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Marketch International Corp.

2023 Annual Report

Printed on May 8, 2024

Notice to readers

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

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

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2. Company's headquarter, branch offices, and factories contact information

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Tel: + 86-510-85200505

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Tel: +95-1-535-927

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3. Stock Transfer Agent

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Website: <https://www.kgiworld.com.tw>
Tel: +886-2-23892999

4. Auditors

Auditors: Accountant Wang, Sung-Tse & Accountant Lin, Chun-Yao
CPA 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. Overseas Securities Exchange: None.

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

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Part 1. Letter to Shareholders

1. Forward

Dear Shareholders,

Despite challenges experienced in 2023 such as geopolitical tensions, high-interest rates reducing consumer spend, weekend domestic sales and export demand, Taiwan exports still exceeded US\$430 billion for the third consecutive year, setting a new record. Export and overseas sales have returned to a positive growth in 2024, indicating an economic recovery can be expected in 2024.

In 2023, consolidated revenue reached NT\$56.28 billion, an 11.74% increase from the previous year, and a continuous increase for the fourth consecutive year. Operating profit was NT\$2.43 billion, a 15.07% decrease from the previous year, but still a record amount. Net profit for the period was NT\$2.10 billion, a 2.26% decrease from the previous year. Earnings per share stood at NT\$10.96, also a record rate.

Benefiting from strong demands for new and emerging applications like artificial intelligence (AI), Taiwan experienced an AI boom in 2023, witnessing a surge in AI applications. Extending from cloud computing to edge computing, the global AI chip market is estimated to exceed US\$86 billion by 2026, accounting for nearly 11% of the overall semiconductor market. The AI chip market is projected to grow at a compound annual growth rate of 19.9% from 2021 to 2026, expanding its market share threefold within the semiconductor market each year. Servers used in data centers are expected to deploy large amount of AI accelerators, and demand for data analysis performed close to data collection point is also set to increase significantly.

Looking ahead in 2024, global central banks have started the interest rate cut cycle, loosening monetary policy. Key electronics industry in Taiwan is starting to recover, inventory is returning to normal levels, investments in advanced processes in semiconductors coupled with demand for consumer electronics, semiconductors are poised to become the market's focus in 2024. Academia Sinica forecasts Taiwan's real GDP growth rate to be 3.02% in 2024. The CPU platform is expected to undergo a revolutionary change with the introduction of new GPU products, leading to a boom in AI production value.

As a provider committed to delivering quality solutions, Marketech works hand in hand with customers to drive technology, strengthen supply chain relationships, actively incorporate ESG indicators, cultivate green management and enhance environmental sustainability initiatives. We are dedicated to becoming a leading high-tech solution provider in Taiwan.

Margaret Kao

Chairman and CEO

2. Business Report

1. 2023 Business Results

1) Operating Results

In 2023, the consolidated operating revenue was NT\$56,279,732 thousand, representing a 12% increase compared to NT\$50,366,704 thousand in 2022. The consolidated net income for 2023 was NT\$2,101,229 thousand, a 2% decrease from NT\$2,149,807 thousand in 2022. Basic earnings per share for 2023 was NT\$10.96, a 3% decrease from NT\$11.34 in 2022. MIC will continue to pursue stable growth and profitability as its operational objectives, thereby maximizing shareholder equity in the future.

2) Budget Achievability

In 2023, the global economy saw a gradual recovery, with the semiconductor industry remaining a key driver for market growth. Benefiting from the increase in semiconductor customer orders, MIC's consolidated operating revenue and profitability for 2023 exceeded budget. MIC will continue to strive for stable growth and profitability as its objectives.

3) Financial Performance Analysis

In 2023, the overall financial situation resulted in a net cash inflow of NT\$728,789 thousand, including a net cash outflow of NT\$4,174,266 thousand from operating activities, net cash outflow of NT\$558,776 thousand from investing activities, and a net cash inflow of NT\$5,563,824 thousand from financing activities. Ending balance of cash and cash equivalents was NT\$7,210,086 thousand.

For details regarding the solvency, liquidity and profitability ratios, please refer to the table below and the accompanying financial statements.

Items		Consolidated Financial Statement	
		2022	2023
Solvency	Ratio of total debt to assets (%)	73.16	75.94
	Ratio of long-term capital to fixed assets (%)	466.05	682.15
Liquidity	Current ratio (%)	125.69	130.56
	Quick ratio (%)	93.58	99.67
	Times interest earned	32.22	9.30
Profitability	Return on total assets (%)	7.05	5.79
	Return on shareholders' equity (%)	24.88	20.29
	Ratio of operating income to paid-in capital (%)	146.97	120.92
	Ratio of pre-tax income to paid-in capital (%)	153.64	140.93
	Profit margin (%)	4.27	3.73
	Earnings per share (dollar) (Note 1)	11.34	10.96

Note 1: Earnings per share is based on the weighted average number of outstanding shares.

Note 2: The 2022 financial information presented above is based on the 2022 financial statements. Differences compared with 2022 figures in the 2023 financial statements are due to the adjustments to income taxes made due to the adoption of IFRS12.

4) Research and Development

In 2023, investment in research and development amounted to NT\$284,759 thousand, a 2.48% increase from NT\$277,870 thousand in 2022. The Group's research and development team has the ability to integrate high-tech processes, automatic control, and precision machinery technology integration, high-tech system equipment development, with demonstrated superior results. Key successful technologies and products developed in 2023 include:

Year	R&D Performance	Applications
2023	Development of three-dimensional microstructure lithography technology	Optoelectronic Semiconductor Industry Process Technology
	Laser patterning applied to micro LED side wiring	Optoelectronic Semiconductor Industry Process Technology
	Wet Milling Machine	Dentistry
	Portable and quantitative detector for loop-mediated isothermal (LAMP)	Biotechnology
	UV Transilluminator	Biotechnology
	Intelligent Occupational Safety Management System	Indoor and Outdoor Construction Sites

2. Summary of 2024 Business Plan

1) Business Strategies

- (1) Expand high-tech equipment and material product lines to increase the operating revenue.
- (2) Improve mechanical and electrical engineering and factory system integration capabilities.
- (3) Proactively cooperate with well-known international manufacturers to develop capabilities in domestic production processing equipment.
- (4) Improve equipment installation and maintenance services to enhance customer service.
- (5) Actively develop the construct and application of IoT, Big Data, AI, 5G private network, AR/VR.
- (6) Strengthen internationalized professional service capabilities.

2) Sales Volume Forecast and Basis

The Directorate General of Budget, Accounting and Statistics (DGBAS) estimated a year-on-year economic growth rate of 1.42% for 2023, and projects an increase to 3.35% for 2024. In the latest Global Economic Prospects report released in January 2024, the World Bank indicated a global economic growth rate of 2.6% for 2023 and forecasts a decline to 2.4% in 2024, marking the world's weakest five-year economic growth in 30 years.

The Semiconductor Equipment Market Forecast released by the Semiconductor Equipment and Materials International (SEMI) at the Japan International Semiconductor Exhibition projected the global semiconductor equipment market to contract by 6.05% to US\$100.9 billion in 2023 and grow by 4.37% to US\$105.31 billion in 2024.

During its investor conference on January 18, 2024, TSMC announced its estimated capital expenditure for 2024 will be between US\$28 billion and US\$32 billion (capital expenditures for 2023 were US\$30.45 billion).

In light of the overall economic and semiconductor industry outlook, MIC will strive to maintain stable or slight growth in the 2024 operational performance.

3) Major Production and Sales Policies

- (1) Integrate expertise of MIC Group's business units to build the Company's core technology capabilities.
- (2) Improve efficiency, reduce costs to enhance competitiveness.
- (3) Provide customer full and end-to-end service offerings and enhance the synergy capabilities of business units.
- (4) Strengthen services provided by the Company's overseas subsidiaries to facilitate customer's international expansion plans.

3. Future Development Strategies

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

MIC has implemented AEO, ISO9001, ISO13485, ISO14001, ISO14064, ISO45001, ISO50001, 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.

4. Impact of External Competitive Environment, Regulatory Environment and Macroeconomic Environment

In response to the demands of international business development and global supply chain changes, MIC is intensifying its efforts in project management and procurement management to enhance industry competitiveness through cost and expense control. In the context of globalization, MIC is addressing various country-specific policies, regulations, energy conservation and carbon reduction initiatives, net-zero emissions goals, greenhouse gas reduction measures, consumer protection, corporate governance, and corporate social responsibility requirements.

MIC is committed to providing more professional services to meet the challenges of a dynamic business environment. In the future, it will uphold the spirit of innovation and offer integrated, environmentally friendly, differentiated, digitalized, and smart solutions to further expand its advantages and market presence.

Wishing good health and all the best to our Shareholders.

Sincerely,

Chairman: Margaret Kao

President: Scott Lin

Accounting Director: Chung Chi-Wen

Part 2. Company Profile

1. Date of Incorporation: December 27, 1998

2. Company History

1) Company History

Year	Significant Events
1988	<ul style="list-style-type: none">▪ Marketch International Corp. was established with paid-in capital of NT\$ 5 million.
1989	<ul style="list-style-type: none">▪ Cooperated with US TPI Systems and introduced the hi-tech products as well as technologies.
1995	<ul style="list-style-type: none">▪ Set up MIC's 1st semiconductor cleaning room.
1997	<ul style="list-style-type: none">▪ Started oversea business expansion from Singapore in July.▪ Tainan representative office was established to support customers in Tainan Science Park.▪ Co-marketed with J.P.C. to expand business in oversea markets.
1998	<ul style="list-style-type: none">▪ Set up MIC's 2nd semiconductor cleaning room.▪ Changed company organization and name to Marketch International Corp.
2000	<ul style="list-style-type: none">▪ Divisions of Equipment & Material and Chemical Engineering received ISO 9002.▪ Hsin Chu office was officially opened.▪ MIC-Tech Ventures Asia Pacific INC. was established and in charge of investment projects in China.
2001	<ul style="list-style-type: none">▪ Market Go Profits LTD. was established and in charge of oversea investment projects.▪ Acquired Marketch Integrated PTE LTD.▪ MIC-Tech (WuXi) Co., Ltd. was established and in charge of equipment manufacturing business.▪ MIC-Tech ShangHai Corp. Ltd. was established and in charge of trading business in China.▪ Hsin Chu branch office was established.▪ Tao Yuan bonded warehouse was established and operated.▪ Received ISO 9001 certification (modified version by year 2000).▪ Exclusive agent for selling semiconductor backend packaging detection equipment in Taiwan was licensed.▪ Kaohsiung representative office was established to provide customers in time service.▪ Tainan bonded warehouse was established to speed up material supply for production.
2002	<ul style="list-style-type: none">▪ Acquired Shanghai Maohua Electronics Engineering Co., Ltd. to expand business in China.▪ Officially listed on Emerging Stock Market.▪ Officially listed on OTC Market.
2003	<ul style="list-style-type: none">▪ Issued MIC's 1st domestic unsecured convertible bond of NT\$ 500 million.▪ Started building Hu Kou factory.▪ Fuzhou Jiwei System Integrated Co., Ltd. was established to expand the business in South China.
2003	<ul style="list-style-type: none">▪ Got approval to set up official office in Tainan Science Park.▪ MIC-Tech Electronics Engineering Corp. was established.▪ Tainan Science Park branch office was established.▪ Hu Kuo factory was official opened.▪ Started building Shan Hua factory.▪ Issued MIC's 2nd domestic unsecured convertible bond of NT\$ 580 million.
2004	<ul style="list-style-type: none">▪ Started building Tainan Science Park factory.
2004	<ul style="list-style-type: none">▪ Became OEM of US equipment supplier.

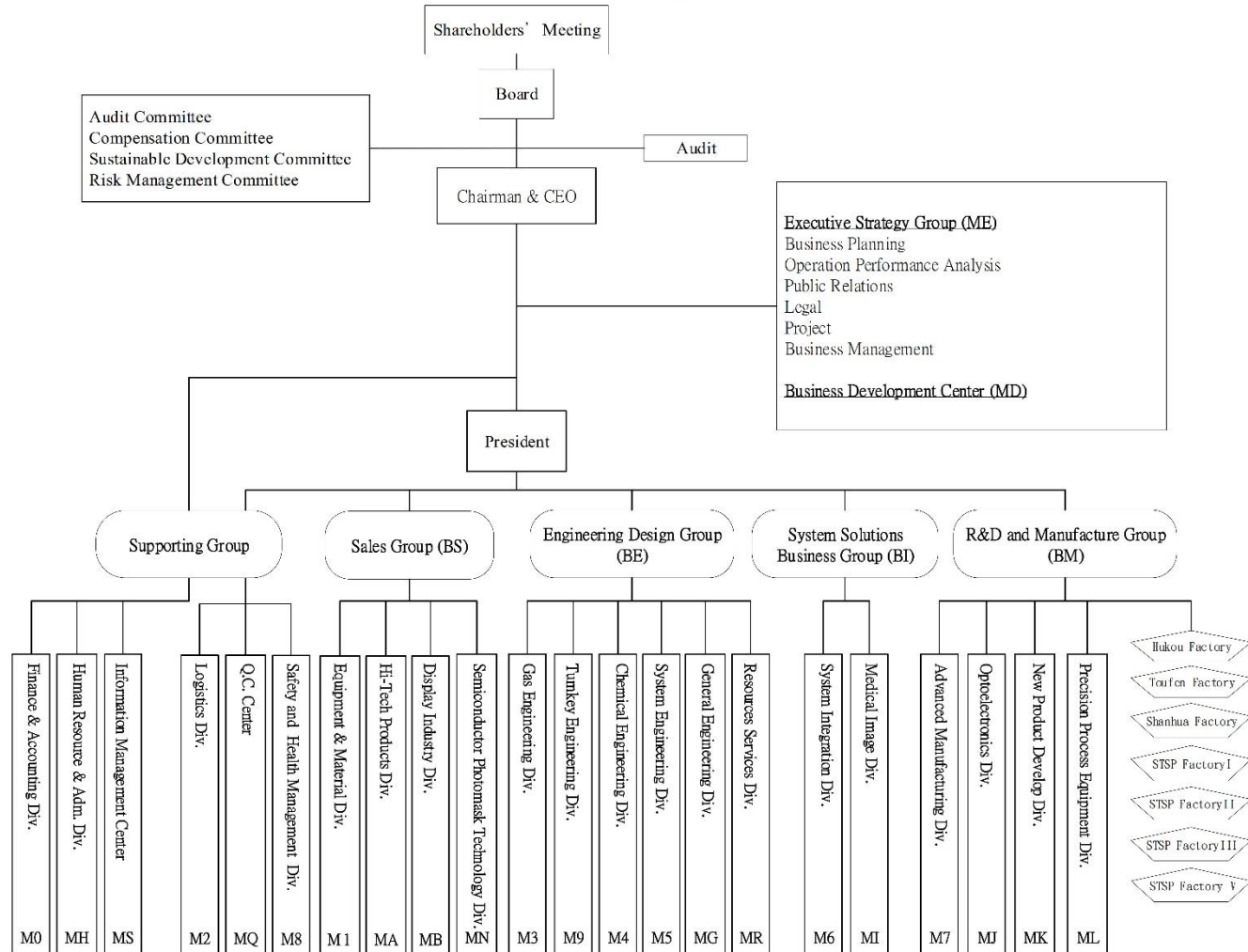
Year	Significant Events
	<ul style="list-style-type: none"> Officially listed on Taiwan Security Exchange Market. Shan Hua factory was officially opened and started operations. MIC-Tech Global CORP. was established.
2005	<ul style="list-style-type: none"> Tainan Science Park factory was officially opened and started operations. Wu Xi factory was officially opened and started operations. Relocated headquarter to Nangang Soft Park.
2006	<ul style="list-style-type: none"> Worked as OEM of US well-known flat panel display equipment supplier. Worked as OEM of Japan Lasertech.
2006	<ul style="list-style-type: none"> Phase I of Tou Fen factory was officially opened and started operations.
2007	<ul style="list-style-type: none"> Received ISO 14001 and OHSAS 18001 certification.
2008	<ul style="list-style-type: none"> Started building Phase II of Tainan Science Park factory. Phase II of Tainan Science Park factory was officially opened and operated.
2009	<ul style="list-style-type: none"> Marketch International Sdn. Bhd. was established for business expansion in Malaysia.
2010	<ul style="list-style-type: none"> MIC-Tech Viet Nam Co., Ltd. was established for business expansion in Vietnam.
2011	<ul style="list-style-type: none"> Transferred semiconductor thermal process from Japan HiKE. Recognized as certified AEO company by Custom Administration, Minister of Finance. Hoa Phong Marketch Co., Ltd. was established for business expansion in Vietnam.
2013	<ul style="list-style-type: none"> Phase III of Tou Fen factory was officially opened and started operations.
2014	<ul style="list-style-type: none"> Marketch Engineering Pte. Ltd. was established. Marketch Integrated Construction Co., Ltd. was established for business expansion in Myanmar.
2015	<ul style="list-style-type: none"> Established the subsidiary (Marketch Integrated Manufacturing Company Limited) in Myanmar. Started to build factory in Myanmar. Received the SA8000 certification.
2016	<ul style="list-style-type: none"> PT Marketch International Indonesia set-up.
2016	<ul style="list-style-type: none"> Central Taiwan Science Park Branch set-up.
2016	<ul style="list-style-type: none"> Issued MIC's 3rd domestic unsecured convertible bond of NT\$ 500 million.
2017	<ul style="list-style-type: none"> Marketch Netherlands B.V. set-up.
2018	<ul style="list-style-type: none"> Phase III of Tainan Science Park factory was officially opened and started operations. The factory in Myanmar was officially opened and started operations. The new office in Shanghai was officially opened and started operations. Received the ISO 45001 certification. Established the subsidiary (Marketch International Corporation USA).
2020	<ul style="list-style-type: none"> Issued the 4th domestic unsecured convertible bond of NT\$ 1.5 billion.
2021	<ul style="list-style-type: none"> Established a subsidiary in Korea (MIC Healthcare Korea Co., Ltd.).
2022	<ul style="list-style-type: none"> Established a subsidiary in Japan (Marketch International Corp. Japan).
2023	<ul style="list-style-type: none"> Established a subsidiary in Vietnam (MIC Industrial Viet Nam Co., Ltd.) Received ISO 50001 certification Issued the 5th domestic unsecured convertible bond of NT\$ 2.5 billion. Established a subsidiary in Germany (Marketch International Corporation Germany GmbH) Established a subsidiary in the US (Advanced Technology Matrix United Corporation)

Part 3. Corporate Governance Report

1. Organization

1) Organization Chart

Marketch International Corp. Organization



2) Functions of Major Divisions

Division	Functions
Executive Strategy Group	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 divisions.
Business Development Center	Integrate and develop the various offshore subsidiaries' sales agent, engineering design, system application, manufacture, trade development and related five major group businesses.
Audit	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	High-tech turnkey engineering project including interior design, mechanical and electrical systems, cleanroom systems, water vaporization systems, process systems, hookup related services. Implementation of pumping station facilities, wastewater treatment facilities, and the installation of energy and resource recycling facilities.
Optoelectronics Division	Design and production of automated LCD production facilities. Production of LCD production checking facilities as an OEM. Design and production of LED production facilities. Software design and development. Design and production of automated logistics or specialized machines for biotechnology and other industries.
System Integration Division	The surveillance of factory services for high-technology and power-generation industry, facility automation, production surveillance design, construction, installation and tests.

Division	Functions
Safety and Health Management Division	Enhances employees' safety and health within the Company; plan and counsel the prevention of occupational disasters, labor health management, the maintenance and promotion of the ISO 45001 occupational safety and health management system and the ISO 14001 environmental management system.
Turnkey Engineering Division	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 Management Center	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 public infrastructure development and machinery and electric engineering services to sectors including petro-chemical plant, refineries, power plants, hospitals, residential and commercial buildings, biotechnology facilities, pharmaceutical plants, general factories, transportation infrastructures.
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 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 Photomask Technology 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

1) Directors and Supervisors

1. Directors and Supervisors (I)

March 29, 2024

Unit: No. of shares; %

Position (Note 1)	Nationality or registered origin	Name	Gender / Age (Note 2)	Appoint. date	Tenure	Initial appoint. date (Note 3)	Shares at time of appointment		Current shares held		Spouse & minor's shares		Shares held in the name of others		Experience / education (Note4)	Position currently served at the Company and other companies	Other executive, director or supervisor as spouse or second degree relative		
							Share No.	Share %	Share No.	Share %	Share No.	Share %	Share No.	Share %			Title	Name	Relation
Director	ROC	Ji-Xuan Investment Corp.		2022/05/27	3	2001/10/22	11,005,795	5.93%	11,005,795	5.47%	0	0.00%	0	0.00%					
		Representative: Margaret Kao	F 71-80				2,010,513	1.08%	2,010,513	1.00%	0	0.00%	0	0.00%	Master of International Business Management, National Taiwan University Institute for Industrial Research electronics research institute section head	Chairman and CEO, Marketech International Corp. Chairman, Ji-Xuan Investment Co., Ltd. Director, WT Microelectronics 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, MarkeTop Smart Solutions Co., Ltd.	None	None	None
Director	ROC	E-Win Investment Co., Ltd.		2022/05/27	3	2001/10/22	6,647,112	3.58%	6,647,112	3.30%	0	0.00%	0	0.00%					
		Representative: Scott Lin	M 61-70				5,986,097	3.22%	5,986,097	2.97%	46,783	0.02%	0	0.00%	Cheng Chi University business administration research institution master ITRI Western US Office superintendent ITRI electronics research institute section head	President and director ,Marketech International Corp. Chairman, E-Win Investment Cos., Ltd. Chairman, eZoom Information ,Inc. Chairman, Probeleader Co., Ltd Chairman, Auro & Pro Corp. Chairman, ADAT Technology Co., Ltd. Chairman, Lucens echnology Inc. Director, Vertex System Corporation	None	None	None

Position (Note 1)	Nationality or registered origin	Name	Gender / Age (Note 2)	Appoint. date	Tenure	Initial appoint. date (Note 3)	Shares at time of appointment		Current shares held		Spouse & minor's shares		Shares held in the name of others		Experience / education (Note4)	Position currently served at the Company and other companies	Other executive, director or supervisor as spouse or second degree relative		
							Share No.	Share %	Share No.	Share %	Share No.	Share %	Share No.	Share %			Title	Name	Relation
Director	ROC	Ennoconn International Investment Co., Ltd.		2022/05/27	3	2019/05/30	83,468,613	44.95 %	83,468,613	41.46%	0	0.00%	0	0.00%					
		Representative: M Chu, Fu-Chuan	61-70				40,000	0.02%	40,000	0.02%	0	0.00%	0	0.00%	St. John's University of electrical engineering master Senior manager, Hon Hai Precision Industry Co., Ltd.	Director, Marketch International Corp. Chairman and CEO, Ennoconn Corporation Director, Ennoconn International Investment Co., Ltd. Chairman, Goldtek Technology Co., Ltd. Chairman, Caswell, INC Director, Ennomech Precision Co., Ltd. Chairman, Dexatek Technology Ltd. Chairman, EnnoRise Corporation Director, Vecow Co., Ltd. Director, Kontron AG Chairman, AIS Cayman Technology Chairman, Ennoconn Investment Holding Co., Ltd. Director, Ennoconn (Suzhou) Technology Co., Ltd. Director, ENGA Technology Co., Ltd. Chairman, Poslab Technology Corporation Director, Hanchu CO., Ltd. Director, Xipu Star Venture Investment Co., Ltd. Chairman, Innovative Systems Integration Ltd.	None	None	None
Director	ROC	Ennoconn International Investment Co., Ltd.		2022/05/27	3	2018/10/31	83,468,613	44.95 %	83,468,613	41.46%	0	0.00%	0	0.00%					

Position (Note 1)	Nationality or registered origin	Name	Gender / Age (Note 2)	Appoint. date	Tenure	Initial appoint. date (Note 3)	Shares at time of appointment		Current shares held		Spouse & minor's shares		Shares held in the name of others		Experience / education (Note4)	Position currently served at the Company and other companies	Other executive, director or supervisor as spouse or second degree relative		
							Share No.	Share %	Share No.	Share %	Share No.	Share %	Share No.	Share %			Title	Name	Relation
		Representative: Lou, Chao Tsung	M 51-60				0	0.00%	0	0.00%	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, Marketch International Corp. Director, Innovative Systems Integration Ltd. Director, Ennoconn International Investment Co., Ltd. Director, Goldtek Technology Co., Ltd. Director, Caswell, INC. Chairman, Ennomech Precision Co., Ltd. Chairman, EnnoMech Precision (Cayman) Co., Ltd. Chairman, Ennoconn (Foshan) Investment Co., Ltd. Chairman, Ennoconn Investment Co., Ltd. Chairman, ENGA Technology Co., Ltd. Chairman, Ennoconn (Suzhou) Technology Co., Ltd	None	None	None
Director	ROC	Ennoconn International Investment Co., Ltd.		2022/05/27	3	2021/02/19	83,468,613	44.95 %	83,468,613	41.46%	0	0.00%	0	0.00%					
		Representative: Tsai, Neng-Chi	M 51-60				0	0.00%	0	0.00%	0	0.00%	0	0.00%	MBA, West Coast University President, Ennoconn Corp.	Director, Marketch International Corp. President, Ennoconn Corp. Director, Ennoconn International Investment Co., Ltd. Director, EnnoRise Corporation Chairman, American Industrial Systems Inc. Chairman, Vecow Co., Ltd. Director, AIS Cayman Technology Group Director, Caswel, INC. Director, Poslab Technology Corp Director, Arbor Technology Corp Director, Ennowell Co. Ltd.	None	None	None
Director	ROC	Ennoconn International Investment Co., Ltd.		2022/05/27	3	2023/02/07	83,468,613	44.95 %	83,468,613	41.46%	0	0.00%	0	0.00%					
		Representative: Chuang, Tsung -Hsien	M 51-60				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, Marketch International Corp. Supervisor, Ennoconn International Investment Co., Ltd.	None	None	None

March 29, 2024

Unit: No. of shares; %

Position (Note 1)	Nationality or registered origin	Name	Gender / Age (Note 2)	Appoint. date	Tenure	Initial appoint. date (Note 3)	Shares at time of appointment		Current shares held		Spouse & minor's shares		Shares held in the name of others		Experience / education (Note4)	Position currently served at the Company and other companies	Other executive, director or supervisor as spouse or second degree relative		
							Share No.	Share %	Share No.	Share %	Share No.	Share %	Share No.	Share %			Title	Name	Relation
Ind 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, Marketch International Chairman and CEO, Taiwan Finance Corp. Independent Director, Godex International Co., Ltd.	None	None	None
Ind 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, Marketch International Corp Chairman, Protech Systems Co., Ltd. Chairman, Prox Systems Co., Ltd. Director, Chenbro Micom Co., Ltd. Services, Co., Ltd. Director, CPC Corporation, Taiwan Director, One Song Inc. Independent Director, EVE Airways Corporation	None	None	None
Ind 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, Marketch International Corp Independent Director, Goldtek Technology Co., Ltd. EMBA Professor, National Taipei University of Technology Department of Electrical Engineering, AI and Big Data	None	None	None
Ind director	ROC	Zhao, Rong-Xiang (Note 7)	M 71-80	2023/05/30	2	2023/05/30	0	0.00%	0	0.00%	0	0.00%	0	0.00%	National Taiwan University School of Management	Independent Director, Marketch International Corp Independent Director, Brillian Network & Automation Integrated System Co., Ltd. Director, Everlight Chemical Industrial Corp			

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.

Note 6: The book closure date for the Company's 2024 general shareholders' meeting. is on March 29, 2024. Shareholding information presented above are based on the March 29, 2024 shareholders' registry.

Note 7: The Company elected an additional independent director at the shareholder's meeting held on May 30, 2023.

2. Major Institutional Shareholders

Table I: Major Institutional Shareholders

March 29, 2024

Name of institutional shareholders (Note 1)	Major investors of the institutional shareholders (Note 2)
Ennoconn International Investment Co., Ltd.	Ennoconn Coporation (100.00%)
Ji-Xuan Investment Company	Margaret Kao (16.06%), Sung Ping-Chung (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 Ltd.	Scott Lin (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. If a major investor is a institutional shareholder, please fill in table II below.

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

Note 3: If the legal person shareholder is not a company or organization, 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 for the Company's 2024 general shareholders' meeting is on March 29, 2024.

Table II: Major Shareholders of the Institutional Investors Listed in Table I

March 29, 2024

Institutional investors (Note 1)	Major shareholders of the institutional investors (Note 2)
Ennoconn Corporation	Bao Shin International Investmen Co., Ltd (24.21%), Taipei Fubon Commercial Bank Co., Ltd. acting as trustee for Fu Hwa Taiwan Technology High Dividend ETF Securities Investment Trust Fund (3.93%), Citibank (Taiwan) Commercial Bank acting as trustee for Google International Limited Investment Account (3.56%), Hua Nan Commercial Bank acting as trustee for Yuanta Taiwan High Dividend Value ETF Securities Investment Trust Fund (3.50%), Hyield Venture Capital Co., Ltd. (1.51%), Citibank (Taiwan) Commercial Bank acting as trustee for Norway Central Bank Investment Account (1.48%), New Labor Retirement Fund (1.45%), Chunghwa Post Co., Ltd. (0.97%), HSBC (Taiwan) Commercial Bank Co., Ltd. acting as trustee for Morgan Stanley International Limited Investment Account (0.93%), and Capital Investment Trust Corporation Marathon Fund Account (0.92%).
Ji Yung Investment Company	Ji-Xuan Investment Company (48.44%), Sung Ping-Chung (21.45%), Margaret Kao (0.25%), Sung Feng-Pei (5.94%), Song En-Rui (11.96%), Song Yi-Le (11.96%)
Bai Shuan Investment Company	Ji-Xuan Investment Company (66.67%), Sung Feng-Pei (21.45%), Sung Ping-Chung (0.10%), Margaret Kao (0.02%), Song En-Rui (5.88%), Song Yi-Le (5.88%)

Note 1: When a director or supervisor is of an institutional share representative, the name of said institutional shareholder shall be entered. If a major investor is a institutional shareholder, please fill in table II below.

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

Note 3: If the legal person shareholder is not a company or organization, 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 for the Company's 2024 general shareholders' meeting is on March 29, 2024.

3. Information on the directors and supervisors (II)

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

① Directors possess professional qualifications and experience

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

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

March 29, 2024

Name	Qualifications	Professional qualifications and experience (Note 1)
Director	Ji Xuan Investment (Co., Ltd) Company Representative: Margaret Kao	<ul style="list-style-type: none"> 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 Margaret Kao is currently the chairman and CEO of the Company, and concurrently serves as director of WT Microelectronics, Brilliant Network and Automation, Forward Science Corporation. Chairman Margaret Kao 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 Margaret Kao's careful management, meticulous planning and advanced international market vision enable the Company to challenge and transform at each stage of advanced deployment, leading Marketch 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 Margaret Kao possesses the necessary knowledge, skills and qualities to perform her duties. Director Margaret Kao did not violate Article 30 of the Company Law.

Name	Qualifications	Professional qualifications and experience (Note 1)
Director	E-win Investment (Co., Ltd) Company Representative: Scott Lin	<ul style="list-style-type: none"> Graduated from the Graduate School of Business Management, National Chengchi University, director Scott Lin 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 Scott Lin specializes in related fields such as enterprise operation, industrial management, engineering management, business marketing, financial management, leadership and governance, and has experience in related industries in channel, manufacturing, and engineering of semiconductor and optoelectronics. Director Scott Lin 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 Scott Lin and his business partner Chairman Margaret Kao, lead Marketch International Corp. to continue to develop, innovate, and establish a full range of complete services, making Marketch International Corp. the best support partner for the domestic semiconductor and optoelectronics related industries. In conclusion, director Scott Lin has the necessary knowledge, skills and qualities to perform his duties. Director Scott Lin did not violate Article 30 of the Company Law.
Director	Ennoconn International Investment Co., Ltd. Representative: Chu, Fu-Chuan	<ul style="list-style-type: none"> 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 E nnoconn 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 E nnoconn 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. Director Chu, Fu-Chuan did not violate Article 30 of the Company Law.
Director	Ennoconn International Investment Co., Ltd Representative: Lou, Chao-Tsung	<ul style="list-style-type: none"> 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

Name	Qualifications	Professional qualifications and experience (Note 1)
		<p>analysis, financial planning and capital operations. In conclusion, director Lou, Chao-Tsung possesses the necessary knowledge, skills and qualities to perform his duties.</p> <ul style="list-style-type: none"> Director Lou, Chao-Tsung did not violate Article 30 of the Company Law.
Director	Ennoconn International Investment Co., Ltd Representative: Tsai, Neng-Chi	<ul style="list-style-type: none"> 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. Director Tsai, Neng-Chi did not violate Article 30 of the Company Law.
Director	Ennoconn International Investment Co., Ltd Representative: Chuang, Tsung-Hsien	<ul style="list-style-type: none"> 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. Director Chuang, Tsung-Hsien did not violate Article 30 of the Company Law.
Independent Director	Lin, Hsiao-Ming	<ul style="list-style-type: none"> Graduated from the Graduate School of Business Studies of the School of Management, National Taiwan University, he is currently the chairman of Taiwan Finance Corporation and an independent director of Godex International Co., Ltd. Director is the convener of the Company's audit committee and a member of the remuneration committee. Director Lin, Hsiao-Ming has a business background and served in the Bills Finance-related industry for decades. Director is currently the chairman and director of the bill finance industry. He specializes in bill business, financial finance, financial planning, capital operation, and industry analysis, strategic planning, etc. Director Lin, Hsiao-Ming is required to obtain professional qualifications for independent directors in Article 2 of the "Regulations on the Establishment and Compliance of Independent Directors of Public Offering Companies", and has more than five years of work experience in business, legal affairs, finance, accounting or corporate business. Director Lin, Hsiao-Ming has capabilities in corporate governance, 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. Lin, Hsiao-Ming did not violate Article 30 of the Company Law. 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.

Name	Qualifications	Professional qualifications and experience (Note 1)
Independent Director Convener of Remuneration Committee	Wu, Chung-Pao	<ul style="list-style-type: none"> 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 AIIoT (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. Director Wu, Chung-Pao did not violate Article 30 of the Company Law.
Independent Director	Wang, Yi-Chun	<ul style="list-style-type: none"> Graduated with a Ph.D. in Electrical Engineering and Computer Science from Taipei University of Technology, currently serving as an adjunct professor at the School of Electrical and Computer Engineering, Taipei University of Technology, specializing in Artificial Intelligence and Big Data EMBA program serving as an independent director at CASWELL, INC., as well as a member of the MIC Audit Committee. Director Wang Yi-Chun possesses practical experience, expertise in information management, and academic capabilities. Director Wang Yi-Chun meets the qualifications outlined in Article 2 of the Regulations Governing the Appointment of Independent Directors of Public Companies, with over five years of experience in business, legal, financial, accounting, or corporate affairs, and over five years of experience as a lecturer or higher at public or private colleges or universities in relevant fields. Director Wang Yi-Chun is proficient in areas such as artificial intelligence, cloud computing, Internet of Things, and big data analysis, possessing extensive professional knowledge. He is dedicated to nurturing talents and passing on professional experience in related fields, providing timely and professional guidance, advice, and valuable insights for the Company's management and business development. Director Wang Yi-Chun also obtained the "Corporate Sustainability Manager" certification from the Taiwan Institute for Sustainable Energy in 2023, and the Company relies on his expertise in managing the professional technology industry to enhance the quality of corporate governance, the oversight function of the Audit Committee, and the promotion of sustainable business development. Director Wang Yi-Chun did not violate Article 30 of the Company Law.

Name	Qualifications	Professional qualifications and experience (Note 1)
Independent Director	Zhao, Rong-Xiang	<ul style="list-style-type: none"> Graduated from the Graduate Institute of Business Administration at National Taiwan University, and currently serving as a director at Taiwan Forever Chemical Co., Ltd., an independent director at Hua Jing Diantong Co., Ltd., and a member of the MIC Audit Committee and the Compensation Committee. Director Zhao Rong-Xiang has a background in business studies and has served for decades at Formosa Plastics Corporation (positions include Vice President, Consultant, and Director of Corporate Governance). He excels in areas such as finance, financial planning, capital operations, industry analysis, strategic planning, and corporate governance. Director Zhao Rong-Xiang meets the professional qualification requirements outlined in Article 2 of the Regulations Governing the Appointment of Independent Directors of Public Companies (requiring five or more years of experience in business, legal, financial, accounting, or corporate affairs). Director Zhao Rong-Xiang is equipped with expertise in corporate governance, enterprise operations, management, marketing, finance, accounting and financial analysis, and industry insights. He provides timely professional advice and suggestions to the Board of Directors on corporate governance, planning, and operations in finance and management, thereby enhancing the quality of corporate governance management and the oversight function of the Audit Committee. Director Zhao Rong-Xiang did not violate Article 30 of the Company Law..

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 book closure date for the Company's 2024 general shareholders' meeting is on March 29, 2024

Note 3: The Company elected one additional independent director at the shareholders' meeting held on May 30, 2023.

② Director independence information

March 29, 2024

Name	Qualifications	Independence situation (Note 2)	Currently also independent director of other publically listed companie (No. of companies)
Director	Ji Xuan Investment (Co.,Ltd) Company Representative: Margaret Kao	<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 Margaret Kao 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: Scott Lin	<ol style="list-style-type: none"> 1. For the legal person shareholders of E-Win Investment Co., Ltd. holding more than 1% of the Company's issued shares, director Scott Lin is elected as directors by the designated representatives of E-Win Investment Co., Ltd. 2. General Manager of the Company and is a director with managerial status. 3. He also serves as a director of the Company's affiliated company (subsidiary of the Company). 4. The top ten natural person shareholders of the Company. 5. 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 Investment Co., Ltd Representative: Chu, Fu-Chuan	<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. Director Chu, Fu-Chuan is elected as the designated representative of Ennoconn International investment Co., Ltd. 2. Also serves as the chairman of the Company's affiliated company (the Company's ultimate parent company – Ennoconn Corporation.). 	0

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

Name	Qualifications	Independence situation (Note 2)	Currently also independent director of other publically listed companies (No. of companies)
	Chuang, Tsung - Hsien	2. Also serves as the CFO of the Company's affiliated company (the Company's ultimate parent company – Ennoconn Corporation.). 3. There is no relationship of spouses or relatives within the second degree of kinship with other directors. 4. The rest meet the independent qualification requirements listed in the "Regulations on the Establishment of Independent Directors of Publicly Issued Companies and Matters to be Followed".	
Independent Director	Lin, Hsiao-Ming	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: (1) Employees of the Company or its affiliates. (2) Directors and supervisors of the Company or its affiliates. (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. (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). (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. (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. (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. (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. (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	1

Name	Qualifications	Independence situation (Note 2)	Currently also independent director of other publically listed companies (No. of companies)
		and other related services for the Company or affiliated companies with a cumulative amount of remuneration exceeding NT\$500,000 in the last two years. However, the members of the Remuneration Committee, the Public Offer Review Committee or the Special Committee on Mergers and Acquisitions who perform their functions in accordance with this Act or the relevant laws and regulations of the Mergers and Acquisitions Act are not included.	
Independent Director 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> <ul style="list-style-type: none"> (1) Employees of the Company or its affiliates. (2) Directors and supervisors of the Company or its affiliates. (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. (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). (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. (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. (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. (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. (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 	1

Name	Qualifications	Independence situation (Note 2)	Currently alsos independent director of other publically listed companie (No. of companies)
		Offer Review Committee or the Special Committee on Mergers and Acquisitions who perform their functions in accordance with this Act or the relevant laws and regulations of the Mergers and Acquisitions Act are not included.	
Independent Director	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> <ul style="list-style-type: none"> (1) Employees of the Company or its affiliates. (2) Directors and supervisors of the Company or its affiliates. (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. (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). (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. (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. (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. (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. (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 	1

Name	Qualifications	Independence situation (Note 2)	Currently alsos independent director of other publically listed companie (No. of companies)
		Offer Review Committee or the Special Committee on Mergers and Acquisitions who perform their functions in accordance with this Act or the relevant laws and regulations of the Mergers and Acquisitions Act are not included.	
Independent Director	Zhao, Rong-Shiang	<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> <ul style="list-style-type: none"> (1) Employees of the Company or its affiliates. (2) Directors and supervisors of the Company or its affiliates. (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. (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). (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. (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. (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. (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. (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 	1

Name	Qualifications	Independence situation (Note 2)	Currently also independent director of other publically listed companie (No. of companies)
		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.	

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: The Company elected an additional independent director at the shareholder's meeting held on May 30, 2023.

(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 four independent directors (40%) and six non-independent directors (60%), two of which are directors with employee/manager status (20%, not exceeding 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 ten 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 10% of all directors; six directors are above 61 years old (60%), and four directors are between 51 and 60 years old (40%).

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 ten directors, including four independent directors (40%), two directors with employee/manager status (20%, 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) Information on the president, vice president, senior manager, department and branch supervisors

March 29, 2024

Unit: share; %

Title (Note 1)	Nationality	Name	Gender	Appoin. date	Shares held		Spouse & minor's shares		Shareholdings held under the name of others		Experience / education (Note 2)	Position currently served at the Company and other companies	Managers as spouse or second degree relative			Notes (Note 3)
					Share No.	Share %	Share No.	Share %	Share No.	Share %			Title	Name	Relation	
Chairman and CEO	ROC	Margaret Kao	F	1989/01/01	2,010,513	1.00%	0	0.00%	0	0.00%	Master of International Business Management, National Taiwan University Institute for Industrial Research electronics laboratory section head	Chairman, Ji-Xuan Investment Co., Ltd. Director, WT Microelectronics Director, Probeleader Co., Ltd. Director, eZoom Information, Inc. Director, ADAT Technology Co., Ltd. Director, Vertex System Corporation Director, Forward Science Corp. Director, Brillian Network & Automation Director, Bolite Co., Ltd Chairman, Everlasting Digital ESG Co. Chairman MarkeTop Smart Solutions Co., Ltd	None	None	None	None
President	ROC	Scott Lin	M	2004/07/01	5,986,097	2.97%	46,783	0.02%	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, eZoom Information ,Inc. Chairman, Probeleader Co., Ltd Chairman, Auro & Pro Corp. Chairman, ADAT Technology Co., Ltd. Chairman, LUCENS TECHNOLOGY INC. Director, Vertex System Corporation	None	None	None	None
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.	None	None	None	None	None
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	None	None	None	None	None

March 29, 2024

Unit: share; %

Title (Note 1)	Nationality	Name	Gender	Appoin. date	Shares held		Spouse & minor's shares		Shareholdings held under the name of others		Experience / education (Note 2)	Position currently served at the Company and other companies	Managers as spouse or second degree relative			Notes (Note 3)
					Share No.	Share %	Share No.	Share %	Share No.	Share %			Title	Name	Relation	
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	None	None	None	None	None
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 Assurance manager.	None	None	None	None	None
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	None	None	None	None	None
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	None	None	None	None	None
Divison VGM	ROC	Lo Su-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	None	None	None	None	None
Divison VGM	ROC	Yang Yuan-Zhi	M	2018/11/01	50,000	0.02%	0	0.00%	0	0.00%	Middlesex University, UK FMM Department of Atmospheric Sciences, National Central University	None	None	None	None	None
GM Finance	ROC	Hsieh Ming-Ju	F	1998/07/01	399,459	0.20%	0	0.00%	0	0.00%	Taipei Business College school of accounting and statistics B.A. Lung Pu Group financial specialist Cathay group administrator	None	None	None	None	None

March 29, 2024

Unit: share; %

Title (Note 1)	Nationality	Name	Gender	Appoin. date	Shares held		Spouse & minor's shares		Shareholdings held under the name of others		Experience / education (Note 2)	Position currently served at the Company and other companies	Managers as spouse or second degree relative			Notes (Note 3)
					Share No.	Share %	Share No.	Share %	Share No.	Share %			Title	Name	Relation	
Director, Finance & Accounting Divison	ROC	Zhong Chi-Wen	F	2006/04/21	70,973	0.04%	0	0.00%	0	0.00%	Soochow University accounting research institute master PWC CPA Office Director Daiwa Securities co assistant manager	None	None	None	None	None
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	None	None	None	None	None
Director of Corporate Governance	ROC	Li Yi-Jung	M	2023/06/09	150,442	0.07%	0	0.00%	0	0.00%	Master of Accounting, National Taiwan University SanYang Motor Finance Manager CHAUR CHIN INDUSTRIES CO., LTD General Manager	Director, Taiwan Puritic Corp. Director, eZoom Information ,Inc. Supervisor, ADAT Technology Co., Ltd. Supervisor, Vertex System Corporation Supervisor, Taiwan Radisen HealthCare Co., Ltd. Supervisor, MarkeTop Smart Solutions Co., Ltd	None	None	None	None

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 2024 regular shareholders' meeting is on March 29, 2024. The shares shown in the table represent the number of shares held in the register of shareholders as of March 29, 2024.

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, reason ability, necessity and measures to be taken accordingly shall be addressed:

Chairman Margaret Kao also serves as the company's CEO. Since Chairman Margaret Kao 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 Margaret Kao 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 Margaret Kao'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 Margaret Kao to concurrently serve as the CEO.

Chairman Margaret Kao 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 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 non employees or managers of the Company, so as to refine the implementation of corporate governance.

3. Remunerations paid to the Directors, Supervisors, President and Vice President in the most recent fiscal year

1. If one of the following applies to the Company, the remuneration of its directors or supervisors shall be disclosed individually; otherwise, it has a choice to disclose the aggregation remuneration for all the positions held by each individual or disclose remuneration for each individually (for individual disclosure, include title, name, and amounts separately, and do not fill in the remuneration range):
 - 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.
 - 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) In the recent fiscal year, if the average pledge ratio exceeds 50% in any given three months for a director or supervisor, the remuneration of the individual director or supervisor with a pledge ratio exceeding fifty percent in each of those months 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)).
 - 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.
 - 5) A TWSE-listed or TPEX-listed company which is ranked in the lowest two tiers 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.
 - 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.
 - 7) For listed and OTC-listed companies, if the net income after tax increases by more than ten percent in the most recent fiscal year, but the average annual salary of full-time employees who do not hold managerial positions did not increase compared to the previous fiscal year.
 - 8) For listed and OTC-listed companies, if the net income after tax declines by more than ten percent and NT\$5 million or more in the most recent fiscal year, and if the average

remuneration per director (excluding part-time employees) increased by more than ten percent and NT\$100,000 or more.

2. For listed and OTC-listed companies with where point (1) or (5) above applies, the remuneration information for the top five highest-paid executives (such as the general manager, deputy general manager, CEO, or CFO) shall be disclosed individually.

Points 1) to 8) from above do not apply to the Company's Directors, President and Vice Presidents therefore remunerations are disclosed in aggregate for each group.

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

Fiscal Year 2023
Unit: NT\$ thousands

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								Ratio of the sum of the seven items A, B, C, D, E, F and G to 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, special expenditure etc. (E) (Note 5)		Retirement pensions (F)		Employees' Remuneration (G) (Note 6)																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																					
		The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)			The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company					All companies in the financial statements (Note 7)		The Company	All companies in the financial statements (Note 7)																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																											
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Chairman and CEO and subsidiary president	Ji-Xuan Investment Corp. Representative: Margaret Kao																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																				

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								Ratio of the sum of the seven items A, B, C, D, E, F and G to 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, special expenditure etc. (E) (Note 5)		Retirement pensions (F)		Employees' Remuneration (G) (Note 6)							
		The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company		All companies in the financial statements (Note 7)		The Company	All companies in the financial statements (Note 7)		
																Cash bonus amount	Stock bonus amount	Cash bonus amount	Stock bonus amount				
Director	Ennoconn International Investment Co., Ltd. Representative: Tsai, Neng-Chi																						
Director	Ennoconn International Investment Co., Ltd. Representative: Chuang, Tsung-Hsien																						
Independent director	Lin, Hsiao-Ming																						
Independent director	Wu, Chung-Pao	0	0	0	0	10,980	10,980	827	827	11,807 0.55%	11,807 0.55%	0	0	0	0	0	0	0	0	11,807 0.55%	11,807 0.55%	None	
Independent director	Wang, Yi-Chun																						
Independent director	Zhao, Rong-Xiang (Note 12)																						

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								Ratio of the sum of the seven items A, B, C, D, E, F and G to 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, special expenditure etc. (E) (Note 5)		Retirement pensions (F)		Employees' Remuneration (G) (Note 6)																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																	
		The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																														

* Please list the relevant information of directors (general directors of non-independent directors) and independent directors separately.

Remuneration Scale Table

Fiscal Year 2023

Remunerations dispensed to individual company directors by scale	Name of the directors			
	Total sum of the remunerations of the first four items (A+B+C+D)		Total sum of the first seven items (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies stated in the financial statements (Note 9) (H)	The Company (Note 8)	All companies stated in the financial statements (Note 9) (I)
Less than \$1,000,000	None	None	None	None
\$1,000,000 (inclusive) ~ \$2,000,000 (preclusive)	Independent Director: Zhao, Rong-Xiang (Note 12)	Independent Director: Zhao, Rong-Xiang (Note 12)	Independent Director: Zhao, Rong-Xiang (Note 12)	Independent Director: Zhao, Rong-Xiang (Note 12)
\$2,000,000 (inclusive) ~ \$3,500,000 (preclusive)	Directors: Ji-Xuan Investment Corp. Representative: Margaret Kao E-Win Investment Co., Ltd. Representative: Scott Lin Ennoconn International Investment Co., Ltd. Representatives: Chu, Fu-Chuan, Lou, Chao Tsung, Tsai, Neng-Chi, Chuang, Tsung-Hsien Independent Directors: Wu, Chung-Pao, Lin, Hsiao-Ming, Wang, Yi-Chun	Directors: Ji-Xuan Investment Corp. Representative: Margaret Kao E-Win Investment Co. Ltd. Representative: Scott Lin Ennoconn International Investment Co., Ltd. Representatives: Chu, Fu-Chuan, Lou, Chao Tsung, Tsai, Neng-Chi, Chuang, Tsung-Hsien Independent Directors: Wu, Chung-Pao, Lin, Hsiao-Ming, Wang, Yi-Chun	Directors: Ennoconn International Investment Co., Ltd. Representatives: Chu, Fu-Chuan, Lou, Chao Tsung, Tsai, Neng-Chi, Chuang, Tsung-Hsien Independent Directors: Wu, Chung-Pao, Lin, Hsiao-Ming, Wang, Yi-Chun	Directors: Ennoconn International Investment Co., Ltd. Representatives: Chu, Fu-Chuan, Lou, Chao Tsung, Tsai, Neng-Chi, Chuang, Tsung-Hsien Independent Directors: Wu, Chung-Pao, Lin, Hsiao-Ming, Wang, Yi-Chun
\$3,500,000 (inclusive) ~ \$5,000,000 (preclusive)	None	None	None	None
\$5,000,000 (inclusive) ~ \$10,000,000 (preclusive)	None	None	None	None
\$10,000,000 (inclusive) ~ \$15,000,000 (preclusive)	None	None	None	None
\$15,000,000 (inclusive) ~ \$30,000,000 (preclusive)	None	None	Director: Ji-Xuan Investment Corp. Representative: Margaret Kao Director: E-Win Investment Co. Ltd. Representative: Scott Lin	Director: Ji-Xuan Investment Corp. Representative: Margaret Kao Director: E-Win Investment Co. Ltd. Representative: Scott Lin
\$30,000,000 (inclusive) ~ \$50,000,000 (preclusive)	None	None	None	None
\$50,000,000 (inclusive) ~ \$100,000,000 (preclusive)	None	None	None	None
Over \$100,000,000	None	None	None	None
Total	10 seats	10 seats	10 seats	10 seats

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

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

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

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

- 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 Margaret Kao is allocated with one leased company vehicle, which carries a monthly lease at NT\$61,048 from Jan. 1, 2023 to Dec. 31 2023; President Scott Lin is allocated with one leased company vehicle, which carries a monthly lease at NT\$91,238 spanning from Jan. 1, 2023 to Dec. 31 2023.
- 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 2023 consolidated financial statement is NT\$2,161,833 thousand. .
- Note 11
- The column shall precisely enter the pertinent remuneration amount company directors collect from reinvested entities beyond the subsidiaries.
 - 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".
 - 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: The Company elected an additional independent director at the shareholder's meeting held on May 30, 2023.

2) 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) The remunerations of the president and the vice presidents

Fiscal Year 2023
Unit: NT\$ thousands

Title	Name	Wage (A) (Note 2)		Retirement pension (B)		Bonus and special expense etc. (C) (Note 3)		Employee bonus amount in the earnings distribution (D) (Note 4)				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	Margaret Kao	37,586	39,235	1,370	1,370	76,753	76,753	50,000	0	50,000	0	165,709 7.67%	167,358 7.74%	None
President	Scott Lin													
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, Su-Yuan													
Divison VGM	Tseng, Lieh-Huang (Note 10)													
Divison VGM	Yang, Yuan-Zhi													
GM Finance	Hsieh, Ming-Ju													

Remuneration Scale Table

Fiscal Year 2023

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)
Less than \$1,000,000	None	None
\$1,000,000 (inclusive) ~ \$2,000,000 (preclusive)	None	None
\$2,000,000 (inclusive) ~ \$3,500,000 (preclusive)	None	None
\$3,500,000 (inclusive) ~ \$5,000,000 (preclusive)	None	None
\$5,000,000 (inclusive) ~ \$10,000,000 (preclusive)	None	None
\$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 (Note 10), 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 (Note 10), Yang Yuan-Zhi, Hsieh Ming-Ju
\$15,000,000 (inclusive) ~ \$30,000,000 (preclusive)	Margaret Kao, Scott Lin	Margaret Kao, Scott Lin
\$30,000,000 (inclusive) ~ \$50,000,000 (preclusive)	None	None
\$50,000,000 (inclusive) ~ \$100,000,000 (preclusive)	None	None
Over \$100,000,000	None	None
Total	12 individuals	12 individuals

* 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: Includes various bonus types, incentives, allowances, and reimbursements for GMs and VGMS. When housing, cars or other transportation devices, or personal expenses are provided for, the nature, cost, fair market value of rent, gas and other payments should be disclosed. If a driver is provided, amounts paid to the driver by the Company should be disclosed but excluded from remuneration calculation. As per IFRS 2, stock based compensation including stock options, participation in capital increases and so forth are included in remuneration calculation. Both the Chairman and GM were provided with a leased company car with monthly lease amount of NT\$91,238 and NT\$61,048, respectively, during January 1, 2023 ~ December 31, 2023. Business Group and Divisional GMs Chen Jian-Tsuen, Chang Ruei-Ru and Huang Zhong-Wen, VGMS Li Ruei-Wen, Lo Ssu-Yuan, Lin Chih-Jen, Lu Chien-Kuo, Tseng Lieh-Huang and Yang Yuan-Zhi are each provided with a company car, in which total monthly lease averaged NT\$381,937 during January 1, 2023 ~ December 31, 2023.

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 2023 individual financial statements' after-tax net return is at NT\$2,161,833 thousand.

Note 9:

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

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

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

Note 10: On April 28, 2023, Department Vice General Manager, Mr. Tseng, Lieh-Huang resigned.

4) Name of the managers received the employee remuneration and the deployment of remuneration.

December 31, 2023
Unit: NT\$ thousands; 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	Margaret Kao	0	56,400	56,400	2.61%
	President	Scott Lin				
	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	Yang Yuan-Zhi				
	Divison VGM	Hsieh Ming-Ju				
	Director, Finance & Accounting Division	Zhong Chi-Wen				
	Corporate Governance Office	Li Yi-Jung				

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 2023 individual financial statements' after-tax net return is at NT\$2,161,833 thousand.

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.

- 5) Compare and explain the total amount of remuneration paid to directors, supervisors, general managers, and deputy general managers of the Company and all consolidated companies in the past two fiscal years as a percentage of the individual or separate financial statements' after-tax net income. Analyze and elucidate the policy, criteria, and composition of remuneration, the process of setting remuneration, and its correlation with operational performance and future risks.

1. Analysis of the ratio over the past two fiscal years.

The ratio of director, CEO, and deputy CEO remuneration to net profit after tax for the years 2023 and 2022 were 9.10% and 8.89%, respectively,, and 9.17% and 9.18%, respectively, for the consolidated group. Year over year changes were primarily due to changes in net income after tax.

2. Remuneration policy, standards, combination, amount determination process, and its relationship with operational results and future risks.

- (1) The Company's policies regarding the remuneration of directors (including independent directors), the general manager, and deputy general managers are as follows:

In accordance to Article 16 of the Company's Articles of Association, the Chairman's remuneration shall not exceed twice the amount of the GM's remuneration, and shall be deliberated by the Compensation Committee and submitted to the Board for approval. Directors who also serve as members of functional committees under the Board are compensated based on the number of meetings held by the respective committees, with the amount based on industry standards, deliberated by the Compensation Committee and submitted for Board approval.

Article 20 of the Company's Articles of Association stipulates that in any given year if the Company generates a profit, no more than 3% of the profit shall be allocated to Directors' remuneration, and remuneration to employees shall be within the 1%~15% range. In the event of a loss, it shall reserve the compensation in advance.

Directors and employees remuneration is determined by factoring current environment, future business expansion, capital expenditure budget, and the Company's Articles of Association requirement. The proposed aggregate amount is reported to the shareholders' meeting after being reviewed and approved by the Compensation Committee and the Board of Directors.

The individual amount of director remuneration is determined based on the director's proportion of service in the current year and performance evaluations, based on criteria such as level of participation in company operations, improvement of decision-making quality by the Board, Board composition and structure, director appointment and continuous education, internal controls, and contribution value to the Company's operations. Remuneration is distributed after review by the Compensation Committee and Board approval.

- (2) Travel allowance for Directors (including independent directors) is determined based on company policies and market standard. Allowance is distributed after review by the Compensation Committee and Board approval.

Directors (including independent directors) are entitled to travel allowances when attending Board or functional committee meetings either in person or video conference.

- (3) The remuneration for the CEO, General Manager, and Deputy General Managers includes salary, annual bonuses, performance incentives, employee benefits, and employee remuneration.

Salary and allowances shall be determined by the Company's Human Resources Department in accordance with salary policies, job grade and salary ranges for the respective job grades. For management positions, market competitiveness and company policy are also taken into account. Annual bonuses are awarded according to the Company's policies and relevant guidelines.

Variable compensations are based on achievement of management, department and company targets, and considering the Company's operational performance and future business risks. Individual payouts are determined based on performance evaluation, policies, and department operational performance indicators. To motivate managers, supervisors, and all employees to focus on long-term performance and achieve sustainable operations, sustainability development strategies and goals have been included in the KPI for variable compensation starting from this fiscal year. The amounts for performance incentives and employee remuneration are subject to review by the Compensation Committee and to implemented upon approval by the Board of Directors.

Employee benefits are designed to comply with legal regulations while meeting the needs of employees, with various benefit measures in place.

- (4) In order to respond to future economic environment changes and not to steer directors and managers from engaging in behaviors that exceed the Company's risk tolerance in pursuit of compensation, the remuneration policies for directors and managers incorporate criteria related to operational performance, achievement of sustainability goals, contribution levels, and assessment of future risks. These criteria are continuously evaluated based on actual operating conditions, sustainability development, and relevant legal requirements.

(5) Variable compensation and performance assessment indicators and calculation weights.

Assessment	Indicators	Description
Core Value 20%-30%	Behaviour Indicator	Company culture recognition and practices, including integrity, ethics, proactive empathy, professional development, performance and innovation, dedication and responsibility, and team leadership.
Objective 70%-80%	Department Operation Indicator	Five major performance evaluation criteria, including revenue, net profit, per capital output value, budget achievability and contribution
	Comprehensive Management Indicator	Include resource integration and innovation, talent development and organizational management, quality and progress control, internal control processes, and risk management.
	Sustainability Indicator (ESG)	Promote sustainability awareness amongst all employees, propose innovative ecological solutions, improve energy efficiency, maintain a friendly workplace, practice corporate social responsibility, and implement net-zero carbon emission goals.

4. Implementation of Corporate Governance

1. Board of Directors

A total of 9(A) meetings of the board of directors were held in the latest fiscal year (2023). Attendance as follows:

Title	Name	Attendance in Person	By Proxy	In Person Attendance Rate (%)	Remarks
Chairman	Ji-Xuan Investment Corp. Representative: Margaret Kao	9	0	100%	Re-elected on May 27, 2022
Director	E-Win Investment co Ltd. Representative: Scott Lin	9	0	100%	Re-elected on May 27, 2022
Director	Ennoconn International Investment Co., Ltd. representative: Chu, Fu-Chuan	9	0	100%	Re-elected on May 27, 2022
Director	Ennoconn International Investment Co., Ltd. representative: Lou, Chao-Tsung	9	0	100%	Re-elected on May 27, 2022
Director	Ennoconn International Investment Co., Ltd. representative: Tsai, Neng-Chi	9	0	100%	Re-elected on May 27, 2022
Director	Ennoconn International Investment Co., Ltd. representative: Chuang, Tsung-Hsien	9	0	100%	New appointment February 27, 2023
Independent Director	Lin, Hsiao-Ming	9	0	100%	Re-elected on May 27, 2022
Independent Director	Wu, Chung-Pao	9	0	100%	Re-elected on May 27, 2022
Independent Director	Wang, Yi-Chun	9	0	100%	Re-elected on May 27, 2022
Independent Director	Zhao, Rong-Xiang (Note 3)	6	0	100%	New appointment May 30, 2023

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.
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:
 - (1) On August 2, 2023, the Board of Directors discussed the allocation of director remuneration for the 2022 fiscal 2022 as decided by the Company's Compensation Committee. As this proposal involved the personal interests of each director, in accordance with conflict of interest regulations, the proposal was voted by three groups, and each was passed unanimously.
 - (2) On August 2, 2023, the Board of Directors discussed the allocation of management and employee compensation for the 2022 fiscal year as resolved by the Company's Compensation Committee. Ms. Margaret Kao and Mr. Scott Lin, two directors, serve as executives of the Company. Therefore, as the proposal involved their personal interests, they abstained from voting due to conflict of interest. The remaining attending directors unanimously approved the proposal.
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	2023.1.1~ 2023.12.31	The board of directors, board members and the functional committees.	Internal self-evaluation of the board of directors, self-evaluation of board members.	Note

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

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

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

- (1) Mastery of company goals and tasks.
- (2) Awarenesses 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) Awarenesses 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 judicial person shareholder and its representative shall be exposed. To enhance the governance system and strengthen the function of the board of directors of the Company, Audit Committee was established to replace supervisors' duties.

Note 2:

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

Note 3: The Company elected an additional independent director at the shareholder's meeting held on May 30, 2023.

2. Audit Committee or Attendance of Supervisors for Board Meeting

Audit Committee

Main items reviewed by the Audit Committee are as follows

1. Financial statements and annual financial forecasts.
2. Effectiveness of internal control systems and audit plans.
3. Loans, endorsements, or guarantees provided.
4. Significant acquisitions or disposals of assets.
5. Fundraising, issuance, or private placement of equity securities.
6. Appointment and remuneration of certified public accountants.
7. Qualifications and independence assessment of certified public accountants.
8. Other matters required to be reviewed by the Audit Committee according to securities laws, regulations governing audit committee organization, and directives from regulatory authorities.

A total of 9 meetings of the audit committee were held in the previous year (2023). 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	9	0	100%	Re-elected on 27 May 2022
Independent Director	Wu, Chung-Pao	9	0	100%	Re-elected on 27 May 2022
Independent Director	Wang, Yi-Chun	9	0	100%	Re-elected on 27 May 2022
Independent Director	Zhao, Rong-Xiang (Note 4)	6	0	100%	New appointment May 30, 2023

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:

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.)
 - (1) Communications between the independent directors and the internal auditors:

Date	The Major Items of the Communication	Result
2023/02/17	<ol style="list-style-type: none"> 1. No sign of material deficiency for Internal Control Self-Assessment for 2022. Issuance of the internal control statement report stating that the Company's internal control system is designed and implemented effectively. 2. The internal audit report for December 2022 and internal audit schedule for 2023. 	For Board's approval
2023/03/17	The internal audit report for February 2023.	For Board's approval
2023/05/08	The internal audit report for March 2023.	For Board's approval
2023/06/09	The internal audit report for April 2023.	For Board's approval
2023/07/03	The internal audit report for May 2023.	For Board's approval
2023/08/02	The internal audit report for June 2023.	For Board's approval
2023/10/04	The internal audit report for July – August 2023.	For Board's approval
2023/11/01	<ol style="list-style-type: none"> 1. The internal audit report for September 2023. 2. Drafting the audit plan for the 2024 fiscal year based on the risk assessment results. 	For Board's approval
2023/12/29	The internal audit report for October - November 2023.	For Board's approval

- (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
2023/02/16	<ol style="list-style-type: none"> 1. Reviewed 2022 audit results of the consolidated financial statements (including audit scope, materiality and key audit matters, impact of COVID 19, related party transactions, fraud or non-compliance with laws and regulations, material adjusted and unadjusted entries, subsequent events, significant accounting estimates, discussion of material matters with management, management representation and auditors' independence) and provided related explanations. 2. The auditor reported the above matters to the independent directors and provided explanations addressing questions raised by the independent directors. 3. All of above matters were acknowledged and agreed upon by all of the independent directors 	All of the independent directors raised no objection.

2023/05/08	<ol style="list-style-type: none"> 1. Reviewed 2023 first quarter review results of the consolidated financial statements (including materiality, related party transactions, discussion of material matters with management, changes to significant accounting estimates and accounting policy, fraud or non-compliance with laws and regulations, subsequent events and management representation) and auditors' independence statement. 2. The accountant submitted communication contents in writing. 3. All of above matters were acknowledged and agreed upon by all of the independent directors. 	All of the independent directors raised no objection.
2023/08/02	<ol style="list-style-type: none"> 1. Reviewed 2023 second quarter review results of the consolidated financial statements (including materiality, related party transactions, discussion of material matters with management, changes to significant accounting estimates and accounting policy, fraud or non-compliance with laws and regulations, subsequent events and management representation) and auditors' independence statement. 2. The accountant submitted communication contents in writing. 3. All of above matters were acknowledged and agreed upon by all independent directors. 	All of the independent directors raised no objection.
2023/11/01	<ol style="list-style-type: none"> 1. Reviewed 2023 third quarter review results of the consolidated financial statements (including materiality, related party transactions, discussion of material matters with management, changes to significant accounting estimates and accounting policy, fraud or non-compliance with laws and regulations, subsequent events and management representation) and auditors' independence statement. 2. The auditor reported the above matters to the independent directors and provided explanations addressing questions raised by the independent directors. 3. All of above matters were acknowledged and agreed upon by all of the independent directors. 	All of the independent directors raised no objection.
2023/12/29	<ol style="list-style-type: none"> 1. Reviewed 2023 audit plan for the audit of the consolidated and standalone financial statements (including communication plan, role and responsibilities of the lead accountant, audit plan, preliminary views on key audit matters, auditor independence, and the accounting firm's quality management system) and related policy communication. 2. The auditor separately reported the above matters to the independent directors and provided explanations addressing questions raised by the independent directors. 3. All of above matters were acknowledged and agreed upon 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.

Note 3: Audit Committee was established to replace supervisors' duties.

Note 4: The Company elected an additional independent director at the shareholder's meeting held on May 30, 2023.

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

Item	Implementation Status (note 1)			Differences between the Corporate Governance Practices of Listed / OTC Companies and Reasons
	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. Shareholdings Structure and Shareholders’ Equity				
(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.	

Item	Implementation Status (note 1)			Differences between the Corporate Governance Practices of Listed / OTC Companies and Reasons
	Yes	No	Summary	
(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."	None
(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.	

Item	Implementation Status (note 1)			Differences between the Corporate Governance Practices of Listed / OTC Companies and Reasons
	Yes	No	Summary	
<p>3. Composition and Responsibilities of the Board of Directors</p> <p>(1) The board members proposed diversify strategies specific management goal and execution</p> <p>(2) The establishment of other functional committees beside of Compensation Committee and Audit Committee</p> <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>V</p> <p>V</p> <p>V</p>		<p>(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.</p> <p>(2) In addition to the establishment of a Compensation Committee, in accordance to law, and an audit committee to exercise oversight, the Company also established a Risk Management Committee and a Sustainability Committee to strengthen the functions of the board of directors and implement corporate sustainability strategies.</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>	None

Item	Implementation Status (note 1)			Differences between the Corporate Governance Practices of Listed / OTC Companies and Reasons
	Yes	No	Summary	
4. Does a listed company establish full (part)-time governance units or personnel in charge of governing relevant matters (including but not limited to providing directors and supervisors with the information to do their business, holding board meetings and shareholders' meetings in accordance with law, dealing with company registration and change of registration, making the minutes of board meetings and shareholders' meetings?)	V		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, 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.	None
5. Communication Channel with Stakeholders			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			In addition to its own stock affairs specialists, the Company also has appointed "KGI Securities" as the share transfer agent and registrar.	None

Item	Implementation Status (note 1)			Differences between the Corporate Governance Practices of Listed / OTC Companies and Reasons
	Yes	No	Summary	
7. Information Disclosure				None
(1) Establishment of a corporate website to disclose information regarding the Company's financials, business and corporate governance status	V		(1) The Company's financials, business and corporate governance status are published on the Market Observation Post System regularly. The Company fully discloses business and financial information on its official website, including monthly revenue, financial statements, corporate governance, etc.	
(2) Other information disclosure channels (e.g., maintaining an English-language website, appointing responsible people to handle information collection 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.	

Item	Implementation Status (note 1)			Differences between the Corporate Governance Practices of Listed / OTC Companies and Reasons
	Yes	No	Summary	
8. Other ther important information to facilitate better understanding of the Company's corporate governance practices (e.g., employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)	V		<p>(1) Employee rights: The process of recruitment is open and fair. Employees are provided with benefits such as health checkups and insurance. The rights of handicapped and aboriginal employees are under well protection.</p> <p>(2) Employee wellness: The Company provides employees with a fair working environment and an organized training system for career development.</p> <p>(3) Investor relations: The Company has devoted to enhance internal communication and informatization. Meanwhile, a platform to communicate with investors and to improve transparency has been established as a mechanism of dual communication between investors and the management.</p> <p>(4) Supplier relations: To fulfill the social responsibility, the Company has assisted suppliers to build up environmental protection, safety and hygiene management system, industrial safety evaluation rules and high-risk operations skills certification system.</p> <p>(5) 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>	None

Item	Implementation Status (note 1)			Differences between the Corporate Governance Practices of Listed / OTC Companies and Reasons
	Yes	No	Summary	
			<p>(6) Directors' and supervisors' training records: The Company provides directors and supervisors with information concerning regulatory requirements and developments from time to time. During 2023 Directors and supervisors also attended 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 This year, the Risk Management Committee was</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>	

9. Please provide details about the specific evaluation results or areas of improvement mentioned in the Taiwan Stock Exchange Corporate Governance Center's recent annual assessment to allow for a more accurate and informative response regarding the improvements made and the priority areas and measures for further enhancement. (Companies that were not included in the assessment do not need to provide) (Note 2)

Per the results of the "9th Corporate Governance Evaluation of Listed and Over-the-Counter Companies" released by the Taiwan Stock Exchange on April 27, 2023, the Company was ranked among the top 36% to 50% of listed companies. In areas where assessment criteria were not met, our company has been progressively implementing improvements, as detailed below:

- (1) Established a Risk Management Committee and a Sustainability Development Committee.
- (2) Formulated succession plans for board members and key management positions.
- (3) Appointed a governance officer responsible for governance-related matters.
- (4) Our company has developed an intellectual property management plan linked to operational objectives.
- (5) Released important announcements in English.
- (6) Formulate a human rights policy and management scheme.

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. If the Company has established a Compensation Committee or a Nomination Committee, it should disclose its composition and operation.

1) Information on Compensation Committee Members

March 29, 2024

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. 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	Zhao, Rong-Xiang	Graduated from the Graduate School of Business Studies of the School of Management, National Taiwan University Independent director of Brillian Network and Automation Director of Everlight Chemical Industrial Corporation Advisor of FST Corporation Deputy GM, Corporate Governance director and spokesperson 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. 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 2024 Annual General Meeting of Shareholders book close date was March 29, 2024.

- 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 14, 2022 ~ May 26, 2025

In 2023, the Compensation Committee held 5 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	5	0	100%	Re-elected on June 14, 2022
Member	Lin, Hsiao-Ming	5	0	100%	Re-elected on June 14, 2022
Member	Zhao, Rong-Xiang	5	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:

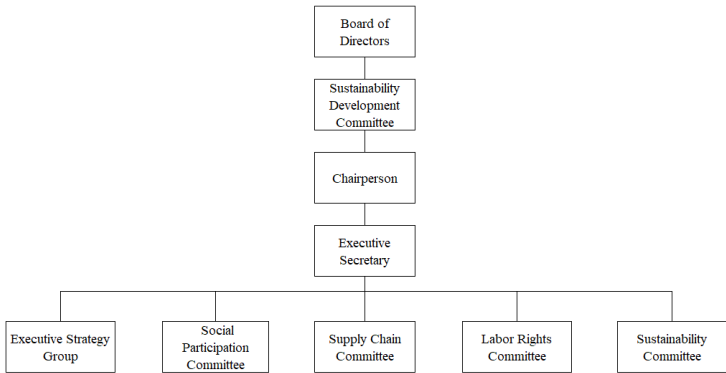
- (1) Where directors and supervisors resign before end of the year, resignation date shall be disclosed in notes. Attendance rate (%) shall be calculated by number of Board of Directors meetings during their term and meetings attended attendance.
- (2) Where directors and supervisor are re-elected before the end of the year, date of election and status (resigned/new/re-elected) for new and former shall be indicated. Attendance rate (%) shall be calculated by number of Board of Directors meetings during their term and meetings attended.

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

Date	Session	Motion	Resolution	Execution status
2023/2/14	5th board term 3rd meeting	2022 Director Remuneration and Distribution 2022 Employee Remuneration	All committee members agreed to pass the motion as proposed. The distribution was passed via separate groups to avoid conflicts of interest.	Board and employee remuneration approved during the 9th board term (7th meeting); Board remuneration distribution approved during the 9th Board term (12th meeting).
2023/5/15	5th board term 4th meeting	The establishment of the Corporate Governance Officer position	All committee members agreed to pass the motion as proposed	Submitted and approved during the 10th board term of the 9th meeting Board of Directors. The company has completed and publicly announced the appointment.
2023/6/28	5th board term 5th meeting	Set Company policy for annual bonus distribution.	All committee members agreed to pass the motion as proposed	Submitted and approved during the Board of Directors 11th meeting (9th term). Approved partial revisions made to the content.
2023/7/28	5th board term 6th meeting	2022 management remuneration distribution plan.	All committee members agreed to pass the motion as proposed	Submitted and approved during the 12th meeting of the 9th term Board of Directors. Distribution completed by the Company.
2023/12/22	5th board term 7th meeting	Performance bonus distribution accrual plan.	All committee members agreed to pass the motion as proposed	Implemented according to the current performance accrual plan.
Handling of Member Opinions: Not Applicable				

5. Sustainable development implementation progress and reasons for deviation from guidelines for listed and OTC companies. Companies meeting certain criteria should disclose climate-related information.

1. Sustainable development implementation progress and reasons for deviation from guidelines for listed and OTC companies

Proposed 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>The Company established a Sustainability Development Committee in 2023, comprised of three independent directors and two directors. It is tasked with planning and promoting the Company's sustainability development. The Chairman assigned Public Relations team (part of the Executive Strategy Group) the Project Director to jointly plan and drive the Company's sustainability development. The sustainability governance structure is as follows:</p>  <pre> graph TD A[Board of Directors] --> B[Sustainability Development Committee] B --> C[Chairperson] C --> D[Executive Secretary] D --> E[Executive Strategy Group] D --> F[Social Participation Committee] D --> G[Supply Chain Committee] D --> H[Labor Rights Committee] D --> I[Sustainability Committee] </pre>	None

Proposed 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		<p>(1) The Company thoroughly implements the industrial safety and environmental protection policy, and has obtained the ISO 14001 environmental management system certification.</p> <p>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.</p> <p>The content of the policy is as follows:</p> <p>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.</p>	None

Proposed 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>2. Implement education and training to strengthen the awareness and skills of employees and management on environmental protection, safety and health.</p> <p>3. Committed to the prevention of environmental pollution and the reduction of waste in the production process, the effective use of energy, and the recycling of resources.</p> <p>4. Committed to improving the working environment of employees, improving equipment safety protection, and teaching safe operation methods to prevent the occurrence of industrial safety and environmental accidents.</p> <p>5. Through the regular review of the environmental safety and health management system, the environmental safety and health performance is reviewed, and continuous improvement is promoted.</p> <p>All colleagues of the Company must understand the meaning of the environmental safety and health policy, and promise to follow the environmental safety and health management manual and the document instructions of the environmental safety and health management system, implement the requirements of the environmental safety and health policy, enhance the Company's image, and ensure the sustainable operation of the enterprise.</p>	

Proposed 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		(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.	

Proposed 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)	
(3) Has the Company assessed the current and future potential risks and opportunities of climate change to the Company, and taken measures to address climate-related issues?	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 reduction and greenhouse gas inventory, and conducted continuous monitoring of energy-consuming equipment to reduce the impact of Company operations on the natural environment.</p> <p>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</p>	

protection.

Disclosure of the Company's greenhouse gas emissions, electricity consumption, water usage, total waste weight over the past two years, and related energy-saving policies is as follows:

1. Greenhouse gas emissions and related energy-saving policies in the past two years:

Year	Total greenhouse gas emissions (Scope 1 and 2) / Total revenue (in millions) = Metric tons of CO2-e / million
2022	Total emissions = 8,437 metric tons of CO2-e; For every million units of revenue, 0.17 metric tons of CO2-e are emitted.
2023	Total emissions = 10,112.995 metric tons of CO2-e; For every million units of revenue, 0.18 metric tons of CO2-e are emitted.

Note: The greenhouse gas emissions for 2023 are based on the Company's internal assessment, as external verification results were not available prior to the printing date of the annual report.

- (1) Management Policy: Compliance with legal requirements, continuously promote improvements, and engagementment of all employees.
- (2) Reduction Targets: In response to the government's 2050 net-zero emissions target, the Company aims to establish a baseline year for greenhouse gas inventory by 2025 and complete third-party verification. The reduction target is set at a 1.2% (Scope 1 and 2) compared to the baseline year.
- (3) Implementation Measures: Specific strategies include installing renewable energy storage, solar power generation, devise and implement energy-saving initiatives to achieve carbon reduction goals.

			<div>2. Total electricity consumption in the past two years:</div> <table><tr><th>Year</th><th>Consumption</th></tr><tr><td>2022</td><td>Total electricity consumption: 17,832,937 kWh; Electricity usage per million units of revenue: 354.07 kWh</td></tr><tr><td>2023</td><td>Total electricity consumption: 19,435,648 kWh; Electricity usage per million units of revenue: 345.34 kWh</td></tr></table> <div>(1) Management Policies: Compliance with legal requirements, efficient resource utilization, reduce energy consumption in plants, support for green procurement, continuously promote improvement, encourage employee participation, and achievement of targets.</div> <div>(2) Reduction Targets: In alignment with the government's 2050 net zero emissions goal, all company production plants, including the Hukou Plant, Toufen Plant, Nankang Plant 1, 2, 3, and 5, have completed third-party verification of ISO 50001 energy management systems in 2024. The midterm reduction targets for each plant will be set before 2030, with an annual electricity reduction target of 1% compared to the previous year.</div> <div>(3) Implementation Measures: Replacement to energy-efficient equipment, optimization of processes/equipment efficiency, use of energy-saving sensors, equipment load reduction, gradual replacement of traditional bulbs with energy-saving or LED lighting, and turning off lights when not in use.</div> <div>3. Total water consumption in the past two years:</div> <table><tr><th>Year</th><th>Total water consumption / Total revenue (in millions) = cubic meters / million</th></tr><tr><td>2022</td><td>Total water consumption = 65,162 cubic meters; Water consumption per million unit of revenue = 1.29 cubic meters (thousand liters)</td></tr><tr><td>2023</td><td>Total water consumption = 75,713 cubic meters; Water consumption per million unit of revenue = 1.35 cubic meters (thousand liters)</td></tr></table>	Year	Consumption	2022	Total electricity consumption: 17,832,937 kWh; Electricity usage per million units of revenue: 354.07 kWh	2023	Total electricity consumption: 19,435,648 kWh; Electricity usage per million units of revenue: 345.34 kWh	Year	Total water consumption / Total revenue (in millions) = cubic meters / million	2022	Total water consumption = 65,162 cubic meters; Water consumption per million unit of revenue = 1.29 cubic meters (thousand liters)	2023	Total water consumption = 75,713 cubic meters; Water consumption per million unit of revenue = 1.35 cubic meters (thousand liters)
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<p>4. Promotion of social welfare</p> <p>(1) Compliance with labor regulations, international recognized human right principles, and appropriate management measures and procedures</p> <p>(2) Does the Company establish and implement reasonable employee welfare measures (including compensation, leaves, other benefits, etc.), and appropriately reflect the operating performance or results in employee compensation?</p> <p>(3) Safety and health in working environment, and the condition for providing periodical safety and health training to employees</p> <p>(4) Effective capabilities development program for employees</p>	V		<p>(1) The Company strictly complies with government laws and regulations. The process of recruitment is open and fair. The rights of handicapped and aboriginal employees are under well protection.</p> <p>(2) The Group's Human Resources Department and the Remuneration Compensation Committee jointly formulate policies on compensation and remuneration. The design of compensation is mainly to support the Company's goals, effective recruitment, incentives and retention of talents. The Company continues to collect and analyze information on the salary market externally, and make adjustment in response to inflation, in order to maintain the overall salary level and competitiveness. Internally, it is expected to provide incentives to excellent employees and comply with internal fairness. Regarding the salary of newly recruited employees, the Company provides different salaries according to the background conditions such as the position and level of responsibility, academic background and work experience, and will not discriminate against factors such as gender, race, religious belief, political position, marital status, groups participated, etc. Marketech as one of the constituent stocks of "High Salary 100", provide market-competitive salaries and comprehensive benefits to attract talents, retain talents and achieve the Company's operating goals.</p> <p>(3) The Company provides a fair, appropriate and safe working environment to employees in compliance with government laws and regulations. The physical working environment is examined every year to ensure a healthy environment. Breastfeeding rooms are provided to meet female employees' needs. To enhance knowledge of health and to prevent occupational injuries, health checkups and seminars are regularly held.</p> <p>(4) The Group institutionalized a career skillset learning pathway program and development blueprint based on different job roles/categories, management levels, career development structure and surveyed training needs. With five dimensions: strategy trends, operations development, management skillsets, professional fundamentals, and employee care (new employees guidance and general knowledge), the annual education and training plan are structured. Within the plan includes internal training courses and external training courses to implement the employees' knowledge and skills and the future development capabilities.</p>	None
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<p>(5) Compliance with products and services marketing and labeling regulations and international standards</p> <p>(6) Evaluation of suppliers</p>			<p>(5) The Company has obtained ISO 90001 certification, and the product labeling follows “Outgoing Product Control Procedure” and “Outgoing Product Inspection Standard.” Government regulations and industry standards are complied with to assure the quality of products and services.</p> <p>(6) The Company's management policies and requirements for suppliers include regularly confirming and managing and tracking suppliers' environmental safety and health management regulations, environmental safety and fire prevention measures, and SA 8000 social responsibility commitment statement. The Company also regularly inspects and evaluates the supplier's environmental safety and health management, environmental safety and fire protection, and social and environmental responsibility to ensure that the supplier actually complies with the relevant specifications.</p>	
<p>5. Does the Company take reference to international reporting standards or guidelines to prepare reports such as the corporate social responsibility report, etc., that disclose the Company's non-financial information?</p>	V		<p>The Company's report issued every year is prepared in the spirit of GRI Standards. The annual ESG report prepared by the Company has obtained the verification of BSI in the UK.</p>	None
<p>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:</p> <p>The Company has followed corporate governance related operations to set and implement “Listed Companies Corporate Social Responsibility Code of Practice”.</p>				
<p>7. Other important information to facilitate better understanding of the Company's implementation of corporate social responsibility:</p> <p>Status of sustainable development initiatives is disclosed in the ESG report and uploaded to the Company's website.</p>				

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

Note 2: 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.

2. Implementation Status of Climate-Related Information

Item	Implementation Status
1. Describe Board and management oversight and governance of climate-related risks and opportunities.	1. The Company established the Sustainable Development Committee in 2023. The Chairman serves as the convener, and reports on the Company's ESG management and implementation to the Board of Directors each year. The committee has a Sustainable Environment team responsible for identifying and addressing climate-related risks, managing climate change issues, and devising response strategies and operational objectives. Related departments of the company, including operations and strategy departments implement measures according to response strategies to ensure the achievement of objectives.
2. Describe how the identified climate risks and opportunities affect the Company's business, strategy, and finances (in the short, medium, and long-term).	2. Amidst the impact of climate change, achieving net-zero emissions has become a globally significant issue. Our company has made strategic investments in resource transformation, carbon pricing, and the green energy industry. In the short term, our focus is on meeting the needs of customers and suppliers. In the medium to long term, we anticipate gaining more business opportunities, which will contribute to the future development of our company.
3. Describe the financial impact of extreme weather events and transformation actions.	3. The Company's response to climate change includes replacing lighting fixtures and upgrading to high-efficiency chilled water pumps in our facilities. While these changes will lead to additional costs, they will not have significant impact on the Company's finances.
4. Describe how the identification, assessment, and management process of climate risks are integrated into the overall risk management system	4. The Company's Sustainability Development Committee considers economic, environmental, and social dimensions to identify climate risk factors that significantly impact the Company and stakeholders. Following the Company's risk management standard and procedures, we conduct risk identification and assessment, formulate response strategies and management plans, and facilitate cross-departmental communication to mitigate the impact of climate change risks. The Company pays attention to various risks associated with climate change and establishes a comprehensive risk management system to achieve sustainable operations.
5. If using scenario analysis to assess resilience to climate change risks, provide details on the scenario, parameters, assumptions, analysis factors, and major financial impacts.	5. The Company has not yet used scenario analysis to assess its resilience to climate change risks since climate change risks do not significantly impact the Company's finances as we are not an energy-intensive industry.

<p>6. If there is a transformation plan to manage climate-related risks, describe content of the plan, and indicators and targets used to identify and manage physical and transition risks.</p>	<p>6. The Company has obtained ISO 14001 environmental management system certification, and formulated policies related to energy conservation, carbon reduction, water resource management, and waste management. The Company continues to monitor and actively respond to domestic and international climate change-related policies and initiatives, striving to enhance its carbon emission management. Additionally, in response to the low-carbon transformation trend, the Company has undertaken initiatives such as replacing lighting equipment and relevant machinery to achieve energy conservation and carbon reduction policy objectives.</p>
<p>7. If internal carbon pricing is used as a planning tool, the basis for price setting should be explained.</p>	<p>7. The Company's internal carbon pricing mechanism is still under development. Currently, evaluations are primarily based on domestic and international sustainable development trends and related regulations. The Company has set a target of reducing greenhouse gas emissions by 1% annually, and relevant information has been disclosed in the sustainability report.</p>
<p>8. If climate-related goals are set, information should be provided on the activities covered, greenhouse gas emission scopes, planning timeframe, progress achieved each year, etc. If carbon offsets or renewable energy certificates (RECs) are used to achieve the related goals, details should be provided regarding the source and quantity of carbon offsets or the number of RECs used.</p>	<p>8. The Company currently does not utilize carbon offsets or renewable energy certificates (RECs). For information regarding climate-related goals, please refer to the Environmental Issues section of this year's Annual Report and the Corporate Governance Report.</p>
<p>9. Greenhouse gas inventory and verification status, reduction targets, strategies, and specific action plans.</p>	<p>9. The Company conducts an annual greenhouse gas inventory and sets reduction targets. The Hukou Plant obtained external certification for the greenhouse gas inventory in 2023, and subsequent steps will be taken according to the schedule specified by the regulatory authority.</p>

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>	<p>v</p> <p>v</p> <p>v</p>		<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 a complaint submission method 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 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>	<p>V</p> <p>V</p> <p>V</p> <p>V</p> <p>V</p>		<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> <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>None</p>
<p>3. The Company's Whistleblowing System</p>				

(1) Whether The Company has established specific whistleblowing and reward systems, along with convenient whistleblowing channels, and assigned appropriate designated personnel to handle complaints?	V		(1) The Company has explicitly specified the Company's reporting channel and reward system in its Ethics and Business Conduct Regulations Governing the Management and Communication of Corporate Social Responsibility and Reward and Discipline Policy, where reporter may conduct the report anonymously and the Company shall keep the confidentiality on reporter information and reported content. A reporting mailbox is established under and managed by Human Resources & Administration Division. The mailbox related information shall be announced on the Company's internal website and be propagated in trainings for new employees.	None
(2) Whether the Company has established investigation standard operating procedures for handling whistleblowing complaints, as well as procedures for subsequent actions and related confidentiality mechanisms after the investigation is completed?	V		(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: ① 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. ② The appeal should be sealed up and delivered to the President directly by Human Resources & Administration Division in confidential class. The investigation on the reporting should be processed cautiously and kept confidential. Sexual harassment complaints are processed according to Sexual Harassment Prevention Policy.	
(3) Has the Company taken measures to protect whistleblowers from retaliation to prevent them from being treated unfairly due to their whistleblowing activities?	V		(3) The opinions received through employee communication mail box directly go to the top management. The process of reporting is under control of the Company's information safety system. Violation of confidentiality will be judged according to the reward and discipline system.	
4. Information Disclosure Disclosure of corporate conduct and ethics policies and such execution on	V		The Company has disclosed information of corporate conduct and ethics on the official website and published on the Market Observation Post System.	None

Item	Implementation Status			Deviation from “Corporate Conduct and Ethics Best Practice Principles for TWSE/GTSM Listed Companies” and reason(s)
	Yes	No	Summary	
the Company’s website and the Market Observation Post System				
<p>5. If the Company has established the Code of “Ethics and Business Conduct” based on “Corporate Conduct and Ethics Best Practice Principles for TWSE/GTSM Listed Companies”, please describe any discrepancy between the policies and their implementation:</p> <p>The Company has already stipulated Ethics and Business Conduct and implemented it accordingly.</p>				
<p>6. Other important information to facilitate better understanding of the Company’s corporate conduct and ethics compliance practices:</p> <p>(1) The Company provides promotion and training programs on service regulations to employees to facilitate employees’ better understanding of the Company’s determination, policies, prevention measures on corporate conduct and ethics as well as the results of violation.</p> <p>(2) Suppliers, vendors and partners are required to follow the Company’s service regulation and to report the violation or unethical conduct of the Company’s employees.</p> <p>(3) Please refer to the section of “Implementation of Corporate Social Responsibility” in this annual report and “Corporate Social Responsibility Report” on the official website for more information.</p>				

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

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.
8. Other important information to facilitate better understanding of the Company’s corporate governance: None

9. Internal control system execution

1) Internal control statement

Marketch International Corp. Internal Control Statement

Date: February 19, 2024

Based on our self-assessment results of the Company's 2023 internal controls, we declare the following:

1. 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.
2. 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.
3. 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.
4. The Company has already adopted aforementioned internal control assessment items to evaluate the design of internal control system and the efficiency of implementation.
5. 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 31st of December 2023, 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.
6. 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.
7. This statement was approved by the board on February 19, 2024 with the presence of 10 directors without any objection. The rest also agreed with the content of the statement.

Marketch International Corp.

Chairman of the Board: Margaret KaoMargaret Kao

General Manager: Scott Lin

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

1) Important Resolutions at Shareholders' Meeting

Date	Resolutions
2023/05/30	1. Recognized company 2022 operating report and financial report proposal. State of implementation: voted and approved in the 2023 shareholders' meeting.
	2. Recognized company 2022 earnings distribution proposal. State of implementation: a resolution voted in the 2023 shareholders' meeting approving for distributed cash dividend of NT\$5.67 per share, with cash dividend having been distributed as of August 2, 2023.
	3. Approved amending proposal of "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees. " State of implementation: a resolution has been approved in the 2023 shareholders' meeting, with relevant matters having been executed by related law and regulations.
	4. Recognized election of additional independent director. State of implementation: An election has been held in the 2023 shareholders' meeting, with relevant matters having been executed by related law and regulations.
	5. Revocation of the non-compete case against the newly appointed independent director of the Company. State of implementation: a resolution has been approved by election in the 2023 shareholders' meeting, with relevant matters having been executed by related law and regulations.

2) Important Board of Directors' Resolutions

Date	Resolutions	Securities Exchange Act Article 14-3 Matters	Securities Exchange Act Article 14-5 Matters	Independent Directors' Opinions and Company's Handling of the Opinions
2023/02/17	1. Approved the Company's 2022 Standalone and Consolidated Financial Statements.	V	V	There are no instances where independent directors have opposed or withheld their opinions.
	2. Approved the Company's 2022 Directors and Employees compensation distribution.			
	3. Approved the Company's 2022 Earnings Distribution.	V	V	
	4. Approved the Company's 2022 Internal Control Statement.		V	
	5. Approved the Company's 2022 Business Report.			
	6. Approved the amended procedures for "Provision of Loans and Endorsements/Guarantees to Other Parties."	V	V	
	7. Approved amended "Board Meeting Procedures".			
	8. Approved election of an independent director.			
	9. Approved 2023 independent director nomination period.			
	10. Approved 2023 independent director nominees list.			
	11. Approved date, location and purpose for holding the Company's 2023 regular shareholders' meeting.		V	
	12. Approved the Company's assessment of the 2022 fourth quarter overdue payments that were not loan in nature.	V	V	
	13. Approved the appointment of external auditor Wang, Song-Ze and Lin, Chun-Yao from PricewaterhouseCoopers to conduct the audit of the Company's financial statements.	V	V	
	14. Approved the Company's assessment of the 2022 fourth quarter overdue payments that were not loan in nature.	V	V	
	15. Approved in advance the provision of non-assurance services by the accounting firm and its related entities to the Company, its parent company, and subsidiaries.	V	V	
	16. Approved auditor's remuneration for the Company for 2023 and 2024.	V	V	
	17. Approved for the Company to provide bank financing guarantee to its subsidiary, Marketech International Corporation USA.	V	V	
	18. Approved the greenhouse gas calculation and verification schedule planning and information disclosure for the Group (including subsidiaries).			

Date	Resolutions	Securities Exchange Act Article 14-3 Matters	Securities Exchange Act Article 14-5 Matters	Independent Directors' Opinions and Company's Handling of the Opinions
	19. Approved lifting non-compete restrictions for the newly appointed independent director.			
	20. Approved the conversion of the previously issued fourth domestic unsecured convertible corporate bonds to new common shares.	V	V	
2023/03/17	1. Approved for Company to provide bank financing guarantee to its subsidiary, MIC- TECH Electronics Engineering Corp.	V	V	There are no instances where independent directors have opposed or withheld their opinions.
	2. Approved the revision and extension of the construction warranty for Te Chang Construction Co., Ltd	V	V	
	3. Approved the issuance of the fifth domestic unsecured convertible corporate bond.	V	V	
2023/05/08	1. Approved the Company's 2023 First Quarter Consolidated Financial Statements.	V	V	There are no instances where independent directors have opposed or withheld their opinions.
	2. Approved the Company's assessment of the 2023 first quarter overdue payments were not loan in nature	V	V	
	3. Approved bank financing credit limit for the Company.			
	4. Approved for the Company to provide the bank financing guarantee to its subsidiaries MIC- TECH Electronics Engineering Corp. and MIC-TECH (Shanghai) Corp., Ltd.	V	V	
2023/06/09	1. Approved bank financing credit limit for the Company.			There are no instances where independent directors have opposed or withheld their opinions.
	2. Approved for the Company to provide the bank financing guarantee to its subsidiaries MIC- TECH Electronics Engineering Corp., MIC-TECH (Shanghai) Corp., Ltd., and Marketch Integrated Pte. Ltd.	V	V	
	3. Approved the cash dividend distribution record date.			
	4. Approved the amended internal control for "Payroll Cycle" and "Attendance Management.	V	V	
	5. Approved the establishment of Corporate Governance Officer position.	V	V	
	6. Approved the conversion of the previously issued fourth domestic unsecured convertible corporate bonds to new common shares.			
2023/07/03	1. Approved bank financing credit limit for the Company.			There are no instances where independent directors have opposed
	2. Approved for the Company to provide bank financing guarantee to its subsidiary, MIC-Tech (Wuxi).	V	V	

Date	Resolutions	Securities Exchange Act Article 14-3 Matters	Securities Exchange Act Article 14-5 Matters	Independent Directors' Opinions and Company's Handling of the Opinions
	3. Approved policy for holiday bonuses.			or withheld their opinions.
2023/08/02	1. Approved the Company's 2023 quarter two consolidated financial statements.	V	V	There are no instances where independent directors have opposed or withheld their opinions.
	2. Approved the Company's assessment of the 2023 second quarter overdue payments were not loan in nature.	V	V	
	3. Approved bank financing credit limit for the Company.			
	4. Approved for the Company to provide joint guarantee for the subsidiaries Marketch Integrated Pte. Ltd. and Shanghai Maohua Electronics Engineering Co., Ltd.	V	V	
	5. Approved for the Company to provide the bank financing guarantee to its subsidiaries MIC-Tech (WuXi) Co., Ltd., MIC-Tech (Shanghai) Co. Ltd., and eZoom Information, Inc.	V	V	
	6. Approved for the Company to finance its subsidiary Marketch International Corporation USA.	V	V	
	7. Approved the 2022 director remuneration distribution.			
	8. Approved the 2022 management and employee remuneration distribution.			
2023/10/04	1. Approved the establishment of the "Risk Management Committee" and the adoption of the "Organization Regulations of the Risk Management Committee".			There are no instances where independent directors have opposed or withheld their opinions.
	2. Approved the establishment of the "Sustainable Development Committee".			
	3. Approved the amended "Related Party Transactions Governing Policy".			
	4. Approved the amended "Budget Governing Policy" .			
	5. Approved the bank financing credit limit for the Company.			
	6. Approved for the Company to finance its subsidiary, Marketch International Corporation USA.	V	V	
	7. Approved the revised guarantee amount provided by the Company to its subsidiary Marketch International Corporation USA.	V	V	
	8. Approved the revised guarantee amount provided by the Company to its subsidiary, eZoom Information, Inc.	V	V	
	9. Approved the Company's land lease in the Southern Taiwan Science Park Phase III from the Southern Taiwan Science Park Administration.	V	V	

Date	Resolutions	Securities Exchange Act Article 14-3 Matters	Securities Exchange Act Article 14-5 Matters	Independent Directors' Opinions and Company's Handling of the Opinions
	10. Approved the issuance of new shares through the conversion of the fourth unsecured convertible corporate bonds issued domestically by the Company.	V	V	
2023/11/01	1. Approved the Company's 2023 Quarter Three Consolidated Financial statements.	V	V	There are no instances where independent directors have opposed or withheld their opinions.
	2. Approved the Company's assessment of the 2023 third quarter overdue payments were not loan in nature.	V	V	
	3. Approved the 2024 audit plan.	V	V	
	4. Approved the provision of bank financing guarantee to subsidiaries MIC-TECH VIET NAM CO., LTD and Marketch International Sdn. Bhd. by the Company.	V	V	
	5. Approved the extension of the construction performance guarantee for the Te Chang Construction Co., Ltd. project.	V	V	
	6. Approved the provision of joint guarantee by the Company for its subsidiary, Marketch International Corporation USA.	V	V	
	7. Approved the construction of the new Southern Taiwan Science Park Plant 6.	V	V	
2023/12/29	1. Approved the bank financing credit limit for the Company.			There are no instances where independent directors have opposed or withheld their opinions.
	2. Approved for the Company to provide the bank financing guarantee to its subsidiaries MIC- TECH Electronics Engineering Corp. and MIC-TECH (Shanghai) Corp., Ltd.	V	V	
	3. Approved for the Company to finance its subsidiary Marketch International Corporation USA.	V	V	
	4. Approved the issuance of new shares through the conversion of the fourth and the fifth domestic unsecured convertible corporate bonds issued by the Company.	V	V	
	5. Approved the consolidated financial budget for 2024.			
	6. Approved the amended to the "Information Disclosure and Insider Trading Prevention Procedures".			
	7. Approved the Company's risk management policy and procedures.			
2024/01/30	1. Approved the Company to finance its subsidiary Marketch International Corporation USA.	V	V	There are no instances where independent directors have opposed or withheld their opinions.
	2. The cumulative transaction amount with a single supplier reached NT\$300 million for the construction of the new Southern Taiwan Science Park Plant 6.	V	V	
	3. Approved the 2023 year-end performance bonus for executives as submitted the Compensation Committee.			

Date	Resolutions	Securities Exchange Act Article 14-3 Matters	Securities Exchange Act Article 14-5 Matters	Independent Directors' Opinions and Company's Handling of the Opinions
2024/02/19	1. Approved the Company's 2023 Standalone and Consolidated Financial Statements. 2. Approved the Company's assessment of the 2023 fourth quarter overdue payments were not loan in nature. 3. Approved for the Company to cancel the bank financing guarantee to its subsidiaries MIC- TECH Electronics Engineering Corp. and MIC-TECH (Shanghai) Corp., Ltd. 4. Approved the adjustment of guarantee amounts provided by the Company to its subsidiary Marketch International Corporation USA. 5. Approved the Company's 2023 Directors and Employees compensation distribution. 6. Approved the Company's 2023 Earnings Distribution. 7. Approved the Company's 2023 Internal Control Statement. 8. Approved the Company's 2023 Business Report. 9. Approved the amendments for the Company's Articles of Incorporation. 10. Approved date, location, and purpose for holding the Company's 2024 Annual General Shareholders' meeting 11. Approved the independence assessment of the Company's 2024 external auditors and their associated accounting firm. 12. Approved the issuance of new shares through the conversion of the fifth unsecured convertible corporate bonds issued by the Company. 13. Approved the travel allowances for the Sustainability Development Committee and the Risk Management Committee Directors.	V V V V V	V V V V V	There are no instances where independent directors have opposed or withheld their opinions.
2024/05/07	1. Approved the Company's 2024 Quarter One Consolidated Financial statements. 2. Approved the Company's assessment of the 2024 first quarter overdue payments were not loan in nature. 3. Approved the bank financing credit limit for the Company. 4. Approved the Company's bank account opening. 5. Approved aggregate transaction amount of NT\$500 million with a single supplier for the construction of the new Southern Taiwan Science Park Plant 6.	V V V	V V V	There are no instances where independent directors have opposed or withheld their opinions.

Date	Resolutions	Securities Exchange Act Article 14-3 Matters	Securities Exchange Act Article 14-5 Matters	Independent Directors' Opinions and Company's Handling of the Opinions
	6. Approved for the Company to provide the bank financing guarantee to its subsidiaries MIC-TECH Electronics Engineering Corp., MIC-TECH (Shanghai) Corp., Ltd., and Marketch International Corporation USA	V	V	
	7. Approved the adjustment of guarantee amounts provided by the Company to its subsidiary Marketch International Corporation USA.	V	V	
	8. Approved the extension of the performance guarantee for the Te Chang Construction Co., Ltd..	V	V	
	9. Approved the provision of guarantee to Te Chang Construction Co., Ltd.	V	V	
	10. Approved MarkeTop Smart Solutions Co., Ltd's lease of the Company's office space.	V	V	
	11. Approved the issuance of new shares through the conversion of the fifth unsecured convertible corporate bonds issued by the Company.	V	V	

12. For the latest fiscal year and up to the date of this annual report, contents for disagreements between the directors or supervisors concerning significant resolutions (with records or written statements): None.
13. For the latest fiscal year and up to the date of this annual report, summary of resignations or dismissals of the chairman, general manager, accounting supervisor, financial supervisor, internal audit supervisor, corporate governance officer, and R&D supervisor: None.

5. Audit Fees

Unit: NT\$ thousands

Accounting firm	Accountant name	Auditing period	Audit Fee	None-Audit Fees	Total	Note
PricewaterhouseCoopers Taiwan	Wang, Song-Ze	2023/01/01 ~ 2023/12/31	5,853	1,067	6,920	None
	Lin, Chun-Yao					

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: Non-audit fees include fees for tax and the issuance of the fifth domestic unsecured convertible bond.

- (1) Non-audit fees paid to the CPA, accounting firm of CPA and its affiliates that were more than 25% of the audit fees: None.
- (2) Replacement of accounting firm and the audit fees in the year of replacement is less than the previous year: None.
- (3) Audit fees were reduced by over 10% compared with the previous year: None.

6. Information Regarding Change of Accountants

If there are any changes of accountants in the latest two years and the subsequent periods, the following items shall be disclosed:

(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’s auditor for 2023 was changed to Wang, Song-Ze and Lin, Jun-Yao.		
Description of the termination or non-appointment of the entrustee or accountant	Party		Accountant
	Appointed to		
	Situation		
	Proactive termination of appointment		Not applicable
	No subsequent appointments		
Reason and opinion of approved audit report without further opinion of the latest two years	Not applicable		
Disagreement with the publisher	Yes		Accounting standards or practices
			Financial statement disclosure
			Audit scope or procedures
			Other
	None	V	
	Description	Not applicable	
Other disclosures (The discloser shall be included based on Article 10.6 items 1.4~1.7 of the Guideline)	None		

(2) About the Succeeding Accountant

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 applicable
Written opinions of the successor-accountant against the previous accountant.	Not applicable

(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

(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	2023 Fiscal Year		As of March 29, 2024	
		Increase (decrease) in number of shares owned	Increase (decrease) in number of pledged shares	Increase (decrease) in number of shares owned	Increase (decrease) in 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 Ltd.	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
Independent director	Zhao, Rong-Xiang (Note 4)	0	0	0	0
Chairman and CEO	Margaret Kao	0	0	0	0
Director and President	Scott Lin	0	1,300,000	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	0	0	0	0
Divison VGM	Lin, Chih-Jen	0	0	0	0
Divison VGM	Lu, Chien-Kuo	0	0	0	0
Divison VGM	Lo, Su-Yuan	0	0	0	0
Divison VGM	Tseng, Lieh-Huang (Note 5)	0	0	0	0
Divison VGM	Yang, Yuan-Zhi	0	0	0	0
Vice General Manager and Financial Supervisor	Hsieh, Ming-Ju	(24,000)	0	0	0
Accounting Supervisor	Zhong, Chi-Wen	0	0	0	0
Corporate Governance Officer	Li Yi-Jung (Note 6)	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 2024 regular shareholders’ meeting is on March 29, 2024.

Note 4: The Company elected an additional independent director at the shareholder's meeting held on May 30, 2023.

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

Note 6: Mr. Li Yi-Jung assumed the position of Corporate Governance Officer on June 9, 2023.

(2) Share transfer information

The Company's directors, managers and shareholders holding more than 10% of the shares have not transferred their shares to related parties.

(3) Share pledge

The Company's directors, managers and shareholders holding more than 10% of the shares do not have any shares pledged to related parties.

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

March 29, 2024
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	% of shares	No. of shares	% of shares	No. of shares	% of shares	Title (or name)	Relationship	
Ennoconn International Investment Co., Ltd. Representative: Lou, Chao-Tsung	83,468,613 *0	41.46% *0.00%	0 *0	0.00% *0.00%	0 *0	0.00% *0.00%	None	None	None
Ji-Xuan Investment Corp. Representative: Margaret Kao	11,005,795 *2,010,513	5.47% *1.00%	0 *0	0.00% *0.00%	0 *0	0.00% *0.00%	Margaret Kao	Representative of the Company	None
E-Win Investment Company Ltd. Representative: Scott Lin	6,647,112 *5,986,097	3.30% *2.97%	0 *46,783	0.00% *0.02%	0 *0	0.00% *0.00%	Scott Lin	Representative of the Company	None
Scott Lin	5,986,097	2.97%	46,783	0.02%	0	0.00%	<ul style="list-style-type: none"> E-Win Investment Company Ltd. Lin, Yu-Yao 	<ul style="list-style-type: none"> Representative of the Company Sibling relationship 	None
Sung, Ping-Chung	3,538,550	1.76%	255,846	0.13%	0	0.00%	<ul style="list-style-type: none"> Ji Chang Investment Company Margaret Kao Sung, Feng-Pei 	<ul style="list-style-type: none"> Representative of the Company Mother and son relationship Sibling relationship 	None
Sung, Feng-Pei	3,322,792	1.65%	0	0.00%	0	0.00%	<ul style="list-style-type: none"> Margaret Kao Sung, Ping-Chung 	<ul style="list-style-type: none"> Mother and daughter relationship Sibling relationship 	None
Ji Chang Investment Company Representative: Sung, Ping-Chung	2,985,504 *3,538,550	1.48% *1.76%	0 *255,846	0.00% *0.13%	0 *0	0.00% *0.00%	<ul style="list-style-type: none"> Margaret Kao Sung, Feng-Pei 	<ul style="list-style-type: none"> Mother and son relationship Sibling relationship 	None
Lin, Yu-Yao	2,575,378	1.28%	0	0.00%	0	0.00%	Scott Lin	Sibling relationship	None
Ya Tai Investment Company Representative: Yang, Yi-Shun	2,150,000 *232,000	1.07% *0.12%	0 *0	0.00% *0.00%	0 *0	0.00% *0.00%	None	None	None
Margaret Kao	2,010,513	1.00%	0	0.00%	0	0.00%	<ul style="list-style-type: none"> Ji-Xuan Investment Corp Sung, Ping-Chung Sung, Feng-Pei 	<ul style="list-style-type: none"> Representative of the Company Mother and son relationship Mother and daughter relationship 	None

*Number of shares and the percentage of the shares held 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 2024 regular shareholders' meeting is on March 29, 2024.

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, 2023
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
Marketch Integrated Pte Ltd.	14,636,958	100.00%	0	0.00%	14,636,958	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%
Marketch Engineering Pte. Ltd.	1,270,133	100.00%	0	0.00%	1,270,133	100.00%
Marketch 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%
Marketch Co., Ltd.	0	100.00%	0	0.00%	0	100.00%
eZoom Information, Inc.	11,100,000	100.00%	0	0.00%	11,100,000	100.00%
Marketch International Sdn. Bhd.	16,871,250	100.00%	0	0.00%	16,871,250	100.00%
Marketch International Corporation USA.	18,450,000	100.00%	0	0.00%	18,450,000	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 Marketch International Indonesia	1,199,000	99.92%	1,000	0.08%	1,200,000	100.00%
Marketch Netherlands B.V.	1,200,000	100.00%	0	0.00%	1,200,000	100.00%
Glory Technology Service Inc.	6,208,320	29.24%	0	0.00%	6,208,320	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	2,240,000	37.33%	0	0.00%	2,240,000	37.33%
MIC Healthcare Korea Co., Ltd	3,600,000	100.00%	0	0.00%	3,600,000	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
Marketch International Corp. Japan	30,000	100.00%	0	0.00%	30,000	100.00%
Advanced Technology Matrix United	2,000,000	68.97%	0	0.00%	2,000,000	68.97%
Radisen Co., Ltd.(Ordinary Stock)	87,803	18.49%	0	0.00%	87,803	18.49%
Radisen Co., Ltd.(Preferred stock)	188,961	44.85%	0	0.00%	188,961	44.85%
Marketch International Corporation Germany GmbH	200,000	100.00%	0	0.00%	200,000	100.00%
MIC Industrial Viet Nam Co., Ltd.	0	100.00%	0	0.00%	0	100.00%
MIC-Tech Ventures Asia Pacific Inc.	0	0.00%	40,016,604	100.00%	40,016,604	100.00%
Marketch Integrated Construction Co., Ltd.	0	0.00%	88,500	98.33%	88,500	98.33%
Russky H.K. Limited	0	0.00%	833,000	100.00%	833,000	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%
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) Sources of the capital for shares

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, 2024
Unit: NTD ; share

Date	Issue price	Approved shares		Actual received capital		Note		
		Shares	Amount	Shares	Amount	Source of shares	Stock offset by assets other than cash	Others
Feb. 2023	10	300,000,000	3,000,000,000	195,028,376	1,950,283,760	Converted from corporate bond: 10,297	None	Note 1
Apr. 2023	10	300,000,000	3,000,000,000	195,678,166	1,956,781,660	Converted from corporate bond: 649,790	None	Note 2
Aug. 2023	10	300,000,000	3,000,000,000	196,124,774	1,961,247,740	Converted from corporate bond: 446,608	None	Note 3
Oct. 2023	10	300,000,000	3,000,000,000	198,989,247	1,989,892,470	Converted from corporate bond: 2,864,473	None	Note 4
Jan. 2024	10	300,000,000	3,000,000,000	201,315,437	2,013,154,370	Converted from corporate bond: 2,326,190	None	Note 5

Note 1: As stipulated under the Financial Supervisory Commission's Taiwan FSC correspondence No. 11230009490 directive on February 01, 2023.

Note 2: As stipulated under the Financial Supervisory Commission's Taiwan FSC correspondence No. 11230058490 directive on April 10, 2023.

Note 3: As stipulated under the Financial Supervisory Commission's Taiwan FSC correspondence No. 11230131980 directive on August 02, 2023.

Note 4: As stipulated under the Financial Supervisory Commission's Taiwan FSC correspondence No. 11230199730 directive on October 27, 2023.

Note 5: As stipulated under the Financial Supervisory Commission's Taiwan FSC correspondence No. 11330010800 directive on January 26, 2024.

Mar 29, 2024 ; Unit: shares

Share type	Approved shares					Note
	Outstanding shares (Note 1)			Unissued shares	Total	
	Listed (Note)	OTC	Total			
Registered ordinary shares	201,315,437	0	201,315,437	98,684,563	300,000,000	None

Note1: Please indicate whether the shares are listed orOTC (please note if it is restricted from listing or OTC trading.

Note2: The book closure date of the Company's 2024 regular shareholders' meeting is on March 29, 2024.

Related information of General Application System: Not applicable

2) Structure of shareholders

Common shares, face value NTD10 per share

March 29, 2024

Unit: share; person; %

Number \ Structure of shareholders	Government agency	Financial institutions	Other entities	Individuals	Foreign institutions and parties	Total
Number (person)	0	7	106	23,761	136	24,010
Number (share)	0	2,785,000	113,391,058	74,687,804	10,451,575	201,315,437
Ratio of shareholding (%)	0.00%	1.38%	56.33%	37.10%	5.19%	100.00%

Note: First-listed (OTC) companies and emerging market companies should disclose their percentage of mainland Chinese capital holdings. Mainland Chinese capital refers to individuals, legal persons, groups, other organizations, or companies invested by them in the mainland, as defined in Article 3 of the Regulations Governing Investment in Taiwan by Mainland Area Residents.

3) Share Ownership Distribution

Common shares, face value NTD10 per share

March 29, 2024

Unit: share; person; %

Shareholding Tiers			No. of shareholders	No. of shares	Shareholding ratio (%)
1	to	999	5,776	999,931	0.50
1,000	to	5,000	16,358	27,802,407	13.81
5,001	to	10,000	1,064	8,504,084	4.22
10,001	to	15,000	266	3,441,063	1.71
15,001	to	20,000	159	3,023,305	1.50
20,001	to	30,000	140	3,605,143	1.79
30,001	to	40,000	66	2,349,436	1.17
40,001	to	50,000	47	2,171,712	1.08
50,001	to	100,000	58	4,238,382	2.11
100,001	to	200,000	36	5,022,390	2.49
200,001	to	400,000	15	4,498,368	2.23
400,001	to	600,000	5	2,412,641	1.20
600,001	to	800,000	3	1,953,494	0.97
800,001	to	1,000,000	3	2,712,000	1.35
Above 1,000,001			14	128,581,081	63.87
Total			24,010	201,315,437	100.00

Note: The book closure date of the Company's 2024 regular shareholders' meeting is on March 29, 2024.

4) Name list of major shareholders

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

March 29, 2024		
Names of major shareholders	Shares owned (shares)	Shareholding ratio (%)
Ennoconn International Investment Co., Ltd.	83,468,613	41.46%
Ji-Xuan Investment Corp	11,005,795	5.47%
E-Win Investment Company Ltd.	6,647,112	3.30%
Scott Lin	5,986,097	2.97%
Sung, Ping-Chung	3,538,550	1.76%
Sung, Feng-Pei	3,322,792	1.65%
Ji Chang Investment Company	2,985,504	1.48%
Lin, Yu-Yao	2,575,378	1.28%
Ya Tai Investment Company	2,150,000	1.07%
Margaret Kao	2,010,513	1.00%

Note: The book closure date of the Company's 2024 regular shareholders' meeting is on March 29, 2024.

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

Unit: NT\$ thousands; shares; %

Item			2022	2023	As of Mar 31, 2024 (Note 8)
Market Price per Share (Note 1)	Highest Market Price (Note 1)		190.00	156.50	169.50
	Lowest Market Price (Note 1)		95.00	118.00	136.50
	Average Market Price (Note 1)		147.61	137.40	154.55
Net Asset Value per Share (Note 2)	Before Distribution		47.97	55.35	Not Applicable
	After Distribution (Note 2)		42.30	49.35 (Note 2)	Not Applicable
Earnings per Share	Weighted Average Shares		194,942	197,217	201,315
	Earning (loss) per share (before the retroactive adjustment) (Note 3)		11.34	10.96	2.42
	Earning (loss) per share (after the retroactive adjustment) (Note 3)		11.34	10.96	Not Applicable
Dividends per Share	Cash Dividends		5.67	6.00 (Note 2)	Not Applicable
	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)		13.02	12.54	Not Applicable
	Price - Dividend Ratio (Note 6)		26.03	22.90 (Note 2)	Not Applicable
	Cash Dividend Yield Rate (Note 7)		3.84	4.37 (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; 2023 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 2022 and 2023 consolidated financial statement certified by the accountant and 2024 Q1 consolidated financial statement certified by the accountant.

6) Dividend Policy and Implementation Status

1. Policy per Articles of Incorporation

Article of Incorporation Article 20:

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 of Incorporation Article 20-1:

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

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.

2. Proposed dividend distribution

Unit: NT\$	
Items	Amount
Beginning unappropriated retained earnings	\$3,201,074,284
Plus: Effect of restrospective application and restropective restatement (Note 1)	5,146,371
Less: Adjusted 2023 retained earnings (Note 2)	<u>(2,851,310)</u>
Total	3,203,369,345
Plus: 2023 Profit (loss)	2,161,833,241
Less: Legal reserve	(216,412,830)
Less: Special reserve (Note 3)	<u>(43,841,696)</u>
Retained earning available for distribution	5,104,948,060
Distribution item(s): (Note 4)	
Shareholders' dividend – Cash dividend 6.00 / per share	<u>(1,207,892,622)</u>
Unappropriated retained earnings	<u>\$3,897,055,438</u>

Note 1: In 2023, adjustment for income taxes due to implementation of IFRS 12 recorded to retained earnings.

Note 2: Relates to changes in actuarial assumptions for the defined benefit retirement plan..

Note 3: Per regulatory requirement of the Financial Supervisory Commission R.O.C (Taiwan) No. 1090150022 directive.

Note 4: The above profit distrubiton will be made first from the 2023 profit.

Note 5: If the dividend rate set in this earnings distribution proposal is subsequently changed due to the conversion of the Company's 5th domestic unsecured convertible bond into common shares, it is hereby proposed to the shareholders to authorize the Chairman to make adjustments according to the resolution of the Board of Directors.

Note 6: 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.

3. Explanation for expected significant changes to dividend policy: None.

7) Impact of stock dividend distribution on the Company's operations

As the Company's shareholders' meeting in 2024 did not propose any stock dividend distribution, therefore there are no impact on the business performance, earnings per share and return on equity.

8) Employee, directors and supervisor compensation

1. Percentages or ranges for employee, director, and supervisor compensaation, 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.

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 2023 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.
3. Information on any approval by the board of directors of distribution of compensation:
 - (1) Employee, director and supervisor compensation distributed in cash or stocks:

① Proposed employee, director and supervisor compensation:

The 2023 employees and directors remuneration was approved by the Board of Directors on February 19, 2024 as follow:

Unit: NT\$

Item	Proposed distribution
Employees compensation via cash	293,645,101
Employees' compensation via shares	0
Director remuneration	29,364,510

② Reasons for differences between proposed amounts and actual expenses recognized should be disclosed: No differences noted between the proposed amounts above and the 2023 financial statements.

- (2) The amount of employee compensation distributed in stocks, and its portion to current period net income after tax (on a standalone basis):

Not applicable as none were approved by the Board during the February 19, 2024 meeting.

4. Previous fiscal year's distribution of employee, director, and supervisor remuneration (including number of shares, amount, and stock price), and explanation for any differences in amounts distributed.

Unit: NT\$

Item	Distribution made in 2023 for 2022 fiscal year			
	Distributed amount	Estimated amount	Difference	Explanation
Status				
1.Cash dividends	297,097,738	297,097,738	0	0
2..Stock dividends				
(1) Shares	0	0	0	0
(2) Cash	0	0	0	0
3. Director remuneration	29,709,774	29,709,774	0	0

9) Share Buy-back: None

2. Bonds:

1) Outstanding Corporate Bonds

Types of Corporate Bond (Note 2)		The 5th Domestic Unsecured Convertible Bonds (Note 5)
Issue Date		June 27, 2023
Denomination		NT\$100,000 per certificate
Issuance & Trading Location (Note 3)		Not Applicable
Offering Price		Par value
Total Amount		NT\$2.5 billion
Coupon rate		0%
Term and Maturity Date		Term: Three Years Maturity Date: June 27, 2026
Guarantee Institution		None
Trustee		Taipei Fubon Bank
Underwriter		Fubon Securities Co., Ltd.
Lawyer		Yang-Yi Cheng
Accountant		Lin, Chun-Yao & Wong, Shu-Rong
Redemption Method		According to Clause 6 of the issue and conversion method of our company's 5th domestic unsecured convertible bond for 2023, 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 principal		NT\$2,499,900,000
Redemption or Advance Repayment Clause		Please refer to the issuance and conversion policy of the Company's 2023 4th domestic unsecured convertible bond for .
Restriction Clauses (Note 4)		Please refer to issuance and conversion policy.
Credit Rating Agency Name, Rating date, Rating Outcome		Not Applicable
Other Attached Rights	Up till the time of the printing of the annual report, the amount money of the conversion (exchange or buyback) of bonds into common stocks, overseas depositary receipt or other securities.	After the issuance of the corporate bond, the accumulated exercised conversion right amount up till the time of the printing of the annual report is NT\$100,000.
	Issue & Conversion (Exchange or Buyback) Method	Please refer to the issue and conversion method of our company's 5th domestic unsecured convertible bond for 2023.

Types of Corporate Bond (Note 2)	The 5th Domestic Unsecured Convertible Bonds (Note 5)
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 17,830,955 shares with a capital inflation rate of 8.86%, 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) Convertible Corporate Bond Information

Unit: NT\$

Types of Corporate Bond (Note 1)		The 5th Domestic Unsecured Convertible Bonds	
Item / Year		Fiscal year 2023	As of March 31, 2023 (Note 4)
Market Price of Convertible Corporate Bond (Note 2)	Maximum	115.80	124.00
	Minimum	106.10	111.20
	Average	109.68	117.83
Conversion Price		140.20	140.20
Issue Date & Conversion Price at Issuance		Issue Date: June 27, 2023 Conversion Price at Issuance: NT\$ 145.90/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) Exchangeable bond information: None

4) Summary of Issuance of corporate bonds: None

5) Information on corporate bonds with stock options: None

3. Preferred Stock: None

4. Global Depository Receipts: None

5. Employee Stock Options: None

6. New Restricted Employee Shares:

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

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

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

1) Share issuance for merger: N/A

2) Share issuance for acquisition: N/A

8. Financing Plans and Implementation: None.

Part 5. Overview of operations

1. Business Activities

1) Business Scope

1. Contents of business scope

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.

2. Business percentages

Unit: NT\$ thousands; %

Product or service cat.	2022		2023	
	Business income	Business (%)	Business income	Business (%)
R&D and manufacturing of customized equipment	9,940,540	19.73	10,341,905	18.38
Total Facility Engineering Turnkey Project	19,804,801	39.32	27,288,902	48.49
Sales and service of high-tech equipment and materials	10,403,881	20.66	9,312,405	16.54
Automatic Supplying system	10,217,482	20.29	9,336,520	16.59
Total	50,366,704	100.00	56,279,732	100.00

Note: Disclosed based on the consolidated audited financial statements of 2022 and 2023.

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

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

- ① Semiconductor mask process
- ② IC manufacturing process
- ③ IC packaging process
- ④ LCD and color filter processes
- ⑤ GaAs process for LEDs
- ⑥ Front end process for LEDs
- ⑦ Solar power equipment

(2) Automated supply system:

- ① Design, manufacturing, construction, installation and testing of automatic supply system of gas/chemical/ultrapure water/pure steam/injection water/wastewater treatment
- ② Factory automation
 - A. Factory management and control system (FMCS)
 - B. Computer-integrated manufacturing (CIM)
 - C. Importing of automation products
- 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:

- ① Turn-key projects for high-tech factories, pharmaceutical factories and biotechnical labs
- ② Engineering projects for mass transit system
- ③ Water resource and energy management
- ④ Information data center project

4. R&D and manufacturing of customized equipment

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.

2) Industry Overview

1. Global macroeconomic environment

The International Monetary Fund (IMF) has revised its estimate for global economic growth in 2024 to 3.1%, up by 0.2 percentage points from its previous estimate, and to 3.2% for 2025.

Apart from the world's top two economies, the IMF also singled out large-size emerging economies, including India, Russia, and Brazil, as the main reasons for increasing the economic forecast due to their better-than-expected performance.

According to the IMF's estimation, the growth rate for the U.S. is projected to reach 2.1% in 2024, while for the Eurozone and Japan it is forecasted to reach 0.9%, and for the U.K., it will be 0.6%. The IMF notes that, despite geopolitical instability in the Middle East causing price surges for goods and supply chain risks, the likelihood of a hard landing for the global economy has started to decrease.

Eurostat announced that the preliminary gross domestic product (GDP) for the Eurozone in Q4 remained flat (zero growth) after seasonal adjustment compared to the previous quarter. This surpasses both the Q3 value and the market's expected quarter-on-quarter (QoQ) decline of 0.1%, thus averting a technical recession.

Germany, once known as the driving force of economic growth and the largest economy in the Eurozone, has now become a stumbling block, dragging down Eurozone growth. Germany's economy experienced a QoQ decline of 0.3% in the last quarter and, after stabilizing in Q3 following an upward revision, successfully avoided a technical recession. France, the second-largest economy in the Eurozone, saw its economy remain flat in the previous quarter. Meanwhile, Spain unexpectedly demonstrated strong performance with an expansion of 0.6%; Belgium increased by 0.4%; Italy saw growth of 0.2%; and Ireland's GDP dropped by 0.7% in the previous quarter, placing it at the bottom among the 20 Eurozone countries.

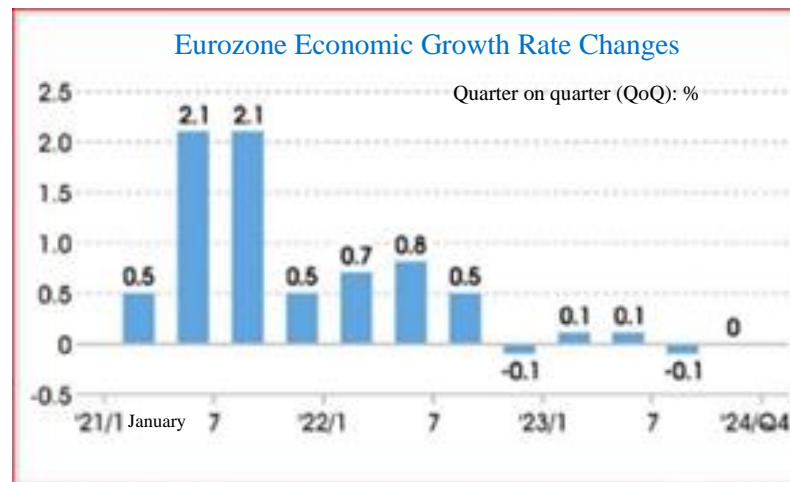
The latest GDP report of the Eurozone also highlights an expanded gap between Europe and the U.S. in terms of economic growth. In Q4 of 2023, the U.S. economy grew by 3.3%, surpassing market expectations. Over the course of the year, the preliminary report reveals that the Eurozone's economy grew by 0.5% last year, while U.S. economic growth reached 2.5% in 2023.

Table 1. Economic Growth Projections by the IMF

Economic Growth Projections by the IMF					
Region/country	2024	2025	Region/country	2024	2025
Global	3.1	3.2	Japan	0.9	0.8
The U.S.	2.1	1.7	The U.K.	0.6	1.6
EU zone	0.9	1.7	Mainland China	4.6	4.1
Germany	0.5	1.6	Russia	2.6	1.1
Source: International Monetary Fund (IMF)					Unit: %

Source: IMF World Economic Outlook, January 2024

Figure 1. Eurozone economic growth rate changes



Source: Eurostat, January 2024

Recent Forecasts on China's GDP Growth Rate in 2024

On January 4, 2024, the United Nations (UN) published the “World Economic Situation and Prospects 2024” report, estimating that global economic growth will slow down from 2.7% in 2023 to 2.4% in 2024, which is lower than the pre-pandemic level of 3% before COVID-19. Regarding China, despite an expected GDP growth of 5.3% in 2023, its GDP is projected to decelerate to 4.7% due to weaknesses in the real estate industry, reduced external demand and tense trade conditions.

The UN's report highlights that, affected by domestic and international headwinds in 2023, China's post-pandemic economic recovery fell short of expectations. Although a turning point emerged in the second half of 2023 with the annual growth rate reaching 5.3%, which is higher than the 3% in 2022, the GDP growth rate may slow to 4.7% in 2024 due to weaknesses in the real estate industry, reduced external demand, and tense trade conditions.

The report declares that the Chinese government has already strengthened policy support to stabilize and stimulate growth, reduced policy interest rates and mortgage loan interest rates, and increased public sector investments through new bond financing. Hamid Rashid, Director of the Global Economic Monitoring Branch of the United Nations Department of Economic and Social Affairs, also expressed an optimistic outlook on China's recent growth prospects.

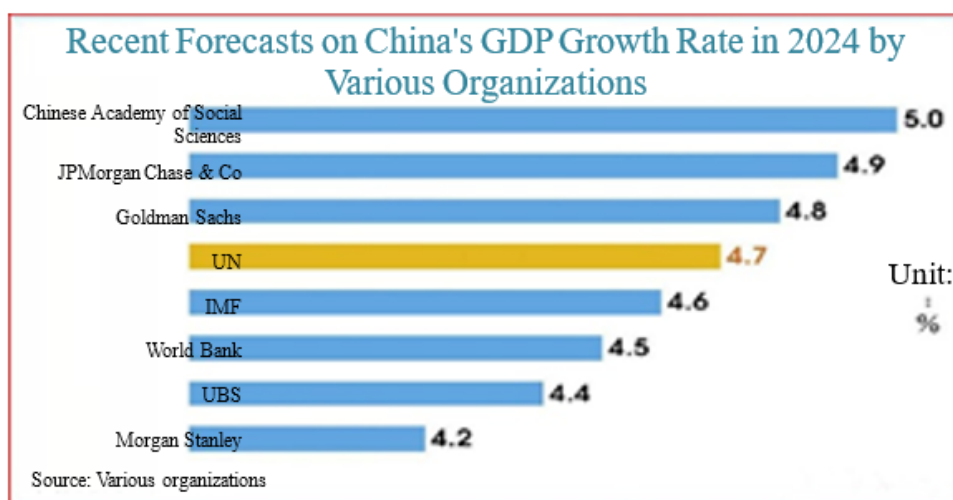
China will hold the “Two Sessions”, namely the annual plenary sessions of the National People's Congress and the Chinese People's Political Consultative Conference, on March 4. Local governments will set their respective economic goals and policies prior to the meetings. Besides, according to preliminary statistics from mainland Chinese media, fourteen provinces and municipalities, including Jiangsu and Hubei, have already announced their local bond issuance plans for Q1 2024, with a total scale exceeding RMB 839.7 billion.

The report also highlights that several large and developed economies, including the U.S., are expected to experience a slowdown in GDP growth in 2024 due to high interest rates, slowing consumer spending, and a weak labor market. Meanwhile, EU is also facing economic challenges stemming from high inflation, high interest rates, and the Russia-Ukraine war. The GDP of its 27 member states is projected to increase by 1.2% in 2024.

At the same time, many developing countries, especially those in South Asia, West Asia, Latin America, and the Caribbean region, are challenged by a deteriorating short-term growth outlook due to tightening financial conditions, shrinking fiscal space, and weak external demand.

The report highlights that the East Asian economy is expected to undergo a modest slowdown, with its growth rate projected to decrease from 4.9% in 2023 to 4.6% in 2024. This deceleration is mainly attributed to weakening global demand, which may impact exports. In contrast, driven by India's strong economic expansion, the South Asian region is anticipated to maintain its growth momentum and reach a growth rate of 5.2% in 2024. However, the persistence of tightening financial conditions, along with fiscal and external imbalances, is likely to continue limiting economic growth in South Asia.

Figure 2. Recent Forecasts on China's GDP Growth Rate in 2024 by Various Organizations

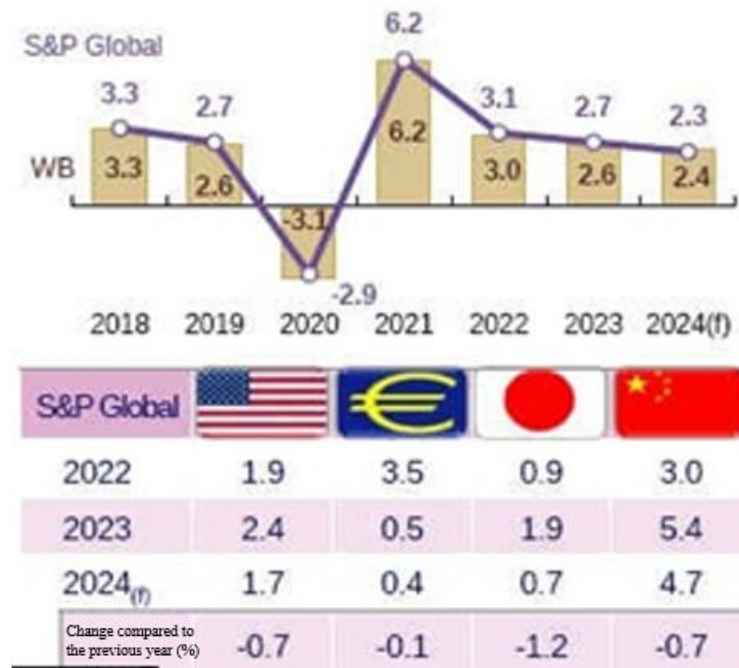


Source: Institutions, January 2024

Impacted by inflation and rising interest rates, international economic and trade dynamism has been hindered by tight financial conditions. Fortunately, the global economy has shown resilience while gradually recovering from the downturn. According to the analysis by the Department of Statistics of the Ministry of Finance, a positive outlook is anticipated for our country's exports in 2024, with expected continuous growth in Q1.

Based on the international economic situation, both S&P Global and the World Bank (WB) have anticipated global economic growth in 2024 to be 2.3%, indicating a sustained period of modest growth. The WB and Organisation for Economic Co-operation and Development (OECD) also forecast an increase in world trade volume at 2.3% and 2.7%, respectively, for 2024. However, the growth momentum is expected to remain moderate, still falling short of pre-pandemic levels.

Figure 3. Global Growth Projections and Forecasts for Major Countries



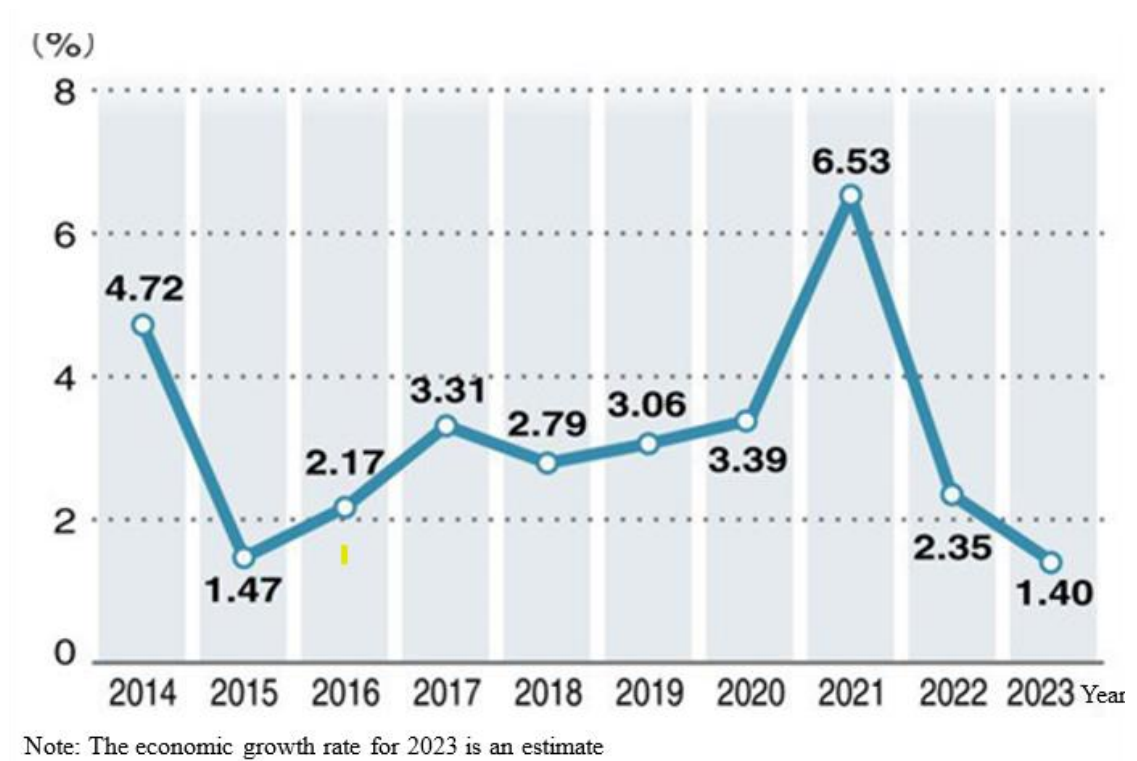
Source: S&P Global and the World Bank, February 2024

The Directorate General of Budget, Accounting and Statistics (DGBAS) under the Executive Yuan released the GDP estimates on January 31, 2024. Reflecting unexpectedly low private investments, the country's economic growth for 2023 was revised downwards to 5.12%. The annual economic growth rate for 2023 was also adjusted downward from the forecasted 1.42% to 1.40%, marking the lowest figure in the past 14 years since 2010 and the financial crisis.

In late November 2023, the DGBAS had projected the Q4 economic growth rate to be 5.22%. The downward revision to the economic growth rate for Q4 2023 was primarily attributed to a notable underperformance in capital formation (including fixed assets and inventory changes). The real negative growth stood at 8.68%, marking a decrease of 3.86 percentage points compared to the forecasted figure. Notably, private investment was particularly hard-hit.

On the 21st, the National Development Council (NDC) presented "The Government's Economic Development Achievements: A Review and Future Outlook" at the cabinet meeting. In the presentation, the NDC highlighted six major achievements, including reclaiming the top position in South Asia through accelerated economic growth and projecting the third-highest performance for 2024. The NDC also noted that the exceptional domestic economic situation has bolstered confidence in Taiwan's stock market, outperforming other East Asian economies. Looking ahead to 2024, the NDC believes that, with the recovery of external demand and stabilization of domestic demand, our economic growth will exceed 3%.

Figure 4. Taiwan's Economic Growth Rate



Source: Directorate General of Budget, Accounting and Statistics of the Executive Yuan, January 2024

Figure 5. Outlook on Taiwan's Economic Growth Rate for 2024



Source: Directorate General of Budget, Accounting and Statistics of the Executive Yuan, National Development Council and various organizations, from November 2023 to December 2023.

Figure: National Development Council.

Affected by destocking adjustments, the global semiconductor market's revenue dropped to US\$520.1 billion in 2023, with a 9.4% decrease compared to the US\$574.1 billion recorded in 2022.

2. Current industry situation and development

The Group's sales and service targets span across the semiconductor, display, and LED industries, and extend into general industries such as petrochemical plants, manufacturing plants, and smart buildings. The current situation and development of the industries in which the Group operates are analyzed as follows:

(1) IC (semiconductor) industry

The semiconductor market share analysis report published by the research firm Gartner indicates that the combined revenue of the top 25 semiconductor companies dropped by 14.1% in 2023, with a market share of 74.4%, lower than the 77.2% recorded in 2022. In terms of ranking, Intel regained its top position in 2023, surpassing Samsung after being ranked second last year. Intel's total revenue reached US\$48.7 billion in 2023, while Samsung's revenue amounted to US\$39.9 billion. NVIDIA also achieved remarkable progress, with its semiconductor revenue soaring to US\$24 billion, marking a growth of 56.4% and securing a spot in the top five for the first time. This surge can be attributed to NVIDIA's prominent position in the artificial intelligence (AI) chip market. On the other hand, STMicroelectronics N.V. also ascended three spots and secured its eighth position, primarily driven by a 7.7% revenue growth in the automotive sector.

The memory products experienced the most significant decline in 2023, with their revenue dropping by 37%. Specifically, DRAM revenue dropped by 38.5% to US\$48.4 billion, while NAND flash memory fell by 37.5% to US\$36.2 billion.

On the other hand, revenue from non-memory products dropped by 3% in 2023. This segment was affected by weak demand and excess channel inventory throughout the year. However, unlike memory suppliers, most non-memory suppliers experienced a relatively stable pricing environment. The strongest growth driver for non-memory semiconductor products is the demand from AI applications. Among them, the automotive industry (especially electric vehicles), as well as the defense and aerospace sectors, outperformed other application fields.

Table 2. Ranking of the Global Top 10 Semiconductor Suppliers by Revenue in 2023

Unit: US\$100 million

Ranking in 2023	Ranking in 2022	Supplier	Revenue in 2023	Market share in 2023 (%)	Revenue in 2022	Growth rate for 2022 to 2023 (%)
1	2	Intel	486.64	9.1	584.36	-16.7
2	1	Samsung	399.05	7.5	638.23	-37.5
3	3	Qualcomm	290.15	5.4	347.80	-16.6
4	6	Broadcom	255.85	4.8	238.68	7.2
5	12	NVIDIA	239.83	4.5	153.31	56.4
6	4	SK hynix	227.56	4.3	335.05	-32.1
7	7	AMD	223.05	4.2	236.20	-5.6
8	11	STMicroelectronics	170.57	3.2	158.42	7.7
9	9	Apple	170.50	3.2	180.99	-5.8
10	8	Texas Instruments (TI)	165.37	3.1	188.44	-12.2
		Others (besides the top 10)	2,688.53	50.7	2,947.29	-8.8
		Total	5,330.25	100.0	5,995.62	-11.1

Source: Gartner (Market Share Analysis: Semiconductors, Worldwide, Preliminary 2023), January 2024

Table 3. Revenue of the Global Top 10 Semiconductor Foundries in Q4 of 2023

Unit: US\$1 million

Ranking	Company	Revenue			Market Share	
		4Q23	3Q23	QoQ	4Q23	3Q23
1	TSMC	19,660	17,249	14.0%	61.2%	57.9%
2	Samsung	3,619	3,690	-1.9%	11.3%	12.4%
3	Global Foundries	1,854	1,852	0.1%	5.8%	6.2%
4	UMC	1,727	1,801	-4.1%	5.4%	6.0%
5	SMIC	1,678	1,620	3.6%	5.2%	5.4%
6	Huahong Group	657	766	-14.2%	2.0%	2.6%
7	Tower	352	358	-1.7%	1.1%	1.2%
8	PSMC	330	305	8.0%	1.0%	1.0%
9	Nexchip	308	283	9.1%	1.0%	0.9%
10	VIS	304	333	-8.7%	1.0%	1.1
Total of the top 10		30,489	28,258	7.9%	95%	95%

Source: TrendForce, March 2024.

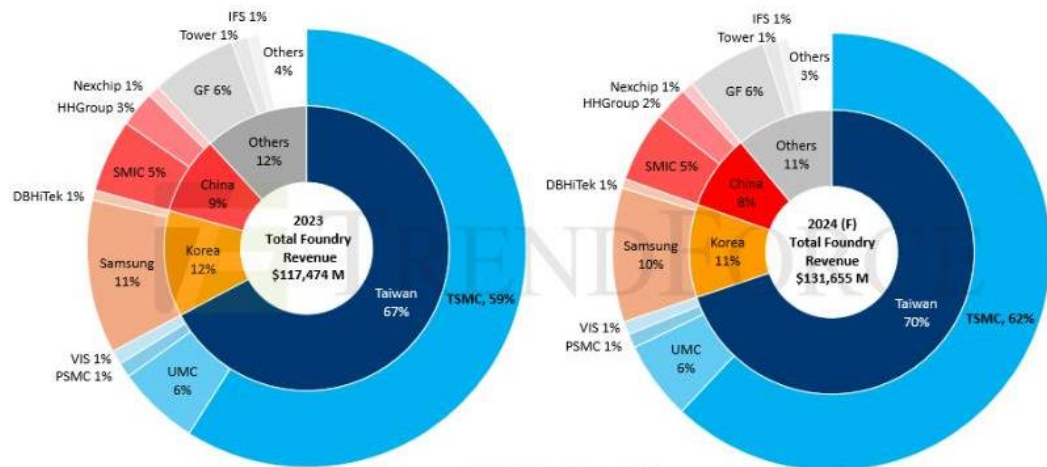
Note:

1. The revenue of Samsung pertains solely to the revenue generated by its semiconductor foundry business department.
2. The revenue of PSMC pertains solely to the revenue generated by its semiconductor foundry business department.
3. Huahong Group includes both HHGRACE and HLMC.
4. The average exchange rate for 4Q23: the USD to TWD rate was 1:31.8177; and the USD to KRW rate was 1:1,321.85.
5. Huahong Group's revenue for 4Q23 was estimated by TrendForce.

The TrendForce report reveals a significant 7.9% increase in revenue for the world's top ten semiconductor foundries in Q4 of 2023, reaching US\$30.49 billion. Sales momentum continued to benefit from smartphone components, including mid-to-low-end smartphone application processors (AP) and peripheral power management integrated circuits (PMIC). Moreover, strong sales of new Apple devices also drove demand for components such as the A17 main chip, peripheral ICs (e.g., OLED DDI, CIS and PMICs). The contribution of TSMC's 3-nm process to revenue has significantly increased, leading to TSMC's global market share surpassing 60% in Q4.

There are three significant changes in the rankings from sixth to tenth place. Firstly, PSMC ascended to the 8th position due to its increased revenue driven by the recovery in specialty DRAM production and urgent orders for smartphone components. Secondly, Nexchip, which received urgent TDDI orders and experienced a significant increase in the shipment of new CIS products, returned to the top ten. Thirdly, VIS was affected by the slowdown in television stocking, where the vehicle/industrial control customers' initial inventory was corrected. Moreover, its revenue generated from power management declined the most. This indicates that the demand from vehicle/industrial control customers, predominantly led by IDM in Europe, the U.S. and Japan leveled off, resulting in a drop to tenth place.

Figure 6. Global Foundry Revenue Share Distribution: 2023-2024

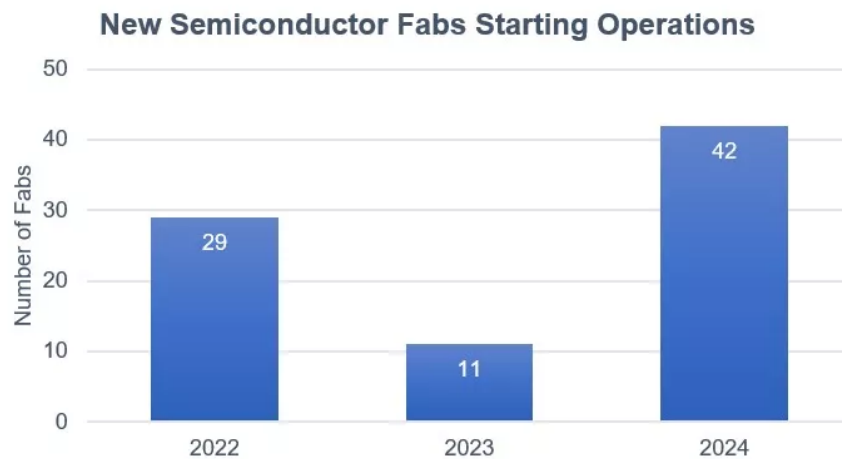


Source: TrendForce, February 2024.

TrendForce's report reveals that, in 2023, global foundry revenues hit US\$117.47 billion, with TSMC capturing a dominant 60% share. This figure is expected to climb to around US\$131.65 billion in 2024, increasing TSMC's share to 62%. Not only is TSMC leading in revenue, but it has also strategically selected the U.S., Japan, and Germany as pivotal locations for its advanced and mature factories. Japan is moving at the fastest pace, with some projects even ahead of schedule. The much-anticipated opening of TSMC's Kumamoto Plant (JASM) in Japan on February 24, 2024 marks TSMC's debut factory in Japan (Fab-23). TrendForce forecasts the plant's total capacity to hit a robust 40K–50K wafers per month (wpm), focusing mainly on 22/28nm processes with a dash of 12/16nm, paving the way for the next phase of the Kumamoto expansion.

Japan's stronghold in the supply of the semiconductor industry's upstream key materials, gas and equipment. Examples like TEL, JSR, SCREEN, SUMCO and Shin-Etsu, all have an oligopolistic or dominant position. TrendForce envisions Japan developing three semiconductor powerhouses in Kyushu, Tohoku, and Hokkaido, with Kyushu taking the lead, especially as the home of TSMC's Kumamoto plant. Hokkaido's Rapidus is ambitiously targeting the 2nm process and aiming to spur economic growth. With concerted efforts from industry, government and academia, Japan is on the brink of creating a comprehensive semiconductor manufacturing ecosystem.

Figure 7. Forecast of New Semiconductor Fabs Starting Operations Between 2022 and 2024



Source: SEMI World Fab Forecast, Q4 2023 update

The World Fab Forecast (WFF) for Q4 of 2023, published by Semiconductor Equipment and Materials International (SEMI), indicates that the global semiconductor capacity, which expanded to 29.6 million wpm with a growth rate of 5.5% in 2023, is projected to accelerate to a growth rate of 6.4% and surpass the 30 million wafers per month milestone in 2024.

The moderate expansion of production capacity in 2023 was a result of slowing market demand, leading semiconductor manufacturers into an inventory adjustment period. However, due to the promotion of generative AI and high-performance computing (HPC) applications, alongside the recovery of chips driven by end-device demand, the advanced process is expected to accelerate in 2024, accompanied by an expansion in foundry production capacity.

The latest quarterly World Fab Forecast indicates that, during the forecast period between 2022 and 2024, the global semiconductor industry plans to launch 82 new production facilities. Among them, 11 and 42 facilities are scheduled to commence production in 2023 and 2024 respectively, covering 4-inch (100mm) to 12-inch (300mm) wafer production lines.

Benefiting from government funding and other incentive measures, China is anticipated to expand its share in global semiconductor production capacity. Chinese chip manufacturers are expected to launch 18 new wafer fabs in 2024, with the annual capacity growth rate rising from 12% in 2023 to 13% in 2024, leading to an increase in production capacity from 7.6 million to 8.7 million wpm.

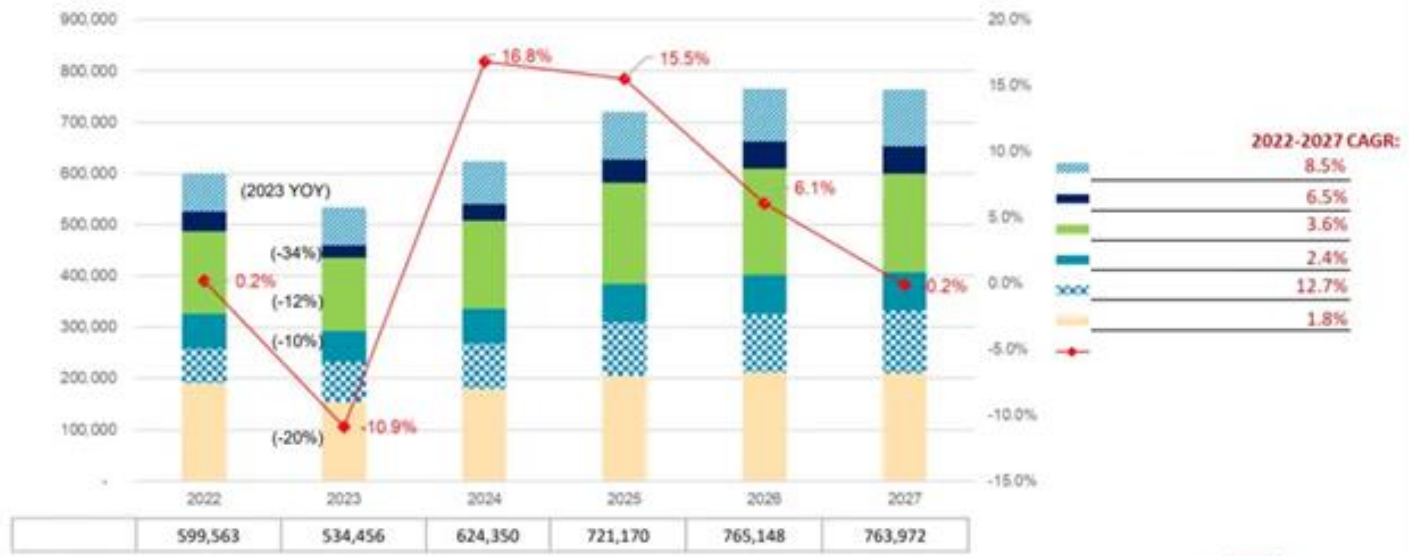
Taiwan will continue to hold its position as the world's second-largest semiconductor production capacity, with an annual capacity growth rate of 5.6% in 2023 and 4.2% in 2024, leading to an increase in production capacity from 5.4 million to 5.7 million wpm. It is also expected that there will be 5 new wafer fabs commencing production starting from 2024.

As the third-largest manufacturer of semiconductors in the world, Korea is expected to launch 1 new fab, with its production capacity increasing from 4.9 million wpm in 2023 to 5.1 million wpm in 2024, at a growth rate of 5.4%. Japan, ranked fourth, is expected to launch 4 new fabs in 2024, with its production capacity increasing from 4.6 million wpm in 2023 to 4.7 million wpm in 2024, at an annual growth rate of 2%.

The World Fab Forecast further indicates that, in 2024, 6 new fabs will be launched in America, with its production capacity increasing to 3.1 million wpm at an annual rate of 6%.

As for Europe and the Middle East, there will be 4 new fabs starting to operate in 2024, with their production capacity reaching 2.7 million wpm at a growth rate of 3.6%. The Southeast Asian region will also launch 4 new fabs in the same year, with production capacity expected to increase by 4% to 1.7 million wpm.

Figure 8. Global Semiconductor Market Trends



Source: Statistical data of Gartner, December 2023. Figure: ITRI

Driven by the demand for AI, HPC, and electrification, the global semiconductor market is poised to resume growth in 2024, with an anticipated annual growth rate of 16.8%, pushing the market scale to reach US\$624 billion. IDC offers an even more optimistic outlook, forecasting a resurgence in semiconductor market sales with an annual growth rate of 20% in 2024.

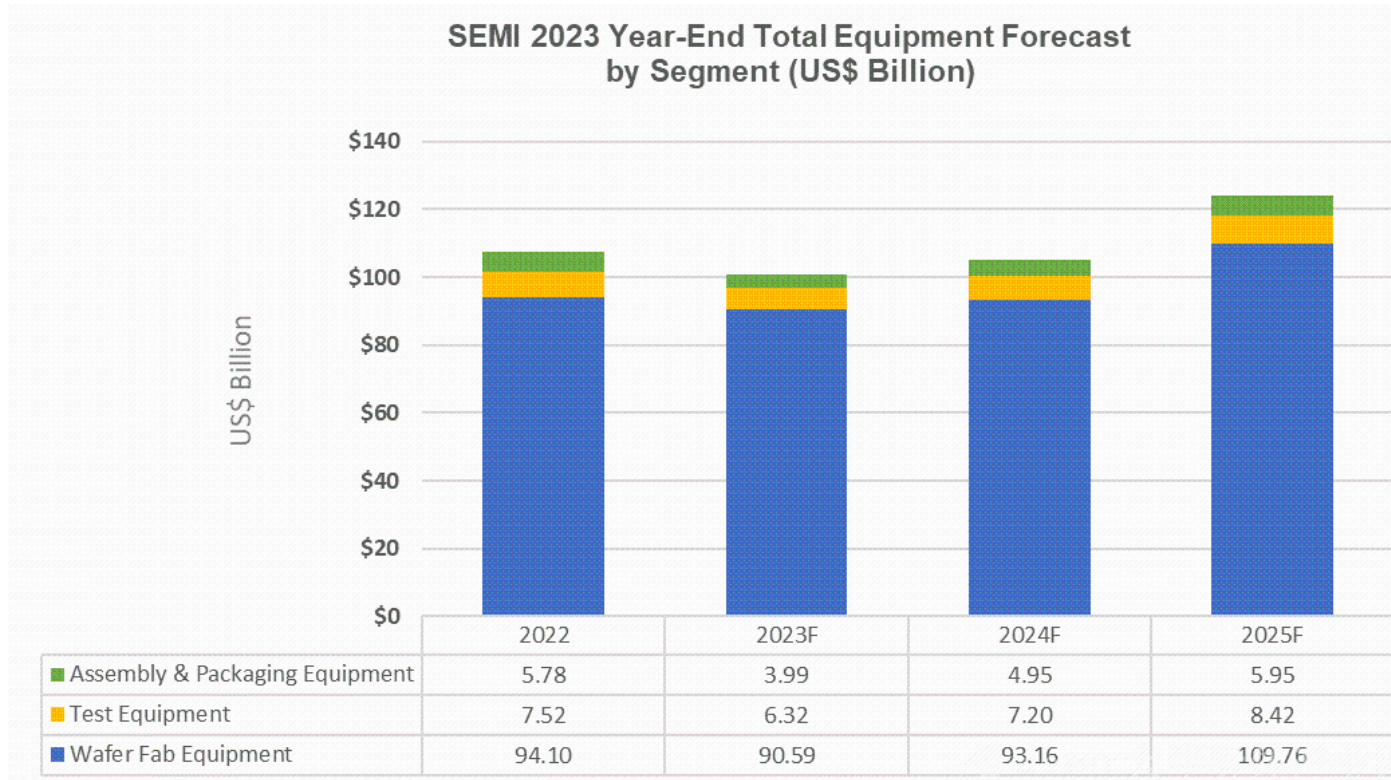
Looking ahead to 2024, the output value of Taiwan's semiconductor industry is projected to reach NT\$4.9 trillion, marking a 14.1% increase compared to NT\$4.3 trillion in 2023. With advanced process technology, Taiwan has emerged as a pioneer in AI, 5G and HPC, poised to propel the semiconductor industry to new heights in 2024.

Among all semiconductor industries, Taiwan's semiconductor foundry remains the global leader. In 2023, the output value of Taiwan's semiconductor foundry industry was approximately NT\$2,465.6 billion, reflecting a decline of 8.2%. This decline was primarily attributed to inflationary pressures, with end-device demand falling below projections as customers exercised caution in inventory management. Consequently, while there was demand for AI, it proved insufficient to counterbalance the sluggish demand caused by inventory levels and economic downturn.

It is projected that customer inventory will be fully corrected in 2024, leading to a gradual return to normal demand. The revenue contributed by TSMC's 3-nanometer process is also expected to increase in the same year. According to the estimation of the Industry, Science and Technology International Strategy Center (ISTI) of the Industrial Technology Research Institute (ITRI), the output value of Taiwan's semiconductor foundries is expected to reach NT\$2,828 trillion with an annual growth of 14.7% in 2024.

Driven by the demands for AI and HPC, the overall IC manufacturing industry is likely to get back on track in 2024. It is estimated that the output value of Taiwan's IC manufacturing industry will experience an annual growth of 14.3%. However, this still depends on the strength of market demand recovery, inflation, and geopolitical developments.

Figure 9. SEMI's Year-End Global Semiconductor Equipment Forecast for 2023



Source: SEMI (World Fab Equipment Spending Forecast), December 2023.

The Semiconductor Equipment and Materials International (SEMI) forecasts that the total sales of global semiconductor equipment are expected to reach \$124 billion, reaching a historical high in 2025.

According to SEMI, the total sales of global semiconductor equipment are projected to reach US\$100 billion, reflecting a 6.1% decrease compared to the US\$107.4 billion recorded in 2022. It is also estimated that, driven by advancements in both front-end and back-end processes, sales of semiconductor manufacturing equipment will rebound in 2024, reaching a historic high of US\$124 billion in 2025.

After reaching a peak of US\$94 billion in 2022, the sales of semiconductor front-end equipment (including wafer process, wafer fab facilities, and photomask equipment) are estimated to decline by 3.7% to approximately US\$90.6 billion in 2023. In 2024, due to a limited increase in memory production capacity and the suspension of mature production capacity expansion, the sales of wafer fab equipment are estimated to experience a small growth of 3%. In 2025, propelled by the establishment and operation of new wafer fabs, alongside the expansion of production capacity and technological upgrades, demand is

anticipated to accelerate. Moreover, the investment in semiconductor front-end equipment is projected to surge by 18% in 2025, reaching nearly US\$110 billion.

In terms of semiconductor back-end process equipment such as testing, assembly and packaging equipment, SEMI indicates that the downward trend that began last year due to slowing economic growth and sluggish demand for semiconductors has persisted until now. It is estimated that the sales revenue of testing equipment will decrease to US\$630 million, marking a decline of 15.9% in 2023. The estimated shipment value of assembly and packaging equipment is expected to decrease to US\$4 billion, representing a 31% drop.

In 2023, the sales revenue of testing equipment will drop to US\$6.3 billion with an annual decline of 15.9%, whereas the estimated shipment value for assembly and packaging equipment is expected to drop to US\$4 billion with a decrease of 31%.

Affected by the slowdown of the terminal market, the chip demand accounts for over half of the total sales of wafer manufacturing equipment, encompassing both wafer foundry and logic processes. it is estimated to experience a modest growth of 6%, reaching US\$56.3 billion.

Nevertheless, due to the slowing expansion of mature technology and improvements in the cost structure of cutting-edge technology, sales of semiconductor foundry and logic processes are expected to experience a slight decrease of 2% in 2024. In 2025, following the expansion of new production capacity and the adoption of new process technology, investments in semiconductor foundry and logic processes are expected to increase, whereas the sales are estimated to reach US\$63.3 billion with a growth of 15%.

Figure 10. The 12-Inch Fab Equipment Expenditure Forecast for 2016 to 2027



Source: SEMI (300mm Fab Outlook to 2027, 1Q24), April 2024.

The SEMI points out that, due to the recovery of the memory market and the strong demand for HPC and vehicle applications, investments in the world's 12-nm fab equipment are expected to grow to US\$116.5 billion with a growth of 20% in 2025; US\$130.5 billion with a growth of 12% in 2026; and US\$137 billion in 2027.

Moreover, benefiting from HPC applications driven expansion of advanced process nodes and recovery of the memory market, chip suppliers in Taiwan and Korea are expected to increase their corresponding equipment investments. Taiwan's equipment expenditure is estimated to rise from US\$20.3 billion in 2024 to US\$28 billion in 2027, ranking second. Similarly, Korea is projected to increase its equipment expenditure from US\$19.5 billion this year to US\$26.3 billion in 2027, putting it in the third place.

The investment in 12-inch wafer fabs in America is expected to double, increasing from US\$12 billion in 2024 to US\$24.7 billion in 2027. As for the expenditures in Japan, Europe, the Middle East, and Southeast Asia, they are expected to reach US\$11.4 billion, US\$11.2 billion, and US\$5.3 billion, respectively, by 2027.

Table 4. Statistics on Taiwan's IC Industry Output Value between 2020 and 2024

Unit: NT\$100 million ; %

Item/ year	2020	Growth rate in 2020	2021	Growth rate in 2021	2022	Growth rate in 2022	2023	Growth rate in 2023	2024(e)	Growth rate in 2024
IC industry output value	32,222	20.9%	40,820	26.7%	48,370	18.5%	43,428	-10.2%	50,116	15.4%
IC design industry	8,529	23.1%	12,147	42.4%	12,320	1.4%	10,965	-11.0%	12,570	14.6%
IC manufacturing industry	18,203	23.7%	22,289	22.4%	29,203	31.0%	26,626	-8.8%	31,038	16.6%
Semiconductor foundries	16,297	2.1%	19,410	19.1%	26,847	38.3%	24,925	-7.2%	29,060	16.6%
Memories and other manufacturing	1,906	19.4%	2,879	51.0%	2,356	-18.2%	1,701	-27.8%	1,978	16.3%
IC packaging industry	3,775	9.0%	4,354	15.3%	4,660	7.0%	3,931	-15.6%	4,362	11.0%
IC testing industry	1,715	11.1%	2,030	18.4%	2,187	7.7%	1,906	-12.8%	2,146	12.6%
IC product output value	10,435	22.4%	15,026	44.0%	14,676	-2.3%	12,666	-10.2%	14,548	14.9%
Global semiconductor market (US\$100 million) and growth rate (%)	4,404	6.8%	5,559	26.2%	5,735	3.2%	5,268	-8.2%	5,958	13.1%

Source: TSIA ; ITRI/ISTI, February 2024.

Note 1: (e) refers to the estimate.

Note 2: Explanation on the statistical data

- * IC industry output value = IC design industry + IC manufacturing industry + IC packaging industry + IC testing industry.
- * IC product output value = IC design industry + Memory and other manufacturing.
- * IC manufacturing industry output value = Semiconductor foundries + Memories and other manufacturing.
- * The calculation of the aforementioned output values is based on companies established by headquarters in Taiwan.

The Taiwan Semiconductor Industry Association (TSIA) reports that, according to statistics from the WSTS, the global semiconductor market achieved sales of US\$146 billion in 23Q4, marking an 8.4% increase compared to the previous quarter (23Q3) and an 11.6% increase compared to the same period in 2022 (22Q4). Sales volume reached US\$22.34 billion units, declining by 5.8% compared to the previous quarter (23Q3) and by 11.5% compared to the same period in 2022 (22Q4). The average selling price (ASP) was US\$0.653, reflecting a 15.0% increase compared to the previous quarter (23Q3) and a 26.1% increase compared to the same period in 2022 (22Q4).

In 2023, the total sales value of the semiconductor market in the U.S. reached US\$133.7 billion, declining by 5.3% compared to 2022. The sales value of the semiconductor market in Japan reached US\$46.7 billion, declining by 3.1% compared to 2022. In Europe, the sales value of the semiconductor market reached US\$56 billion, growing by 4.0% compared to 2022. In mainland China, the market sales value reached US\$155.1 billion, declining by 14.0% compared to 2022. In the Asia-Pacific region, the sales value of the semiconductor market reached US\$135.3 billion, declining by 10.1% compared to 2022. The total global semiconductor market sales value for the entire year of 2023 reached US\$526.8 billion, declining by 8.2% compared to 2022.

Table 5. Overview of Taiwan's capital equipment imports between 2019 and 2023

Unit: US\$100 million

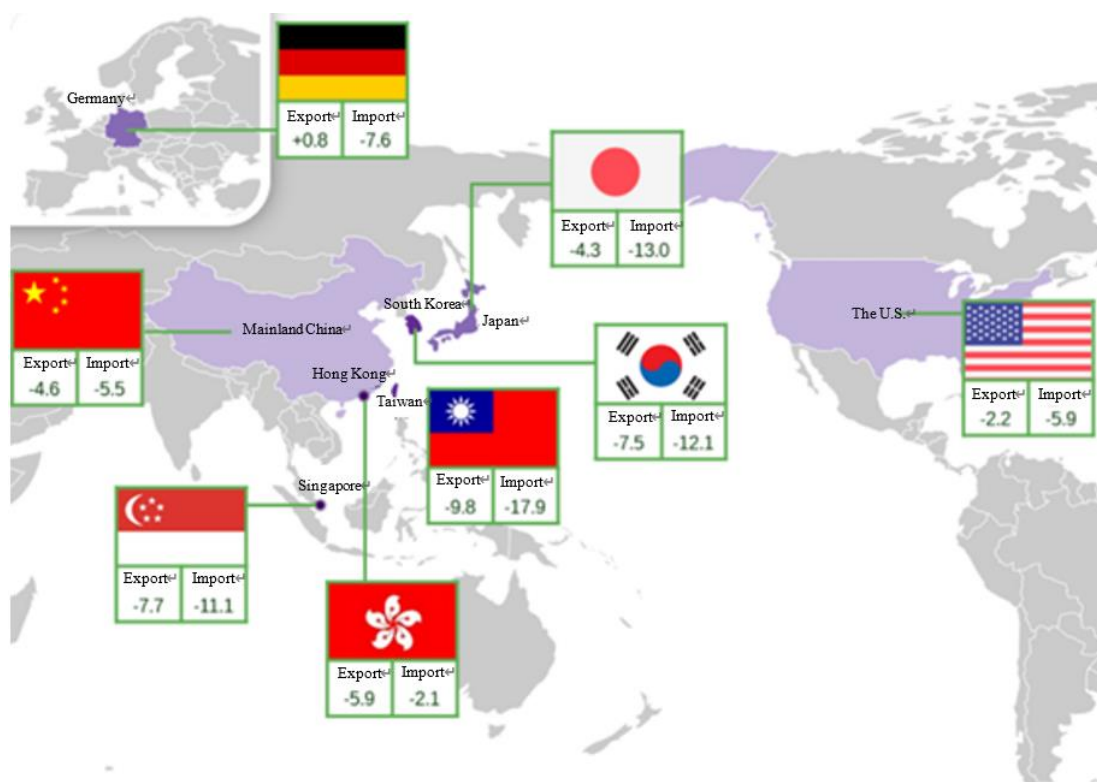
Year	Capital equipment	Annual growth rate (%)	Semiconductor equipment	Annual growth rate (%)
2019	508.67	21.5	236.14	52.4
2020	525.45	3.5	232.47	-1.7
2021	689.78	31.0	320.95	37.6
2022	752.61	9.2	363.24	13.2
2023	608.19	-19.4	242.53	-33.2

Source: Ministry of Finance, February 2024

According to statistics from the Ministry of Finance, Taiwan's capital equipment imports totaled US\$60.819 billion in 2023, marking a 19.4% decrease compared to the previous year. Among these imports, semiconductor equipment accounted for US\$24.253 billion, reflecting a 33.2% decrease compared to the previous year. Looking at the import amounts of capital equipment and semiconductor equipment in 2023, both are at their lowest levels in nearly three years.

In 2022, Taiwan's capital equipment import amount reached US\$75.261 billion, marking a 9.2% increase compared to the previous year. Among these imports, the import amount of semiconductor equipment was US\$36.324 billion, reflecting a 13.2% increase compared to the previous year. However, due to the significant decline in global semiconductor demand, capital expenditures in the semiconductor industry have been revised downwards in 2023.

Figure 11. Annual Growth Rate (%) of Major Countries/ Regions' Imports and Exports in 2023



Source: Department of Statistics of the Ministry of Finance, February 2024

Since the second half of 2022, the slowdown in global end-device demand has gradually spread, constraining our country's export momentum. Together with the decline in export prices, the extent of export reduction has further increased, resulting in a double-digit decline for the first seven consecutive months in 2023. Afterwards, driven by emerging applications and business opportunities in AI, the shipment of new technology products, and a decrease in the base period, exports experienced an annual growth of 3.4% in September. This marked the end of twelve consecutive months of negative growth, with exports in the fourth quarter returning to positive growth at 3.3%. Affected by the drop in international raw material prices, suppliers' material preparation requirements, and contracted purchases of capital equipment, exports experienced a recessionary cycle every month in 2023. In total, annual exports reached US\$4.324 trillion, and imports reached US\$3.514 trillion, both the third highest in history. Nevertheless, compared to 2022, they decreased by 9.8% and 17.9%, respectively, representing the largest declines in nearly 8 and 14 years.

Compared to major countries/regions, the foreign trade performance of various countries showed signs of fatigue in 2023. Their export rate of changes were as follows: Singapore -7.7%, South Korea -7.5%, Hong Kong -5.9%, Mainland China -4.6%, Japan -4.3%, the U.S. -2.2%, and only Germany saw a slight increase of 0.8%. In contrast, our country, during the period of 2020-2022, experienced a high base period with a cumulative increase of 45.6%, thus a reduction of 9.8% compared to major countries/regions. Affected by decreasing demand and the international raw material market downturn, the imports of major countries/regions have declined comprehensively. Among them, our country, Japan, South Korea, and Singapore all decreased by over 10%, while Mainland China and Hong Kong showed single-digit decreases.

(2) Display industry

The display industry can be mainly categorized into five major application areas: television (TV), monitors, notebooks, mobile devices, and automotive displays.

In 2023, as the pandemic subsided and the trend of staying at home diminished gradually, coupled with global inflationary pressures, the global demand for consumer electronics such as smartphones and televisions significantly contracted. Commercial demand also faced challenges in recovery, leading to continuous inventory accumulation among various brands. The industry as a whole entered a difficult phase of the business cycle. Major brands focused on destocking inventory, resulting in a sustained decline in demand for display panels. Performance among major panel manufacturers exhibited noticeable differentiation, causing a simultaneous decrease in both the global panel shipment area and volume in 2023.

According to the latest Worldwide Large Panel Monthly Shipment Volume Tracker report by IDC (International Data Corporation), released by its Global Professional Outsourcing and Display Industry Research Team, the monthly shipment volumes of various large-sized display panels in October 2023 showed significant declines: TV panel shipments decreased by 7.0%, monitor panel shipments decreased by 10.9%, notebook panel shipments decreased by 15.9%, and tablet panel shipments decreased by 7.6%.

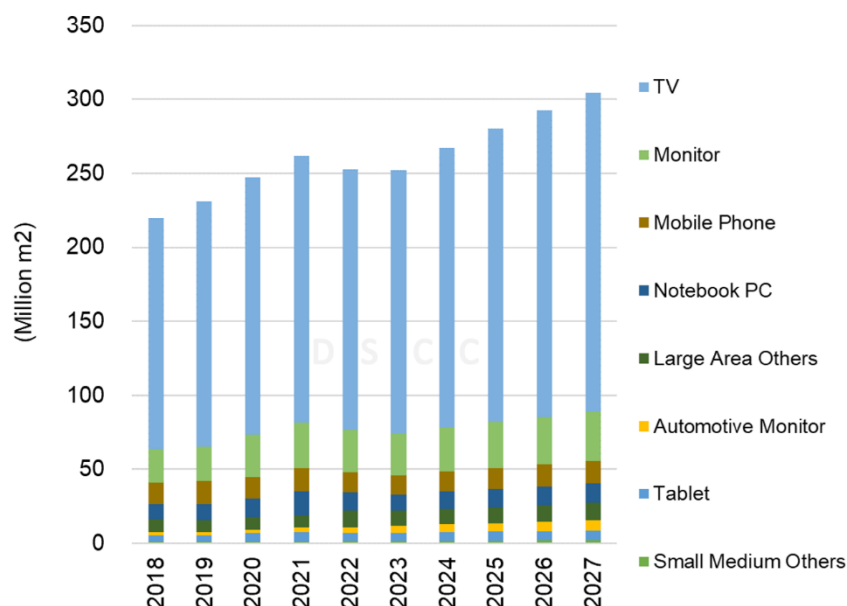
According to the quarterly FPD Supply/Demand Report by DSCC, the severe oversupply situation faced by the display industry in 2023 is expected to persist into 2024. Bob O'Brien, Chief Analyst and CFO of DSCC, stated, "While we anticipate a modest recovery in demand for display products, which will narrow the supply-demand gap, there will still be an oversupply of OLED and OLED capacity."

The FPD Supply/Demand Report comprehensively addresses the display industry as it covers both demand and supply aspects. This demand forecast aligns with predictions in the DSCC Quarterly Flat Panel Display Forecast report, covering shipment volumes of flat panel displays for eight different applications, segmented into LCD and OLED technologies, from 2018 to 2027, including historical records and forecasts for units, area, and revenue.

Although DSCC expects OLED to gain share in all applications and anticipates faster growth in OLED demand areas compared to the overall FPD market, there is still sufficient demand growth to support LCD growth. DSCC forecasts that LCD demand area will grow at a compound annual growth rate of 4% from 2023 to 2027, reaching 280 million square meters, while OLED demand area will grow at a compound annual growth rate of 18%, reaching 24 million square meters.

Demand in the LCD panel sector will continue to be dominated by televisions, while demand in the OLED sector will become more diversified, with growth driven by televisions, smartphones, and IT products. DSCC predicts that by 2027, televisions will account for 44% of the OLED area, smartphones will account for 37%, and IT products will account for 15%.

Figure12: Demand Areas for Flat Panel Displays (by Application) from 2018 to 2027



Source: DSCC Quarterly FPD Supply-Demand Report, November 27, 2023.

The market conditions for various mainstream application areas in the display industry are described as follows:

Application 1: Television

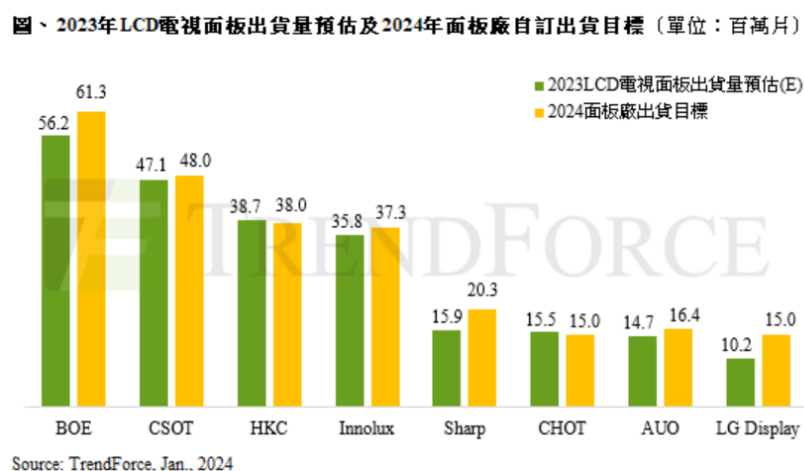
According to data compiled by TrendForce, starting from the second half of 2022, after undergoing a six-month period of capacity control, the inventory level of LCD television panels returned to a healthy level in the first quarter of 2023. On the demand side, with the emergence of festival promotions and expectations of price increases, demand began to rise, driving up television panel prices starting from March 2023, with some sizes becoming profitable from June onwards. Although prices began to decline in the fourth quarter of 2023 due to lower-than-expected sales at the brand terminal, the price decline was still controlled under the rapid response of panel manufacturers and their strategies to reduce production.

Looking ahead to 2024, major sporting events such as the Olympics are scheduled to take place. Historically, major sporting events have indeed helped stimulate market demand. However, due to the uncertain global economic outlook, there may be a gap between the shipment volume of LCD television panels and the targets set by panel manufacturers. TrendForce estimates that the shipment volume of LCD panels in 2024 will be around 242 million units, with a year-on-year growth rate of approximately 3.4%. The shipment area is expected to increase by 8.6% due to the enlargement of product sizes. Currently, based on the shipment targets set by panel manufacturers for 2024, totaling approximately 251 million units, the improvement in the operation of LCD television panels, coupled with intense competition in IT panels, will rely on the capacity clearance of television panels, becoming the main reason for the increase in production willingness of panel manufacturers in 2024. In addition, there have been recent rumors in the market about the possibility of a new wave of

mergers and acquisitions in the panel industry, and the subsequent impact on the panel market segments will continue to be observed.

TrendForce's estimates for the shipment volumes of various panel manufacturers in 2023 and their shipment targets for 2024 are as follows:

Figure 13 2023 LCD TV panels shipment volume estimates and 2024 targets for panel manufacturers



Source: TrendForce (2023~2024 shipment estimates and targets for major panel manufacturers), January 2024

Application 2: Monitor

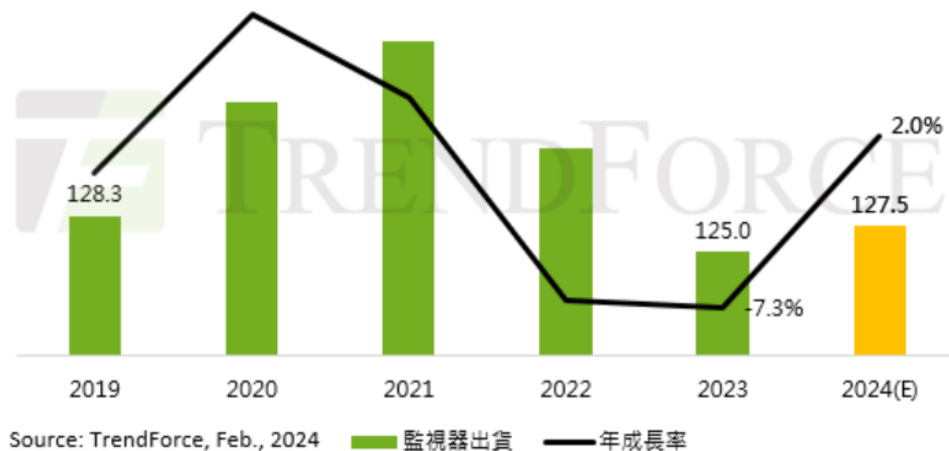
According to TrendForce research observations, the annual shipment volume of monitors in 2023 decreased by 7.3% year-on-year, reaching only 125 million units, lower than pre-pandemic levels. Looking ahead to 2024, with the low shipment base in 2023 and the potential for gradual economic recovery in 2024, as well as the normal PC replacement cycle of four to five years, there is a possibility that some PCs purchased during the pandemic may be replaced in the second half of the year until 2025, driving a 2% year-on-year increase in global monitor shipments in 2024, to approximately 128 million units.

In terms of timing, in the first half of 2022, the yet-to-be-fulfilled commercial order demand in Europe and the United States continued to ferment, boosting the shipment base of commercial brands in 2022. By 2023, the demand in the commercial market faced a significant contraction, leading to a year-on-year decrease in shipments of the three major commercial monitor brands: Dell, HP, and Lenovo, by 20.4%, 20.7%, and 21.4%, respectively, all experiencing declines of over 20%. Conversely, some consumer brands saw growth in shipments in 2023, with AOC/Philips benefiting mainly from the vibrant demand in the Chinese gaming market, with a year-on-year shipment growth of 8.8%. Acer successfully took the lead in 2023 by rapidly upgrading its 60/75Hz products to 100Hz with almost no price difference, driving a 6.7% year-on-year increase in shipments.

TrendForce's statistics on monitor shipment volumes and forecasts from 2019 to 2024 are as follows:

Figure14: Estimated Quarterly Monitor Panel Shipments from 2021 to 2023 (unit: million pieces)

圖、2019~2024年全球監視器出貨量（單位：百萬台）



Source: TrendForce statistical data, February 2024

Application 3: Notebook Computers

According to TrendForce research, starting from the second quarter, notebook distribution channels' inventory levels began to trend healthily. Demand for mid-to-low-end consumer models emerged gradually in the North American and Asia-Pacific markets. Besides replenishing inventory, preparations for the back-to-school season in the third quarter were also underway. Concurrently, Chromebook shipments reached their peak on the eve of Google's imposition of licensing fees, driving overall notebook shipments in the second quarter to grow to 42.52 million units, a quarterly increase of 21.6%. Combined, global notebook shipments for the first half of the year reached 77.5 million units, a year-on-year decrease of 23.5%.

TrendForce further indicates that the growth momentum in the second half of 2023 will be built upon the purchasing power of end consumers. However, due to uncertain economic prospects in the two major notebook consumer markets of the United States and Europe, traditional seasonal purchasing momentum is suppressed. Additionally, some demand was fulfilled earlier than expected in the second quarter. Therefore, it is estimated that the growth rate of notebook shipments in the third quarter will converge to 3.8%, reaching 44.13 million units. The total annual notebook market shipments are expected to reach 163 million units, a year-on-year decrease of 12.2%.

According to TrendForce, the global notebook market's demand was sluggish in 2023 due to high inflationary pressure, resulting in a modest year-on-year decrease in annual shipments of only 166 million units, down by 10.8% compared to 2022, but the decline rate was less severe than in 2022.

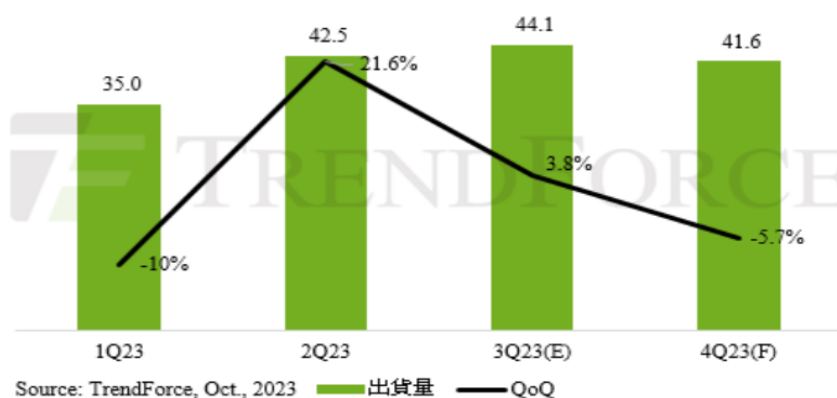
In the first half of 2024, as inventory of notebook manufacturers gradually depletes and with favorable conditions of easing inflation, the recent prediction index for interest rate cuts in the United States has been rising. If the market expects the Federal Reserve to start reducing interest rates as early as the first half of this year, it will help lower corporate financing borrowing costs and increase liquidity levels. Additionally, with the generational transition

of Microsoft's operating system pushing forward system security upgrades for enterprise users, it is expected to drive the demand for notebook replacements. Therefore, TrendForce anticipates that the demand for notebook computers will gradually improve quarter by quarter in 2024, and the global notebook computer market will exhibit moderate growth, with an annual shipment growth rate of approximately 3.6%, reaching 172 million units.

In the second half of the year, with no signs of seasonal market activity, and amid sluggish demand, the subdued situation not only affects corporate profit performance but also is likely to hinder budget arrangements for the following year. Additionally, the rise of the AI trend may prioritize the establishment of related infrastructure, potentially displacing IT expenditures. Even though support for Windows 10 will end in October 2025, prompting a business upgrade trend starting from 2024, TrendForce believes that the timing and momentum of driving the business upgrade trend for business laptops may be delayed and slowed, reducing the likelihood of a significant increase in shipments.

Regarding consumer demand, among the major economies, China's economic growth remains relatively pessimistic due to restricted economic conditions and a sluggish job market. The overall market development is expected to be cautious. The demand rebound in the United States in 2023 was relatively strong, and it is expected that the growth rate in 2024 will converge. After undergoing a demand adjustment lasting two years, if the overall economic environment in Europe improves, it will contribute to the consumption recovery in the second half of the year. Southeast Asia is benefiting from its significant emerging consumer base, contributing to the continued growth in shipments. Overall, shipments of consumer models are expected to grow slightly.

Figure15: Estimated Global Notebook Shipments from Q1 2023 to Q4 2023 (Unit: Million Units)



Source: TrendForce statistical data, October 2023

Application 4: Mobile Devices

According to TrendForce research, global smartphone production ended its continuous year-on-year decline in the third quarter of 2023, with the fourth quarter witnessing year-on-year growth of 12.1%, reaching approximately 337 million units, as brands made year-end efforts to consolidate market share. Total production for 2023 was approximately 1.166 billion units, a year-on-year decrease of 2.1%.

Looking ahead to 2024, although the pressure from channel inventory is no longer apparent compared to 2023, industry development will focus on AI applications. Collaboration

between processor manufacturers and brands will accelerate the gradual popularization of AI-enabled smartphones.

Benefiting from the launch of the new iPhone 15 series, Apple's production in the fourth quarter increased by 58.6% to approximately 78.5 million units, ranking first. The annual production was 223 million units, a decrease of 4.2% year-on-year. With Huawei's resurgence in the high-end consumer market segment in China, Apple's sales in the Chinese market will face significant challenges.

Samsung's production in the fourth quarter experienced a seasonal transition period for flagship sales, resulting in a quarter-on-quarter decrease of 11% to approximately 53.5 million units, ranking second. Total production for the year was 229 million units, down by 11.3% year-on-year. It's worth noting that Samsung's smartphone market share decreased to 19.6% last year, maintaining its leading position, but the gap with the second-placed Apple narrowed to only 0.5%.

Xiaomi (including Xiaomi, Redmi, POCO) had a fourth-quarter production of approximately 43.1 million units, a quarterly increase of 0.7%, ranking third. Total production for the year was 147 million units, a decrease of 6.1% year-on-year. Oppo (including Oppo, Realme, OnePlus) had a fourth-quarter production of approximately 40 million units, a quarterly increase of 3.4%, ranking fourth. Total production for the year was 139 million units, a decrease of 4.1% year-on-year. Vivo (including Vivo, iQoo) had a fourth-quarter production of approximately 25.5 million units, a quarterly increase of 4.1%, ranking sixth. Total production for the year was 93.5 million units, a decrease of 2.9% year-on-year. China, as the world's largest consumer market, is currently facing challenges due to weak consumer spending. Coupled with Huawei's active attempts to regain market share in China after its recovery, smartphone brands heavily reliant on the Chinese market will face fiercer market competition.

It's worth noting that Transsion (including TECNO, Infinix, itel) had a fourth-quarter production of approximately 29.5 million units, a quarterly increase of 11.3%. For the first time, total annual production exceeded the 90 million mark, with a year-on-year increase of 46.3%. Its quarterly and annual rankings both rose to fifth globally. TrendForce analysis indicates that Transsion's growth is not only attributed to inventory replenishment and product diversification beyond low-end frameworks but also includes successful operations in newly developed markets such as India and South America.

Table 6: Statistics of the top six global smartphone brands and their market share in the fourth quarter of 2023

表、第四季全球前六大智慧型手機品牌及市占率 (百萬支)

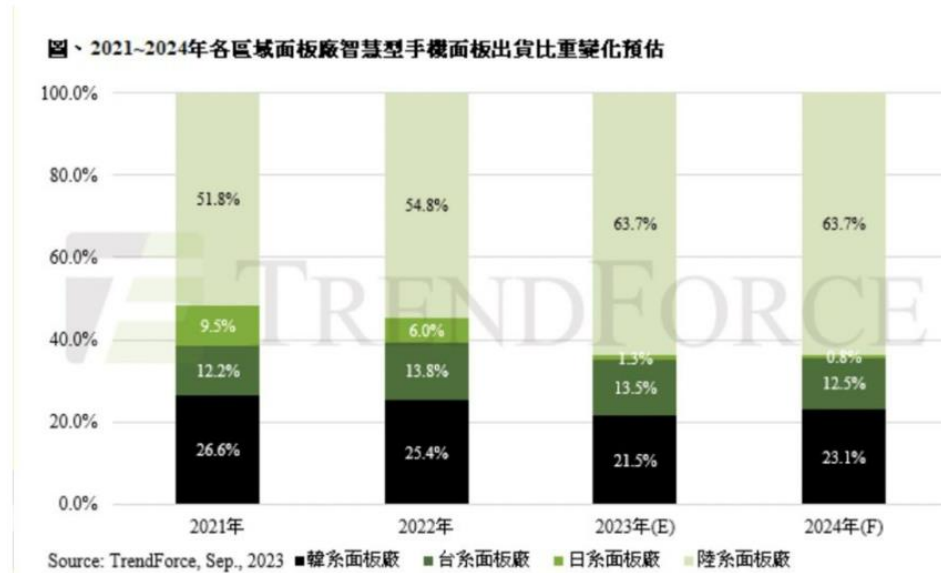
Ranking	Company	Production	QoQ	Market Share
1	Apple	78.5	58.6%	23.3%
2	Samsung	53.5	-11.0%	15.9%
3	Xiaomi	43.1	0.7%	12.8%
4	Oppo	40.0	3.4%	11.9%
5	Transsion	29.5	11.3%	8.8%
6	Vivo	25.5	4.1%	7.6%

Source: TrendForce, Mar., 2024

Source: TrendForce statistical data, March 2024

In terms of the shipment proportion of panel manufacturers in each region, Taiwanese panel manufacturers are supported by a-Si LCD, enabling them to maintain their proportion. Japanese panel manufacturers have rapidly and significantly exited the mobile phone market, resulting in a decline in their proportion. Korean panel manufacturers, relying on flexible AMOLED panel technology and their usage in high-end smartphones, can maintain a proportion of 23-25%. Chinese panel manufacturers' share of overall smartphone panel shipments increased rapidly from 54.8% in 2022 to 63.7% in 2023, indicating that Chinese panel manufacturers continue to play a crucial role in the overall smartphone supply chain.

Figure16: Predicted changes in smartphone panel shipments by region panel manufacturers



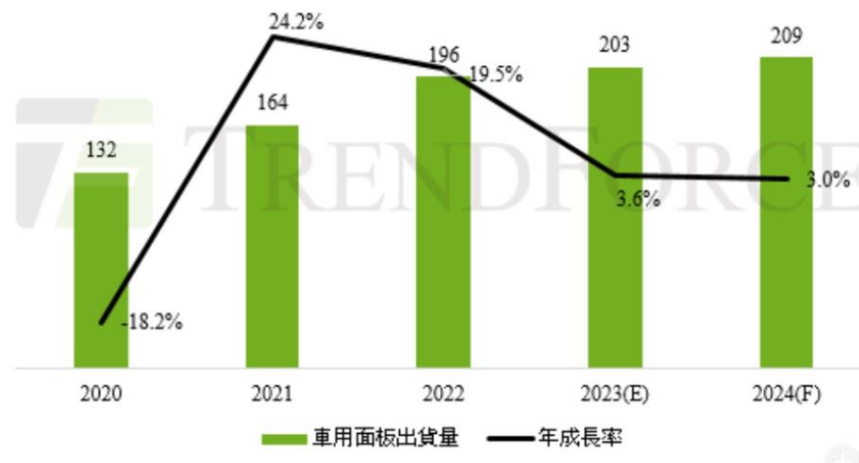
Source: TrendForce statistical data (Estimated changes in the shipment proportion of smartphone panels by various regional panel manufacturers), September 2023.

Application 5: Automotive Displays

With the advent of the 5G communication era and the flourishing development of AI artificial intelligence, the era of IoT application services has arrived. Traditional flat-panel displays that only provide simple display functions can no longer meet the increasingly multifunctional digital integration services demanded by users. The new form of display technology and application service system that integrates machine vision, image/speech recognition functions, and cloud computing storage connections will become an important development trend for the next generation of the display industry.

Display technology is the final mile for consumers/users to interact with smart technology life and is also an important interface for human-machine communication. In the future, with the application of AIoT systems, linking Asia, Silicon Valley, smart machinery, green energy technology, biotechnology, defense, and expanding 5G and AI applications to fields such as smart healthcare, smart retail, smart mobility, and smart entertainment will continue to drive the growth of Taiwan's next-generation industries and gradually guide the display industry towards international-level cross-domain multiple applications.

Figure17: Global panel shipments and forecasts (unit: billion pieces)



Source: TrendForce statistics, 2024/1

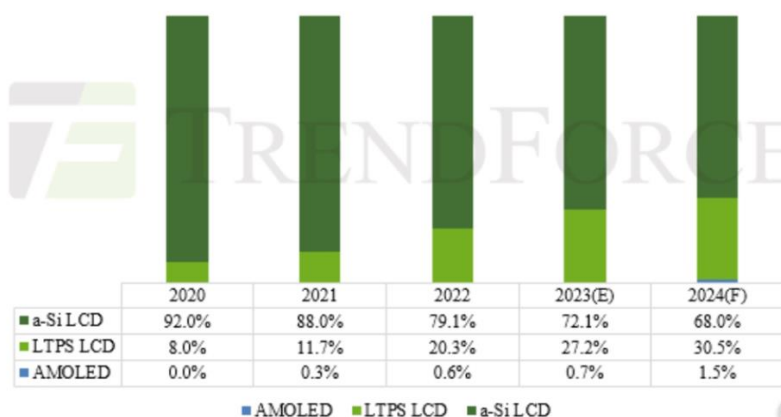
The application of automotive displays mainly manifests in dashboards, central consoles, head-up displays, and rearview mirrors, according to TrendForce research. In 2023, affected by the global decline in automotive demand, the demand for automotive panels was slightly adjusted lower than originally expected, with an expected level of 203 million pieces, representing a 3.6% year-on-year growth. Looking ahead to 2024, with the expectation of a slight increase in global automotive demand, automotive panel shipments are expected to reach 209 million pieces, representing a 3.0% year-on-year growth. After 2025-2026, with the introduction of new car models, in addition to the already high penetration of central control screens and dashboards, there is an opportunity to incorporate more automotive panels, including rearview mirrors and co-driver seat display screens, driving the annual growth rate of automotive panel shipments to be maintained at about 8-9%.

This year, with the gradual recovery of the global automotive market and the increasing electrification of automotive electronics, the development of automotive panels has started to heat up, with panel manufacturers making unremitting efforts to enhance specifications. In terms of size, early automotive panels were mostly below 10 inches, but in recent years, they have begun to exceed 10 inches, such as 12.3, 14 inches, and even products larger than 20 inches. To expand the screen area, panel manufacturers mostly provide splicing or super-wide single-screen methods, allowing future automotive panels to reach pillar-to-pillar dimensions. In addition, in response to the enlargement of screen size or the integration of displays with touch functionality, current new automotive panel designs mostly consider adopting TDDI architecture to save the cost of external touch modules while significantly improving display visual effects.

In addition to size enlargement, display technology has gradually shifted from a-Si LCD panels to LTPS LCD panels, especially for high-resolution larger-size panels. The cost-effectiveness of LTPS LCD panels is more pronounced, with the added advantage of power saving. As the automotive market trend moves towards electrification and automotive panels evolve towards larger sizes, LTPS LCD panels have a greater development advantage over a-Si LCD panels. Furthermore, in recent years, AMOLED panels have also begun to

gradually enter the automotive panel market, with the opportunity to occupy a certain position in high-end vehicle models.

Figure18: Estimated Shipping Proportion of Automotive Panel Display Specifications from 2020 to 2026.



Source: TrendForce statistical data, December 2023

According to the latest research from Omdia, panel manufacturers have identified automotive applications as the next growth driver, especially as the growth of the smartphone and tablet markets slows down. Omdia reports that the overall shipments of touch displays for automotive applications reached 74.6 million units in 2023. Although the growth rate is expected to slightly decelerate in 2024, the shipments of embedded touch displays will continue to grow.

In recent years, the growth rate of touch displays used for automotive central control displays has slowed down, but Omdia's latest research shows that the shipments of embedded touch displays continue to grow. In 2023, the shipments of embedded touch displays reached 26.2 million units, accounting for 35.1% of automotive applications. It is expected that this proportion will exceed 50% by 2025. Many companies have released their performance forecasts, indicating that the display panel industry still faces challenges.

Data released by several companies indicate that the entire industry is under pressure. For example, the operating income of Truly Optoelectronics in 2023 was 3.038 billion yuan, a decrease of 27.50% compared to the same period last year. The Company stated that the sales price of AMOLED semiconductor display panels had dropped significantly due to the global economic downturn and weak demand in the consumer electronics market, with the price decline exceeding the cost reduction. Similarly, as a leading company in the domestic display industry, BOE also stated that the recovery of the IT market in 2023 was slower, and the sales of notebooks and displays are expected to be affected.

Car displays remain popular

According to predictions from the China Association of Automobile Manufacturers (CAAM), global sales of new energy vehicles are expected to exceed 18 million units, and the global penetration rate of electric vehicles will reach close to 20%. It is projected that in 2024, China's

sales of new energy vehicles will reach 11.5 million units (including exports), with an expected electric penetration rate of over 37%.

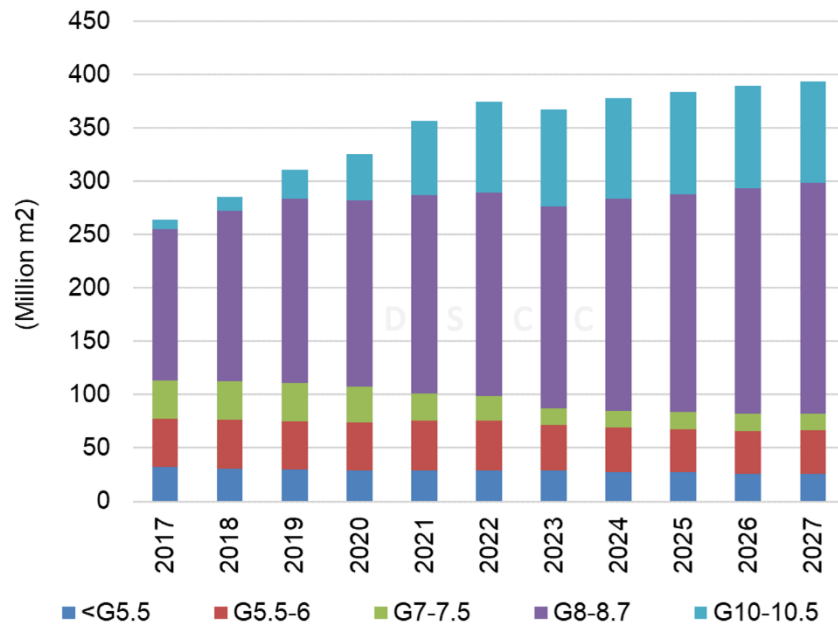
Panel manufacturers are actively promoting embedded touch displays to customers. The shipment share of embedded touch smartphones reached 55.2% in 2023, and the share for tablet applications is expected to reach 45.1%. Shipments of touchscreens for automotive applications continue to grow, with the share increasing from 11.7% in 2021 to 25% in 2022, and further rising to 35.1% in 2023.

Therefore, car displays are expected to remain a focal point in 2024. At CES 2024, almost all panel manufacturers highlighted car displays as a key promotional item. Visionox introduced a flexible AMOLED integrated display terminal solution for automotive use, while Huaco unveiled its MLED automotive display series. Based on terminal data and manufacturer dynamics, the automotive display market is still thriving in 2024.

Capital expenditures and equipment markets in the display industry

Regarding industry supply, the quarterly FPD supply-demand report covers detailed capacity forecasts from DSCC, providing perspectives on LCD and OLED capacity by generation size, supplier, and production region. The following chart shows our forecast for LCD capacity divided by generation size. Overall, DSCC expects modest growth in LCD capacity. As shown in the chart, DSCC anticipates a decrease in capacity for smaller generation fabs due to the closure of some older fabs. DSCC forecasts a reduction in LCD capacity for the 5th generation and smaller fabs by 11% (total, not compounded annual growth rate) from 2023 to 2027 and expects a 5% decrease in capacity for the 5.5-6th generation. Within the forecast period, 8-8.7th generation capacity is expected to grow by 14%, and 10-10.5th generation capacity is expected to grow by 5%. Consequently, the overall LCD capacity in the industry is projected to grow by 7% from 367 million square meters to 394 million square meters.

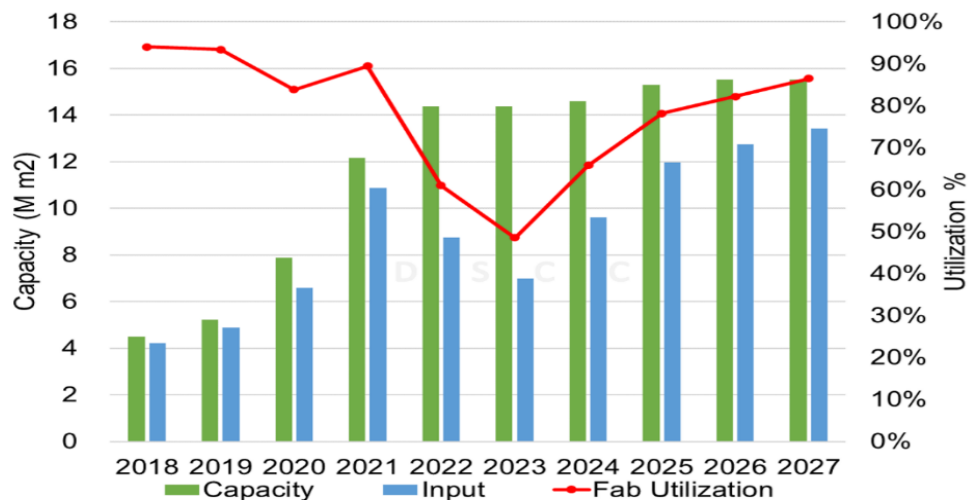
Figure19: LCD Capacity (by Generation Size) from 2017 to 2027



Source: DSCC Quarterly FPD Supply-Demand Report, November 27, 2023

Although LCD capacity is expected to remain relatively flat over the next four years, DSCC predicts significant growth in OLED capacity. Over the forecast period, the compound annual growth rate (CAGR) of OLED capacity in South Korea is projected to reach 4%, while in China, it is expected to be 7%. The overall CAGR for OLED capacity is estimated at 5%, increasing from 36 million square meters in 2023 to 44 million square meters in 2027. This growth will involve the adoption of flexible OLED production lines for mobile/IT applications or rigid OLED production lines with thin-film encapsulation for mobile/IT applications.

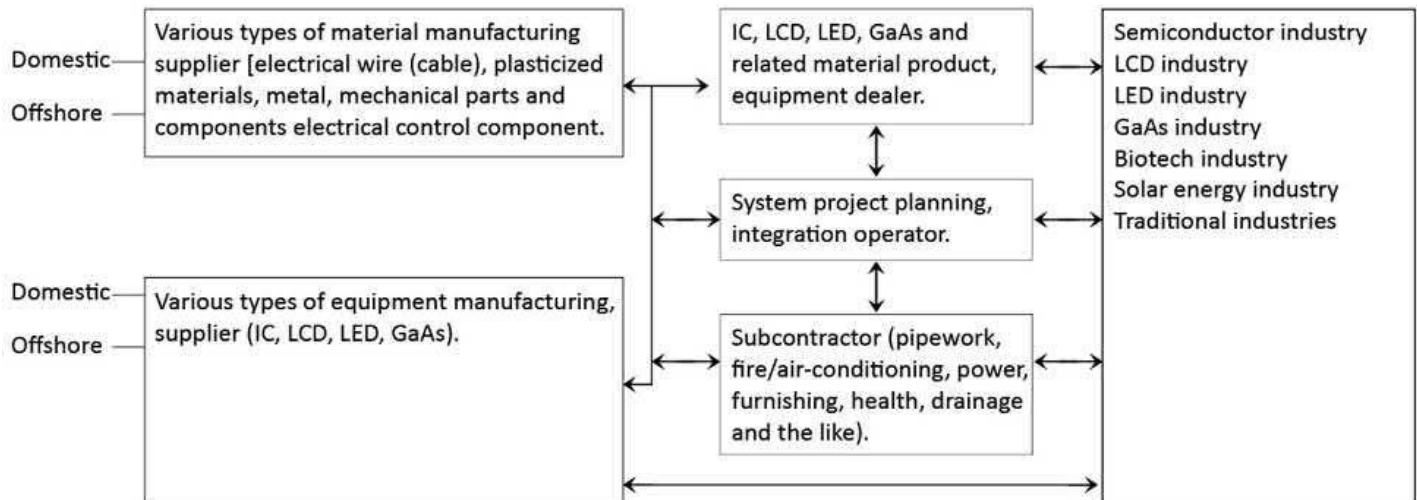
Figure20: OLED Supply-Demand Situation for TVs/Displays from 2018 to 2027



Source: DSCC Quarterly FPD Supply-Demand Report, November 27, 2023

2. Relationship between industry upstream, midstream and downstream

The Company operates as a comprehensive supplier in high-tech industries such as semiconductors and optoelectronics. The relationship of the upstream, midstream, and downstream sectors within the industry is illustrated in the following diagram:



3. The products' various development trends

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

① Integrated circuitry component processing

In the face of future market development trends, with 5G, AI, 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.

② IC packaging processing

Semiconductor OEM and IDM factories have successively invested R & D resources in 3D packaging technology, which will lead a new trend of 3D packaging and testing technology.

Through the bumping density, the overall computing speed between the CPU / GPU processor and the memory is improved. It is expected to continue to extend through SoIC packaging technology and serve as a new solution for various advanced packaging in the back end of Integrated Fan-out and Chip on Wafer on Substrate.

③ LED processing

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

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

④ Display Panel processing

Summarizing the development of the panel industry in recent years, on the supply side, due to the withdrawal of Samsung Display & LG Display from the LCD market respectively, the two major Chinese players BOE and TCL CSOT are expected to dominate the entire market by controlling nearly 49% of the production capacity. Although Taiwanese manufacturers gain from the withdrawal of Korean manufacturers in the short term, they still can't compete head-on with Chinese enterprises in TV applications in the long term, so they need to strengthen their market share in NB, monitor, automotive, and niche applications in order to stand a chance of creating profit margins. In terms of major end-user products, the NB market has unexpectedly experienced strong growth in 2020 due to the global outbreak of the Covid-19 pandemic, which has brought about the demand for working from home and distance learning. Although the profits from the pandemic have gradually diminished from 2022 to 2023, AI NB is expected to attract a new influx of replacement demand from 2024 to 2025.

Regarding the display technology, major panel manufacturers are still focusing on multiple new technologies such as high-resolution, ultra-large size, high refresh rate, LTPO, Mini-LED & Micro LED, etc. They are actively innovating their products and developing potential markets, which helps strengthen the competitive resilience of the enterprises during the low-demand period. Besides, Taiwanese manufacturers need to proactively transform to create a new blue ocean market. In the panel industry, we can already find the potential growth of Mini LED backlight displays in the automotive market. Displays for AR/VR applications are the next star products, and with the continuous investment of industry giants such as Apple, Meta, Sony, and PICO, the future market is not to be underestimated. In the non-panel industry, they are actively researching and developing glass substrate-based related technologies, such as: Fan-out Panel Level Package (FOPLP), Low Earth Orbit

Satellite Communication Ground Station Liquid Crystal Antenna... It is believed that they will eventually achieve certain results.

As a conclusion of the changes in the display industry in recent years, it is predicted that the LCD market will be oversupplied in the future. Meanwhile, the competitive pricing strategy of the Chinese manufacturers will become more and more aggressive in the future. The only way for Taiwanese manufacturers to grow is to actively transform their business.

(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

(3) Total Facility Engineering Turnkey Project

① 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.

(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.

4. Competitive status

(1) Sales and services of high-tech equipment and materials: Due to the diversified and complex types of equipment and materials sold by the Group, and the various businesses have been intertwined in major technology companies.

(2) Automatic Supplying system

① Gas automated supply system

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

② Chemical automated supply system

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

C. Automated product representation operation

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

D. Prognostic and Health Management

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

(3) Total Facility Engineering Turnkey Project

In addition to providing integrated supply systems for large-scale high-tech factories, our group also focuses on meeting the specific factory construction needs of small and medium-sized enterprises (SMEs) or overseas customers. We often prioritize cost-effectiveness and the convenience of localized after-sales services. Foreign companies entering this space are often limited due to the aforementioned factors, making our group one of the few professional manufacturers capable of entering this industry.

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

(4) R&D and manufacturing of Customized equipment

Our group currently serves multiple semiconductor equipment clients as well as clients in the panel and biomedical equipment industries, including key manufacturers from Europe, the United States, Japan, and

other regions. To establish a foothold for manufacturing equipment technology domestically, our company collaborates with manufacturers from Japan, the United States, Germany, and the Netherlands. We engage in domestic OEM and ODM production of related manufacturing equipment while also developing our own brand of panel equipment.

3) Technology and R&D status

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.

2. R&D personnel and their education

Unit: persons; %

Year	2022		2023		As of March 31, 2024	
Education	Personnel	Ratio (%)	Personnel	Ratio (%)	Personnel	Ratio (%)
Doctoral	4	10.53%	6	13.33%	7	12.28%
Master	18	47.37%	20	44.44%	25	43.86%
B.A.	14	36.84%	15	33.33%	20	35.09%
College	2	5.26%	4	8.90%	5	8.77%
Total	38	100.00%	45	100.00%	57	100.00%
Average tenure	4.72		4.73		5.92	

3. R&D expenditure in the most recent fiscal year and up to the annual report publication date

Unit: NT\$ thousands

Item	Year	2023	As of March 31, 2024
Research and development expenses (A)		284,759	71,316
Operating income (B)		56,279,732	14,615,323
Ratio (A)/(B) (%)		0.51	0.49

Note: Figures above based on 2023 audited consolidated financial statements and 2024 first quarter reviewed consolidated financial statements.

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
2023	Development of three-dimensional microstructure lithography technology	Optoelectronic Semiconductor Industry Process Technology
	Laser patterning applied to micro LED side wiring	Optoelectronic Semiconductor Industry Process Technology
	Wet Milling Machine	Dentistry
	Portable and quantitative detector for loop-mediated isothermal (LAMP)	Biotechnology
	UV Transilluminator	Biotechnology
	Intelligent Occupational Safety Management System	Indoor and Outdoor Construction Sites

4) Long, short-term business development plans

1. Short-term operating strategies

- (1) To expand the depth and propensity of the high-tech equipment/material sale product lines.
- (2) To integrate the electrical and mechanical engineering and facility integration implementing capability. Enhance the ability for providing international service.
- (3) To integrate the capability of installation and maintenance of equipment, in order to expand the depth and propensity of service provided to client.
- (4) To research and develop, design, manufacture customized private label equipment.
- (5) To actively introduce international factories for cooperation to enhance the domestic technical capabilities of production process equipment.
- (6) To actively develop application and deployment capabilities for IoT, Big Data, AI, 5G networks, as well as AR/VR technologies.
- (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.

(8) To enhance the capability for providing professional, international service.

2. Mid-term operating strategies

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

3. Long-term operating strategies

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

2. Market and Sales Overview

(1) Market analysis

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

Over the past two years, our group's primary sales and service regions have been Taiwan, the United States, and mainland China. In order to expand operational efficiency, enhance customer service, and ensure timely response, the Company has established sales and service locations in China, Singapore, South Korea, Vietnam, Malaysia, Myanmar, Indonesia, the Netherlands, United States, Japan, Germany, and other areas. These locations are strategically positioned to provide nearby support to high-tech manufacturers in these regions for equipment, materials, technical support, and facility automation systems, among other related products and services.

Unit: NT\$ thousands; %

Sale or service area \ Year	2022		2023	
	Amount	Ratio (%)	Amount	Ratio (%)
Taiwan	20,083,258	39.87	19,919,074	35.39
Mainland China	13,049,419	25.91	11,717,142	20.82
USA	9,065,003	18.00	16,932,805	30.09
Others	8,169,024	16.22	7,710,711	13.70
Total	50,366,704	100.00	56,279,732	100.00

Note: The above figures are disclosed based on the 2022 and 2023 audited consolidated financial statements. The consolidated income in above sales or service areas were classified according to the country where the customers are located.

2. Market Share

1) Sales and Service Business for High Technology Equipment

For proxy chemicals and consumables required for advanced semiconductor manufacturing processes, including etching solutions, abrasive slurry, abrasive brushes, tube equipment used in diffusion processes, Ball mount machines, Ball Implant machines, Wafer substrate Bonding /de-bonding, and Glass Carrier Wafers Bonding / de-bonding machines in advance back-end process. Also, photoresist are widely used in many well-known panel Fab.

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.

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.

4) R&D and Manufacturing of Customized Equipment

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

3. The future supply and demand status and growth potential of the market

① The sales and services of high-tech equipment and materials

① Equipment Business

The "Global Semiconductor Equipment Market Report" published by Semiconductor Equipment and Materials International (SEMI) points out that global semiconductor equipment sales slightly dropped by 1.3% to US\$106.3 billion in 2023, compared to US\$107.6 billion in 2022.

In 2023, the top three markets in terms of semiconductor equipment expenditure were Mainland China, Korea, and Taiwan, accounting for 72% of the global equipment market.

Among them, Mainland China remained the champion with an accelerated investment pace, reaching an equipment shipment value of US\$36.6 billion in 2023 and an annual growth rate of 29%. Korea, which positioned in the second place, saw its equipment shipment value reduced to US\$19.9 billion in 2023, marking a 7% decrease year-over-year due to weak demand and inventory adjustments in the memory market. Taiwan, ranking third, also experienced a pause in growth after four consecutive years of expansion, with its equipment shipment value reduced to US\$19.6 billion, representing an annual decrease of 27%.

Although global equipment sales experienced a slight decline last year, the semiconductor industry continues to gain momentum. It is anticipated that the industry's overall performance will exceed expectations in 2024. Moreover, benefited from the establishment of new fabs, expansion of existing fabs, advancements in technology, and increased demand for solutions, 2025 is projected to witness a strong rebound.

② Material Business

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

② Automation System Business

① Gas Automatic Supply System

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

② 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.

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.

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.

4. Competition Niche

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

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

(1) Advantageous Factors

- ① The business of the Company covers, for example, IC, TFT- LCD, LED, IC packaging, OLED, petrochemical, lithium iron battery, solar cell, electro mechanics, telecom, food industries, which are still the industries with large growth for the coming 10 years in Taiwan, China and Southeast Asian region. The coming growth trend is a definite fact although there is still business cycle.
- ② As for high technology equipment material sales and service business, the Group and various suppliers have keep long term cooperative partnership. In addition to business transaction, we also obtain long term common interest with each other through cooperative production plan actively.
- ③ For 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.
- ④ In order to reduce production cost and excessively large equipment (e.g., process equipment beyond 10.5G TFT-LCD) factors, the opportunity that foreign vendors search for OEM cooperation has increased. Currently, the customized equipment manufacturing business of the Group has been developed for many years, and cooperation projects with

multiple original vendors are ongoing. The development with respect to capability of such technology facilitates to R&D of future equipment of high technology industry and accelerates improvement of both manufacturing quality and quantity for introducing foreign process equipment into Taiwan.

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

(2) Disadvantageous Factors and Countermeasure

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

Countermeasure:

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

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

Countermeasure:

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

1. Important purposes of major products

① Sale and service of hi-tech equipment materials

MIC sales the important equipment, chemicals and consumables required in the front-end process of semiconductors, including vertical diffusion furnace tubes of major Japanese manufacturers, etching liquids, abrasive slurry, abrasive brushes. Our groups also sale Japan's advanced ball mount machine, ball implant machines, wafer substrate bonding /de-bonding, glass carrier wafers bonding / de-bonding machines, and advanced materials and consumables for LCD 、OLED and other displays for the display industry.

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.

③ Total Facility Engineering Turnkey Project

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

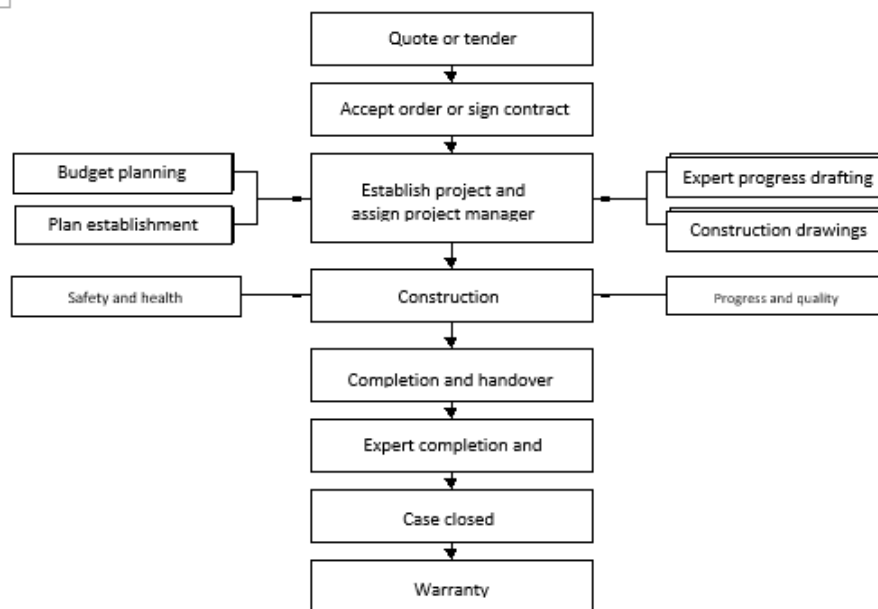
④ R&D and manufacturing of customized equipment

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

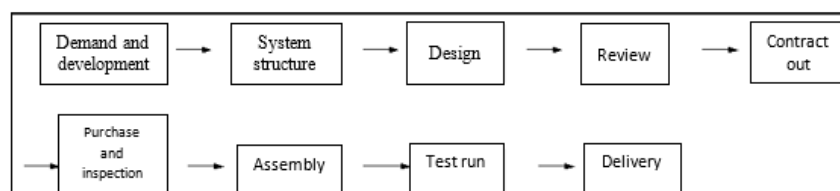
2. Production process of major product

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

① Factory and process systems workflow for planning and integration services



② Production process of R&D and manufacturing customized equipment



(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.

(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

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

Unit: NT\$ thousands; %

	2022				2023				As of end of Q1'2024 (Note 2)			
Item	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	8,759,312	17.39	None	Customer A	16,048,194	28.52	None	Customer A	3,796,050	25.97	None
2	Customer B	7,038,810	13.98	None	Customer B	6,841,083	12.16	None	Customer B	1,678,146	11.48	None
	Others	34,568,582	68.63		Other	33,390,455	59.32		Other	9,141,127	62.55	
	Net sales	50,366,704	100.00		Net sales	56,279,732	100.00		Net sales	14,615,323	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 audited or by a public accountant.

Note 3: The above information is based on the 2022 and 2023 audited consolidated financial statements and 2024 Q1 reviewed consolidated financial statements.

Trend 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 2023, 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. Information of major purchasing customer with over ten percent of total purchase in one year for the previous two years
During the past two fiscal years and up until the first quarter 2024, our group has not purchased from suppliers or outsourcing contracts that exceed 10% of our total purchases (or outsourcing).

(5) Yield and output value for the recent two years

Unit: NT\$ thousands

Major merchandise (dept.) / Yield & output value / Year	2022			2023		
	Capacity	Yield	Output value	Capacity	Yield	Output value
Sales and service of high-tech equipment and materials	Note	Note	8,075,979	Note	Note	8,338,925
Automation supply system			18,225,294			26,112,926
Total Facility Engineering Turnkey Project			10,102,818			8,848,486
R&D and manufacturing of customized equipment			8,576,543			7,731,759
Total			44,980,634			51,032,096

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 based on the audited consolidated financial reports for 2022 and 2023.

Trend analysis:

The 2023 consolidated operating income was increased massively than the 2022, and the entirely output value increased by the customer demand. In the overall, there was no occurrence of significant unusual situations.

(6) Sales volume for the recent two years

Unit: NT\$ thousands

Major merchandise (dept.) / Sales volume / Year	2022				2023			
	Region				Region			
	Taiwan	China	United State	Other	Taiwan	China	United State	Other
Sales and service for hi-tech equipment and materials	4,407,750	4,986,688	144,774	401,328	4,392,236	5,100,359	328,449	520,861
Automation supply system	7,682,570	3,216,437	8,817,923	87,871	7,172,752	3,048,526	16,402,766	664,858
Total Facility Engineering Turnkey Project	5,714,977	4,208,610	10,622	469,672	5,698,920	3,364,048	18,729	230,708
R&D and manufacturing of customized equipment	2,277,961	637,684	91,684	7,210,153	2,655,166	204,209	182,861	6,294,284
Total	20,083,258	13,049,419	9,065,003	8,169,024	19,919,074	11,717,142	16,932,805	7,710,711

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 based on the audited consolidated financial reports for 2022 and 2023.

Trend 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 2022. Thus, our orders on demand from clients from all different industries had risen, resulting in our consolidated revenue increase in 2023 compared to the previous year. All in all, the changes in the consolidated revenue of Marketch 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. Employee Information

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

Date: April 30, 2024

Unit: person; %

Item/Year		2022	2023	As of March 31, 2024
Number of employees	Direct	1,113	1,579	1,242
	Indirect	870	951	973
	Total	1,983	2,530	2,215
Average age		38.57	37.87	38.89
Average years of service		8.18	7.05	8.15
Education distribution ratio (%)	Doctor	0.96	0.75	0.86
	Master	12.36	11.35	13.36
	University	42.00	44.62	49.07
	Junior college	29.75	29.37	23.16
	Other	14.93	13.91	13.55

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

- (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.

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.

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.

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.

④ Retirement system and its implementation

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

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

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

- 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.

- (3) In accordance with the Labor Act of the People's Republic of China, a certain ratio of the wage of an employee working at a subsidiary in China is allocated monthly as endowment insurance funds. Part of the amount allocated will be designated as social funds for management and usage by the government; the rest will be remitted to the employee's personal account to ensure his/her basic living requirements in old age and provide stable and reliable living sources.
- (4) Other subsidiaries conform to related regulations of the Labor Act established by the local government, and allocate an amount of certain ratio for retirement payment according to the wage cap to ensure his/her living rights in old age.

⑤ Labor-capital agreements and employee rights maintenance measures

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

(1) Industrial coordination mechanism:

Establish unions or industrial meetings in accordance with regulations stipulated by local governments for two-way communication between the Company and employees regarding issues such as government orders, working environment and safety and health, as well as for strengthening a mutual trusting relation between each other.

(2) Beneficial activities:

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

(3) Physical examination:

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

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.

(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.

- (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

- (1) Describe the information and communication security risk management framework, the information and communication security policy, the specific management plan and the resources invested in the information and communication security management, etc.

1. Information and communication security risk management framework

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

2. Information and communication security policy

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

- (1) Maintain continuous operation of information-related systems.

- (2) Prevent insiders from illegally using software and information.
 - (3) Prevent external hackers, virus intrusions to damage equipment, and data theft, resulting in operational interruptions.
 - (4) Protect sensitive and confidential information and prevent data leakage.
3. Specific management plan
- (1) Network resource security management
 - ① Account/Password management:
 Account management: When there is an account demand or change, an application form should be filled out. Password management: Password settings must be set in accordance with the minimum length and complexity rules for passwords announced by the information unit, and it is mandatory to change passwords quarterly. Account check: The information unit performs check on idle accounts that have not been logged in for more than a year in the first quarter of each year, and records the account check results.
 - ② Internet and Email Usage Guidelines:
 Formulate a standard usage code. If the usage code is violated, the information personnel will issue a slip to the user, and the unit will propose improvement measures.
 - ③ Antivirus system security management:
 In order to effectively prevent virus intrusion, strengthen information security, and monitor the status of personal computers in the Company's entire area, the information unit builds the Company's anti-virus system according to the anti-virus system planning standards, and sets up anti-virus automatic protection mechanisms. The virus monitoring center uniformly updates the virus code and sets up a schedule to scan all computers.
 - ④ Network traffic monitoring and management:
 In order to grasp the Company's network usage status, the information unit conducts daily monitoring according to the network traffic statistics system.
 - ⑤ Personal computer access clearance:
 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.

 Computers provided by the Company for personal use are prohibited from being used for other purposes except for official business purposes.
 - ⑥ Firewall management:
 - A. In order to block unknown intrusions and attacks from the Internet and ensure the security and integrity of the Company's internal data, the information unit builds a firewall to control the Internet connection in accordance with the Company's information security policy.
 - B. The information unit conducts rule checking operations every six months. If there is any abnormality in the operation, it will confirm the applicability of the rule and

make improvements. After confirming that the improvement is completed, record the results.

(2) Hardware resource security management

- 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.

(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.

(4) Information security education and training

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

(5) Data security controls

- 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) Outsourced information security

- ① In the outsourcing contract, the information unit should clearly stipulate that the supplier must keep the data processing and process confidential, strictly prohibit leakage, and formulate relevant terms or penalties in the contract.
- ② The supplier must obtain the consent of the information unit before the operation, or be accompanied by the personnel of the information unit.

(7) Computer room security control

- ① The computer room should be set up with access control, monitoring, fire protection, temperature and humidity management and other related configurations
- ② The access control of the computer room is controlled by the information unit. Personnel entering and leaving the computer room must be approved by the information unit before they can enter and leave the computer room, and they must fill in the log.
- ③ The maintenance manufacturer must be accompanied by the responsible unit when entering and leaving the computer room, and is restricted to operate within the scope of the operation and must not operate unrelated equipment.
- ④ Only hardware and software equipment and related documents can be in the computer room, items not required for operation are prohibited from being brought into the computer room.
- ⑤ The information unit shall inspect the computer room from time to time, and prohibit the storage of flammable materials, unapproved electrical appliances, eating, drinking or smoking.

(8) Information security incident notification and recovery

- ① Notification:
After an information security incident occurs, the information unit should immediately notify the top director of the information unit after determining the type of disaster. If it cannot be repaired immediately, the head of the information unit should immediately report the incident to the general manager and CEO, and inform colleagues of the scope of influence and possible repair time.
- ② Emergency response:
 - A. Regarding the signs of the security hazard incidents, it is necessary to identify the cause of the incident, determine the possible impact scope, assess the possible losses, and determine whether it is necessary to apply assistance.
 - B. Obtain solutions through system vulnerability database, Internet access, technical support units, etc.

- ③ Recovery:
 - A. Check whether the hardware equipment can operate normally. If the hardware equipment is damaged and cannot be used, it can be temporarily replaced with a backup equipment and contact the manufacturer for maintenance.
 - B. Check whether information security risks affect normal operation, and perform system repair or environmental reconstruction after eliminating information security risks.
 - C. After the operation is normal, data recovery and data reset will be performed.
- ④ Review/Drill:
 - A. When the disaster is resolved and recovered, the information unit shall record the cause of the event, disaster response, recovery process, and review and improvement plan.
 - B. Information unit needs to conduct drills on the computers for major equipment in accordance with disaster recovery procedures. Information security incident drills are carried out once a year to confirm the effectiveness of the system, and the drill process must be recorded.

4. Resources invested in the information and communication security management

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

- (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. Significant Contracts

Listed below are significant agreements that are effective as of the printing date of this annual report:

Nature	Contracting party	Commencement date and termination date	Main contents	Restrictions
Agency agreement	Riphey Corporation	From 1998.02.16; automatically extended annually if not terminated in writing by either party in advance.	Agency rights to chemical mechanical polishing brush.	For use in Taiwan and China
Agency agreement	ADEKA	From 2012.01.18; the validity is 5 years. and if ADEKA provides no written notification for terminating the 90 days before the expiry date, the contract will be renewed automatically.	Agency rights for 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.	Agency rights for anti-Vibration System	For use in Taiwan
Agency agreement	Lasertec Corporation	Automatically renewed annually unless either party provides written notice at least 60 days prior to expiry date.	Agency rights for panel photomask inspection equipment and laser confocal scanning microscope.	For use in Taiwan and China
Agency agreement	AMES Goldsmiths Corporation	From January 1, 2023, to December 31, 2024, and renewed every two years.	Agency rights for silver powder, silver palladium powder, palladium powder, and silver copper powder.	For use in Taiwan and China

Part 6. Financial Overview

1. Condensed Balance Sheets and Statements of Comprehensive Income for the past five fiscal years, name of the auditor and their audit opinion as of the printing date of this Annual Report, and disclosure of any recently audited or reviewed financial information by the auditor.

(1) Consolidated Financial Information Prepared in Accordance With IFRS

1. Consolidated Financial Statement

(1) Condensed Balance Sheet – in accordance with IFRS (Consolidated Financial Statements)

Unit: NT\$ thousands

Year Item		Financial Information for The Latest Five Fiscal Years (Note 1)					Financial Information as of March 31, 2024 (Note 3)
		2019	2020	2021	2022	2023	
Current assets		15,635,023	16,013,346	22,945,728	30,098,714	39,459,227	37,421,327
Property, Plant and Equipment (Note 2)		2,211,675	2,223,383	2,366,042	2,441,994	2,414,956	2,473,271
Intangible assets		16,695	52,792	106,822	109,186	98,634	99,896
Other assets (Note 2)		1,789,485	1,971,902	2,441,942	2,677,164	4,723,887	5,131,375
Total assets		19,652,878	20,261,423	27,860,534	35,327,058	46,696,704	45,125,869
Current liabilities	Before distribution	12,587,440	11,132,653	17,612,523	23,946,207	30,223,059	27,959,459
	After distribution	13,073,224	11,787,920	18,479,926	25,052,018	31,430,952 (Note 6)	27,959,459 (Note 6)
Non-current liabilities		1,227,470	1,227,470	2,762,387	2,445,871	1,899,849	5,237,606
Total liabilities	Before distribution	13,814,910	13,895,040	20,058,394	25,846,056	35,460,665	33,255,469
	After distribution	14,300,694	14,550,307	20,925,797	26,951,867	36,668,558 (Note 6)	33,255,469 (Note 6)
Equity attributable to shareholders of the parent		5,800,013	5,800,013	6,272,404	7,672,557	9,355,079	11,143,281
Capital stock		1,868,400	1,868,400	1,872,192	1,927,562	1,950,284	2,013,154
Capital surplus		982,882	982,882	1,029,109	1,562,207	1,787,330	2,498,186
Retained earnings	Before distribution	3,118,978	3,538,201	4,439,032	5,800,054	6,858,371	7,345,947
	After distribution	2,633,194	2,882,934	3,571,629	4,694,243	5,650,478 (Note 6)	7,345,947 (Note 6)
Other equity interest		(170,247)	(170,247)	(167,098)	(256,244)	(182,589)	(226,430)
Treasury stock		0	0	0	0	0	0
Non-controlling interest		37,955	37,955	93,979	129,583	125,923	92,758
Total equity	Before distribution	5,837,968	6,366,383	7,802,140	9,481,002	11,236,039	11,870,400
	After distribution	5,352,184	5,711,116	6,934,737	8,375,191	10,028,146 (Note 6)	11,870,400 (Note 6)

*If the Company has prepared standalone financial statements, it shall also present condensed standalone balance sheet and statement of comprehensive income information for the most recent five fiscal years.

*If the Company adopted IFRS for less than five years, it shall present financial information prepared in accordance Enterprise Accounting Standards separately.

Note 1: Financial information that have not been audited shall be disclosed: Not applicable as financial information disclosed above have been audited by public accounts.

Note 2: If asset revaluation was conducted during the fiscal year, date of revaluation and amount of valuation increases shall be disclosed: The Company has not conducted asset revaluation for the above fiscal years.

Note 3: Prior to the Annual Report print date, listed companies should disclose any recently audited or reviewed financial information: Financial information as at March 31, 2024 has been reviewed by public accountants.

Note 4: After distribution figures presented above should reflect resolutions by the Board of Directors or Shareholders' Meetings held subsequent to the fiscal year end.

Note 5: If changes to financial information are made resulting from either regulatory authority notification or self-assessments, the revised figures shall be presented with accompanying explanations.

Note 6: As of the printing date of this Annual Report, the Company's 2023 profit distribution has not yet been approved by Shareholders'.

Note 7: The 2022 financial information presented above is based on the 2022 financial statements. Differences compared with 2022 figures in the 2023 financial statements are due to the adjustments to income taxes made due to the adoption of IFRS12.

(2) Condensed Statement of Comprehensive Income – Prepared in Accordance with IFRS (Consolidated Financial Statement)

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

Year Item		Financial Information for The Lastest Five Fiscal Years (Note 1)					Financial Information as of March 31, 2024 (Note 2)
		2019	2020	2021	2022	2023	
Operating revenue		24,182,681	25,119,857	34,458,674	50,366,704	56,279,732	14,615,323
Gross profit		2,566,979	3,100,342	3,619,982	5,386,070	5,247,636	1,033,908
Operating Income		819,338	1,201,498	1,643,086	2,866,250	2,434,374	227,866
Non-operating Income/expense		71,683	(51,748)	297,295	130,188	402,786	379,909
Earnings before tax		891,021	1,149,750	1,940,381	2,996,438	2,837,160	607,775
Net income from continuing operations		669,120	875,502	1,508,422	2,149,807	2,101,229	476,154
Loss from discontinued Operations (Note 3)		0	0	0	0	0	0
Net income (loss)		669,120	875,502	1,508,422	2,149,807	2,101,229	476,154
Other comprehensive income (net after tax)		(38,855)	(5,215)	(80,714)	91,713	(46,685)	82,641
Current comprehensive income/loss		630,265	870,287	1,427,708	2,241,520	2,054,544	558,795
Net earnings attributable to owners of the parent		703,006	913,736	1,547,479	2,210,709	2,161,833	487,576
Net earnings attributable to non-controlling interest		(33,886)	(38,234)	(39,057)	(60,902)	(60,604)	(11,422)
Comprehensive income/loss attributable to owners of the parent		665,065	908,156	1,466,952	2,302,080	2,115,141	568,704
Comprehensive income/loss attributable to non-controlling interest		(34,800)	(37,869)	(39,244)	(60,560)	(60,597)	(9,909)
Earnings per share (in NTD\$)	Basic earnings per share — current (Note 5)	3.78	4.88	8.24	11.34	10.96	2.42
	Diluted earnings per share — current (Note 5)	3.74	4.85	7.80	10.87	10.47	2.25
	Adjusted Diluted Earnings per Share (Note 6)	3.74	4.85	7.80	10.87	10.47	2.25

*If the Company has prepared standalone financial statements, it shall also present condensed standalone balance sheet and statement of comprehensive income information for the most recent five fiscal years.

*If the Company adopted IFRS for less than five years, it shall present financial information prepared in accordance Enterprise Accounting Standards separately.

Note 1: Financial information that have not been audited shall be disclosed: Not applicable as financial information disclosed above have been audited by public accounts.

Note 2: Prior to the Annual Report print date, listed companies should disclose any recently audited or reviewed financial information: Financial information as at March 31, 2024 has been reviewed by public accountants.

Note 3: After-tax net losses from discontinued operations shall be presented

Note 4: If changes to financial information are made resulting from either regulatory authority notification or self-assessments, the revised figures shall be presented with accompanying explanations.

Note 5: Calculated based on weighted average number of outstanding shares in the current fiscal year

Note 6: Earnings per share for each fiscal year are calculated based on the weighted average number of outstanding shares for the current fiscal year, retrospectively adjusted for increase in shares resulting from the conversion of profit to capital increases.

Note 7: The 2022 financial information presented above is based on the 2022 financial statements. Differences compared with 2022 figures in the 2023 financial statements are due to the adjustments to income taxes made due to the adoption of IFRS12.

2. Standalone Financial Statement Prepared in Accordance With IFRS

(1) Condensed Balance Sheet Prepared in Accordance with IFRS (Standalone Financial Statement)

Unit: NT\$, thousands

Year Item		Financial Information for The Lastest Five Fiscal Years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		10,497,307	11,451,527	16,535,637	20,251,059	23,522,368
Property, Plant and Equipment (Note 2)		1,672,574	1,717,285	1,979,380	2,078,508	2,096,066
Intangible assets		11,377	48,026	75,746	77,464	71,455
Other assets (Note 2)		3,590,436	3,926,712	4,519,718	5,715,765	7,315,771
Total assets		15,771,694	17,143,550	23,110,481	28,122,796	33,005,660
Current liabilities	Before distribution	8,739,835	8,107,640	13,156,480	17,319,656	17,657,733
	After distribution	9,225,619	8,762,907	14,023,883	18,425,467	18,865,626 (Note 6)
Non-current liabilities		1,231,846	2,763,506	2,281,444	1,448,061	4,204,646
Total liabilities	Before distribution	9,971,681	10,871,146	15,437,924	18,767,717	21,862,379
	After distribution	10,457,465	11,526,413	16,305,327	19,873,528	23,070,272 (Note 6)
Capital stock		1,868,400	1,872,192	1,927,562	1,950,284	2,013,154
Capital surplus		982,882	1,029,109	1,562,207	1,787,330	2,498,186
Retained earnings	Before distribution	3,118,978	3,538,201	4,439,032	5,800,054	6,858,371
	After distribution	2,633,194	2,882,934	3,571,629	4,694,243	5,650,478 (Note 6)
Other equity interest		(170,247)	(167,098)	(256,244)	(182,589)	(226,430)
Total equity	Before distribution	5,800,013	6,272,404	7,672,557	9,355,079	11,143,281
	After distribution	5,314,229	5,617,137	6,805,154	8,249,268	9,935,388 (Note 6)

*If the Company has prepared standalone financial statements, it shall also present condensed standalone balance sheet and statement of comprehensive income information for the most recent five fiscal years.

*If the Company adopted IFRS for less than five years, it shall present financial information prepared in accordance Enterprise Accounting Standards separately.

Note 1: Financial information that have not been audited shall be disclosed: Not applicable as financial information disclosed above have been audited by public accounts.

Note 2: If asset revaluation was conducted during the fiscal year, date of revaluation and amount of valuation increases shall be disclosed: The Company has not conducted asset revaluation for the above fiscal years.

Note 3: Prior to the Annual Report print date, listed companies should disclose any recently audited or reviewed financial information.

Note 4: After distribution figures presented above should reflect resolutions by the Board of Directors or Shareholders' Meetings held subsequent to the fiscal year end.

Note 5: If changes to financial information are made resulting from either regulatory authority notification or self-assessments, the revised figures shall be presented with accompanying explanations.

Note 6: As of the printing date of this Annual Report, the Company's 2023 profit distribution has not yet been approved by Shareholders.

Note 7: The 2022 financial information presented above is based on the 2022 financial statements. Differences compared with 2022 figures in the 2023 financial statements are due to the adjustments to income taxes made due to the adoption of IFRS12.

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

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

Year Item		Financial Information for The Lastest Five Fiscal Years (Note 1)				
		2019	2020	2021	2022	2023
Operating revenue		17,631,899	18,404,137	25,756,473	30,201,152	28,394,864
Gross profit		1,855,600	2,376,304	2,569,011	3,170,836	3,620,831
Operating Income		752,258	1,071,831	1,331,657	1,534,298	1,953,789
Non-operating Income/expense		125,959	67,010	572,107	1,109,872	659,652
Earnings before tax		878,217	1,138,841	1,903,764	2,644,170	2,613,441
Net income from continuing operations		703,006	913,736	1,547,479	2,210,709	2,161,833
Loss from discontinued operations (Note3)		0	0	0	0	0
Net income (loss)		703,006	913,736	1,547,479	2,210,709	2,161,833
Other comprehensive income (net after tax)		(37,941)	(5,580)	(80,527)	91,371	(46,692)
Current comprehensive income/loss		665,065	908,156	1,466,952	2,302,080	2,115,141
Earnings per share (in NT\$)	Basic earnings per share – current (Note 5)	3.78	4.88	8.24	11.34	10.96
	Diluted earnings per share – current (Note 5)	3.74	4.85	7.80	10.87	10.47
	Adjusted Diluted Earnings per Share (Note 6)	3.74	4.85	7.80	10.87	10.47

*If the Company has prepared standalone financial statements, it shall also present condensed standalone balance sheet and statement of comprehensive income information for the most recent five fiscal years.

*If the Company adopted IFRS for less than five years, it shall present financial information prepared in accordance Enterprise Accounting Standards separately.

Note 1: Financial information that have not been audited shall be disclosed: Not applicable as financial information disclosed above have been audited by public accounts.

Note 2: Prior to the Annual Report print date, listed companies should disclose any recently audited or reviewed financial information.

Note 3: After-tax net losses from discontinued operations shall be presented.

Note 4: If changes to financial information are made resulting from either regulatory authority notification or self-assessments, the revised figures shall be presented with accompanying explanations.

Note 5: Calculated based on weighted average number of outstanding shares in the current fiscal year.

Note 6: Earnings per share for each fiscal year are calculated based on the weighted average number of outstanding shares for the current fiscal year, retrospectively adjusted for increase in shares resulting from the conversion of profit to capital increases.

Note 7: As of the printing date of this Annual Report, the Company's 2023 profit distribution has not yet been approved by Shareholders.

Note 8: The 2022 financial information presented above is based on the 2022 financial statements. Differences compared with 2022 figures in the 2023 financial statements are due to the adjustments to income taxes made due to the adoption of IFRS12.

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

(3) The names and the audit opinions made by the accountants of the latest five years:

Years	Accounting Firm	Name of accountants	Audit Opinion
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
2023	PricewaterhouseCoopers Taiwan	Wang, Song-Ze & Lin, Chun-Yao	Unqualified

Notes: Due to the internal reorganization of the accounting firm, FY 2023 auditors changed to Wong, Shu-rong and Lin, Chun-Yao.

2. Financial Analysis for the past 5 fiscal years

(1) Financial Analysis (based on information prepared in accordance with IFRS)

1. Consolidated Financial Analysis – IFRS (Consolidated Financial Statements)

Item (Note 4)		Year	Financial Analysis for the latest Five Fiscal Years (Note1)					Mar. 31, 2024 Results (Note 2)
			2019	2020	2021	2022	2023	
Solvency (%)	Total Debt to Assets		70.29	68.58	72.00	73.16	75.94	73.69
	Long Term Capital to Fixed Assets		319.46	410.58	433.13	466.05	682.15	694.08
Liquidity analysis (%)	Current Ratio		124.21	143.84	130.28	125.69	130.56	133.84
	Quick Ratio		96.60	113.06	104.23	93.58	99.67	99.63
	Times Interest Earned		11.56	18.08	34.24	32.22	9.30	5.80
Operating performance analysis	Average Collection Turnover (times)		4.49	4.85	6.86	8.05	6.79	7.94
	Average Collection Days		82	76	54	46	54	46
	Average Inventory Turnover (times)		2.77	3.86	4.09	3.74	2.73	2.66
	Average Payables Turnover (times)		4.10	4.20	4.62	5.18	5.77	6.13
	Average Days in Sales		132	95	90	98	134	137
	Fixed Asset Turnover (times)		10.88	11.33	15.02	20.95	23.17	23.79
	Total Asset Turnover (times)		1.28	1.26	1.43	1.59	1.37	1.45
Profitability	Return on Total Asset (%)		3.89	4.66	6.46	7.05	5.79	5.74
	Return on Shareholders' Equity (%)		11.56	14.35	21.29	24.88	20.29	17.84
	Pre-tax Profit to Capital Stocks (%) (Note 8)		47.69	61.41	100.67	153.64	140.93	120.76
	Net Income Margin (%)		2.77	3.49	4.38	4.27	3.73	3.26
	Earnings per Share (NT\$) (Note 3)		3.78	4.88	8.24	11.34	10.96	2.42
Cash flow analysis	Cash Flow Ratio (%)		7.75	12.99	2.49	5.83	(13.81)	5.19
	Cash Flow Adequacy Ratio (%) (Note 6)		31.48	58.24	58.78	45.10	0.76	4.92
	Cash Flow Reinvestment Ratio (%)		5.53	9.84	(2.01)	4.49	(33.14)	1.47
Leverage	Operating Leverage		2.33	2.07	1.77	1.62	1.82	3.68
	Financial Leverage		1.11	1.06	1.04	1.03	1.16	2.25

Explanation for trends for the latest two fiscal years (not required for variances below 20%):

(1) Solvency Analysis:

Increase in long-term capital to fixed assets ratio: This was mainly due to the issuance of convertible bonds in 2023, which increased long-term liabilities.

(2) Liquidity Analysis:

Decrease in times interest earned: This was due to increased bank borrowings in 2023 for the Company's operational funding needs.

(3) Operating Performance Analysis:

Decrease in inventory turnover and increase in average days sales outstanding: This was mainly due to the increase in 2023 inventory for operational demands. This led to increase in average inventory balance and decrease in cost of goods sold hence a decrease in inventory turnover ratio and increase in average days sales outstanding.

(4) Cash Flow Analysis:

- ① Decrease in cash flow ratio: This was mainly due to net cash outflow from operating activities in 2023, compared to net cash inflow in 2022, which resulted to a decrease in the cash flow ratio in 2023 compared to 2022.
- ② Decrease in cash flow adequacy ratio: This was primarily due to decrease in net cash inflow from operating activities over the past five years.
- ③ Decrease in cash flow reinvestment ratio: This was mainly caused by net cash outflow from operating activities in 2023, compared to net cash inflow in 2022, resulting in a decrease in the cash flow reinvestment ratio in 2023 compared to 2022.

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

* If the Company adopted IFRS for less than five years, it shall present financial information prepared in accordance Enterprise Accounting Standards separately.

Note 1: Financial information that have not been audited shall be disclosed: Not applicable as financial information disclosed above have been audited by public accounts.

Note 2: Prior to the Annual Report print date, listed companies should disclose any recently audited or reviewed financial information: Financial information as at March 31, 2024 has been reviewed by public accountants

Note 3: Earnings per share have been calculated by retrospectively adjusting for share increases due to conversion of profits or corporate bonds to shares

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

1. Financial structure

(1) Debt to assets ratio = $\text{Total liabilities} / \text{Total Assets}$

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

2. Solvency

(1) Current ratio = $\text{Current assets} / \text{Current liabilities}$

(2) Quick ratio = $(\text{Current assets} - \text{inventories} - \text{prepaid expenses}) / \text{Current liabilities}$

(3) Times interest earned = $\text{Earnings before interest and taxes} / \text{Interest expenses}$

3. Operating performance

(1) Accounts receivable turnover (times) (includes accounts collectable & checks collectable) = $\text{Net sales} / \text{Average trade receivables (includes accounts collectable \& checks collectable)}$

(2) Average collection period = $365 / \text{Accounts receivable turnover (times)}$

(3) Inventory turnover (times) = $\text{Cost of goods sold} / \text{Average inventory}$

(4) Accounts payable turnover (times) (includes accounts payable & checks payable) = $\text{Cost of goods sold} / \text{Average payable (includes accounts payable \& checks payable)}$

(5) Average days in sales = $365 / \text{Inventory turnover (times)}$

(6) Fixed assets turnover (times) = $\text{Net sales} / \text{Average net property, plant and equipment}$

(7) Total assets turnover (times) = $\text{Net sales} / \text{Average total Asset}$

4. Profitability

(1) Return on total assets = $[\text{Net income} + \text{interest expense} \times (1 - \text{effective tax rate})] / \text{Average total asset}$

(2) Return on Stockholders' equity = $\text{Net Income attributable to shareholders of the parent} / \text{Average equity attributable to shareholders of the parent}$

(3) Net income margin = $\text{Net income} / \text{Net sales}$

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

5. Cash flow

(1) Cash flow ratio = $\text{Net cash provided by operating activities} / \text{Current liabilities}$

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

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

6. Leverage

(1) Operating leverage = $(\text{Net sales} - \text{variable cost}) / \text{Income from operations (note 7)}$

(2) Financial leverage = $\text{Income from operations} / (\text{Income from operations} - \text{Interest expenses})$

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

Note 9: The 2022 financial information presented above is based on the 2022 financial statements. Differences compared with 2022 figures in the 2023 financial statements are due to the adjustments to income taxes made due to the adoption of IFRS12.

2. Financial Analysis – IFRS (Standalone Financial Statements)

Item (Note 4)		Year	Financial Analysis for the latest Five Fiscal Years (Note1)				
			2019	2020	2021	2022	2023
Solvency (%)	Total Debt to Assets		63.23	63.41	66.80	66.73	66.24
	Long Term Capital to Fixed Assets		420.42	526.17	502.88	519.75	732.23
Liquidity analysis (%)	Current Ratio		120.11	141.24	125.68	116.93	133.21
	Quick Ratio		87.14	107.21	97.27	81.18	92.93
	Times Interest Earned		24.93	30.31	40.75	38.95	19.27
Operating performance analysis	Average Collection Turnover (times)		5.41	5.99	8.28	8.05	5.63
	Average Collection Days		68	61	45	46	64.83
	Average Inventory Turnover (times)		2.55	3.56	3.63	3.25	2.42
	Average Payables Turnover (times)		4.39	4.52	4.66	4.29	4.12
	Average Days in Sales		144	103	101	113	151
	Fixed Asset Turnover (times)		10.40	10.86	13.93	14.89	13.60
	Total Asset Turnover (times)		1.15	1.12	1.28	1.18	0.93
Profitability	Return on Total Asset (%)		4.77	5.74	7.88	8.85	7.45
	Return on Shareholders' Equity (%)		12.26	15.14	22.19	25.97	21.09
	Pre-tax Profit to Capital Stocks (%) (Note 8)		47.00	60.83	98.77	135.58	129.82
	Net Income Margin (%)		3.99	4.96	6.01	7.32	7.61
	Earnings per Share (NT\$) (Note 3)		3.78	4.88	8.24	11.34	10.96
Cash flow	Cash Flow Ratio (%)		8.71	13.84	(5.98)	3.68	(4.02)
	Cash Flow Adequacy Ratio (%) (Note 6)		28.98	42.54	22.81	25.46	9.22
	Cash Flow Reinvestment Ratio (%)		3.05	7.28	(15.24)	(2.19)	(12.75)
Leverage	Operating Leverage		2.01	1.90	1.63	1.79	1.63
	Financial Leverage		1.05	1.04	1.04	1.05	1.08

Item (Note 4)	Year	Financial Analysis for the latest Five Fiscal Years (Note1)				
		2019	2020	2021	2022	2023
Explanation for trends for the latest two fiscal years (not required for variances below 20%):						
(1) Solvency Analysis:						
Increase in long-term capital to fixed assets ratio: This was mainly due to the issuance of convertible bonds in 2023, which increased long-term liabilities.						
(2) Liquidity Analysis:						
Decrease in times interest earned: This was due to increased bank borrowings in 2023 for the Company's operational funding needs.						
(3) Operating Efficiency Analysis:						
① Decrease in accounts receivable turnover ratio and increase in average collection period: This was mainly due to the increase in the average accounts receivable balances in 2023, coupled with a decrease in operating income, resulting in a decrease in the accounts receivable turnover ratio and an increase in the average collection period.						
② Decrease in inventory turnover ratio and increase in average days inventory on hand: This was primarily due to the increase in the average inventory balances in 2023, coupled with a decrease in the cost of goods sold, resulting in a decrease in the inventory turnover ratio and an increase in the average days inventory on hand.						
③ Decrease in total asset turnover ratio: This was mainly due to the increase in the average total asset balance in 2023, coupled with a decrease in operating income.						
(4) Cash Flow Analysis:						
① Decrease in cash flow ratio: This was mainly due to net cash outflow from operating activities in 2023, compared to net cash inflow in 2022, resulting in a decrease in the cash flow ratio in 2023 compared to 2022.						
② Decrease in cash flow adequacy ratio: This was primarily due to decrease in net cash inflow from operating activities over the past five years, coupled with increases in inventory and capital expenditures, resulting in a decrease in the cash flow adequacy ratio in 2023 compared to 2022.						
③ Decrease in cash reinvestment ratio: This was mainly caused by net cash outflow from operating activities in 2023, compared to net cash inflow in 2022, resulting in a decrease in the cash reinvestment ratio in 2023 compared to 2022.						

* Companies with standalone financial statement shall prepare separate financial ratio analysis.

* If the Company adopted IFRS for less than five years, it shall present financial information prepared in accordance Enterprise Accounting Standards separately.

Note 1: Financial information that have not been audited shall be disclosed: Not applicable as financial information disclosed above have been audited by public accounts.

Note 2: Prior to the Annual Report print date, listed companies should disclose any recently audited or reviewed financial information.

Note 3: Earnings per share have been calculated by retrospectively adjusting for share increases due to conversion of profits or corporate bonds to shares

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

1. Financial structure

(1) Debt to asset 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) Times interest earned = 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) Net income margin = Net income / Net sales

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

5. Cash flow

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

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

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

6. Leverage

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 9: The 2022 financial information presented above is based on the 2022 financial statements. Differences compared with 2022 figures in the 2023 financial statements are due to the adjustments to income taxes made due to the adoption of IFRS12 .

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

Marketch International Corp. Audit Committee Audit Report

We, as the Audit Committee of MIC Group, have reviewed the 2023 Business Report, Financial Statements and Earnings Distribution Proposal submitted by the Board of Directors. The 2023 Financial Statements were audited by Independent Accountants Wang, Sung-Tse and Lin, Chun-Yao of PricewaterhouseCoopers (PwC), and are supported with an audit report issued by PwC. The aforementioned information have been reviewed by the Audit Committee and are deemed to be free of discrepancies. The 2023 Business Report, Financial Statements and Earnings Distribution Proposal are hereby submitted to you according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Sincerely yours,

Chairperson of Audit Committee, Lin Hsiao-Ming

February 19, 2024

- 4. Consolidated Financial Statement in the most recent fiscal year: please refer to audited consolidate report.**
- 5. Standalone 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 audited 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. Financial Overview

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

1. Lastest two fiscal year-ends' balance sheets and explanation for significant changes

Unit: NT\$, thousands

Description \ Year	As of December 31, 2023	As of December 31, 2022	Changes	
			Amount	%
Current assets	39,459,227	30,098,714	9,360,513	31.10
Property, plant and equipment	2,414,956	2,441,994	(27,038)	(1.11)
Intangible assets	98,634	109,186	(10,552)	(9.66)
Other assets	4,723,887	2,677,164	2,046,723	76.45
Total assets	46,696,704	35,327,058	11,369,646	32.18
Current liabilities	30,223,059	23,946,207	6,276,852	26.21
Non-current liabilities	5,237,606	1,899,849	3,337,757	175.69
Total liabilities	35,460,665	25,846,056	9,614,609	37.20
Capital stock	2,013,154	1,950,284	62,870	3.22
Capital surplus	2,498,186	1,787,330	710,856	39.77
Retained earnings	6,858,371	5,800,054	1,058,317	18.25
Other equity interest	(226,430)	(182,589)	(43,841)	(24.01)
Equity attributable to shareholders of the parent	11,143,281	9,355,079	1,788,202	19.11
Non-controlling interests	92,758	125,923	(33,165)	(26.34)
Total equity	11,236,039	9,481,002	1,755,037	18.51

Trend Analysis: (Analysis provided for changes exceeding 20% and NT\$10 million)

(1) Increase in Current Assets:

Primarily due to an increase in contract assets, accounts receivable, and inventory as of the end of 2023.

(2) Increase in Non-current Assets: Mainly attributable to an increase in financial assets measured at fair value through profit or loss and right-of-use assets as of the end of 2023.

(3) Increase in Current Liabilities: Mainly due to an increase in short-term borrowings and contract liabilities as of the end of 2023.

(4) Decrease in Non-current Liabilities: Primarily resulting from an increase in corporate bonds and lease liabilities as of the end of 2023.

(5) Increase in Capital Surplus: Mainly due to the conversion of unsecured convertible bonds into shares and issuance of unsecured convertible bonds in 2023.

(6) Decrease in Other Equity: Mainly attributable to an increase in foreign exchange losses from translation of overseas subsidiaries' financial statements in 2023.

(7) Decrease in non-controlling interest: Mainly due to increase in net loss attributable to non-controlling interest in 2023.

Note: The 2022 financial information presented above is based on the 2022 financial statements. Differences compared with 2022 figures in the 2023 financial statements are due to the adjustments to income taxes made due to the adoption of IFRS12.

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) Standalone Financial Overview (standalone financial statements)

1. Lastest two fiscal year-ends' balance sheets and explanation for significant changes

%

Unit: NT\$, thousands

Description \ Year	As of December 31,2023	As of December 31,2022	Changes	
			Amount	%
Current assets	23,522,368	20,251,059	3,271,309	16.15
Property, plant and equipment	2,096,066	2,078,508	17,558	0.84
Intangible assets	71,455	77,464	(6,009)	(7.76)
Other current assets	7,315,771	5,715,765	1,600,006	27.99
Total assets	33,005,660	28,122,796	4,882,864	17.36
Current liabilities	17,657,733	17,319,656	338,077	1.95
Non-current liabilities	4,204,646	1,448,061	2,756,585	190.36
Total liabilities	21,862,379	18,767,717	3,094,662	16.49
Capital stock	2,013,154	1,950,284	62,870	3.22
Capital surplus	2,498,186	1,787,330	710,856	39.77
Retained earnings	6,858,371	5,800,054	1,058,317	18.25
Other equity interest	(226,430)	(182,589)	(43,841)	(24.01)
Total equity	11,143,281	9,355,079	1,788,202	19.11
Trend Analysis: (Analysis provided for changes exceeding 20% and NT\$10 million)				
(1) Increase in Other Assets: Primarily attributable to an increase in financial assets measured at fair value through profit or loss, investments accounted for using the equity method, and right-of-use assets as at the end of 2023.				
(2) Increase in Non-current Liabilities: Mainly due to an increase in corporate bonds and lease liabilities as of the end of 2023.				
(3) Increase in Capital Surplus: Mainly due to the conversion of unsecured convertible bonds into shares and issuance of unsecured convertible bonds in 2023.				
(4) Decrease in Other Equity: Mainly attributable to an increase in foreign exchange losses from translation of oversea subsidiaries' financial statements in 2023.				

Note: The 2022 financial information presented above is based on the 2022 financial statements. Differences compared with 2022 figures in the 2023 financial statements are due to the adjustments to income taxes made due to the adoption of IFRS12.

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. Financial Performance

1) Consolidated Financial Performance Analysis (consolidated financial statement)

1. Latest two fiscal year profit and loss accounts and explanations for significant changes

Unit: NT\$ thousands; %
(Earnings per share in NT\$)

Description \ Year		2023	2022	Amount increased (decreased)	Proportion change (%)
Net Operating Income		56,279,732	50,366,704	5,913,028	11.74
Operating Cost		51,032,096	44,980,634	6,051,462	13.45
Gross profit		5,247,636	5,386,070	(138,434)	(2.57)
Operating expenses		2,813,262	2,519,820	293,442	11.65
Operating income from operations		2,434,374	2,866,250	(431,876)	(15.07)
Non-operating income and expenses		402,786	130,188	272,598	209.39
Income before tax		2,837,160	2,996,438	(159,278)	(5.32)
Income Tax		735,931	846,631	(110,700)	(13.08)
Net Income of Continuing Operations		2,101,229	2,149,807	(48,578)	(2.26)
Other comprehensive income (loss) (after tax)		(46,685)	91,713	(138,398)	(150.90)
Total comprehensive income (loss)		2,054,544	2,241,520	(186,976)	(8.34)
Net income attributable to shareholders of the parent		2,161,833	2,210,709	(48,876)	(2.21)
Net income attributable to non-controlling interests		(60,604)	(60,902)	298	(0.49)
Total comprehensive income attributable to shareholders of the parent		2,115,141	2,302,080	(186,939)	(8.12)
Total comprehensive income attributable to the non-controlling interests		(60,597)	(60,560)	(37)	0.06
EPS (NT\$)	BasicEPS for current period	10.96	11.34	(0.38)	(3.35)
	Diluted EPS for current period	10.47	10.87	(0.40)	(3.68)
<p>(1) Explanations for recent two years' trends and changes in gross profit exceeded 20%. (Analysis provided for changes exceeding 20% and NT\$10 million)</p> <ol style="list-style-type: none"> 1. Increase in Non-Operating income and expenses: Mainly due to increase in gains from financial assets measured at fair value through profit and loss. 2. Other Comprehensive Loss (after tax) increase: Mainly due to the increase in exchange differences (losses) from translation of oversea subsidiaries' financial statements in 2023. <p>(2) Analysis of changes in gross profit:</p> <ol style="list-style-type: none"> 1. Explanation of Changes: Changes below 20%, thus explanation not provided. 2. Price-Volume Analysis: Not applicable. 					

Note: The 2022 financial information presented above is based on the 2022 financial statements. Differences compared with 2022 figures in the 2023 financial statements are due to the adjustments to income taxes made due to the adoption of IFRS12

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 2024 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 2023 and orders to be released. Therefore, it does not have big impacts on the Group's finances.

2) Standalone Financial Performance Analysis (standalone financial statement)

1. Latest two fiscal year profit and loss accounts and explanations for significant changes

Unit: NT\$ thousands; %
(Earnings per share in NT\$)

Description \ Year		2023	2022	Amount increase (decrease)	Proportion change (%)
Net Operating Income		28,394,864	30,201,152	(1,806,288)	(5.98)
Operating Cost		24,774,033	27,030,316	(2,256,283)	(8.35)
Gross profit		3,620,831	3,170,836	449,995	14.19
Operating expenses		1,667,042	1,636,538	30,504	1.86
Operating income from operations		1,953,789	1,534,298	419,491	27.34
Non-operating income and expenses		659,652	1,109,872	(450,220)	(40.57)
Income before tax		2,613,441	2,644,170	(30,729)	(1.16)
Income Tax		451,608	433,461	18,147	4.19
Net income		2,161,833	2,210,709	(48,876)	(2.21)
Other comprehensive income (loss) (after tax)		(46,692)	91,371	(138,063)	(151.10)
Total comprehensive income for the year		2,115,141	2,302,080	(186,939)	(8.12)
EPS (NT\$)	Basic EPS for current period	10.96	11.34	(0.38)	(3.35)
	Diluted EPS for current period	10.47	10.87	(0.40)	(3.68)
<p>(1) Explanations for recent two years' trends and changes in gross profit exceeded 20%. (Analysis provided for changes exceeding 20% and NT\$10 million)</p> <ol style="list-style-type: none"> 1. Increase in Operating Income: Mainly due to the increase in operating gross profit and effective cost control in 2023. 2. Decrease Non-operating Income and Expenses: Primarily attributable to the increase in gains from financial assets measured at fair value through profit or loss in 2023, as well as a decrease in investments accounted for using the equity method. 3. Other Comprehensive Loss (after tax) increase: Mainly due to the increase in exchange differences (losses) from translation of oversea subsidiaries' financial statements in 2023. <p>(2) Analysis of changes in gross profit:</p> <ol style="list-style-type: none"> 1. Explanation of Changes: Changes below 20%, thus explanation not provided. 2. Price-Volume Analysis: Not applicable. 					

Note: The 2022 financial information presented above is based on the 2022 financial statements. Differences compared with 2022 figures in the 2023 financial statements are due to the adjustments to income taxes made due to the adoption of IFRS12

3. Analysis of Cash Flow

1) Consolidated Financial Performance Analysis (consolidated financial statement)

1. Change in cash flows for the latest year

Unit: NT\$ thousands

Cash and cash equivalents at beginning of period (December 31, 2022)	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, 2023)
6,481,297	(4,174,266)	(558,776)	5,563,824	(101,993)	7,210,086
Analysis of changes in cash flows for the current year (2023) are as follows:					
(1) The net cash outflow from operating activities amounted to NT\$4,174,266 thousand. This was mainly due to increased in construction costs for plant projects.					
(2) The net cash outflow from investing activities was NT\$558,776 thousand. This was primarily due to the acquisition of financial assets measured at fair value through profit or loss and the purchase of property, plant, and equipment to meet operational and production needs.					
(3) The net cash inflow from financing activities was NT\$5,563,824 thousand. This was mainly due to increased bank borrowings and the issuance of unsecured convertible corporate bonds for the Company's working capital needs.					
In summary, the net cash flow for the year of 2023 resulted in a net cash inflow, leading to an increase in cash balance at period end compared to the beginning of the year.					

2. Liquidity analysis in the latest year

Unit: %

Item \ Year	2023	2022	Change (%)
Cash Flow Ratio	(13.81)	5.83	(336.88)
Cash Flow Adequacy Ratio	0.76	45.10	(98.31)
Cash Reinvestment Ratio	(33.14)	4.49	(838.08)
Analysis of Percentage Change (increase/decrease) in ratio (for changes greater than 20% between two periods):			
(1) Decrease in cash flow ratio: The decrease is primarily attributed to net cash outflow from operating activities in 2023 compared to net cash inflow in 2022.			
(2) Decrease in cash flow adequacy ratio: The decrease is mainly due to a decrease in net cash inflow from operating activities over the past five years.			
(3) Decrease in cash reinvestment ratio: The decrease is primarily due to net cash outflow from operating activities in 2023 compared to net cash inflow in 2022.			

3. Liquidity analysis for future year

Unit : NT\$ thousands

Cash and cash equivalents at beginning of period (December 31, 2023)	Net cash flow from operating activities ②	Cash outflow ③	Cash surplus (deficit) ①+②-③	Cash deficiency planning	
				Investment plans	Financing plans
7,210,086	1,867,348	(1,055,279)	8,022,155	Not applicable	
Analysis of Expected Cash Flow Changes in 2024 are as follows:					
<div>(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.</div> <div>(2) Investing Activities: It is expected that there will be a net cash outflow from investing activities in the coming year primarily due to investments in long-term assets, expansion of facilities, and purchase of equipment.</div> <div>(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.</div>					
Remedial Measures for Expected Cash Shortfalls and Liquidity Analysis: Not applicable.					
Contingency plans expected for projected insufficient cash position and the liquidity analysis: Not applicable.					

2) Analysis of standalone cash flows (Standalone Financial Statements)

1. Changes of cash flows in the latest year

Unit : NT\$ thousands

Cash and cash equivalents at beginning of period (December 31, 2022)	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, 2023)
2,643,998	(710,117)	(1,438,856)	2,276,719	2,771,744

Analyses of changes in cash flows for the year 2023 are as follows:

- (1) Net cash outflow from operating activities was NT\$710,117 thousand dollars, mainly due to increased accounts receivable and payments made to suppliers for procurement and contracting.
- (2) Net cash outflow from investing activities was NT\$1,438,856 thousand dollars, primarily due to increased investments in financial assets measured at fair value through profit or loss, investments in subsidiaries, and increased funds provided to subsidiaries for operational needs.
- (3) Net cash inflow from financing activities was NT\$2,276,719 thousand dollars, mainly due to the issuance of unsecured convertible bonds.

In summary, the overall cash flow for the year 2023 was a net cash inflow, resulting in an increase in the ending cash balance compared to the beginning cash balance.

2. Liquidity analysis in the latest year

Unit: %

Item \ Year	2023	2022	Variance (%)
Cash Flow Ratio	(4.02)	3.68	(7.70)
Cash Flow Adequacy Ratio	9.22	25.46	(16.24)
Cash Reinvestment Ratio	(12.75)	(2.19)	(10.56)
Analysis of Percentage Change (increase/decrease) in ratio (for changes greater than 20% between two periods):			
(1) Decrease in Cash Flow Ratio: The decrease in the cash flow ratio in 2023 compared to 2022 is primarily due to the net cash outflow from operating activities in 2023, compared to the net cash inflow from operating activities in 2022.			
(4) Decrease in Cash Flow Adequacy Ratio: The decrease in the cash flow adequacy ratio in 2023 compared to 2022 is mainly due to the decrease in net cash inflow from operating activities over the past five years, coupled with an increase in inventory and capital expenditures.			
(5) Decrease in Cash Reinvestment Ratio: The decrease in the cash reinvestment ratio in 2023 compared to 2022 is primarily due to the net cash outflow from operating activities in 2023, compared to the net cash inflow from operating activities in 2022.			

3. Liquidity analysis in the future one year

Unit : NT\$ thousands

Cash and cash equivalents at beginning of period (December 31, 2023)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
2,771,744	1,301,319	(1,105,795)	2,967,268	Not applicable	

- Analysis of Expected Cash Flow Changes in 2024 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.
- Remedial Measures for Expected Cash Shortfalls and Liquidity Analysis: Not applicable.
- 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:

- 1) Operation condition of major capital expenditure and its capital resources in recent years: None.
- 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:

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 China, Singapore, South Korea, Vietnam, Malaysia, Myanmar, Indonesia, Netherland, USA, Japan, Germany 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.

2) Analysis of reasons for profit or loss from investments

In 2023, the profit from investments accounted for via the equity-method amounted to NT\$80,115 thousand. The operating performance of the invested companies meet expectations. The Company continues to focus on its core business, leveraging internal resources to achieve strong operational performance. If there are other investment opportunities that can generate synergies, we will carefully assess and monitor them before investing..

6. Analysis of Risk Management

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.

- (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.
- (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.

- (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.
 - (4) 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.
- 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.
 - (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.
 - (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.
 - (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.
- 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\$31 million.
- 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.
- 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, Korea, Vietnam, Malaysia, Myanmar, Indonesia Netherlands, United States, Japan, and Germany 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) 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.

- 7) The expected benefits, possible risk and the response measures of acquisitions of the most recent year and the latest annual report: None.

- 8) The expected benefits, possible risk and the response measures of plant expansion of the most recent year up to the date of the 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.

In response to the expansion of business operations and the need for increased production capacity, the Company acquired property right of use from the Southern Taiwan Science Park Administration of the National Science and Technology Development Center in 2023. We plan to construct a new plant in the Southern Science Park, to address the insufficient production area and contribute to business development and overall competitiveness of our group.

- 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.

- 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.

- 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.

- 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

- 13) Other major risks and the response measures of the most recent year and the latest annual report: None

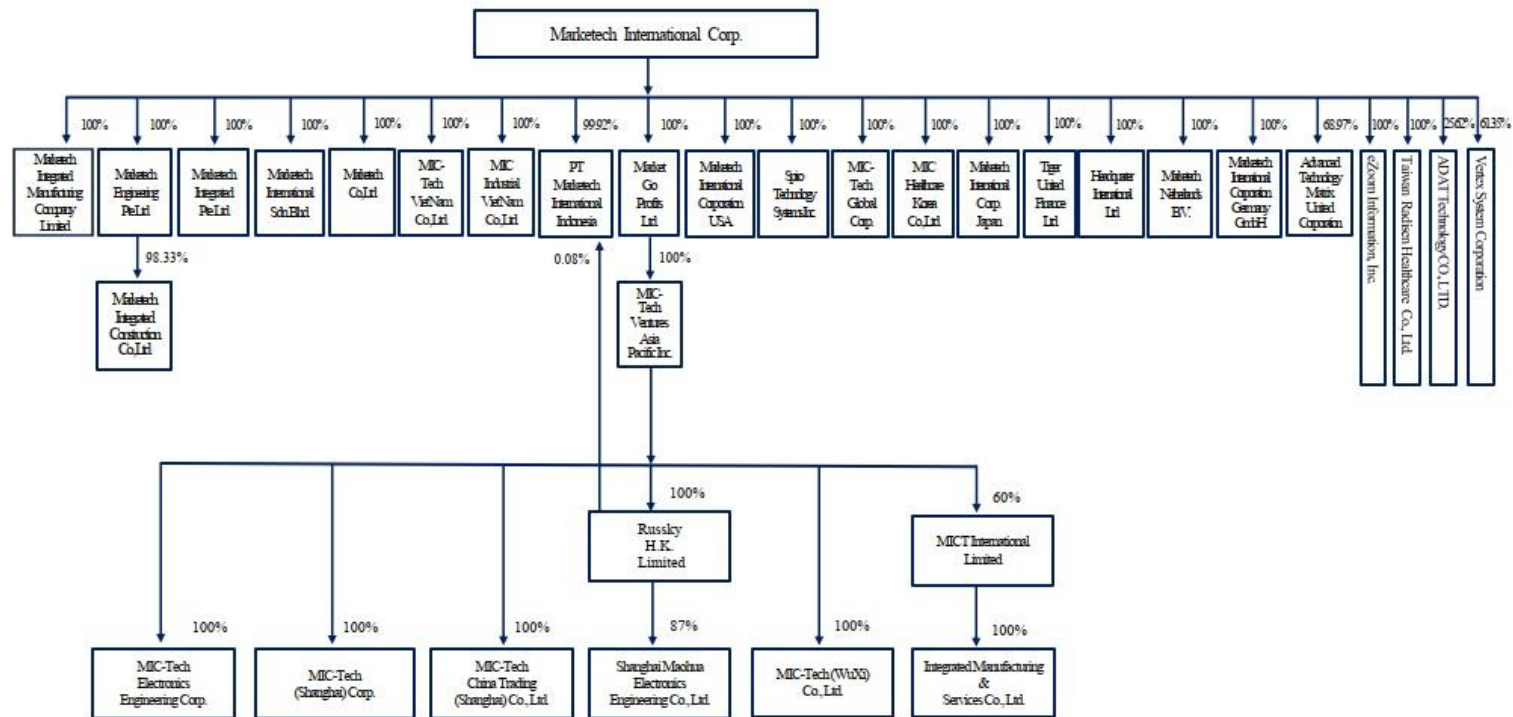
7. Other Important Matters: None.

Part 8. Other items deserving special mention

1. Information related to the Company's Related Parties

- 1) Consolidated Report on Related Parties
 1. Overview of Related Parties
 - (1) Related Party Organizational Chart

MIC Group Structure



- (2) Controlled company and affiliation under the presumption of Article 369-3 of the Company Law: None.
- (3) Affiliation with personnel, finances or business operations directly or indirectly controlled by the Company under the second item of Article 369-2 of the Company Law: None.

2. Basic information of subsidiaries

December 31, 2023

Company Name	Date of establishment	Address	Paid in capital		Main businesses or production
			Source currency	NTD (in thousands)	
Marketech Integrated Pte. Ltd.	Jul. 10, 1997	86 KaKi Bukit Industrial Terrace, Singapore 416166	SGD 14,636,958	340,895	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 40,119,104	1,231,857	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	39,590	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	43,305	Engaged in holdings and reinvestment
MIC-Tech Global Corp.	Oct. 18, 2004	RM918,Hyundai Office Bldg,9-4,Sunae 1-dong,Bundang-gu,Seongnam-si, Gyeonggi-do,Korea	KRW 657,800,000	15,728	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 9,000,000	276,345	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	73,692	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	1,228,710	Engaged in holdings and reinvestment

December 31, 2023

Company Name	Date of establishment	Address	Paid in capital		Main businesses or production
			Source 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 16,871,250	108,162	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 1,270,133	29,581	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 900,000	27,635	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	471,506	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	36,846	Trading machinery and equipment
Marketech Netherlands B.V.	Jun.30.2017	Luchthavenweg 81,8657 EA Eindhoven	EUR 1,200,000	40,776	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 18,450,000	566,507	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	30,705	General international trade

December 31, 2023

Company Name	Date of establishment	Address	Paid in capital		Main businesses or production
			Source currency	NTD (in thousands)	
MIC Healthcare Korea Co., Ltd	Oct. 21, 2021	1608, 199, Baekbum-Ro, Mapo-Gu, Seoul, Korea	KRW1,800,000,000	43,038	Sale and research development of Medical equipment technology ,trading business
Marketch International Corp. Japan	Apr. 20, 2022	6F Shimotori NS Bld. 1-3-8 Shimotori Chuo-ku, Kumamoto-shi, Kumamoto-ken 860-0807, Japan	JPY 300,000,000	65,160	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	25,577	Engaged in holdings and reinvestment
Advanced Technology Matrix United	Feb. 17, 2022	23040 N 11th Ave, Suite 100, Phoenix, AZ 85027, USA	USD 2,900,000	89,045	Warehouse and logistics services; sales agency business for semiconductor equipment, spare parts, and consumables, and semiconductor materials
Marketch International Corporation Germany GmbH	Aug. 9, 2023	Altmarkt 10 B/D, 01067 Dresden, Germany	EUR 200,000	6,796	Sales of equipment and components; technical services
MIC Industrial Viet Nam Co., Ltd.	Sept. 13, 2023	No 5A, Cluster 3, Trung Hamlet, Dang Giang Ward, Ngo Quyen District, Haiphong, Vietnam	USD 1,300,000	39,917	Assembly and testing subcontracting for refrigeration equipment
Shanghai Maohua Electronics Engineering Co.,Ltd.	Apr. 21, 1998	No.36,Alley2777,JinxuRd(E),Pudong,Shanghai,P.R.C 20120, China	USD 600,000	18,423	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

Company Name	Date of establishment	Address	Paid in capital		Main businesses or production
			Source currency	NTD (in thousands)	
					and related support services for electronic products, 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	253,040	Sales, agency, import/export, and other related support services for equipment, consumables, chemicals, and spare parts in the semiconductor industry and other industries; equipment installation and maintenance services; bonded zone trade agency and business consulting 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	540,991	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	782,978	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,

Company Name	Date of establishment	Address	Paid in capital		Main businesses or production
			Source currency	NTD (in thousands)	
					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	46,058	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	276,345	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	214,935	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.
eZoom Information, Inc.	Nov. 20, 1996	6F-3, No. 3-2, Yuanqu Street, Nangang District, Taipei	NTD 111,000,000	111,000	Research and development, buying and selling and consultation of information system software and hardware

December 31, 2023

Company Name	Date of establishment	Address	Paid in capital		Main businesses or production
			Source currency	NTD (in thousands)	
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.

3. Shareholders in command Its Subsidiaries with Deemed Control and Subordination:

Unit: NT\$ 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.

4. Businesses covered by the overall affiliation

(1) Industries covered by the Company and the subsidiaries

- 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 optoelectronics, 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, optoelectronics 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, 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.
- 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, optoelectronics and other high-tech industries as well as traditional industries.

(2) Business dealings and division of labor between the subsidiaries:

The Company and its subsidiaries that it deals business with are involved in high-technology products related sales agent activities and services, factory affairs, production and system integration services and equipment production. The companies have adopted division of work based on their specialization in terms of their cooperation: The Company is responsible for the expansion of domestic and foreign market and related services as well as the overall operational planning, control, execution and technical instructions for its subsidiaries; eZoon aims to build ICT and cloud computation integrated technology as its core competitiveness, integrate the Group business and sources, and collaborate with the Group to conduct a comprehensive marketing in order to maximize the overall effectiveness and to expand business opportunity. Marketch Integrated Pte. Ltd., Marketch International Sdn. Bhd., Mic-Tech Viet Nam Co., Ltd., Marketch Co., Ltd., MIC Industrial Viet Nam Co., Ltd. & Marketch Intergrated Construction Co., Ltd., Marketch Integrated Manufacturing

Company Limited and PT Marketch 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. Marketch International Corporation USA is mainly responsible for market business development, equipment manufacturing installation and maintenance services in the US, Spiro Technology Systems Inc. and Advanced Technology Matrix United are mainly responsible for the procurement of customized equipment components in the Americas. Marketch Netherlands B.V. and Marketch International Corporation Germany GmbH 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., 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 Marketch 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.

5. Information of directors, supervisors and general manager of all subsidiaries

Unit: Doller; shares: %

December 31, 2023

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	Margaret Kao Scott Lin Loo Lam Huat	SGD 14,636,958	100%
Market Go Profits Ltd.	Director Director	Margaret Kao Scott Lin	USD 40,119,104	100%
Headquarter International Ltd.	Director Director	Margaret Kao Scott Lin	USD 1,289,367	100%
Tiger United Finance Ltd.	Director Director	Margaret Kao Scott Lin	USD 1,410,367	100%
MIC-Tech Global Corp.	Director Director Director Supervisor General Manager	Margaret Kao Scott Lin Pu Zhen-Hao Li Yi-Jung Pu Zhen-Hao	KRW 657,800,000	100%
MIC-Tech Viet Nam Co.,Ltd.	General manager	Margaret Kao	USD 9,000,000	100%
Marketech Co., Ltd.	General manager	Margaret Kao	USD 2,400,000	100%
MIC-Tech Ventures Asia Pacific Inc.	Director Director	Margaret Kao Scott Lin	USD 40,016,604	100%
Marketech International Sdn.Bhd.	Director Director Director Director Director	Margaret Kao Scott Lin Ma Kuo-Peng Mohd Salleh Bin Mohamad Siti Zaleha Binti Mohd Salim	MYR 16,871,250	100%
Marketech Engineering Pte.Ltd.	Director Director Director	Margaret Kao Scott Lin Loo Lam Huat	SGD 1,270,133	100%
Marketech Integrated Construction Co., Ltd.	Director Director	Margaret Kao Scott Lin	USD 900,000	98.33%
Marketech Integrated Manufacturing Company Limited	Director Director	Margaret Kao Scott Lin	USD 15,356,000	100%
PT Marketech International Indonesia	Director Director Director Supervisor	Margaret Kao Scott Lin NATALRIANA Li Yi-Jung	USD 1,200,000	100%

Unit: Doller; shares: %

December 31, 2023

Company Name	Title	Name or representative	Shareholding (Note 2 and 3)	
	(Note 1)		Number of shares or capital contributions	Shareholding ratios
Marketch Netherlands B.V.	Director Director Director	Margaret Kao Scott Lin Ma Kuo-Peng	EUR 1,200,000	100%
Marketch International Corporation USA	Director Director	Sung Ping-Chung Cheng Chieh-Chung	USD 18,450,000	100%
Spiro Technology Systems Inc.	Director Director Director General manager	Margaret Kao Scott Lin Sung Ping-Chung Sung Ping-Chung	USD 1,000,000	100%
MIC Healthcare Korea Co., Ltd	Director Director Director Supervisor	Sung Margaret Kao Scott Lin Joon Ho Baek Li Yi-Jung	KRW 1,800,000,000	100%
Marketch International Corp. Japan	Director	Margaret Kao	JPY 300,000,000	100%
Rusky H.K. Limited	Director Director	Margaret Kao Scott Lin	USD 833,000	100%
Frontken MIC Co. Limited	Director Director	Margaret Kao Scott Lin	USD 2,337,608	100%
Advanced Technology Matrix United	Director Director Director Director Director Director Director	Margaret Kao Scott Lin Sung Ping-Chung Yu Chung-Hao Cheng Chieh-Chung Hsiao Chien-Yu Wu Chun-Yu Yang Tye-Shyan	USD 2,900,000	68.97%
Marketch International Corporation Germany GmbH	Executive Director Executive Director	Sung Ping-Chung Yu Chung-Hao	EUR 200,000	100%
MIC Industrial Viet Nam Co., Ltd.	President	Margaret Kao	USD 1,300,000	100%
Shanghai Maohua Electronics Engineering Co.,Ltd.	Chairman Director Director Supervisor General manager Director Director	Margaret Kao Ma Kuo-Peng Scott Lin Li Yi-Jung Margaret Kao Shouhei Fukaya Osamu Watanabe	USD 600,000	87%
MIC-Tech (Shanghai) Corp. Ltd.	Chairman Director Director Supervisor General manager	Margaret Kao Scott Lin Ma Kuo-Peng Li Yi-Jung Margaret Kao	USD 8,241,000	100%

Unit: Dollar; shares: %

December 31, 2023

Company Name	Title	Name or representative	Shareholding (Note 2 and 3)	
	(Note 1)		Number of shares or capital contributions	Shareholding ratios
MIC-Tech Electronics Engineering Corp.	Chairman Director Director	Margaret Kao Ma Kuo-Peng Scott Lin	USD 17,619,000	100%
MIC-Tech(WuXi) Co., Ltd.	Chairman Director Director Supervisor General manager	Margaret Kao Ma Kuo-peng Scott Lin Li Yi-Jung Margaret Kao	USD 25,500,000	100%
MIC-Tech China Trading (Shanghai)Co., Ltd	Chairman Director Director Supervisor General manager	Margaret Kao Scott Lin Ma Kuo-peng Li Yi-Jung Scott Lin	USD 1,500,000	100%
MICT International Limited	Director Director Director	Margaret Kao Scott Lin Jia Da You	USD 4,296,716	60%
Integrated Manufacturing & Services Co., Ltd.	Chairman Director Director Supervisor Manager	Margaret Kao Li Yi-Jung You Zheng-Cun Scott Lin Lin Zhi-Fu	USD 3,900,000	60%
eZoom Information, Inc.	Chairman Director Director Director Supervisor	Corporate representatives Scott Lin Corporate representatives Margaret Kao Corporate representatives Sung Ping-Chung Corporate representatives Li Yi-Jung Corporate representatives Ma Kuo-Peng	11,100,000	100%
ADTA Technology Co., LTD	Chairman Director Director Supervisor	Corporate representatives Scott Lin Corporate representatives Sung Margaret Kao Su Kai-Hung Li Yi-Jung	5,005,940	25.62%

Unit: Doller; shares: %

December 31, 2023

Company Name	Title	Name or representative	Shareholding (Note 2 and 3)	
	(Note 1)		Number of shares or capital contributions	Shareholding ratios
Smart Health Corp.	Chairman Supervisor	Corporate representatives Margaret Kao Corporate representatives Li Yi-Jung	50,000	100%
Vertex System Corporation	Chairman Director Director Supervisor Supervisor	Corporate representatives from other firm Chang, Yu-Hui Corporate representatives Scott Lin Margaret Kao Tsai Li-Ling Li Yi-Jung	5,000,000	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

1. Financial position and operating results of the affiliated companies

Unit: NT\$ thousands

Company Name	Capital	Total assets	Total liabilities	Net Value	Operating income	Operating (loss) gain	(Loss) gain of the period (after tax)	Earnings per share (loss) (NTD) (after tax)
Marketech Integrated Pte. Ltd.	340,895	152,157	97,855	54,302	208,801	5,683	865	-
Market Go Profits Ltd.	1,231,857	2,521,328	-	2,521,328	-	(119)	488,991	-
Headquarter International Ltd.	39,590	36,823	276,	36,547	2,182	(132)	(512)	-
Tiger United Finance Ltd.	43,305	35,059	585,	34,474	2,762	324	(194)	-
MIC-Tech Global Corp.	15,728	26,586	7,755	18,831	185,938	2,558	4,068	-
MIC-Tech Viet Nam Co., Ltd.	276,345	304,420	86,444	217,976	92,674	(3,775)	(4,565)	-
Marketech Co., Ltd.	73,692	8,061	9,727	(1,666)	6	(8,300)	(8,333)	-
MIC-Tech Ventures Asia Pacific Inc.	1,228,710	2,520,186	70	2,520,116	-	(1,187)	489,101	-
Marketech International Sdn. Bhd.	108,162	48,355	15,672	32,683	30,788	(38,582)	(39,504)	-
Marketech Engineering Ptd. Ltd.	29,581	2,909	94	2,815	-	(245)	(1,364)	-
Marketech Integrated Construction Co., Ltd.	27,635	3,225	783	2,442	21	(1,033)	(1,143)	-
Marketech Integrated Manufacturing Company Limited	471,506	129,723	3,106	126,617	1,066	(29,373)	(19,604)	-
PT Marketech International Indonesia	36,846	34,521	-	34,521	-	(739)	(745)	-
Marketech Netherlands B.V.	40,776	7,250	10,043	(2,793)	29,391	(8,361)	(8,309)	-
Marketech International Corporation USA	566,507	8,412,285	7,619,669	792,616	16,495,224	10,045	(180,857)	-
Spiro Technology Systems Inc.	30,705	107,665	23,779	83,886	85,555	1,174	1,279	-
MIC	43,038	5,016	552	4,464	2,325	(23,521)	(23,421)	-

Unit: NT\$ thousands

Company Name	Capital	Total assets	Total liabilities	Net Value	Operating income	Operating (loss) gain	(Loss) gain of the period (after tax)	Earnings per share (loss) (NTD) (after tax)
Healthcare Korea Co., Ltd.								
Marketch International Corp. Japan	65,160	62,635	7,421	55,214	928	(9,561)	(10,068)	-
Russky H.K. Limited	25,577	9,335	-	9,335	-	(371)	17,507	-
Frontken MIC Co. Limited(Note 3)	71,776	-	-	-	-	-	15	-
Advanced Technology Matrix United	89,045	89,172	226	88,946	-	(100)	(100)	-
Marketch International Corporation Germany GmbH	6,796	6,784	1,142	5,642	-	(1,131)	(1,144)	-
MIC Industrial Viet Nam Co., Ltd.	39,917	52,449	14,196	38,253	-	(1,177)	235	-
Shanghai Maohua Electronics Engineering Co., Ltd.	18,423	299,195	291,251	7,944	548,738	24,858	20,510	-
MIC-Tech (Shanghai) Corp. Ltd.	253,040	1,897,751	933,574	964,177	3,171,732	289,996	264,091	-
MIC-Tech Electronics Engineering Corp.	540,991	5,650,364	4,712,466	937,898	7,278,962	315,614	164,865	-
MIC-Tech(WuXi) Co., Ltd.	782,978	397,802	298,428	99,374	364,606	(28,423)	(40,911)	-
MIC-Tech China Trading (Shanghai)Co., Ltd	46,058	282,201	46,989	235,212	469,608	171,155	123,611	-
MICT International Limited	276,345	43,780	-	43,780	-	-	(9,370)	-
Integrated Manufacturing & Services Co., Ltd.	214,935	48,121	4,345	43,776	22,861	(6,398)	(9,370)	-
eZoom Information, Inc.	111,000	275,536	255,794	19,742	261,382	(90,471)	(90,761)	(6.42)
ADAT	195,426	69,624	24,698	44,926	6,844	(68,572)	(68,201)	(3.49)

Unit: NT\$ thousands

Company Name	Capital	Total assets	Total liabilities	Net Value	Operating income	Operating (loss) gain	(Loss) gain of the period (after tax)	Earnings per share (loss) (NTD) (after tax)
Technology Co., LTD								
Smart Health Corp.	500	333	-	333	-	(46)	(44)	(0.88)
Vertex System Corporation	81,500	86,185	52,279	33,906	38,629	(22,323)	(22,617)	(2.78)

Note 1: If any of the above affiliated companies is foreign, the number should be presented in NTD using the currency exchange rate of the report date.

Note 2: Earnings (loss) per share is calculated based on the number of shares outstanding of each company on December 31, 2023.

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

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.

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, 2023 AND 2022**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

Marketch International Corp.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

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

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

Opinion

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

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

Basis for opinion

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

Key audit matters

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

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

Recognition of construction contract revenue

Description

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

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

How our audit addressed the matter

We tailored the major audit scope as follows:

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

Valuation of inventories

Description

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

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

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

How our audit addressed the matter

We tailored the major audit scope as follows:

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

Valuation of loss allowance for accounts receivable

Description

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

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

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

How our audit addressed the matter

We tailored the major audit scope as follows:

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

Other matter – Parent company only financial reports

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

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

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

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

SUNG-TSE WANG

Lin, Chun-Yao

For and on Behalf of PricewaterhouseCoopers, Taiwan

February 19, 2024

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

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

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

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

(Continued)

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

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

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

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

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

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

(Continued)

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

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

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

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

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

		Equity attributable to owners of the parent										
		Capital Reserves			Retained Earnings			Financial statements translation differences of foreign operations	Total	Non-controlling interests	Total equity	
Notes	Share capital - ordinary shares	Capital Surplus - share premium	Capital Surplus- - others	Legal reserve	Special reserve	Unappropriated retained earnings						
Year ended December 31, 2022												
	\$	1,927,562	\$ 1,530,365	\$ 31,842	\$ 932,127	\$ 167,098	\$ 3,339,807	(\$ 256,244)	\$ 7,672,557	\$ 129,583	\$ 7,802,140	
Effects of retrospective application and retrospective restatement		-	-	-	-	-	668	-	668	-	668	
Balance at January 1 after adjustments		1,927,562	1,530,365	31,842	932,127	167,098	3,340,475	(256,244)	7,673,225	129,583	7,802,808	
Profit (loss) for the year		-	-	-	-	-	2,215,187	-	2,215,187	(60,902)	2,154,285	
Other comprehensive income for the year		-	-	-	-	-	17,716	73,655	91,371	342	91,713	
Total comprehensive income (loss)		-	-	-	-	-	2,232,903	73,655	2,306,558	(60,560)	2,245,998	
Appropriations and distribution of 2021 retained earnings:	6(18)											
Legal reserve		-	-	-	155,610	-	(155,610)	-	-	-	-	
Special reserve		-	-	-	-	89,146	(89,146)	-	-	-	-	
Cash dividends		-	-	-	-	-	(867,403)	-	(867,403)	-	(867,403)	
Share-based payment	6(15)	-	-	-	-	-	-	-	-	121	121	
Changes in ownership interest in subsidiaries	6(17)	-	-	383	-	-	-	-	383	(383)	-	
Conversion of convertible bonds	6(12)(16)(17)	22,722	232,010	(7,270)	-	-	-	-	247,462	-	247,462	
Change in non-controlling interests		-	-	-	-	-	-	-	-	57,162	57,162	
Balance at December 31, 2022		\$ 1,950,284	\$ 1,762,375	\$ 24,955	\$ 1,087,737	\$ 256,244	\$ 4,461,219	(\$ 182,589)	\$ 9,360,225	\$ 125,923	\$ 9,486,148	
Year ended December 31, 2023												
Balance at January 1, 2023		\$ 1,950,284	\$ 1,762,375	\$ 24,955	\$ 1,087,737	\$ 256,244	\$ 4,461,219	(\$ 182,589)	\$ 9,360,225	\$ 125,923	\$ 9,486,148	
Profit (loss) for the year		-	-	-	-	-	2,161,833	-	2,161,833	(60,604)	2,101,229	
Other comprehensive income (loss)		-	-	-	-	-	(2,851)	(43,841)	(46,692)	7	(46,685)	
Total comprehensive income (loss)		-	-	-	-	-	2,158,982	(43,841)	2,115,141	(60,597)	2,054,544	
Appropriations and distribution of 2022 retained earnings:	6(18)											
Legal reserve		-	-	-	222,842	-	(222,842)	-	-	-	-	
Special reserve		-	-	-	-	(73,655)	73,655	-	-	-	-	
Cash dividends		-	-	-	-	-	(1,105,811)	-	(1,105,811)	-	(1,105,811)	
Conversion of convertible bonds	6(12)(16)(17)	62,870	603,371	(18,762)	-	-	-	-	647,479	-	647,479	
Due to recognition of equity component of convertible bonds issued	6(12)(17)	-	-	126,247	-	-	-	-	126,247	-	126,247	
Change in non-controlling interests		-	-	-	-	-	-	-	-	27,432	27,432	
Balance at December 31, 2023		\$ 2,013,154	\$ 2,365,746	\$ 132,440	\$ 1,310,579	\$ 182,589	\$ 5,365,203	(\$ 226,430)	\$ 11,143,281	\$ 92,758	\$ 11,236,039	

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

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

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

(Continued)

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

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

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

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

(Expressed in thousands of New Taiwan dollars)

1. ORGANIZATION AND OPERATIONS

Marketch International Corp. (the “Company”) was incorporated in the Republic of China (R.O.C) on December 27, 1988. On October 17, 2002, the Company’s common shares were officially listed on the Taiwan Over-The-Counter Securities Exchange and on May 24, 2004, the shares were transferred to be listed on the Taiwan Stock Exchange. The Company and its subsidiaries (collectively referred herein as the “Group”) are mainly engaged in (i) import and trade of various integrated circuits, semiconductors, electrical equipment and materials, chemicals, gas, components; (ii) factory affair and mechatronic system including clean room, automatic supply system of (specialty) gas and chemicals, monitoring system, Turn-key and Hook-up Project services and (iii) design and manufacturing of customized equipment. Ennoconn International Investment Co., Ltd. owns 41.46% of the shares of the Company. The ultimate parent company of the Company is Ennoconn Corporation.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

The consolidated financial statements were approved by the Board of Directors on February 19, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

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

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

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

Upon adoption, the Group recognized a deferred tax asset and liability for all deductible and taxable temporary differences associated with right-of-use assets and lease liabilities, and all deductible and taxable temporary differences were recognized retrospectively as of January 1, 2022. Upon adoption, the Group recognized an increase in deferred tax assets by \$49,414, \$128,229 and \$264,120 and deferred tax liabilities by \$48,746 \$123,083, and \$230,867 as of January 1, 2022 and December 31, 2022, December 31, 2023, respectively, and a decrease in income tax expense by \$4,478 and \$28,106, and an increase in earnings per share by \$0.02 (in dollars) and \$0.14 (in dollars), for the years ended December 31, 2022 and 2023, respectively.

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

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

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

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

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

(2) Basis of preparation

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

(3) Basis of consolidation

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

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

B. Subsidiaries included in the consolidated financial statements:

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

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

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%)		Note
			December 31, 2023	December 31, 2022	
Marketech International Corp.	Taiwan Radisen HealthCare Co., Ltd. (Taiwan Radisen)	Smart medical consulting services and investment	100	100	-
Marketech International Corp.	MIC Healthcare Korea Co., Ltd.	R&D, sales and professional technical services of medical device and its parts; international trade and import and export business	100	100	-
Marketech International Corp.	Vertex System Corporation (Vertex System)	Trading of equipment for private 5G wireless communication networks (picocells and core networks) and IoT intelligent control gateway; maintenance and operations of device management platform (DMP), and provision of services in software management platform and vertical integration of information technology (IT) and communication technology (CT)	61.35	61.35	-
Marketech International Corp.	Marketech International Corp. Japan	International trade	100	100	-
Marketech International Corp.	Advanced Technology Matrix United Corporation	Warehousing logistics services; sales agent of semiconductor equipment, components and consumables and semiconductor materials	68.97	-	-
Marketech International Corp.	Marketech International Corporation Germany GmbH	International trade of machine and components and technical service	100	-	-
Marketech International Corp.	MIC Industrial Viet Nam Co., Ltd.	Assembling of air conditioning equipment and testing OEM	100	-	-
Market Go Profits Ltd.	MIC-Tech Ventures Asia Pacific Inc.	Investment holdings and reinvestment	100	100	-

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%)		Note
			December 31, 2023	December 31, 2022	
MIC-Tech Ventures Asia Pacific	Russky H.K. Limited	Investment holdings and reinvestment	100	100	-
MIC-Tech Ventures Asia Pacific Inc.	MICT International Limited	Investment holdings and reinvestment	60	60	-
MIC-Tech Ventures Asia Pacific Inc.	Frontken MIC Co., Limited	Investment holdings and reinvestment	-	100	Note 2
MIC-Tech Ventures Asia Pacific Inc.	MIC-Tech (WuXi) Co., Ltd.	Manufacturing and sales of semiconductor devices, intelligent storage equipments, illuminators, masks and labor protective products; manufacturing of package special equipments	100	100	-
MIC-Tech Ventures Asia Pacific Inc.	MIC-Tech (Shanghai) Corp.	Wholesale, commission agency, maintenance, repairment, manufacture, import and export of semiconductor production and its consumables; trading agency and consulting services in customs bonded area	100	100	-
MIC-Tech Ventures Asia Pacific Inc.	MIC-Tech Electronics Engineering Corp.	Installation and construction of mechanical and electrical systems; professional building renovation and decoration services; design and construction of smart buildings; construction of electronic projects and related technical services and consulting materials	100	100	-
MIC-Tech Ventures Asia Pacific Inc.	MIC-Tech China Trading (Shanghai) Co., Ltd.	Wholesale, commission agency import and export installation, maintenance, repairment of chemical products, semiconductors and solar equipment consumables, trading and trading agency among enterprises in customs bonded area	100	100	-

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%)		Note
			December 31, 2023	December 31, 2022	
Rusky H.K. Limited	Shanghai Maohua Electronics Engineering Co., Ltd.	Production of scrubber bins for semiconductor manufacturers; design, installation, debugging and technology services of tunnel system; equipment repair for semiconductor manufacturers	87	87	-
Rusky H.K. Limited	PT Marketech International Indonesia	Trading of machine equipment and parts	0.08	0.08	-
MICT International Limited	Integrated Manufacturing & Services Co., Ltd.	Development of special equipment for solar cell production, manufacture of optical engine, cleaning and regeneration of new electrical device	60	60	-
Marketech Engineering Pte. Ltd.	Marketech Integrated Construction Co., Ltd.	Specialized contracting for electrical installation construction	98.33	97.69	-

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

Note 2 : Frontken MIC Co., Limited completed the liquidation procedure in April 2023.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

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

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

B. Translation of foreign operations

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

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

(5) Classification of current and non-current items

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

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

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

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

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

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

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

(6) Cash and cash equivalents

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

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

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

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

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

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

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

(8) Financial assets at amortized cost

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

(9) Accounts and notes receivable

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

(10) Impairment of financial assets

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

(11) Derecognition of financial assets

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

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

(12) Inventories

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

(13) Investments accounted for using equity method / associates

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

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

(14) Property, plant and equipment

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

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

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

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

(16) Intangible assets

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

(17) Impairment of non-financial assets

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

(18) Borrowings

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

(19) Notes and accounts payable

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

(20) Convertible bonds payable

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

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

(21) Derecognition of financial liabilities

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

(22) Non-hedging and embedded derivatives

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

(23) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plan

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

(b) Defined benefit plan

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

C. Employees' compensation and directors' remuneration

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

(24) Employee share-based payment

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

(25) Income tax

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

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

(26) Share capital

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

(27) Dividends

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

(28) Revenue recognition

A. Sales of goods or products

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

B. Construction contract

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

(29) Business combinations

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

(30) Operating segments

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

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

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

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

None.

(2) Critical accounting estimates and assumptions

A. Construction contract

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

B. Evaluation of inventories

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

C. Loss assessment of accounts receivable

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

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

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

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

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

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

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

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

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

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

(3) Notes and accounts receivable

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

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

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

(a) Notes receivable

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

(b) Accounts receivable

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

The above ageing analysis was based on past due date.

B. As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable (including related parties) was \$171,976 and \$29,351, respectively.

As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable (including related parties) was \$8,585,707 and \$6,322,314, respectively.

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

D. As of December 31, 2023 and 2022, the amount of the Group's accounts receivable expected to be factored amounted to \$230,697 and \$67,875, respectively, and belonged to financial assets at fair value through other comprehensive income which was shown as accounts receivable. Refer to Note 6(4) for information on transfer of financial assets.

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

(4) Transfer of financial assets

Transferred financial assets that are derecognized in their entirety

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

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

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

(5) Inventories

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

	December 31, 2022		
	Cost	Allowance for valuation loss and loss on obsolete and slow-moving inventories	Book value
Materials	\$ 2,038,938	(\$ 31,772)	\$ 2,007,166
Merchandise inventory	1,182,304	(56,909)	1,125,395
Raw materials	2,001,472	(15,831)	1,985,641
Supplies	99,374	(2,653)	96,721
Work in process	729,525	(13,269)	716,256
Semi-finished goods and finished goods	365,430	(28,734)	336,696
Total	<u>\$ 6,417,043</u>	<u>(\$ 149,168)</u>	<u>\$ 6,267,875</u>

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

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

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

B. The Group has no inventories pledged to others.

(6) Investments accounted for using equity method

A. Details of investments accounted for using equity method:

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

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

B. Associates

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

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

C. The investment accounted for using equity method for the years ended December 31, 2023 and 2022 were evaluated based on the financial statements of the entity which were audited by independent auditors.

- D. The Group is the single largest shareholder of Glory Technology Service Inc. with a 29.24% equity interest. Given that the remaining 70.76% of Glory Technology Service Inc.'s equity is concentrated in investors from other parties, the number of votes for the minority voting rights holders to act together has surpassed that of the Group. Therefore, the Group has no control over the company and only has significant influence on Glory Technology Service Inc.
- E. The Group is the single largest shareholder of Bolite Co., Ltd. with a 37.33% equity interest. Given that the remaining 62.67% of Bolite's equity is concentrated in investors from other parties, the number of votes for the minority voting rights holders to act together has surpassed that of the Group. Therefore, the Group has no control over the company and only has significant influence on Bolite Co., Ltd.

(7) Property, plant and equipment

	2023					
	Land	Buildings	Machinery and equipment	Office equipment	Others	Total
<u>At January 1</u>						
Cost	\$ 217,661	\$ 3,206,003	\$ 811,969	\$ 345,328	\$ 155,934	\$ 4,736,895
Accumulated depreciation and impairment	-	(1,481,121)	(563,469)	(227,786)	(22,525)	(2,294,901)
Book value	<u>\$ 217,661</u>	<u>\$ 1,724,882</u>	<u>\$ 248,500</u>	<u>\$ 117,542</u>	<u>\$ 133,409</u>	<u>\$ 2,441,994</u>
<u>Year ended December 31</u>						
Opening net book amount	\$ 217,661	\$ 1,724,882	\$ 248,500	\$ 117,542	\$ 133,409	\$ 2,441,994
Additions	-	14,020	27,672	68,012	125,061	234,765
Transfers (Note)	-	35,602	127,680	10,502	(47,511)	126,273
Disposals	-	-	(127,579)	(552)	(13)	(128,144)
Depreciation	-	(152,755)	(51,026)	(44,320)	(10,342)	(258,443)
Net exchange differences	(5)	(298)	(1,039)	(202)	55	(1,489)
Closing net book amount	<u>\$ 217,656</u>	<u>\$ 1,621,451</u>	<u>\$ 224,208</u>	<u>\$ 150,982</u>	<u>\$ 200,659</u>	<u>\$ 2,414,956</u>
<u>At December 31</u>						
Cost	\$ 217,656	\$ 3,251,919	\$ 833,230	\$ 405,211	\$ 233,397	\$ 4,941,413
Accumulated depreciation and impairment	-	(1,630,468)	(609,022)	(254,229)	(32,738)	(2,526,457)
Book value	<u>\$ 217,656</u>	<u>\$ 1,621,451</u>	<u>\$ 224,208</u>	<u>\$ 150,982</u>	<u>\$ 200,659</u>	<u>\$ 2,414,956</u>

	2022					
	Land	Buildings	Machinery and equipment	Office equipment	Others	Total
<u>At January 1</u>						
Cost	\$ 213,512	\$ 3,046,857	\$ 777,755	\$ 294,069	\$ 98,541	\$ 4,430,734
Accumulated depreciation and impairment	-	(1,321,703)	(517,094)	(206,879)	(19,016)	(2,064,692)
Book value	<u>\$ 213,512</u>	<u>\$ 1,725,154</u>	<u>\$ 260,661</u>	<u>\$ 87,190</u>	<u>\$ 79,525</u>	<u>\$ 2,366,042</u>
<u>Year ended December 31</u>						
Opening net book amount	\$ 213,512	\$ 1,725,154	\$ 260,661	\$ 87,190	\$ 79,525	\$ 2,366,042
Additions	-	57,703	42,598	60,608	149,781	310,690
Transfers (Note)	34,119	114,187	-	4,614	(91,639)	61,281
Disposals	(33,250)	(10,966)	(3,324)	(728)	(799)	(49,067)
Depreciation	-	(145,008)	(52,144)	(34,412)	(3,794)	(235,358)
Impairment	-	(12,509)	-	-	-	(12,509)
Net exchange differences	3,280	(3,679)	709	270	335	915
Closing net book amount	<u>\$ 217,661</u>	<u>\$ 1,724,882</u>	<u>\$ 248,500</u>	<u>\$ 117,542</u>	<u>\$ 133,409</u>	<u>\$ 2,441,994</u>
<u>At December 31</u>						
Cost	\$ 217,661	\$ 3,206,003	\$ 811,969	\$ 345,328	\$ 155,934	\$ 4,736,895
Accumulated depreciation and impairment	-	(1,481,121)	(563,469)	(227,786)	(22,525)	(2,294,901)
Book value	<u>\$ 217,661</u>	<u>\$ 1,724,882</u>	<u>\$ 248,500</u>	<u>\$ 117,542</u>	<u>\$ 133,409</u>	<u>\$ 2,441,994</u>

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

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

B. The Group has no interest capitalized to property, plant and equipment.

C. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(8) Leasing arrangements — lessee

- A. The Group leases various assets including land, buildings, machinery and equipment, office equipment, and other equipment. Rental contracts are typically made for periods of 1 to 75 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise buildings, machinery and equipment, office equipment, and other equipment. Consequently, those leases are not included in right-of-use assets.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

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

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

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

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

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

G. Extension options

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

(9) Impairment of non-financial assets

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

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

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

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

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

(10) Short-term borrowings

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

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

Details of mortgage loan are provided in Note 8.

(11) Other payables

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

(12) Bonds payable

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

A. The fourth unsecured convertible corporate bonds in 2020

- (a) The Company issued the 4th domestic unsecured convertible bonds, as approved by the regulatory authority on November 27, 2020. The terms and conditions are as follows:
- i. Total issuance amount: NT\$1,500,000
 - ii. Issuance period: 3 years, and a circulation period from December 15, 2020 to December 15, 2023
 - iii. Coupon rate: 0%
 - iv. Conversion period: The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds before the maturity date, except the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
 - v. The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. If the reset conversion price is higher than the conversion price before the reset, the conversion price will not be adjusted.

vi. Redemption method:

- (i) Redemption on the maturity date: Redeemed in cash at face value at the maturity date.
- (ii) Redemption before the maturity date: The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: the closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after one month of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after one month of the bonds issue to 40 days before the maturity date.
- (iii) Under the terms of the bonds, all bonds redeemed, matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

vii. For the year ended December 31, 2023, the bonds totaling \$649,600 had been converted into 6,286 thousand shares of common stock. Accordingly, the Group recognized capital surplus of \$603,232 and reduced capital surplus - stock option by \$18,711.

viii. As of December 31, 2023, the bonds totaling \$1,498,400 had been converted into 13,926 thousand shares of common stock. Accordingly, the Group recognized capital surplus of \$1,382,553 and reduced capital surplus - stock option by \$43,160.

(b) Regarding the issuance of convertible bonds, the equity conversion options amounting to \$43,206 were separated from the liability component and were recognized in 'capital surplus—stock warrants' in accordance with IAS 32. The call options embedded in bonds payable were separated from their host contracts and were recognized in 'financial assets or liabilities at fair value through profit or loss' in net amount in accordance with IAS 39 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rate of the bonds payable after such separation is 1.0255%.

(c) The bonds had been expired on December 15, 2023. The Company had paid the unconverted bonds whose face value amounting to \$1,600. At the same time, the Company reclassified the expired conversion options.

B. The fifth unsecured convertible corporate bonds in 2023

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

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

- iv. Conversion period: The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds before the maturity date, except the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
 - v. The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. If the reset conversion price is higher than the conversion price before the reset, the conversion price will not be adjusted.
 - vi. Redemption method:
 - (i) Redemption on the maturity date: Redeemed in cash at face value at the maturity date.
 - (ii) Redemption before the maturity date: The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur:
 - (i) the closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after one month of the bonds issue to 40 days before the maturity date, or
 - (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after one month of the bonds issue to 40 days before the maturity date.
 - (iii) Under the terms of the bonds, all bonds redeemed, matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.
 - vii. For the year ended December 31, 2023, the bonds totaling \$100 had been converted into 713 thousand shares of common stock. Accordingly, the Group recognized capital surplus of \$93 and reduced capital surplus - stock option by \$5.
- (b) Regarding the issuance of convertible bonds, the equity conversion options amounting to \$126,247 were separated from the liability component and were recognized in 'capital surplus—stock warrants' in accordance with IAS 32. The call options embedded in bonds payable were separated from their host contracts and were recognized in 'financial assets or liabilities at fair value through profit or loss' in net amount in accordance with IAS 39 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rate of the bonds payable after such separation is 1.7960%.

(13) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>December 31, 2023</u>
Long-term bank borrowings				
Credit borrowings	Borrowing period is from September 28, 2023 to December 28, 2024; interest is payable monthly; principal is payable at maturity date	1.6562%	None	\$ 200,000
"	Borrowing period is from May 10, 2023 to May 10, 2028; Interest is repayable monthly; principal is repayable monthly in 48 instalments starting from the date of borrowing after 12 months. The monthly payment shall be calculated by using equal total payment and the principal and interest shall be paid based on the schedule	2.9800%	None	2,000
"	Borrowing period is from June 29, 2023 to June 29, 2028; Interest is payable monthly; principal is payable monthly in 48 installments starting after 12 months from the date of borrowing. The monthly payment shall be calculated by using equal total payment and the principal and interest shall be paid based on the schedule	2.9800%	None	<u>18,000</u>
				220,000
Less: Long-term liabilities, current portion (recorded as 'Long-term liabilities, current portion')				(<u>2,412</u>)
				<u>\$ 217,588</u>

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

(14) Pensions

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

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

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

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

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

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

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

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

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

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

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

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

(15) Share-based payment

- A. For the years ended December 31, 2023 and 2022, the Company’s share-based payment arrangements were as follows:

<u>Issuing Company</u>	<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted (in thousands)</u>	<u>Contract period</u>	<u>Vesting conditions</u>
Subsidiary-ADAT	Employee stock options	2019.4.1	436	6 years	0~2 years’ service
“	“	2019.9.1	314	“	“
“	“	2020.5.1	27	“	“
“	“	2020.9.1	137	“	“

The above share-based payment arrangements are all settled by equity.

B. Details of the share-based payment arrangements are as follows:

	Years ended December 31,			
	2023		2022	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at beginning and the end of the year	-	\$ -	122	\$ 10.00
Options exercised	-	-	(116)	10.00
Options forfeited	-	-	(6)	-
Options outstanding at end of the year	-		-	Note
Options exercisable at end of the year	-		-	Note

Note: The above share-based payment arrangement of Subsidiary - ADAT, had been fully exercised as of December 31, 2022.

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

Issuing Company	Issue date approved	Expiry date	December 31, 2022	
			No. of shares (in thousands)	Exercise price (in dollars)
Subsidiary-ADAT	2019.4.1	2025.3.31	-	\$ -
"	2020.5.1	2026.4.30	-	-
"	2020.9.1	2026.8.31	-	-

December 31, 2023: None.

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

Issuing Company	Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Subsidiary-ADAT	Employee stock options	2019.4.1	\$ 10.00	\$ 10.00	47.77%	3.550 years	0%	0.61%	\$ 2.4727
"	"	2019.9.1	10.00	10.00	44.29%	3.550 years	0%	0.54%	2.7873
"	"	2020.5.1	10.00	10.00	38.58%	3.550 years	0%	0.38%	10.4014
"	"	2020.9.1	10.00	10.00	38.10%	3.550 years	0%	0.29%	9.9910

E. The expenses incurred by the subsidiary - ADAT on share-based payment transactions amounted to \$0 and \$121 for the years ended December 31, 2023 and 2022, respectively.

(16) Share capital

A. As of December 31, 2023, the Company's authorized capital was \$3,000,000, consisting of 300 million shares of ordinary stock (including 9,800 thousand shares reserved for employee stock options), and the paid-in capital was \$2,013,154, consisting of 201,315,437 shares with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

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

	2023	2022
At January 1	195,028,376	192,756,201
Conversion of convertible bonds	6,287,061	2,272,175
At December 31	<u>201,315,437</u>	<u>195,028,376</u>

(17) Capital surplus

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

Details of movements in capital surplus are as follows:

	2023			
	<u>Share premium</u>	<u>Stock options</u>	<u>Others</u>	<u>Total</u>
At January 1	\$ 1,762,375	\$ 18,757	\$ 6,198	\$ 1,787,330
Due to recognition of equity component of convertible bonds issued	-	126,247	-	126,247
Conversion of convertible bonds	603,371	(18,762)	-	584,609
At December 31	<u>\$ 2,365,746</u>	<u>\$ 126,242</u>	<u>\$ 6,198</u>	<u>\$ 2,498,186</u>

	2022			
	Share premium	Stock options	Others	Total
At January 1	\$ 1,530,365	\$ 26,027	\$ 5,815	\$ 1,562,207
Changes in ownership interest in subsidiaries	-	-	383	383
Conversion of convertible bonds	232,010	(7,270)	-	224,740
At December 31	<u>\$ 1,762,375</u>	<u>\$ 18,757</u>	<u>\$ 6,198</u>	<u>\$ 1,787,330</u>

(18) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Also, special reserve shall be set aside or reversed as required by regulations or the Competent Authority. The remaining amount along with the prior years' unappropriated earnings shall be proposed by the Board of Directors and resolved by the stockholders for appropriation or reserve.
- B. The Company's dividend policy is summarized below: in consideration of the overall environment development and industrial growth, fulfilling future operation development needs as priority and optimizing financial structure, distribution of stock dividends shall not exceed 50% of the dividends distributed.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.
- E. (a) Details of 2022 and 2021 earnings appropriation resolved by the shareholders on May 30, 2023 and May 27, 2022 are as follows:

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

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

Information about the earnings distribution for 2022 and 2021 as approved by the Board of Directors and resolved by the shareholders will be posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

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

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

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

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

(19) Operating revenue

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

A. Disaggregation of revenue from contracts with customers

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

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

B. Contract assets and liabilities

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

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

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

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

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

(20) Other income

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

(21) Other gains and losses

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

(22) Employee benefit expense, depreciation and amortization

A. Employee benefit expense, depreciation and amortization

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

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

B. Employees' compensation and directors' remuneration

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

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

For the year ended December 31, 2023, employees' compensation and directors' remuneration were estimated and accrued based on 10% and 1% of distributable profit of current year as of the end of reporting period, respectively.

The employees' compensation and directors' remuneration for 2023 as resolved by the Board of Directors were \$293,645 and \$29,365, respectively, and the employees' compensation will be distributed in the form of cash. Employees' compensation and directors' remuneration for 2022 as resolved by the Board of Directors were in agreement with those amounts recognized in the 2022 financial statements. Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(23) Income tax

A. Income tax expense

(a) Components of income tax expense:

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

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

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

B. Reconciliation between income tax expense and accounting profit

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

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

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

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

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

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

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

(24) Earnings per share

Year ended December 31, 2023			
		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
	Amount after tax		
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,161,833	197,217	<u>\$ 10.96</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	20,729	8,753	
Employees' compensation	-	2,400	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 2,182,562</u>	<u>208,370</u>	<u>\$ 10.47</u>
Year ended December 31, 2022			
		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
	Amount after tax		
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,215,187	194,942	<u>\$ 11.36</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	5,275	6,184	
Employees' compensation	-	2,712	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 2,220,462</u>	<u>203,838</u>	<u>\$ 10.89</u>

(25) Supplemental cash flow information

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

(26) Changes in liabilities from financing activities

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

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

7. RELATED PARTY TRANSACTIONS

(1) Parent company

The Company is controlled by Ennoconn International Investment Co., Ltd. (registered in the Republic of China), which owns 41.46% of the shares of the Company. The remaining 58.54% of the shares of the Company are held by the general public. The ultimate parent company of the Company is Ennoconn Corporation (registered in the Republic of China).

(2) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Ennoconn Corporation	Ultimate parent company
Chung-Hsin Precision Machinery Co., Ltd.	Other related party
Hon Hai Precision Industry Co., Ltd.	"
Chung-Hsin Electric & Machinery Mfg. Corp.	"
Hong Kong Ennpower Information Technology Co., Limited	"
Coiler Corporation	"
Foxconn Global Network Corporation	"
Hon Young Semiconductor Corporation	"
Servtech Co., Ltd.	"
CTS Investment Corp.	"
Altus Technology Inc.	"
Glory Technology Service Inc.	Associate
Fortune International Corporation	"
Radisen Co., Ltd.	"
Bolite CO.,LTD.	"
Macrotec Technology Corp.	Entity controlled by key management or entity with significant influence
Forward Science Corp.	"
Shenzhen Hyper Power Information Technology Co., Ltd.	"
ProbeLeader Co., Ltd.	"
Lucens Technology Inc.	"
Everlasting Digital ESG Co., Ltd.	"
E-WIN Investment Corp.	"

(3) Significant related party transactions and balances

A. Sales of goods and services

(a) Sales of goods

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

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

(b) Construction contract revenue

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

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

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

	December 31, 2023		December 31, 2022	
	Total contract price (before tax) (Note)	Priced contract (Note)	Total contract price (before tax) (Note)	Priced contract (Note)
Other related parties	\$ 2,329,889	\$ 831,392	\$ 663,896	\$ 595,836
Entities controlled by key management or entities with significant influence	203,113	181,614	396,569	375,627
Total	<u>\$ 2,533,002</u>	<u>\$ 1,013,006</u>	<u>\$ 1,060,465</u>	<u>\$ 971,463</u>

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

(c) Other contract revenue

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

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

B. Acquisition of goods and services

(a) Purchase of goods

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

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

(b) Construction contract costs

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

The outsourcing construction contract costs paid to related parties and third parties are based on normal construction contracts or individual agreements. Furthermore, the payment terms to related parties are approximately the same to third parties, which is about 2 months after inspection of construction depending on the construction contracts or individual agreements.

C. Receivables from related parties

Notes receivable

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

Accounts receivable

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

The collection terms to related parties and third parties are about 2 to 3 months after the sale while terms for construction are about 2 to 3 months after inspection of construction depending on the construction contracts or individual agreements.

D. Payables to related parties

Notes payable

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

Accounts payable

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

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

E. Property transactions

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

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

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

For the year ended December 31, 2022, the Group terminated the lease contracts with other related parties prior to the expiration date. As a result, right-of-use assets and lease liabilities decreased by \$3,790 and \$3,844, respectively, and gain arising from lease modification of \$54 was recognized.

For the year ended December 31, 2023: None.

(c) Acquisition of financial assets

i. Investments accounted for using equity method

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

ii. Financial assets at fair value through profit or loss

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

F. Lease transactions — lessee

- (a) i. The Group leases plants and offices from Chung-Hsin Precision Machinery Co., Ltd. Rental contracts are typically made for periods from September 1, 2021 to August 31, 2024, and rents are paid quarterly. Leased assets are not allowed to be used illegally, store hazardous materials or be used in any purpose which may be harmful to the environment and public safety. Without obtaining approval from lessors, all or certain leased assets cannot be subleased, lent or granted in any different form to third parties or the lease right of all or certain leased assets cannot be transferred to third parties.
- ii. The Group leases offices from CTS Investment Corp. Rental contracts are made for periods of 5 years from January 1, 2022 to December 31, 2026. Rents are paid monthly. There are no contractual restrictions and other important commitments.
- iii. The Group leases offices from Coiler Corp. Rental contracts are made for periods of 5 years from January 1, 2022 to December 31, 2026. Rents are paid monthly. There are no contractual restrictions and other important commitments.

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

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

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

(i) Outstanding balance:

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

(ii) Interest expense

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

(4) Key management compensation

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

8. PLEDGED ASSETS

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

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

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

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

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

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

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

12. OTHERS

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

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

B. Financial risk management policies

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD, RMB, JPY and EUR. Exchange rate risk arises from future commercial transactions and recognized assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency.
- iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB, USD, SGD, IDR, and VND). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2023								
(Foreign currency: functional currency)	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis				
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income		
<u>Financial assets</u>								
<u>Monetary items</u>								
USD : NTD	\$	120,408	30.705	\$ 3,697,128	1%	\$ 36,971	\$	-
USD : RMB		20,276	7.0964	622,583	1%	6,226		-
USD : VND		5,204	24,564	159,788	1%	1,598		-
USD : SGD		1,617	1.3184	49,655	1%	497		-
EUR : NTD		27,058	33.98	919,435	1%	9,194		-
JPY : NTD		588,278	0.2172	127,774	1%	1,278		-
JPY : RMB		990,387	0.0502	215,112	1%	2,151		-
RMB : NTD		169,817	4.3268	734,772	1%	7,348		-
USD : IDR		1,112	15,508	34,151	1%	342		-
<u>Financial liabilities</u>								
<u>Monetary items</u>								
USD : NTD	\$	10,958	30.705	\$ 336,452	1%	\$ 3,365	\$	-
USD : RMB		7,268	7.0964	223,165	1%	2,232		-
JPY : NTD		812,419	0.2172	176,457	1%	1,765		-
JPY : RMB		171,519	0.0502	37,254	1%	373		-
December 31, 2022								
(Foreign currency: functional currency)	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis				
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income		
<u>Financial assets</u>								
<u>Monetary items</u>								
USD : NTD	\$	105,018	30.71	\$ 3,225,098	1%	\$ 32,251	\$	-
USD : RMB		30,095	6.9671	924,210	1%	9,242		-
USD : SGD		2,697	1.3422	82,821	1%	828		-
EUR : NTD		17,947	32.72	587,235	1%	5,872		-
JPY : NTD		456,978	0.2324	106,202	1%	1,062		-
JPY : RMB		561,056	0.0527	130,389	1%	1,304		-
USD : IDR		1,138	15,510	34,949	1%	349		-
<u>Financial liabilities</u>								
<u>Monetary items</u>								
USD : NTD	\$	14,068	30.71	\$ 432,030	1%	\$ 4,320	\$	-
USD : RMB		9,375	6.9671	287,895	1%	2,879		-
USD : VND		4,000	23,806	122,840	1%	1,228		-
USD : SGD		1,988	1.3422	61,051	1%	611		-
JPY : NTD		617,082	0.2324	143,410	1%	1,434		-
JPY : RMB		177,563	0.0527	41,266	1%	413		-

- iv. The total exchange gain, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022 were \$27,028 and \$287,768, respectively.

Price risk

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

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from bank borrowings with variable rates and the advanced amount of accounts receivable transferred, which expose the Group to cash flow interest rate risk. For the years ended December 31, 2023 and 2022, the Group's borrowings at variable rate were mainly denominated in NTD, USD, SGD and RMB.
- ii. The Group's borrowings are measured at amortized cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.
- iii. If the borrowing interest rate of NTD, USD, SGD and RMB had increased/decreased by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2023 and 2022 would have decreased/increased by \$79,196 and \$44,398 respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

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

- ii. The Group manages its credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of excellence are accepted. According to the Group's credit policy, the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments are past due over 30 days based on the terms, there is a significant increase in credit risk on that instrument since initial recognition.
- iv. The Group considers the historical experience and industrial characteristics, whereby a default occurs when the sale and construction contract payments are past due over 1 to 2 years in line with credit risk management procedure.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Group classifies customers' accounts receivable in accordance with customer types.
The Group applies the simplified approach using a provision matrix based on the loss rate methodology to estimate expected credit loss.
- vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. On December 31, 2023 and 2022, the Group has no written-off financial assets that are still under recourse procedures.
- viii. The Group used the forecast ability of global boom information to adjust historical and timely information to assess the default possibility of notes and accounts receivable (including related parties). As of December 31, 2023 and 2022, the provision matrix and loss rate methodology are as follows:

(i) Accounts receivable in relation to construction

<u>December 31, 2023</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~3.0027%	\$ 3,893,167	\$ 19,566
Up to 90 days	0%~14.1025%	669,637	27,404
91 to 180 days	0%~21.4088%	252,501	11,907
181 to 365 days	0%~35.4204%	179,451	43,988
1 to 2 years	0%~86.3171%	230,228	76,712
Over 2 years	100%	96,842	96,842
Total		<u>\$ 5,321,826</u>	<u>\$ 276,419</u>
<u>December 31, 2022</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~1.1349%	\$ 2,719,554	\$ 7,478
Up to 90 days	0%~8.2306%	501,751	23,680
91 to 180 days	0%~12.3744%	123,525	9,865
181 to 365 days	0%~21.7626%	117,768	13,170
1 to 2 years	0%~84.0286%	157,422	39,804
Over 2 years	100%	90,227	90,227
Total		<u>\$ 3,710,247</u>	<u>\$ 184,224</u>

(ii) Accounts receivable in relation to sales

<u>December 31, 2023</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~1.4770%	\$ 2,498,658	\$ 2,430
Up to 90 days	0%~9.3340%	499,778	8,793
91 to 180 days	0%~23.2306%	64,451	3,124
181 to 365 days	0%~80.7910%	107,943	13,525
Over 365 days	100%	186,832	186,832
Total		<u>\$ 3,357,662</u>	<u>\$ 214,704</u>
<u>December 31, 2022</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~26.6078%	\$ 2,001,962	\$ 1,317
Up to 90 days	0%~1.7783%	339,648	358
91 to 180 days	0%~1.3981%	137,330	434
181 to 365 days	0%~56.9072%	119,327	1,663
Over 365 days	100%	118,162	118,162
Total		<u>\$ 2,716,429</u>	<u>\$ 121,934</u>

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

- (iv) Due to the expected insignificant impairment, the Group applies individual assessment to evaluate expected credit loss of receivables due from construction warranties and notes receivable. As of December 31, 2023 and 2022, notes and accounts receivable and loss allowance amounted to \$534,779 and \$0 and \$178,050 and \$0, respectively.
- ix. Movements in relation to the Group applying the simplified approach to provide loss allowance for notes and accounts receivable (including related parties) are as follows:

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

For provisioned loss for the years ended December 31, 2023 and 2022, the impairment arising from customers' contracts are \$167,117 and \$174,976, respectively.

(c) Liquidity risk

- i. The Group invests in financial assets measured at fair value through profit or loss in active markets, so it expects to sell the financial assets in markets with prices approximate to fair value. Financial assets at cost are not traded in active markets, thus, liquidity risk is expected. However, the Group's operating capital is sufficient to fulfill the Group's capital needs and it does not expect significant liquidity risk.
- ii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities.

Non-derivative financial liabilities

<u>December 31, 2023</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings (including expected interest)	\$ 9,715,521	\$ -	\$ -	\$ -
Notes payable (including related parties)	1,752,230	-	-	-
Accounts payable (including related parties)	6,651,398	-	-	-
Other payables	1,301,729	-	-	-
Bonds payable of current portion (recorded as "Long- term liabilities, current portion")	-	-	2,499,900	-
Long-term borrowings (including expected interest)	6,267	206,129	13,231	-
Lease liabilities	516,716	323,425	528,835	1,811,505

Non-derivative financial liabilities

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

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market and beneficiary certificates are included in Level 3.

B. Financial instruments not measured at fair value

Except for financial assets at fair value through profit or loss, the carrying amounts of cash and cash equivalents, notes receivable (including related parties), accounts receivable (including related parties), other receivables, restricted time deposits (recorded as financial assets at amortized cost-current and non-current), guarantee deposits paid (recorded as other current and non-current assets), short-term borrowings, notes payable (including related parties), accounts payable (including related parties), other payables, lease liabilities (including current and non-current), bonds payable (recorded as "Long-term liabilities, current portion"), long-term borrowings and guarantee deposits received (recorded as other non-current liabilities) are approximate to their fair values.

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

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

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value				
through profit or loss				
Equity securities	\$ 217,331	\$ -	\$ 1,268,861	\$ 1,486,192
Private funds	-	-	71,527	71,527
Hybrid instruments	-	-	4,950	4,950
Financial assets at fair value				
through other				
comprehensive				
Accounts receivable that are				
expected to be factored	-	-	230,697	230,697
Total	<u>\$ 217,331</u>	<u>\$ -</u>	<u>\$ 1,576,035</u>	<u>\$ 1,793,366</u>

<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>

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

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

D. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

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

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

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

- F. For the year ended December 31, 2023, the Company increased its investment in Radisen Co., Ltd. and therefore had significant control over Radisen Co., Ltd. Accordingly, the Company transferred its investment which was classified as financial assets at fair value through profit or loss on initial recognition into investments accounted for using equity method, and the investment in Radisen Co., Ltd. was transferred out from Level 3 fair value measurement. For the year ended December 31, 2022, there was no transfer into or out from Level 3.
- G. Investment strategies segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- H. The following is the qualitative information on significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

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

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 529,562	Market comparable companies	Note 1	Not applicable	Note 2
Venture capital shares and private funds	84,470	Net asset value	Not applicable	Not applicable	Not applicable
Hybrid instrument:					
Convertible bond – call provision	195	Binomial tree pricing model	Volatility	37.56% ~45.23%	The higher the stock price volatility, the higher the fair value

Note 1: Price to earnings ratio multiple, price to book ratio multiple, enterprise value to operating income ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability.

Note 2: The higher the multiple and control premium, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value.

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

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

- I. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

			December 31, 2023			
			Recognized in profit or loss		Recognized in other comprehensive income	
	<u>Input</u>	<u>Change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>
Financial assets						
Equity instruments and beneficiary certificates	Stock price and fair value	± 10%	\$ 134,039	(\$ 134,039)	\$ -	\$ -
Hybrid instrument	Stock price	± 10%	20	(10)	-	-
Hybrid instrument	Volatility	± 5%	20	(10)	-	-
Total			<u>\$ 134,079</u>	<u>(\$ 134,059)</u>	<u>\$ -</u>	<u>\$ -</u>
			December 31, 2022			
			Recognized in profit or loss		Recognized in other comprehensive income	
	<u>Input</u>	<u>Change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>
Financial assets						
Equity instruments and beneficiary certificates	Stock price and fair value	± 10%	\$ 61,403	(\$ 61,403)	\$ -	\$ -
Hybrid instrument	Stock price	± 10%	30	(10)	-	-
Hybrid instrument	Volatility	± 5%	20	(10)	-	-
Total			<u>\$ 61,453</u>	<u>(\$ 61,423)</u>	<u>\$ -</u>	<u>\$ -</u>

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Refer to table 1.
- B. Provision of endorsements and guarantees to others: Refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries and associates): Refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Refer to table 4.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Refer to table 5.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Refer to table 6.

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Refer to table 8.

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

(4) Major shareholders information

Major shareholders information: Refer to table 9.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Chief Operating Decision-Maker that are used to make strategic decisions.

The Group is divided into the following 4 segments:

A. Agency for equipment materials segment: mainly engaged in semiconductor, optoelectronics and other high-tech industrial processing and trading, distribution, after-sale service and technical support of factory equipment and its materials, chemicals and parts.

B. Process system and mechatronic system service segment: mainly contracting electrical, clean room, peripheral system facilities and process, engaged in lump sum contracts, providing integrated services consisting of planning, design, construction, supervision, installation, testing, operational consulting, maintenance and repair for gas, automatic supply system of chemicals, special gas and factory monitor system. Services for general industries such as petrochemical plant, conventional industry plant, mechatronic system for intelligent buildings.

C. Customized equipment manufacturing segment: mainly engaged in research and development of customized automation equipment and process based on request of customers in semiconductor, optoelectronics and traditional industry.

D. Other segments: mainly providing repair, cleaning and renewal services to customers' equipment and device in semiconductor, optoelectronics and traditional industry.

(2) Measurement of segment information

Management evaluates the performance of the operating segments based on their operational efficiency. The Group's Chief Operating Decision-Maker allocates resources and assesses performance of the operating segments based on the measurement and it is measured in a manner consistent with operating income in the consolidated statement of comprehensive income. There is no material change in the operating segments' accounting policies and accounting estimates and assumptions.

(3) Segment profit information

The segment information provided to the Chief Operating Decision-Maker for the reportable segments for the years ended December 31, 2023 and 2022 is as follows:

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

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

(4) Reconciliation for segment (loss) income

Sales and services between segments are carried out at arm's length. The revenue and financial information from external customers reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income. A reconciliation of reportable segment income or loss to the income before tax from continuing operations for the years ended December 31, 2023 and 2022 is provided as follows:

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

(5) Information on products

Details of revenue are as follows:

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

(6) Geographical information

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

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

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

(7) Major customer information

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

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

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

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES

Loans to others

For the year ended December 31, 2023

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2023 (Note 3)	Balance at December 31, 2023 (Note 8)	Actual amount drawn down	Interest rate (%)	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
0	Marketch International Corp.	Marketch Integrated Pte. Ltd.	Other receivables - related parties	Y	\$ 39,923	\$ -	\$ -	-	Short-term financing	\$ -	Operations	\$ -	None	-	\$ 4,457,312	\$ 4,457,312	Note 7
0	Marketch International Corp.	Marketch International Sdn. Bhd.	Other receivables - related parties	Y	55,278	24,564	-	4.867	Short-term financing	-	Operations	-	None	-	4,457,312	4,457,312	Note 7
0	Marketch International Corp.	MIC-Tech Viet Nam Co., Ltd.	Other receivables - related parties	Y	122,960	-	-	-	Short-term financing	-	Operations	-	None	-	4,457,312	4,457,312	Note 7
0	Marketch International Corp.	Marketch International Corporation USA	Other receivables - related parties	Y	2,431,875	2,302,875	614,100	5.259	Short-term financing	-	Operations	-	None	-	4,457,312	4,457,312	Note 7
1	MIC-Tech Electronics Engineering Corp.	Shanghai Maohua Electronics Engineering Co., Ltd.	Other receivables	Y	53,339	25,961	25,961	4.350	Short-term financing	-	Operations	-	None	-	375,159	750,318	Note 7
2	Marketch Integrated Manufacturing Company Limited	Marketch Integrated Construction Co., Ltd.	Other receivables	Y	7,678	-	-	-	Short-term financing	-	Operations	-	None	-	50,647	101,294	Note 7
3	MIC-Tech Viet Nam Co., Ltd.	Marketch Co., Ltd.	Other receivables	Y	5,240	5,000	5,000	4.500-6.000	Short-term financing	-	Operations	-	None	-	174,381	174,381	Note 7

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

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

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

Note 3: Fill in the maximum outstanding balance of loans to others during the year ended December 31, 2023.

Note 4: The column of 'Nature of loan' shall fill in 'Business transaction or 'Short-term financing'.

Note 5: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 6: Fill in purpose of loan when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 7: Fill in limit on loans granted to a single party and ceiling on total loans granted as prescribed in the creditor company's "Procedures for Provision of Loans", and state each individual party to which the loans have been provided and the calculation for ceiling on total loans granted in the footnote.

The Company's ceiling on loans to others are as follows:

(1) Limit on the total loans to others provided by the Company is 40% of the net assets based on the Company's latest financial statements.

(2) Limit on the loans provided by the Company granted for a single party are as follows:

(2-1) Limit on loans to a single party with business transactions is the higher value of purchasing and selling during current year on the year of financing, and can't exceed the total business transactions amount within 12 month.

(2-2) For short-term financing, limit on loans granted for a single party is 40% of the net assets based on the latest financial statements of the lending companies. The amount of loans to a single party is the accumulated balance of the lending company's short-term financing for single party.

(3) Limit on the accumulated balance of loans to others provided by the foreign companies whose voting rights are 100% owned directly and indirectly by the Company is not under the limit stated on (1). However, it shall make the limit and period for the loans to others in each subsidiary's internal Companies.

(3) The accumulated balance of loans between the foreign subsidiaries, in which the Group holds 100% of the voting rights directly or indirectly was not restricted to (1), but the limit amount and due date of loans should be regulated in the internal working procedure of each subsidiary,

which shall follow the regulations of regulatory authorities, "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies".

Limit on the loans provided by the Company's mainland subsidiaries:

(1) Limit on the total loans to others provided by the Company's mainland subsidiaries is 80% of the net assets based on the latest financial statements of the lending companies.

(2) Limit on the loans provided by the Company's mainland subsidiaries granted for a single party are as follows:

(2-1) Limit on loans to a single party with business transactions is the higher value of purchasing and selling during current year on the year of financing, and can't exceed the total business transactions amount within 12 month.

(2-2) For short-term financing between the Company's mainland subsidiary and the foreign companies which the ultimate parent company holds 100% of the voting rights directly or indirectly, limit on loans granted for a single party is 80% of the net assets based on the latest financial statements of the lending companies.

For short-term financing between the Company's mainland subsidiaries and aforementioned associates, limit on loans granted for a single party is 40% of the net assets based on the latest financial statements of the lending companies. The amount of loans to a single party is the accumulated balance of the lending company's short-term financing for single party.

Limit on the loans provided by the Company's Myanmar subsidiaries:

(1) Limit on the total loans to others provided by the Company's Myanmar subsidiaries is 80% of the net assets based on the latest financial statements of the lending companies.

(2) Limit on the loans provided by the Company's Myanmar subsidiaries granted for a single party are as follows:

(2-1) Limit on loans to a single party with business transactions is the higher value of purchasing and selling during current year on the year of financing, and can't exceed the total business transactions amount within 12 month.

(2-2) For short-term financing between the Company's Myanmar subsidiary and the foreign companies which the ultimate parent company holds 100% of the voting rights directly or indirectly, limit on loans granted for a single party is 80% of the net assets based on the latest financial statements of the lending companies.

For short-term financing between the Company's Myanmar subsidiaries and aforementioned associates, limit on loans granted for a single party is 40% of the net assets based on the latest financial statements of the lending companies. The amount of loans to a single party is the accumulated balance of the lending company's short-term financing for single party.

Limit on the loans provided by the Company's Vietnam subsidiaries:

(1) Limit on the total loans to others provided by the Company's Vietnam subsidiaries is 80% of the net assets based on the latest financial statements of the lending companies.

(2) Limit on the loans provided by the Company's Vietnam subsidiaries granted for a single party are as follows:

(2-1) Limit on loans to a single party with business transactions is the higher value of purchasing and selling during current year on the year of financing, and can't exceed the total business transactions amount within 12 month.

(2-2) For short-term financing between the Company's Vietnam subsidiary and the foreign companies which the ultimate parent company holds 100% of the voting rights directly or indirectly, limit on loans granted for a single party is 80% of the net assets based on the latest financial statements of the lending companies.

For short-term financing between the Company's Vietnam subsidiaries and aforementioned associates, limit on loans granted for a single party is 40% of the net assets based on the latest financial statements of the lending companies. The amount of loans to a single party is the accumulated balance of the lending company's short-term financing for single party.

Note 8: The amounts of funds to be loaned to others which have been approved by the board of directors of a public company in accordance with Article 14, Item 1 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment.

In addition, if the board of directors of a public company has authorized the chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the board of directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
Provision of endorsements and guarantees to others
For the year ended December 31, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 4)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2023 (Note 5)	Outstanding endorsement/ guarantee amount at December 31, 2023 (Note 6)	Actual amount drawn down (Note 7)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 4)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 8)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 8)	Provision of endorsements/ guarantees to the party in Mainland China (Note 8)	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)											
0	Marketech International Corp.	Marketech Integrated Pte. Ltd.	2	\$ 5,571,641	\$ 158,733	\$ 79,487	\$ 54,986	\$ -	0.71%	\$ 11,143,281	Y	N	N	Note 4
0	Marketech International Corp.	MIC-Tech (Shanghai) Corp.	2	5,571,641	627,075	560,379	-	-	5.03%	11,143,281	Y	N	Y	Note 4
0	Marketech International Corp.	MIC-Tech (WuXi) Co., Ltd.	2	5,571,641	320,534	304,120	175,019	-	2.73%	11,143,281	Y	N	Y	Note 4
0	Marketech International Corp.	MIC-Tech Electronics Engineering Corp.	2	5,571,641	4,289,985	2,636,356	1,586,397	-	23.66%	11,143,281	Y	N	Y	Note 4
0	Marketech International Corp.	Shanghai Maohua Electronics Engineering Co., Ltd.	2	5,571,641	163,875	32,580	14,722	-	0.29%	11,143,281	Y	N	Y	Note 4
0	Marketech International Corp.	Marketech International Sdn. Bhd.	2	5,571,641	125,020	122,820	17,932	-	1.10%	11,143,281	Y	N	N	Note 4
0	Marketech International Corp.	eZoom Information, Inc.	2	5,571,641	155,000	70,000	14,356	-	0.63%	11,143,281	Y	N	N	Note 4
0	Marketech International Corp.	Te Chang Construction Co., Ltd.	5	5,571,641	88,418	21,854	21,854	-	0.20%	11,143,281	N	N	N	Note 4
0	Marketech International Corp.	Marketech International Corporation USA	2	5,571,641	2,166,242	1,850,529	1,817,662	-	16.61%	11,143,281	Y	N	N	Note 4
0	Marketech International Corp.	MIC-Tech Viet Nam Co., Ltd.	2	5,571,641	140,648	138,173	4,456	-	1.24%	11,143,281	Y	N	N	Note 4
1	MIC-Tech Electronics Engineering Corp.	Marketech International Corp.	3	2,813,694	162,029	153,434	153,434	-	16.36%	4,689,490	N	Y	N	Note 4
1	MIC-Tech Electronics Engineering Corp.	The Second Construction Co., Ltd. of China Electronics System Engineering	5	2,813,694	1,132	1,102	1,102	-	0.12%	4,689,490	N	N	Y	Note 4
1	MIC-Tech Electronics Engineering Corp.	MIC-Tech (Shanghai) Corp.	4	2,813,694	102,990	97,527	97,527	-	10.40%	4,689,490	N	N	Y	Note 4
2	MIC-Tech (Shanghai) Corp.	MIC-Tech Electronics Engineering Corp.	4	2,892,531	306,805	300,213	300,213	-	31.14%	4,820,885	N	N	Y	Note 4

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

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

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

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

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

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

- (1) In accordance with mutual guarantee requirement in the same industry for contracting constructions, limit on endorsement/guarantee to a single party is the net assets of the Company.
- (2) In accordance with business relationship, limit on endorsement/guarantee to a single party is the total value of business transactions within past 12 months. (the value of business transactions is the higher of purchases or sales)
- (3) Except for (1) and (2) mentioned above, limit on endorsement/guarantee to a single party is 50% of the net assets of the Company.
- (4) For (2) and (3) mentioned above, limit on the total amount of endorsement/guarantee is the net assets of the Company.
- (5) For the Company and subsidiaries, limit on endorsement/guarantee to a single party is the net assets of the Company ; limit on the total amount is 5 times of the net assets of the Company.

Limit on endorsements and guarantees of the Company's mainland subsidiaries:

- (1) In accordance with mutual guarantee requirement in the same industry or the common builders for contracting constructions, or provision of endorsements and guarantees for joint ventures from shareholders in proportion to shareholding ratio, limit on the total amount is 5 times of the net assets of the endorser/guarantor on endorsement/guarantee to a single party is three times of the net assets of the endorser/guarantor.
- (2) Except for (1), the Group follows standards of endorsements and guarantees as below:
 - (2-1) Total amount: (2-1-1) Limit on the accumulated endorsements and guarantees is 5 times of the net assets of the endorser/guarantor;
 - (2-1-2) Limit on endorsements and guarantees to a company of which the endorser company and the Company directly or indirectly holds 90%, should meet the requirement in (2-1-1) and may not exceed 10% of the ultimate parent's net assets.
 - (2-1-3) Total endorsements and guarantees of the endorser/guarantor and its subsidiaries are limited to 5 times of the net assets of the endorser/guarantor.
 - (2-2) Limit on endorsement/guarantee to a single party
 - (2-2-1) For the companies having business relationship with the endorser/guarantor and thus being provided endorsements/guarantees, limit on endorsements to a single party is the total value of business transactions within past 12 months.
(the value of business transactions is the higher of purchase or sales)
 - (2-2-2) Limit on endorsement/guarantee to a single party who having business relationship with the Group is 3 times of the net assets of the endorser/guarantor.

Note 5: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 6: Fill in the amount approved by the Board of Directors or the chairman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 7: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 8: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
For the year ended December 31, 2023

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

As of December 31, 2023										
Securities held by	Type of marketable securities	Name of marketable securities (Note 1)	Relationship with the securities issuer	General ledger account	Number of shares	Book value (Note 2)	Ownership (%)	Fair value	Collateral	Footnote
Marketech International Corp.	Ordinary shares	LaserTec Corporation	None	Financial assets measured at fair value through profit or loss - current	20,000	\$ 161,466	-	\$ 161,466	None	
"	"	Aerospace Industrial Development Corp.	"	"	50,925	2,730	-	2,730	"	
"	Ordinary shares	Taiwan Colour & Imaging Technology Corp.	None	Financial assets measured at fair value through profit or loss - non-current	1,700,000	\$ -	12.15%	\$ -	None	
"	"	Chung-Hsin Electric and Machinery Manufacturing Corp.	"	"	290,000	33,785	0.06%	33,785	"	
"	"	WINGS GLOBAL TECHNOLOGY INC.	"	"	750,000	6,420	18.75%	6,420	"	
"	"	Promos Technologies, Inc.	"	"	250,331	-	0.56%	-	"	
"	"	Taiwan Puritic Corp.	"	"	4,084,181	492,498	6.72%	492,498	"	
"	"	SOPOWER Technology Corp.	"	"	189,222	-	12.61%	-	"	
"	"	VEEV Interactive Pte. Ltd.	"	"	840,000	-	6.32%	-	"	
"	"	Taiwan Intelligent Fiber Optic Network Co.,	"	"	3,219,697	34,388	1.41%	34,388	"	
"	"	Civil Tech Pte. Ltd.	"	"	336,374	-	0.58%	-	"	
"	"	ProbeLeader Co., Ltd.	Entities controlled by key management or entities with significant influence	"	966,000	19,546	3.25%	19,546	"	
"	"	IP Fund Six Co., Ltd.	None	"	772,321	8,402	1.79%	8,402	"	
"	"	Innorich Venture Capital Corp.	"	"	1,000,000	5,685	1.87%	5,685	"	
"	"	Taiwan Foresight Co., Ltd.	"	"	380,000	2,908	2.24%	2,908	"	
"	"	Long Time Technology Corp.	"	"	346,000	6,972	0.29%	6,972	"	
"	"	Paradigm Venture Capital Corp.	"	"	76,659	1,017	3.50%	1,017	"	
"	"	Taiwan Special Chemicals Corp.	"	"	1,858,827	88,912	1.35%	88,912	"	
"	"	Aitech Totalolution Co., Ltd.	"	"	128,000	-	0.19%	-	"	
"	"	East Wind Life Science Systems	"	"	124,457	-	12.87%	-	"	
"	"	EcoLand Corp.	"	"	310,715	-	13.51%	-	"	
"	"	Kcashin Technology Corporation	"	"	642,500	472	16.56%	472	"	
"	"	Foresight Energy Technologies Co., Ltd.	"	"	675,000	14,886	1.30%	14,886	"	
"	"	Mycropore Corporation, Ltd.	"	"	1,471,000	7,769	8.44%	7,769	"	
"	"	STEK CO., LTD.	"	"	634,285	14,373	6.21%	14,373	"	
"	"	Sum Capital Healthcare Investment Corp.	Entities controlled by key management or entities with significant influence	"	943,050	9,380	7.44%	9,380	"	
"	"	Forward Science Corp.	"	"	2,650,240	41,992	8.41%	41,992	"	
"	"	Renown Information Technology Corp.	None	"	720,000	8,999	14.40%	8,999	"	
"	"	TAIWAN TRUEWIN TECHNOLOGY CO.,	"	"	965,170	55,126	2.08%	55,126	"	
"	"	LUCENS TECHNOLOGY INC.	Entities controlled by key management or entities with significant influence	"	1,332,959	15,624	6.66%	15,624	"	
"	"	Everlasting Digital ESG Co., Ltd.	"	"	100,000	500	5.88%	500	"	
"	"	Artfil, Inc.	None	"	215	23,054	9.33%	23,054	"	
"	"	MEGA UNION TECHNOLOGY	"	"	659,837	67,864	1.08%	67,864	"	
"	"	Infinitesima Limited	"	"	3,666,667	62,524	5.24%	62,524	"	
"	"	Brilliant Network & Automation Integrated System Co., Ltd.	"	"	150,000	19,350	0.43%	19,350	"	
"	"	Brilliant Network & Automation Integrated System Co., Ltd.	"	"	5,800,000	58,000	Note 4	58,000	"	
"	"	Advanced Supply Chain & Logistics Management Ltd.	"	"	1,200,000	12,000	16.67%	12,000	"	
"	Private funds	Zoyi II Investment Limited Partnership	"	"	-	24,737	-	24,737	"	
"	Convertible bonds	HALLYS CORPORATION	"	"	-	-	-	-	"	
"	"	Nitride Solutions Inc.	"	"	-	-	-	-	"	
"	"	Halio, Inc.	"	"	-	-	-	-	"	
"	Preferred stock	Adant Technologies Inc.	"	"	174,520	128	Note 3	128	"	
"	"	Halio, Inc.	"	"	501,532	-	"	-	"	
"	Convertible preferred stock	Biomedica Corporation	"	"	156,225	10,099	"	10,099	"	
"	Private funds	Vertex Growth (SG) LP	"	"	-	38,951	-	38,951	"	
"	"	Vertex Growth II (SG) LP	"	"	-	7,839	-	7,839	"	
"	Convertible debt	Adant Technologies Inc.	"	"	-	4,450	-	4,450	"	
"	Ordinary shares	NanoSecX Inc.	"	"	11,250,000	11,250	9.00%	11,250	"	
"	"	Asia Hydrogen Energy Corporation	"	"	375,000	15,000	2.56%	15,000	"	
MIC-Tech (Shanghai) Corp.	"	Kore Semiconductor Co., Ltd.	"	"	37,500,000	173,073	7.38%	173,073	"	
Total						\$ 1,397,973		\$ 1,397,973		

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortized cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 3: Holding preferred stock.

Note 4: In July 2023, the Company early invested in Wonder Energy Co., Ltd. and had obtained a letter of investment intent from its major shareholders. The capital increase plan of Wonder Energy Co., Ltd. was in progress. The Company accounted it as non-current financial assets at fair profit or loss.

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES

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

For the year ended December 31, 2023

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

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

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

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

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

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
December 31, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023 (Note)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Marketch International Corp.	Marketch International Corporation USA	Subsidiary	\$ 614,100	-	\$ -	-	\$ -	-

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

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
For the year ended December 31, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Marketch International Corp.	MIC-Tech (Shanghai) Corp.	1	Sales revenue	\$ 8,678	Sales revenue: Prices and terms of sales of goods to related parties are approximately the same to third parties. A certain percentage of profit is negotiated for sale of services with related parties. Construction revenue: The prices of construction contracts entered into with related parties and third parties are based on normal construction contracts or individual agreements. Furthermore, the collection terms to related parties are approximately the same to third parties, which is about 2 to 3 months after inspection of construction depending on the construction contracts or individual agreements.	0.02%
0	Marketch International Corp.	MIC-Tech (Shanghai) Corp.	1	Non-operating revenue	5,676		0.01%
0	Marketch International Corp.	MIC-Tech Electronics Engineering Corp.	1	Other receivables	12,600		0.03%
0	Marketch International Corp.	MIC-Tech Electronics Engineering Corp.	1	Sales revenue	6,428		0.01%
0	Marketch International Corp.	MIC-Tech Electronics Engineering Corp.	1	Non-operating revenue	49,897		0.09%
0	Marketch International Corp.	MIC-Tech China Trading (Shanghai) Co., Ltd.	1	Sales revenue	5,386		0.01%
0	Marketch International Corp.	Marketch Integrated Pte. Ltd.	1	Accounts receivable	13,197		0.03%
0	Marketch International Corp.	Marketch Integrated Pte. Ltd.	1	Services revenue	8,166		0.01%
0	Marketch International Corp.	Marketch Integrated Pte. Ltd.	1	Sales revenue	31,289		0.06%
0	Marketch International Corp.	Marketch Integrated Pte. Ltd.	1	Construction revenue	9,103		0.02%
0	Marketch International Corp.	eZoom Information, Inc.	1	Prepayment for purchases	18,000		0.04%
0	Marketch International Corp.	MIC-Tech Global Corp.	1	Prepayment for purchases	8,398		0.02%
0	Marketch International Corp.	Marketch International Corporation USA	1	Sales revenue	183,256		0.33%
0	Marketch International Corp.	Marketch International Corporation USA	1	Construction revenue	364,291		0.65%
0	Marketch International Corp.	Marketch International Corporation USA	1	Other receivables	614,100		1.32%
0	Marketch International Corp.	Marketch International Corporation USA	1	Non-operating revenue	27,235		0.05%
0	Marketch International Corp.	Marketch International Corporation USA	1	Accounts receivable	73,722		0.16%
0	Marketch International Corp.	Marketch Netherlands B.V.	1	Prepayment for purchases	5,274		0.01%
0	Marketch International Corp.	Spiro Technology Systems Inc.	1	Prepayment for purchases	21,453		0.05%
1	eZoom Information, Inc.	Marketch International Corp.	2	Accounts receivable	64,148		0.14%
1	eZoom Information, Inc.	Marketch International Corp.	2	Notes receivable	15,594		0.03%
1	eZoom Information, Inc.	Marketch International Corp.	2	Services revenue	54,948		0.10%
1	eZoom Information, Inc.	Marketch International Corp.	2	Construction revenue	112,022		0.20%
2	MIC-Tech Global Corp.	Marketch International Corp.	2	Sales revenue	157,805		0.28%
3	Marketch Netherlands B.V.	Marketch International Corp.	2	Sales revenue	29,391		0.05%
4	Spiro Technology Systems Inc.	Marketch International Corp.	2	Sales revenue	85,345		0.15%
5	Vertex System Corporation	Marketch International Corp.	2	Notes receivable	6,367		0.01%
6	MIC - Tech Viet Nam Co.,Ltd	Marketch Co., Ltd.	3	Other receivables	5,000		0.01%
7	MIC-Tech Electronics Engineering Corp.	MIC-Tech (Shanghai) Corp.	3	Construction revenue	5,399		0.01%
7	MIC-Tech Electronics Engineering Corp.	Shanghai Maohua Electronics Engineering Co., Ltd.	3	Other receivables	25,961		0.06%
8	Shanghai Maohua Electronics Engineering Co., Ltd.	MIC-Tech Electronics Engineering Corp.	3	Construction revenue	312,455		0.56%
9	MIC-Tech (WuXi) Co., Ltd.	Marketch Integrated Pte. Ltd.	3	Sales revenue	12,450		0.02%

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

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

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

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

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

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

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES

Information on investees

For the year ended December 31, 2023

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount (Note 2)		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023 (Note 1)	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Marketech International Corp.	Marketech Integrated Pte. Ltd.	Singapore	Contracting for semiconductor automatic supply system	\$ 331,733	\$ 292,147	14,636,958	100	\$ 54,302	\$ 865	\$ 865	The Company's subsidiary
Marketech International Corp.	Market Go Profits Ltd.	Virgin Islands	Investment holding and reinvestment	1,299,429	1,299,429	40,119,104	100	2,521,328	488,991	488,991	The Company's subsidiary
Marketech International Corp.	MIC-Tech Global Corp.	South Korea	International trade	19,147	19,147	131,560	100	18,831	4,068	4,068	The Company's subsidiary
Marketech International Corp.	Headquarter International Ltd.	Virgin Islands	Investment holding and reinvestment	42,475	42,475	1,289,367	100	36,547	(512)	(512)	The Company's subsidiary
Marketech International Corp.	Tiger United Finance Ltd.	Virgin Islands	Investment holding and reinvestment	46,475	46,475	1,410,367	100	34,474	(194)	(194)	The Company's subsidiary
Marketech International Corp.	Marketech Engineering Pte. Ltd.	Singapore	Contracting for electrical installing construction	29,545	21,804	1,270,133	100	2,815	(1,364)	(1,364)	The Company's subsidiary
Marketech International Corp.	Marketech Integrated Manufacturing Company Limited	Myanmar	Design, manufacturing, installation of automatic production equipment and its parts	478,985	478,985	1,535,600	100	126,617	(19,604)	(19,604)	The Company's subsidiary
Marketech International Corp.	MIC-Tech Viet Nam Co., Ltd.	Vietnam	Trading, installation and repair of various machinery equipment and its peripherals; consulting service and software execution service associated with computer hardware installation	271,476	131,060	-	100	217,976	(4,565)	(4,565)	The Company's subsidiary
Marketech International Corp.	Marketech Co., Ltd.	Vietnam	Specialized contracting and related repair services; equipment sales and repair; sales of cosmetics and daily necessities; production, development and implementation of software and providing coding service; providing installation service of industrial machine and equipment	72,596	72,596	-	100	(1,666)	(8,333)	(8,333)	The Company's subsidiary
Marketech International Corp.	eZoom Information, Inc.	Taiwan	Research, trading and consulting of information system software and hardware appliance	280,737	230,737	11,100,000	100	20,727	(90,761)	(90,761)	The Company's subsidiary
Marketech International Corp.	Marketech International Sdn.Bhd.	Malaysia	Specialized contracting and related repair services; sales of medical devices	108,162	82,014	16,871,250	100	33,826	(39,504)	(39,504)	The Company's subsidiary
Marketech International Corp.	Marketech International Corporation USA	USA	Specialized contracting and related repair services	556,886	259,794	18,450,000	100	792,616	(180,857)	(180,857)	The Company's subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount (Note 2)		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023 (Note 1)	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Marketech International Corp.	Spiro Technology Systems Inc.	USA	International trade	\$ 54,074	\$ 54,074	1,000,000	100	\$ 83,886	\$ 1,279	\$ 1,279	The Company's subsidiary
Marketech International Corp.	ADAT Technology CO., LTD.	Taiwan	Research, development, application, and service of software; supply of electronic information and data processing service	84,119	84,119	5,005,940	25.62	11,462	(68,201)	(17,469)	The Company's subsidiary
Marketech International Corp.	PT Marketech International Indonesia	Indonesia	Trading business of machine equipment and parts	38,042	38,042	1,199,000	99.92	34,490	(745)	(745)	The Company's subsidiary
Marketech International Corp.	Marketech Netherlands B.V	Netherlands	International trade business of machine and components and technical service	40,510	40,510	1,200,000	100	(2,793)	(8,309)	(8,309)	The Company's subsidiary
Marketech International Corp.	Glory Technology Service Inc.	Taiwan	Sale and installation of information and communication equipment	42,714	42,714	6,208,320	29.24	68,538	11,910	3,483	The Company's investee accounted for using equity method
Marketech International Corp.	MIC Techno Co., Ltd.	Taiwan	Sale of panels and its materials	2,000	2,000	200,000	20	1,809	10	2	The Company's investee accounted for using equity method
Marketech International Corp.	Taiwan Radisen HealthCare Co., Ltd.	Taiwan	Smart medical consulting services and investment	500	500	50,000	100	333	(44)	(44)	The Company's subsidiary
Marketech International Corp.	Vertex System Corporation	Taiwan	Trading of equipment for private 5G wireless communication networks (picocells and core networks) and IoT intelligent control gateway; maintenance and operations of device management platform (DMP), and provision of services in software management platform and vertical integration of information technology (IT) and communication technology (CT)	50,000	50,000	5,000,000	61.35	23,198	(22,617)	(13,875)	The Company's subsidiary
Marketech International Corp.	Bolite Co., Ltd.	Taiwan	Precision R&D, manufacturing and sales of laser-related modules and equipment, and provide laser application solutions	27,200	19,200	2,240,000	37.33	43,257	19,369	8,611	The Company's investee accounted for using equity method
Marketech International Corp.	MIC Healthcare Korea Co., Ltd.	South Korea	R&D, sales and professional technical services of medical device and its parts; international trade and import and export business	41,536	22,822	3,600,000	100	4,464	(23,421)	(23,421)	The Company's subsidiary
Marketech International Corp.	Marketech International Corp. Japan	Japan	International trade	65,254	2,302	30,000	100	55,214	(10,068)	(10,068)	The Company's subsidiary
Marketech International Corp.	Advanced Technology Matrix United Corporation	USA	Warehousing logistics services; sales agent of semiconductor equipment, components and consumables and semiconductor materials	60,960	-	2,000,000	68.97	61,342	(100)	(69)	The Company's subsidiary

Table 7-2

Investor	Investee	Location	Main business activities	Initial investment amount (Note 2)		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023 (Note 1)	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Marketech International Corp.	Radisen Co., Ltd. (Ordinary shares)	South Korea	AI medical resolution and teleradiology medical platform	\$ 12,454	\$ 12,454	87,803	18.49	\$ 7,638	(\$ 35,588)	(\$ 6,581)	The Company's investee accounted for using equity method
Marketech International Corp.	Radisen Co., Ltd. (Preferred stock)	South Korea	AI medical resolution and teleradiology medical platform	73,208	24,368	188,961	44.85	88,645	(35,588)	-	The Company's investee accounted for using equity method
Marketech International Corp.	Marketech International Corporation Germany GmbH	Germany	International trade of machine and components and technical service	6,617	-	200,000	100	5,642	(1,144)	(1,144)	The Company's subsidiary
Marketech International Corp.	MIC Industrial Viet Nam Co., Ltd.	Vietnam	Assembling of air conditioning equipment and testing OEM	39,567	-	-	100	38,253	235	235	The Company's subsidiary
Market Go Profits Ltd.	MIC-Tech Ventures Asia Pacific Inc.	Cayman Islands	Investment holding and reinvestment	1,293,932	1,293,932	40,016,604	100	2,520,116	489,101	-	The investor's subsidiary
Marketech Engineering Pte Ltd.	Marketech Integrated Construction Co., Ltd.	Myanmar	Contracting for electrical installing construction	27,083	19,342	88,500	98.33	2,401	(1,143)	-	The investor's subsidiary
MIC-Tech Ventures Asia Pacific Inc.	Rusky H.K. Limited	Hong Kong	Investment holding and reinvestment	34,551	34,551	833,000	100	9,335	17,507	-	The investor's subsidiary
MIC-Tech Ventures Asia Pacific Inc.	Frontken MIC Co. Limited	Hong Kong	Investment holding and reinvestment	-	31,422	-	-	-	15	-	Note 3
MIC-Tech Ventures Asia Pacific Inc.	MICT International Limited	Hong Kong	Investment holding and reinvestment	132,282	132,282	5,400,000	60	27,034	(9,370)	-	The investor's subsidiary
MIC-Tech Ventures Asia Pacific Inc.	Leader Fortune Enterprise Co., Ltd.	Samoa	Investment holding and reinvestment	8,990	8,990	303,000	31.43	(5,036)	(1,707)	-	The investor's investee accounted for using equity method
MIC-Tech Ventures Asia Pacific Inc.	Fortune Blessing Co., Limited	Hong Kong	Investment holding and reinvestment	45,985	45,985	500,000	27.78	6,654	237	-	The investor's investee accounted for using equity method
Rusky H.K. Limited	PT Marketech International Indonesia	Indonesia	Trading business of machine equipment and parts	32	32	1,000	0.08	31	(745)	-	The investor's investee accounted for using equity method

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

Note 2: Except for subsidiaries in Malaysia which are translated at the current rate as of December 31, 2023, the initial investment amounts of other investees are translated at the current rate as of the investment date.

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

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES

Information on investments in Mainland China

For the year ended December 31, 2023

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 3)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023 (Note 3)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023 (Note 3)		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023 (Note 3)	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2023 (Note 2)	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
MIC-Tech (WuXi) Co., Ltd.	Manufacturing and sales of semiconductor devices, intelligent storage equipments, illuminators, masks and labor protective products; manufacturing of package special equipments	\$ 782,978	Note 1(2)	\$ 629,453	\$ -	\$ -	\$ 629,453	(\$ 40,911)	100	(\$ 40,374)	\$ 99,374	\$ -	Note 2 (2)B
MIC-Tech (Shanghai) Corp.	Wholesale, commission agency, maintenance, repairment, manufacture, import and export of semiconductor production and its consumables; trading agency and consulting services in customs bonded area	253,040	Note 1(2)	15,353	-	-	15,353	264,091	100	264,091	964,177	217,487	Note 2 (2)B
Shanghai Maohua Electronics Engineering Co., Ltd.	Production of scrubber bins for semiconductor manufacturers; design, installation, debugging and technology services of tunnel system; equipment repair for semiconductor manufacturers	18,423	Note 1(2)	18,515	-	-	18,515	20,510	87	17,843	6,911	-	Note 2 (2)B
MIC-Tech Electronics Engineering Corp.	Installation and construction of mechanical and electrical systems; professional building renovation and decoration services; design and construction of smart buildings; construction of electronic projects and related technical services and consulting materials	540,991	Note 1(2)	261,607	-	-	261,607	164,865	100	164,865	937,898	112,742	Note 2 (2)B
Integrated Manufacturing & Services Co., Ltd.	Development of special equipment for solar cell production, manufacture of optical engine, cleaning and regeneration of new electrical device	214,935	Note 1(2)	119,750	-	-	119,750	(9,370)	60	(5,622)	26,265	-	Note 2 (2)B
MIC-Tech China Trading (Shanghai) Co., Ltd.	Wholesale, commission agency and import and export of chemical products, semiconductors, inspection equipment and its consumables, solar equipment consumables, trading and trading agency among enterprises in customs bonded area	46,058	Note 1(2)	46,058	-	-	46,058	123,611	100	123,611	235,212	-	Note 2 (2)B
Macrotec Technology (Shanghai) Co., Ltd.	Wholesale, commission agency, import and export and other complementary service of electrical products, instrumentation, metal products, electrical equipment, International and entrepot trade, trading and trading agency among enterprises in customs bonded area	29,382	Note 1(2)	9,234	-	-	9,234	(1,707)	31.43	(537)	(5,039)	-	Note 2 (2)B

Table 8-1

Investee in Mainland China	Main business activities	Paid-in capital (Note 3)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023 (Note 3)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023 (Note 3)		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023 (Note 3)	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2023 (Note 2)	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Fortune International Corporation	Research and development, manufacturing, sales, installation and repair services of semiconductor-related devices, equipment and materials; supply chain and property management service; industrial park management service; venue rental; conference and exhibition services; warehousing service	\$ 55,269	Note 1(2)	\$ 15,353	\$ -	\$ -	\$ 15,353	\$ 259	27.78	\$ 72	\$ 6,627	\$ -	Note 2 (2)B

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

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

Note 2: In the 'Investment income (loss) recognized by the Company for the year ended December 31, 2023' column:

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

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

2. Limit on investees in Mainland China

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023 (Note 1) (Note 2) (Note 3)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 1)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Marketch International Corp.	\$ 1,203,329	\$ 1,883,291	\$ 6,741,623

Note 1: The amount was translated at the original currency times exchange rate at period end.

Note 2: The Company has sold WUXI Probeleader Electronics Co., Ltd. at the end of November 2011. As the accumulated investment was different from the investment collected back, the difference between accumulated amount of remittance from Taiwan to Mainland China as of November 30, 2011 and accumulated amount of remittance from Taiwan to Mainland China registered at and approved by MOEA was US\$186 thousand.

Note 3: The liquidation of TPP-MIC (WuXi) Co., Ltd. was completed in November, 2015. As the accumulated investment was different from the investment collected back, the difference between accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023, and accumulated amount of remittance from Taiwan to Mainland China registered at and approved by MOEA was US\$180 thousand.

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES

Major shareholders information

December 31, 2023

Table 9

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

Note 1: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of share in dematerialised form due to the difference in the calculation basis.

Note 2: If the aforementioned data contains shares which were kept at the trust by the shareholders, the data was disclosed as a separate account of client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with the Securities and Exchange Act, the shareholding ratio includes the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information of reported share equity of insider, please refer to Market Observation Post System.

MARKETECH INTERNATIONAL CORP.
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS’
REPORT
DECEMBER 31, 2023 AND 2022

For the convenience of readers and for information purpose only, the auditors’ report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors’ report and financial statements shall prevail.

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, 2023 and 2022, 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 material 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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants” and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors’ responsibilities for the audit of the 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, 2023. 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, 2023 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(16) 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

Our audit procedures performed in the Company and its subsidiaries (recognized as investments accounted for under equity method) for the above matter are 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

Our audit procedures performed in the Company and its subsidiaries (recognized as investments accounted for under equity method) for the above matter are 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 ascertained 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 for accounts receivable, and Note 6(3) for the details of accounts receivable.

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

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

How our audit addressed the matter

Our audit procedures performed in the Company and its subsidiaries (recognized as investments accounted for under equity method) for the above matter are 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 for a 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.

SUNG-TSE WANG

Lin, Chun-Yao

For and on Behalf of PricewaterhouseCoopers, Taiwan

February 19, 2024

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

Assets		Notes	December 31, 2023		(adjusted) December 31, 2022		(adjusted) January 1, 2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 2,771,744	8	\$ 2,643,998	9	\$ 1,446,152	6
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		164,696	-	103,087	-	175,306	1
1140	Current contract assets	6(16) and 7	7,005,580	21	7,019,760	25	7,556,616	33
1150	Notes receivable, net	6(3)	10,468	-	4,511	-	4,436	-
1160	Notes receivable due from	6(3) and 7						
	related parties, net		98	-	95	-	92	-
1170	Accounts receivable, net	6(3)	5,513,142	17	3,884,234	14	3,072,904	13
1180	Accounts receivable - related	6(3) and 7						
	parties, net		110,765	-	77,218	-	71,163	-
1200	Other receivables		15,525	-	10,864	-	195,048	1
1210	Other receivables - related	7						
	parties		630,621	2	192,012	1	180,450	1
130X	Inventories, net	6(4)	6,255,155	19	5,414,646	19	3,015,240	13
1410	Prepayments		857,542	3	775,466	3	723,366	3
1470	Other current assets	8	187,032	1	125,168	1	94,864	1
11XX	Total current assets		23,522,368	71	20,251,059	72	16,535,637	72
Non-current assets								
1510	Financial assets at fair value	6(2)						
	through profit or loss - non-							
	current		1,224,900	4	653,075	2	802,715	3
1550	Investments accounted for	6(5) and 7						
	using equity method		4,388,230	13	3,791,422	14	2,548,138	11
1600	Property, plant and equipment,	6(6) and 7						
	net		2,096,066	6	2,078,508	7	1,979,380	9
1755	Right-of-use assets	6(7)	1,445,586	5	1,041,981	4	962,581	4
1780	Intangible assets	7	71,455	-	77,464	-	75,746	-
1840	Deferred tax assets	6(20)	207,583	1	185,037	1	157,800	1
1900	Other non-current assets	8	49,472	-	49,396	-	49,152	-
15XX	Total non-current assets		9,483,292	29	7,876,883	28	6,575,512	28
1XXX	Total Assets		\$ 33,005,660	100	\$ 28,127,942	100	\$ 23,111,149	100

(Continued)

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

Liabilities and Equity		Notes	December 31, 2023		(adjusted) December 31, 2022		(adjusted) January 1, 2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(8)	\$ 6,100,000	19	\$ 5,100,000	18	\$ 3,345,000	15
2130	Current contract liabilities	6(16)	4,633,463	14	3,841,452	14	2,680,786	12
2150	Notes payable		1,741,753	5	2,165,239	8	1,719,791	7
2160	Notes payable - related parties	7	32,438	-	2,809	-	14,724	-
2170	Accounts payable		3,731,922	11	4,215,684	15	4,411,499	19
2180	Accounts payable - related parties	7	93,636	-	28,310	-	45,333	-
2200	Other payables	6(9)	756,572	2	851,657	3	639,993	3
2230	Current tax liabilities		378,442	1	310,980	1	154,008	1
2280	Current lease liabilities		129,513	1	108,365	1	78,737	-
2320	Long-term liabilities, current portion	6(10)	-	-	644,880	2	-	-
2399	Other current liabilities		59,994	-	50,280	-	66,609	-
21XX	Total current liabilities		17,657,733	53	17,319,656	62	13,156,480	57
Non-current liabilities								
2530	Bonds payable	6(10)	2,391,712	7	-	-	885,747	4
2540	Long-term borrowings	6(11)	200,000	1	200,000	1	200,000	1
2570	Deferred tax liabilities	6(20)	134,401	-	160,698	1	94,422	-
2580	Non-current lease liabilities		1,333,954	4	945,831	3	894,340	4
2640	Net defined benefit liability - non-current	6(12)	139,087	1	138,106	-	163,688	1
2670	Other non-current liabilities	6(5)	5,492	-	3,426	-	43,247	-
25XX	Total non-current liabilities		4,204,646	13	1,448,061	5	2,281,444	10
2XXX	Total Liabilities		21,862,379	66	18,767,717	67	15,437,924	67
Equity								
	Share capital	6(13)						
3110	Ordinary shares		2,013,154	6	1,950,284	7	1,927,562	8
	Capital surplus	6(14)						
3200	Capital surplus		2,498,186	8	1,787,330	6	1,562,207	7
	Retained earnings	6(15)						
3310	Legal reserve		1,310,579	4	1,087,737	4	932,127	4
3320	Special reserve		182,589	1	256,244	1	167,098	1
3350	Unappropriated retained earnings		5,365,203	16	4,461,219	16	3,340,475	14
	Other equity interest							
3400	Other equity interest		(226,430)	(1)	(182,589)	(1)	(256,244)	(1)
3XXX	Total Equity		11,143,281	34	9,360,225	33	7,673,225	33
	Significant contingent liabilities and unrecognized contract commitments	7 and 9						
	Significant events after the balance sheet date	11						
3X2X	Total Liabilities and Equity		\$ 33,005,660	100	\$ 28,127,942	100	\$ 23,111,149	100

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

MARKETECH INTERNATIONAL CORP.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

			Year ended December 31,			
			2023		2022 (adjusted)	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Operating Revenue	6(16) and 7		\$ 28,394,864	100	\$ 30,201,152	100
5000 Operating Costs	6(4)(19) and 7	(	24,774,033)	(87)	(27,030,316)	(90)
5900 Gross Profit			<u>3,620,831</u>	<u>13</u>	<u>3,170,836</u>	<u>10</u>
Operating Expenses	6(19) and 7					
6100 Sales and marketing expenses		(	434,063)	(2)	(426,109)	(1)
6200 General and administrative expenses		(	946,695)	(3)	(894,742)	(3)
6300 Research and development expenses		(	253,237)	(1)	(235,146)	(1)
6450 Expected credit loss	12(2)	(	33,047)	-	(80,541)	-
6000 Total operating expenses		(	<u>1,667,042</u>	<u>(6)</u>	<u>(1,636,538)</u>	<u>(5)</u>
6900 Operating Profit			<u>1,953,789</u>	<u>7</u>	<u>1,534,298</u>	<u>5</u>
Non-operating Income and Expenses						
7100 Interest income	7		49,388	-	15,344	-
7010 Other income	6(17) and 7		162,777	1	105,046	-
7020 Other gains and losses	6(2)(18)		510,386	2	122,451	1
7050 Finance costs		(	143,014)	(1)	(69,674)	-
7070 Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(5)		<u>80,115</u>	<u>-</u>	<u>941,183</u>	<u>3</u>
7000 Total non-operating income and expenses			<u>659,652</u>	<u>2</u>	<u>1,114,350</u>	<u>4</u>
7900 Profit before Income Tax			2,613,441	9	2,648,648	9
7950 Income tax expense	6(20)	(	451,608)	(2)	(433,461)	(1)
8200 Net Income			<u>\$ 2,161,833</u>	<u>7</u>	<u>\$ 2,215,187</u>	<u>8</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)	(\$	3,564)	-	\$ 22,145	-
8349 Income tax related to components of other comprehensive income (loss) that will not be reclassified to profit or loss	6(20)		<u>713</u>	<u>-</u>	<u>(4,429)</u>	<u>-</u>
8310 Other comprehensive (loss) income that will not be reclassified to profit or loss		(	<u>2,851</u>	<u>-</u>	<u>17,716</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		(	47,663)	-	91,516	-
8380 Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method	6(5)	(	7,138)	-	553	-
8399 Income tax relating to components of other comprehensive income that will be reclassified to profit or loss	6(20)		<u>10,960</u>	<u>-</u>	<u>(18,414)</u>	<u>-</u>
8360 Other comprehensive (loss) income that will be reclassified to profit or loss		(	<u>43,841</u>	<u>-</u>	<u>73,655</u>	<u>-</u>
8300 Other comprehensive (loss) income, net of tax		(\$	46,692)	-	\$ 91,371	-
8500 Total Comprehensive Income			<u>\$ 2,115,141</u>	<u>7</u>	<u>\$ 2,306,558</u>	<u>8</u>
9750 Basic earnings per share (in dollars)	6(21)		\$ 10.96		\$ 11.36	
9850 Diluted earnings per share (in dollars)	6(21)		\$ 10.47		\$ 10.89	

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Capital Reserves			Retained Earnings				
	Notes	Share capital - ordinary shares	Capital surplus - share premium	Capital Surplus - others	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statement translation differences of foreign operations	Total equity
<u>Year ended December 31, 2022</u>									
		\$ 1,927,562	\$ 1,530,365	\$ 31,842	\$ 932,127	\$ 167,098	\$ 3,339,807	(\$ 256,244)	\$ 7,672,557
		-	-	-	-	-	668	-	668
		<u>1,927,562</u>	<u>1,530,365</u>	<u>31,842</u>	<u>932,127</u>	<u>167,098</u>	<u>3,340,475</u>	<u>(256,244)</u>	<u>7,673,225</u>
		-	-	-	-	-	2,215,187	-	2,215,187
		-	-	-	-	-	17,716	73,655	91,371
		-	-	-	-	-	2,232,903	73,655	2,306,558
Appropriations and distribution of earnings for 2021	6(15)								
		-	-	-	155,610	-	(155,610)	-	-
		-	-	-	-	89,146	(89,146)	-	-
		-	-	-	-	-	(867,403)	-	(867,403)
Changes in ownership interest in subsidiaries	6(14)	-	-	383	-	-	-	-	383
Conversion of convertible bonds	6(10)(13)(14)(22)	22,722	232,010	(7,270)	-	-	-	-	247,462
		<u>\$ 1,950,284</u>	<u>\$ 1,762,375</u>	<u>\$ 24,955</u>	<u>\$ 1,087,737</u>	<u>\$ 256,244</u>	<u>\$ 4,461,219</u>	<u>(\$ 182,589)</u>	<u>\$ 9,360,225</u>
<u>Year ended December 31, 2023</u>									
		\$ 1,950,284	\$ 1,762,375	\$ 24,955	\$ 1,087,737	\$ 256,244	\$ 4,461,219	(\$ 182,589)	\$ 9,360,225
		-	-	-	-	-	2,161,833	-	2,161,833
		-	-	-	-	-	(2,851)	(43,841)	(46,692)
		-	-	-	-	-	2,158,982	(43,841)	2,115,141
Appropriations and distribution of earnings for 2022	6(15)								
		-	-	-	222,842	-	(222,842)	-	-
		-	-	-	-	(73,655)	73,655	-	-
		-	-	-	-	-	(1,105,811)	-	(1,105,811)
Conversion of convertible bonds	6(10)(13)(14)(22)	62,870	603,371	(18,762)	-	-	-	-	647,479
Due to recognition of equity component of convertible bonds issued	6(10)(14)	-	-	126,247	-	-	-	-	126,247
		<u>\$ 2,013,154</u>	<u>\$ 2,365,746</u>	<u>\$ 132,440</u>	<u>\$ 1,310,579</u>	<u>\$ 182,589</u>	<u>\$ 5,365,203</u>	<u>(\$ 226,430)</u>	<u>\$ 11,143,281</u>

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31,	
	Notes	2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 2,613,441	\$ 2,648,648
Adjustments			
Adjustments to reconcile profit (loss)			
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	6(2)(18)	(491,654)	154,730
Expected credit loss	12(2)	33,047	80,541
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(5)	(80,115)	(941,183)
Depreciation	6(6)(7)(19)	311,381	261,407
Amortization	6(19)	28,582	24,519
(Gain) loss on disposal of property, plant and equipment	6(6)(18)	(32)	139
(Gain) loss on lease modification	6(7)(18)	(7)	211
Interest income	7	(49,388)	(15,344)
Interest expense		143,014	69,674
Dividend income	6(17)	(27,694)	(15,354)
Changes in operating assets and liabilities			
Changes in operating assets			
Current contract assets		14,180	536,856
Notes receivable, net	(	5,957)	(75)
Notes receivable - related parties, net	(	3)	(3)
Accounts receivable, net	(	1,661,956)	(891,871)
Accounts receivable - related parties, net	(	33,547)	(6,055)
Other receivables		2,368	(14,052)
Other receivables - related parties, net	(	3,515)	(11,562)
Inventories, net	(	840,509)	(2,399,406)
Prepayments	(	82,076)	(52,100)
Other current assets	(	10,103)	(96,800)
Changes in operating liabilities			
Current contract liabilities		792,011	1,160,666
Notes payable	(	423,486)	(445,448)
Notes payable – related parties		29,629	(11,915)
Accounts payable	(	425,845)	(195,815)
Accounts payable – related parties		65,326	(17,023)
Other payables	(	149,709)	(212,920)
Other current liabilities		9,714	(16,329)
Other non-current liabilities	(	2,583)	(3,437)
Cash (outflow) inflow generated from operations	(	245,486)	(930,559)
Interest received		49,388	15,344
Dividends received		27,694	15,354
Interest paid	(	120,397)	(64,336)
Income tax paid	(	421,316)	(260,293)
Net cash flows (used in) from operating activities	(	710,117)	(636,628)

(Continued)

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

		Year ended December 31,	
	Notes	2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss		(\$ 233,213)	(\$ 67,465)
Proceeds from disposal of financial assets at fair value through profit or loss		31,522	317,914
Proceeds from capital reduction of financial assets at fair value through profit or loss		-	455
Increase in other receivables – related parties		(442,124)	(8,664)
Acquisition of investments accounted for using equity method – non-subsidiaries	7	(56,840)	(19,200)
Acquisition of investments accounted for using equity method – subsidiaries	7	(754,875)	(259,386)
Proceeds from capital reduction of investments accounted for using equity method		-	29,118
Acquisition of property, plant and equipment	6(6)	(211,020)	(276,941)
Proceeds from disposal of property, plant and equipment	6(6)	44	46
Acquisition of right-of-use assets		(426)	(663)
Acquisition of intangible assets		(22,573)	(26,237)
(Increase) decrease in refundable deposits		(50,735)	67,556
Increase in other non-current assets		(1,100)	(1,304)
Dividends received		302,484	-
Net cash flows used in investing activities		(1,438,856)	(244,771)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(23)	1,000,000	1,755,000
Increase in guarantee deposits received		963	-
Repayments of lease principal	6(7)(23)	(111,833)	(81,608)
Proceeds from issuance of bonds	6(10)(23)	2,495,000	-
Cash dividends paid	6(15)	(1,105,811)	(867,403)
Repayments of bonds	6(10)(23)	(1,600)	-
Net cash flows from financing activities		2,276,719	805,989
Net increase in cash and cash equivalents		127,746	1,197,846
Cash and cash equivalents at beginning of year	6(1)	2,643,998	1,446,152
Cash and cash equivalents at end of year	6(1)	<u>\$ 2,771,744</u>	<u>\$ 2,643,998</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, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars)

1. ORGANIZATION AND OPERATIONS

Marketch International Corp. (the “Company”) was incorporated in the Republic of China (R.O.C.) on December 27, 1988. On October 17, 2002, the Company’s common shares were officially listed on the Taiwan Over-The-Counter Securities Exchange and on May 24, 2004, the shares were transferred to be listed on the Taiwan Stock Exchange. The Company 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 41.46% of the shares of the Company. The ultimate parent company of the Company is Ennoconn Corporation.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

The parent company only financial statements were approved by the Board of Directors on February 19, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

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

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

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

Upon adoption, the Company recognized an increase in investments accounted for using equity method by \$668, \$5,146 and \$33,252, and an increase in retained earnings by \$668, \$5,146 and \$33,252 as of January 1, 2022 and December 31, 2022, December 31, 2023, respectively, and an increase in investment gains and earnings per share by \$4,478 and \$0.02 (in dollars) and \$28,016 and \$0.14 (in dollars) respectively, for the years ended December 31, 2022 and 2023, respectively.

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

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

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

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. SUMMARY OF MATERIAL 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 that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the 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 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.

(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 and associates

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 and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the 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, 2023</u>	<u>December 31, 2022</u>
Cash on hand	\$ 10,463	\$ 8,845
Checking accounts and demand deposits	<u>2,761,281</u>	<u>2,635,153</u>
Total	<u>\$ 2,771,744</u>	<u>\$ 2,643,998</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, 2023</u>	<u>December 31, 2022</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 4,373	\$ 4,373
Hybrid instruments-call provision of convertible corporate bonds (Note 6(10))	<u>500</u>	<u>195</u>
	4,873	4,568
Valuation adjustment	<u>159,823</u>	<u>98,519</u>
Total	<u>\$ 164,696</u>	<u>\$ 103,087</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 26,293	\$ 12,474
Unlisted stocks	702,640	518,470
Beneficiary certificates	55,595	43,105
Hybrid instruments	<u>32,413</u>	<u>52,748</u>
	816,941	626,797
Valuation adjustment	<u>407,959</u>	<u>26,278</u>
Total	<u>\$ 1,224,900</u>	<u>\$ 653,075</u>

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

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	\$ 467,815	(\$ 150,859)
Hybrid instruments	<u>23,839</u>	<u>(3,871)</u>
	<u>\$ 491,654</u>	<u>(\$ 154,730)</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, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Notes receivable	<u>\$ 10,468</u>	<u>\$ 4,511</u>	<u>\$ 4,436</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Accounts receivable	\$ 5,766,206	\$ 4,111,713	\$ 3,227,898
Less: Loss allowance	(253,064)	(227,479)	(154,994)
Total	<u>\$ 5,513,142</u>	<u>\$ 3,884,234</u>	<u>\$ 3,072,904</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, 2023</u>	<u>December 31, 2022</u>
Not past due	<u>\$ 10,566</u>	<u>\$ 4,606</u>

(b) Accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Not past due	\$ 4,603,346	\$ 3,665,197
Up to 90 days	711,122	169,822
91 to 180 days	205,717	48,648
181 to 365 days	120,315	54,167
Over 365 days	239,742	253,509
	<u>\$ 5,880,242</u>	<u>\$ 4,191,343</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes receivable (including related parties) was \$10,566 and \$4,606, respectively. As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable (including related parties) was \$5,623,907 and \$3,961,452, respectively.

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

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

(4) Inventories

December 31, 2023			
	Cost	Allowance for valuation loss and loss on obsolete and slow-moving inventories	Book value
Materials	\$ 2,158,247	(\$ 26,688)	\$ 2,131,559
Merchandise inventory	417,173	(18,279)	398,894
Raw materials	2,402,943	(20,385)	2,382,558
Supplies	113,961	(4,131)	109,830
Work in process	800,861	(10,259)	790,602
Semi-finished goods and finished goods	450,970	(9,258)	441,712
Total	<u>\$ 6,344,155</u>	<u>(\$ 89,000)</u>	<u>\$ 6,255,155</u>

December 31, 2022			
	Cost	Allowance for valuation loss and loss on obsolete and slow-moving inventories	Book value
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>

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

	Years ended December 31,	
	2023	2022
Construction contract cost	\$ 13,402,934	\$ 15,653,193
Cost of sales	9,265,456	9,922,783
Other operating cost	2,096,643	1,484,340
Loss on (gain on reversal of) market value decline and obsolete and slow-moving inventories (Note)	9,000	(30,000)
Total	<u>\$ 24,774,033</u>	<u>\$ 27,030,316</u>

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

B. The Company has no inventories pledged to others.

(5) Investments accounted for using equity method

	December 31, 2023		December 31, 2022	
	Carrying amount	% interest held	Carrying amount	% interest held
Subsidiaries:				
Market Go Profits Ltd.	\$ 2,521,328	100%	\$ 2,370,906	100%
Marketech Integrated Manufacturing Company Limited	126,617	100%	145,956	100%
eZoom Information, Inc.	20,727	100%	61,488	100%
Marketech International Sdn. Bhd.	33,826	100%	44,671	100%
Headquarter International Ltd.	36,547	100%	37,058	100%
Tiger United Finance Ltd.	34,474	100%	34,671	100%
PT Marketech International Indonesia	34,490	99.92%	35,209	99.92%
MIC-Tech Viet Nam Co., Ltd.	217,976	100%	91,016	100%
Spiro Technology Systems Inc.	83,886	100%	82,639	100%
Marketech International Corporation USA	792,616	100%	673,123	100%
Marketech Netherlands B.V.	(2,793)	100%	5,378	100%
Marketech Engineering Pte. Ltd.	2,815	100%	(3,356)	100%
MIC-Tech Global Corp.	18,831	100%	15,198	100%
Marketech Co., Ltd.	(1,666)	100%	6,613	100%
Smart Health Corp.	333	100%	377	100%
ADAT Technology CO., LTD.	11,462	25.62%	28,931	25.62%
Vertex System Corporation	23,198	61.35%	37,073	61.35%
Marketech Integrated Pte. Ltd.	54,302	100%	12,708	100%
MIC Healthcare Korea Co., Ltd.	4,464	100%	8,838	100%
Marketech International Corp. Japan	55,214	100%	2,190	100%
Advanced Technology Matrix United Corporation	61,342	68.97%	-	-
Marketech International Corporation Germany GmbH	5,642	100%	-	-
MIC Industrial Viet Nam Co., Ltd.	38,253	100%	-	-
Add: Credit balance of long-term equity investment transferred to 'other non-current liabilities'	4,459		3,356	

	December 31, 2023		December 31, 2022	
	Carrying amount	% interest held	Carrying amount	% interest held
Associates:				
Glory Technology Service Inc.	68,538	29.24%	68,926	29.24%
MIC Techno Co., Ltd.	1,809	20%	1,807	20%
Bolite Co., Ltd.	43,257	37.33%	26,646	32%
Radisen Co., Ltd. (ordinary shares) (Note)	7,638	18.49%	-	-
Radisen Co., Ltd. (preferred stock) (Note)	88,645	44.85%	-	-
	<u>\$ 4,388,230</u>		<u>\$ 3,791,422</u>	

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

A. Subsidiaries

Details of the Company's subsidiaries are provided in Note 4(3) of the Company's 2023 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,	
	2023	2022
Profit for the year from continuing operations	\$ 5,515	\$ 11,025
Other comprehensive loss - net of tax	(7,138)	-
Total comprehensive (loss) income	<u>(\$ 1,623)</u>	<u>\$ 11,025</u>

C. The investments accounted for using equity method for the years ended December 31, 2023 and 2022 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 37.33% equity interest. Given that the remaining 62.67% of Bolite's equity is concentrated in investors from other parties, the number of votes for the minority voting rights holders to act together has surpassed that of the Company. Therefore, the Company has no control over the company and only has significant influence on Bolite Co., Ltd.

(6) Property, plant and equipment

2023

	Land	Buildings	Machinery and equipment	Office equipment	Others	Total
<u>At January 1</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>

Year ended December 31

Opening net book amount	\$ 183,542	\$ 1,485,957	\$ 206,331	\$ 81,247	\$ 121,431	\$ 2,078,508
Additions	-	13,940	26,180	55,719	116,588	212,427
Transfers (Note)	-	35,602	-	10,502	(47,511)	(1,407)
Disposals	-	-	-	(12)	-	(12)
Depreciation	-	(109,578)	(45,501)	(32,458)	(5,913)	(193,450)
Closing net book amount	<u>\$ 183,542</u>	<u>\$ 1,425,921</u>	<u>\$ 187,010</u>	<u>\$ 114,998</u>	<u>\$ 184,595</u>	<u>\$ 2,096,066</u>

At December 31

Cost	\$ 183,542	\$ 2,612,941	\$ 648,141	\$ 293,879	\$ 206,853	\$ 3,945,356
Accumulated depreciation	-	(1,187,020)	(461,131)	(178,881)	(22,258)	(1,849,290)
Book value	<u>\$ 183,542</u>	<u>\$ 1,425,921</u>	<u>\$ 187,010</u>	<u>\$ 114,998</u>	<u>\$ 184,595</u>	<u>\$ 2,096,066</u>

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>

Year ended December 31

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>

At December 31

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>

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

- A. The 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, 2023</u>	<u>December 31, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 1,259,288	\$ 837,033
Buildings	121,353	153,872
Office equipment	92	229
Other equipment	64,853	50,847
	<u>\$ 1,445,586</u>	<u>\$ 1,041,981</u>

	<u>Years ended December 31,</u>	<u>Years ended December 31,</u>
	<u>2023</u>	<u>2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 27,484	\$ 23,892
Buildings	63,963	35,183
Office equipment	276	58
Other equipment	26,208	24,646
	<u>\$ 117,931</u>	<u>\$ 83,779</u>

- D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$522,298 and \$177,701, respectively.

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

	Years ended December 31,	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 15,905	\$ 14,680
Expense on short-term lease contracts	\$ 56,138	\$ 46,206
Gain (loss) on lease modification	\$ 7	(\$ 211)

F. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were \$183,876 and \$142,494, 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

	December 31, 2023	Interest rate range	Collateral
<u>Bank borrowings</u>			
Credit borrowings	\$ 6,100,000	1.59%~1.69%	None
	December 31, 2022	Interest rate range	Collateral
<u>Bank borrowings</u>			
Credit borrowings	\$ 5,100,000	1.27%~1.88%	None

(9) Other payables

	December 31, 2023	December 31, 2022
Salaries and bonus payable	\$ 362,770	\$ 460,539
Accrued employees' compensation and directors' remuneration	323,010	332,080
Others	70,792	59,038
Total	\$ 756,572	\$ 851,657

(10) Bonds payable

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

A. The fourth unsecured convertible corporate bonds in 2020

(a) The Company issued the 4th domestic unsecured convertible bonds, as approved by the regulatory authority on November 27, 2020. The terms and conditions are as follows:

- i. Total issuance amount: NT\$1,500,000
- ii. Issuance period: 3 years, and a circulation period from December 15, 2020 to December 15, 2023
- iii. Coupon rate: 0%
- iv. Conversion period: The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds before the maturity date, except the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
- v. The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. If the reset conversion price is higher than the conversion price before the reset, the conversion price will not be adjusted.
- vi. Redemption method:
 - (i) Redemption on the maturity date: Redeemed in cash at face value at the maturity date.
 - (ii) Redemption before the maturity date: The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: 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 the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after one month of the bonds issue to 40 days before the maturity date.

- (iii) Under the terms of the bonds, all bonds redeemed, matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.
 - vii. For the year ended December 31, 2023, the bonds totaling \$649,600 had been converted into 6,286 thousand shares of common stock. Accordingly, the Company recognized capital surplus of \$603,232 and reduced capital surplus - stock option by \$18,711.
 - viii. As of December 31, 2023, the bonds totaling \$1,498,400 had been converted into 13,926 thousand shares of common stock. Accordingly, the Company recognized capital surplus of \$1,382,553 and reduced capital surplus - stock option by \$43,160.
 - (b) Regarding the issuance of convertible bonds, the equity conversion options amounting to \$43,206 were separated from the liability component and were recognized in 'capital surplus—stock warrants' in accordance with IAS 32. The call options embedded in bonds payable were separated from their host contracts and were recognized in 'financial assets or liabilities at fair value through profit or loss' in net amount in accordance with IAS 39 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rate of the bonds payable after such separation is 1.0255%.
 - (c) The bonds expired on December 15, 2023. Accordingly, the Company paid the unconverted bonds at face value amounting to \$1,600, and reclassified the expired conversion options.
- B. The fifth unsecured convertible corporate bonds in 2023
- (a) The Company issued the 5th domestic unsecured convertible bonds, as approved by the regulatory authority on June 27, 2023. The terms and conditions are as follows:
 - i. Total issuance amount: NT\$2,500,000
 - ii. Issuance period: 3 years, and a circulation period from June 27, 2023 to June 27, 2026
 - iii. Coupon rate: 0%
 - iv. Conversion period: The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds before the maturity date, except the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
 - v. The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. If the reset conversion price is higher than the conversion price before the reset, the conversion price will not be adjusted.

vi. Redemption method:

- (i) Redemption on the maturity date: Redeemed in cash at face value at the maturity date.
 - (ii) Redemption before the maturity date: The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after one month of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after one month of the bonds issue to 40 days before the maturity date.
 - (iii) Under the terms of the bonds, all bonds redeemed, matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.
- vii. For the year ended December 31, 2023, the bonds totaling \$100 had been converted into 713 thousand shares of common stock. Accordingly, the Group recognized capital surplus of \$93 and reduced capital surplus - stock options by \$5.
- (b) Regarding the issuance of convertible bonds, the equity conversion options amounting to \$126,247 were separated from the liability component and were recognized in 'capital surplus—stock warrants' in accordance with IAS 32. The call options embedded in bonds payable were separated from their host contracts and were recognized in 'financial assets or liabilities at fair value through profit or loss' in net amount in accordance with IAS 39 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rate of the bonds payable after such separation is 1.7960%.

(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, 2023</u>
Long-term bank borrowings Credit borrowings	Borrowing period is from December 28, 2023 to March 28, 2025; interest is payable monthly; principal is payable at maturity date	1.656%	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, 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>

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

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

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

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

(e) The principal actuarial assumptions used were as follows:

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

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

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

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

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

(f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2024 amount to \$6,294.

(g) As of December 31, 2023, the weighted average duration of the defined benefit retirement plan is 8 years.

B.(a) Effective July 1, 2005, the Company 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, 2023 and 2022 were \$44,158 and \$42,333, respectively.

(13) Share capital

A. As of December 31, 2023, the Company’s authorized capital was \$3,000,000, consisting of 300 million shares of ordinary stock (including 9,800 thousand shares reserved for employee stock options), and the paid-in capital was \$2,013,154 with a par value of \$10 (in dollars) per share amounting to 201,315,437 shares. All proceeds from shares issued have been collected.

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

	Years ended December 31,	
	2023	2022
At January 1	195,028,376	192,756,201
Conversion of convertible bonds	6,287,061	2,272,175
At December 31	201,315,437	195,028,376

(14) 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:

2023				
	Share premium	Stock options	Others	Total
At January 1	\$ 1,762,375	\$ 18,757	\$ 6,198	\$ 1,787,330
Changes in ownership interest in subsidiaries	-	126,247	-	126,247
Conversion of convertible bonds	603,371	(18,762)	-	584,609
At December 31	<u>\$ 2,365,746</u>	<u>\$ 126,242</u>	<u>\$ 6,198</u>	<u>\$ 2,498,186</u>

2022				
	Share premium	Stock options	Others	Total
At January 1	\$ 1,530,365	\$ 26,027	\$ 5,815	\$ 1,562,207
Changes in ownership interest in subsidiaries	-	-	383	383
Conversion of convertible bonds	232,010	(7,270)	-	224,740
At December 31	<u>\$ 1,762,375</u>	<u>\$ 18,757</u>	<u>\$ 6,198</u>	<u>\$ 1,787,330</u>

(15) 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 distributed to shareholders or retained as resolved by the Board of Directors and stockholders.
- 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 shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

E.(a) Details of 2022 and 2021 earnings appropriation resolved by the stockholders on May 30, 2023 and May 27, 2022, respectively are as follows:

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

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

Information about the earnings distribution for 2022 and 2021 as resolved by the Board of Directors and shareholders will be posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

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

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

Information about the earnings appropriation for 2023 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 2023 has not yet been resolved by the shareholders, thus, no dividend was accrued in these parent company only financial statements.

(16) Operating revenue

	Years ended December 31,	
	2023	2022
Construction contract revenue	\$ 14,251,920	\$ 16,335,192
Sales contract revenue	11,224,893	11,662,207
Other contract revenue	2,918,051	2,203,753
Total	<u>\$ 28,394,864</u>	<u>\$ 30,201,152</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,	
	2023	2022
Automatic supplying system	\$ 7,929,516	\$ 9,766,060
R&D and manufacturing of customized equipment	8,961,622	9,163,827
Total Facility Engineering Turnkey Project	5,901,586	5,777,955
Sales and service of high-tech equipment and materials	5,602,140	5,493,310
Total	<u>\$ 28,394,864</u>	<u>\$ 30,201,152</u>
Timing of revenue recognition		
At a point in time	\$ 11,775,061	\$ 12,222,566
Over time	16,619,803	17,978,586
Total	<u>\$ 28,394,864</u>	<u>\$ 30,201,152</u>

B. Contract assets and liabilities

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contract assets:			
Construction contracts	<u>\$ 7,005,580</u>	<u>\$ 7,019,760</u>	<u>\$ 7,556,616</u>
Contract liabilities:			
Construction contracts	\$ 3,992,723	\$ 3,181,521	\$ 2,167,126
Sales contracts	253,661	248,967	275,575
Other contracts	387,079	410,964	238,085
	<u>\$ 4,633,463</u>	<u>\$ 3,841,452</u>	<u>\$ 2,680,786</u>

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

	Years ended December 31,	
	2023	2022
Revenue recognized that was included in the contract liability balance at the beginning of the year		
Construction contracts	\$ 2,191,082	\$ 1,381,355
Sales contracts	41,822	99,447
Other contracts	195,695	110,301
	<u>\$ 2,428,599</u>	<u>\$ 1,591,103</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.

(17) Other income

	Years ended December 31,	
	2023	2022
Service fee-endorsements and guarantees (Refer to Note 7(3) H(b))	\$ 77,670	\$ 41,688
Grants revenue	18,363	18,143
Dividend income	27,694	15,354
Rental revenue	6,496	3,923
Other income	32,554	25,938
Total	<u>\$ 162,777</u>	<u>\$ 105,046</u>

(18) Other gains and losses

	Years ended December 31,	
	2023	2022
Net gain (loss) on financial assets at fair value through profit or loss	\$ 491,654	(\$ 154,730)
Foreign exchange gains	18,693	277,531
Gain (loss) on disposal of property, plant and equipment	32	(139)
Gain (loss) on lease modification	7	(211)
Total	<u>\$ 510,386</u>	<u>\$ 122,451</u>

(19) Employee benefit expense, depreciation and amortization

A. Employee benefit expense, depreciation and amortization

	Year ended December 31, 2023		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 391,217	\$ 1,000,436	\$ 1,391,653
Labour and health insurance fees	34,655	54,718	89,373
Pension costs	19,380	27,200	46,580
Directors' remuneration	-	30,840	30,840
Other employee benefit expense	19,789	21,970	41,759
Depreciation	227,639	83,742	311,381
Amortization	12,946	15,636	28,582
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

Note 1 : As of December 31, 2023 and 2022, the Company had 773 and 742 employees, and 8 and 7 directors who are not employees, respectively.

Note 2 : (a) For the years ended December 31, 2023 and 2022, the average employee benefit expense was \$2,051 and \$2,172, respectively.

(b) For the years ended December 31, 2023 and 2022, the average employee wages and salaries was \$1,819 and \$1,944, respectively.

(c) The adjustment in the average employee's wage and salary expenses was -6.43%.

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

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

For the year ended December 31, 2023, employees' compensation and directors' remuneration were estimated and accrued based on 10% and 1% of distributable profit of current year as of the end of reporting period, respectively. The employees' compensation and directors' remuneration for 2023 as resolved by the Board of Directors were \$293,645 and \$29,365, respectively, and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' remuneration for 2023 as resolved by the Board of Directors were in agreement with those amounts recognized in the 2023 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.

(20) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2023	2022
Current tax		
Current tax on profits for the year	\$ 455,731	\$ 438,504
Tax on undistributed earnings	48,671	-
Adjustments in respect of prior years	(15,624)	(21,239)
Total current tax	488,778	417,265
Deferred tax		
Origination and reversal of temporary differences	(37,170)	16,196
Income tax expense	<u>\$ 451,608</u>	<u>\$ 433,461</u>

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

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

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	\$ 522,688	\$ 528,834
Effect of items disallowed by tax regulation	(104,127)	(74,134)
Tax on undistributed earnings	48,671	-
Adjustments in respect of prior years	(15,624)	(21,239)
Income tax expense	<u>\$ 451,608</u>	<u>\$ 433,461</u>

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

	2023			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
—Deferred tax assets:				
Loss allowance on accounts receivable	\$ 37,576	\$ 1,652	\$ -	\$ 39,228
Valuation loss and loss on market value decline and obsolete and slow-moving inventories	16,000	1,800	-	17,800
Defined benefit obligation	27,621	(517)	713	27,817
Impairment loss on financial assets	8,349	-	-	8,349
Unused compensated absences payable	7,129	25	-	7,154
Unrealized construction loss	61,606	(9,371)	-	52,235
Unrealized exchange loss	-	17,284	-	17,284
Exchange differences on translation	26,756	-	10,960	37,716
Subtotal	<u>185,037</u>	<u>10,873</u>	<u>11,673</u>	<u>207,583</u>
—Deferred tax liabilities:				
Unrealized investment income	(156,090)	21,689	-	(134,401)
Unrealized exchange gain	(4,608)	4,608	-	-
Subtotal	<u>(160,698)</u>	<u>26,297</u>	<u>-</u>	<u>(134,401)</u>
Total	<u>\$ 24,339</u>	<u>\$ 37,170</u>	<u>\$ 11,673</u>	<u>\$ 73,182</u>

	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>

D. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(21) Earnings per share

Year ended December 31, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit for the year	\$ 2,161,833	197,217	<u>\$ 10.96</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	20,729	8,753	
Employees' compensation	-	2,400	
Profit plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 2,182,562</u>	<u>208,370</u>	<u>\$ 10.47</u>
Year ended December 31, 2022			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit for the year	\$ 2,215,187	194,942	<u>\$ 11.36</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	5,275	6,184	
Employees' compensation	-	2,712	
Profit plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 2,220,462</u>	<u>203,838</u>	<u>\$ 10.89</u>

(22) Supplemental cash flow information

Financing activities with no cash flow effects

	Years ended December 31,	
	2023	2022
Convertible bonds converted to capital stocks	\$ 647,479	\$ 247,462
Financial assets at fair value through profit or loss transferred to investments accounted for using equity method	\$ 36,822	\$ -

(23) Changes in liabilities from financing activities

	2023				
	Lease liabilities	Short-term borrowings	Long-term borrowings	Bonds payable (Note)	Liabilities from financing activities-gross
At January 1	\$ 1,054,196	\$ 5,100,000	\$ 200,000	\$ 644,880	\$ 6,999,076
Changes in cash flow from financing activities	(111,833)	1,000,000	-	2,493,400	3,381,567
Changes in other non-cash items	521,104	-	-	(746,568)	(225,464)
At December 31	<u>\$ 1,463,467</u>	<u>\$ 6,100,000</u>	<u>\$ 200,000</u>	<u>\$ 2,391,712</u>	<u>\$ 10,155,179</u>
	2022				
	Lease liabilities	Short-term borrowings	Long-term borrowings	Bonds payable (Note)	Liabilities from financing activities-gross
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>

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 41.46% of the shares of the Company. The remaining 58.54% of the shares of the Company are held by the general public. The ultimate parent company of the Company is Ennoconn Corporation (registered in the Republic of China).

(2) Names of related parties and relationship

Names of related parties	Relationship with the Company
Ennoconn Corporation	Ultimate parent company
Marketch Integrated Pte. Ltd.	Subsidiary
Marketch International Sdn. Bhd.	"
Marketch Netherlands B.V.	"
Marketch International Corporation USA (MICU)	"
MIC-Tech Viet Nam Co., Ltd. (MIC-Tech Viet Nam)	"
Spiro Technology Systems Inc.	"
MIC-Tech Global Corp.	"
MIC Healthcare Korea Co., Ltd.	"
Marketch International Corp. Japan	"
Advanced Technology Matrix United Corporation	"
Marketch International Corporation Germany GmbH	"
MIC Industrial Viet Nam Co., Ltd.	"
Marketch Engineering Pte. Ltd.	"
eZoom Information, Inc.	"
MIC-Tech Electronics Engineering Corp.	"
MIC-Tech (WuXi) Co., Ltd.	"
MIC-Tech (Shanghai) Corp.	"
Shanghai Maohua Electronics Engineering Co., Ltd.	"
MIC-Tech China Trading (Shanghai) Co., Ltd.	"
ADAT Technology Co., Ltd.	"
Vertex System Corporation	"
Macrotec Technology Corp.	Entity controlled by key management or entity with significant influence
Forward Science Corp.	"
ProbeLeader Co., Ltd.	"
Lucens Technology Inc.	"
Hon Hai Precision Industry Co., Ltd.	Other related party
Hong Kong Ennpower Information Technology Co., Limited	"
Foxconn Global Network Corporation	"
Hon Hai Precision Industry Co., Ltd.	"
Servtech Co., Ltd.	"
Altus Technology Inc.	"
CTS Investment Corp.	"
Glory Technology Service Inc.	Associate
Radisen Co., Ltd.	"
Bolite Co., Ltd	"

(3) Significant related party transactions and balances

A. Sales of goods and services

(a) Sales of goods

	Years ended December 31,	
	2023	2022
Subsidiaries	\$ 237,270	\$ 74,590
Other related parties	33,967	2,968
Associates	3,952	-
Entities controlled by key management or entities with significant influence	-	5
	<u>\$ 275,189</u>	<u>\$ 77,563</u>

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

(b) Construction contract revenue

	Years ended December 31,	
	2023	2022
Other related parties	\$ 258,256	\$ 73,072
Subsidiaries	375,752	53,820
Entities controlled by key management or entities with significant influence	122	1,849
Total	<u>\$ 634,130</u>	<u>\$ 128,741</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, 2023 and 2022, contract price and priced contract of unfinished construction are as follows:

	December 31, 2023		December 31, 2022	
	Total contract price (before tax) (Note)	Priced contract (Note)	Total contract price (before tax) (Note)	Priced contract (Note)
Subsidiaries	\$ 566,990	\$ 352,940	\$ 1,143,493	\$ 82,558
Other related parties	2,313,667	827,624	652,571	595,596
Entities controlled by key management or entities with significant influence	4,895	299	2,082	-
Total	<u>\$ 2,885,552</u>	<u>\$ 1,180,863</u>	<u>\$ 1,798,146</u>	<u>\$ 678,154</u>

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

iii. Contract assets

	December 31, 2023	December 31, 2022
Subsidiaries	\$ 114,515	\$ 53,652
Other related parties	37,469	4,318
Entities controlled by key management or entities with significant influence	1,471	1,531
Total	<u>\$ 153,455</u>	<u>\$ 59,501</u>

(c) Other contract revenue

	Years ended December 31,	
	2023	2022
Subsidiaries	\$ 10,192	\$ 12,215
Entities controlled by key management or entities with significant influence	2,321	304
Other related parties	2,366	20
Total	<u>\$ 14,879</u>	<u>\$ 12,539</u>

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

B. Acquisition of goods and services

(a) Purchase of goods

	Years ended December 31,	
	2023	2022
Subsidiaries	\$ 308,285	\$ 351,520
Entities controlled by key management or entities with significant influence	1,215	8,764
Associates	679	-
Total	<u>\$ 310,179</u>	<u>\$ 360,284</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,	
	2023	2022
Subsidiaries	\$ 130,743	\$ 39,397
Associates	-	8,194
Other related parties	-	1,345
Entities controlled by key management or entities with significant influence	30	497
Total	<u>\$ 130,773</u>	<u>\$ 49,433</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, 2023</u>	<u>December 31, 2022</u>
Notes receivable		
Entities controlled by key management or entities with significant influence	<u>\$ 98</u>	<u>\$ 95</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable		
Other related parties	\$ 25,796	\$ 64,794
Subsidiaries	87,825	12,990
Associates	415	-
Entities controlled by key management or entities with significant influence	<u>-</u>	<u>1,846</u>
Subtotal	114,036	79,630
Less: Loss allowance	(3,271)	(2,412)
Total	<u>\$ 110,765</u>	<u>\$ 77,218</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, 2023</u>	<u>December 31, 2022</u>
Subsidiaries	\$ 16,237	\$ 19,763
Entities controlled by key management or entities with significant influence	<u>284</u>	<u>273</u>
Total	<u>\$ 16,521</u>	<u>\$ 20,036</u>

Other receivables were revenues from processing provision of endorsements and guarantees to others.

D. Payables to related parties

Notes payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Entities controlled by key management or entities with significant influence	\$ 7,327	\$ 2,151
Subsidiaries	<u>25,111</u>	<u>658</u>
Total	<u>\$ 32,438</u>	<u>\$ 2,809</u>

Accounts payable

	December 31, 2023	December 31, 2022
Subsidiaries	\$ 86,513	\$ 14,733
Associate	-	1,801
Entities controlled by key management or entities with significant influence	7,123	11,776
Total	<u>\$ 93,636</u>	<u>\$ 28,310</u>

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

E. Property transactions

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

For the years ended December 31, 2023 and 2022, the 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 \$26,095 and \$29,596 (recorded as 'property, plant and equipment' and 'intangible assets'), respectively.

(b) Acquisition of financial assets

(i) Investments accounted for using equity method

	Years ended December 31,	
	2023	2022
Subsidiaries	\$ 754,875	\$ 259,386
Associate	8,000	19,200
Total	<u>\$ 762,875</u>	<u>\$ 278,586</u>

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

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

F. Operating expense

The information maintenance service fee in 2023 and 2022 allocated to subsidiaries by the Company amounted to \$38,028 and \$37,209, respectively.

G. Financing

(a) Loans to related parties:

(i) Outstanding balance:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiaries		
MICU	\$ 614,100	\$ -
MIC-Tech Viet Nam Co., Ltd.	-	122,840
Others	-	49,136
Total	<u>\$ 614,100</u>	<u>\$ 171,976</u>

(ii) Interest income

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Subsidiaries	<u>\$ 13,533</u>	<u>\$ 8,067</u>

The above loans to related parties carry interest ranging from 4.867% to 5.259% and 4.366% to 4.867% per annum for the years ended December 31, 2023 and 2022, respectively.

H. Endorsements and guarantees

(a) As of December 31, 2023 and 2022, the balances of endorsements and guarantees provided to subsidiaries by the Company are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiaries:		
MIC-Tech Electronics Engineering Corp.	\$ 2,636,356	\$ 2,629,482
MICU	1,850,529	1,608,058
MIC-Tech (Shanghai) Corp.	560,379	564,887
Others	747,180	702,612
Total	<u>\$ 5,794,444</u>	<u>\$ 5,505,039</u>

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

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Subsidiaries:		
MIC-Tech Electronics Engineering Corp.	\$ 49,897	\$ 21,329
MICU	15,628	7,447
MIC-Tech (Shanghai) Corp.	5,676	5,877
MIC-Tech (WuXi) Co., Ltd.	4,290	4,482
Others	2,179	2,553
Total	<u>\$ 77,670</u>	<u>\$ 41,688</u>

(c) As of December 31, 2023 and 2022, the balances of endorsements and guarantees provided to the Company by subsidiaries are as follows:

	December 31, 2023	December 31, 2022
Subsidiaries	\$ 153,434	\$ 153,459

(4) Key management compensation

	Years ended December 31,	
	2023	2022
Salaries and other short-term employee benefits	\$ 194,849	\$ 194,650

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, 2023	December 31, 2022	
Guarantee deposits paid (recorded as 'other current assets' and 'other non- current assets')	\$ 75,850	\$ 23,802	Bid bond, performance guarantee and warranty

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. As of December 31, 2023, the notes and letters of guarantee used for construction performance and custom security amounted to \$2,001,911.

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

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

For details of the 2023 earnings appropriation proposed by the Board of Directors on February 19, 2024, refer to Note 6(15) 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, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets measured at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 1,389,596	\$ 756,162
Financial assets at amortized cost/Loans and receivables		
Cash and cash equivalents	2,771,744	2,643,998
Notes receivable (including related parties)	10,566	4,606
Accounts receivable (including related parties)	5,623,907	3,961,452
Other accounts receivable (including related parties)	646,146	202,876
Guarantee deposits paid (recorded as 'other current assets' and 'other non-current assets')	98,490	47,755
	<u>\$ 10,540,449</u>	<u>\$ 7,616,849</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liabilities measured at fair value through profit or loss		
Short-term borrowings	\$ 6,100,000	\$ 5,100,000
Notes payable (including related parties)	1,774,191	2,168,048
Accounts payable (including related parties)	3,825,558	4,243,994
Other accounts payable	756,572	851,657
Bonds payable (including current portion)	2,391,712	644,880
Long-term borrowings	200,000	200,000
Guarantee deposits received (recorded as 'other non-current liabilities')	1,033	70
	<u>\$ 15,049,066</u>	<u>\$ 13,208,649</u>
Lease liabilities	<u>\$ 1,463,467</u>	<u>\$ 1,054,196</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, 2023

				Sensitivity analysis			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)							
<u>Financial assets</u>							
<u>Monetary items</u>							
USD:NTD	\$ 120,402	30.705	\$ 3,696,941	1%	\$ 36,969	\$ -	
EUR:NTD	27,058	33.98	919,435	1%	9,194	-	
RMB:NTD	169,814	4.3268	734,785	1%	7,348	-	
JPY:NTD	581,150	0.2172	126,226	1%	1,262	-	
<u>Non-monetary items</u>							
USD:NTD	\$ 115,063	30.705	\$ 3,533,008	1%	\$ -	\$ 35,330	
VND:NTD	204,982,565	0.0013	256,229	1%	-	2,562	
MMK:NTD	8,672,405	0.0146	126,617	1%	-	1,266	
KRW:NTD	5,001,141	0.0239	119,578	1%	-	1,196	
JPY:NTD	254,210	0.2172	55,214	1%	-	552	
SGD:NTD	2,332	23.29	54,302	1%	-	543	
IDR:NTD	17,419,214	0.002	34,490	1%	-	345	
MYR:NTD	5,276	6.411	33,826	1%	-	338	
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD:NTD	\$ 10,956	30.705	\$ 336,417	1%	\$ 3,364	\$ -	
JPY:NTD	812,419	0.2172	176,457	1%	1,765	-	

December 31, 2022						
(Foreign currency: functional currency)	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 105,008	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	-

iv. The total exchange (loss) gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022 were \$18,693 and \$277,531, 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, 2023 and 2022 would have increased/decreased by \$13,131 and \$6,959, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss.

Cash flow and fair value interest rate risk

- i. The 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, 2023 and 2022, 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, 2023 and 2022 would have decreased/increased by \$50,400 and \$42,400, 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, 2023 and 2022, 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, 2023 and 2022, the provision matrix and loss rate methodology are as follows:
- (i) Accounts receivable in relation to construction

<u>December 31, 2023</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0.000144%	\$ 2,411,625	\$ 3
Up to 90 days	0%~0.010574%	368,431	32
91 to 180 days	0%~0.018707%	187,990	31
181 to 365 days	0%~0.048663%	37,679	14
1 to 2 years	0%~37.932624%	33,727	1,904
Over 2 years	100%	32,052	32,052
Total		<u>\$ 3,071,504</u>	<u>\$ 34,036</u>
<u>December 31, 2022</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%	\$ 1,899,459	\$ -
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>

(ii) Accounts receivable in relation to sales

<u>December 31, 2023</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0.1122%	\$ 1,907,395	\$ 2,140
Up to 90 days	1.1475%~9.3340%	270,396	8,583
91 to 180 days	14.2530%~23.2306%	17,726	2,980
181 to 365 days	30.8936%~80.7910%	25,078	11,054
Over 365 days	100%	32,136	32,136
Total		<u>\$ 2,252,731</u>	<u>\$ 56,893</u>

<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>

(iii) Based on historical experience, the Company applies individual assessment to evaluate expected credit loss of the high-credit risk customers. On December 31, 2023 and 2022, accounts receivable and loss allowance amounted to \$199,386 and \$246,500, \$165,406 and \$193,963, 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, 2023 and 2022, notes and accounts receivable amounted to \$367,187 and \$144,794, respectively, and loss allowance both amounted to \$0.

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>2023</u>	<u>2022</u>
At January 1	\$ 229,891	\$ 157,123
Provision for impairment	33,047	80,541
Write-offs	-	(14,187)
Effect of foreign exchange	(6,603)	6,414
At December 31	<u>\$ 256,335</u>	<u>\$ 229,891</u>

For provisioned loss for the years ended December 31, 2023 and 2022, the impairment loss arising from customers' contracts are \$33,047 and \$80,541, 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, 2023</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings (including expected interest)	\$ 6,118,974	\$ -	\$ -	\$ -
Notes payable (including related parties)	1,774,191	-	-	-
Accounts payable (including related parties)	3,825,558	-	-	-
Other payables	756,572	-	-	-
Bonds payable (including current portion)	-	-	2,499,900	-
Long-term borrowings (including expected interest)	3,274	200,819	-	-
Lease liabilities	130,543	88,360	179,683	1,617,786

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

(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), guarantee deposits paid (recorded as other current and non-current assets), short-term borrowings, notes payable (including related parties), accounts payable (including related parties), other payables, lease liabilities, bonds payable (including current portion), long-term borrowings, and guarantee deposits received (recorded as other non-current liabilities) are approximate to their fair values.

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

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

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value				
through profit or loss				
Equity securities	\$ 217,331	\$ -	\$ 1,095,788	\$ 1,313,119
Private funds	-	-	71,527	71,527
Hybrid instruments	-	-	4,950	4,950
Total	<u>\$ 217,331</u>	<u>\$ -</u>	<u>\$ 1,172,265</u>	<u>\$ 1,389,596</u>

<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value 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>

(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, 2023 and 2022, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

	<u>2023</u>		<u>2022</u>	
	Equity instruments and beneficiary certificates	Hybrid instruments	Equity instruments and beneficiary certificates	Hybrid instruments
At January 1	\$ 614,032	\$ 195	\$ 776,425	\$ 4,066
Acquired during the year	209,113	5,283	67,465	-
Sold during the year	-	-	(21,309)	-
Reclassification adjustment	(12,454)	(24,368)	-	-
Gains and losses recognized in profit or loss (Note)	<u>356,624</u>	<u>23,840</u>	<u>(208,549)</u>	<u>(3,871)</u>
At December 31	<u>\$ 1,167,315</u>	<u>\$ 4,950</u>	<u>\$ 614,032</u>	<u>\$ 195</u>
Movement of unrealized gain or loss in profit or loss of assets and liabilities held as at end of the year (Note)	<u>\$ 356,624</u>	<u>\$ 23,840</u>	<u>(\$ 208,549)</u>	<u>(\$ 3,871)</u>

Note: Recorded as non-operating income and expense.

F. For the year ended December 31, 2023, the Company increased its investment in Radisen Co., Ltd. and therefore had significant control over Radisen Co., Ltd. Accordingly, the Company transferred its investment which was classified as financial assets at fair value through profit or loss on initial recognition into investments accounted for using equity method, and the investment in Radisen Co., Ltd. was transferred out from Level 3 fair value measurement. For the year ended December 31, 2022, there was no transfer into or out from Level 3.

G. Investment strategies segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

H. The following is the qualitative information 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, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 1,071,304	Market comparable companies	Note 1	Not applicable	Note 2
Venture capital shares and beneficiary certificates	96,011	Net asset value	Not applicable	Not applicable	Not applicable
Hybrid instrument:					
Convertible debt	4,450	Discounted cash flow	Note 3	Not applicable	Note 4
Convertible bond – call provision	500	Binomial tree pricing model	Volatility	25.46% ~32.01%	The higher the stock price volatility, the higher the fair value

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 529,562	Market comparable companies	Note 1	Not applicable	Note 2
Venture capital shares and 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

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, 2023					
		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 funds	Stock price and fair value	± 10%	\$ 116,732	(\$ 116,732)	\$ -	\$ -	
Hybrid instrument	Stock price	± 10%	20	(10)	-	-	
Hybrid instrument	Volatility	± 5%	20	(10)	-	-	
			<u>\$ 116,772</u>	<u>(\$ 116,752)</u>	<u>\$ -</u>	<u>\$ -</u>	

			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 funds	Stock price 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>

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, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2023 (Note 3)	Balance at December 31, 2023 (Note 8)	Actual amount drawn down	Interest rate (%)	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
0	Marketch International Corp.	Marketch Integrated Pte. Ltd.	Other receivables - related parties	Y	\$ 39,923	\$ -	\$ -	-	Short-term financing	\$ -	Operations	\$ -	None	\$ -	\$ 4,457,312	\$ 4,457,312	Note 7
0	Marketch International Corp.	Marketch International Sdn. Bhd.	Other receivables - related parties	Y	55,278	24,564	-	4.867	Short-term financing	-	Operations	-	None	-	4,457,312	4,457,312	Note 7
0	Marketch International Corp.	MIC-Tech Viet Nam Co., Ltd.	Other receivables - related parties	Y	122,960	-	-	-	Short-term financing	-	Operations	-	None	-	4,457,312	4,457,312	Note 7
0	Marketch International Corp.	Marketch International Corporation USA	Other receivables - related parties	Y	2,431,875	2,302,875	614,100	5.259	Short-term financing	-	Operations	-	None	-	4,457,312	4,457,312	Note 7
1	MIC-Tech Electronics Engineering Corp.	Shanghai Maohua Electronics Engineering Co., Ltd.	Other receivables	Y	53,339	25,961	25,961	4.350	Short-term financing	-	Operations	-	None	-	375,159	750,318	Note 7
2	Marketch Integrated Manufacturing Company Limited	Marketch Integrated Construction Co., Ltd.	Other receivables	Y	7,678	-	-	-	Short-term financing	-	Operations	-	None	-	50,647	101,294	Note 7
3	MIC-Tech Viet Nam Co., Ltd	Marketch Co., Ltd.	Other receivables	Y	5,240	5,000	5,000	4.500-6.000	Short-term financing	-	Operations	-	None	-	174,381	174,381	Note 7

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

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

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

Note 3: Fill in the maximum outstanding balance of loans to others during the year ended December 31, 2023.

Note 4: The column of 'Nature of loan' shall fill in 'Business transaction or 'Short-term financing'.

Note 5: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 6: Fill in purpose of loan when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 7: Fill in limit on loans granted to a single party and ceiling on total loans granted as prescribed in the creditor company's "Procedures for Provision of Loans", and state each individual party to which the loans have been provided and the calculation for ceiling on total loans granted in the footnote.

The Company's ceiling on loans to others are as follows:

(1) Limit on the total loans to others provided by the Company is 40% of the net assets based on the Company's latest financial statements.

(2) Limit on the loans provided by the Company granted for a single party are as follows:

(2-1) Limit on loans to a single party with business transactions is the higher value of purchasing and selling during current year on the year of financing, and can't exceed the total business transactions amount within 12 month.

(2-2) For short-term financing, limit on loans granted for a single party is 40% of the net assets based on the latest financial statements of the lending companies. The amount of loans to a single party is the accumulated balance of the lending company's short-term financing for single party.

(3) Limit on the accumulated balance of loans to others provided by the foreign companies whose voting rights are 100% owned directly and indirectly by the Company is not under the limit stated on (1). However, it shall make the limit and period for the loans to others in each subsidiary's internal Companies. procedures based on Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies.

Limit on the loans provided by the Company's mainland subsidiaries:

(1) Limit on the total loans to others provided by the Company's mainland subsidiaries is 80% of the net assets based on the latest financial statements of the lending companies.

(2) Limit on the loans provided by the Company's mainland subsidiaries granted for a single party are as follows:

(2-1) Limit on loans to a single party with business transactions is the higher value of purchasing and selling during current year on the year of financing, and can't exceed the total business transactions amount within 12 month.

(2-2) For short-term financing between the Company's mainland subsidiary and the foreign companies which the ultimate parent company holds 100% of the voting rights directly or indirectly, limit on loans granted for a single party is 80% of the net assets based on the latest financial statements of the lending companies.

For short-term financing between the Company's mainland subsidiaries and aforementioned associates, limit on loans granted for a single party is 40% of the net assets based on the latest financial statements of the lending companies. The amount of loans to a single party is the accumulated balance of the lending company's short-term financing for single party.

Limit on the loans provided by the Company's Myanmar subsidiaries:

(1) Limit on the total loans to others provided by the Company's Myanmar subsidiaries is 80% of the net assets based on the latest financial statements of the lending companies.

(2) Limit on the loans provided by the Company's Myanmar subsidiaries granted for a single party are as follows:

(2-1) Limit on loans to a single party with business transactions is the higher value of purchasing and selling during current year on the year of financing, and can't exceed the total business transactions amount within 12 month.

(2-2) For short-term financing between the Company's Myanmar subsidiary and the foreign companies which the ultimate parent company holds 100% of the voting rights directly or indirectly, limit on loans granted for a single party is 80% of the net assets based on the latest financial statements of the lending companies.

For short-term financing between the Company's Myanmar subsidiaries and aforementioned associates, limit on loans granted for a single party is 40% of the net assets based on the latest financial statements of the lending companies. The amount of loans to a single party is the accumulated balance of the lending company's short-term financing for single party.

Limit on the loans provided by the Company's Vietnam subsidiaries:

(1) Limit on the total loans to others provided by the Company's Vietnam subsidiaries is 80% of the net assets based on the latest financial statements of the lending companies.

(2) Limit on the loans provided by the Company's Vietnam subsidiaries granted for a single party are as follows:

(2-1) Limit on loans to a single party with business transactions is the higher value of purchasing and selling during current year on the year of financing, and can't exceed the total business transactions amount within 12 month.

(2-2) For short-term financing between the Company's Vietnam subsidiary and the foreign companies which the ultimate parent company holds 100% of the voting rights directly or indirectly, limit on loans granted for a single party is 80% of the net assets based on the latest financial statements of the lending companies.

For short-term financing between the Company's Vietnam subsidiaries and aforementioned associates, limit on loans granted for a single party is 40% of the net assets based on the latest financial statements of the lending companies. The amount of loans to a single party is the accumulated balance of the lending company's short-term financing for single party.

Note 8: The amounts of funds to be loaned to others which have been approved by the board of directors of a public company in accordance with Article 14, Item 1 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment.

In addition, if the board of directors of a public company has authorized the chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the board of directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

MARKETECH INTERNATIONAL CORP.
Provision of endorsements and guarantees to others
For the year ended December 31, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 4)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2023 (Note 5)	Outstanding endorsement/ guarantee amount at December 31, 2023 (Note 6)	Actual amount drawn down (Note 7)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 4)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 8)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 8)	Provision of endorsements/ guarantees to the party in Mainland China (Note 8)	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)											
0	Marketch International Corp.	Marketch Integrated Pte. Ltd.	2	\$ 5,571,641	\$ 158,733	\$ 79,487	\$ 54,986	\$ -	0.71%	\$ 11,143,281	Y	N	N	Note 4
0	Marketch International Corp.	MIC-Tech (Shanghai) Corp.	2	5,571,641	627,075	560,379	-	-	5.03%	11,143,281	Y	N	Y	Note 4
0	Marketch International Corp.	MIC-Tech (WuXi) Co., Ltd.	2	5,571,641	320,534	304,120	175,019	-	2.73%	11,143,281	Y	N	Y	Note 4
0	Marketch International Corp.	MIC-Tech Electronics Engineering Corp.	2	5,571,641	4,289,985	2,636,356	1,586,397	-	23.66%	11,143,281	Y	N	Y	Note 4
0	Marketch International Corp.	Shanghai Maohua Electronics Engineering Co., Ltd.	2	5,571,641	163,875	32,580	14,722	-	0.29%	11,143,281	Y	N	Y	Note 4
0	Marketch International Corp.	Marketch International Sdn. Bhd.	2	5,571,641	125,020	122,820	17,932	-	1.10%	11,143,281	Y	N	N	Note 4
0	Marketch International Corp.	eZoom Information, Inc.	2	5,571,641	155,000	70,000	14,356	-	0.63%	11,143,281	Y	N	N	Note 4
0	Marketch International Corp.	Te Chang Construction Co., Ltd.	5	5,571,641	88,418	21,854	21,854	-	0.20%	11,143,281	N	N	N	Note 4
0	Marketch International Corp.	Marketch International Corporation USA	2	5,571,641	2,166,242	1,850,529	1,817,662	-	16.61%	11,143,281	Y	N	N	Note 4
0	Marketch International Corp.	MIC-Tech Viet Nam Co., Ltd.	2	5,571,641	140,648	138,173	4,456	-	1.24%	11,143,281	Y	N	N	Note 4
1	MIC-Tech Electronics Engineering Corp.	Marketch International Corp.	3	2,813,694	162,029	153,434	153,434	-	16.36%	4,689,490	N	Y	N	Note 4
1	MIC-Tech Electronics Engineering Corp.	The Second Construction Co., Ltd. of China Electronics System Engineering	5	2,813,694	1,132	1,102	1,102	-	0.12%	4,689,490	N	N	Y	Note 4
1	MIC-Tech Electronics Engineering Corp.	MIC-Tech (Shanghai) Corp.	4	2,813,694	102,990	97,527	97,527	-	10.40%	4,689,490	N	N	Y	Note 4
2	MIC-Tech (Shanghai) Corp.	MIC-Tech Electronics Engineering Corp.	4	2,892,531	306,805	300,213	300,213	-	31.14%	4,820,885	N	N	Y	Note 4

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

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

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

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

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

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

- (1) In accordance with mutual guarantee requirement in the same industry for contracting constructions, limit on endorsement/guarantee to a single party is the net assets of the Company.
- (2) In accordance with business relationship, limit on endorsement/guarantee to a single party is the total value of business transactions within past 12 months. (the value of business transactions is the higher of purchases or sales)
- (3) Except for (1) and (2) mentioned above, limit on endorsement/guarantee to a single party is 50% of the net assets of the Company.
- (4) For (2) and (3) mentioned above, limit on the total amount of endorsement/guarantee is the net assets of the Company.
- (5) For the Company and subsidiaries, limit on endorsement/guarantee to a single party is the net assets of the Company; limit on the total amount is 5 times of the net assets of the Company.

Limit on endorsements and guarantees of the Company's mainland subsidiaries:

- (1) In accordance with mutual guarantee requirement in the same industry or the common builders for contracting constructions, or provision of endorsements and guarantees for joint ventures from shareholders in proportion to shareholding ratio, limit on the total amount is 5 times of the net assets of the endorser/guarantor on endorsement/guarantee to a single party is three times of the net assets of the endorser/guarantor.
- (2) Except for (1), the Group follows standards of endorsements and guarantees as below:
 - (2-1) Total amount: (2-1-1) Limit on the accumulated endorsements and guarantees is 5 times of the net assets of the endorser/guarantor;
 - (2-1-2) Limit on endorsements and guarantees to a company of which the endorser company and the Company directly or indirectly holds 90%, should meet the requirement in (2-1-1) and may not exceed 10% of the ultimate parent's net assets.
 - (2-1-3) Total endorsements and guarantees of the endorser/guarantor and its subsidiaries are limited to 5 times of the net assets of the endorser/guarantor.
 - (2-2) Limit on endorsement/guarantee to a single party
 - (2-2-1) For the companies having business relationship with the endorser/guarantor and thus being provided endorsements/guarantees, limit on endorsements to a single party is the total value of business transactions within past 12 months.
(the value of business transactions is the higher of purchase or sales)
 - (2-2-2) Limit on endorsement/guarantee to a single party who having business relationship with the Group is 3 times of the net assets of the endorser/guarantor.

Note 5: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 6: Fill in the amount approved by the Board of Directors or the chairman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 7: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 8: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

MARKETECH INTERNATIONAL CORP.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

For the year ended December 31, 2023

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

As of December 31, 2023										
Securities held by	Type of marketable securities	Name of marketable securities (Note 1)	Relationship with the securities issuer	General ledger account	Number of shares	Book value (Note 2)	Ownership (%)	Fair value	Collateral	Footnote
Marketech International Corp.	Ordinary shares	Lasertec Corporation	None	Financial assets measured at fair value through profit or loss - current	20,000	\$ 161,466	-	\$ 161,466	None	
"	"	Aerospace Industrial Development Corp.	"	"	50,925	2,730	-	2,730	"	
						<u>\$ 164,196</u>		<u>\$ 164,196</u>		
"	Ordinary shares	Taiwan Colour & Imaging Technology Corp.	None	Financial assets measured at fair value through profit or loss - non-current	1,700,000	\$ -	12.15%	\$ -	None	
"	"	Chung-Hsin Electric and Machinery Manufacturing Corp.	"	"	290,000	33,785	0.06%	33,785	"	
"	"	WINGS GLOBAL TECHNOLOGY INC.	"	"	750,000	6,420	18.75%	6,420	"	
"	"	Promos Technologies, Inc.	"	"	250,331	-	0.56%	-	"	
"	"	Taiwan Puritic Corp.	"	"	4,084,181	492,498	6.72%	492,498	"	
"	"	SOPOWER Technology Corp.	"	"	189,222	-	12.61%	-	"	
"	"	VEEV Interactive Pte. Ltd.	"	"	840,000	-	6.32%	-	"	
"	"	Taiwan Intelligent Fiber Optic Network Co., Civil Tech Pte. Ltd.	"	"	3,219,697	34,388	1.41%	34,388	"	
"	"	ProbeLeader Co., Ltd.	"	"	336,374	-	0.58%	-	"	
			Entities controlled by key management or entities with significant influence	"	966,000	19,546	3.25%	19,546	"	
"	"	IP Fund Six Co., Ltd.	None	"	772,321	8,402	1.79%	8,402	"	
"	"	Innorich Venture Capital Corp.	"	"	1,000,000	5,685	1.87%	5,685	"	
"	"	Taiwan Foresight Co., Ltd.	"	"	380,000	2,908	2.24%	2,908	"	
"	"	Long Time Technology Corp.	"	"	346,000	6,972	0.29%	6,972	"	
"	"	Paradigm Venture Capital Corp.	"	"	76,659	1,017	3.50%	1,017	"	
"	"	Taiwan Special Chemicals Corp.	"	"	1,858,827	88,912	1.35%	88,912	"	
"	"	Atech Totalsolution Co., Ltd.	"	"	128,000	-	0.19%	-	"	
"	"	East Wind Life Science Systems	"	"	124,457	-	12.87%	-	"	
"	"	EcoLand Corp.	"	"	310,715	-	13.51%	-	"	
"	"	Kcashin Technology Corporation	"	"	642,500	472	16.56%	472	"	
"	"	Foresight Energy Technologies Co., Ltd.	"	"	675,000	14,886	1.30%	14,886	"	
"	"	Mycropore Corporation, Ltd.	"	"	1,471,000	7,769	8.44%	7,769	"	
"	"	STEK CO., LTD.	"	"	634,285	14,373	6.21%	14,373	"	
"	"	Sum Capital Healthcare Investment Corp.	"	Entities controlled by key management or entities with significant influence	943,050	9,380	7.44%	9,380	"	
"	"	Forward Science Corp.	"	"	2,650,240	41,992	8.41%	41,992	"	
"	"	Renown Information Technology Corp.	None	"	720,000	8,999	14.40%	8,999	"	
"	"	TAIWAN TRUEWIN TECHNOLOGY CO.,	"	"	965,170	55,126	2.08%	55,126	"	
"	"	Sharpcon Optical Co., Ltd.	"	Entities controlled by key management or entities with significant influence	1,332,959	15,624	6.66%	15,624	"	
"	"	Everlasting Digital ESG Co., Ltd.	"	"	100,000	500	5.88%	500	"	
"	"	Artfil, Inc.	None	"	215	23,054	9.33%	23,054	"	
"	"	MEGA UNION TECHNOLOGY	"	"	659,837	67,864	1.08%	67,864	"	
"	"	Infinitesima Limited	"	"	3,666,667	62,524	5.24%	62,524	"	
"	"	Brilliant Network & Automation Integrated System Co., Ltd.	"	"	150,000	19,350	0.43%	19,350	"	
"	"	Wonder Energy Co., Ltd.	"	"	5,800,000	58,000	Note 4	58,000	"	
"	"	Advanced Supply Chain & Logistics	"	"	1,200,000	12,000	16.67%	12,000	"	
"	Private funds	Zoyi II Investment Limited Partnership	"	"	-	24,737	-	24,737	"	
"	Convertible bonds	HALLY'S CORPORATION	"	"	-	-	-	-	"	
"	"	Nitride Solutions Inc.	"	"	-	-	-	-	"	
"	"	Halio, Inc.	"	"	-	-	-	-	"	
"	Preferred stock	Adant Technologies Inc.	"	"	174,520	128	Note 3	128	"	
"	"	Halio, Inc.	"	"	501,532	-	"	-	"	
"	Convertible preferred stock	Biomedica Corporation	"	"	156,225	10,099	"	10,099	"	
"	Private funds	Vertex Growth (SG) LP	"	"	-	38,951	-	38,951	"	
"	"	Vertex Growth II (SG) LP	"	"	-	7,839	-	7,839	"	
"	Convertible notes	Adant Technologies Inc.	"	"	-	4,450	-	4,450	"	
"	Ordinary shares	NanoSeeX Inc.	"	"	11,250,000	11,250	9.00%	11,250	"	
"	"	Asia Hydrogen Energy Corporation	"	"	375,000	15,000	2.56%	15,000	"	
MIC-Tech (Shanghai) Corp.	"	Kore Semiconductor Co., Ltd.	"	"	37,500,000	173,073	7.38%	173,073	"	
						<u>\$ 1,397,973</u>		<u>\$ 1,397,973</u>		

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortized cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 3: Holding preferred stock.

Note 4: In July 2023, the Company early invested in Wonder Energy Co., Ltd. and had obtained a letter of investment intent from its major shareholders. The capital increase plan of Wonder Energy Co., Ltd. was in progress. The Company accounted it as non-current financial assets at fair value through profit or loss.

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, 2023

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

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

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

Note 2: Paid-up capital refers to that of the Parent company. If the issuer has issued shares without a face value or at face values other than NT\$10 per share, the 20% requirement on paid-up capital shall be calculated instead at 10% of equity attributable to parent company shareholders, as shown on the balance sheet.

MARKETECH INTERNATIONAL CORP.
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
December 31, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023 (Note)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Marketech International Corp.	Marketech International Corporation USA	Subsidiary	\$ 614, 100	-	\$ -	-	\$ -	\$ -

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

MARKETECH INTERNATIONAL CORP.
Significant inter-company transactions during the reporting period
For the year ended December 31, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Marketch International Corp.	MIC-Tech (Shanghai) Corp.	1	Sales revenue	\$ 8,678	Sales revenue: Prices and terms of sales of goods to related parties are approximately the same to third parties. A certain percentage of profit is negotiated for sale of services with related parties. Construction revenue: The prices of construction contracts entered into with related parties and third parties are based on normal construction contracts or individual agreements. Furthermore, the collection terms to related parties are approximately the same to third parties, which is about 2 to 3 months after inspection of construction depending on the construction contracts or individual agreements.	0.02%
0	Marketch International Corp.	MIC-Tech (Shanghai) Corp.	1	Non-operating revenue	5,676		0.01%
0	Marketch International Corp.	MIC-Tech Electronics Engineering Corp.	1	Other receivables	12,600		0.03%
0	Marketch International Corp.	MIC-Tech Electronics Engineering Corp.	1	Sales revenue	6,428		0.01%
0	Marketch International Corp.	MIC-Tech Electronics Engineering Corp.	1	Non-operating revenue	49,897		0.09%
0	Marketch International Corp.	MIC-Tech China Trading (Shanghai) Co., Ltd.	1	Sales revenue	5,386		0.01%
0	Marketch International Corp.	Marketch Integrated Pte. Ltd.	1	Accounts receivable	13,197		0.03%
0	Marketch International Corp.	Marketch Integrated Pte. Ltd.	1	Services revenue	8,166		0.01%
0	Marketch International Corp.	Marketch Integrated Pte. Ltd.	1	Sales revenue	31,289		0.06%
0	Marketch International Corp.	Marketch Integrated Pte. Ltd.	1	Construction revenue	9,103		0.02%
0	Marketch International Corp.	eZoom Information, Inc.	1	Prepayment for purchases	18,000		0.04%
0	Marketch International Corp.	MIC-Tech Global Corp.	1	Prepayment for purchases	8,398		0.02%
0	Marketch International Corp.	Marketch International Corporation USA	1	Sales revenue	183,256		0.33%
0	Marketch International Corp.	Marketch International Corporation USA	1	Construction revenue	364,291		0.65%
0	Marketch International Corp.	Marketch International Corporation USA	1	Other receivables	614,100		1.32%
0	Marketch International Corp.	Marketch International Corporation USA	1	Non-operating revenue	27,235		0.05%
0	Marketch International Corp.	Marketch International Corporation USA	1	Accounts receivable	73,722		0.16%
0	Marketch International Corp.	Marketch Netherlands B.V.	1	Prepayment for purchases	5,274		0.01%
0	Marketch International Corp.	Spiro Technology Systems Inc.	1	Prepayment for purchases	21,453		0.05%
1	eZoom Information, Inc.	Marketch International Corp.	2	Accounts receivable	64,148		0.14%
1	eZoom Information, Inc.	Marketch International Corp.	2	Notes receivables	15,594		0.03%
1	eZoom Information, Inc.	Marketch International Corp.	2	Services revenue	54,948		0.10%
1	eZoom Information, Inc.	Marketch International Corp.	2	Construction revenue	112,022		0.20%
2	MIC-Tech Global Corp.	Marketch International Corp.	2	Sales revenue	157,805		0.28%
3	Marketch Netherlands B.V.	Marketch International Corp.	2	Sales revenue	29,391		0.05%
4	Spiro Technology Systems Inc.	Marketch International Corp.	2	Sales revenue	85,345		0.15%
5	Vertex System Corporation	Marketch International Corp.	2	Notes receivables	6,367		0.01%
6	MIC - Tech Viet Nam Co., Ltd.	Marketch Co., Ltd.	3	Other receivables	5,000		0.01%
7	MIC-Tech Electronics Engineering Corp.	MIC-Tech (Shanghai) Corp.	3	Construction revenue	5,399		0.01%
7	MIC-Tech Electronics Engineering Corp.	Shanghai Maohua Electronics Engineering Co., Ltd.	3	Other receivables	25,961		0.06%
8	Shanghai Maohua Electronics Engineering Co., Ltd.	MIC-Tech Electronics Engineering Corp.	3	Construction revenue	312,455		0.56%
9	MIC-Tech (WuXi) Co., Ltd.	Marketch Integrated Pte. Ltd.	3	Sales revenue	12,450		0.02%

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

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

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

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

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

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

MARKETECH INTERNATIONAL CORP.

Information on investees

For the year ended December 31, 2023

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount (Note 2)		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023 (Note 1)	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Marketech International Corp.	Marketech Integrated Pte. Ltd.	Singapore	Contracting for semiconductor automatic supply system	\$ 331,733	\$ 292,147	14,636,958	100	\$ 54,302	\$ 865	\$ 865	The Company's subsidiary
Marketech International Corp.	Market Go Profits Ltd.	Virgin Islands	Investment holding and reinvestment	1,299,429	1,299,429	40,119,104	100	2,521,328	488,991	488,991	The Company's subsidiary
Marketech International Corp.	MIC-Tech Global Corp.	South Korea	International trade	19,147	19,147	131,560	100	18,831	4,068	4,068	The Company's subsidiary
Marketech International Corp.	Headquarter International Ltd.	Virgin Islands	Investment holding and reinvestment	42,475	42,475	1,289,367	100	36,547	(512)	(512)	The Company's subsidiary
Marketech International Corp.	Tiger United Finance Ltd.	Virgin Islands	Investment holding and reinvestment	46,475	46,475	1,410,367	100	34,474	(194)	(194)	The Company's subsidiary
Marketech International Corp.	Marketech Engineering Pte. Ltd.	Singapore	Contracting for electrical installing construction	29,545	21,804	1,270,133	100	2,815	(1,364)	(1,364)	The Company's subsidiary
Marketech International Corp.	Marketech Integrated Manufacturing Company Limited	Myanmar	Design, manufacturing, installation of automatic production equipment and its parts	478,985	478,985	1,535,600	100	126,617	(19,604)	(19,604)	The Company's subsidiary
Marketech International Corp.	MIC-Tech Viet Nam Co., Ltd.	Vietnam	Trading, installation and repair of various machinery equipment and its peripherals; consulting service and software execution service associated with computer hardware installation	271,476	131,060	-	100	217,976	(4,565)	(4,565)	The Company's subsidiary
Marketech International Corp.	Marketech Co., Ltd.	Vietnam	Specialized contracting and related repair services; equipment sales and repair; sales of cosmetics and daily necessities; production, development and implementation of software and providing coding service; providing installation service of industrial machine and equipment	72,596	72,596	-	100	(1,666)	(8,333)	(8,333)	The Company's subsidiary
Marketech International Corp.	eZoom Information, Inc.	Taiwan	Research, trading and consulting of information system software and hardware appliance	280,737	230,737	11,100,000	100	20,727	(90,761)	(90,761)	The Company's subsidiary
Marketech International Corp.	Marketech International Sdn.Bhd.	Malaysia	Specialized contracting and related repair services; sales of medical devices	108,162	82,014	16,871,250	100	33,826	(39,504)	(39,504)	The Company's subsidiary
Marketech International Corp.	Marketech International Corporation USA	USA	Specialized contracting and related repair services	556,886	259,794	18,450,000	100	792,616	(180,857)	(180,857)	The Company's subsidiary
Marketech International Corp.	Spiro Technology Systems Inc.	USA	International trade	54,074	54,074	1,000,000	100	83,886	1,279	1,279	The Company's subsidiary
Marketech International Corp.	ADAT Technology CO., LTD.	Taiwan	Research, development, application, and service of software; supply of electronic information and data processing service	84,119	84,119	5,005,940	25.62	11,462	(68,201)	(17,469)	The Company's subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount (Note 2)		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023 (Note 1)	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Marketch International Corp.	PT Marketch International Indonesia	Indonesia	Trading business of machine equipment and parts	\$ 38,042	\$ 38,042	1,199,000	99.92	\$ 34,490	(\$ 745)	(\$ 745)	The Company's subsidiary
Marketch International Corp.	Marketch Netherlands B.V	Netherlands	International trade business of machine and components and technical service	40,510	40,510	1,200,000	100	(2,793)	(8,309)	(8,309)	The Company's subsidiary
Marketch International Corp.	Glory Technology Service Inc.	Taiwan	Sale and installation of information and communication equipment	42,714	42,714	6,208,320	29.24	68,538	11,910	3,483	The Company's investee accounted for using equity method
Marketch International Corp.	MIC Techno Co., Ltd.	Taiwan	Sale of panels and its materials	2,000	2,000	200,000	20	1,809	10	2	The Company's investee accounted for using equity method
Marketch International Corp.	Taiwan Radisen HealthCare Co., Ltd.	Taiwan	Smart medical consulting services and investment	500	500	50,000	100	333	(44)	(44)	The Company's subsidiary
Marketch International Corp.	Vertex System Corporation	Taiwan	Trading of equipment for private 5G wireless communication networks (picocells and core networks) and IoT intelligent control gateway; maintenance and operations of device management platform (DMP), and provision of services in software management platform and vertical integration of information technology (IT) and communication technology (CT)	50,000	50,000	5,000,000	61.35	23,198	(22,617)	(13,875)	The Company's subsidiary
Marketch International Corp.	Bolite Co., Ltd.	Taiwan	Precision R&D, manufacturing and sales of laser-related modules and equipment, and provide laser application solutions	27,200	19,200	2,240,000	37.33	43,257	19,369	8,611	The Company's investee accounted for using equity method
Marketch International Corp.	MIC Healthcare Korea Co., Ltd.	South Korea	R&D, sales and professional technical services of medical device and its parts; international trade and import and export business	41,536	22,822	3,600,000	100	4,464	(23,421)	(23,421)	The Company's subsidiary
Marketch International Corp.	Marketch International Corp. Japan	Japan	International trade	65,254	2,302	30,000	100	55,214	(10,068)	(10,068)	The Company's subsidiary
Marketch International Corp.	Advanced Technology Matrix United Corporation	USA	Warehousing logistics services; sales agent of semiconductor equipment, components and consumables and semiconductor materials	60,960	-	2,000,000	68.97	61,342	(100)	(69)	The Company's subsidiary
Marketch International Corp.	Radisen Co., Ltd. (Ordinary shares)	South Korea	AI medical resolution and teleradiology medical platform	12,454	12,454	87,803	18.49	7,638	(35,588)	(6,581)	The Company's investee accounted for using equity method
Marketch International Corp.	Radisen Co., Ltd. (Preferred stock)	South Korea	AI medical resolution and teleradiology medical platform	73,208	24,368	188,961	44.85	88,645	(35,588)	-	The Company's investee accounted for using equity method
Marketch International Corp.	Marketch International Corporation Germany GmbH	Germany	International trade of machine and components and technical service	6,617	-	200,000	100	5,642	(1,144)	(1,144)	The Company's subsidiary

Table 7-2

Investor	Investee	Location	Main business activities	Initial investment amount (Note 2)		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023 (Note 1)	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Marketch International Corp.	MIC Industrial Viet Nam Co., Ltd.	Vietnam	Assembling of air conditioning equipment and testing OEM	\$ 39,567	\$ –	–	100	\$ 38,253	\$ 235	\$ 235	The Company's subsidiary
Market Go Profits Ltd.	MIC-Tech Ventures Asia Pacific Inc.	Cayman Islands	Investment holding and reinvestment	1,293,932	1,293,932	40,016,604	100	2,520,116	489,101	–	The investor's subsidiary
Marketch Engineering Pte. Ltd.	Marketch Integrated Construction Co., Ltd.	Myanmar	Contracting for electrical installing construction	27,083	19,342	88,500	98.33	2,401	(1,143)	–	The investor's subsidiary
MIC-Tech Ventures Asia Pacific Inc.	Rusky H.K. Limited	Hong Kong	Investment holding and reinvestment	34,551	34,551	833,000	100	9,335	17,507	–	The investor's subsidiary
MIC-Tech Ventures Asia Pacific Inc.	Frontken MIC Co. Limited	Hong Kong	Investment holding and reinvestment	–	31,422	–	–	–	15	–	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	27,034	(9,370)	–	The investor's subsidiary
MIC-Tech Ventures Asia Pacific Inc.	Leader Fortune Enterprise Co., Ltd.	Samoa	Investment holding and reinvestment	8,990	8,990	303,000	31.43	(5,036)	(1,707)	–	The investor's investee accounted for using equity method
MIC-Tech Ventures Asia Pacific Inc.	Fortune Blessing Co., Limited	Hong Kong	Investment holding and reinvestment	45,985	45,985	500,000	27.78	6,654	237	–	The investor's investee accounted for using equity method
Rusky H.K. Limited	PT Marketch International Indonesia	Indonesia	Trading business of machine equipment and parts	32	32	1,000	0.08	31	(745)	–	The investor's investee accounted for using equity method

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

Note 2: Except for subsidiaries in Malaysia which are translated at the current rate as of December 31, 2023, the initial investment amounts of other investees are translated at the current rate as of the investment date.

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

MARKETECH INTERNATIONAL CORP.
Information on investments in Mainland China
For the year ended December 31, 2023

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 3)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023 (Note 3)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023 (Note 3)		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023 (Note 3)	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2023 (Note 2)	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
MIC-Tech (WuXi) Co., Ltd.	Manufacturing and sales of semiconductor devices, intelligent storage equipments, illuminators, masks and labor protective products; manufacturing of package special equipments	\$ 782, 978	Note 1(2)	\$ 629, 453	\$ -	\$ -	\$ 629, 453	(\$ 40, 911)	100	(\$ 40, 374)	\$ 99, 374	\$ -	Note 2 (2)B
MIC-Tech (Shanghai) Corp.	Wholesale, commission agency, maintenance, repairment, manufacture, import and export of semiconductor production and its consumables; trading agency and consulting services in customs bonded area	253, 040	Note 1(2)	15, 353	-	-	15, 353	264, 091	100	264, 091	964, 177	217, 487	Note 2 (2)B
Shanghai Maohua Electronics Engineering Co., Ltd.	Production of scrubber bins for semiconductor manufacturers; design, installation, debugging and technology services of tunnel system; equipment repair for semiconductor manufacturers	18, 423	Note 1(2)	18, 515	-	-	18, 515	20, 510	87	17, 843	6, 911	-	Note 2 (2)B
MIC-Tech Electronics Engineering Corp.	Installation and construction of mechanical and electrical systems; professional building renovation and decoration services; design and construction of smart buildings; construction of electronic projects and related technical services and consulting materials	540, 991	Note 1(2)	261, 607	-	-	261, 607	164, 865	100	164, 865	937, 898	112, 742	Note 2 (2)B
Integrated Manufacturing & Services Co., Ltd.	Development of special equipment for solar cell production, manufacture of optical engine, cleaning and regeneration of new electrical device	214, 935	Note 1(2)	119, 750	-	-	119, 750	(9, 370)	60	(5, 622)	26, 265	-	Note 2 (2)B

Table 8-1

Investee in Mainland China	Main business activities	Paid-in capital (Note 3)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023 (Note 3)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023 (Note 3)		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023 (Note 3)	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2023 (Note 2)	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
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	\$ 46,058	Note 1(2)	\$ 46,058	\$ -	\$ -	\$ 46,058	\$ 123,611	100	\$ 123,611	\$ 235,212	\$ -	Note 2 (2)B
Macrotec Technology (Shanghai) Co., Ltd.	Wholesale, commission agency, import and export and other complementary service of electrical products, instrumentation, metal products, electrical equipment, International and entrepot trade, trading and trading agency among enterprises in customs bonded area	29,382	Note 1(2)	9,234	-	-	9,234	(1,707)	31.43	(537)	(5,039)	-	Note 2 (2)B
Fortune International Corporation	Research and development, manufacturing, sales, installation and repair services of semiconductor-related devices, equipment and materials; supply chain and property management service; industrial park management service; venue rental; conference and exhibition services; warehousing service	55,269	Note 1(2)	15,353	-	-	15,353	259	27.78	72	6,627	-	Note 2 (2)B

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

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

Note 2: In the 'Investment income (loss) recognized by the Company for the year ended December 31, 2023' column:

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

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

2. Limit on investees in Mainland China

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023 (Note 1) (Note 2) (Note 3)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 1)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Marketch International Corp.	\$ 1,203,329	\$ 1,883,291	\$ 6,741,623

Note 1: The amount was translated at the original currency times exchange rate at period end.

Note 2: The Company has sold WUXI Probeleader Electronics Co., Ltd. at the end of November 2011. As the accumulated investment was different from the investment collected back, the difference between accumulated amount of remittance from Taiwan to Mainland China as of November 30, 2011 and accumulated amount of remittance from Taiwan to Mainland China registered at and approved by MOEA was US\$186 thousand.

Note 3: The liquidation of TPP-MIC (WuXi) Co., Ltd. was completed in November, 2015. As the accumulated investment was different from the investment collected back, the difference between accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023, and accumulated amount of remittance from Taiwan to Mainland China registered at and approved by MOEA was US\$180 thousand.

MARKETECH INTERNATIONAL CORP.

Major shareholders information

December 31, 2023

Table 9

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

Note 1: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of share in dematerialised form due to the difference in the calculation basis.

Note 2: If the aforementioned data contains shares which were kept at the trust by the shareholders, the data was disclosed as a separate account of client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with the Securities and Exchange Act, the shareholding ratio includes the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information of reported share equity of insider, please refer to Market Observation Post System.