, the Group has acquired computer equipment and related software from entities controlled by key management and the acquisition price were \$25,716 and \$24,299 (recorded as ‘property, plant and equipment’ and ‘intangible assets’), respectively.

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

- i. 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.
- ii. For the year ended December 31, 2021, the Group terminated the lease contracts with entity controlled by key management or entity with significant influence prior to the expiration date. As a result, right-of-use assets and lease liabilities decreased by \$57,685 and \$58,937, respectively, and gain arising from lease modification of \$1,252 was recognized.

F. Lease transactions — lessee

- (a) i. The Group leases plants and offices from Chung-Hsin Precision Machinery Co., Ltd. Rental contracts are typically made for periods from September 1, 2021 to August 31, 2024, and rents are paid quarterly. Leased assets are not allowed to be used illegally, store hazardous materials or be used in any purpose which may be harmful to the environment and public safety. Without obtaining approval from lessors, all or certain leased assets cannot be subleased, lent or granted in any different form to third parties or the lease right of all or certain leased assets can not be transferred to third parties.
- ii. The Group leases offices from CTS Investment Corp. Rental contracts are made for periods of 5 years from January 1, 2022 to December 31, 2026. Rents are paid monthly. There are no contractual restrictions and other important commitments.
- iii. The Group leases offices from Coiler Corp. Rental contracts are made for periods of 5 years from January 1, 2022 to December 31, 2026. Rents are paid monthly. There are no contractual restrictions and other important commitments.

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

| | Years ended December 31, | |
|-----------------------|--------------------------|----------|
| | 2022 | 2021 |
| Other related parties | \$ 33,431 | \$ 9,047 |

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

(i) Outstanding balance:

| | December 31, 2022 | December 31, 2021 |
|-----------------------|-------------------|-------------------|
| Other related parties | \$ 29,261 | \$ 8,102 |

(ii) Interest expense

| | Years ended December 31, | |
|-----------------------|--------------------------|--------|
| | 2022 | 2021 |
| Other related parties | \$ 739 | \$ 115 |

(4) Key management compensation

| | Years ended December 31, | |
|---|--------------------------|------------|
| | 2022 | 2021 |
| Salaries and other short-term employee benefits | \$ 196,305 | \$ 166,982 |

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, 2022 | December 31, 2021 | |
| Restricted time deposits (recorded as 'financial assets at amortized cost - current and non-current') | \$ 17,002 | \$ 42,866 | Performance guarantee and other guarantee |
| Guarantee deposits paid (recorded as 'other current assets' and 'other non-current assets') | 189,940 | 225,056 | Bid bond, performance guarantee and warranty |
| Buildings and structures (recorded as 'property, plant and equipment') | 12,928 | 11,911 | Guarantee for bank's borrowing facility |
| | <u>\$ 219,870</u> | <u>\$ 279,833</u> | |

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT
COMMITMENTS

(1) Contingencies

None.

(2) Commitments

As of December 31, 2022, the notes and letters of guarantee used for construction performance and custom security amounted to \$3,863,599.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

For details of the 2022 earnings appropriation proposed by the Board of Directors on February 17, 2023, 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, 2022</u> | <u>December 31, 2021</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 | \$ 756,162 | \$ 978,021 |
| Financial assets at amortized cost | | |
| / Loans and receivables | | |
| Cash and cash equivalents | 6,481,297 | 4,187,655 |
| Notes receivable (including related parties) | 29,351 | 52,979 |
| Accounts receivable (including related parties) | 6,322,314 | 4,927,644 |
| Other accounts receivable | 27,043 | 201,074 |
| Restricted time deposits (recorded as 'financial assets at amortized cost-current and non-current') | 17,002 | 42,866 |
| Guarantee deposits paid (recorded as 'other current assets' and 'other non-current assets') | 247,641 | 272,436 |
| | <u>\$ 13,880,810</u> | <u>\$ 10,662,675</u> |
| <u>Financial liabilities</u> | | |
| Financial liabilities measured at fair value through profit or loss | | |
| Short-term borrowings | \$ 5,349,747 | \$ 3,568,994 |
| Notes payable (including related parties) | 2,167,389 | 1,737,092 |
| Accounts payable (including related parties) | 7,097,579 | 6,375,810 |
| Other accounts payable | 1,112,753 | 853,528 |
| Bonds payable | 644,880 | 885,747 |
| Long-term borrowings | 200,000 | 200,000 |
| Guarantee deposits received (recorded as 'other non-current liabilities') | 78 | 78 |
| | <u>\$ 16,572,426</u> | <u>\$ 13,621,249</u> |
| Lease liabilities | <u>\$ 1,632,939</u> | <u>\$ 1,245,663</u> |

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.
- (b) Risk management is carried out by a central treasury department under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close

cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD, RMB, JPY and EUR. Exchange rate risk arises from future commercial transactions and recognized assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency.
- iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB, SGD, IDR, and VND). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

| December 31, 2022 | | | | | | |
|--|---|------------------|---------------------|------------------------|--------------------------------|--|
| | Foreign currency amount (in thousands) | Exchange rate | Book value (NTD) | Sensitivity analysis | | |
| | | | | Degree of variation | Effect on profit or loss | Effect on other comprehensive income |
| (Foreign currency: functional currency) | | | | | | |
| <u>Financial assets</u> | | | | | | |
| <u>Monetary items</u> | | | | | | |
| USD : NTD | \$ 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 | - |

December 31, 2021

| | Foreign currency amount (in thousands) | Exchange rate | Book value (NTD) | Sensitivity analysis | | |
|--|---|------------------|---------------------|------------------------|--------------------------------|--|
| | | | | Degree of variation | Effect on profit or loss | Effect on other comprehensive income |
| (Foreign currency: functional currency) | | | | | | |
| <u>Financial assets</u> | | | | | | |
| <u>Monetary items</u> | | | | | | |
| USD : NTD | \$ 80,130 | 27.68 | \$ 2,217,986 | 1% | \$ 22,180 | \$ - |
| USD : RMB | 20,288 | 6.3720 | 561,576 | 1% | 5,616 | - |
| USD : KRW | 2,001 | 1,177.87 | 55,393 | 1% | 554 | - |
| EUR : NTD | 14,852 | 31.32 | 465,155 | 1% | 4,652 | - |
| JPY : NTD | 681,423 | 0.2405 | 163,882 | 1% | 1,639 | - |
| JPY : RMB | 1,624,624 | 0.0554 | 390,722 | 1% | 3,907 | - |
| USD : IDR | 1,146 | 13,980 | 31,729 | 1% | 317 | - |
| <u>Financial liabilities</u> | | | | | | |
| <u>Monetary items</u> | | | | | | |
| USD : NTD | \$ 15,872 | 27.68 | \$ 439,334 | 1% | \$ 4,393 | \$ - |
| USD : RMB | 8,562 | 6.3720 | 236,991 | 1% | 2,370 | - |
| USD : VND | 4,000 | 23,067 | 110,720 | 1% | 1,107 | - |
| USD : SGD | 1,598 | 1.3529 | 44,228 | 1% | 442 | - |
| JPY : NTD | 1,433,949 | 0.2405 | 344,865 | 1% | 3,449 | - |
| JPY : RMB | 949,862 | 0.0554 | 228,442 | 1% | 2,284 | - |

iv. The total exchange gain (loss), including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2022 and 2021 were \$287,768 and (\$92,019), 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 years ended December 31, 2022 and 2021 would have increased/decreased by \$6,959 and \$9,408, 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, 2022 and 2021, 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, 2022 and 2021 would have decreased/increased by \$44,398 and \$30,152, 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, 2022 and 2021, the Group has no written-off financial assets that are still under recourse procedures.
- viii. The Group used the forecast ability of global boom information to adjust historical and timely information to assess the default possibility of notes and accounts receivable (including related parties). On December 31, 2022 and 2021, the provision matrix and loss rate methodology are as follows:

(i) Accounts receivable in relation to construction

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

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

(ii) Accounts receivable in relation to sales

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

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

(iii) Based on historical experience, the Group applies individual assessment to evaluate expected credit loss of the high-credit risk customers. On December 31, 2022 and 2021, accounts receivable and loss allowance amounted to \$422,777 and \$335,208 and \$369,680 and \$301,230, respectively.

(iv) Due to the expected insignificant impairment, the Group applies individual assessment to evaluate expected credit loss of receivables due from construction warranties and notes receivable. On December 31, 2022 and 2021, notes and accounts receivable and loss allowance amounted to \$178,050 and \$0 and \$163,195 and \$0, respectively.

ix. Movements in relation to the Group applying the simplified approach to provide loss allowance for notes and accounts receivable (including related parties) are as follows:

| | <u>2022</u> | <u>2021</u> |
|--|----------------------------|----------------------------|
| | <u>Accounts receivable</u> | <u>Accounts receivable</u> |
| At January 1 | \$ 506,170 | \$ 684,513 |
| Provision for (reserval of) impairment | 174,976 (| 6,611) |
| Write-offs | (15,794) | (162,174) |
| Effect of foreign exchange | 10,486 (| 9,558) |
| At December 31 | <u>\$ 675,838</u> | <u>\$ 506,170</u> |

For provisioned loss (gain) for the years ended December 31, 2022 and 2021, the impairment arising from customers' contracts are \$174,976 and (\$6,611), 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.

| <u>Non-derivative financial liabilities</u> | | | | |
|--|-----------------------------|----------------------------------|----------------------------------|-------------------------|
| <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 - 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 |

| <u>Non-derivative financial liabilities</u> | | | | |
|--|-----------------------------|----------------------------------|----------------------------------|-------------------------|
| <u>December 31, 2021</u> | <u>Less than 1 year</u> | <u>Between 1 and 2 years</u> | <u>Between 2 and 5 years</u> | <u>Over 5 years</u> |
| Short-term borrowings (including expected interest) | \$ 3,576,301 | \$ - | \$ - | \$ - |
| Notes payable (including related parties) | 1,737,092 | - | - | - |
| Accounts payable (including related parties) | 6,375,810 | - | - | - |
| Other payables | 853,528 | - | - | - |
| Bonds payable | - | 903,600 | - | - |
| Long-term borrowings (including expected interest) | 1,775 | 200,444 | - | - |
| Lease liabilities | 153,539 | 118,674 | 205,493 | 1,110,174 |

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market and beneficiary certificates are included in Level 3.

B. Financial instruments not measured at fair value

Except for financial assets at fair value through profit or loss, the carrying amounts of cash and cash equivalents, notes receivable (including related parties), accounts receivable (including related parties), other receivables, restricted time deposits (recorded as financial assets at amortized cost-current and non-current), guarantee deposits paid (recorded as other current and non-current assets), short-term borrowings, notes payable (including related parties), accounts payable (including related parties), other payables, lease liabilities, bonds payable, long-term borrowings and guarantee deposits received (recorded as other non-current liabilities) are approximate to their fair values.

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

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

| <u>December 31, 2022</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|--------------------------------|-------------------|----------------|-------------------|-------------------|
| Assets: | | | | |
| <u>Recurring fair value</u> | | | | |
| <u>measurements</u> | | | | |
| Financial assets at fair value | | | | |
| through profit or loss | | | | |
| Equity securities | \$ 141,935 | \$ - | \$ 553,919 | \$ 695,854 |
| Private funds | - | - | 60,113 | 60,113 |
| Hybrid instruments | - | - | 195 | 195 |
| Financial assets at fair value | | | | |
| through other comprehensive | | | | |
| income | | | | |
| Accounts receivable that are | | | | |
| expected to be factored | - | - | 67,875 | 67,875 |
| Total | <u>\$ 141,935</u> | <u>\$ -</u> | <u>\$ 682,102</u> | <u>\$ 824,037</u> |
| <u>December 31, 2021</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| Assets: | | | | |
| <u>Recurring fair value</u> | | | | |
| <u>measurements</u> | | | | |
| Financial assets at fair value | | | | |
| through profit or loss | | | | |
| Equity securities | \$ 197,530 | \$ - | \$ 743,242 | \$ 940,772 |
| Private funds | - | - | 33,183 | 33,183 |
| Hybrid instruments | - | - | 4,066 | 4,066 |
| Total | <u>\$ 197,530</u> | <u>\$ -</u> | <u>\$ 780,491</u> | <u>\$ 978,021</u> |

(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, 2022 and 2021, 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, 2022 and 2021:

| | 2022 | | | 2021 | |
|---|---|---------------------|-----------------------|---|-----------------------|
| | Equity instruments and beneficiary certificates | Debt instruments | Hybrid instruments | Equity instruments and beneficiary certificates | Hybrid instruments |
| At January 1 | \$ 776,425 | \$ - | \$ 4,066 | \$ 499,274 | \$ 8,317 |
| Acquired during the year | 67,465 | 67,875 | - | 86,653 | - |
| Sold during the year | (21,309) | - | - | (7,251) | - |
| Gains and losses recognized in profit or loss (Note) | (208,549) | - | (3,871) | 197,749 | (4,251) |
| At December 31 | <u>\$ 614,032</u> | <u>\$ 67,875</u> | <u>\$ 195</u> | <u>\$ 776,425</u> | <u>\$ 4,066</u> |
| Movement of unrealized gain or loss in profit or loss of assets and liabilities held as at end of the year (Note) | <u>(\$ 208,549)</u> | <u>\$ -</u> | <u>(\$ 3,871)</u> | <u>\$ 197,749</u> | <u>(\$ 4,251)</u> |

Note: Recorded as non-operating income and expense.

F. For the years ended December 31, 2022 and 2021, 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, 2022 | Valuation technique | Significant unobservable input | Range (weighted average) | Relationship of inputs to fair value |
|--|---------------------------------------|-----------------------------|--------------------------------------|--------------------------------|--|
| Non-derivative equity instrument: | | | | | |
| Unlisted shares | \$ 529,562 | Market comparable companies | Note 1 | Not applicable | Note 2 |
| Venture capital shares and private funds | 84,470 | Net asset value | Not applicable | Not applicable | Not applicable |
| Hybrid instrument: | | | | | |
| Convertible bond – call provision | 195 | Binomial tree pricing model | Volatility | 37.56% ~45.23% | The higher the stock price volatility, the higher the fair value |
| | Fair value at December 31, 2021 | Valuation technique | Significant unobservable input | Range (weighted average) | Relationship of inputs to fair value |
| Non-derivative equity instrument: | | | | | |
| Unlisted shares | \$ 717,640 | Market comparable companies | Note 1 | Not applicable | Note 2 |
| Venture capital shares and private funds | 58,785 | Net asset value | Not applicable | Not applicable | Not applicable |
| Hybrid instrument: | | | | | |
| Convertible bond – call provision | 4,066 | Binomial tree pricing model | Volatility | 38.17% ~51.72% | The higher the stock price volatility, the higher the fair value |

Note 1: Price to earnings ratio multiple, price to book ratio multiple, enterprise value to operating income ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability.

Note 2: The higher the multiple and control premium, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value.

- I. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

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

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

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, 2022 and 2021 is as follows:

| | 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 |
| | <u>\$ 7,056,302</u> | <u>\$ 33,090,418</u> | <u>\$ 10,219,727</u> | <u>\$ 257</u> | <u>\$ 50,366,704</u> |
| Inter-segment revenue | <u>379,611</u> | <u>281,184</u> | <u>45,935</u> | <u>4,615</u> | <u>711,345</u> |
| 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> |

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

(4) Reconciliation for segment income (loss)

Sales and services between segments are carried out at arm's length. The revenue and financial information from external customers reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income. A reconciliation of reportable segment income or loss to the income before tax from continuing operations for the years ended December 31, 2022 and 2021 is provided as follows:

| | Years ended December 31, | |
|--|--------------------------|---------------------|
| | <u>2022</u> | <u>2021</u> |
| Reportable segments income | \$ 2,870,911 | \$ 1,649,361 |
| Other reportable segments loss | (4,661) | (6,275) |
| Total segments | 2,866,250 | 1,643,086 |
| Other gains and losses | 226,173 | 355,675 |
| Finance costs | (95,985) | (58,380) |
| Income before tax from continuing operations | <u>\$ 2,996,438</u> | <u>\$ 1,940,381</u> |

(5) Information on products

Details of revenue are as follows:

| | Years ended December 31, | |
|--|--------------------------|----------------------|
| | 2022 | 2021 |
| Automatic supplying system | \$ 19,804,801 | \$ 10,420,063 |
| Total Facility Engineering Turnkey Project | 10,403,881 | 7,463,868 |
| R&D and manufacturing of customized equipment | 10,217,482 | 8,647,217 |
| Sales and service of high-tech equipment and materials | 9,940,540 | 7,927,526 |
| Total | <u>\$ 50,366,704</u> | <u>\$ 34,458,674</u> |

(6) Geographical information

Financial information by geographical area for the years ended December 31, 2022 and 2021 is as follows:

| | Years ended December 31, | | | |
|--------|--------------------------|---------------------|----------------------|---------------------|
| | 2022 | | 2021 | |
| | Revenue | Non-current assets | Revenue | Non-current assets |
| Taiwan | \$ 20,083,258 | \$ 3,278,793 | \$ 18,276,141 | \$ 3,067,876 |
| China | 13,049,419 | 183,074 | 8,086,508 | 223,874 |
| USA | 9,065,003 | 557,742 | 937,817 | 232,622 |
| Others | 8,169,024 | 166,420 | 7,158,208 | 212,944 |
| Total | <u>\$ 50,366,704</u> | <u>\$ 4,186,029</u> | <u>\$ 34,458,674</u> | <u>\$ 3,737,316</u> |

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

(7) Major customer information

Information of customers whose revenue exceeds 10% of the total operating revenue for the years ended December 31, 2022 and 2021:

| | Years ended December 31, | | | |
|------------|--------------------------|--|------------|--|
| | 2022 | | 2021 | |
| | Revenue | Segment | Revenue | Segment |
| Customer A | \$ 8,759,312 | Facility system and mechanic & electric system service segment | \$ 742,986 | Facility system and mechanic & electric system service segment |
| Customer B | 7,038,810 | R&D and manufacturing of customized equipment segment | 7,359,354 | 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, 2022

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, 2022 (Note 3) | Balance at December 31, 2022 (Note 8) | Actual amount drawn down | Interest rate (%) | Nature of loan (Note 4) | Amount of transactions with the borrower (Note 5) | Reason for short-term financing (Note 6) | Allowance for doubtful accounts | Collateral | | Limit on loans granted to a single party (Note 7) | Ceiling on total loans granted (Note 7) | Footnote |
|-----------------|--|---|-------------------------------------|--------------------|---|--|--------------------------|-------------------|----------------------------|--|---|---------------------------------|------------|-------|--|--|------------|
| | | | | | | | | | | | | | Item | Value | | | |
| 0 | Marketech International Corp. | Marketech Integrated Pte. Ltd. | Other receivables - related parties | Y | \$ 64,458 | \$ 39,923 | \$ 39,923 | 4.366 | Short-term financing | \$ - | Operations | \$ - | None | \$ - | \$ 3,742,032 | \$ 3,742,032 | Note 7 |
| 0 | Marketech International Corp. | Marketech International Sdn. Bhd. | Other receivables - related parties | Y | 83,475 | 55,278 | 9,213 | 4.366-4.867 | Short-term financing | - | Operations | - | None | - | 3,742,032 | 3,742,032 | Note 7 |
| 0 | Marketech International Corp. | MIC-Tech Viet Nam Co., Ltd. | Other receivables - related parties | Y | 239,520 | 122,840 | 122,840 | 4.616 | Short-term financing | - | Operations | - | None | - | 3,742,032 | 3,742,032 | Note 7 |
| 0 | Marketech International Corp. | Marketech International Corporation USA | Other receivables - related parties | Y | 463,350 | 460,650 | - | 4.867 | Short-term financing | - | Operations | - | None | - | 3,742,032 | 3,742,032 | Note 7 |
| 1 | MIC-Tech Electronics Engineering Corp. | Shanghai Maohua Electronics Engineering Co., Ltd. | Other receivables | Y | 52,404 | 26,447 | 26,447 | 4.350 | Short-term financing | - | Operations | - | None | - | 316,031 | 632,062 | Note 7 |
| 1 | MIC-Tech Electronics Engineering Corp. | Fuzhou Jiwei System Integrated Co., Ltd. | Other receivables | Y | 2,219 | - | - | - | Short-term financing | - | Operations | - | None | - | 632,062 | 632,062 | Note 7 & 9 |
| 2 | MIC-Tech (Shanghai) Corp. | MIC-Tech China Trading (Shanghai) Co., Ltd. | Other receivables | Y | 13,419 | - | - | - | Short-term financing | - | Operations | - | None | - | 573,850 | 573,850 | Note 7 |
| 3 | Marketech Integrated Manufacturing Company Limited | Marketech Integrated Construction Co., Ltd. | Other receivables | Y | 11,130 | 7,678 | 6,142 | 7.000 | Short-term financing | - | Operations | - | None | - | 58,382 | 116,765 | Note 7 |
| 4 | Marketech Co., Ltd. | MIC-Tech Viet Nam Co., Ltd | Other receivables | Y | 6,985 | - | - | - | Short-term financing | - | Operations | - | None | - | 5,290 | 5,290 | 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, 2022.

Note 4: The column of 'Nature of loan' shall fill in 'Business transaction' or 'Short-term financing'.

Note 5: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 6: Fill in purpose of loan when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 7: Fill in limit on loans granted to a single party and ceiling on total loans granted as prescribed in the creditor company's "Procedures for Provision of Loans", and state each individual party to which the loans have been provided and the calculation for ceiling on total loans granted in the footnote.

The Company's ceiling on loans to others are as follows:

(1) Limit on the total loans to others provided by the Company is 40% of the net assets based on the Company's latest financial statements.

(2) Limit on the loans provided by the Company granted for a single party are as follows:

(2-1) Limit on loans to a single party with business transactions is the higher value of purchasing and selling during current year on the year of financing, and can't exceed the total business transactions amount within 12 month.

(2-2) For short-term financing, limit on loans granted for a single party is 40% of the net assets based on the latest financial statements of the lending companies. The amount of loans to a single party is the accumulated balance of the lending company's short-term financing for single party.

Limit on the loans provided by the Company's mainland subsidiaries:

(1) Limit on the total loans to others provided by the Company's mainland subsidiaries is 80% of the net assets based on the latest financial statements of the lending companies.

(2) Limit on the loans provided by the Company's mainland subsidiaries granted for a single party are as follows:

(2-1) Limit on loans to a single party with business transactions is the higher value of purchasing and selling during current year on the year of financing, and can't exceed the total business transactions amount within 12 month.

(2-2) For short-term financing between the Company's mainland subsidiary and the foreign companies which the ultimate parent company holds 100% of the voting rights directly or indirectly, limit on loans granted for a single party is 80% of the net assets based on the latest financial statements of the lending companies.

(2-3) For short-term financing between the Company's mainland subsidiaries and aforementioned associates, limit on loans granted for a single party is 40% of the net assets based on the latest financial statements of the lending companies. The amount of loans to a single party is the accumulated balance of the lending company's short-term financing for single party.

Limit on the loans provided by the Company's Vietnam subsidiaries:

(1) Limit on the total loans to others provided by the Company's Vietnam subsidiaries is 80% of the net assets based on the latest financial statements of the lending companies.

(2) Limit on the loans provided by the Company's Vietnam subsidiaries granted for a single party are as follows:

(2-1) Limit on loans to a single party with business transactions is the higher value of purchasing and selling during current year on the year of financing, and can't exceed the total business transactions amount within 12 month.

(2-2) For short-term financing between the Company's Vietnam subsidiary and the foreign companies which the ultimate parent company holds 100% of the voting rights directly or indirectly, limit on loans granted for a single party is 80% of the net assets based on the latest financial statements of the lending companies.

(2-3) For short-term financing between the Company's Vietnam subsidiaries and aforementioned associates, limit on loans granted for a single party is 40% of the net assets based on the latest financial statements of the lending companies. The amount of loans to a single party is the accumulated balance of the lending company's short-term financing for single party.

Limit on the loans provided by the Company's Myanmar subsidiaries:

(1) Limit on the total loans to others provided by the Company's Myanmar subsidiaries is 80% of the net assets based on the latest financial statements of the lending companies.

(2) Limit on the loans provided by the Company's Myanmar subsidiaries granted for a single party are as follows:

(2-1) Limit on loans to a single party with business transactions is the higher value of purchasing and selling during current year on the year of financing, and can't exceed the total business transactions amount within 12 month.

(2-2) For short-term financing between the Company's Myanmar subsidiary and the foreign companies which the ultimate parent company holds 100% of the voting rights directly or indirectly, limit on loans granted for a single party is 80% of the net assets based on the latest financial statements of the lending companies.

(2-3) For short-term financing between the Company's Myanmar subsidiaries and aforementioned associates, limit on loans granted for a single party is 40% of the net assets based on the latest financial statements of the lending companies. The amount of loans to a single party is the accumulated balance of the lending company's short-term financing for single party.

Note 8: The amounts of funds to be loaned to others which have been approved by the board of directors of a public company in accordance with Article 14, Item 1 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment.

In addition, if the board of directors of a public company has authorized the chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the board of directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

Note 9: Fuzhou Jiwei System Integrated Co., LTD. completed the liquidation procedure in September 2022.

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
Provision of endorsements and guarantees to others
For the year ended December 31, 2022

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, 2022 (Note 5) | Outstanding endorsement/ guarantee amount at December 31, 2022 (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 | \$ 4,677,540 | \$ 81,430 | \$ 80,761 | \$ 62,988 | \$ - | 0.86% | \$ 9,355,079 | Y | N | N | Note 4 |
| 0 | Marketech International Corp. | MIC-Tech (Shanghai) Corp. | 2 | 4,677,540 | 822,488 | 564,887 | - | - | 6.04% | 9,355,079 | Y | N | Y | Note 4 |
| 0 | Marketech International Corp. | MIC-Tech (WuXi) Co., Ltd. | 2 | 4,677,540 | 386,970 | 304,571 | 175,047 | - | 3.26% | 9,355,079 | Y | N | Y | Note 4 |
| 0 | Marketech International Corp. | MIC-Tech Electronics Engineering Corp. | 2 | 4,677,540 | 3,071,992 | 2,629,482 | 1,918,879 | - | 28.11% | 9,355,079 | Y | N | Y | Note 4 |
| 0 | Marketech International Corp. | Shanghai Maohua Electronics Engineering Co., Ltd. | 2 | 4,677,540 | 303,626 | 139,440 | 12,182 | - | 1.49% | 9,355,079 | Y | N | Y | Note 4 |
| 0 | Marketech International Corp. | Marketech International Sdn. Bhd. | 2 | 4,677,540 | 166,950 | 122,840 | 18,737 | - | 1.31% | 9,355,079 | Y | N | N | Note 4 |
| 0 | Marketech International Corp. | eZoom Information, Inc. | 2 | 4,677,540 | 80,000 | 55,000 | 18,698 | - | 0.59% | 9,355,079 | Y | N | N | Note 4 |
| 0 | Marketech International Corp. | Te Chang Construction Co., Ltd. | 5 | 4,677,540 | 174,418 | 44,418 | 22,167 | - | 0.47% | 9,355,079 | N | N | N | Note 4 |
| 0 | Marketech International Corp. | Marketech International Corporation USA | 2 | 4,677,540 | 1,966,450 | 1,608,058 | 1,137,248 | - | 17.19% | 9,355,079 | Y | N | N | Note 4 |
| 1 | MIC-Tech Electronics Engineering Corp. | MIC-Tech Viet Nam Co., Ltd. | 4 | 2,370,234 | 450,989 | - | - | - | - | 3,950,390 | N | N | N | Note 4 |
| 1 | MIC-Tech Electronics Engineering Corp. | The Fourth Construction Co., Ltd. of China Electronics System Engineering | 5 | 2,370,234 | 831,264 | - | - | - | - | 3,950,390 | N | N | Y | Note 4 |
| 1 | MIC-Tech Electronics Engineering Corp. | Marketech International Corp. | 3 | 2,370,234 | 159,336 | 153,459 | 153,459 | - | 19.42% | 3,950,390 | N | Y | N | Note 4 |
| 1 | MIC-Tech Electronics Engineering Corp. | The Second Construction Co., Ltd. of China Electronics System Engineering | 5 | 2,370,234 | 1,122 | 1,122 | 1,122 | - | 0.14% | 3,950,390 | 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 Lending of Funds and Making of Endorsements/ Guarantees by Public Companies":

- (1) In accordance with mutual guarantee requirement in the same industry for contracting constructions, limit on endorsement/guarantee to a single party is the net assets of the Company.
- (2) In accordance with business relationship, limit on endorsement/guarantee to a single party is the total value of business transactions within past 12 months. (the value of business transactions is the higher of purchases or sales)
- (3) Except for (1) and (2) mentioned above, limit on endorsement/guarantee to a single party is 50% of the net assets of the Company.
- (4) For (2) and (3) mentioned above, limit on the total amount of endorsement/guarantee is the net assets of the Company.
- (5) For the Company and subsidiaries, limit on endorsement/guarantee to a single party is the net assets of the Company; limit on the total amount is 5 times of the net assets of the Company.

Limit on endorsements and guarantees of the Company's mainland subsidiaries:

- (1) In accordance with mutual guarantee requirement in the same industry or the common builders for contracting constructions, or provision of endorsements and guarantees for joint ventures from shareholders in proportion to shareholding ratio, limit on the total amount is 5 times of the net assets of the endorser/guarantor on endorsement/guarantee to a single party is three times of the net assets of the endorser/guarantor.
- (2) Except for (1), the Group follows standards of endorsements and guarantees as below:
 - (2-1) Total amount: (2-1-1) Limit on the accumulated endorsements and guarantees is 5 times of the net assets of the endorser/guarantor;
 - (2-1-2) Limit on endorsements and guarantees to a company of which the endorser company and the Company directly or indirectly holds 90%, should meet the requirement in (2-1-1) and may not exceed 10% of the ultimate parent's net assets.
 - (2-1-3) Total endorsements and guarantees of the endorser/guarantor and its subsidiaries are limited to 5 times of the net assets of the endorser/guarantor.
 - (2-2) Limit on endorsement/guarantee to a single party
 - (2-2-1) For the companies having business relationship with the endorser/guarantor and thus being provided endorsements/guarantees, limit on endorsements to a single party is the total value of business transactions within past 12 months.
(the value of business transactions is the higher of purchase or sales)
 - (2-2-2) Limit on endorsement/guarantee to a single party who having business relationship with the Group is 3 times of the net assets of the endorser/guarantor.

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, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

| As of December 31, 2022 | | | | | | | | | | |
|-------------------------------|-------------------------------|--|--|--|------------------|---------------------|---------------|-------------------|------------|----------|
| 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 | \$ 101,071 | - | \$ 101,071 | None | |
| " | " | Aerospace Industrial Development Corp. | " | " | 50,925 | 1,821 | - | 1,821 | " | |
| | | | | | | <u>\$ 102,892</u> | | <u>\$ 102,892</u> | | |
| " | Ordinary shares | Taiwan Colour & Imaging Technology Corp. | None | Financial assets measured at fair value through profit or loss - non-current | 1,700,000 | \$ - | 12.15% | \$ - | None | |
| " | " | Chung-Hsin Electric and Machinery Manufacturing Corp. | " | " | 581,000 | 39,043 | 0.12% | 39,043 | " | |
| " | " | WINGS GLOBAL TECHNOLOGY INC. | " | " | 750,000 | 7,558 | 18.75% | 7,558 | " | |
| " | " | Promos Technologies, Inc. | " | " | 250,331 | - | 0.56% | - | " | |
| " | " | Taiwan Puritic Corp. | " | " | 4,084,181 | 236,311 | 6.72% | 236,311 | " | |
| " | " | SOPOWER Technology Corp. | " | " | 189,223 | - | 0.80% | - | " | |
| " | " | VEEV Interactive Pte. Ltd. | " | " | 840,000 | - | 6.32% | - | " | |
| " | " | Taiwan Intelligent Fiber Optic Network Co., Civil Tech Pte. Ltd. | " | " | 3,219,697 | 16,324 | 1.41% | 16,324 | " | |
| " | " | ProbeLeader Co., Ltd. | Entities controlled by key management or entities with significant influence | " | 966,000 | 13,916 | 3.46% | 13,916 | " | |
| " | " | Top Green Energy Technologies, Inc. | None | " | 1,111,111 | - | 0.89% | - | " | |
| " | " | IP Fund Six Co., Ltd. | " | " | 772,321 | 7,097 | 1.79% | 7,097 | " | |
| " | " | Innorich Venture Capital Corp. | " | " | 1,000,000 | 6,840 | 1.87% | 6,840 | " | |
| " | " | Taiwan Foresight Co., Ltd. | " | " | 380,000 | 2,870 | 2.24% | 2,870 | " | |
| " | " | Long Time Technology Corp. | " | " | 346,000 | 11,889 | 0.29% | 11,889 | " | |
| " | " | Paradigm Venture Capital Corp. | " | " | 76,659 | 1,037 | 3.50% | 1,037 | " | |
| " | " | Taiwan Special Chemicals Corp. | " | " | 1,858,827 | 77,374 | 1.35% | 77,374 | " | |
| " | " | Atech Totalsolution Co., Ltd. | " | " | 128,000 | - | 0.23% | - | " | |
| " | " | East Wind Life Science Systems | " | " | 124,457 | - | 12.87% | - | " | |
| " | " | EcoLand Corp. | " | " | 310,715 | - | 13.51% | - | " | |
| " | " | Kcashin Technology Corporation | " | " | 642,500 | 186 | 19.01% | 186 | " | |
| " | " | Radisen Co., Ltd. | " | " | 87,803 | - | 18.49% | - | " | |
| " | " | Foresight Energy Technologies Co., Ltd. | " | " | 675,000 | - | 2.70% | - | " | |
| " | " | Mycropore Corporation, Ltd. | " | " | 1,471,000 | 8,060 | 8.44% | 8,060 | " | |
| " | " | STEK CO., LTD. | " | " | 507,428 | 16,519 | 6.27% | 16,519 | " | |
| " | " | Sum Capital Healthcare Investment Corp. | Entities controlled by key management or entities with significant influence | " | 943,050 | 9,383 | 7.44% | 9,383 | " | |
| " | " | Forward Science Corp. | " | " | 2,650,240 | 44,432 | 8.41% | 44,432 | " | |
| " | " | Renown Information Technology Corp. | None | " | 720,000 | 6,401 | 14.40% | 6,401 | " | |
| " | " | TAIWAN TRUEWIN TECHNOLOGY CO., | " | " | 679,325 | 26,660 | 2.24% | 26,660 | " | |
| " | " | Sharpcon Optical Co., Ltd. | " | " | 829,439 | 3,679 | 6.30% | 3,679 | " | |
| " | " | Everlasting Digital ESG Co., Ltd. | Entities controlled by key management or entities with significant influence | " | 100,000 | 657 | 5.88% | 657 | " | |
| " | " | Artfil, Inc. | None | " | 215 | 22,537 | 9.33% | 22,537 | " | |
| " | " | MEGA UNION TECHNOLOGY | " | " | 659,837 | 34,189 | 1.10% | 34,189 | " | |
| " | Private funds | Zoyi II Investment Limited Partnership | " | " | - | 18,539 | - | 18,539 | " | |
| " | Convertible bonds | HALLYS CORPORATION | " | " | - | - | - | - | " | |
| " | " | Radisen Co., Ltd. | " | " | - | - | - | - | " | |
| " | " | Nitride Solutions Inc. | " | " | - | - | - | - | " | |
| " | " | Kinestral Technologies, Inc. | " | " | - | - | - | - | " | |
| " | Preferred stock | Adant Technologies Inc. | " | " | 174,520 | - | Note 3 | - | " | |
| " | " | Kinestral Technologies, Inc. | " | " | 501,532 | - | " | - | " | |
| " | Private funds | Vertex Growth (SG) LP | " | " | - | 37,808 | - | 37,808 | " | |
| " | " | Vertex Growth II (SG) LP | " | " | - | 3,766 | - | 3,766 | " | |
| | | Total | | | | <u>\$ 653,075</u> | | <u>\$ 653,075</u> | | |

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortized cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 3: Holding preferred stock.

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES

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

For the year ended December 31, 2022

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) | |
| MIC-Tech Global Corp. | Marketech International Corp. | Subsidiary | Sales | \$ 211,432 | 95.69% | Note 1 | \$ - | - | \$ 20,629 | 99.9% | - |

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

Note 2: Sales revenue for the year ended December 31, 2022.

Note 3: 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, 2022

Table 5

Expressed in thousands of NTD
 (Except as otherwise indicated)

| Creditor | Counterparty | Relationship with the counterparty | Balance as at December 31, 2022 | | Turnover rate | Overdue receivables | | Amount collected subsequent to the balance sheet date | Allowance for doubtful accounts |
|-------------------------------------|--|---------------------------------------|---------------------------------|---------|---------------|---------------------|--------------|---|------------------------------------|
| | | | (Note 1) | | | Amount | Action taken | | |
| Marketch International Corp. | MIC-Tech Viet Nam Co., Ltd. | Subsidiary | \$ | 124,294 | Note 2 | \$ | - | \$ | - |
| MIC-Tech Ventures Asia Pacific Inc. | MIC-Tech Electronics Engineering Corp. | " | | 114,604 | " | | - | | - |
| MIC-Tech Ventures Asia Pacific Inc. | MIC-Tech (Shanghai) Corp. | " | | 220,393 | " | | - | | - |

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

Note 2: Recorded as "other receivables thus, it is not applicable.

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
Significant inter-company transactions during the reporting period

For the year ended December 31, 2022

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

| Number (Note 1) | Company name | Counterparty | Relationship (Note 2) | Transaction | | Transaction terms | Percentage of consolidated total operating revenues or total assets (Note 3) |
|--------------------|---|---|--------------------------|--------------------------|-----------|---|--|
| | | | | General ledger account | Amount | | |
| 0 | Marketech International Corp. | MIC-Tech (Shanghai) Corp. | 1 | Sales revenue | \$ 34,659 | Sales revenue: | 0.07% |
| 0 | Marketech International Corp. | MIC-Tech (Shanghai) Corp. | 1 | Non-operating revenue | 5,877 | Prices and terms of sales of goods to related parties | 0.01% |
| 0 | Marketech International Corp. | MIC-Tech Electronics Engineering Corp. | 1 | Other receivables | 13,158 | are approximately the same to third parties. A certain | 0.04% |
| 0 | Marketech International Corp. | MIC-Tech Electronics Engineering Corp. | 1 | Non-operating revenue | 21,329 | percentage of profit is negotiated for sale of services | 0.04% |
| 0 | Marketech International Corp. | MIC-Tech Electronics Engineering Corp. | 1 | Construction revenue | 5,698 | with related parties. | 0.01% |
| 0 | Marketech International Corp. | MIC-Tech China Trading (Shanghai) Co., Ltd. | 1 | Sales revenue | 5,880 | Construction revenue: | 0.01% |
| 0 | Marketech International Corp. | Marketech Integrated Pte. Ltd. | 1 | Accounts receivable | 10,128 | The prices of construction contracts entered into with | 0.03% |
| 0 | Marketech International Corp. | Marketech Integrated Pte. Ltd. | 1 | Other receivables | 40,397 | related parties and third parties are based on normal | 0.11% |
| 0 | Marketech International Corp. | Marketech Integrated Pte. Ltd. | 1 | Sales revenue | 21,681 | construction contracts or individual agreements. | 0.04% |
| 0 | Marketech International Corp. | Marketech Integrated Pte. Ltd. | 1 | Services revenue | 8,963 | Furthermore, the collection terms to related parties | 0.02% |
| 0 | Marketech International Corp. | Marketech International Sdn. Bhd. | 1 | Other receivables | 9,435 | are approximately the same to third parties, which is | 0.03% |
| 0 | Marketech International Corp. | MIC-Tech Viet Nam Co., Ltd. | 1 | Other receivables | 124,294 | about 2 to 3 months after inspection of construction | 0.35% |
| 0 | Marketech International Corp. | Marketech Netherlands B.V. | 1 | Prepayment for purchases | 5,882 | depending on the construction contracts or individual | 0.02% |
| 0 | Marketech International Corp. | MIC Healthcare Korea Co., Ltd. | 1 | Sales revenue | 12,268 | agreements. | 0.02% |
| 0 | Marketech International Corp. | Marketech International Corporation USA | 1 | Construction revenue | 44,893 | | 0.09% |
| 0 | Marketech International Corp. | Marketech International Corporation USA | 1 | Non-operating revenue | 7,447 | | 0.01% |
| 1 | eZoom Information, Inc. | Marketech International Corp. | 2 | Services revenue | 62,207 | | 0.12% |
| 1 | eZoom Information, Inc. | Marketech International Corp. | 2 | Construction revenue | 5,960 | | 0.01% |
| 2 | MIC-Tech Global Corp. | Marketech International Corp. | 2 | Sales revenue | 211,432 | | 0.42% |
| 2 | MIC-Tech Global Corp. | Marketech International Corp. | 2 | Accounts receivable | 20,629 | | 0.06% |
| 3 | Spiro Technology Systems Inc. | Marketech International Corp. | 2 | Accounts receivable | 11,359 | | 0.03% |
| 3 | Spiro Technology Systems Inc. | Marketech International Corp. | 2 | Sales revenue | 91,277 | | 0.18% |
| 4 | Marketech Netherlands B.V. | Marketech International Corp. | 2 | Accounts receivable | 5,854 | | 0.02% |
| 4 | Marketech Netherlands B.V. | Marketech International Corp. | 2 | Sales revenue | 23,588 | | 0.05% |
| 5 | Vertex System Corporation | Marketech International Corp. | 2 | Construction revenue | 12,540 | | 0.02% |
| 6 | MIC-Tech Electronics Engineering Corp. | MIC-Tech (Shanghai) Corp. | 3 | Construction revenue | 7,676 | | 0.02% |
| 6 | MIC-Tech Electronics Engineering Corp. | Shanghai Maohua Electronics Engineering Co., Ltd. | 3 | Other receivables | 26,447 | | 0.07% |
| 6 | MIC-Tech Electronics Engineering Corp. | Shanghai Maohua Electronics Engineering Co., Ltd. | 3 | Prepayment for purchases | 13,224 | | 0.04% |
| 7 | Shanghai Maohua Electronics Engineering Co., Ltd. | MIC-Tech Electronics Engineering Corp. | 3 | Accounts receivable | 22,950 | | 0.06% |
| 7 | Shanghai Maohua Electronics Engineering Co., Ltd. | MIC-Tech Electronics Engineering Corp. | 3 | Construction revenue | 123,222 | | 0.24% |
| 7 | Shanghai Maohua Electronics Engineering Co., Ltd. | MIC-Tech Electronics Engineering Corp. | 3 | Sales revenue | 13,598 | | 0.03% |
| 8 | MIC-Tech Ventures Asia Pacific Inc. | MIC-Tech Electronics Engineering Corp. | 3 | Other receivables | 114,604 | | 0.32% |
| 8 | MIC-Tech Ventures Asia Pacific Inc. | MIC-Tech (Shanghai) Corp. | 3 | Other receivables | 220,393 | | 0.62% |
| 9 | Marketech Integrated Manufacturing Co., Ltd. | Marketech Integrated Construction Co., Ltd. | 3 | Other receivables | 6,423 | | 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, 2022

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, 2022 | | | Net profit (loss) of the investee for the year ended December 31, 2022 | Investment income (loss) recognized by the Company for the year ended December 31, 2022 (Note 1) | Footnote |
|-------------------------------|--|----------------|--|------------------------------------|---------------------------------|-------------------------------------|---------------|------------|--|--|--------------------------|
| | | | | Balance as at December 31, 2022 | Balance as at December 31, 2021 | Number of shares | Ownership (%) | Book value | | | |
| Marketech International Corp. | Marketech Integrated Pte. Ltd. | Singapore | Contracting for semiconductor automatic supply system | \$ 292,147 | \$ 233,306 | 12,898,078 | 100 | \$ 12,708 | (\$ 3,305) | (\$ 3,305) | The Company's subsidiary |
| Marketech International Corp. | Market Go Profits Ltd. | Virgin Islands | Investment holding and reinvestment | 1,299,429 | 1,328,547 | 40,119,104 | 100 | 2,370,906 | 686,499 | 686,499 | The Company's subsidiary |
| Marketech International Corp. | MIC-Tech Global Corp. | South Korea | International trade | 19,147 | 19,147 | 131,560 | 100 | 15,198 | 2,940 | 2,940 | The Company's subsidiary |
| Marketech International Corp. | Headquarter International Ltd. | Virgin Islands | Investment holding and reinvestment | 42,475 | 42,475 | 1,289,367 | 100 | 37,058 | (382) | (382) | 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 | 34,671 | (152) | (152) | The Company's subsidiary |
| Marketech International Corp. | Marketech Engineering Pte. Ltd. | Singapore | Contracting for electrical installing construction | 21,804 | 21,804 | 937,533 | 100 | (3,356) | (3,542) | (3,542) | 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 | 145,956 | (36,190) | (36,190) | The Company's subsidiary |
| Marketech International Corp. | MIC-Tech Viet Nam Co., Ltd. | Vietnam | Trading, installation and repair of various machinery equipment and its peripherals; consulting service and software execution service associated with computer hardware installation | 131,060 | 131,060 | - | 100 | 91,016 | (41,236) | (41,236) | 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 | 6,613 | (7,320) | (7,320) | The Company's subsidiary |
| Marketech International Corp. | eZoom Information, Inc. | Taiwan | Research, trading and consulting of information system software and hardware appliance | 230,737 | 225,737 | 23,500,000 | 100 | 61,488 | (37,100) | (37,100) | The Company's subsidiary |
| Marketech International Corp. | Marketech International Sdn.Bhd. | Malaysia | Specialized contracting and related repair services; sales of medical devices | 82,014 | 82,014 | 12,242,750 | 100 | 44,671 | (11,090) | (11,090) | The Company's subsidiary |
| Marketech International Corp. | Marketech International Corporation USA | USA | Specialized contracting and related repair services | 259,794 | 110,309 | 8,750,000 | 100 | 667,977 | 393,884 | 393,884 | The Company's subsidiary |

| Investor | Investee | Location | Main business activities | Initial investment amount (Note 2) | | Shares held as at December 31, 2022 | | | Net profit (loss) of the investee for the year ended December 31, 2022 | Investment income (loss) recognized by the Company for the year ended December 31, 2022 (Note 1) | Footnote |
|-------------------------------|--------------------------------------|-------------|--|------------------------------------|---------------------------------|-------------------------------------|---------------|------------|--|--|--|
| | | | | Balance as at December 31, 2022 | Balance as at December 31, 2021 | Number of shares | Ownership (%) | Book value | | | |
| Marketech International Corp. | Spiro Technology Systems Inc. | USA | International trade | \$ 54,074 | \$ 54,074 | 1,000,000 | 100 | \$ 82,639 | \$ 25,785 | \$ 25,785 | 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 | 64,119 | 5,005,940 | 25.62 | 28,931 | (70,988) | (18,208) | 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 | 35,209 | 3,393 | 3,393 | The Company's subsidiary |
| Marketech International Corp. | Marketech Netherlands B.V | Netherlands | International trade business of machine and components and technical service | 40,510 | 31,253 | 1,200,000 | 100 | 5,378 | (7,545) | (7,545) | The Company's subsidiary |
| Marketech International Corp. | Glory Technology Service Inc.. | Taiwan | Sale and installation of information and communication equipment | 42,714 | 42,714 | 5,968,371 | 29.24 | 68,926 | 12,262 | 3,586 | 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 | 1,807 | (38) | (7) | The Company's investee accounted for using equity method |
| Marketech International Corp. | Taiwan Radisen HealthCare Co., Ltd. | Taiwan | Smart medical consulting services and investment | 500 | 500 | 50,000 | 100.00 | 377 | (41) | (41) | 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 | 37,073 | (13,051) | (8,007) | The Company's subsidiary |
| Marketech International Corp. | Bolite Co., Ltd. | Taiwan | Precision R&D, manufacturing and sales of laser-related modules and equipment, and provide laser application solutions | 19,200 | - | 1,600,000 | 32 | 26,646 | 23,268 | 7,446 | 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 | 22,822 | 8,321 | 2,000,000 | 100 | 8,838 | (12,594) | (12,594) | The Company's subsidiary |
| Marketech International Corp. | Marketech International Corp. Japan | Japan | International trade | 2,302 | - | 990 | 100 | 2,190 | (109) | (109) | The Company's subsidiary |

| Investor | Investee | Location | Main business activities | Initial investment amount (Note 2) | | Shares held as at December 31, 2022 | | | Net profit (loss) of the investee for the year ended December 31, 2022 | Investment income (loss) recognized by the Company for the year ended December 31, 2022 (Note 1) | Footnote |
|-------------------------------------|---|----------------|--|------------------------------------|---------------------------------|-------------------------------------|---------------|--------------|--|--|---|
| | | | | Balance as at December 31, 2022 | Balance as at December 31, 2021 | Number of shares | Ownership (%) | Book value | | | |
| Market Go Profits Ltd. | MIC-Tech Ventures Asia Pacific Inc. | Cayman Islands | Investment holding and reinvestment | \$ 1,293,932 | \$ 1,323,049 | 40,016,604 | 100 | \$ 2,369,586 | \$ 686,587 | \$ - | The investor's subsidiary |
| Marketech Engineering Pte Ltd. | Marketech Integrated Construction Co., Ltd. | Myanmar | Contracting for electrical installing construction | 19,342 | 19,342 | 63,500 | 97.69 | (4,007) | (3,472) | - | The investor's subsidiary |
| MIC-Tech Ventures Asia Pacific Inc. | Rusky H.K. Limited | Hong Kong | Investment holding and reinvestment | 34,551 | 34,551 | 833,000 | 100 | (8,102) | (30,137) | - | The investor's subsidiary |
| MIC-Tech Ventures Asia Pacific Inc. | Frontken MIC Co. Limited | Hong Kong | Investment holding and reinvestment | 31,422 | 31,422 | 2,337,608 | 100 | 3,345 | (148) | - | The investor's subsidiary |
| MIC-Tech Ventures Asia Pacific Inc. | MICT International Limited | Hong Kong | Investment holding and reinvestment | 132,282 | 132,282 | 5,400,000 | 60 | 33,166 | 3,743 | - | 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 | (4,632) | (5,411) | - | 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 | 6,711 | (6,969) | - | 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 | 3,393 | - | 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, 2022, the initial investment amounts of other investees are translated at the current rate as of the investment date.

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES

Information on investments in Mainland China

For the year ended December 31, 2022

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, 2022 (Note 3) | Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022 (Note 3) | | Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022 (Note 3) | Net income of investee for the year ended December 31, 2022 | Ownership held by the Company (direct or indirect) | Investment income (loss) recognized by the Company for the year ended December 31, 2022 (Note 2) | Book value of investments in Mainland China as of December 31, 2022 | Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022 | 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 | \$ 783,105 | Note 1(2) | \$ 629,555 | \$ - | \$ - | \$ 629,555 | \$ 83,126 | 100 | \$ 83,686 | \$ 141,745 | \$ - | 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 | 253,081 | Note 1(2) | 15,355 | - | - | 15,355 | 288,444 | 100 | 288,444 | 717,312 | - | Note 2 (2)B |
| Fuzhou Jiwei System Integrated Co., Ltd. | Installation and complete services of clean room, mechanical system and street pipe system | 9,213 | Note 1(2) | 9,213 | - | - | 9,213 | 2,177 | 100 | 2,177 | - | - | Note 2 (2)B & 4 |
| 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 | 18,426 | Note 1(2) | 18,518 | - | - | 18,518 | (34,571) | 87 | (30,077) | (10,858) | - | 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 | 541,079 | Note 1(2) | 261,649 | - | - | 261,649 | 290,334 | 100 | 290,334 | 790,078 | - | 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 | 214,970 | Note 1(2) | 119,769 | - | - | 119,769 | 3,743 | 60 | 2,246 | 32,397 | - | Note 2 (2)B |

| Investee in Mainland China | Main business activities | Paid-in capital (Note 3) | Investment method (Note 1) | Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022 (Note 3) | Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022 (Note 3) | | Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022 (Note 3) | Net income of investee for the year ended December 31, 2022 | Ownership held by the Company (direct or indirect) | Investment income (loss) recognized by the Company for the year ended December 31, 2022 (Note 2) | Book value of investments in Mainland China as of December 31, 2022 | Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022 | Footnote |
|--|---|-----------------------------|----------------------------------|--|--|----------------------------|--|---|---|---|---|--|----------------|
| | | | | | Remitted to Mainland China | Remitted back to Taiwan | | | | | | | |
| 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 | \$ 46,065 | Note 1(2) | \$ 46,065 | \$ - | \$ - | \$ 46,065 | \$ 54,512 | 100 | \$ 54,512 | \$ 115,617 | \$ - | 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 | 29,386 | Note 1(2) | 9,236 | - | - | 9,236 | (5,411) | 31.43 | (1,701) | (4,635) | - | Note 2 (2)B |
| 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 | 55,278 | Note 1(2) | 15,355 | - | - | 15,355 | (7,107) | 27.78 | (1,974) | 6,679 | - | 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, 2022' 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.

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

Note 4: Fuzhou Jiwei System Integrated Co., Ltd. completed the liquidation procedure in September 2022.

2. Limit on investees in Mainland China

| Company name | Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022 (Note 1) (Note 2) (Note 3) | Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 1) | Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA |
|-------------------------------|--|--|--|
| Marketech International Corp. | \$ 1,203,525 | \$ 2,005,885 | \$ 5,688,601 |

Note 1: The amount was translated at the original currency times exchange rate at period end.

Note 2: The Company has sold WUXI Probeleader Electronics Co., Ltd. at the end of November 2011. As the accumulated investment was different from the investment collected back, the difference between accumulated amount of remittance from Taiwan to Mainland China as of November 30, 2011 and accumulated amount of remittance from Taiwan to Mainland China registered at and approved by MOEA was US\$186 thousand.

Note 3: The liquidation of TPP-MIC (WuXi) Co., Ltd. was completed in November, 2015. As the accumulated investment was different from the investment collected back, the difference between accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022, and accumulated amount of remittance from Taiwan to Mainland China registered at and approved by MOEA was US\$180 thousand.

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES

Major shareholders information

December 31, 2022

Table 9

| Name of major shareholders | Shares | |
|---|---------------------|---------------|
| | Name of shares held | Ownership (%) |
| Ennoconn International Investment Co., Ltd. | 83,468,613 | 42.79 |
| JI-XUAN Investment Corp. | 11,005,795 | 5.64 |

Note 1: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of share in dematerialised form due to the difference in the calculation basis.

Note 2: If the aforementioned data contains shares which were kept at the trust by the shareholders, the data was disclosed as a separate account of client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with the Securities and Exchange Act, the shareholding ratio includes the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information of reported share equity of insider, please refer to Market Observation Post System.

MARKETECH INTERNATIONAL CORP.
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS’
REPORT
DECEMBER 31, 2022 AND 2021

For the convenience of readers and for information purpose only, the auditors’ report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors’ report and financial statements shall prevail.



INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

Opinion

We have audited the accompanying parent company only balance sheets of Marketech International Corp. (the “Company”) as at December 31, 2022 and 2021, and the parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

Basis for opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and 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 parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters on the parent company only financial statements for the year ended December 31, 2022 were as follows:

Recognition of construction contract revenue

Description

Refer to Note 4(26) 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(17) and 6(4) for details of construction contract revenue and construction contract cost.

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

How our audit addressed the matter

We tailored the major audit scope as follows:

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

Valuation of inventories

Description

Refer to Note 4(10) for description of accounting policy on inventory valuation, Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(4) for details of inventory.

The Company is primarily engaged in the import and export trading business, which include integrated circuit, electronic equipment, as well as materials and components used 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 Company is now exposed to risk on inventory valuation loss and slow-moving inventory. Inventories are stated at the lower of cost or net realizable value, and the specific identification method is used to estimate the allowance for inventory valuation loss on slow-moving inventories.

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

How our audit addressed the matter

We tailored the major audit scope as follows:

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

Valuation of loss allowance for accounts receivable

Description

Refer to Notes 4(7) and (8) for accounting policy on accounts receivable, Note 5(2) for accounting estimates and assumption uncertainty in relation to loss allowance of accounts receivable, and Note 6(3) for the details of accounts receivable.

The Company assesses the significant accounts receivable individually, and those that are not significant, are assessed either individually or collectively. If there is no impairment after individual assessment, then the group of accounts receivable will be subject to collective assessment. If the accounts receivable over a certain age is significant, the management will re-examine the collectability, and assess each case for possible impairment. Management uses professional judgement during the process, and accounting estimates have a high possibility of becoming inappropriate. The professional judgement may be affected by several factors, such as customer's financial status, internal credit rating, order history, and economic situation. Accordingly, obtaining the supporting documents which management used for judgement is important. Thus, we considered the assessment on loss allowance of accounts receivable as one of our key audit matters.

How our audit addressed the matter

We tailored the major audit scope as follows:

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

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors’ responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 parent company only 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 parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit, and for forming an audit opinion on the parent company only financial statements.

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

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

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



Lin, Chun-Yao

For and on Behalf of PricewaterhouseCoopers, Taiwan

February 17, 2023



Weng, Shih-Jung

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

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

MARKETECH INTERNATIONAL CORP.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

| Assets | Notes | December 31, 2022 | | December 31, 2021 | | |
|---------------------------|---|-------------------|----------------------|-------------------|----------------------|------------|
| | | AMOUNT | % | AMOUNT | % | |
| Current assets | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ 2,643,998 | 9 | \$ 1,446,152 | 6 |
| 1110 | Financial assets at fair value through profit or loss - current | 6(2) | 103,087 | - | 175,306 | 1 |
| 1140 | Current contract assets | 6(17) and 7 | 7,019,760 | 25 | 7,556,616 | 33 |
| 1150 | Notes receivable, net | 6(3) | 4,511 | - | 4,436 | - |
| 1160 | Notes receivable due from related parties, net | 6(3) and 7 | 95 | - | 92 | - |
| 1170 | Accounts receivable, net | 6(3) | 3,884,234 | 14 | 3,072,904 | 13 |
| 1180 | Accounts receivable - related parties, net | 6(3) and 7 | 77,218 | - | 71,163 | - |
| 1200 | Other receivables | | 10,864 | - | 195,048 | 1 |
| 1210 | Other receivables - related parties | 7 | 192,012 | 1 | 180,450 | 1 |
| 130X | Inventories, net | 6(4) | 5,414,646 | 19 | 3,015,240 | 13 |
| 1410 | Prepayments | | 775,466 | 3 | 723,366 | 3 |
| 1470 | Other current assets | 8 | 125,168 | 1 | 94,864 | 1 |
| 11XX | Total current assets | | <u>20,251,059</u> | <u>72</u> | <u>16,535,637</u> | <u>72</u> |
| Non-current assets | | | | | | |
| 1510 | Financial assets at fair value through profit or loss - non-current | 6(2) | 653,075 | 2 | 802,715 | 3 |
| 1550 | Investments accounted for using equity method | 6(5) and 7 | 3,786,276 | 14 | 2,547,470 | 11 |
| 1600 | Property, plant and equipment, net | 6(6) and 7 | 2,078,508 | 7 | 1,979,380 | 9 |
| 1755 | Right-of-use assets | 6(7) and 7 | 1,041,981 | 4 | 962,581 | 4 |
| 1780 | Intangible assets | 7 | 77,464 | - | 75,746 | - |
| 1840 | Deferred tax assets | 6(21) | 185,037 | 1 | 157,800 | 1 |
| 1900 | Other non-current assets | 8 | 49,396 | - | 49,152 | - |
| 15XX | Total non-current assets | | <u>7,871,737</u> | <u>28</u> | <u>6,574,844</u> | <u>28</u> |
| 1XXX | Total Assets | | <u>\$ 28,122,796</u> | <u>100</u> | <u>\$ 23,110,481</u> | <u>100</u> |

(Continued)

MARKETECH INTERNATIONAL CORP.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

| Liabilities and Equity | | Notes | December 31, 2022 | | December 31, 2021 | |
|--|---|-------------|----------------------|------------|----------------------|------------|
| | | | AMOUNT | % | AMOUNT | % |
| Current liabilities | | | | | | |
| 2100 | Short-term borrowings | 6(8) | \$ 5,100,000 | 18 | \$ 3,345,000 | 15 |
| 2130 | Current contract liabilities | 6(17) and 7 | 3,841,452 | 14 | 2,680,786 | 12 |
| 2150 | Notes payable | | 2,165,239 | 8 | 1,719,791 | 7 |
| 2160 | Notes payable - related parties | 7 | 2,809 | - | 14,724 | - |
| 2170 | Accounts payable | | 4,215,684 | 15 | 4,411,499 | 19 |
| 2180 | Accounts payable - related parties | 7 | 28,310 | - | 45,333 | - |
| 2200 | Other payables | 6(9) | 851,657 | 3 | 639,993 | 3 |
| 2230 | Current tax liabilities | | 310,980 | 1 | 154,008 | 1 |
| 2280 | Current lease liabilities | | 108,365 | 1 | 78,737 | - |
| 2320 | Long-term liabilities, current portion | 6(10) | 644,880 | 2 | - | - |
| 2399 | Other current liabilities | | 50,280 | - | 66,609 | - |
| 21XX | Total current liabilities | | <u>17,319,656</u> | <u>62</u> | <u>13,156,480</u> | <u>57</u> |
| Non-current liabilities | | | | | | |
| 2530 | Bonds payable | 6(10) | - | - | 885,747 | 4 |
| 2540 | Long-term borrowings | 6(11) | 200,000 | 1 | 200,000 | 1 |
| 2570 | Deferred tax liabilities | 6(21) | 160,698 | 1 | 94,422 | - |
| 2580 | Non-current lease liabilities | | 945,831 | 3 | 894,340 | 4 |
| 2640 | Net defined benefit liability - non-current | 6(12) | 138,106 | - | 163,688 | 1 |
| 2670 | Other non-current liabilities | 6(5) | 3,426 | - | 43,247 | - |
| 25XX | Total non-current liabilities | | <u>1,448,061</u> | <u>5</u> | <u>2,281,444</u> | <u>10</u> |
| 2XXX | Total Liabilities | | <u>18,767,717</u> | <u>67</u> | <u>15,437,924</u> | <u>67</u> |
| Equity | | | | | | |
| Share capital | | | | | | |
| 3110 | Ordinary shares | 6(14) | 1,950,284 | 7 | 1,927,562 | 8 |
| Capital surplus | | | | | | |
| 3200 | Capital surplus | 6(13)(15) | 1,787,330 | 6 | 1,562,207 | 7 |
| Retained earnings | | | | | | |
| 3310 | Legal reserve | 6(16) | 1,087,737 | 4 | 932,127 | 4 |
| 3320 | Special reserve | | 256,244 | 1 | 167,098 | 1 |
| 3350 | Unappropriated retained earnings | | 4,456,073 | 16 | 3,339,807 | 14 |
| Other equity interest | | | | | | |
| 3400 | Other equity interest | | (182,589) | (1) | (256,244) | (1) |
| 3XXX | Total Equity | | <u>9,355,079</u> | <u>33</u> | <u>7,672,557</u> | <u>33</u> |
| Significant contingent liabilities and unrecognized contract commitments | | | | | | |
| Significant events after the balance sheet date | | | | | | |
| 3X2X | Total Liabilities and Equity | | <u>\$ 28,122,796</u> | <u>100</u> | <u>\$ 23,110,481</u> | <u>100</u> |

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

MARKETECH INTERNATIONAL CORP.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

| | | | | Year ended December 31, | | | |
|-------|---|----------------|---------------------|-------------------------|---------------------|-------------|---|
| | | | | 2022 | | 2021 | |
| Items | Notes | AMOUNT | % | AMOUNT | % | AMOUNT | % |
| 4000 | Operating Revenue | 6(17) and 7 | \$ 30,201,152 | 100 | \$ 25,756,473 | 100 | |
| 5000 | Operating Costs | 6(4)(20) and 7 | (27,030,316) | (90) | (23,187,462) | (90) | |
| 5900 | Gross Profit | | <u>3,170,836</u> | <u>10</u> | <u>2,569,011</u> | <u>10</u> | |
| | Operating Expenses | 6(20) and 7 | | | | | |
| 6100 | Sales and marketing expenses | | (426,109) | (1) | (394,933) | (1) | |
| 6200 | General and administrative expenses | | (894,742) | (3) | (728,341) | (3) | |
| 6300 | Research and development expenses | | (235,146) | (1) | (197,474) | (1) | |
| 6450 | Expected credit (loss) gain | 12(2) | (80,541) | - | 83,394 | - | |
| 6000 | Total operating expenses | | <u>(1,636,538)</u> | <u>(5)</u> | <u>(1,237,354)</u> | <u>(5)</u> | |
| 6900 | Operating Profit | | <u>1,534,298</u> | <u>5</u> | <u>1,331,657</u> | <u>5</u> | |
| | Non-operating Income and Expenses | | | | | | |
| 7100 | Interest income | 7 | 15,344 | - | 4,607 | - | |
| 7010 | Other income | 6(18) and 7 | 105,046 | - | 90,618 | - | |
| 7020 | Other gains and losses | 6(2)(19) | 122,451 | 1 | 370,301 | 1 | |
| 7050 | Finance costs | | (69,674) | - | (47,891) | - | |
| 7070 | Share of profit of subsidiaries, associates and joint ventures accounted for using equity method | | 936,705 | 3 | 154,472 | 1 | |
| 7000 | Total non-operating income and expenses | | <u>1,109,872</u> | <u>4</u> | <u>572,107</u> | <u>2</u> | |
| 7900 | Profit before Income Tax | | <u>2,644,170</u> | <u>9</u> | <u>1,903,764</u> | <u>7</u> | |
| 7950 | Income tax expense | 6(21) | (433,461) | (1) | (356,285) | (1) | |
| 8200 | Net Income | | <u>\$ 2,210,709</u> | <u>8</u> | <u>\$ 1,547,479</u> | <u>6</u> | |
| | Other Comprehensive Income (Loss) | | | | | | |
| | Components of other comprehensive income (loss) that will not be reclassified to profit or loss | | | | | | |
| 8311 | Gain (loss) on remeasurements of defined benefit plan | 6(12) | \$ 22,145 | - | \$ 10,746 | - | |
| 8349 | Income tax related to components of other comprehensive loss that will not be reclassified to profit or loss | 6(21) | (4,429) | - | (2,127) | - | |
| 8310 | Other comprehensive income that will not be reclassified to profit or loss | | <u>17,716</u> | <u>-</u> | <u>8,619</u> | <u>-</u> | |
| | Components of other comprehensive income (loss) that will be reclassified to profit or loss | | | | | | |
| 8361 | Exchange differences on translation of foreign operations | | 91,516 | - | (110,865) | - | |
| 8380 | Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method | | 553 | - | (197) | - | |
| 8399 | Income tax relating to components of other comprehensive income that will be reclassified to profit or loss | 6(21) | (18,414) | - | (21,916) | - | |
| 8360 | Other comprehensive income (loss) that will be reclassified to profit or loss | | <u>73,655</u> | <u>-</u> | <u>(89,146)</u> | <u>-</u> | |
| 8300 | Other comprehensive income (loss), net of tax | | <u>\$ 91,371</u> | <u>-</u> | <u>(\$ 80,527)</u> | <u>-</u> | |
| 8500 | Total Comprehensive Income | | <u>\$ 2,302,080</u> | <u>8</u> | <u>\$ 1,466,952</u> | <u>6</u> | |
| 9750 | Basic earnings per share (in dollars) | 6(22) | \$ 11.34 | | \$ 8.24 | | |
| 9850 | Diluted earnings per share (in dollars) | 6(22) | \$ 10.87 | | \$ 7.80 | | |

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

MARKETECH INTERNATIONAL CORP.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

| Notes | Share capital - ordinary shares | Capital Reserves | | Retained Earnings | | | Other Equity | Total equity |
|--|---------------------------------|---------------------------------|--------------------------|-------------------|-----------------|----------------------------------|---|--------------|
| | | Capital surplus - share premium | Capital Surplus - others | Legal reserve | Special reserve | Unappropriated retained earnings | Financial statement translation differences of foreign operations | |
| <u>Year ended December 31, 2021</u> | | | | | | | | |
| | \$ | \$ | \$ | \$ | \$ | \$ | (\$ | \$ |
| Balance at January 1, 2021 | 1,872,192 | 981,167 | 47,942 | 841,627 | 170,247 | 2,526,327 | 167,098) | 6,272,404 |
| Profit for the year | - | - | - | - | - | 1,547,479 | - | 1,547,479 |
| Other comprehensive income (loss) for the year | - | - | - | - | - | 8,619 | (89,146) | (80,527) |
| Total comprehensive income (loss) | - | - | - | - | - | 1,556,098 | (89,146) | 1,466,952 |
| Appropriations and distribution of earnings for 2020 | 6(16) | | | | | | | |
| Legal reserve | - | - | - | 90,500 | - | (90,500) | - | - |
| Special reserve | - | - | - | - | (3,149) | 3,149 | - | - |
| Cash dividends | - | - | - | - | - | (655,267) | - | (655,267) |
| Share-based payment | 6(13)(14)(15) | 1,690 | 1,887 | (1,023) | - | - | - | 2,554 |
| Changes in ownership interest in subsidiaries | 6(15) | - | - | 2,102 | - | - | - | 2,102 |
| Conversion of convertible bonds | 6(10)(14)(15)(24) | 53,680 | 547,311 | (17,179) | - | - | - | 583,812 |
| Balance at December 31, 2021 | \$ | \$ | \$ | \$ | \$ | \$ | (\$ | \$ |
| | 1,927,562 | 1,530,365 | 31,842 | 932,127 | 167,098 | 3,339,807 | 256,244) | 7,672,557 |
| <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 |
| Profit for the year | - | - | - | - | - | 2,210,709 | - | 2,210,709 |
| Other comprehensive income for the year | - | - | - | - | - | 17,716 | 73,655 | 91,371 |
| Total comprehensive income | - | - | - | - | - | 2,228,425 | 73,655 | 2,302,080 |
| Appropriations and distribution of earnings for 2021 | 6(16) | | | | | | | |
| Legal reserve | - | - | - | 155,610 | - | (155,610) | - | - |
| Special reserve | - | - | - | - | 89,146 | (89,146) | - | - |
| Cash dividends | - | - | - | - | - | (867,403) | - | (867,403) |
| Changes in ownership interest in subsidiaries | 6(15) | - | - | 383 | - | - | - | 383 |
| Conversion of convertible bonds | 6(10)(14)(15)(24) | 22,722 | 232,010 | (7,270) | - | - | - | 247,462 |
| Balance at December 31, 2022 | \$ | \$ | \$ | \$ | \$ | \$ | (\$ | \$ |
| | 1,950,284 | 1,762,375 | 24,955 | 1,087,737 | 256,244 | 4,456,073 | 182,589) | 9,355,079 |

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

MARKETECH INTERNATIONAL CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

| | Notes | Year ended December 31, | |
|--|-------------|-------------------------|--------------------|
| | | 2022 | 2021 |
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | | |
| Profit before tax | | \$ 2,644,170 | \$ 1,903,764 |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Net loss (gain) on financial assets or liabilities at fair value through profit or loss | 6(2)(19) | 154,730 | (443,233) |
| Expected credit loss (gain) | 12(2) | 80,541 | (83,394) |
| Share of profit of subsidiaries, associates and joint ventures accounted for using equity method | | (936,705) | (154,472) |
| Depreciation | 6(6)(7)(20) | 261,407 | 243,273 |
| Amortization | 6(20) | 24,519 | 19,794 |
| Loss on disposal of property, plant and equipment | 6(6)(19) | 139 | 19 |
| Loss (gain) on lease modification | 6(7)(19) | 211 | (1,608) |
| Gain from disposal of investments | 6(19) | - | (1) |
| Interest income | 7 | (15,344) | (4,607) |
| Interest expense | | 69,674 | 47,891 |
| Dividend income | 6(18) | (15,354) | (9,560) |
| Changes in operating assets and liabilities | | | |
| Changes in operating assets | | | |
| Current contract assets | | 536,856 | (3,330,228) |
| Notes receivable, net | | (75) | 25,647 |
| Notes receivable - related parties, net | | (3) | (92) |
| Accounts receivable, net | | (891,871) | (594,375) |
| Accounts receivable - related parties, net | | (6,055) | 85,547 |
| Other receivables | | (14,052) | (6,115) |
| Other receivables - related parties, net | | 11,562 | 610 |
| Inventories, net | | (2,399,406) | (629,830) |
| Prepayments | | (52,100) | (349,728) |
| Other current assets | | (96,800) | 11,678 |
| Changes in operating liabilities | | | |
| Current contract liabilities | | 1,160,666 | 207,996 |
| Notes payable | | 445,448 | 564,689 |
| Notes payable – related parties | | (11,915) | 14,996 |
| Accounts payable | | (195,815) | 1,748,750 |
| Accounts payable – related parties | | (17,023) | (6,528) |
| Other payables | | 212,920 | 285,992 |
| Other current liabilities | | (16,329) | (37,416) |
| Other non-current liabilities | | (3,437) | (3,700) |
| Cash inflow (outflow) generated from operations | | 930,559 | (494,241) |
| Interest received | | 15,344 | 4,607 |
| Dividends received | | 15,354 | 9,560 |
| Interest paid | | (64,336) | (34,195) |
| Income tax paid | | (260,293) | (272,024) |
| Net cash flows from (used in) operating activities | | <u>636,628</u> | <u>(786,293)</u> |

(Continued)

MARKETECH INTERNATIONAL CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

| | Notes | Year ended December 31, | |
|--|----------|-------------------------|---------------------|
| | | 2022 | 2021 |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | | |
| Acquisition of financial assets at fair value through profit or loss | | (\$ 67,465) | (\$ 81,016) |
| Proceeds from disposal of financial assets at fair value through profit or loss | | 317,914 | 36,462 |
| Proceeds from capital reduction of financial assets at fair value through profit or loss | | 455 | 1,957 |
| Disposal of financial assets at amortized cost | | - | 45,000 |
| Increase in other receivables – related parties | | (8,664) | (141,952) |
| Acquisition of investments accounted for using equity method – subsidiaries | 7 | (259,386) | (220,164) |
| Acquisition of investments accounted for using equity method – non-subsiidiaries | 7 | (19,200) | - |
| Proceeds from capital reduction of investments accounted for using equity method | | 29,118 | - |
| Acquisition of property, plant and equipment | 6(6) | (276,941) | (430,259) |
| Proceeds from disposal of property, plant and equipment | 6(6) | 46 | 272 |
| Acquisition of right-of-use assets | | (663) | (659) |
| Acquisition of intangible assets | | (26,237) | (47,514) |
| Decrease (increase) in refundable deposits | | 67,556 | (33,111) |
| Increase in other non-current assets | | (1,304) | - |
| Dividends received | | - | 4,103 |
| Net cash flows used in investing activities | | <u>(244,771)</u> | <u>(866,881)</u> |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | | |
| Increase in short-term borrowings | 6(25) | 1,755,000 | 2,259,222 |
| Proceeds from exercise of employee stock options | 6(13) | - | 2,554 |
| Repayments of lease principal | 6(7)(25) | (81,608) | (69,676) |
| Cash dividends paid | 6(16) | (867,403) | (655,267) |
| Net cash flows from financing activities | | <u>805,989</u> | <u>1,536,833</u> |
| Net increase (decrease) in cash and cash equivalents | | 1,197,846 | (116,341) |
| Cash and cash equivalents at beginning of year | 6(1) | <u>1,446,152</u> | <u>1,562,493</u> |
| Cash and cash equivalents at end of year | 6(1) | <u>\$ 2,643,998</u> | <u>\$ 1,446,152</u> |

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

MARKETECH INTERNATIONAL CORP.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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

1. ORGANIZATION AND OPERATIONS

Marketch International Corp. (the “Company”) was incorporated in the Republic of China (R.O.C.) on December 27, 1988. On October 17, 2002, the Company’s common shares were officially listed on the Taiwan Over-The-Counter Securities Exchange and on May 24, 2004, the shares were transferred to be listed on the Taiwan Stock Exchange. The Company is mainly engaged in (i) import and trade of various integrated circuits, semiconductors, electrical equipment and materials, chemicals, gas, components; (ii) factory affair and mechatronic system including clean room, automatic supply system of (specialty) gas and chemicals, monitor system, Turn-key and Hook-up Project and (iii) design and manufacturing of customized equipment. Ennoconn International Investment Co., Ltd. owns 42.79% of the shares of the Company. The ultimate parent company of the Company is Ennoconn Corporation.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

The parent company only financial statements were approved by the Board of Directors on February 17, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC that became effective from 2022 are as follows:

| New Standards, Interpretations and Amendments | Effective date by International Accounting Standards Board |
|---|--|
| Amendments to IFRS 3, ‘Reference to the conceptual framework’ | January 1, 2022 |
| Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’ | January 1, 2022 |
| Amendments to IAS 37, ‘Onerous contracts—cost of fulfilling a contract’ | January 1, 2022 |
| Annual improvements to IFRS Standards 2018–2020 | January 1, 2022 |

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 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 |

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 Company expects to recognize an increase in investments accounted for using equity method by \$668 and \$5,146, and an increase in retained earnings by \$668 and \$5,146 as of January 1, 2022 and December 31, 2022, respectively, and an increase in investment gains and earnings per share by \$4,478 and \$0.02 (in dollars), respectively, for the year ended December 31, 2022.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

| New Standards, Interpretations and Amendments | Effective date by International Accounting Standards Board |
|---|--|
| Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’ | To be determined by International Accounting Standards Board |
| IFRS 17, ‘Insurance contracts’ | January 1, 2023 |
| Amendments to IFRS 17, ‘Insurance contracts’ | January 1, 2023 |
| Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 - comparative information’ | January 1, 2023 |
| Amendments to IAS 1, ‘Classification of liabilities as current or non-current’ | January 1, 2023 |

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Statement of compliance

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollars (NTD), which is the Company’s functional and presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

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

(4) Classification of current and non-current items

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

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

to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

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

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

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

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

(5) Cash and cash equivalents

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

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.
- D. The Company recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(8) Impairment of financial assets

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

(9) Derecognition of financial assets

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

(10) Inventories

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

(11) Investments accounted for using equity method / subsidiaries, associates and joint ventures

A. Investments in subsidiaries

- (a) Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- (b) Unrealized profit (loss) occurred from the transactions between the Company and subsidiaries have been offset. The accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- (c) The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize losses proportionate to its ownership.
- (d) If changes in shareholdings in subsidiaries do not result in loss in control (transactions with non-controlling interest), transactions shall be considered as equity transactions, which are transactions between owners. Difference of adjustment of non-controlling interest and fair value of consideration paid or received is recognized in equity.

- (e) When the Company loses its control in a subsidiary, the Company revalues the remaining investment in the prior subsidiary at fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Investments in associates

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

- (g) When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
 - (h) When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.
- C. Pursuant to the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the financial statements prepared for consolidation. Owners’ equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared for consolidation.

(12) Property, plant and equipment

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

| | |
|--------------------------------|------------|
| Buildings | 2~55 years |
| Machinery and office equipment | 3~15 years |
| Other equipment | 2~10 years |

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

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability; and

(b) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term.

When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference between remeasured lease liability in profit or loss.

(14) Intangible assets

A. Computer software

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 1 to 3 years.

B. Other intangible assets

Other intangible assets are technology royalties which are stated at cost and amortized on a straight-line basis over the contract duration.

(15) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for 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.

(16) Borrowings

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

(17) Notes and accounts payable

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

(18) Convertible bonds payable

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

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

(19) Derecognition of financial liabilities

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

(20) 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.

(21) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plan

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

(b) Defined benefit plan

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

C. Employees' compensation and directors' remuneration

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

(22) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-

market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

(23) Income tax

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

(24) 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.

(25) 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.

(26) Revenue recognition

A. Sales of goods or products

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

B. Construction contracts

- (a) The Company is engaged in factory affair and mechatronic system including clean room, automatic supply system of (specialty) gas and chemicals, monitor system, turn-key and hook-up project services. Construction contract revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual costs spent relative to the total expected costs. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

- (b) The Company's estimate of revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management becomes aware of the changes in circumstances.

(27) Business combinations

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

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

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

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

None.

(2) Critical accounting estimates and assumptions

A. Construction contracts

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

B. Evaluation of inventories

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

C. Loss assessment of accounts receivable

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

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|---------------------------------------|--------------------------|--------------------------|
| Cash on hand | \$ 8,845 | \$ 8,120 |
| Checking accounts and demand deposits | <u>2,635,153</u> | <u>1,438,032</u> |
| Total | <u>\$ 2,643,998</u> | <u>\$ 1,446,152</u> |

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

B. The Company has no cash and cash equivalents pledged to others.

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

| | <u>December 31, 2022</u> | <u>December 31, 2021</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(10)) | <u>195</u> | <u>4,066</u> |
| | 4,568 | 8,439 |
| Valuation adjustment | <u>98,519</u> | <u>166,867</u> |
| Total | <u>\$ 103,087</u> | <u>\$ 175,306</u> |
| Non-current items: | | |
| Financial assets mandatorily measured at fair value through profit or loss | | |
| Listed stocks | \$ 12,474 | \$ 12,474 |
| Unlisted stocks | 518,470 | 486,561 |
| Beneficiary certificates | 43,105 | 28,858 |
| Hybrid instruments-convertible corporate bonds | <u>52,748</u> | <u>52,748</u> |
| | 626,797 | 580,641 |
| Valuation adjustment | <u>26,278</u> | <u>222,074</u> |
| Total | <u>\$ 653,075</u> | <u>\$ 802,715</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>2022</u> | <u>2021</u> |
| Financial assets mandatorily measured at fair value through profit or loss | | |
| Equity instruments | (\$ 150,859) | \$ 447,484 |
| Hybrid instruments | <u>(3,871)</u> | <u>(4,251)</u> |
| | <u>(\$ 154,730)</u> | <u>\$ 443,233</u> |

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

(3) Notes and accounts receivable

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> | <u>January 1, 2021</u> |
|----------------------|--------------------------|--------------------------|------------------------|
| Notes receivable | <u>\$ 4,511</u> | <u>\$ 4,436</u> | <u>\$ 30,083</u> |
| Accounts receivable | \$ 4,111,713 | \$ 3,227,898 | \$ 2,732,511 |
| Less: Loss allowance | <u>(227,479)</u> | <u>(154,994)</u> | <u>(337,376)</u> |
| Total | <u>\$ 3,884,234</u> | <u>\$ 3,072,904</u> | <u>\$ 2,395,135</u> |

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

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

(a) Notes receivable

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|--------------|--------------------------|--------------------------|
| Not past due | \$ 4,606 | \$ 4,528 |

(b) Accounts receivable

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|-----------------|--------------------------|--------------------------|
| Not past due | \$ 3,665,197 | \$ 2,794,429 |
| Up to 90 days | 169,822 | 216,908 |
| 91 to 180 days | 48,648 | 31,177 |
| 181 to 365 days | 54,167 | 39,092 |
| Over 365 days | 253,509 | 219,584 |
| | <u>\$ 4,191,343</u> | <u>\$ 3,301,190</u> |

The above ageing analysis was based on past due date.

B. As of December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes receivable (including related parties) was \$4,606 and \$4,528, respectively. As of December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable (including related parties) was \$3,961,452 and \$3,144,067, respectively.

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

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

(4) Inventories

| | <u>December 31, 2022</u> | | |
|---|--------------------------|--|---------------------|
| | <u>Cost</u> | <u>Allowance for valuation loss and loss on obsolete and slow-moving inventories</u> | <u>Book value</u> |
| Materials | \$ 2,011,720 | (\$ 16,235) | \$ 1,995,485 |
| Merchandise inventory | 539,937 | (29,679) | 510,258 |
| Raw materials | 1,870,853 | (13,698) | 1,857,155 |
| Supplies | 99,374 | (2,653) | 96,721 |
| Work in process | 634,211 | (8,573) | 625,638 |
| Semi-finished goods and finished goods | 338,551 | (9,162) | 329,389 |
| Total | <u>\$ 5,494,646</u> | <u>(\$ 80,000)</u> | <u>\$ 5,414,646</u> |

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

A. Relevant expenses of inventories recognized as operating costs for the years ended December 31, 2022 and 2021 are as follows:

| | Years ended December 31, | |
|--|--------------------------|----------------------|
| | 2022 | 2021 |
| Construction contract cost | \$ 15,653,193 | \$ 13,537,084 |
| Cost of sales | 9,922,783 | 8,625,991 |
| Other operating cost | 1,484,340 | 1,030,387 |
| Gain on reversal of market value decline and obsolete and slow-moving inventories (Note) | (30,000) | (6,000) |
| Total | \$ 27,030,316 | \$ 23,187,462 |

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

B. The Company has no inventories pledged to others.

(5) Investments accounted for using equity method

| | December 31, 2022 | | December 31, 2021 | |
|---|---------------------|-----------------|---------------------|-----------------|
| | Carrying amount | % interest held | Carrying amount | % interest held |
| Subsidiaries: | | | | |
| Market Go Profits Ltd. | \$ 2,370,906 | 100% | \$ 1,665,661 | 100% |
| Marketech Integrated | | | | |
| Manufacturing Company Limited | 145,956 | 100% | 192,376 | 100% |
| eZoom Information, Inc. | 61,488 | 100% | 93,588 | 100% |
| Marketech International Sdn. Bhd. | 44,671 | 100% | 53,279 | 100% |
| Headquarter International Ltd. | 37,058 | 100% | 33,757 | 100% |
| Tiger United Finance Ltd. | 34,671 | 100% | 31,391 | 100% |
| PT Marketech International | | | | |
| Indonesia | 35,209 | 99.92% | 31,867 | 99.92% |
| MIC-Tech Viet Nam Co., Ltd. | 91,016 | 100% | 123,939 | 100% |
| Spiro Technology Systems Inc. | 82,639 | 100% | 50,535 | 100% |
| Marketech International | 667,977 | 100% | 97,807 | 100% |
| Corporation USA | | | | |
| Marketech Netherlands B.V. | 5,378 | 100% | 3,288 | 100% |
| Marketech Engineering Pte. Ltd. | (3,356) | 100% | (128) | 100% |
| MIC-Tech Global Corp. | 15,198 | 100% | 11,571 | 100% |
| Marketech Co., Ltd. | 6,613 | 100% | 13,123 | 100% |
| Smart Health Corp. | 377 | 100% | 418 | 100% |
| ADAT Technology CO.,LTD. | 28,931 | 25.62% | 26,756 | 25.67% |
| Vertex System Corporation | 37,073 | 61.35% | 45,080 | 61.35% |
| Marketech Integrated Pte. Ltd. | 12,708 | 100% | (43,049) | 100% |
| MIC Healthcare Korea Co., Ltd. | 8,838 | 100% | 5,880 | 100% |
| Marketech International Corp. Japan | 2,190 | 100% | - | - |
| Add: Credit balance of long-term equity investment transferred to 'other non-current liabilities' | 3,356 | - | 43,177 | - |
| Associates: | | | | |
| Glory Technology Service Inc. | 68,926 | 29.24% | 65,340 | 29.24% |
| MIC Techno Co., Ltd. | 1,807 | 20.00% | 1,814 | 20.00% |
| Bolite Co., Ltd. | 26,646 | 32.00% | - | - |
| | <u>\$ 3,786,276</u> | | <u>\$ 2,547,470</u> | |

A. Subsidiaries

Details of the Company's subsidiaries are provided in Note 4(3) of the Company's 2022 consolidated financial statements.

B. Associates

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

| | Years ended December 31, | |
|---|--------------------------|----------|
| | 2022 | 2021 |
| Profit (loss) for the year from continuing operations | \$ 11,025 | (\$ 566) |
| Total comprehensive income (loss) | \$ 11,025 | (\$ 566) |

C. The investments accounted for using equity method for the years ended December 31, 2022 and 2021 were evaluated based on the financial statements of the entities which were audited by independent auditors.

D. The Company 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 Company, Therefore, the Company has no control over the company and only has significant influence on Glory Technology Service Inc.

E. The Company is the single largest shareholder of Bolite Co., Ltd. with a 32% equity interest. Given that the remaining 68% of Bolite's equity is concentrated in investors from other parties, the number of votes for the minority voting rights holders to act together has surpassed that of the Company, Therefore, the Company has no control over the company and only has significant influence on Bolite Co., Ltd.

(6) Property, plant and equipment

| | 2022 | | | | | |
|-------------------------------|-------------------|---------------------|-------------------------|------------------|-------------------|---------------------|
| | Land | Buildings | Machinery and equipment | Office equipment | Others | Total |
| <u>At January 1</u> | | | | | | |
| Cost | \$ 183,542 | \$ 2,422,083 | \$ 584,643 | \$ 202,356 | \$ 90,042 | \$ 3,482,666 |
| Accumulated depreciation | - | (971,314) | (372,208) | (145,189) | (14,575) | (1,503,286) |
| Book value | <u>\$ 183,542</u> | <u>\$ 1,450,769</u> | <u>\$ 212,435</u> | <u>\$ 57,167</u> | <u>\$ 75,467</u> | <u>\$ 1,979,380</u> |
| <u>Year ended December 31</u> | | | | | | |
| Opening net book amount | \$ 183,542 | \$ 1,450,769 | \$ 212,435 | \$ 57,167 | \$ 75,467 | \$ 1,979,380 |
| Additions | - | 57,654 | 39,596 | 43,683 | 136,008 | 276,941 |
| Transfers (Note) | - | 83,662 | - | 4,612 | (88,274) | - |
| Disposals | - | - | (184) | (1) | - | (185) |
| Depreciation | - | (106,128) | (45,516) | (24,214) | (1,770) | (177,628) |
| Closing net book amount | <u>\$ 183,542</u> | <u>\$ 1,485,957</u> | <u>\$ 206,331</u> | <u>\$ 81,247</u> | <u>\$ 121,431</u> | <u>\$ 2,078,508</u> |
| <u>At December 31</u> | | | | | | |
| Cost | \$ 183,542 | \$ 2,563,399 | \$ 622,461 | \$ 240,416 | \$ 137,775 | \$ 3,747,593 |
| Accumulated depreciation | - | (1,077,442) | (416,130) | (159,169) | (16,344) | (1,669,085) |
| Book value | <u>\$ 183,542</u> | <u>\$ 1,485,957</u> | <u>\$ 206,331</u> | <u>\$ 81,247</u> | <u>\$ 121,431</u> | <u>\$ 2,078,508</u> |

2021

| | Land | Buildings | Machinery and equipment | Office equipment | Others | Total |
|-------------------------------|-------------------|---------------------|----------------------------|------------------|-------------------|---------------------|
| <u>At January 1</u> | | | | | | |
| Cost | \$ 183,542 | \$ 2,153,200 | \$ 453,262 | \$ 173,262 | \$ 114,826 | \$ 3,078,092 |
| Accumulated depreciation | - | (869,147) | (349,016) | (129,536) | (13,108) | (1,360,807) |
| Book value | <u>\$ 183,542</u> | <u>\$ 1,284,053</u> | <u>\$ 104,246</u> | <u>\$ 43,726</u> | <u>\$ 101,718</u> | <u>\$ 1,717,285</u> |
| <u>Year ended December 31</u> | | | | | | |
| Opening net book amount | \$ 183,542 | \$ 1,284,053 | \$ 104,246 | \$ 43,726 | \$ 101,718 | \$ 1,717,285 |
| Additions | - | 268,883 | 39,667 | 35,964 | 85,745 | 430,259 |
| Transfers (Note) | - | - | 110,529 | - | (110,529) | - |
| Disposals | - | - | (183) | (108) | - | (291) |
| Depreciation | - | (102,167) | (41,824) | (22,415) | (1,467) | (167,873) |
| Closing net book amount | <u>\$ 183,542</u> | <u>\$ 1,450,769</u> | <u>\$ 212,435</u> | <u>\$ 57,167</u> | <u>\$ 75,467</u> | <u>\$ 1,979,380</u> |
| <u>At December 31</u> | | | | | | |
| Cost | \$ 183,542 | \$ 2,422,083 | \$ 584,643 | \$ 202,356 | \$ 90,042 | \$ 3,482,666 |
| Accumulated depreciation | - | (971,314) | (372,208) | (145,189) | (14,575) | (1,503,286) |
| Book value | <u>\$ 183,542</u> | <u>\$ 1,450,769</u> | <u>\$ 212,435</u> | <u>\$ 57,167</u> | <u>\$ 75,467</u> | <u>\$ 1,979,380</u> |

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

- A. The property, plant and equipment are all owner-occupied.
- B. The Company has no interest capitalized to property, plant and equipment.
- C. The Company has no property, plant and equipment pledged to others.

(7) Leasing arrangements—lessee

- A. The Company leases various assets including land, buildings, machinery, office equipment, and other equipment. Rental contracts are typically made for periods of 1 to 55 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise buildings, machinery, office equipment, and other equipment. Consequently, those leases are not included in the right-of-use assets.

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

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|------------------|--------------------------|--------------------------|
| | <u>Carrying amount</u> | <u>Carrying amount</u> |
| Land | \$ 837,033 | \$ 814,111 |
| Buildings | 153,872 | 97,808 |
| Office equipment | 229 | 86 |
| Other equipment | 50,847 | 50,576 |
| | <u>\$ 1,041,981</u> | <u>\$ 962,581</u> |

| | <u>Years ended December 31,</u> | |
|------------------|---------------------------------|----------------------------|
| | <u>2022</u> | <u>2021</u> |
| | <u>Depreciation charge</u> | <u>Depreciation charge</u> |
| Land | \$ 23,892 | \$ 22,673 |
| Buildings | 35,183 | 27,815 |
| Office equipment | 58 | 11 |
| Other equipment | 24,646 | 24,901 |
| | <u>\$ 83,779</u> | <u>\$ 75,400</u> |

D. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were \$177,701 and \$201,706, respectively.

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

| | <u>Years ended December 31,</u> | |
|---|---------------------------------|------------------|
| | <u>2022</u> | <u>2021</u> |
| <u>Items affecting profit or loss</u> | | |
| Interest expense on lease liabilities | <u>\$ 14,680</u> | <u>\$ 14,964</u> |
| Expense on short-term lease contracts | <u>\$ 46,206</u> | <u>\$ 43,336</u> |
| (Loss) gain on lease modification (Refer to Note 7(3)H(b)) | <u>(\$ 211)</u> | <u>\$ 1,608</u> |

F. For the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases were \$142,494 and \$127,976, respectively.

G. Extension options

- (a) Extension options are included in approximately 33% of the Company's lease contracts pertaining to land. These options are expected to be exercised for maximizing optional flexibility in terms of managing contracts.
- (b) In determining the lease term, the Company takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(8) Short-term borrowings

| | <u>December 31, 2022</u> | <u>Interest rate range</u> | <u>Collateral</u> |
|------------------------|--------------------------|----------------------------|-------------------|
| <u>Bank borrowings</u> | | | |
| Credit borrowings | <u>\$ 5,100,000</u> | 1.27%~1.88% | None |
| | <u>December 31, 2021</u> | <u>Interest rate range</u> | <u>Collateral</u> |
| <u>Bank borrowings</u> | | | |
| Credit borrowings | <u>\$ 3,345,000</u> | 0.68%~0.78% | None |

(9) Other payables

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|---|--------------------------|--------------------------|
| Salaries and bonus payable | \$ 460,539 | \$ 374,150 |
| Accrued employees' compensation and directors' remuneration | 332,080 | 235,297 |
| Others | 59,038 | 30,546 |
| Total | <u>\$ 851,657</u> | <u>\$ 639,993</u> |

(10) Bonds payable

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|--|--------------------------|--------------------------|
| Bonds payable | \$ 651,200 | \$ 903,600 |
| Less: Discount on bonds payable | (6,320) | (17,853) |
| | 644,880 | 885,747 |
| Less: Bonds payable of current portion (recorded as " Long-term liabilities, current portion") | (644,880) | - |
| | <u>\$ -</u> | <u>\$ 885,747</u> |

A. The Company issued the 4th domestic unsecured convertible bonds, as approved by the regulatory authority on November 27, 2020. The terms and conditions are as follows:

- (a) Total issuance amount: NT\$1,500,000
- (b) Issuance period: 3 years, and a circulation period from December 15, 2020 to December 15, 2023.
- (c) Coupon rate: 0%
- (d) Conversion period: The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds before the maturity date, except the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

- (e) The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. If the reset conversion price is higher than the conversion price before the reset, the conversion price will not be adjusted.
- (f) Redemption method:
- i. Redemption on the maturity date: Redeemed in cash at face value at the maturity date.
 - ii. Redemption before the maturity date: The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after one month of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after one month of the bonds issue to 40 days before the maturity date.
 - iii. Under the terms of the bonds, all bonds redeemed, matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.
- (g) For the year ended December 31, 2022, the bonds totaling \$252,400 had been converted into 2,272 thousand shares of common stock. Accordingly, the Company recognized capital surplus of \$232,010 and reduced capital surplus - stock option by \$7,270.
- (h) As of December 31, 2022, the bonds totaling \$848,800 had been converted into 7,640 thousand shares of common stock. Accordingly, the Company recognized capital surplus of \$779,321 and reduced capital surplus - stock option by \$24,449.
- B. Regarding the issuance of convertible bonds, the equity conversion options amounting to \$43,206 were separated from the liability component and were recognized in 'capital surplus—stock warrants' in accordance with IAS 32. The call options embedded in bonds payable were separated from their host contracts and were recognized in 'financial assets or liabilities at fair value through profit or loss' in net amount in accordance with IAS 39 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rate of the bonds payable after such separation is 1.0255%.

(11) Long-term borrowings

| <u>Type of borrowings</u> | <u>Borrowing period and repayment term</u> | <u>Interest rate</u> | <u>Collateral</u> | <u>December 31, 2022</u> |
|--|--|----------------------|-------------------|--------------------------|
| Long-term bank borrowings Credit borrowings | Borrowing period is from December 28, 2022 to March 28, 2024; interest is payable monthly; principal is payable at maturity date | 1.530% | None | <u>\$ 200,000</u> |
| <u>Type of borrowings</u> | <u>Borrowing period and repayment term</u> | <u>Interest rate</u> | <u>Collateral</u> | <u>December 31, 2021</u> |
| Long-term bank borrowings Credit borrowings | Borrowing period is from December 27, 2021 to March 27, 2023; interest is payable monthly; principal is payable at maturity date | 0.805% | None | <u>\$ 200,000</u> |

(12) Pensions

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

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

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|--|--------------------------|--------------------------|
| Present value of defined benefit obligations | \$ 296,470 | \$ 306,300 |
| Fair value of plan assets | (158,364) | (142,612) |
| Net defined benefit liability | <u>\$ 138,106</u> | <u>\$ 163,688</u> |

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

| | 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 |
| | <u>(308,805)</u> | <u>143,498</u> | <u>(165,307)</u> |
| 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) |
| | <u>10,639</u> | <u>11,506</u> | <u>22,145</u> |
| Pension fund contribution | - | 5,056 | 5,056 |
| Paid pension | 1,696 | (1,696) | - |
| Balance at December 31 | <u><u>(\$ 296,470)</u></u> | <u><u>\$ 158,364</u></u> | <u><u>(\$ 138,106)</u></u> |
| | 2021 | | |
| | Present value of defined benefit obligations | Fair value of plan assets | Net defined benefit liability |
| Balance at January 1 | (\$ 324,881) | \$ 146,748 | (\$ 178,133) |
| Current service cost | (854) | - | (854) |
| Interest (expense) income | (955) | 430 | (525) |
| | <u>(326,690)</u> | <u>147,178</u> | <u>(179,512)</u> |
| Remeasurements: | | | |
| Return on plan assets (excluding amounts included in interest income or expense) | - | 2,115 | 2,115 |
| Change in demographic assumptions | (1,321) | - | (1,321) |
| Change in financial assumptions | 11,318 | - | 11,318 |
| Experience adjustments | (1,366) | - | (1,366) |
| | <u>8,631</u> | <u>2,115</u> | <u>10,746</u> |
| Pension fund contribution | - | 5,078 | 5,078 |
| Paid pension | 11,759 | (11,759) | - |
| Balance at December 31 | <u><u>(\$ 306,300)</u></u> | <u><u>\$ 142,612</u></u> | <u><u>(\$ 163,688)</u></u> |

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 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, | |
|-------------------------|--------------------------|-------|
| | 2022 | 2021 |
| Discount rate | 1.30% | 0.65% |
| Future salary increases | 2.00% | 2.00% |

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

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

| | Discount rate | | Future salary increases | |
|---|---------------|----------|-------------------------|------------|
| | Increase | Decrease | Increase | Decrease |
| | 0.25% | 0.25% | 0.25% | 0.25% |
| <u>December 31, 2022</u> | | | | |
| Effect on present value of defined benefit obligation | (\$ 6,889) | \$ 7,135 | \$ 7,068 | (\$ 6,859) |
| <u>December 31, 2021</u> | | | | |
| Effect on present value of defined benefit obligation | (\$ 7,853) | \$ 8,155 | \$ 8,025 | (\$ 7,770) |

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, 2023 amount to \$6,193.

(g) As of December 31, 2022, the weighted average duration of the defined benefit retirement plan is 9 years.

B.(a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2022 and 2021 were \$42,333 and \$40,923, respectively.

(13) Share-based payment

A. No share-based payment arrangements were occurred for the year ended December 31, 2022.

B. For the year ended December 31, 2021, the Company’s share-based payment arrangement is as follows:

| Type of arrangement | Grant date | Quantity granted (in thousands) | Contract period | Vesting conditions |
|------------------------|------------|---------------------------------|-----------------|--------------------|
| Employee stock options | 2015.9.11 | 3,956 | 6 years | 2~4 years’ service |

The above share-based payment arrangement is settled by equity.

C. Details of the share-based payment arrangement are as follows:

| | 2021 | |
|--|----------------|--|
| | No. of options | Weighted-average exercise price (in dollars) |
| Options outstanding at beginning of the year | 169 | \$ 15.20 |
| Options exercised | (169) | 15.11 |
| Options outstanding at end of the year | - | (Note) |
| Options exercisable at end of the year | - | (Note) |

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

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

| Type of arrangement | Grant date | Stock price (in dollars) | Exercise price (in dollars) | Expected price | Expected volatility | Expected option life | Expected dividends | Risk-free interest rate | Fair value per unit |
|------------------------|------------|--------------------------|-----------------------------|----------------|---------------------|----------------------|--------------------|-------------------------|---------------------|
| Employee stock options | 2015.9.11 | \$ 19.60 | \$ 19.60 | | 34.91% | 4.375 years | 0% | 0.81% | \$ 5.8326 |

E. No expense was incurred on share-based payment transactions for the years ended December 31, 2022 and 2021.

(14) Share capital

As of December 31, 2022, the Company's authorized capital was \$3,000,000, consisting of 300 million shares of ordinary stock (including 9,800 thousand shares reserved for employee stock options), and the paid-in capital was \$1,950,284 with a par value of \$10 (in dollars) per share amounting to 195,028,376 shares. All proceeds from shares issued have been collected.

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

| | Years ended December 31, | |
|------------------------------------|--------------------------|--------------------|
| | 2022 | 2021 |
| At January 1 | 192,756,201 | 187,219,200 |
| Conversion of convertible bonds | 2,272,175 | 5,368,001 |
| Exercise of employee stock options | - | 169,000 |
| At December 31 | <u>195,028,376</u> | <u>192,756,201</u> |

(15) Capital surplus

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

Details of movements in capital surplus are as follows:

| | 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 | <u>232,010</u> | <u>(7,270)</u> | <u>-</u> | <u>224,740</u> |
| At December 31 | <u>\$ 1,762,375</u> | <u>\$ 18,757</u> | <u>\$ 6,198</u> | <u>\$ 1,787,330</u> |

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

(16) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Also, special reserve shall be set aside or reversed as required by regulations or the Competent Authority. The remaining amount along with the prior years' unappropriated earnings are resolved by the Board of Directors and resolved by the stockholders for appropriation or reserve.
- B. The Company's dividend policy is summarized below: in consideration of the overall environment development and industrial growth, fulfilling future operation development needs as priority and optimizing financial structure, distribution of stock dividends shall not exceed 50% of the dividend distributed.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D.(a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Financial-Supervisory-Securities-Firms No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

E.(a) Details of 2021 and 2020 earnings appropriation resolved by the stockholders on July __, 2022 and July 26, 2021, respectively are as follows:

| | Years ended December 31, | | | |
|-------------------------------|--------------------------|----------------------------------|-------------------|----------------------------------|
| | 2021 | | 2020 | |
| | Amount | Dividends per share (in dollars) | Amount | Dividends per share (in dollars) |
| Legal reserve | \$ 155,610 | \$ - | \$ 90,500 | \$ - |
| (Reversal of) special reserve | 89,146 | - | (3,149) | - |
| Cash dividends | 867,403 | 4.5 | 655,267 | 3.5 |
| Total | <u>\$ 1,112,159</u> | | <u>\$ 742,618</u> | |

The earnings appropriation for the years ended December 31, 2021 and 2020 listed above had no difference from that proposed by the Board of Directors on February 21, 2022 and February 26, 2021, respectively.

Information about the earnings distribution for 2021 and 2020 as resolved by the Board of Directors and resolved by shareholders will be posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

(b) Details of 2022 earnings appropriation proposed by the Board of Directors on February 17, 2023 are as follows:

| | Year ended December 31, 2022 | |
|-----------------------------|------------------------------|----------------------------------|
| | Amount | Dividends per share (in dollars) |
| Legal reserve | \$ 222,842 | \$ - |
| Reversal of special reserve | (73,655) | - |
| Cash dividends | 1,105,811 | 5.67 |
| Total | <u>\$ 1,254,998</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 parent company only financial statements.

(17) Operating revenue

| | Years ended December 31, | |
|-------------------------------|--------------------------|----------------------|
| | 2022 | 2021 |
| Construction contract revenue | \$ 16,335,192 | \$ 14,313,568 |
| Sales contract revenue | 11,662,207 | 9,797,536 |
| Other contract revenue | 2,203,753 | 1,645,369 |
| Total | <u>\$ 30,201,152</u> | <u>\$ 25,756,473</u> |

A. Disaggregation of revenue from contracts with customers

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

| | Years ended December 31, | |
|--|--------------------------|----------------------|
| | 2022 | 2021 |
| Automatic supplying system | \$ 9,766,060 | \$ 8,141,302 |
| R&D and manufacturing of customized equipment | 9,163,827 | 7,674,743 |
| Total Facility Engineering Turnkey Project | 5,777,955 | 5,321,043 |
| Sales and service of high-tech equipment and materials | 5,493,310 | 4,619,385 |
| Total | <u>\$ 30,201,152</u> | <u>\$ 25,756,473</u> |
| Timing of revenue recognition | | |
| At a point in time | \$ 12,222,566 | \$ 10,255,719 |
| Over time | 17,978,586 | 15,500,754 |
| Total | <u>\$ 30,201,152</u> | <u>\$ 25,756,473</u> |

B. Contract assets and liabilities

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

| | December 31, 2022 | December 31, 2021 | January 1, 2021 |
|------------------------|---------------------|---------------------|---------------------|
| Contract assets: | | | |
| Construction contracts | <u>\$ 7,019,760</u> | <u>\$ 7,556,616</u> | <u>\$ 4,226,388</u> |
| Contract liabilities: | | | |
| Construction contracts | \$ 3,181,521 | \$ 2,167,126 | \$ 1,784,654 |
| Sales contracts | 248,967 | 275,575 | 533,238 |
| Other contracts | 410,964 | 238,085 | 154,898 |
| | <u>\$ 3,841,452</u> | <u>\$ 2,680,786</u> | <u>\$ 2,472,790</u> |

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

| | Years ended December 31, | |
|---|--------------------------|---------------------|
| | 2022 | 2021 |
| Revenue recognized that was included in the contract liability balance at the beginning of the year | | |
| Construction contracts | \$ 1,381,355 | \$ 1,290,107 |
| Sales contracts | 99,447 | 344,552 |
| Other contracts | 110,301 | 85,092 |
| | <u>\$ 1,591,103</u> | <u>\$ 1,719,751</u> |

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

(18) Other income

| | Years ended December 31, | |
|--|--------------------------|------------------|
| | 2022 | 2021 |
| Service fee-endorsements and guarantees (Refer to Note 7(3) H(b)) | \$ 41,688 | \$ 36,924 |
| Grants revenue | 18,143 | 400 |
| Dividend income | 15,354 | 9,560 |
| Rental revenue | 3,923 | 8,228 |
| Other income | 25,938 | 35,506 |
| Total | <u>\$ 105,046</u> | <u>\$ 90,618</u> |

(19) Other gains and losses

| | Years ended December 31, | |
|---|--------------------------|-------------------|
| | 2022 | 2021 |
| Net (loss) gain on financial assets at fair value through profit or loss | (\$ 154,730) | \$ 443,233 |
| Foreign exchange gains (losses) | 277,531 | (74,522) |
| Loss on disposal of property, plant and equipment | (139) | (19) |
| (Loss) gain on lease modification | (211) | 1,608 |
| Gain from disposal of investments | - | 1 |
| Total | <u>\$ 122,451</u> | <u>\$ 370,301</u> |

(20) Employee benefit expense, depreciation and amortization

A. Employee benefit expense, depreciation and amortization

| | Year ended December 31, 2022 | | |
|----------------------------------|------------------------------|--------------------|--------------|
| | Operating costs | Operating expenses | Total |
| Employee benefit expense | | | |
| Wages and salaries | \$ 424,061 | \$ 1,003,064 | \$ 1,427,125 |
| Labour and health insurance fees | 33,019 | 47,510 | 80,529 |
| Pension costs | 18,796 | 25,156 | 43,952 |
| Directors' remuneration | - | 30,834 | 30,834 |
| Other employee benefit expense | 20,489 | 21,975 | 42,464 |
| Depreciation | 187,749 | 73,658 | 261,407 |
| Amortization | 9,910 | 14,609 | 24,519 |

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

Note 1 : As of December 31, 2022 and 2021, the Company had 742 and 744 employees, respectively, and 7 directors who are not employees for both years.

Note 2 : (a) For the years ended December 31, 2022 and 2021, the average employee benefit expense was \$2,172 and \$1,879, respectively.

(b) For the years ended December 31, 2022 and 2021, the average employee wages and salaries was \$1,944 and \$1,663, respectively.

(c) The adjustment in the average employee's wage and salary expenses was 16.9%.

(d) For the years ended December 31, 2022 and 2021, the Company had no supervisors and instead, created the audit committee.

(e) The Company's salary and reward policies are determined taking into account the future changes in economic environment and operating performance, achievement rates and contributions of management team. In addition, the policies are not designed to encourage directors (including independent directors) to take actions exceeding the Company's risk appetite for their personal interests.

i. Directors' remuneration (including independent directors): It includes directors' remuneration and transportation allowances paid to the Board of Directors which also serve as the Company's functional committee. Directors' remuneration is determined based on an average pay level within the same industry, their participation frequency in the Company's operations and performance assessment. Directors' remuneration shall be reviewed by the remuneration committee and approved by the Board of Directors. Remuneration policy for directors and independent directors will be adjusted based on actual operating conditions and related regulations subsequently.

ii. Management's remuneration: It includes fixed salary, compensation, allowance, bonus and subsidy, and the evaluation standard takes into consideration the job responsibility, operating performance, code of conduct and future risk. In addition, the standard will also be adjusted based on the average wage level within the same industry, actual operating conditions and related regulations subsequently. Management's remuneration shall be reviewed by the remuneration committee and approved by the Board of Directors.

iii. Employees' compensation: It includes salary, allowance, meal expense, bonus and benefit subsidy. The salary standard is established by considering market level, job responsibility and competency. Also, the Company established its bonus distribution policy based on performance assessment and contribution, and the bonus will be distributed timely in order to encourage employees.

B. Employees' compensation and directors' remuneration

- (a) According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, shall not be higher than 3% for directors' remuneration and shall be 1~15% for employees' compensation. If the company has accumulated deficit, earnings should be reserved to cover losses.
- (b) For the years ended December 31, 2022 and 2021, employees' compensation and directors' remuneration are accrued as follows:

| | Years ended December 31, | |
|-------------------------|--------------------------|-------------------|
| | 2022 | 2021 |
| Employees' compensation | \$ 297,098 | \$ 213,906 |
| Directors' remuneration | 29,710 | 21,391 |
| Total | <u>\$ 326,808</u> | <u>\$ 235,297</u> |

For the year ended December 31, 2022, employees' compensation and directors' remuneration were estimated and accrued based on 10% and 1% of distributable profit of current year as of the end of reporting period, respectively. The employees' compensation and directors' remuneration for 2022 as resolved by the Board of Directors were \$297,098 and \$29,710, respectively, and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' remuneration for 2021 as resolved by the Board of Directors were in agreement with those amounts recognized in the 2021 financial statements.

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

(21) Income tax

A. Income tax expense

- (a) Components of income tax expense:

| | Years ended December 31, | |
|---|--------------------------|-------------------|
| | 2022 | 2021 |
| Current tax | | |
| Current tax on profits for the year | \$ 438,504 | \$ 271,340 |
| Adjustments in respect of prior years | (21,239) | 9,138 |
| Total current tax | 417,265 | 280,478 |
| Deferred tax | | |
| Origination and reversal of temporary differences | 16,196 | 75,807 |
| Income tax expense | <u>\$ 433,461</u> | <u>\$ 356,285</u> |

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

| | Years ended December 31, | |
|--|--------------------------|------------------|
| | 2022 | 2021 |
| Currency translation differences of foreign operations | (\$ 18,414) | \$ 21,916 |
| Remeasurement of defined benefit obligations | (4,429) | (2,127) |
| Total | <u>(\$ 22,843)</u> | <u>\$ 19,789</u> |

B. Reconciliation between income tax expense and accounting profit

| | Years ended December 31, | |
|--|--------------------------|-------------------|
| | 2022 | 2021 |
| Tax calculated based on profit before tax and statutory tax rate | \$ 528,834 | \$ 380,753 |
| Effect of items disallowed by tax regulation | (74,134) | (33,606) |
| Adjustments in respect of prior years | (21,239) | 9,138 |
| Income tax expense | <u>\$ 433,461</u> | <u>\$ 356,285</u> |

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

| | 2022 | | | |
|--|------------------|---|---|--------------------|
| | <u>January 1</u> | <u>Recognized in profit or loss</u> | <u>Recognized in other comprehensive income</u> | <u>December 31</u> |
| Temporary differences: | | | | |
| —Deferred tax assets: | | | | |
| Loss allowance on accounts receivable | \$ 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 |
| Subtotal | <u>157,800</u> | <u>50,080</u> | <u>(22,843)</u> | <u>185,037</u> |
| —Deferred tax liabilities: | | | | |
| Unrealized investment income | (94,422) | (61,668) | - | (156,090) |
| Unrealized exchange gain | - | (4,608) | - | (4,608) |
| Subtotal | <u>(94,422)</u> | <u>(66,276)</u> | <u>-</u> | <u>(160,698)</u> |
| Total | <u>\$ 63,378</u> | <u>(\$ 16,196)</u> | <u>(\$ 22,843)</u> | <u>\$ 24,339</u> |

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

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

(22) Earnings per share

| | <u>Year ended December 31, 2022</u> | | |
|--|-------------------------------------|---|--|
| | <u>Amount after tax</u> | <u>Weighted average number of ordinary shares outstanding (shares in thousands)</u> | <u>Earnings per share (in dollars)</u> |
| <u>Basic earnings per share</u> | | | |
| Profit for the year | \$ 2,210,709 | 194,942 | <u>\$ 11.34</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 plus assumed conversion of all dilutive potential ordinary shares | <u>\$ 2,215,984</u> | <u>203,838</u> | <u>\$ 10.87</u> |
| | <u>Year ended December 31, 2021</u> | | |
| | <u>Amount after tax</u> | <u>Weighted average number of ordinary shares outstanding (shares in thousands)</u> | <u>Earnings per share (in dollars)</u> |
| <u>Basic earnings per share</u> | | | |
| Profit for the year | \$ 1,547,479 | 187,830 | <u>\$ 8.24</u> |
| <u>Diluted earnings per share</u> | | | |
| Assumed conversion of all dilutive potential ordinary shares | | | |
| Convertible bonds | 11,297 | 10,643 | |
| Employees' compensation | - | 1,352 | |
| Profit plus assumed conversion of all dilutive potential ordinary shares | <u>\$ 1,558,776</u> | <u>199,825</u> | <u>\$ 7.80</u> |

(23) Business combinations

On November 1, 2021, the Company subscribed to the capital increase of Vertex System Corporation in the amount of \$30,000 for an additional 22.52% ownership thereby increasing its total shareholding ratio from 38.83% to 61.35%. The Company obtained control over Vertex System Corporation, a company engaged in selling equipment used for building private 5G networks in Taiwan. After the acquisition, the Company expects to improve the efficiency of promoting smart manufacturing and smart city integration services. Refer to Note 6(25) of the consolidated report as at and for the year ended December 31, 2022 for more details.

(24) Supplemental cash flow information

Financing activities with no cash flow effects

| | Years ended December 31, | |
|---|--------------------------|------------|
| | 2022 | 2021 |
| Convertible bonds converted to capital stocks | \$ 247,462 | \$ 583,812 |

(25) Changes in liabilities from financing activities

| | 2022 | | | | Liabilities from financing activities-gross |
|--|---------------------|-----------------------|----------------------|----------------------|---|
| | Lease liabilities | Short-term borrowings | Long-term borrowings | Bonds payable (Note) | |
| At January 1 | \$ 973,077 | \$ 3,345,000 | \$ 200,000 | \$ 885,747 | \$ 5,403,824 |
| Changes in cash flow from financing activities | (81,608) | 1,755,000 | - | - | 1,673,392 |
| Changes in other non-cash items | 162,727 | - | - | (240,867) | (78,140) |
| At December 31 | <u>\$ 1,054,196</u> | <u>\$ 5,100,000</u> | <u>\$ 200,000</u> | <u>\$ 644,880</u> | <u>\$ 6,999,076</u> |
| 2021 | | | | | |
| | Lease liabilities | Short-term borrowings | Long-term borrowings | Bonds payable | Liabilities from financing activities-gross |
| At January 1 | \$ 912,899 | \$ 1,085,778 | \$ 200,000 | \$ 1,455,438 | \$ 3,654,115 |
| Changes in cash flow from financing activities | (69,676) | 2,259,222 | - | - | 2,189,546 |
| Changes in other non-cash items | 129,854 | - | - | (569,691) | (439,837) |
| At December 31 | <u>\$ 973,077</u> | <u>\$ 3,345,000</u> | <u>\$ 200,000</u> | <u>\$ 885,747</u> | <u>\$ 5,403,824</u> |

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

7. RELATED PARTY TRANSACTIONS

(1) Parent company

The Company is controlled by Ennoconn International Investment Co., Ltd. (registered in the Republic of China), who owns 42.79% of the shares of the Company. The remaining 57.21% of the shares of the Company are held by the general public. The ultimate parent company of the Company is Ennoconn Corporation (registered in the Republic of China).

(2) Names of related parties and relationship

| Names of related parties | Relationship with the Company |
|--|--|
| Marketech Integrated Pte. Ltd. | Subsidiary |
| Marketech International Sdn. Bhd. | " |
| Marketech Netherlands B.V. | " |
| Marketech Integrated Manufacturing Co., Ltd. | " |
| Marketech Integrated Construction Co., Ltd. | " |
| Marketech International Corporation USA | " |
| MIC-Tech Viet Nam Co., Ltd. | " |
| Spiro Technology Systems Inc. | " |
| MIC-Tech Global Corp. | " |
| MIC Healthcare Korea Co., Ltd. | " |
| Marketech International Corp. Japan | " |
| eZoom Information, Inc. | " |
| MIC-Tech Electronics Engineering Corp. | " |
| MIC-Tech (WuXi) Co., Ltd. | " |
| MIC-Tech (Shanghai) Corp. | " |
| Shanghai Maohua Electronics Engineering Co., Ltd. | " |
| MIC-Tech China Trading (Shanghai) Co., Ltd. | " |
| ADAT Technology CO.,LTD. | " |
| Vertex System Corporation | " |
| Macrotec Technology Corp. | Entities controlled by key management or entities with significant influence |
| Forward Science Corp. | " |
| ProbeLeader Co., Ltd. | " |
| Hon Hai Precision Industry Co., Ltd. | Other related parties |
| Hong Kong Ennpower Information Technology Co., Limited | " |
| Foxconn Global Network Corporation | " |
| Servtech Co., Ltd. | " |
| Altus Technology Inc. | " |
| CTS Investment Corp. | " |
| Glory Technology Service Inc. | Associate |

(3) Significant related party transactions and balances

A. Sales of goods and services

(a) Sales of goods

| | Years ended December 31, | |
|--|--------------------------|-------------------|
| | 2022 | 2021 |
| Subsidiaries | \$ 74,590 | \$ 101,834 |
| Other related parties | 2,968 | - |
| Entities controlled by key management or entities with significant influence | 5 | 323 |
| | <u>\$ 77,563</u> | <u>\$ 102,157</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, | |
|--|--------------------------|------------------|
| | 2022 | 2021 |
| Other related parties | \$ 73,072 | \$ 64,488 |
| Subsidiaries | 53,820 | 30,173 |
| Entities controlled by key management or entities with significant influence | 1,849 | 267 |
| Total | <u>\$ 128,741</u> | <u>\$ 94,928</u> |

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

ii. As of December 31, 2022 and 2021, contract price and priced contract of unfinished construction are as follows:

| | December 31, 2022 | | December 31, 2021 | |
|---|--|------------------------------|--|------------------------------|
| | Total contract price (before tax) (Note) | Priced contract (Note) | Total contract price (before tax) (Note) | Priced contract (Note) |
| Subsidiaries | \$ 1,143,493 | \$ 82,558 | \$ 74,863 | \$ 66,217 |
| Other related parties | 652,571 | 595,596 | 501,193 | 465,282 |
| Entities controlled by key management or entities with significant influence | 2,082 | - | 2,497 | 186 |
| Total | <u>\$ 1,798,146</u> | <u>\$ 678,154</u> | <u>\$ 578,553</u> | <u>\$ 531,685</u> |

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

iii. Contract assets

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|---|--------------------------|--------------------------|
| Subsidiaries | \$ 53,652 | \$ 4,411 |
| Other related parties | 4,318 | 11,206 |
| Entities controlled by key management or entities with significant influence | <u>1,531</u> | <u>1,164</u> |
| Total | <u>\$ 59,501</u> | <u>\$ 16,781</u> |

(c) Other contract revenue

| | <u>Years ended December 31,</u> | |
|---|---------------------------------|---------------|
| | <u>2022</u> | <u>2021</u> |
| Subsidiaries | \$ 12,215 | \$ 269 |
| Entities controlled by key management or entities with significant influence | 304 | 106 |
| Other related parties | <u>20</u> | <u>-</u> |
| Total | <u>\$ 12,539</u> | <u>\$ 375</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

| | <u>Years ended December 31,</u> | |
|---|---------------------------------|-------------------|
| | <u>2022</u> | <u>2021</u> |
| Subsidiaries | \$ 351,520 | \$ 192,004 |
| Entities controlled by key management or entities with significant influence | 8,764 | 10,598 |
| Associates | <u>-</u> | <u>109</u> |
| Total | <u>\$ 360,284</u> | <u>\$ 202,711</u> |

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

(b) Construction contract costs

| | Years ended December 31, | |
|---|--------------------------|------------------|
| | 2022 | 2021 |
| Subsidiaries | \$ 39,397 | \$ 12,908 |
| Associates | 8,194 | 4,857 |
| Other related parties | 1,345 | - |
| Entities controlled by key management or entities with significant influence | 497 | - |
| Total | <u>\$ 49,433</u> | <u>\$ 17,765</u> |

The outsourcing construction contract costs paid to related parties and third parties are based on normal construction contracts or individual agreements. Furthermore, the payment terms to related parties are approximately the same to third parties, which is about 2 months after inspection of constructions depending on the construction contracts or individual agreements.

C. Receivables from related parties

(a) Notes and Accounts receivable

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|---|--------------------------|--------------------------|
| Notes receivable | | |
| Entities controlled by key management or entities with significant influence | <u>\$ 95</u> | <u>\$ 92</u> |
| Accounts receivable | | |
| Other related parties | \$ 64,794 | \$ 45,373 |
| Subsidiaries | 12,990 | 27,904 |
| Entities controlled by key management or entities with significant influence | 1,846 | 15 |
| Subtotal | 79,630 | 73,292 |
| Less: Loss allowance | (2,412) | (2,129) |
| Total | <u>\$ 77,218</u> | <u>\$ 71,163</u> |

The collection terms to related parties and third parties are about 2 to 3 months after the sales while terms for construction are about 2 to 3 months after inspection of construction depending on the construction contracts or individual agreements.

(b) Other receivables

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|---|--------------------------|--------------------------|
| Subsidiaries | \$ 19,763 | \$ 17,006 |
| Entities controlled by key management or entities with significant influence | 273 | 132 |
| Total | <u>\$ 20,036</u> | <u>\$ 17,138</u> |

Other receivables were revenues from processing provision of endorsements and guarantees to others.

D. Payables to related parties

Notes payable

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|--|--------------------------|--------------------------|
| Entities controlled by key management or entities with significant influence | \$ 2,151 | \$ 5,949 |
| Associate | - | 5,100 |
| Subsidiaries | <u>658</u> | <u>3,675</u> |
| Total | <u>\$ 2,809</u> | <u>\$ 14,724</u> |

Accounts payable

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|--|--------------------------|--------------------------|
| Subsidiaries | \$ 14,733 | \$ 37,549 |
| Associate | 1,801 | - |
| Entities controlled by key management or entities with significant influence | <u>11,776</u> | <u>7,784</u> |
| Total | <u>\$ 28,310</u> | <u>\$ 45,333</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, 2022 and 2021, the Company has acquired computer equipment and related software from subsidiaries and entities controlled by key management or entities with significant influence and the acquisition price was \$29,596 and \$22,416 (recorded as ‘property, plant and equipment’ and ‘intangible assets’), respectively.

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

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

For the year ended December 31, 2022: None.

(c) Acquisition of financial assets

(i) Investments accounted for using equity method

| | <u>Years ended December 31,</u> | |
|--------------|---------------------------------|-------------------|
| | <u>2022</u> | <u>2021</u> |
| Subsidiaries | <u>\$ 259,386</u> | <u>\$ 220,164</u> |

As of November 1, 2021, the Company acquired the shares of Vertex System Corporation. For the details of the above acquisition, refer to Note 6(23).

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

| | Years ended December 31, | |
|--|--------------------------|----------|
| | 2022 | 2021 |
| Entities controlled by key management or entities with significant influence | \$ - | \$ 4,005 |

F. Operating expense

The information maintenance service fee in 2022 and 2021 allocated to subsidiaries by the Company amounted to \$37,209 and \$38,118, respectively.

G. Financing

(a) Loans to related parties:

(i) Outstanding balance:

| | December 31, 2022 | December 31, 2021 |
|-----------------------------|-------------------|-------------------|
| Subsidiaries | | |
| MIC-Tech Viet Nam Co., Ltd. | \$ 122,840 | \$ 110,720 |
| Others | 49,136 | 52,592 |
| Total | \$ 171,976 | \$ 163,312 |

(ii) Interest income

| | Years ended December 31, | |
|--------------|--------------------------|----------|
| | 2022 | 2021 |
| Subsidiaries | \$ 8,067 | \$ 4,230 |

The above loans to related parties carry interest ranging from 4.366% to 4.867% and 4.366% to 4.616% per annum for the years ended December 31, 2022 and 2021, respectively.

H. Endorsements and guarantees

(a) As of December 31, 2022 and 2021, the balances of endorsements and guarantees provided to subsidiaries by the Company are as follows:

| | December 31, 2022 | December 31, 2021 |
|--------------|-------------------|-------------------|
| Subsidiaries | \$ 5,505,039 | \$ 4,309,733 |

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

| | Years ended December 31, | |
|--------------|--------------------------|-----------|
| | 2022 | 2021 |
| Subsidiaries | \$ 41,688 | \$ 36,924 |

(4) Key management compensation

| | Years ended December 31, | |
|---|--------------------------|------------|
| | 2022 | 2021 |
| Salaries and other short-term employee benefits | \$ 194,650 | \$ 165,355 |

8. PLEDGED ASSETS

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

| Pledged asset | Book value | | Purpose |
|---|-------------------|-------------------|---|
| | December 31, 2022 | December 31, 2021 | |
| Guarantee deposits paid (recorded as 'other current assets' and 'other non- current assets') | \$ 23,802 | \$ 90,960 | Bid bond, performance guarantee and warranty |

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT

COMMITMENTS

(1) Contingencies

None.

(2) Commitments

As of December 31, 2022, the notes and letters of guarantee used for construction performance and custom security amounted to \$2,276,962.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

For details of the 2022 earnings appropriation proposed by the Board of Directors on February 17, 2023, refer to Note 6(16) E(b).

12. OTHERS

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

| | <u>December 31, 2022</u> | <u>December 31, 2021</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 | \$ 756,162 | \$ 978,021 |
| Financial assets at amortized cost/Loans and receivables | | |
| Cash and cash equivalents | 2,643,998 | 1,446,152 |
| Notes receivable (including related parties) | 4,606 | 4,528 |
| Accounts receivable (including related parties) | 3,961,452 | 3,144,067 |
| Other accounts receivable (including related parties) | 202,876 | 375,498 |
| Guarantee deposits paid (recorded as 'other current assets' and 'other non-current assets') | 47,755 | 115,311 |
| | <u>\$ 7,616,849</u> | <u>\$ 6,063,577</u> |
| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
| <u>Financial liabilities</u> | | |
| Financial liabilities measured at fair value through profit or loss | | |
| Short-term borrowings | \$ 5,100,000 | \$ 3,345,000 |
| Notes payable (including related parties) | 2,168,048 | 1,734,515 |
| Accounts payable (including related parties) | 4,243,994 | 4,456,832 |
| Other accounts payable | 851,657 | 639,993 |
| Bonds payable | 644,880 | 885,747 |
| Long-term borrowings | 200,000 | 200,000 |
| Guarantee deposits received (recorded as 'other non-current liabilities') | 70 | 70 |
| | <u>\$ 13,208,649</u> | <u>\$ 11,262,157</u> |
| Lease liabilities | <u>\$ 1,054,196</u> | <u>\$ 973,077</u> |

B. Financial risk management policies

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD, RMB, JPY and EUR. Exchange rate risk arises from future commercial transactions and recognized assets and liabilities.
- ii. Management has set up a policy to require the Company to manage their foreign exchange risk against their functional currency.
- iii. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

| | December 31, 2022 | | | | | |
|--|---|------------------|---------------------|------------------------|--------------------------------|--|
| | Foreign currency amount (in thousands) | Exchange rate | Book value (NTD) | Degree of variation | Sensitivity analysis | |
| | | | | | Effect on profit or loss | Effect on other comprehensive income |
| (Foreign currency: functional currency) | | | | | | |
| <u>Financial assets</u> | | | | | | |
| <u>Monetary items</u> | | | | | | |
| USD:NTD | \$ 105,008 | 30.71 | \$ 3,224,781 | 1% | \$ 32,248 | \$ - |
| EUR:NTD | 17,947 | 32.72 | 587,235 | 1% | 5,872 | - |
| JPY:NTD | 456,978 | 0.2324 | 106,202 | 1% | 1,062 | - |
| RMB:NTD | 3,408 | 4.4080 | 15,024 | 1% | 150 | - |
| <u>Non-monetary items</u> | | | | | | |
| USD:NTD | \$ 103,981 | 30.71 | \$ 3,193,251 | 1% | \$ - | \$ 31,933 |
| MMK:NTD | 9,996,994 | 0.0146 | 145,956 | 1% | - | 1,460 |
| VND:NTD | 75,681,910 | 0.0013 | 97,629 | 1% | - | 976 |
| MYR:NTD | 6,668 | 6.6990 | 44,670 | 1% | - | 447 |
| IDR:NTD | 17,782,433 | 0.0020 | 35,209 | 1% | - | 352 |
| KRW:NTD | 978,282 | 0.0246 | 24,036 | 1% | - | 240 |
| <u>Financial liabilities</u> | | | | | | |
| <u>Monetary items</u> | | | | | | |
| USD:NTD | \$ 14,068 | 30.71 | \$ 432,030 | 1% | \$ 4,320 | \$ - |
| JPY:NTD | 617,082 | 0.2324 | 143,410 | 1% | 1,434 | - |
| EUR:NTD | 340 | 32.72 | 11,128 | 1% | 111 | - |

December 31, 2021

| | Foreign currency amount (in thousands) | Exchange rate | Book value (NTD) | Sensitivity analysis | | |
|--|---|------------------|---------------------|------------------------|--------------------------------|--|
| | | | | Degree of variation | Effect on profit or loss | Effect on other comprehensive income |
| (Foreign currency: functional currency) | | | | | | |
| <u>Financial assets</u> | | | | | | |
| <u>Monetary items</u> | | | | | | |
| USD:NTD | \$ 80,117 | 27.68 | \$ 2,217,626 | 1% | \$ 22,176 | \$ - |
| EUR:NTD | 14,852 | 31.32 | 465,155 | 1% | 4,652 | - |
| JPY:NTD | 681,423 | 0.2405 | 163,882 | 1% | 1,639 | - |
| RMB:NTD | 4,907 | 4.3440 | 21,316 | 1% | 213 | - |
| <u>Non-monetary items</u> | | | | | | |
| USD:NTD | \$ 67,884 | 27.68 | \$ 1,879,022 | 1% | \$ - | \$ 18,790 |
| MMK:NTD | 12,331,805 | 0.0156 | 192,376 | 1% | - | 1,924 |
| VND:NTD | 114,218,621 | 0.0012 | 137,062 | 1% | - | 1,371 |
| MYR:NTD | 8,384 | 6.3550 | 53,279 | 1% | - | 533 |
| IDR:NTD | 16,094,616 | 0.0020 | 31,867 | 1% | - | 319 |
| KRW:NTD | 742,588 | 0.0235 | 17,451 | 1% | - | 175 |
| <u>Financial liabilities</u> | | | | | | |
| <u>Monetary items</u> | | | | | | |
| USD:NTD | \$ 15,872 | 27.68 | \$ 439,334 | 1% | \$ 4,393 | \$ - |
| JPY:NTD | 1,433,949 | 0.2405 | 344,865 | 1% | 3,449 | - |
| EUR:NTD | 334 | 31.32 | 10,458 | 1% | 105 | - |

iv. The total exchange loss, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2022 and 2021 were \$277,531 and (\$74,522), respectively.

Price risk

- i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- ii. The Company's investments in equity securities comprise listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$6,959 and \$9,408, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss.

Cash flow and fair value interest rate risk

- i. The Company's main interest rate risk arises from bank borrowings with variable rates, which expose the Company to cash flow interest rate risk. For the years ended December 31, 2022 and 2021, the Company's borrowings at variable rate were mainly denominated in NTD.
- ii. The Company's borrowings are measured at amortized cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.
- iii. If the borrowing interest rate of NTD had increased/decreased by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2022 and 2021 would have decreased/increased by \$42,400 and \$28,360, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Company manages its credit risk taking into consideration the entire Company's concern. For banks and financial institutions, only independently rated parties with a minimum rating of excellence are accepted. According to the Company's credit policy, the Company is responsible for managing and analysing the credit risk for each of its new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Company adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments are past due over 30 days based on the terms, there is a significant increase in credit risk on that instrument since initial recognition.
- iv. The Company adopts the historical experience and industrial characteristics, the default occurs when the sale and construction contract payments are past due over 1 to 2 years in line with credit risk management procedure.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

- (ii) The disappearance of an active market for that financial asset because of financial difficulties;
- (iii) Default or delinquency in interest or principal repayments;
- (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

vi. The Company classifies customers' accounts receivable in accordance with customer types.

The Company applies the simplified approach using the provision matrix and loss rate methodology to estimate expected credit loss.

vii. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights. On December 31, 2022 and 2021, the Company has no written-off financial assets that are still under recourse procedures.

viii. The Company used the forecastability of global boom information to adjust historical and timely information to assess the default possibility of notes and accounts receivable (including related parties). On December 31, 2022 and 2021, the provision matrix and loss rate methodology are as follows:

(i) Accounts receivable in relation to construction

| <u>December 31, 2022</u> | <u>Expected loss rate</u> | <u>Total book value</u> | <u>Loss allowance</u> |
|--------------------------|---------------------------|-------------------------|-----------------------|
| Not past due | 0% | \$ 1,899,459 | \$ - |
| Up to 90 days | 0%~0.000026% | 53,413 | - |
| 91 to 180 days | 0%~0.000085% | 8,911 | - |
| 181 to 365 days | 0%~0.00141% | 38,593 | - |
| 1 to 2 years | 0%~27.535493% | 35,256 | 838 |
| Over 2 years | 100% | 5,341 | 5,341 |
| Total | | <u>\$ 2,040,973</u> | <u>\$ 6,179</u> |
| <u>December 31, 2021</u> | <u>Expected loss rate</u> | <u>Total book value</u> | <u>Loss allowance</u> |
| Not past due | 0% | \$ 1,110,853 | \$ - |
| Up to 90 days | 0%~0.0044% | 133,691 | 3 |
| 91 to 180 days | 0%~0.0114% | 23,969 | 2 |
| 181 to 365 days | 0%~0.1239% | 18,896 | 10 |
| 1 to 2 years | 0%~30.8085% | 38,931 | 170 |
| Over 2 years | 100% | 4,078 | 4,078 |
| Total | | <u>\$ 1,330,418</u> | <u>\$ 4,263</u> |

(ii) Accounts receivable in relation to sales

| <u>December 31, 2022</u> | <u>Expected loss rate</u> | <u>Total book value</u> | <u>Loss allowance</u> |
|--------------------------|---------------------------|-------------------------|-----------------------|
| Not past due | 0.0046% | \$ 1,564,064 | \$ 72 |
| Up to 90 days | 0%~0.6794% | 116,310 | 266 |
| 91 to 180 days | 0%~1.3981% | 39,736 | 416 |
| 181 to 365 days | 1.7005%~28.6413% | 15,574 | 997 |
| Over 365 days | 100% | 27,998 | 27,998 |
| Total | | <u>\$ 1,763,682</u> | <u>\$ 29,749</u> |

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

(iii) Based on historical experience, the Company applies individual assessment to evaluate expected credit loss of the high-credit risk customers. On December 31, 2022 and 2021, accounts receivable and loss allowance amounted to \$246,500 and \$154,630, \$193,963 and \$120,652, respectively.

(iv) Due to the expected insignificant impairment, the Company applies individual assessment to evaluate expected credit loss of receivables due from construction warranties and notes receivable. On December 31, 2022 and 2021, notes and accounts receivable and loss allowance amounted to \$144,794 and \$104,657, \$0 and \$0, respectively.

ix. Movements in relation to the Company applying the simplified approach to provide loss allowance for notes and accounts receivable (including related parties) are as follows:

| | <u>Accounts receivable</u> | |
|--|----------------------------|-------------------|
| | <u>2022</u> | <u>2021</u> |
| At January 1 | \$ 157,123 | \$ 337,412 |
| (Reserval of) provision for impairment | 80,541 (| 83,394) |
| Write-offs | (14,187) | (93,955) |
| Effect of foreign exchange | 6,414 (| 2,940) |
| At December 31 | <u>\$ 229,891</u> | <u>\$ 157,123</u> |

For provisioned loss (gain) for the years ended December 31, 2022 and 2021, the impairment loss arising from customers' contracts are \$80,541 and (\$83,394), respectively.

(c) Liquidity risk

- i. The Company invests in financial assets measured at fair value through profit or loss in active markets, so it expects to sell the financial assets in markets with prices approximate to fair value. Financial assets at cost are not traded in active markets, thus, liquidity risk is expected. However, the Company's operating capital is sufficient to fulfill the Company's capital needs and it does not expect significant liquidity risk.
- ii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities.

Non-derivative financial liabilities

| <u>December 31, 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) | \$ 5,113,804 | \$ - | \$ - | \$ - |
| Notes payable (including related parties) | 2,168,048 | - | - | - |
| Accounts payable (including related parties) | 4,243,994 | - | - | - |
| Other payables | 851,657 | - | - | - |
| Bonds payable (including current portion) | 651,200 | - | - | - |
| Long-term borrowings (including expected interest) | 3,025 | 200,756 | - | - |
| Lease liabilities | 109,046 | 91,473 | 147,342 | 1,050,830 |

Non-derivative financial liabilities

| <u>December 31, 2021</u> | <u>Less than 1 year</u> | <u>Between 1 and 2 years</u> | <u>Between 2 and 5 years</u> | <u>Over 5 years</u> |
|--|-----------------------------|----------------------------------|----------------------------------|-------------------------|
| Short-term borrowings (including expected interest) | \$ 3,350,132 | \$ - | \$ - | \$ - |
| Notes payable (including related parties) | 1,734,515 | - | - | - |
| Accounts payable (including related parties) | 4,456,832 | - | - | - |
| Other payables | 639,993 | - | - | - |
| Bonds payable (including current portion) | - | 903,600 | - | - |
| Long-term borrowings (including expected interest) | 1,775 | 200,444 | - | - |
| Lease liabilities | 79,385 | 70,483 | 136,850 | 1,017,386 |

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investment without active market and beneficiary certificates are included in Level 3.

B. Financial instruments not measured at fair value

Except for financial assets at fair value through profit or loss, the carrying amounts of cash and cash equivalents, notes receivable (including related parties), accounts receivable (including related parties), other receivables (including related parties), restricted time deposits (recorded as financial assets at amortized cost), guarantee deposits paid (recorded as other current and non-current assets), short-term borrowings, notes payable (including related parties), accounts payable (including related parties), other payables, lease liabilities, bonds payable, long-term borrowings, and guarantee deposits received (recorded as other non-current liabilities) are approximate to their fair values.

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

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

| <u>December 31, 2022</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|--------------------------------|-------------------|----------------|-------------------|-------------------|
| Assets: | | | | |
| <u>Recurring fair value</u> | | | | |
| <u>measurements</u> | | | | |
| Financial assets at fair value | | | | |
| through profit or loss | | | | |
| Equity securities | \$ 141,935 | \$ - | \$ 553,919 | \$ 695,854 |
| Private funds | - | - | 60,113 | 60,113 |
| Hybrid instruments | - | - | 195 | 195 |
| Total | <u>\$ 141,935</u> | <u>\$ -</u> | <u>\$ 614,227</u> | <u>\$ 756,162</u> |

| <u>December 31, 2021</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|--------------------------------|-------------------|----------------|-------------------|-------------------|
| Assets: | | | | |
| <u>Recurring fair value</u> | | | | |
| <u>measurements</u> | | | | |
| Financial assets at fair value | | | | |
| through profit or loss | | | | |
| Equity securities | \$ 197,530 | \$ - | \$ 743,242 | \$ 940,772 |
| Private funds | - | - | 33,183 | 33,183 |
| Hybrid instruments | - | - | 4,066 | 4,066 |
| Total | <u>\$ 197,530</u> | <u>\$ -</u> | <u>\$ 780,491</u> | <u>\$ 978,021</u> |

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

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

D. For the years ended December 31, 2022 and 2021, 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, 2022 and 2021:

| | <u>2022</u> | | <u>2021</u> | |
|--|--|-----------------------|--|-----------------------|
| | Equity instruments and beneficiary certificates | Hybrid instruments | Equity instruments and beneficiary certificates | Hybrid instruments |
| At January 1 | \$ 776,425 | \$ 4,066 | \$ 499,274 | \$ 8,317 |
| Acquired during the year | 67,465 | - | 86,653 | - |
| Sold during the year | (21,309) | - | (7,251) | - |
| Gains and losses recognized in profit or loss (Note) | (208,549) | (3,871) | 197,749 | (4,251) |
| At December 31 | <u>\$ 614,032</u> | <u>\$ 195</u> | <u>\$ 776,425</u> | <u>\$ 4,066</u> |
| Movement of unrealized gain or loss in profit or loss of assets and liabilities held as at end of the year (Note) | <u>(\$ 208,549)</u> | <u>(\$ 3,871)</u> | <u>\$ 197,749</u> | <u>(\$ 4,251)</u> |

Note: Recorded as non-operating income and expense.

F. For the years ended December 31, 2022 and 2021, there was no transfer into or out from Level 3.

G. Investment strategies segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the

resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

| | Fair value at December 31, 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 beneficiary certificates | 84,470 | Net asset value | Not applicable | Not applicable | Not applicable |
| Hybrid instrument: | | | | | |
| Convertible bond – call provision | 195 | Binomial tree pricing model | Volatility | 37.56% ~45.23% | The higher the stock price volatility, the higher the fair value |
| | Fair value at December 31, 2021 | Valuation technique | Significant unobservable input | Range (weighted average) | Relationship of inputs to fair value |
| Non-derivative equity instrument: | | | | | |
| Unlisted shares | \$ 717,640 | Market comparable companies | Note 1 | Not applicable | Note 2 |
| Venture capital shares and beneficiary certificates | 58,785 | Net asset value | Not applicable | Not applicable | Not applicable |
| Hybrid instrument: | | | | | |
| Convertible bond – call provision | 4,066 | Binomial tree pricing model | Volatility | 38.17% ~51.72% | The higher the stock price volatility, the higher the fair value |

Note 1: Price to earnings ratio multiple, price to book ratio multiple, enterprise value to operating income ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability.

Note 2: The higher the multiple and control premium, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value.

I. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

| | | | December 31, 2022 | | | |
|-------------------|----------------|--------|---------------------------------|-----------------------|---|-----------------------|
| | | | Recognized in profit or loss | | Recognized in other comprehensive income | |
| | Input | Change | Favorable change | Unfavorable change | Favorable change | Unfavorable change |
| Financial assets | | | | | | |
| Equity instrument | | | | | | |
| and private | Stock price | | | | | |
| funds | and fair value | ± 10% | \$ 61,403 | (\$ 61,403) | \$ - | \$ - |
| Hybrid instrument | Stock price | ± 10% | 30 | (10) | - | - |
| Hybrid instrument | Volatility | ± 5% | 20 | (10) | - | - |
| | | | <u>\$ 61,453</u> | <u>(\$ 61,423)</u> | <u>\$ -</u> | <u>\$ -</u> |
| | | | December 31, 2021 | | | |
| | | | Recognized in profit or loss | | Recognized in other comprehensive income | |
| | Input | Change | Favorable change | Unfavorable change | Favorable change | Unfavorable change |
| Financial assets | | | | | | |
| Equity instrument | | | | | | |
| and private | Stock price | | | | | |
| funds | and fair value | ± 10% | \$ 77,643 | (\$ 77,643) | \$ - | \$ - |
| Hybrid instrument | Stock price | ± 10% | 60 | (110) | - | - |
| Hybrid instrument | Volatility | ± 5% | 140 | (70) | - | - |
| | | | <u>\$ 77,843</u> | <u>(\$ 77,823)</u> | <u>\$ -</u> | <u>\$ -</u> |

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

Not applicable.

MARKETECH INTERNATIONAL CORP.

Loans to others

For the year ended December 31, 2022

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, 2022 (Note 3) | Balance at December 31, 2022 (Note 8) | Actual amount drawn down | Interest rate (%) | Nature of loan (Note 4) | Amount of transactions with the borrower (Note 5) | Reason for short-term financing (Note 6) | Allowance for doubtful accounts | Collateral | | Limit on loans granted to a single party (Note 7) | Ceiling on total loans granted (Note 7) | Footnote |
|-----------------|--|---|-------------------------------------|--------------------|---|--|--------------------------|-------------------|----------------------------|--|---|---------------------------------|------------|-------|--|--|------------|
| | | | | | | | | | | | | | Item | Value | | | |
| 0 | Marketech International Corp. | Marketech Integrated Pte. Ltd. | Other receivables - related parties | Y | \$ 64,458 | \$ 39,923 | \$ 39,923 | 4.366 | Short-term financing | \$ - | Operations | \$ - | None | \$ - | \$ 3,742,032 | \$ 3,742,032 | Note 7 |
| 0 | Marketech International Corp. | Marketech International Sdn. Bhd. | Other receivables - related parties | Y | 83,475 | 55,278 | 9,213 | 4.366-4.867 | Short-term financing | - | Operations | - | None | - | 3,742,032 | 3,742,032 | Note 7 |
| 0 | Marketech International Corp. | MIC-Tech Viet Nam Co., Ltd. | Other receivables - related parties | Y | 239,520 | 122,840 | 122,840 | 4.616 | Short-term financing | - | Operations | - | None | - | 3,742,032 | 3,742,032 | Note 7 |
| 0 | Marketech International Corp. | Marketech International Corporation USA | Other receivables - related parties | Y | 463,350 | 460,650 | - | 4.867 | Short-term financing | - | Operations | - | None | - | 3,742,032 | 3,742,032 | Note 7 |
| 1 | MIC-Tech Electronics Engineering Corp. | Shanghai Maohua Electronics Engineering Co., Ltd. | Other receivables | Y | 52,404 | 26,447 | 26,447 | 4.350 | Short-term financing | - | Operations | - | None | - | 316,031 | 632,062 | Note 7 |
| 1 | MIC-Tech Electronics Engineering Corp. | Fuzhou Jiwei System Integrated Co., Ltd. | Other receivables | Y | 2,219 | - | - | - | Short-term financing | - | Operations | - | None | - | 632,062 | 632,062 | Note 7 & 9 |
| 2 | MIC-Tech (Shanghai) Corp. | MIC-Tech China Trading (Shanghai) Co., Ltd. | Other receivables | Y | 13,419 | - | - | - | Short-term financing | - | Operations | - | None | - | 573,850 | 573,850 | Note 7 |
| 3 | Marketech Integrated Manufacturing Company Limited | Marketech Integrated Construction Co., Ltd. | Other receivables | Y | 11,130 | 7,678 | 6,142 | 7.000 | Short-term financing | - | Operations | - | None | - | 58,382 | 116,765 | Note 7 |
| 4 | Marketech Co., Ltd. | MIC-Tech Viet Nam Co., Ltd. | Other receivables | Y | 6,985 | - | - | - | Short-term financing | - | Operations | - | None | - | 5,290 | 5,290 | 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, 2022.

Note 4: The column of 'Nature of loan' shall fill in 'Business transaction or 'Short-term financing'.

Note 5: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 6: Fill in purpose of loan when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 7: Fill in limit on loans granted to a single party and ceiling on total loans granted as prescribed in the creditor company's "Procedures for Provision of Loans", and state each individual party to which the loans have been provided and the calculation for ceiling on total loans granted in the footnote.

The Company's ceiling on loans to others are as follows:

(1) Limit on the total loans to others provided by the Company is 40% of the net assets based on the Company's latest financial statements.

(2) Limit on the loans provided by the Company granted for a single party are as follows:

(2-1) Limit on loans to a single party with business transactions is the higher value of purchasing and selling during current year on the year of financing, and can't exceed the total business transactions amount within 12 month.

(2-2) For short-term financing, limit on loans granted for a single party is 40% of the net assets based on the latest financial statements of the lending companies. The amount of loans to a single party is the accumulated balance of the lending company's short-term financing for single party.

Limit on the loans provided by the Company's mainland subsidiaries:

(1) Limit on the total loans to others provided by the Company's mainland subsidiaries is 80% of the net assets based on the latest financial statements of the lending companies.

(2) Limit on the loans provided by the Company's mainland subsidiaries granted for a single party are as follows:

(2-1) Limit on loans to a single party with business transactions is the higher value of purchasing and selling during current year on the year of financing, and can't exceed the total business transactions amount within 12 month.

(2-2) For short-term financing between the Company's mainland subsidiary and the foreign companies which the ultimate parent company holds 100% of the voting rights directly or indirectly, limit on loans granted for a single party is 80% of the net assets based on the latest financial statements of the lending companies.

(2-3) For short-term financing between the Company's mainland subsidiaries and aforementioned associates, limit on loans granted for a single party is 40% of the net assets based on the latest financial statements of the lending companies. The amount of loans to a single party is the accumulated balance of the lending company's short-term financing for single party.

Limit on the loans provided by the Company's Vietnam subsidiaries:

(1) Limit on the total loans to others provided by the Company's Vietnam subsidiaries is 80% of the net assets based on the latest financial statements of the lending companies.

(2) Limit on the loans provided by the Company's Vietnam subsidiaries granted for a single party are as follows:

(2-1) Limit on loans to a single party with business transactions is the higher value of purchasing and selling during current year on the year of financing, and can't exceed the total business transactions amount within 12 month.

(2-2) For short-term financing between the Company's Vietnam subsidiary and the foreign companies which the ultimate parent company holds 100% of the voting rights directly or indirectly, limit on loans granted for a single party is 80% of the net assets based on the latest financial statements of the lending companies.

(2-3) For short-term financing between the Company's Vietnam subsidiaries and aforementioned associates, limit on loans granted for a single party is 40% of the net assets based on the latest financial statements of the lending companies. The amount of loans to a single party is the accumulated balance of the lending company's short-term financing for single party.

Limit on the loans provided by the Company's Myanmar subsidiaries:

(1) Limit on the total loans to others provided by the Company's Myanmar subsidiaries is 80% of the net assets based on the latest financial statements of the lending companies.

(2) Limit on the loans provided by the Company's Myanmar subsidiaries granted for a single party are as follows:

(2-1) Limit on loans to a single party with business transactions is the higher value of purchasing and selling during current year on the year of financing, and can't exceed the total business transactions amount within 12 month.

(2-2) For short-term financing between the Company's Myanmar subsidiary and the foreign companies which the ultimate parent company holds 100% of the voting rights directly or indirectly, limit on loans granted for a single party is 80% of the net assets based on the latest financial statements of the lending companies.

(2-3) For short-term financing between the Company's Myanmar subsidiaries and aforementioned associates, limit on loans granted for a single party is 40% of the net assets based on the latest financial statements of the lending companies. The amount of loans to a single party is the accumulated balance of the lending company's short-term financing for single party.

Note 8: The amounts of funds to be loaned to others which have been approved by the board of directors of a public company in accordance with Article 14, Item 1 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment.

In addition, if the board of directors of a public company has authorized the chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the board of directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

Note 9: Fuzhou Jiwei System Integrated Co., LTD. completed the liquidation procedure in September 2022.

MARKETECH INTERNATIONAL CORP.
Provision of endorsements and guarantees to others
For the year ended December 31, 2022

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, 2022 (Note 5) | Outstanding endorsement/ guarantee amount at December 31, 2022 (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 | \$ 4,677,540 | \$ 81,430 | \$ 80,761 | \$ 62,988 | \$ - | 0.86% | \$ 9,355,079 | Y | N | N | Note 4 |
| 0 | Marketech International Corp. | MIC-Tech (Shanghai) Corp. | 2 | 4,677,540 | 822,488 | 564,887 | - | - | 6.04% | 9,355,079 | Y | N | Y | Note 4 |
| 0 | Marketech International Corp. | MIC-Tech (WuXi) Co., Ltd. | 2 | 4,677,540 | 386,970 | 304,571 | 175,047 | - | 3.26% | 9,355,079 | Y | N | Y | Note 4 |
| 0 | Marketech International Corp. | MIC-Tech Electronics Engineering Corp. | 2 | 4,677,540 | 3,071,992 | 2,629,482 | 1,918,879 | - | 28.11% | 9,355,079 | Y | N | Y | Note 4 |
| 0 | Marketech International Corp. | Shanghai Maohua Electronics Engineering Co., Ltd. | 2 | 4,677,540 | 303,626 | 139,440 | 12,182 | - | 1.49% | 9,355,079 | Y | N | Y | Note 4 |
| 0 | Marketech International Corp. | Marketech International Sdn. Bhd. | 2 | 4,677,540 | 166,950 | 122,840 | 18,737 | - | 1.31% | 9,355,079 | Y | N | N | Note 4 |
| 0 | Marketech International Corp. | eZoom Information, Inc. | 2 | 4,677,540 | 80,000 | 55,000 | 18,698 | - | 0.59% | 9,355,079 | Y | N | N | Note 4 |
| 0 | Marketech International Corp. | Te Chang Construction Co., Ltd. | 5 | 4,677,540 | 174,418 | 44,418 | 22,167 | - | 0.47% | 9,355,079 | N | N | N | Note 4 |
| 0 | Marketech International Corp. | Marketech International Corporation USA | 2 | 4,677,540 | 1,966,450 | 1,608,058 | 1,137,248 | - | 17.19% | 9,355,079 | Y | N | N | Note 4 |
| 1 | MIC-Tech Electronics Engineering Corp. | MIC-Tech Viet Nam Co., Ltd. | 4 | 2,370,234 | 450,989 | - | - | - | - | 3,950,390 | N | N | N | Note 4 |
| 1 | MIC-Tech Electronics Engineering Corp. | The Fourth Construction Co., Ltd. of China Electronics System Engineering | 5 | 2,370,234 | 831,264 | - | - | - | - | 3,950,390 | N | N | Y | Note 4 |
| 1 | MIC-Tech Electronics Engineering Corp. | Marketech International Corp. | 3 | 2,370,234 | 159,336 | 153,459 | 153,459 | - | 19.42% | 3,950,390 | N | Y | N | Note 4 |
| 1 | MIC-Tech Electronics Engineering Corp. | The Second Construction Co., Ltd. of China Electronics System Engineering | 5 | 2,370,234 | 1,122 | 1,122 | 1,122 | - | 0.14% | 3,950,390 | 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 Lending of Funds and Making of Endorsements/ Guarantees by Public Companies":

- (1) In accordance with mutual guarantee requirement in the same industry for contracting constructions, limit on endorsement/guarantee to a single party is the net assets of the Company.
- (2) In accordance with business relationship, limit on endorsement/guarantee to a single party is the total value of business transactions within past 12 months. (the value of business transactions is the higher of purchases or sales)
- (3) Except for (1) and (2) mentioned above, limit on endorsement/guarantee to a single party is 50% of the net assets of the Company.
- (4) For (2) and (3) mentioned above, limit on the total amount of endorsement/guarantee is the net assets of the Company.
- (5) For the Company and subsidiaries, limit on endorsement/guarantee to a single party is the net assets of the Company; limit on the total amount is 5 times of the net assets of the Company.

Limit on endorsements and guarantees of the Company's mainland subsidiaries:

- (1) In accordance with mutual guarantee requirement in the same industry or the common builders for contracting constructions, or provision of endorsements and guarantees for joint ventures from shareholders in proportion to shareholding ratio, limit on the total amount is 5 times of the net assets of the endorser/guarantor on endorsement/guarantee to a single party is three times of the net assets of the endorser/guarantor.
- (2) Except for (1), the Group follows standards of endorsements and guarantees as below:
 - (2-1) Total amount: (2-1-1) Limit on the accumulated endorsements and guarantees is 5 times of the net assets of the endorser/guarantor;
 - (2-1-2) Limit on endorsements and guarantees to a company of which the endorser company and the Company directly or indirectly holds 90%, should meet the requirement in (2-1-1) and may not exceed 10% of the ultimate parent's net assets.
 - (2-1-3) Total endorsements and guarantees of the endorser/guarantor and its subsidiaries are limited to 5 times of the net assets of the endorser/guarantor.
 - (2-2) Limit on endorsement/guarantee to a single party
 - (2-2-1) For the companies having business relationship with the endorser/guarantor and thus being provided endorsements/guarantees, limit on endorsements to a single party is the total value of business transactions within past 12 months.
(the value of business transactions is the higher of purchase or sales)
 - (2-2-2) Limit on endorsement/guarantee to a single party who having business relationship with the Group is 3 times of the net assets of the endorser/guarantor.

Note 5: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 6: Fill in the amount approved by the Board of Directors or the chairman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 7: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 8: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

MARKETECH INTERNATIONAL CORP.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

For the year ended December 31, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

| As of December 31, 2022 | | | | | | | | | | |
|-------------------------------|-------------------------------|--|--|--|------------------|---------------------|---------------|-------------------|------------|----------|
| 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 | \$ 101,071 | - | \$ 101,071 | None | |
| " | " | Aerospace Industrial Development Corp. | " | " | 50,925 | 1,821 | - | 1,821 | " | |
| | | | | | | <u>\$ 102,892</u> | | <u>\$ 102,892</u> | | |
| " | Ordinary shares | Taiwan Colour & Imaging Technology Corp. | None | Financial assets measured at fair value through profit or loss - non-current | 1,700,000 | \$ - | 12.15% | \$ - | None | |
| " | " | Chung-Hsin Electric and Machinery Manufacturing Corp. | " | " | 581,000 | 39,043 | 0.12% | 39,043 | " | |
| " | " | WINGS GLOBAL TECHNOLOGY INC. | " | " | 750,000 | 7,558 | 18.75% | 7,558 | " | |
| " | " | Promos Technologies, Inc. | " | " | 250,331 | - | 0.56% | - | " | |
| " | " | Taiwan Puritic Corp. | " | " | 4,084,181 | 236,311 | 6.72% | 236,311 | " | |
| " | " | SOPOWER Technology Corp. | " | " | 189,223 | - | 0.80% | - | " | |
| " | " | VEEV Interactive Pte. Ltd. | " | " | 840,000 | - | 6.32% | - | " | |
| " | " | Taiwan Intelligent Fiber Optic Network Co., Civil Tech Pte. Ltd. | " | " | 3,219,697 | 16,324 | 1.41% | 16,324 | " | |
| " | " | ProbeLeader Co., Ltd. | Entities controlled by key management or entities with significant influence | " | 966,000 | 13,916 | 3.46% | 13,916 | " | |
| " | " | Top Green Energy Technologies, Inc. | None | " | 1,111,111 | - | 0.89% | - | " | |
| " | " | IP Fund Six Co., Ltd. | " | " | 772,321 | 7,097 | 1.79% | 7,097 | " | |
| " | " | Innorich Venture Capital Corp. | " | " | 1,000,000 | 6,840 | 1.87% | 6,840 | " | |
| " | " | Taiwan Foresight Co., Ltd. | " | " | 380,000 | 2,870 | 2.24% | 2,870 | " | |
| " | " | Long Time Technology Corp. | " | " | 346,000 | 11,889 | 0.29% | 11,889 | " | |
| " | " | Paradigm Venture Capital Corp. | " | " | 76,659 | 1,037 | 3.50% | 1,037 | " | |
| " | " | Taiwan Special Chemicals Corp. | " | " | 1,858,827 | 77,374 | 1.35% | 77,374 | " | |
| " | " | Atech Totalsolution Co., Ltd. | " | " | 128,000 | - | 0.23% | - | " | |
| " | " | East Wind Life Science Systems | " | " | 124,457 | - | 12.87% | - | " | |
| " | " | EcoLand Corp. | " | " | 310,715 | - | 13.51% | - | " | |
| " | " | Kcashin Technology Corporation | " | " | 642,500 | 186 | 19.01% | 186 | " | |
| " | " | Radisen Co., Ltd. | " | " | 87,803 | - | 18.49% | - | " | |
| " | " | Foresight Energy Technologies Co., Ltd. | " | " | 675,000 | - | 2.70% | - | " | |
| " | " | Mycropore Corporation, Ltd. | " | " | 1,471,000 | 8,060 | 8.44% | 8,060 | " | |
| " | " | STEK CO., LTD. | " | " | 507,428 | 16,519 | 6.27% | 16,519 | " | |
| " | " | Sum Capital Healthcare Investment Corp. | Entities controlled by key management or entities with significant influence | " | 943,050 | 9,383 | 7.44% | 9,383 | " | |
| " | " | Forward Science Corp. | " | " | 2,650,240 | 44,432 | 8.41% | 44,432 | " | |
| " | " | Renown Information Technology Corp. | None | " | 720,000 | 6,401 | 14.40% | 6,401 | " | |
| " | " | TAIWAN TRUEWIN TECHNOLOGY CO., | " | " | 679,325 | 26,660 | 2.24% | 26,660 | " | |
| " | " | Sharpcon Optical Co., Ltd. | " | " | 829,439 | 3,679 | 6.30% | 3,679 | " | |
| " | " | Everlasting Digital ESG Co., Ltd. | Entities controlled by key management or entities with significant influence | " | 100,000 | 657 | 5.88% | 657 | " | |
| " | " | Artfil, Inc. | None | " | 215 | 22,537 | 9.33% | 22,537 | " | |
| " | " | MEGA UNION TECHNOLOGY | " | " | 659,837 | 34,189 | 1.10% | 34,189 | " | |
| " | Private funds | Zoyi II Investment Limited Partnership | " | " | - | 18,539 | - | 18,539 | " | |
| " | Convertible bonds | HALLYS CORPORATION | " | " | - | - | - | - | " | |
| " | " | Radisen Co., Ltd. | " | " | - | - | - | - | " | |
| " | " | Nitride Solutions Inc. | " | " | - | - | - | - | " | |
| " | " | Kinestral Technologies, Inc. | " | " | - | - | - | - | " | |
| " | Preferred stock | Adant Technologies Inc. | " | " | 174,520 | - | Note 3 | - | " | |
| " | " | Kinestral Technologies, Inc. | " | " | 501,532 | - | " | - | " | |
| " | Private funds | Vertex Growth (SG) LP | " | " | - | 37,808 | - | 37,808 | " | |
| " | " | Vertex Growth II (SG) LP | " | " | - | 3,766 | - | 3,766 | " | |
| | | Total | | | | <u>\$ 653,075</u> | | <u>\$ 653,075</u> | | |

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortized cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 3: Holding preferred stock.

MARKETECH INTERNATIONAL CORP.

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

For the year ended December 31, 2022

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) | |
| MIC-Tech Global Corp. | Marketech International Corp. | Subsidiary | Sales | \$ 211,432 | 95.69% | Note 1 | \$ - | - | \$ 20,629 | 99.9% | - |

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

Note 2: Sales revenue for the year ended December 31, 2022.

Note 3: 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.

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

December 31, 2022

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

| Creditor | Counterparty | Relationship with the counterparty | Balance as at December 31, 2022 | | Turnover rate | Overdue receivables | | Amount collected subsequent to the balance sheet date | Allowance for doubtful accounts |
|-------------------------------------|--|---------------------------------------|---------------------------------|---------|---------------|---------------------|--------------|---|------------------------------------|
| | | | (Note 1) | | | Amount | Action taken | | |
| Marketch International Corp. | MIC-Tech Viet Nam Co., Ltd. | Subsidiary | \$ | 124,294 | Note 2 | \$ | - | \$ | - |
| MIC-Tech Ventures Asia Pacific Inc. | MIC-Tech Electronics Engineering Corp. | " | | 114,604 | " | | - | | - |
| MIC-Tech Ventures Asia Pacific Inc. | MIC-Tech (Shanghai) Corp. | " | | 220,393 | " | | - | | - |

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

Note 2: Recorded as "other receivables thus, it is not applicable.

MARKETECH INTERNATIONAL CORP.
Significant inter-company transactions during the reporting period
For the year ended December 31, 2022

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

| Number (Note 1) | Company name | Counterparty | Relationship (Note 2) | Transaction | | Percentage of consolidated total operating revenues or total assets (Note 3) |
|--------------------|---|---|--------------------------|--------------------------|-----------|--|
| | | | | General ledger account | Amount | |
| 0 | Marketech International Corp. | MIC-Tech (Shanghai) Corp. | 1 | Sales revenue | \$ 34,659 | Sales revenue: 0.07% 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. 0.01% 0.04% 0.04% 0.01% 0.01% 0.03% 0.11% 0.04% 0.02% 0.03% 0.35% 0.02% 0.02% 0.09% 0.01% 0.12% 0.01% 0.42% 0.06% 0.03% 0.18% 0.02% 0.05% 0.02% 0.02% 0.06% 0.24% 0.03% 0.32% 0.62% 0.02% |
| 0 | Marketech International Corp. | MIC-Tech (Shanghai) Corp. | 1 | Non-operating revenue | 5,877 | |
| 0 | Marketech International Corp. | MIC-Tech Electronics Engineering Corp. | 1 | Other receivables | 13,158 | |
| 0 | Marketech International Corp. | MIC-Tech Electronics Engineering Corp. | 1 | Non-operating revenue | 21,329 | |
| 0 | Marketech International Corp. | MIC-Tech Electronics Engineering Corp. | 1 | Construction revenue | 5,698 | |
| 0 | Marketech International Corp. | MIC-Tech China Trading (Shanghai) Co., Ltd. | 1 | Sales revenue | 5,880 | |
| 0 | Marketech International Corp. | Marketech Integrated Pte. Ltd. | 1 | Accounts receivable | 10,128 | |
| 0 | Marketech International Corp. | Marketech Integrated Pte. Ltd. | 1 | Other receivables | 40,397 | |
| 0 | Marketech International Corp. | Marketech Integrated Pte. Ltd. | 1 | Sales revenue | 21,681 | |
| 0 | Marketech International Corp. | Marketech Integrated Pte. Ltd. | 1 | Services revenue | 8,963 | |
| 0 | Marketech International Corp. | Marketech International Sdn. Bhd. | 1 | Other receivables | 9,435 | |
| 0 | Marketech International Corp. | MIC-Tech Viet Nam Co., Ltd. | 1 | Other receivables | 124,294 | |
| 0 | Marketech International Corp. | Marketech Netherlands B.V. | 1 | Prepayment for purchases | 5,882 | |
| 0 | Marketech International Corp. | MIC Healthcare Korea Co., Ltd. | 1 | Sales revenue | 12,268 | |
| 0 | Marketech International Corp. | Marketech International Corporation USA | 1 | Construction revenue | 44,893 | |
| 0 | Marketech International Corp. | Marketech International Corporation USA | 1 | Non-operating revenue | 7,447 | |
| 1 | eZoom Information, Inc. | Marketech International Corp. | 2 | Services revenue | 62,207 | |
| 1 | eZoom Information, Inc. | Marketech International Corp. | 2 | Construction revenue | 5,960 | |
| 2 | MIC-Tech Global Corp. | Marketech International Corp. | 2 | Sales revenue | 211,432 | |
| 2 | MIC-Tech Global Corp. | Marketech International Corp. | 2 | Accounts receivable | 20,629 | |
| 3 | Spiro Technology Systems Inc. | Marketech International Corp. | 2 | Accounts receivable | 11,359 | |
| 3 | Spiro Technology Systems Inc. | Marketech International Corp. | 2 | Sales revenue | 91,277 | |
| 4 | Marketech Netherlands B.V. | Marketech International Corp. | 2 | Accounts receivable | 5,854 | |
| 4 | Marketech Netherlands B.V. | Marketech International Corp. | 2 | Sales revenue | 23,588 | |
| 5 | Vertex System Corporation | Marketech International Corp. | 2 | Construction revenue | 12,540 | |
| 6 | MIC-Tech Electronics Engineering Corp. | MIC-Tech (Shanghai) Corp. | 3 | Construction revenue | 7,676 | |
| 6 | MIC-Tech Electronics Engineering Corp. | Shanghai Maohua Electronics Engineering Co., Ltd. | 3 | Other receivables | 26,447 | |
| 6 | MIC-Tech Electronics Engineering Corp. | Shanghai Maohua Electronics Engineering Co., Ltd. | 3 | Prepayment for purchases | 13,224 | |
| 7 | Shanghai Maohua Electronics Engineering Co., Ltd. | MIC-Tech Electronics Engineering Corp. | 3 | Accounts receivable | 22,950 | |
| 7 | Shanghai Maohua Electronics Engineering Co., Ltd. | MIC-Tech Electronics Engineering Corp. | 3 | Construction revenue | 123,222 | |
| 7 | Shanghai Maohua Electronics Engineering Co., Ltd. | MIC-Tech Electronics Engineering Corp. | 3 | Sales revenue | 13,598 | |
| 8 | MIC-Tech Ventures Asia Pacific Inc. | MIC-Tech Electronics Engineering Corp. | 3 | Other receivables | 114,604 | |
| 8 | MIC-Tech Ventures Asia Pacific Inc. | MIC-Tech (Shanghai) Corp. | 3 | Other receivables | 220,393 | |
| 9 | Marketech Integrated Manufacturing Co., Ltd. | Marketech Integrated Construction Co., Ltd. | 3 | Other receivables | 6,423 | |

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

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

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

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

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

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

MARKETECH INTERNATIONAL CORP.

Information on investees

For the year ended December 31, 2022

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, 2022 | | | Net profit (loss) of the investee for the year ended December 31, 2022 | Investment income (loss) recognized by the Company for the year ended December 31, 2022 (Note 1) | Footnote |
|-------------------------------|--|----------------|--|------------------------------------|---------------------------------|-------------------------------------|---------------|------------|--|--|--------------------------|
| | | | | Balance as at December 31, 2022 | Balance as at December 31, 2021 | Number of shares | Ownership (%) | Book value | | | |
| Marketech International Corp. | Marketech Integrated Pte. Ltd. | Singapore | Contracting for semiconductor automatic supply system | \$ 292,147 | \$ 233,306 | 12,898,078 | 100 | \$ 12,708 | (\$ 3,305) | (\$ 3,305) | The Company's subsidiary |
| Marketech International Corp. | Market Go Profits Ltd. | Virgin Islands | Investment holding and reinvestment | 1,299,429 | 1,328,547 | 40,119,104 | 100 | 2,370,906 | 686,499 | 686,499 | The Company's subsidiary |
| Marketech International Corp. | MIC-Tech Global Corp. | South Korea | International trade | 19,147 | 19,147 | 131,560 | 100 | 15,198 | 2,940 | 2,940 | The Company's subsidiary |
| Marketech International Corp. | Headquarter International Ltd. | Virgin Islands | Investment holding and reinvestment | 42,475 | 42,475 | 1,289,367 | 100 | 37,058 | (382) | (382) | 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 | 34,671 | (152) | (152) | The Company's subsidiary |
| Marketech International Corp. | Marketech Engineering Pte. Ltd. | Singapore | Contracting for electrical installing construction | 21,804 | 21,804 | 937,533 | 100 | (3,356) | (3,542) | (3,542) | 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 | 145,956 | (36,190) | (36,190) | The Company's subsidiary |
| Marketech International Corp. | MIC-Tech Viet Nam Co., Ltd. | Vietnam | Trading, installation and repair of various machinery equipment and its peripherals; consulting service and software execution service associated with computer hardware installation | 131,060 | 131,060 | - | 100 | 91,016 | (41,236) | (41,236) | 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 | 6,613 | (7,320) | (7,320) | The Company's subsidiary |
| Marketech International Corp. | eZoom Information, Inc. | Taiwan | Research, trading and consulting of information system software and hardware appliance | 230,737 | 225,737 | 23,500,000 | 100 | 61,488 | (37,100) | (37,100) | The Company's subsidiary |
| Marketech International Corp. | Marketech International Sdn.Bhd. | Malaysia | Specialized contracting and related repair services; sales of medical devices | 82,014 | 82,014 | 12,242,750 | 100 | 44,671 | (11,090) | (11,090) | The Company's subsidiary |
| Marketech International Corp. | Marketech International Corporation USA | USA | Specialized contracting and related repair services | 259,794 | 110,309 | 8,750,000 | 100 | 667,977 | 393,884 | 393,884 | The Company's subsidiary |

| Investor | Investee | Location | Main business activities | Initial investment amount (Note 2) | | Shares held as at December 31, 2022 | | | Net profit (loss) of the investee for the year ended December 31, 2022 | Investment income (loss) recognized by the Company for the year ended December 31, 2022 (Note 1) | Footnote |
|-------------------------------|--------------------------------------|-------------|--|------------------------------------|---------------------------------|-------------------------------------|---------------|------------|--|--|--|
| | | | | Balance as at December 31, 2022 | Balance as at December 31, 2021 | Number of shares | Ownership (%) | Book value | | | |
| Marketech International Corp. | Spiro Technology Systems Inc. | USA | International trade | \$ 54,074 | \$ 54,074 | 1,000,000 | 100 | \$ 82,639 | \$ 25,785 | \$ 25,785 | 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 | 64,119 | 5,005,940 | 25.62 | 28,931 | (70,988) | (18,208) | 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 | 35,209 | 3,393 | 3,393 | The Company's subsidiary |
| Marketech International Corp. | Marketech Netherlands B.V | Netherlands | International trade business of machine and components and technical service | 40,510 | 31,253 | 1,200,000 | 100 | 5,378 | (7,545) | (7,545) | The Company's subsidiary |
| Marketech International Corp. | Glory Technology Service Inc.. | Taiwan | Sale and installation of information and communication equipment | 42,714 | 42,714 | 5,968,371 | 29.24 | 68,926 | 12,262 | 3,586 | 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 | 1,807 | (38) | (7) | The Company's investee accounted for using equity method |
| Marketech International Corp. | Taiwan Radisen HealthCare Co., Ltd. | Taiwan | Smart medical consulting services and investment | 500 | 500 | 50,000 | 100.00 | 377 | (41) | (41) | 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 | 37,073 | (13,051) | (8,007) | The Company's subsidiary |
| Marketech International Corp. | Bolite Co., Ltd. | Taiwan | Precision R&D, manufacturing and sales of laser-related modules and equipment, and provide laser application solutions | 19,200 | - | 1,600,000 | 32 | 26,646 | 23,268 | 7,446 | 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 | 22,822 | 8,321 | 2,000,000 | 100 | 8,838 | (12,594) | (12,594) | The Company's subsidiary |
| Marketech International Corp. | Marketech International Corp. Japan | Japan | International trade | 2,302 | - | 990 | 100 | 2,190 | (109) | (109) | The Company's subsidiary |

| Investor | Investee | Location | Main business activities | Initial investment amount (Note 2) | | Shares held as at December 31, 2022 | | | Net profit (loss) of the investee for the year ended December 31, 2022 | Investment income (loss) recognized by the Company for the year ended December 31, 2022 (Note 1) | Footnote |
|-------------------------------------|---|----------------|--|------------------------------------|---------------------------------|-------------------------------------|---------------|--------------|--|--|---|
| | | | | Balance as at December 31, 2022 | Balance as at December 31, 2021 | Number of shares | Ownership (%) | Book value | | | |
| Market Go Profits Ltd. | MIC-Tech Ventures Asia Pacific Inc. | Cayman Islands | Investment holding and reinvestment | \$ 1,293,932 | \$ 1,323,049 | 40,016,604 | 100 | \$ 2,369,586 | \$ 686,587 | \$ - | The investor's subsidiary |
| Marketech Engineering Pte Ltd. | Marketech Integrated Construction Co., Ltd. | Myanmar | Contracting for electrical installing construction | 19,342 | 19,342 | 63,500 | 97.69 | (4,007) | (3,472) | - | The investor's subsidiary |
| MIC-Tech Ventures Asia Pacific Inc. | Rusky H.K. Limited | Hong Kong | Investment holding and reinvestment | 34,551 | 34,551 | 833,000 | 100 | (8,102) | (30,137) | - | The investor's subsidiary |
| MIC-Tech Ventures Asia Pacific Inc. | Frontken MIC Co. Limited | Hong Kong | Investment holding and reinvestment | 31,422 | 31,422 | 2,337,608 | 100 | 3,345 | (148) | - | The investor's subsidiary |
| MIC-Tech Ventures Asia Pacific Inc. | MICT International Limited | Hong Kong | Investment holding and reinvestment | 132,282 | 132,282 | 5,400,000 | 60 | 33,166 | 3,743 | - | 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 | (4,632) | (5,411) | - | 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 | 6,711 | (6,969) | - | 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 | 3,393 | - | 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, 2022, the initial investment amounts of other investees are translated at the current rate as of the investment date.

MARKETECH INTERNATIONAL CORP.
Information on investments in Mainland China
For the year ended December 31, 2022

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, 2022 (Note 3) | Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022 (Note 3) | | Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022 (Note 3) | Net income of investee for the year ended December 31, 2022 | Ownership held by the Company (direct or indirect) | Investment income (loss) recognized by the Company for the year ended December 31, 2022 (Note 2) | Book value of investments in Mainland China as of December 31, 2022 | Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022 | 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 | \$ 783,105 | Note 1(2) | \$ 629,555 | \$ - | \$ - | \$ 629,555 | \$ 83,126 | 100 | \$ 83,686 | \$ 141,745 | \$ - | 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 | 253,081 | Note 1(2) | 15,355 | - | - | 15,355 | 288,444 | 100 | 288,444 | 717,312 | - | Note 2 (2)B |
| Fuzhou Jiwei System Integrated Co., Ltd. | Installation and complete services of clean room, mechanical system and street pipe system | 9,213 | Note 1(2) | 9,213 | - | - | 9,213 | 2,177 | 100 | 2,177 | - | - | Note 2 (2)B & 4 |
| 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 | 18,426 | Note 1(2) | 18,518 | - | - | 18,518 | (34,571) | 87 | (30,077) | (10,858) | - | 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 | 541,079 | Note 1(2) | 261,649 | - | - | 261,649 | 290,334 | 100 | 290,334 | 790,078 | - | 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 | 214,970 | Note 1(2) | 119,769 | - | - | 119,769 | 3,743 | 60 | 2,246 | 32,397 | - | Note 2 (2)B |

| Investee in Mainland China | Main business activities | Paid-in capital (Note 3) | Investment method (Note 1) | Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022 (Note 3) | Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022 (Note 3) | | Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022 (Note 3) | Net income of investee for the year ended December 31, 2022 | Ownership held by the Company (direct or indirect) | Investment income (loss) recognized by the Company for the year ended December 31, 2022 (Note 2) | Book value of investments in Mainland China as of December 31, 2022 | Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022 | Footnote |
|--|---|-----------------------------|----------------------------------|--|--|----------------------------|--|---|---|---|---|--|----------------|
| | | | | | Remitted to Mainland China | Remitted back to Taiwan | | | | | | | |
| 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 | \$ 46,065 | Note 1(2) | \$ 46,065 | \$ - | \$ - | \$ 46,065 | \$ 54,512 | 100 | \$ 54,512 | \$ 115,617 | \$ - | 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 | 29,386 | Note 1(2) | 9,236 | - | - | 9,236 | (5,411) | 31.43 | (1,701) | (4,635) | - | Note 2 (2)B |
| 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 | 55,278 | Note 1(2) | 15,355 | - | - | 15,355 | (7,107) | 27.78 | (1,974) | 6,679 | - | 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, 2022' 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.

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

Note 4: Fuzhou Jiwei System Integrated Co., Ltd. completed the liquidation procedure in September 2022.

2. Limit on investees in Mainland China

| Company name | Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022 (Note 1) (Note 2) (Note 3) | Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 1) | Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA |
|-------------------------------|--|--|--|
| Marketech International Corp. | \$ 1,203,525 | \$ 2,005,885 | \$ 5,688,601 |

Note 1: The amount was translated at the original currency times exchange rate at period end.

Note 2: The Company has sold WUXI Probeleader Electronics Co., Ltd. at the end of November 2011. As the accumulated investment was different from the investment collected back, the difference between accumulated amount of remittance from Taiwan to Mainland China as of November 30, 2011 and accumulated amount of remittance from Taiwan to Mainland China registered at and approved by MOEA was US\$186 thousand.

Note 3: The liquidation of TPP-MIC (WuXi) Co., Ltd. was completed in November, 2015. As the accumulated investment was different from the investment collected back, the difference between accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022, and accumulated amount of remittance from Taiwan to Mainland China registered at and approved by MOEA was US\$180 thousand.

MARKETECH INTERNATIONAL CORP.

Major shareholders information

December 31, 2022

Table 9

| Name of major shareholders | Shares | |
|---|---------------------|---------------|
| | Name of shares held | Ownership (%) |
| Ennoconn International Investment Co., Ltd. | 83,468,613 | 42.79 |
| JI-XUAN Investment Corp. | 11,005,795 | 5.64 |

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.