

MARKETECH INTERNATIONAL CORP.
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS’
REPORT
DECEMBER 31, 2020 AND 2019

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, 2020 and 2019, and the parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, 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

For the year ended December 31, 2020, we conducted our audit in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China (ROC GAAS). For the year ended December 31, 2019, we conducted our audit in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants", the Financial Supervisory Commission (FSC) Jin-Guan-Zheng-Shen-Zi Order No. 1090360805 issued on February 25, 2020, and ROC GAAS. 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, 2020. 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, 2020 were as follows:



Recognition of construction contract revenue

Description

Refer to Note 4(27) for accounting policy on construction contract and revenue, Note 5(2) for the details of uncertainty of construction contract accounting estimation and assumptions, and Notes 6(17) and 6(4) for details of construction contract revenue and construction contract cost.

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

How our audit addressed the matter

We tailored the major audit scope as follows:

- A. Obtained an understanding of the management's control system and determined whether the contract had been created or significantly changed with respect to estimated cost.
- B. Obtained the newly added construction contract list for this fiscal year, and ensured that the total contract price is equal to the amount being used to calculate construction contract revenue. Ensured that any additional construction supplement can be traced back to supplementary contracts.
- C. Checked the construction costs incurred estimation sheets in the current period, and sampled the basis of estimation and subcontract amount, and ensured that it has been approved appropriately by the management.
- D. Checked the rationality of significant changes in the estimation of construction cost, and sample tested whether the revised plan had been approved by the management.
- E. Obtained the billing details and selected samples of related vouchers by using statistical procedure to check the correctness of input cost in engineering reports and computation of percentage of completion.

Valuation of inventories

Description

Refer to Note 4(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 description on inventory.

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

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

How our audit addressed the matter

We tailored the major audit scope as follows:

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



Valuation of loss allowance for accounts receivable

Description

Refer to Note 4(7) for accounting policy on accounts receivable, Note 5(2) for accounting estimates and assumption uncertainty in relation to loss allowance of accounts receivable, and Note 6(3) for the details of accounts receivable.

The Company assesses the significant accounts receivable individually, and those that are not significant, are assessed either individually or collectively. If there is no impairment after individual assessment, then the group of accounts receivable will be subject to collective assessment. If the accounts receivable over a certain age is significant, the management will re-examine the collectability, and assess each case for possible impairment. Management uses professional judgement during the process, and accounting estimates have a high possibility of becoming inappropriate. The professional judgement may be affected by several factors, such as customer's financial status, internal credit rating, order history, and economic situation. Accordingly, obtaining the supporting documents which management used for judgement is important. Thus, we considered the assessment on loss allowance of accounts receivable as one of our key audit matters.

How our audit addressed the matter

We tailored the major audit scope as follows:

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

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors’ responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS 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 ROC GAAS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



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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.

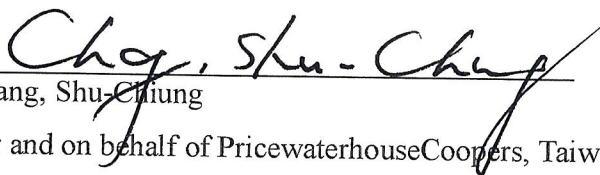
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

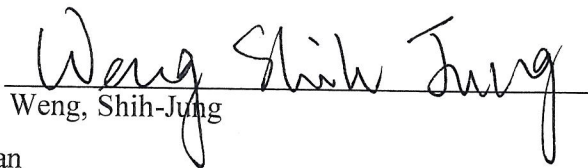
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



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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.


Chang, Shu-Chiung


Weng, Shih-Jung

For and on behalf of PricewaterhouseCoopers, Taiwan

February 26, 2021

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 report of independent auditors 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, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2020		December 31, 2019		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,562,493	9	\$ 1,249,502	8
1110	Financial assets at fair value through profit or loss - current	6(2)	140,684	1	63,303	1
1140	Current contract assets	6(17) and 7	4,226,388	25	3,202,655	20
1150	Notes receivable, net	6(3)	30,083	-	87,379	1
1170	Accounts receivable, net	6(3)	2,395,135	14	2,716,489	17
1180	Accounts receivable - related parties, net	6(3) and 7	156,710	1	137,620	1
1200	Other receivables	7	48,374	-	47,963	-
130X	Inventories, net	6(4)	2,385,410	14	2,697,586	17
1410	Prepayments		373,638	2	183,925	1
1470	Other current assets	8	132,612	1	110,885	1
11XX	Total current assets		<u>11,451,527</u>	<u>67</u>	<u>10,497,307</u>	<u>67</u>
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	535,283	3	527,163	3
1550	Investments accounted for using equity method	6(5)	2,279,900	14	2,016,204	13
1600	Property, plant and equipment, net	6(6) and 7	1,717,285	10	1,672,574	11
1755	Right-of-use assets	6(7)	905,860	5	858,772	5
1780	Intangible assets	7	48,026	-	11,377	-
1840	Deferred tax assets	6(21)	170,699	1	152,169	1
1900	Other non-current assets	8	34,970	-	36,128	-
15XX	Total non-current assets		<u>5,692,023</u>	<u>33</u>	<u>5,274,387</u>	<u>33</u>
1XXX	Total Assets		<u>\$ 17,143,550</u>	<u>100</u>	<u>\$ 15,771,694</u>	<u>100</u>

(Continued)

MARKETECH INTERNATIONAL CORP.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(8)	\$ 1,085,778	6	\$ 2,320,000	15
2130	Current contract liabilities	6(17) and 7	2,354,775	14	2,465,351	16
2150	Notes payable		1,150,933	7	951,202	6
2160	Notes payable - related parties	7	3,897	-	3,272	-
2170	Accounts payable		2,585,841	15	2,363,414	15
2180	Accounts payable - related parties	7	14,506	-	13,222	-
2200	Other payables	6(9)	468,688	3	334,909	2
2230	Current tax liabilities		149,664	1	81,427	1
2280	Current lease liabilities		71,518	-	72,117	-
2310	Advance receipts		118,015	1	39,092	-
2399	Other current liabilities		104,025	-	95,829	1
21XX	Total current liabilities		<u>8,107,640</u>	<u>47</u>	<u>8,739,835</u>	<u>56</u>
Non-current liabilities						
2530	Bonds payable	6(10)	1,455,438	9	-	-
2540	Long-term borrowings	6(11)	200,000	1	200,000	1
2570	Deferred tax liabilities	6(21)	51,303	-	19,383	-
2580	Non-current lease liabilities		841,381	5	790,178	5
2640	Net defined benefit liability - non-current	6(12)	178,133	1	170,165	1
2670	Other non-current liabilities	6(5)	37,251	-	52,120	-
25XX	Total non-current liabilities		<u>2,763,506</u>	<u>16</u>	<u>1,231,846</u>	<u>7</u>
2XXX	Total Liabilities		<u>10,871,146</u>	<u>63</u>	<u>9,971,681</u>	<u>63</u>
Equity						
Share capital		6(14)				
3110	Ordinary shares		1,872,192	11	1,868,400	12
Capital surplus		6(13)(15)				
3200	Capital surplus		1,029,109	6	982,882	6
Retained earnings		6(16)				
3310	Legal reserve		841,627	5	771,326	5
3320	Special reserve		170,247	1	92,239	1
3350	Unappropriated retained earnings		2,526,327	15	2,255,413	14
Other equity interest						
3400	Other equity interest		(167,098)	(1)	(170,247)	(1)
3XXX	Total Equity		<u>6,272,404</u>	<u>37</u>	<u>5,800,013</u>	<u>37</u>
Significant contingent liabilities and unrecognised contract commitments		7 and 9				
Significant events after the balance sheet date		11				
3X2X	Total Liabilities and Equity		<u>\$ 17,143,550</u>	<u>100</u>	<u>\$ 15,771,694</u>	<u>100</u>

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

MARKETECH INTERNATIONAL CORP.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except earnings per share)

				Year ended December 31,			
				2020		2019	
Items	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Operating Revenue	6(17) and 7	\$ 18,404,137	100	\$ 17,631,899	100	
5000	Operating Costs	6(4)(20) and 7	(16,027,833)	(87)	(15,776,299)	(90)	
5900	Gross Profit		<u>2,376,304</u>	<u>13</u>	<u>1,855,600</u>	<u>10</u>	
	Operating Expenses	6(20) and 7					
6100	Sales and marketing expenses		(339,893)	(2)	(345,000)	(2)	
6200	General and administrative expenses		(662,102)	(3)	(547,794)	(3)	
6300	Research and development expenses		(153,325)	(1)	(183,891)	(1)	
6450	Impairment on expected credit loss	12(2)	(149,153)	(1)	(26,657)	-	
6000	Total operating expenses		<u>(1,304,473)</u>	<u>(7)</u>	<u>(1,103,342)</u>	<u>(6)</u>	
6900	Operating Profit		<u>1,071,831</u>	<u>6</u>	<u>752,258</u>	<u>4</u>	
	Non-operating Income and Expenses						
7100	Interest income	7	3,485	-	4,994	-	
7010	Other income	6(18) and 7	73,940	-	109,039	1	
7020	Other gains and losses	6(2)(19)	(13,947)	-	61,604	-	
7050	Finance costs		(38,855)	-	(36,695)	-	
7070	Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method		<u>42,387</u>	<u>-</u>	<u>(12,983)</u>	<u>-</u>	
7000	Total non-operating income and expenses		<u>67,010</u>	<u>-</u>	<u>125,959</u>	<u>1</u>	
7900	Profit before Income Tax		<u>1,138,841</u>	<u>6</u>	<u>878,217</u>	<u>5</u>	
7950	Income tax expense	6(21)	(225,105)	(1)	(175,211)	(1)	
8200	Net Income		<u>\$ 913,736</u>	<u>5</u>	<u>\$ 703,006</u>	<u>4</u>	
	Other Comprehensive Income (Loss)						
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss						
8311	Losses on remeasurements of defined benefit plans	6(12)	(\$ 10,884)	-	(\$ 10,782)	-	
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(21)	<u>2,155</u>	<u>-</u>	<u>2,157</u>	<u>-</u>	
8310	Other comprehensive loss that will not be reclassified to profit or loss		<u>(8,729)</u>	<u>-</u>	<u>(8,625)</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		3,909	-	(36,194)	-	
8380	Share of other comprehensive income of associates and joint ventures accounted for using equity method		(343)	-	(451)	-	
8399	Income tax relating to components of other comprehensive income that will be reclassified to profit or loss	6(21)	<u>(417)</u>	<u>-</u>	<u>7,329</u>	<u>-</u>	
8360	Other comprehensive income (loss) that will be reclassified to profit or loss		<u>3,149</u>	<u>-</u>	<u>(29,316)</u>	<u>-</u>	
8300	Other comprehensive loss, net of tax		<u>(\$ 5,580)</u>	<u>-</u>	<u>(\$ 37,941)</u>	<u>-</u>	
8500	Total Comprehensive Income		<u>\$ 908,156</u>	<u>5</u>	<u>\$ 665,065</u>	<u>4</u>	
9750	Basic earnings per share (in dollars)	6(22)	\$ 4.88		\$ 3.78		
9850	Diluted earnings per share (in dollars)	6(22)	\$ 4.85		\$ 3.74		

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
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

Notes	Share capital - ordinary shares	Capital Reserves		Retained Earnings			Other Equity Interest	Total equity
		Capital surplus - share premium	Capital Surplus - others	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statement translation differences of foreign operations	
<u>Year ended December 31, 2019</u>								
Balance at January 1, 2019	\$ 1,855,913	\$ 959,959	\$ 10,422	\$ 692,068	\$ 92,239	\$ 2,197,064	(\$ 140,931)	\$ 5,666,734
Profit for the period	-	-	-	-	-	703,006	-	703,006
Other comprehensive loss for the period	-	-	-	-	-	(8,625)	(29,316)	(37,941)
Total comprehensive income (loss)	-	-	-	-	-	694,381	(29,316)	665,065
Appropriations and distribution of earnings for 2018	6(16)							
Legal reserve	-	-	-	79,258	-	(79,258)	-	-
Cash dividends	-	-	-	-	-	(556,774)	-	(556,774)
Share-based payment	6(13)(14)(15)	7,625	9,229	(3,767)	-	-	-	13,087
Changes in equity of subsidiaries, associates and joint ventures accounted for using equity method	6(15)	-	-	42	-	-	-	42
Conversion of convertible bonds	6(14)(15)	4,862	7,500	(503)	-	-	-	11,859
Balance at December 31, 2019	\$ 1,868,400	\$ 976,688	\$ 6,194	\$ 771,326	\$ 92,239	\$ 2,255,413	(\$ 170,247)	\$ 5,800,013
<u>Year ended December 31, 2020</u>								
Balance at January 1, 2020	\$ 1,868,400	\$ 976,688	\$ 6,194	\$ 771,326	\$ 92,239	\$ 2,255,413	(\$ 170,247)	\$ 5,800,013
Profit for the period	-	-	-	-	-	913,736	-	913,736
Other comprehensive loss for the period	-	-	-	-	-	(8,729)	3,149	(5,580)
Total comprehensive income	-	-	-	-	-	905,007	3,149	908,156
Appropriations and distribution of earnings for 2019	6(16)							
Legal reserve	-	-	-	70,301	-	(70,301)	-	-
Special reserve	-	-	-	-	78,008	(78,008)	-	-
Cash dividends	-	-	-	-	-	(485,784)	-	(485,784)
Share-based payment	6(13)(14)(15)	3,792	4,479	(2,370)	-	-	-	5,901
Changes in ownership interest in subsidiaries	6(15)	-	-	912	-	-	-	912
Due to recognition of equity component of convertible bonds issued	6(10)(15)	-	-	43,206	-	-	-	43,206
Balance at December 31, 2020	\$ 1,872,192	\$ 981,167	\$ 47,942	\$ 841,627	\$ 170,247	\$ 2,526,327	(\$ 167,098)	\$ 6,272,404

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

MARKETECH INTERNATIONAL CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31,	
		2020	2019
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 1,138,841	\$ 878,217
Adjustments			
Adjustments to reconcile profit (loss)			
Net gain on financial assets or liabilities at fair value through profit or loss	6(2)(19)	(39,251)	(97,017)
Impairment on expected credit loss	12(2)	149,153	26,657
Share of (profit) loss of subsidiaries, associates and joint ventures accounted for using equity method		(42,387)	12,983
Depreciation	6(6)(7)(20)	219,933	207,265
Amortisation	6(20)	18,816	14,105
Loss (gain) on disposal of property, plant and equipment	6(6)	3,768	(4,862)
Compensation cost of share-based payments	6(13)(15)(20)	-	1,009
Interest income	7	(3,485)	(4,994)
Interest expense		38,855	36,695
Dividend income	6(18)	(16,798)	(13,856)
Gain recognised from bargain purchase		(309)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Current contract assets		(1,023,733)	95,052
Notes receivable, net		57,296	(69,020)
Accounts receivable, net		134,021	107,070
Accounts receivable - related parties, net		19,090	22,943
Other receivables		(5,599)	(16,083)
Inventories, net		312,176	485,863
Prepayments		(189,612)	129,992
Other current assets		(25,757)	25,259
Changes in operating liabilities			
Current contract liabilities		(110,576)	(302,894)
Notes payable		199,731	(86,597)
Notes payable – related parties		625	(3,088)
Accounts payable		289,381	(453,834)
Accounts payable – related parties		1,284	(2,171)
Other payables		67,968	(91,236)
Advance receipts		78,923	18,186
Other current liabilities		8,196	51,036
Other non-current liabilities		(2,916)	(2,574)
Cash inflow generated from operations		1,277,634	964,106
Interest received		3,485	4,994
Dividends received		16,798	13,856
Interest paid		(39,187)	(35,976)
Income tax paid		(136,552)	(185,824)
Net cash flows from operating activities		<u>1,122,178</u>	<u>761,156</u>

(Continued)

MARKETECH INTERNATIONAL CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31,	
		2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss - non-current		(\$ 58,303)	(\$ 84,945)
Proceeds from disposal of financial assets at fair value through profit or loss - non-current		12,241	100,661
Proceeds from capital reduction of financial assets at fair value through profit or loss		2,812	2,047
Increase in other financial assets		-	(45,000)
Acquisition of investments accounted for using equity method – subsidiaries		(212,863)	(100,509)
Acquisition of investments accounted for using equity method – non-subsiaries		(20,000)	(1,500)
Proceeds from capital reduction of investments accounted for using equity method		1,471	-
Acquisition of property, plant and equipment	6(6)	(202,042)	(112,592)
Proceeds from disposal of property, plant and equipment	6(6)	2,336	37,211
Acquisition of right-of-use assets		(4,058)	(7,740)
Acquisition of intangible assets		(55,466)	(11,449)
Decrease (increase) in refundable deposits		14,216	(64,968)
Increase in prepayments for business facilities		(9,037)	-
Dividends received		-	3,756
Net cash flows used in investing activities		(528,693)	(285,028)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in short-term borrowings	6(24)	(1,234,222)	708,000
Proceeds from exercise of employee stock options	6(13)	5,902	12,078
Repayments of lease principal	6(7)(24)	(61,390)	(69,028)
Proceeds from issuance of bonds	6(10)(24)	1,495,000	-
Cash dividends paid	6(16)	(485,784)	(556,774)
Net cash flows (used in) from financing activities		(280,494)	94,276
Net increase in cash and cash equivalents		312,991	570,404
Cash and cash equivalents at beginning of year	6(1)	1,249,502	679,098
Cash and cash equivalents at end of year	6(1)	\$ 1,562,493	\$ 1,249,502

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, 2020 AND 2019

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

1. ORGANIZATION AND OPERATIONS

Marketch International Corp. (the “Company”) was incorporated in the Republic of China (R.O.C.) on December 27, 1988. On October 17, 2002, the Company’s common shares were officially listed on the Taiwan Over-The-Counter Securities Exchange and on May 24, 2004, the shares were transferred to be listed on the Taiwan Stock Exchange. The Company is mainly engaged in (i) import and trade of various integrated circuits, semiconductors, electrical and computer 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 44.58% of the shares of the Company. The ultimate parent company of the Company is Ennoconn Corporation.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

The parent company only financial statements were approved and authorized for issuance by the Board of Directors on February 26 , 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, ‘Disclosure initiative-definition of material’	January 1, 2020
Amendments to IFRS 3, ‘Definition of a business’	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, ‘Interest rate benchmark reform’	January 1, 2020
Amendment to IFRS 16, ‘Covid-19-related rent concessions’	June 1, 2020 (Note)

Note: Earlier application from January 1, 2020 is allowed by the FSC.

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

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform— Phase 2'	January 1, 2021

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

(3) IFRSs issued by IASB but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Statement of compliance

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

- A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:
- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Liabilities on cash-settled share-based payment arrangements measured at fair value.
 - (c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollars (NTD), which is the Company’s functional and presentation currency.

A. Foreign currency transactions and balances

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

B. Translation of foreign operations

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

(4) Classification of current and non-current items

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

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

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

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

- (a) Liabilities that are expected to be paid off within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be paid off within twelve months from the balance sheet date;

- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

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

(5) Cash and cash equivalents

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

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.
- D. The Company recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(8) Impairment of financial assets

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

(9) Derecognition of financial assets

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

(10) Inventories

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

(11) Investments accounted for using equity method / subsidiaries, associates and joint ventures

A. Investments in subsidiaries

- (a) Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- (b) Unrealized profit (loss) occurred from the transactions between the Company and subsidiaries have been offset. The accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- (c) The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize losses proportionate to its ownership.
- (d) If changes in shareholdings in subsidiaries do not result in loss in control (transactions with non-controlling interest), transactions shall be considered as equity transactions, which are transactions between owners. Difference of adjustment of non-controlling interest and fair value of consideration paid or received is recognized in equity.
- (e) When the Company loses its control in a subsidiary, the Company revalues the remaining investment in the prior subsidiary at fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Investments in associates

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

- C. Pursuant to the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the financial statements prepared for consolidation. Owners’ equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared for consolidation.

(12) Property, plant and equipment

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

Buildings	2~55 years
Machinery and office equipment	3~15 years
Other equipment	2~10 years

(13) Leasing arrangements (lessee) – right-of-use assets/ lease liabilities

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability; and
- (b) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term.

When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise 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. Goodwill

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

C. 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

A. The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

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.

(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) Financial guarantee contracts

A financial guarantee contract is a contract that requires the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract is initially recognized at its fair value adjusted for transaction costs on the trade date. After initial recognition, the financial guarantee is measured at the higher of the initial fair value less cumulative amortization and the best estimate of the amount required to settle the present obligation on each balance sheet date.

(21) Non-hedging and embedded derivatives

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

(22) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plan

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

(b) Defined benefit plan

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurements arising on defined benefit plan are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognized immediately in profit or loss.

C. Employees' compensation and directors' remuneration

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

(23) Employee share-based payment

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

(24) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(25) Share capital

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

(26) Dividends

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

(27) Revenue recognition

A. Sales of goods or products

- (a) The Company manufactures and sells a range of various integrated circuits, semiconductors, electrical and computer 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 30 days, which is consistent with the market practice. As the time interval between the transfer of committed goods or services and the payment of customers may possibly exceed one year, the Company does not adjust the transaction price to reflect the time value of money. However, the individual financial components of contracts are not significant.

- (c) A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Construction contracts

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

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, 2020</u>	<u>December 31, 2019</u>
Cash on hand	\$ 7,659	\$ 7,132
Checking accounts and demand deposits	<u>1,554,834</u>	<u>1,242,370</u>
Total	<u>\$ 1,562,493</u>	<u>\$ 1,249,502</u>

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

B. Except for the cash and cash equivalents pledged to others as shown in Note 8 that was transferred to 'other current assets', the Company has no cash and cash equivalents pledged to others.

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 8,197	\$ 7,439
Hybrid instruments-call provision of convertible corporate bonds (Note 6(10))	<u>3,000</u>	<u>-</u>
	11,197	7,439
Valuation adjustment	<u>129,487</u>	<u>55,864</u>
Total	<u>\$ 140,684</u>	<u>\$ 63,303</u>

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 12,474	\$ 16,582
Unlisted stocks	429,048	403,291
Beneficiary certificates	8,970	4,720
Hybrid instruments-convertible corporate bonds	<u>52,748</u>	<u>35,959</u>
	503,240	460,552
Valuation adjustment	<u>32,043</u>	<u>66,611</u>
Total	<u>\$ 535,283</u>	<u>\$ 527,163</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>2020</u>	<u>2019</u>
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	\$ 83,766	\$ 99,939
Hybrid instruments	<u>(44,515)</u>	<u>(2,922)</u>
	<u>\$ 39,251</u>	<u>\$ 97,017</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, 2020</u>	<u>December 31, 2019</u>	<u>January 1, 2019</u>
Notes receivable	<u>\$ 30,083</u>	<u>\$ 87,379</u>	<u>\$ 18,359</u>
	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>January 1, 2019</u>
Accounts receivable	\$ 2,732,511	\$ 3,000,478	\$ 3,154,841
Less: Loss allowance	<u>(337,376)</u>	<u>(283,989)</u>	<u>(258,739)</u>
Total	<u>\$ 2,395,135</u>	<u>\$ 2,716,489</u>	<u>\$ 2,896,102</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, 2020</u>	<u>December 31, 2019</u>
Not past due	<u>\$ 30,083</u>	<u>\$ 87,379</u>

(b) Accounts receivable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Not past due	\$ 2,227,345	\$ 2,384,493
Up to 90 days	189,820	110,454
91 to 180 days	41,520	131,292
181 to 365 days	57,987	105,539
Over 365 days	372,585	406,322
	<u>\$ 2,889,257</u>	<u>\$ 3,138,100</u>

The above ageing analysis was based on past due date.

- B. As of December 31, 2020 and 2019, 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 was \$30,083 and \$87,379, respectively. As of December 31, 2020 and 2019, 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 \$2,551,845 and \$2,854,109, respectively.
- C. The Company does not hold any collateral as security.
- D. Information relating to credit risk is provided in Note 12(2).

(4) Inventories

	<u>December 31, 2020</u>		
	<u>Cost</u>	<u>Allowance for valuation loss and loss on obsolete and slow-moving inventories</u>	<u>Book value</u>
Materials	\$ 364,429	(\$ 11,685)	\$ 352,744
Merchandise inventory	392,286	(51,095)	341,191
Raw materials	669,839	(26,715)	643,124
Supplies	45,889	(3,291)	42,598
Work in process	838,135	(16,181)	821,954
Semi-finished goods and finished goods	190,832	(7,033)	183,799
Total	<u>\$ 2,501,410</u>	<u>(\$ 116,000)</u>	<u>\$ 2,385,410</u>

	December 31, 2019		
	Cost	Allowance for valuation loss and loss on obsolete and slow-moving inventories	Book value
Materials	\$ 523,616	(\$ 18,515)	\$ 505,101
Merchandise inventory	291,447	(6,139)	285,308
Raw materials	699,777	(25,309)	674,468
Supplies	40,183	(2,443)	37,740
Work in process	1,057,821	(10,572)	1,047,249
Semi-finished goods and finished goods	151,742	(4,022)	147,720
Total	\$ 2,764,586	(\$ 67,000)	\$ 2,697,586

A. Relevant expenses of inventories recognized as operating costs for the years ended December 31, 2020 and 2019 are as follows:

	Years ended December 31,	
	2020	2019
Cost of sales	\$ 7,782,060	\$ 6,411,796
Construction contract cost	7,331,558	8,474,992
Other operating cost	865,215	914,556
Loss on (gain on reversal of) market value decline and obsolete and slow-moving inventories (Note)	49,000	(25,045)
Total	\$ 16,027,833	\$ 15,776,299

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, 2020		December 31, 2019	
	Carrying amount	% interest held	Carrying amount	% interest held
Subsidiaries:				
Market Go Profits Ltd.	\$ 1,386,248	100%	\$ 1,207,977	100%
Marketech Integrated Manufacturing Company Limited	356,748	100%	375,248	100%
eZoom Information, Inc.	100,863	100%	121,118	100%
Marketech International Sdn. Bhd.	58,483	100%	62,433	100%
Headquarter International Ltd.	35,329	100%	37,667	100%
Tiger United Finance Ltd.	34,314	100%	36,624	100%
PT Marketech International Indonesia	33,131	99.92%	35,344	99.92%
MIC-Tech Viet Nam Co., Ltd.	85,787	100%	27,593	100%
Spiro Technology Systems Inc.	21,383	100%	-	-
Marketech International Corporation USA	11,729	100%	16,881	100%
Marketech Netherlands B.V.	12,543	100%	9,111	100%
Marketech Engineering Pte. Ltd.	2,131	100%	7,715	100%
MIC-Tech Global Corp.	12,581	100%	6,425	100%
Marketech Co., Ltd.	16,751	100%	3,338	100%
Smart Health Corp. (Note)	476	100%	-	-
ADAT Technology CO.,LTD.	23,954	26.74%	1,602	29.41%
Marketech Integrated Pte. Ltd.	(37,181)	100%	(52,050)	100%
Add: Credit of long-term equity investment transferred to 'other non-current liabilities'	37,181	-	52,050	-
Associates:				
Glory Technology Service Inc.	67,579	29.24%	63,804	29.24%
Vertex System Corporation	18,046	38.83%	-	-
MIC Techno Co., Ltd.	1,824	20.00%	1,834	20.00%
Smart Health Corp. (Note)	-	-	1,490	42.86%
	<u>\$ 2,279,900</u>		<u>\$ 2,016,204</u>	

Note: In July 2020, the equity interests in Smart Health Corp. acquired by the Company totaled to 100%. Accordingly, Smart Health Corp. was included in the consolidated entities since the date the Company obtained control over it after comprehensive assessment.

A. Subsidiaries

Details of the Company's subsidiaries are provided in Note 4(3) of the Company's 2020 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,	
	2020	2019
Profit for the year from continuing operations	\$ 7,829	\$ 21,565
Total comprehensive income	\$ 7,829	\$ 21,565

(6) Property, plant and equipment

	2020					
	Land	Buildings	Machinery and equipment	Office equipment	Others	Total
<u>At January 1</u>						
Cost	\$ 183,542	\$ 2,092,612	\$ 442,963	\$ 161,410	\$ 20,905	\$ 2,901,432
Accumulated depreciation	-	(775,883)	(324,524)	(117,206)	(11,245)	(1,228,858)
Book value	<u>\$ 183,542</u>	<u>\$ 1,316,729</u>	<u>\$ 118,439</u>	<u>\$ 44,204</u>	<u>\$ 9,660</u>	<u>\$ 1,672,574</u>
<u>Year ended December 31</u>						
Opening net book amount	\$ 183,542	\$ 1,316,729	\$ 118,439	\$ 44,204	\$ 9,660	\$ 1,672,574
Additions	-	61,990	25,026	20,950	94,076	202,042
Transfers (Note)	-	-	-	-	(155)	(155)
Disposals	-	(551)	(4,629)	(924)	-	(6,104)
Depreciation	-	(94,115)	(34,590)	(20,504)	(1,863)	(151,072)
Closing net book amount	<u>\$ 183,542</u>	<u>\$ 1,284,053</u>	<u>\$ 104,246</u>	<u>\$ 43,726</u>	<u>\$ 101,718</u>	<u>\$ 1,717,285</u>
<u>At December 31</u>						
Cost	\$ 183,542	\$ 2,153,200	\$ 453,262	\$ 173,262	\$ 114,826	\$ 3,078,092
Accumulated depreciation	-	(869,147)	(349,016)	(129,536)	(13,108)	(1,360,807)
Book value	<u>\$ 183,542</u>	<u>\$ 1,284,053</u>	<u>\$ 104,246</u>	<u>\$ 43,726</u>	<u>\$ 101,718</u>	<u>\$ 1,717,285</u>

2019

	Land	Buildings	Machinery and equipment	Office equipment	Others	Total
<u>At January 1</u>						
Cost	\$ 205,438	\$ 2,035,231	\$ 434,272	\$ 154,332	\$ 17,539	\$ 2,846,812
Accumulated depreciation	-	(701,954)	(313,364)	(102,624)	(9,371)	(1,127,313)
Book value	<u>\$ 205,438</u>	<u>\$ 1,333,277</u>	<u>\$ 120,908</u>	<u>\$ 51,708</u>	<u>\$ 8,168</u>	<u>\$ 1,719,499</u>
<u>Year ended December 31</u>						
Opening net book amount	\$ 205,438	\$ 1,333,277	\$ 120,908	\$ 51,708	\$ 8,168	\$ 1,719,499
Additions	-	14,822	35,958	14,439	47,373	112,592
Transfers (Note)	-	43,879	-	-	(43,879)	-
Disposals	(21,896)	(1,080)	(8,594)	(747)	(32)	(32,349)
Depreciation	-	(74,169)	(29,833)	(21,196)	(1,970)	(127,168)
Closing net book amount	<u>\$ 183,542</u>	<u>\$ 1,316,729</u>	<u>\$ 118,439</u>	<u>\$ 44,204</u>	<u>\$ 9,660</u>	<u>\$ 1,672,574</u>
<u>At December 31</u>						
Cost	\$ 183,542	\$ 2,092,612	\$ 442,963	\$ 161,410	\$ 20,905	\$ 2,901,432
Accumulated depreciation	-	(775,883)	(324,524)	(117,206)	(11,245)	(1,228,858)
Book value	<u>\$ 183,542</u>	<u>\$ 1,316,729</u>	<u>\$ 118,439</u>	<u>\$ 44,204</u>	<u>\$ 9,660</u>	<u>\$ 1,672,574</u>

Note: Transfers during the year refer to previously unfinished constructions which had been completed and transferred to buildings, etc.

- A. The property, plant and equipment are all owner-occupied.
- B. The Company has no interest capitalized to property, plant and equipment.
- C. The Company has no property, plant and equipment pledged to others.

(7) Leasing arrangements – lessee

- A. The Company leases various assets including land, buildings, machinery, office equipment, equipment, and other equipment. Rental contracts are typically made for periods of 1 to 55 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise buildings, machinery and equipment, office equipment, and other equipment. Consequently, those leases are not included in the right-of-use assets.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 713,682	\$ 663,351
Buildings	141,052	146,212
Other equipment	51,126	49,209
	<u>\$ 905,860</u>	<u>\$ 858,772</u>

	<u>Years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 19,570	\$ 21,398
Buildings	25,888	35,881
Machinery and equipment	-	149
Office equipment	-	193
Other equipment	23,403	22,476
	<u>\$ 68,861</u>	<u>\$ 80,097</u>

D. For the years ended December 31, 2020 and 2019, the additions to right-of-use assets were \$123,918 and \$48,718, respectively.

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

	<u>Years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 13,322	\$ 13,170
Expense on short-term lease contracts	34,688	6,451
	<u>\$ 48,010</u>	<u>\$ 19,621</u>

F. For the years ended December 31, 2020 and 2019, the Company's total cash outflow for leases were \$109,400 and \$88,649, respectively.

G. Extension options

- (a) Extension options are included in approximately 40% of the Company's lease contracts pertaining to land. These options are expected to be exercised for maximizing optional flexibility in terms of managing contracts.
- (b) In determining the lease term, the Company takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(8) Short-term borrowings

	<u>December 31, 2020</u>	<u>Interest rate range</u>	<u>Collateral</u>
<u>Bank borrowings</u>			
Credit borrowings	<u>\$ 1,085,778</u>	0.75%~0.78656%	None
	<u>December 31, 2019</u>	<u>Interest rate range</u>	<u>Collateral</u>
<u>Bank borrowings</u>			
Credit borrowings	<u>\$ 2,320,000</u>	0.88%~0.89%	None

(9) Other payables

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Salaries and bonus payable	\$ 304,265	\$ 198,884
Accrued employees' compensation and directors' remuneration	140,756	108,544
Others	23,667	27,481
Total	<u>\$ 468,688</u>	<u>\$ 334,909</u>

(10) Bonds payable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Bonds payable	\$ 1,500,000	\$ -
Less: Discount on bonds payable	(44,562)	-
	<u>\$ 1,455,438</u>	<u>\$ -</u>

A. The Company issued the 4th domestic unsecured convertible bonds, as approved by the regulatory authority on November 27, 2020. The terms and conditions are as follows:

(a) Total issuance amount: NT\$1,500,000

(b) Issuance period: 3 years, and a circulation period from December 15, 2020 to December 15, 2023.

(c) Coupon rate: 0%

(d) Conversion period: The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds before the maturity date, except the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

(e) The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. If the reset conversion price is higher than the conversion price before the reset, the conversion price will not be adjusted.

(f) Redemption method:

- i. Redemption on the maturity date: Redeemed in cash at face value at the maturity date.
- ii. Redemption before the maturity date: The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after one month of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after one month of the bonds issue to 40 days before the maturity date.
- iii. Under the terms of the bonds, all bonds redeemed, matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

(g) As of December 31, 2020, no convertible bonds were converted.

B. Regarding the issuance of convertible bonds, the equity conversion options amounting to \$43,206 were separated from the liability component and were recognized in 'capital surplus—stock warrants' in accordance with IAS 32. The call options embedded in bonds payable were separated from their host contracts and were recognized in 'financial assets or liabilities at fair value through profit or loss' in net amount in accordance with IAS 39 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rate of the bonds payable after such separation is 1.0255%.

(11) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>December 31, 2020</u>
Long-term bank borrowings Credit borrowings	Borrowing period is from December 28, 2020 to March 27, 2022; interest is payable monthly; principal is payable at maturity date	0.830%	None	<u>\$ 200,000</u>
<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>December 31, 2019</u>
Long-term bank borrowings Credit borrowings	Borrowing period is from December 27, 2019 to March 26, 2021; interest is payable monthly; principal is payable at maturity date	0.978%	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, 2020</u>	<u>December 31, 2019</u>
Present value of defined benefit obligations	\$ 324,881	\$ 306,398
Fair value of plan assets	(146,748)	(136,233)
Net defined benefit liability	<u>\$ 178,133</u>	<u>\$ 170,165</u>

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

	<u>2020</u>		
	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
Balance at January 1	(\$ 306,398)	\$ 136,233	(\$ 170,165)
Current service cost	(1,003)	-	(1,003)
Interest (expense) income	(2,284)	1,030	(1,254)
Settlement profit	111	-	111
	<u>(309,574)</u>	<u>137,263</u>	<u>(172,311)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	4,423	4,423
Change in demographic assumptions	(286)	-	(286)
Change in financial assumptions	(15,645)	-	(15,645)
Experience adjustments	624	-	624
	<u>(15,307)</u>	<u>4,423</u>	<u>(10,884)</u>
Pension fund contribution	-	5,062	5,062
Balance at December 31	<u>(\$ 324,881)</u>	<u>\$ 146,748</u>	<u>(\$ 178,133)</u>

	2019		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	(\$ 290,342)	\$ 128,385	(\$ 161,957)
Current service cost	(1,088)	-	(1,088)
Interest (expense) income	(2,886)	1,297	(1,589)
	<u>(294,316)</u>	<u>129,682</u>	<u>(164,634)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	4,419	4,419
Change in demographic assumptions	(704)	-	(704)
Change in financial assumptions	(8,749)	-	(8,749)
Experience adjustments	(5,748)	-	(5,748)
	<u>(15,201)</u>	<u>4,419</u>	<u>(10,782)</u>
Pension fund contribution	-	5,251	5,251
Paid pension	3,119	(3,119)	-
Balance at December 31	<u>(\$ 306,398)</u>	<u>\$ 136,233</u>	<u>(\$ 170,165)</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2020 and 2019 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,	
	2020	2019
Discount rate	0.30%	0.75%
Future salary increases	2.00%	2.00%

Assumptions regarding future mortality experience are set based on the 5th 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, 2020</u>				
Effect on present value of defined benefit obligation	(\$ 8,804)	\$ 9,158	\$ 8,980	(\$ 8,681)
<u>December 31, 2019</u>				
Effect on present value of defined benefit obligation	(\$ 8,775)	\$ 9,140	\$ 9,004	(\$ 8,691)

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, 2021 amount to \$6,166.

(g) As of December 31, 2020, the weighted average duration of the defined benefit retirement plan is 11 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, 2020 and 2019 were \$39,937 and \$38,621, respectively.

(13) Share-based payment

A. For the years ended December 31, 2020 and 2019, the Company’s share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (in thousands)	Contract period	Vesting conditions
Employee stock options	2015.9.11	3,956	6 years	2~4 years’ service

The share-based payment arrangements above are all settled by equity.

B. Details of the share-based payment arrangements are as follows:

	Years ended December 31,			
	2020		2019	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at beginning of the year	548	\$ 15.70	1,325	\$ 16.70
Options exercised	(379)	15.57	(763)	15.84
Options forfeited	-	-	(14)	-
Options outstanding at end of the year	<u>169</u>	15.20	<u>548</u>	15.70
Options exercisable at end of the year	<u>169</u>		<u>548</u>	
Options approved but not yet issued at end of the year	<u>44</u>		<u>44</u>	

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

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

		December 31, 2019	
Issue date approved	Expiry date	No. of shares (in thousands)	Exercise price (in dollars)
2015.9.11	2021.9.10	548	\$ 15.70

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

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price	Expected volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit
Employee stock options	2015.9.11	\$ 19.60	\$ 19.60		34.91%	4.375 years	0%	0.81%	\$ 5.8326

E. Expenses incurred on share-based payment transactions are \$0 and \$1,009 for the years ended December 31, 2020 and 2019, respectively.

(14) Share capital

As of December 31, 2020, the Company's authorized capital was \$3,000,000, consisting of 300 million shares of ordinary stock (including 9,800 thousand shares reserved for employee stock options), and the paid-in capital was \$1,872,192 with a par value of \$10 (in dollars) per share amounting to 187,219,200 shares. All proceeds from shares issued have been collected.

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

	Years ended December 31,	
	2020	2019
At January 1	186,839,950	185,591,264
Conversion of convertible bonds	-	486,186
Exercise of employee stock options	379,250	762,500
At December 31	187,219,200	186,839,950

(15) Capital surplus

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

Details of movements in capital surplus are as follows:

	2020				
	Share premium	Employee stock options	Stock options	Others	Total
At January 1	\$ 976,688	\$ 3,801	\$ -	\$ 2,393	\$ 982,882
Exercise of employee stock options	4,479	(2,370)	-	-	2,109
Changes in ownership interest in subsidiaries	-	-	-	912	912
Due to recognition of equity component of convertible bonds issued	-	-	43,206	-	43,206
At December 31	\$ 981,167	\$ 1,431	\$ 43,206	\$ 3,305	\$ 1,029,109

	2019				
	Employee				
	<u>Share premium</u>	<u>stock options</u>	<u>Stock options</u>	<u>Others</u>	<u>Total</u>
At January 1	\$ 959,959	\$ 7,568	\$ 503	\$2,351	\$ 970,381
Exercise of employee stock options	9,229	(4,776)	-	-	4,453
Compensation cost of employee stock options	-	1,009	-	-	1,009
Changes in equity of subsidiaries, associates and joint ventures accounted for using equity method	-	-	-	42	42
Conversion of convertible bonds	7,500	-	(503)	-	6,997
At December 31	<u>\$ 976,688</u>	<u>\$ 3,801</u>	<u>\$ -</u>	<u>\$2,393</u>	<u>\$ 982,882</u>

(16) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Also, special reserve shall be set aside or reversed as required by regulations or the Competent Authority. The remaining amount along with the prior years' unappropriated earnings are resolved by the Board of Directors and resolved by the stockholders for appropriation or reserve.
- B. The Company's dividend policy is summarized below: in consideration of the overall environment development and industrial growth, fulfilling future operation development needs as priority and optimizing financial structure, distribution of stock dividends shall not exceed 50% of the dividend distributed.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D.(a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Financial-Supervisory-Securities-Firms No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

E.(a) Details of 2019 and 2018 earnings appropriation resolved by the stockholders on May 27, 2020 and May 30, 2019, respectively are as follows:

	Years ended December 31,			
	2019		2018	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 70,301	\$ -	\$ 79,258	\$ -
Special reserve	78,008	-	-	-
Cash dividends	485,784	2.6	556,774	3.0
Total	<u>\$ 634,093</u>		<u>\$ 636,032</u>	

The earnings appropriation for the years ended December 31, 2019 and 2018 listed above had no difference from that proposed by the Board of Directors on March 5, 2020 and February 18, 2019, respectively.

Information about the earnings distribution for 2019 and 2018 as resolved by the Board of Directors and resolved by shareholders will be posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

(b) Details of 2020 earnings appropriation proposed by the Board of Directors on February 26, 2021 are as follows:

	Year ended December 31, 2020	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 90,500	\$ -
Reversal of special reserve	(3,149)	-
Cash dividends	655,267	3.5
Total	<u>\$ 742,618</u>	

Information about the earnings appropriation for 2020 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 2020 has not yet been resolved by the shareholders, thus, no dividend was accrued in these parent company only financial statements.

(17) Operating revenue

	Years ended December 31,	
	2020	2019
Sales contract revenue	\$ 8,969,226	\$ 7,351,318
Construction contract revenue	7,968,235	8,739,081
Other contract revenue	1,466,676	1,541,500
Total	<u>\$ 18,404,137</u>	<u>\$ 17,631,899</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,	
	2020	2019
R&D and manufacturing of customized equipment	\$ 6,679,140	\$ 6,055,675
Automatic supplying system	4,520,904	3,526,186
Sales and service of high-tech equipment and materials	4,193,756	3,526,273
Total Facility Engineering Turnkey Project	3,010,337	4,523,765
Total	\$ 18,404,137	\$ 17,631,899
Timing of revenue recognition		
At a point in time	\$ 9,425,854	\$ 7,824,751
Over time	8,978,283	9,807,148
Total	\$ 18,404,137	\$ 17,631,899

B. Contract assets and liabilities

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

	December 31, 2020	December 31, 2019	January 1, 2019
Contract assets:			
Construction contracts	\$ 4,226,388	\$ 3,202,655	\$ 3,297,707
Contract liabilities:			
Construction contracts	\$ 1,784,654	\$ 1,716,965	\$ 1,818,194
Sales contracts	533,238	732,008	927,067
Service contracts	36,883	16,378	22,984
	\$ 2,354,775	\$ 2,465,351	\$ 2,768,245

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

	Years ended December 31,	
	2020	2019
Revenue recognized that was included in the contract liability balance at the beginning of the year		
Construction contracts	\$ 934,409	\$ 1,471,258
Sales contracts	260,952	255,944
Service contracts	16,378	22,984
	\$ 1,211,739	\$ 1,750,186

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

(18) Other income

	Years ended December 31,	
	2020	2019
Service fee-endorsements and guarantees (Please refer to Note 7(3) H(b))	\$ 39,259	\$ 39,598
Government grants revenue	374	34,911
Dividend income	16,798	13,856
Rental revenue	6,936	6,658
Other income	10,573	14,016
Total	<u>\$ 73,940</u>	<u>\$ 109,039</u>

(19) Other gains and losses

	Years ended December 31,	
	2020	2019
Net gain on financial assets at fair value through profit or loss	\$ 39,251	\$ 97,017
Foreign exchange losses	(49,480)	(41,270)
(Loss) gain on disposal of property, plant and equipment	(3,768)	4,862
Other gains	50	995
Total	<u>(\$ 13,947)</u>	<u>\$ 61,604</u>

(20) Employee benefit expense, depreciation and amortization

A. Employee benefit expense, depreciation and amortization

	Year ended December 31, 2020		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 342,508	\$ 735,278	\$ 1,077,786
Labour and health insurance fees	28,117	39,923	68,040
Pension costs	17,081	25,002	42,083
Directors' remuneration	-	13,720	13,720
Other employee benefit expense	16,781	18,764	35,545
Depreciation	159,337	60,596	219,933
Amortisation	9,097	9,719	18,816

	Year ended December 31, 2019		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 307,634	\$ 599,278	\$ 906,912
Compensation cost of employee stock options	-	1,009	1,009
Labour and health insurance fees	28,509	40,350	68,859
Pension costs	17,112	24,186	41,298
Directors' remuneration	-	10,587	10,587
Other employee benefit expense	16,713	18,478	35,191
Depreciation	142,038	65,227	207,265
Amortisation	6,733	7,372	14,105

Note 1 : As of December 31, 2020 and 2019, the Company had 747 and 742 employees, respectively, and 7 directors who are not employees for both years.

Note 2 : (a) For the years ended December 31, 2020 and 2019, the average employee benefit expense was \$1,653 and \$1,433, respectively.

(b) For the years ended December 31, 2020 and 2019, the average employee wages and salaries was \$1,456 and \$1,234, respectively.

(c) The adjustment in the average employee's wage and salary expenses was 17.99%.

(d) For the years ended December 31, 2020 and 2019, 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 is taking 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. Employee's 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 made bonus distribution policy based on performance assessment and contribution, and bonus will be distributed timely in order to encourage employees.

B. Employees' compensation and directors' remuneration

- (a) According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, shall not be higher than 3% for directors' remuneration and shall be 1~15% for employees' compensation. If the company has accumulated deficit, earnings should be reserved to cover losses.
- (b) For the years ended December 31, 2020 and 2019, employees' compensation and directors' remuneration are accrued as follows:

	Years ended December 31,	
	2020	2019
Employees' compensation	\$ 127,960	\$ 98,676
Directors' remuneration	12,796	9,868
Total	<u>\$ 140,756</u>	<u>\$ 108,544</u>

For the year ended December 31, 2020, employees' compensation and directors' remuneration were estimated and accrued based on 10% and 1% of distributable profit of current year as of the end of reporting period. The employees' compensation and directors' remuneration for 2020 as resolved by the Board of Directors were \$127,960 and \$12,796, respectively, and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' remuneration for 2019 as resolved by the Board of Directors were in agreement with those amounts recognized in the 2019 financial statements.

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

(21) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2020	2019
Current tax		
Current tax on profits for the year	\$ 224,961	\$ 166,959
Tax on undistributed earnings	714	3,914
Land value increment tax	-	328
Adjustments in respect of prior years	(15,698)	(20,916)
Total current tax	209,977	150,285
Deferred tax		
Origination and reversal of temporary differences	15,128	24,926
Income tax expense	<u>\$ 225,105</u>	<u>\$ 175,211</u>

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

	Years ended December 31,	
	2020	2019
Currency translation differences of foreign operations	(\$ 417)	\$ 7,329
Remeasurement of defined benefit obligations	2,155	2,157
Total	<u>\$ 1,738</u>	<u>\$ 9,486</u>

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2020	2019
Tax calculated based on profit before tax and statutory tax rate	\$ 227,768	\$ 175,643
Effect of items disallowed by tax regulation	12,321	16,242
Tax on undistributed earnings	714	3,914
Land value increment tax	-	328
Adjustments in respect of prior years	(15,698)	(20,916)
Income tax expense	<u>\$ 225,105</u>	<u>\$ 175,211</u>

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

	2020			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
—Deferred tax assets:				
Loss allowance on accounts receivable	\$ 50,355	\$ 11,100	\$ -	\$ 61,455
Valuation loss and loss on market value decline and obsolete and slow-moving inventories	13,400	9,800	-	23,200
Defined benefit obligation	34,033	(561)	2,155	35,627
Impairment loss on financial assets	8,349	-	-	8,349
Unused compensated absences payable	4,751	749	-	5,500
Unrealized construction loss	12,050	(2,597)	-	9,453
Unrealized exchange loss	5,560	(1,699)	-	3,861
Exchange differences on translation	23,671	-	(417)	23,254
Subtotal	<u>152,169</u>	<u>16,792</u>	<u>1,738</u>	<u>170,699</u>
—Deferred tax liabilities:				
Unrealized investment income	(19,383)	(31,920)	-	(51,303)
Subtotal	<u>(19,383)</u>	<u>(31,920)</u>	<u>-</u>	<u>(51,303)</u>
Total	<u>\$ 132,786</u>	<u>(\$ 15,128)</u>	<u>\$ 1,738</u>	<u>\$ 119,396</u>

	2019			
	<u>January 1</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>December 31</u>
Temporary differences:				
—Deferred tax assets:				
Loss allowance on accounts receivable	\$ 45,177	\$ 5,178	\$ -	\$ 50,355
Valuation loss and loss on market value decline and obsolete and slow-moving inventories	30,000	(16,600)	-	13,400
Defined benefit obligation	32,391	(515)	2,157	34,033
Impairment loss on financial assets	8,349	-	-	8,349
Unused compensated absences payable	11,227	(6,476)	-	4,751
Unrealized loss on investments	715	(715)	-	-
Unrealized construction loss	4,860	7,190	-	12,050
Unrealized exchange loss	-	5,560	-	5,560
Exchange differences on translation	16,342	-	7,329	23,671
Subtotal	<u>149,061</u>	<u>(6,378)</u>	<u>9,486</u>	<u>152,169</u>
—Deferred tax liabilities:				
Unrealized exchange gain	(835)	835	-	-
Unrealized investment income	-	(19,383)	-	(19,383)
Subtotal	<u>(835)</u>	<u>(18,548)</u>	<u>-</u>	<u>(19,383)</u>
Total	<u>\$ 148,226</u>	<u>(\$ 24,926)</u>	<u>\$ 9,486</u>	<u>\$ 132,786</u>

D. The Company's income tax returns through 2018 have been assessed and approved by the Tax Authority.

(23) Supplemental cash flow information

Financing activities with no cash flow effects

	Years ended December 31,	
	2020	2019
Convertible bonds converted to capital stocks	\$ -	\$ 11,859

(24) Changes in liabilities from financing activities

	2020				Liabilities from financing activities-gross
	Lease liabilities	Short-term borrowings	Long-term borrowings	Bonds payable	
At January 1	\$ 862,295	\$ 2,320,000	\$ 200,000	\$ -	\$ 3,382,295
Changes in cash flow from financing	(61,390)	(1,234,222)	-	1,495,000	199,388
Changes in other non-cash items	111,994	-	-	(39,562)	72,432
At December 31	<u>\$ 912,899</u>	<u>\$ 1,085,778</u>	<u>\$ 200,000</u>	<u>\$ 1,455,438</u>	<u>\$ 3,654,115</u>

	2019				Liabilities from financing activities-gross
	Lease liabilities	Short-term borrowings	Long-term borrowings	Bonds payable	
At January 1	\$ 885,984	\$ 1,612,000	\$ 200,000	\$ -	\$ 2,697,984
Changes in cash flow from financing	(69,028)	708,000	-	-	638,972
Changes in other non-cash items	45,339	-	-	-	45,339
At December 31	<u>\$ 862,295</u>	<u>\$ 2,320,000</u>	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ 3,382,295</u>

7. RELATED PARTY TRANSACTIONS

(1) Parent company

The Company is controlled by Ennoconn International Investment Co., Ltd. (registered in the Republic of China), who owns 44.58% of the shares of the Company. The remaining 55.42% 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 Company</u>
Marketech Integrated Pte. Ltd.	Subsidiary
Marketech International Sdn. Bhd.	"
Marketech Netherlands B.V.	"
Marketech Integrated Manufacturing Co., Ltd.	"
Marketech Integrated Construction Co., Ltd.	"
Marketech International Corporation USA	"
Spiro Technology Systems Inc.	"
MIC-Tech Global Corp.	"
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.	"
Hon Hai Precision Industry Co., Ltd.	Other related parties
Hong Kong Ennpower Information Technology Co., Limited	"
PEROBOT CO., LTD.	"
Macrotec Technology Corp.	Entities controlled by key management or entities with significant influence
ProbeLeader Co., Ltd.	"
Forward Science Corp.	"
WT Microelectronics Co., Ltd.	"
MIC Techno Co., Ltd.	Associate
Ennoconn Corporation	Ultimate parent company

(3) Significant related party transactions and balances

A. Sales of goods and services

(a) Sales of goods

	<u>Years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Subsidiaries	\$ 119,146	\$ 29,507
Entities controlled by key management or entities with significant influence	154	497
Ultimate parent company	-	56
	<u>\$ 119,300</u>	<u>\$ 30,060</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,	
	2020	2019
Other related parties	\$ 12,202	\$ 244,896
Subsidiaries	48,754	67,976
Entities controlled by key management or entities with significant influence	1,599	(4)
Associates	(6,152)	-
Total	<u>\$ 56,403</u>	<u>\$ 312,868</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, 2020 and 2019, contract price and priced contract of unfinished construction are as follows:

	December 31, 2020		December 31, 2019	
	Total contract price (before tax)	Priced contract	Total contract price (before tax)	Priced contract
Other related parties	\$ 464,621	\$ 447,673	\$ 466,391	\$ 447,673
Subsidiaries	74,085	47,679	93,004	30,674
Associates	-	-	19,516	10,316
Entities controlled by key management or entities with significant influence	1,450	145	-	-
Total	<u>\$ 540,156</u>	<u>\$ 495,497</u>	<u>\$ 578,911</u>	<u>\$ 488,663</u>

iii. Contract assets

	December 31, 2020	December 31, 2019
Subsidiaries	\$ 17,626	\$ 33,909
Associates	-	6,152
Entities controlled by key management or entities with significant influence	1,017	-
Other related parties	7,217	893
Total	<u>\$ 25,860</u>	<u>\$ 40,954</u>

(c) Other contract revenue

	Years ended December 31,	
	2020	2019
Subsidiaries	\$ -	\$ 15,615
Entities controlled by key management or entities with significant influence	-	26
Total	<u>\$ -</u>	<u>\$ 15,641</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,	
	2020	2019
Subsidiaries	\$ 96,961	\$ 106,959
Other related parties	87	-
Entities controlled by key management or entities with significant influence	<u>4,705</u>	<u>4,488</u>
Total	<u>\$ 101,753</u>	<u>\$ 111,447</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,	
	2020	2019
Entities controlled by key management or entities with significant influence	\$ 847	\$ 8,287
Subsidiaries	<u>33,326</u>	-
Total	<u>\$ 34,173</u>	<u>\$ 8,287</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

Accounts receivable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Other related parties	\$ 115,891	\$ 126,786
Subsidiaries	40,855	10,761
Ultimate parent company	-	59
Entities controlled by key management or entities with significant influence	<u>-</u>	<u>16</u>
Subtotal	156,746	137,622
Less: Loss allowance	(36)	(2)
Total	<u>\$ 156,710</u>	<u>\$ 137,620</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.

D. Payables to related parties

Notes payable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Entities controlled by key management or entities with significant influence	<u>\$ 3,897</u>	<u>\$ 3,272</u>

Accounts payable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Subsidiaries	\$ 9,055	\$ 9,022
Entities controlled by key management or entities with significant influence	<u>5,451</u>	<u>4,200</u>
Total	<u>\$ 14,506</u>	<u>\$ 13,222</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

For the years ended December 31, 2020 and 2019, the Company has acquired computer equipment and related software from entities controlled by key management and the acquisition price was \$13,087 and \$14,560 (recorded as 'property, plant and equipment' and 'intangible assets'), respectively.

F. Operating expense

The information maintenance service fee in 2020 and 2019 allocated to subsidiaries by the Company amounted to \$38,215 and \$37,820, respectively.

G. Financing

Financing to related parties in 2020 and 2019 are as follows:

	Year ended December 31, 2020			
	Maximum balance	Ending balance	Interest rate	Interest income
Subsidiaries	\$ 47,137	\$ 40,726	4.616%	\$ 959
	Year ended December 31, 2019			
	Maximum balance	Ending balance	Interest rate	Interest income
Subsidiaries	\$ 77,808	\$ 26,382	4.616%	\$ 795

H. Endorsements and guarantees

(a) As of December 31, 2020 and 2019, the balances of endorsements and guarantees provided to subsidiaries by the Company are as follows:

	December 31, 2020	December 31, 2019
Subsidiaries	\$ 3,088,082	\$ 3,339,592

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

	Years ended December 31,			
	2020		2019	
	Other receivables	Other income	Other receivables	Other income
Subsidiaries	\$ 17,247	\$ 39,259	\$ 16,757	\$ 39,598

(4) Key management compensation

	Years ended December 31,	
	2020	2019
Salaries and other short-term employee benefits	\$ 139,021	\$ 123,010

8. PLEGGED ASSETS

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

<u>Pledged asset</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2020</u>	<u>December 31, 2019</u>	
Restricted time deposits (recorded as 'other current assets')	\$ 45,000	\$ 45,000	Performance guarantee
Guarantee deposits paid (recorded as 'other current assets' and 'other non- current assets')	60,985	60,358	Bid bond, performance guarantee and warranty
	<u>\$ 105,985</u>	<u>\$ 105,358</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

Commitments

As of December 31, 2020, the notes and letters of guarantee used for construction performance and custom security amounted to \$2,029,975.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(1) To meet operational requirements on January 7, 2021, the Company acquired a plant located in the Southern Taiwan Science Park and related equipment for a total consideration of \$190,680 (tax included).

(2) For details of the 2020 earnings appropriation proposed by the Board of Directors on February 26, 2021, refer to Note 6(16) E(b).

12. OTHERS

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2020</u>	<u>December 31, 2019</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	\$ 675,967	\$ 590,466
Financial assets at amortised cost/Loans and receivables		
Cash and cash equivalents	1,562,493	1,249,502
Notes receivable	30,083	87,379
Accounts receivable (including related parties)	2,551,845	2,854,109
Other accounts receivable (including related parties)	48,374	47,963
Restricted time deposits (recorded as 'other current assets')	45,000	45,000
Guarantee deposits paid (recorded as 'other current assets' and 'other non-current assets')	82,200	96,416
	<u>\$ 4,995,962</u>	<u>\$ 4,970,835</u>
<u>Financial liabilities</u>		
Financial liabilities measured at fair value through profit or loss		
Short-term borrowings	\$ 1,085,778	\$ 2,320,000
Notes payable (including related parties)	1,154,830	954,474
Accounts payable (including related parties)	2,600,347	2,376,636
Other accounts payable	468,688	334,909
Bonds payable	1,455,438	-
Long-term borrowings	200,000	200,000
Guarantee deposits received (recorded as 'other non-current liabilities')	70	70
	<u>\$ 6,965,151</u>	<u>\$ 6,186,089</u>
Lease liabilities	<u>\$ 912,899</u>	<u>\$ 862,295</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, 2020						
				<u>Sensitivity analysis</u>		
	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	\$ 65,271	28.48	\$ 1,858,928	1%	\$ 18,589	\$ -
EUR : NTD	12,359	35.02	432,812	1%	4,328	-
JPY : NTD	1,240,834	0.2763	342,842	1%	3,428	-
RMB : NTD	4,191	4.3770	18,344	1%	183	-
<u>Non-monetary items</u>						
USD : NTD	\$ 52,357	28.48	\$ 1,491,135	1%	\$ -	\$ 14,911
VND : NTD	92,375,852	0.0011	102,537	1%	-	1,025
IDR : NTD	16,320,685	0.0020	33,131	1%	-	331
MMK : NTD	16,670,490	0.0214	356,748	1%	-	3,567
MYR : NTD	8,614	6.7895	58,483	1%	-	585
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	\$ 18,234	28.48	\$ 519,309	1%	\$ 5,193	\$ -
JPY : NTD	1,070,608	0.2763	295,809	1%	2,958	-

December 31, 2019

	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Sensitivity analysis	
					Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	\$ 58,866	29.98	\$ 1,764,799	1%	\$ 17,648	\$ -
EUR : NTD	10,528	33.59	353,638	1%	3,536	-
JPY : NTD	1,302,031	0.2760	359,360	1%	3,594	-
RMB : NTD	6,485	4.3050	27,917	1%	279	-
<u>Non-monetary items</u>						
USD : NTD	\$ 43,591	29.98	\$ 1,306,864	1%	\$ -	\$ 13,069
VND : NTD	26,436,526	0.0012	30,931	1%	-	309
IDR : NTD	16,212,925	0.0022	35,344	1%	-	353
MMK : NTD	18,485,102	0.0203	375,248	1%	-	3,752
MYR : NTD	8,877	7.033	62,433	1%	-	624
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	\$ 6,012	29.98	\$ 180,227	1%	\$ 1,802	\$ -
JPY : NTD	252,538	0.2760	69,701	1%	697	-

iv. Please refer to the following table for the details of unrealized exchange gain (loss) arising from significant foreign exchange variation on the monetary items held by the Company.

	Year ended December 31, 2020		
	Exchange gain (loss)		
Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	
<u>Financial assets</u>			
<u>Monetary items</u>			
EUR : NTD	\$ -	35.02	\$ 12,177
JPY : NTD	-	0.2763	1,488
<u>Financial liabilities</u>			
<u>Monetary items</u>			
JPY : NTD	\$ -	0.2763	(\$ 2,670)

Year ended December 31, 2019				
Exchange gain (loss)				
	Foreign currency amount		Exchange rate	Book value (NTD)
	(In thousands)			
<u>Financial assets</u>				
<u>Monetary items</u>				
EUR : NTD	\$	-	33.59	\$ 273
JPY : NTD		-	0.2760	(1,290)
<u>Financial liabilities</u>				
<u>Monetary items</u>				
JPY : NTD	\$	-	0.2760	\$ 1,025

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, 2020 and 2019 would have increased/decreased by \$6,587 and \$4,273, 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, 2020 and 2019, 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, 2020 and 2019 would have decreased/increased by \$10,286 and \$20,160, 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, 2020 and 2019, 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, 2020 and 2019, the provision matrix and loss rate methodology are as follows:

(i) Accounts receivable in relation to construction

<u>December 31, 2020</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%	\$ 823,577	\$ -
Up to 90 days	0%~0.0009%	64,874	-
91 to 180 days	0%~0.0013%	40,427	-
181 to 365 days	0%~0.0022%	87	-
1 to 2 years	0%~24.5481%	78,491	183
Over 2 years	100%	23,076	23,076
Total		<u>\$ 1,030,532</u>	<u>\$ 23,259</u>
<u>December 31, 2019</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%	\$ 1,106,910	\$ -
Up to 90 days	0%~0.0016%	58,209	-
91 to 180 days	0%~0.0026%	123,760	3
181 to 365 days	0%~0.0083%	68,816	3
1 to 2 years	0%~36.9081%	42,548	4,157
Over 2 years	100%	45,651	45,651
Total		<u>\$ 1,445,894</u>	<u>\$ 49,814</u>

(ii) Accounts receivable in relation to sales

<u>December 31, 2020</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~0.1322%	\$ 1,106,415	\$ 1,463
Up to 90 days	1.3560%~10.6044%	122,427	2,370
91 to 180 days	16.9062%~22.4121%	1,093	198
181 to 365 days	0%	-	-
Over 365 days	100%	39,407	39,407
Total		<u>\$ 1,269,342</u>	<u>\$ 43,438</u>
<u>December 31, 2019</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~0.0001%	\$ 1,128,708	\$ -
Up to 90 days	0%~0.0075%	50,541	1
91 to 180 days	0%~0.0344%	7,532	2
181 to 365 days	0%~16.5480%	19,351	552
Over 365 days	100%	21,894	21,894
Total		<u>\$ 1,228,026</u>	<u>\$ 22,449</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, 2020 and 2019, accounts receivable and loss allowance amounted to \$339,320 and \$270,624, \$313,642 and \$211,637, 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, 2020 and 2019, notes and accounts receivable and loss allowance amounted to \$280,146 and \$91, \$237,917 and \$91, respectively.
- ix. Movements in relation to the Company applying the simplified approach to provide loss allowance for notes and accounts receivable (including related parties) are as follows:

	2020		
	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Total</u>
At January 1	\$ -	\$ 283,991	\$ 283,991
Provision for impairment	-	149,153	149,153
Write-offs	-	(88,423)	(88,423)
Effect of foreign exchange	-	(7,309)	(7,309)
At December 31	<u>\$ -</u>	<u>\$ 337,412</u>	<u>\$ 337,412</u>
	2019		
	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Total</u>
At January 1	\$ -	\$ 258,744	\$ 258,744
Provision for impairment	-	26,657	26,657
Effect of foreign exchange	-	(1,410)	(1,410)
At December 31	<u>\$ -</u>	<u>\$ 283,991</u>	<u>\$ 283,991</u>

For provisioned loss for the years ended December 31, 2020 and 2019, the impairment loss arising from customers' contracts are \$149,153 and \$26,657, respectively.

(c) Liquidity risk

- i. The Company invests in financial assets measured at fair value through profit or loss in active markets, so it expects to sell the financial assets in markets with prices approximate to fair value. Financial assets at cost are not traded in active markets, thus, liquidity risk is expected. However, the Company's operating capital is sufficient to fulfill the Company's capital needs and it does not expect significant liquidity risk.
- ii. The Company has no undrawn borrowing facilities.

iii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities.

Non-derivative financial liabilities

<u>December 31, 2020</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 1,088,500	\$ -	\$ -	\$ -
Notes payable (including related parties)	1,154,830	-	-	-
Accounts payable (including related parties)	2,600,347	-	-	-
Other payables	468,688	-	-	-
Bonds payable	-	-	1,455,438	-
Long-term borrowings	1,756	200,439	-	-
Lease liabilities	71,819	61,603	138,794	950,938

Non-derivative financial liabilities

<u>December 31, 2019</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	\$ 2,320,000	\$ -	\$ -	\$ -
Notes payable (including related parties)	954,474	-	-	-
Accounts payable (including related parties)	2,376,636	-	-	-
Other payables	334,909	-	-	-
Long-term borrowings	1,933	200,483	-	-
Lease liabilities	73,078	60,840	129,388	949,176

(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 is 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, accounts receivable (including related parties), other receivables (including related parties), restricted time deposits (recorded as other current assets), 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, long-term borrowings, bonds payable (including current portion), 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, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value				
through profit or loss				
Equity securities	\$ 168,376	\$ -	\$ 490,304	\$ 658,680
Beneficiary certificates	-	-	8,970	8,970
Hybrid instruments	-	-	8,317	8,317
Total	<u>\$ 168,376</u>	<u>\$ -</u>	<u>\$ 507,591</u>	<u>\$ 675,967</u>
<u>December 31, 2019</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	\$ 80,045	\$ -	\$ 472,658	\$ 552,703
Beneficiary certificates	-	-	4,720	4,720
Hybrid instruments	-	-	33,043	33,043
Total	<u>\$ 80,045</u>	<u>\$ -</u>	<u>\$ 510,421</u>	<u>\$ 590,466</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, 2020 and 2019, 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, 2020 and 2019:

	2020		2019	
	Equity instruments	Hybrid instruments	Equity instruments	Hybrid instruments
At January 1	\$ 477,378	\$ 33,043	\$ 379,824	\$ 23,652
Acquired during the year	40,755	19,789	64,821	12,313
Sold during the year	(10,750)	-	(2,047)	-
Gains and losses recognized in profit or loss (Note)	(8,109)	(44,515)	34,780	(2,922)
At December 31	<u>\$ 499,274</u>	<u>\$ 8,317</u>	<u>\$ 477,378</u>	<u>\$ 33,043</u>
Movement of unrealized gain or loss in profit or loss of assets and liabilities held as at end of the year (Note)	<u>(\$ 8,109)</u>	<u>(\$ 44,515)</u>	<u>\$ 34,780</u>	<u>(\$ 2,916)</u>

Note: Recorded as non-operating income and expense.

F. For the years ended December 31, 2020 and 2019, 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, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 459,838	Market comparable companies	Note 1	Not applicable	Note 2
Venture capital shares and beneficiary certificates	39,436	Net asset value	Not applicable	Not applicable	Not applicable
Hybrid instrument:					
Convertible bond – call provision	3,450	Binomial tree pricing model	Volatility	50.09%	The higher the stock price volatility, the higher the fair value
Convertible bond	4,867	Market comparable companies	Note 1	Not applicable	Note 2
	Fair value at December 31, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 439,381	Market comparable companies	Note 1	Not applicable	Note 2
Venture capital shares and beneficiary certificates	37,997	Net asset value	Not applicable	Not applicable	Not applicable
Hybrid instrument:					
Convertible bond	33,043	Market comparable companies	Note 1	Not applicable	Note 2

Note 1: Price to earnings ratio multiple, price to book ratio multiple, enterprise value to operating income ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability.

Note 2: The higher the multiple and control premium, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value.

- I. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

				December 31, 2020				
				Recognized in profit or loss		Recognized in other comprehensive income		
		Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change	
Financial assets								
Equity instrument								
		and beneficiary	Stock price					
		certificates	and fair value	± 10%	\$ 49,927	(\$ 49,927)	\$ -	\$ -
		Hybrid instrument	Volatility	± 5%	100	(10)	-	-
					<u>\$ 50,027</u>	<u>(\$ 49,937)</u>	<u>\$ -</u>	<u>\$ -</u>
				December 31, 2019				
				Recognized in profit or loss		Recognized in other comprehensive income		
		Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change	
Financial assets								
Equity instrument								
		and beneficiary	Stock price					
		certificates	and fair value	± 10%	\$ 47,738	(\$ 47,738)	\$ -	\$ -

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries and associates): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 4.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 5.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 6.

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

14. SEGMENT INFORMATION

Not applicable.

MARKETECH INTERNATIONAL CORP.

Loans to others

For the year ended December 31, 2020

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, 2020 (Note 3)	Balance at December 31, 2020 (Note 8)	Actual amount drawn down	Interest rate (%)	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
0	Marketech International Corp.	Marketech Integrated Pte. Ltd.	Other receivables	Y	\$ 26,567	\$ 21,360	\$ 21,360	4.616	Short-term financing	\$ -	Operations	\$ -	None	\$ -	\$ 2,508,962	\$ 2,508,962	Note 7
0	Marketech International Corp.	Marketech International Sdn. Bhd.	Other receivables	Y	20,570	19,366	-	4.616	Short-term financing	-	Operations	-	None	-	2,508,962	2,508,962	Note 7
1	MIC-Tech Electronics Engineering Corp.	Shanghai Maohua Electronics Engineering Co., Ltd.	Other receivables	Y	52,547	52,523	52,523	4.785	Short-term financing	-	Operations	-	None	-	214,957	429,914	Note 7
1	MIC-Tech Electronics Engineering Corp.	Fuzhou Jiwei System Integrated Co., Ltd.	Other receivables	Y	2,189	2,188	2,188	4.785	Short-term financing	-	Operations	-	None	-	429,914	429,914	Note 7
1	MIC-Tech Electronics Engineering Corp.	MIC-Tech (WuXi) Co., Ltd.	Other receivables	Y	43,119	-	-	-	Short-term financing	-	Operations	-	None	-	429,914	429,914	Note 7
2	MIC-Tech (Shanghai) Corp.	MIC-Tech China Trading (Shanghai) Co., Ltd.	Other receivables	Y	34,591	13,131	13,131	4.785	Short-term financing	-	Operations	-	None	-	398,093	398,093	Note 7
2	MIC-Tech (Shanghai) Corp.	MIC-Tech (WuXi) Co., Ltd.	Other receivables	Y	43,789	43,769	43,769	4.785	Short-term financing	-	Operations	-	None	-	398,093	398,093	Note 7
3	MIC-Tech Viet Nam Co., Ltd	Marketech Co., Ltd	Other receivables	Y	4,060	-	-	-	Short-term financing	-	Operations	-	None	-	68,629	68,629	Note 7
4	Marketech Integrated Manufacturing Company Limited	Marketech Integrated Construction Co., Ltd.	Other receivables	Y	2,949	2,848	2,848	7.00	Short-term financing	-	Operations	-	None	-	142,700	285,399	Note 7
5	Marketech Co., Ltd.	MIC-Tech Viet Nam Co., Ltd	Other receivables	Y	13,225	8,880	8,880	4.50	Short-term financing	-	Operations	-	None	-	13,400	13,400	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 recognised, 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, 2020.

Note 4: The column of 'Nature of loan' shall fill in 'Business transaction or 'Short-term financing'.

Note 5: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 6: Fill in purpose of loan when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 7: Fill in limit on loans granted to a single party and ceiling on total loans granted as prescribed in the creditor company's "Procedures for Provision of Loans", and state each individual party to which the loans have been provided and the calculation for ceiling on total loans granted in the footnote.

The Company's ceiling on loans to others are as follows:

- (1) Limit on the total loans to others provided by the Company is 40% of the net assets based on the Company's latest financial statements.
- (2) Limit on the loans provided by the Company granted for a single party are as follows:
 - (2-1) Limit on loans to a single party with business transactions is the higher value of purchasing and selling during current year on the year of financing, and can't exceed the total business transactions amount within 12 month.
 - (2-2) For short-term financing, limit on loans granted for a single party is 40% of the net assets based on the latest financial statements of the lending companies. The amount of loans to a single party is the accumulated balance of the lending company's short-term financing for single party.

Limit on the loans provided by the Company's mainland subsidiaries:

- (1) Limit on the total loans to others provided by the Company's mainland subsidiaries is 80% of the net assets based on the latest financial statements of the lending companies.
- (2) Limit on the loans provided by the Company's mainland subsidiaries granted for a single party are as follows:
 - (2-1) Limit on loans to a single party with business transactions is the higher value of purchasing and selling during current year on the year of financing, and can't exceed the total business transactions amount within 12 month.
 - (2-2) For short-term financing between the Company's mainland subsidiary and the foreign companies which the ultimate parent company holds 100% of the voting rights directly or indirectly, limit on loans granted for a single party is 80% of the net assets based on the latest financial statements of the lending companies.
 - (2-3) For short-term financing between the Company's mainland subsidiaries and aforementioned associates, limit on loans granted for a single party is 40% of the net assets based on the latest financial statements of the lending companies. The amount of loans to a single party is the accumulated balance of the lending company's short-term financing for single party.

Limit on the loans provided by the Company's Vietnam subsidiaries:

- (1) Limit on the total loans to others provided by the Company's Vietnam subsidiaries is 80% of the net assets based on the latest financial statements of the lending companies.
- (2) Limit on the loans provided by the Company's Vietnam subsidiaries granted for a single party are as follows:
 - (2-1) Limit on loans to a single party with business transactions is the higher value of purchasing and selling during current year on the year of financing, and can't exceed the total business transactions amount within 12 month.
 - (2-2) For short-term financing between the Company's Vietnam subsidiary and the foreign companies which the ultimate parent company holds 100% of the voting rights directly or indirectly, limit on loans granted for a single party is 80% of the net assets based on the latest financial statements of the lending companies.
 - (2-3) For short-term financing between the Company's Vietnam subsidiaries and aforementioned associates, limit on loans granted for a single party is 40% of the net assets based on the latest financial statements of the lending companies. The amount of loans to a single party is the accumulated balance of the lending company's short-term financing for single party.

Limit on the loans provided by the Company's Myanmar subsidiaries:

- (1) Limit on the total loans to others provided by the Company's Myanmar subsidiaries is 80% of the net assets based on the latest financial statements of the lending companies.
- (2) Limit on the loans provided by the Company's Myanmar subsidiaries granted for a single party are as follows:
 - (2-1) Limit on loans to a single party with business transactions is the higher value of purchasing and selling during current year on the year of financing, and can't exceed the total business transactions amount within 12 month.
 - (2-2) For short-term financing between the Company's Myanmar subsidiary and the foreign companies which the ultimate parent company holds 100% of the voting rights directly or indirectly, limit on loans granted for a single party is 80% of the net assets based on the latest financial statements of the lending companies.
 - (2-3) For short-term financing between the Company's Myanmar subsidiaries and aforementioned associates, limit on loans granted for a single party is 40% of the net assets based on the latest financial statements of the lending companies. The amount of loans to a single party is the accumulated balance of the lending company's short-term financing for single party.

Note 8: The amounts of funds to be loaned to others which have been approved by the board of directors of a public company in accordance with Article 14, Item 1 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the board of directors of a public company has authorized the chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the board of directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

MARKETECH INTERNATIONAL CORP.
Provision of endorsements and guarantees to others
For the year ended December 31, 2020

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, 2020 (Note 5)	Outstanding endorsement/ guarantee amount at December 31, 2020 (Note 6)	Actual amount drawn down (Note 7)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 4)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 8)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 8)	Provision of endorsements/ guarantees to the party in Mainland China (Note 8)	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)											
0	Marketech International Corp.	Marketech Integrated Pte. Ltd.	2	\$ 3,136,202	\$ 34,543	\$ 17,131	\$ 4,140	\$ -	0.27%	\$ 6,272,404	Y	N	N	Note 4
0	Marketech International Corp.	MIC-Tech (Shanghai) Corp.	2	3,136,202	885,360	706,031	39,011	-	11.26%	6,272,404	Y	N	Y	Note 4
0	Marketech International Corp.	MIC-Tech (WuXi) Co., Ltd.	2	3,136,202	314,307	283,900	184,209	-	4.53%	6,272,404	Y	N	Y	Note 4
0	Marketech International Corp.	MIC-Tech Electronics Engineering Corp.	2	3,136,202	1,696,667	1,474,209	589,605	-	23.50%	6,272,404	Y	N	Y	Note 4
0	Marketech International Corp.	Shanghai Maohua Electronics Engineering Co.,Ltd.	2	3,136,202	528,055	318,971	241,707	-	5.09%	6,272,404	Y	N	Y	Note 4
0	Marketech International Corp.	Marketech International Sdn. Bhd.	2	3,136,202	239,840	227,840	31,266	-	3.63%	6,272,404	Y	N	N	Note 4
0	Marketech International Corp.	eZoom Information, Inc.	2	3,136,202	120,000	60,000	-	-	0.96%	6,272,404	Y	N	N	Note 4
0	Marketech International Corp.	Marketech International Corporation USA	2	3,136,202	332,750	-	-	-	-	6,272,404	Y	N	N	Note 4
0	Marketech International Corp.	Te Chang Construction Co., Ltd.	5	3,136,202	174,000	174,000	86,997	-	2.77%	6,272,404	N	N	N	Note 4
1	MIC-Tech Electronics Engineering Corp.	MIC-Tech (Shanghai) Corp.	4	1,612,176	103,729	-	-	-	-	2,686,960	N	N	Y	Note 4
1	MIC-Tech Electronics Engineering Corp.	Marketech International Corp.	3	1,612,176	511,679	481,739	481,739	-	89.64%	2,686,960	N	Y	N	Note 4
1	MIC-Tech Electronics Engineering Corp.	MIC-Tech (WuXi) Co., Ltd.	4	1,612,176	8,561	8,557	8,557	-	1.59%	2,686,960	N	N	Y	Note 4
1	MIC-Tech Electronics Engineering Corp.	MIC-Tech Viet Nam Co., Ltd.	4	1,612,176	272,362	269,930	269,930	-	50.23%	2,686,960	N	N	N	Note 4
1	MIC-Tech Electronics Engineering Corp.	The Fourth Construction Co., Ltd. of China Electronics System Engineering	5	1,612,176	807,834	807,467	784,817	-	150.26%	2,686,960	N	N	Y	Note 4
2	MIC-Tech (Shanghai) Corp.	MIC-Tech Electronics Engineering Corp.	4	1,492,848	596,060	-	-	-	-	2,488,080	N	N	Y	Note 4
3	Marketech Co., Ltd.	MIC-Tech Viet Nam Co., Ltd.	4	167,510	130,641	126,166	126,166	-	753.18%	167,510	N	N	N	Note 4

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

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

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

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

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

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

- (1) In accordance with mutual guarantee requirement in the same industry for contracting constructions, limit on the total amount is 5 times of the Company's net assets.
- (2) Except for guarantees for contracting constructions, limit on the Company's accumulated endorsement/guarantee is the Company's net assets; limit on endorsement/guarantee to a single party is 50% of the Company's net assets. Limit on the total endorsement/guarantee of the Company and its subsidiaries as a whole is 1.5 times of the Company's net assets; limit on endorsement/guarantee to a single party is 75% of the Company's net assets.

Limit on endorsements and guarantees of the Company's mainland subsidiaries:

- (1) In accordance with mutual guarantee requirement in the same industry or the common builders for contracting constructions, or provision of endorsements and guarantees for joint ventures from shareholders in proportion to shareholding ratio, limit on the total amount is 5 times of the net assets of the endorser/guarantor on endorsement/guarantee to a single party is three times of the net assets of the endorser/guarantor.
- (2) Except for (1), the Group follows standards of endorsements and guarantees as below:
 - (2-1) Total amount: (2-1-1) Limit on the accumulated endorsements and guarantees is 5 times of the net assets of the endorser/guarantor;
 - (2-1-2) Limit on endorsements and guarantees to a company of which the endorser company and the Company directly or indirectly holds 90%, should meet the requirement in (2-1-1) and may not exceed 10% of the ultimate parent's net assets.
 - (2-1-3) Total endorsements and guarantees of the endorser/guarantor and its subsidiaries are limited to 5 times of the net assets of the endorser/guarantor.
 - (2-2) Limit on endorsement/guarantee to a single party
 - (2-2-1) For the companies having business relationship with the endorser/guarantor and thus being provided endorsements/guarantees, limit on endorsements to a single party is the total value of business transactions within past 12 months.
(the value of business transactions is the higher of purchase or sales)
 - (2-2-2) Limit on endorsement/guarantee to a single party who having business relationship with the Group is 3 times of the net assets of the endorser/guarantor.

Limit on endorsements and guarantees of the Company's Vietnam subsidiaries:

- (1) In accordance with mutual guarantee requirement in the same industry or the common builders for contracting constructions, or provision of endorsements and guarantees for joint ventures from shareholders in proportion to shareholding ratio, limit on the total amount is 5 times of the net assets of the endorser/guarantor on endorsement/guarantee to a single party is three times of the net assets of the endorser/guarantor.
- (2) Except for (1), the Group follows standards of endorsements and guarantees as below:
 - (2-1) Total amount: (2-1-1) Limit on the accumulated endorsements and guarantees is 10 times of the net assets of the endorser/guarantor;
 - (2-1-2) Limit on endorsements and guarantees to a company of which the endorser company and the Company directly or indirectly holds 90%, should meet the requirement in (2-1-1) and may not exceed 10% of the ultimate parent's net assets.
 - (2-1-3) Total endorsements and guarantees of the endorser/guarantor and its subsidiaries are limited to 10 times of the net assets of the endorser/guarantor.
 - (2-2) Limit on endorsement/guarantee to a single party
 - (2-2-1) For the companies having business relationship with the endorser/guarantor and thus being provided endorsements/guarantees, limit on endorsements to a single party is the total value of business transactions within past 12 months.
(the value of business transactions is the higher of purchase or sales)
 - (2-2-2) Limit on endorsement/guarantee to a single party who having business relationship with the Group is 10 times of the net assets of the endorser/guarantor.

Note 5: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 6: Fill in the amount approved by the Board of Directors or the chairman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 7: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 8: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

MARKETECH INTERNATIONAL CORP.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

For the year ended December 31, 2020

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

					As of December 31, 2020					
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	40,000	\$ 133,840	-	\$ 133,840	None	
"	"	Solar Applied Materials Technology Corp.	"	"	44,078	1,917	-	1,917	"	
"	"	Aerospace Industrial Development Corp.	"	"	50,925	1,477	-	1,477	"	
						<u>\$ 137,234</u>		<u>\$ 137,234</u>		
"	Ordinary shares	Taiwan Colour & Imaging Technology Corp.	None	Financial assets measured at fair value through profit or loss - non-current	1,700,000	\$ -	12.59%	\$ -	None	
"	"	Chung-Hsin Electric and Machinery Manufacturing Corp.	"	"	581,000	31,142	0.12%	31,142	"	
"	"	WINGS GLOBAL TECHNOLOGY INC.	"	"	750,000	9,874	18.75%	9,874	"	
"	"	Promos Technologies, Inc.	"	"	250,331	-	0.56%	-	"	
"	"	Taiwan Puritic Corp.	"	"	5,797,181	189,613	9.50%	189,613	"	
"	"	SOPOWER Technology Corp.	"	"	189,223	-	12.61%	-	"	
"	"	VEEV Interactive Pte. Ltd.	"	"	840,000	-	6.32%	-	"	
"	"	Taiwan Intelligent Fiber Optic Network Co.,	"	"	3,868,261	23,397	1.41%	23,397	"	
"	"	H&D Venture Capital Investment Corp.	"	"	13,333	133	6.67%	133	"	
"	"	Civil Tech Pte. Ltd.	"	"	336,374	-	0.58%	-	"	
"	"	ProbeLeader Co., Ltd.	Entities controlled by key management or entities with significant influence	"	966,000	12,318	3.46%	12,318	"	
"	"	Top Green Energy Technologies, Inc.	None	"	1,111,111	-	0.89%	-	"	
"	"	IP Fund Six Co., Ltd.	"	"	1,000,000	10,000	1.79%	10,000	"	
"	"	Innorich Venture Capital Corp.	"	"	1,000,000	10,000	1.87%	10,000	"	
"	"	Taiwan Foresight Co., Ltd.	"	"	380,000	3,581	2.24%	3,581	"	
"	"	Long Time Technology Corp.	"	"	346,000	6,198	0.29%	6,198	"	
"	"	Paradigm Venture Capital Corp.	"	"	90,187	902	3.50%	902	"	
"	"	Taiwan Special Chemicals Corp.	"	"	4,401,333	89,258	1.51%	89,258	"	
"	"	Atech Totalsolution Co., Ltd.	"	"	128,000	-	0.23%	-	"	
"	"	East Wind Life Science Systems	"	"	124,457	-	12.87%	-	"	
"	"	EcoLand Corp.	"	"	310,715	-	13.51%	-	"	
"	"	Kcashin Technology Corporation	"	"	642,500	1,615	19.01%	1,615	"	
"	"	Radisen Co., Ltd.	"	"	87,803	-	18.49%	-	"	
"	"	Foresight Energy Technologies Co., Ltd.	"	"	675,000	2,695	3.00%	2,695	"	
"	"	Mycropore Corporation, Ltd.	"	"	1,471,000	25,177	8.44%	25,177	"	
"	"	STEK CO., LTD.	"	"	432,900	27,136	6.34%	27,136	"	
"	"	Sum Capital Healthcare Investment Corp.	Entities controlled by key management or entities with significant influence	"	943,050	9,431	7.44%	9,431	"	
"	"	Intellicares Co., Ltd.	"	"	200,000	-	19.99%	-	"	
"	"	Forward Science Corp.	"	"	2,450,000	32,321	9.80%	32,321	"	
"	"	Renown Information Technology Corp.	None	"	800,000	8,000	16.00%	8,000	"	
"	"	Big Giant Health Management Consulting Co.,	"	"	200,000	2,000	9.09%	2,000	"	
"	"	Sharpcan Optical Co., Ltd.	"	"	667,000	10,005	3.67%	10,005	"	
"	Convertible bonds	HALLYS CORPORATION	"	"	-	133	-	133	"	
"	"	Radisen Co., Ltd.	"	"	-	-	-	-	"	
"	"	Nitride Solutions Inc.	"	"	-	-	-	-	"	
"	"	Kinestral Technologies, Inc.	"	"	-	4,734	-	4,734	"	
"	Preferred stock	Adant Technologies Inc.	"	"	174,520	-	Note 3	-	"	
"	"	Kinestral Technologies, Inc.	"	"	501,532	16,650	"	16,650	"	
"	Beneficiary certificates	Vertex Growth (SG) LP	"	"	-	8,970	-	8,970	"	
			Entities controlled by key management or entities with significant influence	"						
MIC-Tech (Shanghai) Corp. Ltd.	Ordinary shares	MIC-Tech (Beijing) Environment Co.	None	"	-	-	19.00%	-	"	
		Total				<u>\$ 535,283</u>		<u>\$ 535,283</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 amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 3: Holding preferred stock.

MARKETECH INTERNATIONAL CORP.

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

For the year ended December 31, 2020

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)	
Shanghai Maohua Electronics Engineering Co., Ltd.	Hong Kong Ennpower Information Technology Co., Ltd	Other related parties	Sales (Note 2)	\$ 102,896	27.01%	Note 1	\$ -	-	\$ 142	-	-

Note 1: Repaid in installment based on the contract.

Note 2: Revenue arising from contracting constructions recognized based on the percentage of completion method for the year ended December 31, 2020.

Note 3: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share,
the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

MARKETECH INTERNATIONAL CORP.

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

December 31, 2020

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2020 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Marketch International Corp.	Hong Kong Ennopower Information Technology Co., Limited	Other related parties	\$ 115,891	Note 2	\$ -	-	\$ -	36

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

Note 2: Receivables were generated from construction, thus, it's not applicable.

MARKETECH INTERNATIONAL CORP.
Significant inter-company transactions during the reporting period
For the year ended December 31, 2020

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Marketech International Corp.	MIC-Tech (Shanghai) Corp.	1	Sales revenue	\$ 37,448	Sales revenue: Prices and terms of sales of goods to related parties are approximately the same to third parties. A certain percentage of profit is negotiated for sale of services with related parties. Construction revenue: The price of construction charges to related parties and third parties are based on normal construction contracts or individual agreements. Furthermore, the collection terms to related parties are approximately the same to third parties, which is about 2 to 3 months after inspection of construction depending on the construction contracts or individual agreements.	0.15%
0	Marketech International Corp.	MIC-Tech (Shanghai) Corp.	1	Non-operating revenue	7,368		0.03%
0	Marketech International Corp.	MIC-Tech Electronics Engineering Corp.	1	Construction revenue	35,563		0.14%
0	Marketech International Corp.	MIC-Tech Electronics Engineering Corp.	1	Non-operating revenue	22,686		0.09%
0	Marketech International Corp.	MIC-Tech Electronics Engineering Corp.	1	Other receivables	11,056		0.05%
0	Marketech International Corp.	Marketech Integrated Pte. Ltd.	1	Accounts receivable	36,749		0.18%
0	Marketech International Corp.	Marketech Integrated Pte. Ltd.	1	Other receivables	21,534		0.11%
0	Marketech International Corp.	Marketech Integrated Pte. Ltd.	1	Sales revenue	80,597		0.32%
0	Marketech International Corp.	Marketech International Corporation USA	1	Construction revenue	6,991		0.03%
1	eZoom Information, Inc.	Marketech International Corp.	2	Services revenue	67,380		0.27%
1	eZoom Information, Inc.	Marketech International Corp.	2	Construction revenue	10,312		0.04%
2	MIC-Tech Global Corp.	Marketech International Corp.	2	Sales revenue	85,108		0.34%
2	MIC-Tech Global Corp.	Marketech International Corp.	2	Accounts receivable	10,032		0.05%
2	MIC-Tech Global Corp.	MIC-Tech Electronics Engineering Corp.	3	Sales revenue	41,384	0.16%	
3	Spiro Technology Systems Inc.	Marketech International Corp.	2	Sales revenue	15,893	0.06%	
4	Marketech Netherlands B. V.	Marketech International Corp.	2	Sales revenue	6,042	0.02%	

Table 6-1

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)
5	MIC-Tech Electronics Engineering Corp.	Shanghai Maohua Electronics Engineering Co., Ltd.	3	Other receivables	\$ 52,523		0.26%
6	Shanghai Maohua Electronics Engineering Co., Ltd.	MIC-Tech Electronics Engineering Corp.	3	Construction revenue	77,453		0.31%
6	Shanghai Maohua Electronics Engineering Co., Ltd.	MIC-Tech Electronics Engineering Corp.	3	Sales revenue	25,666		0.10%
7	MIC-Tech (Shanghai) Corp.	MIC-Tech China Trading (Shanghai) Co., Ltd.	3	Other receivables	13,131		0.06%
7	MIC-Tech (Shanghai) Corp.	MIC-Tech (WuXi) Co., Ltd.	3	Other receivables	43,769		0.22%
8	Marketch Co., Ltd.	MIC-Tech Viet Nam Co., Ltd.	3	Other receivables	8,989		0.04%

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, 2020

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, 2020			Net profit (loss) of the investee for the year ended December 31, 2020	Investment income (loss) recognized by the Company for the year ended December 31, 2020 (Note 1)	Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
Marketech International Corp.	Marketech Integrated Pte. Ltd.	Singapore	Contracting for semiconductor automatic supply system	\$ 233,306	\$ 215,087	10,085,678	100	(\$ 37,181)	(\$ 5,107)	(\$ 5,107)	The Company's subsidiary
Marketech International Corp.	Market Go Profits Ltd.	Virgin Islands	Investment holding and reinvestment	1,328,547	1,298,124	41,069,104	100	1,386,248	142,606	142,606	The Company's subsidiary
Marketech International Corp.	MIC-Tech Global Corp.	South Korea	International trade	19,147	19,147	131,560	100	12,581	5,825	5,825	The Company's subsidiary
Marketech International Corp.	Headquarter International Ltd.	Virgin Islands	Investment holding and reinvestment	42,475	42,475	1,289,367	100	35,329	(471)	(471)	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	34,314	(495)	(495)	The Company's subsidiary
Marketech International Corp.	Marketech Engineering Pte. Ltd.	Singapore	Contracting for electrical installing construction	21,804	20,902	937,533	100	2,131	(6,870)	(6,870)	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	356,748	(39,014)	(39,014)	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	110,696	39,345	-	100	85,787	(1,948)	(1,948)	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	45,246	-	100	16,751	(10,094)	(10,094)	The Company's subsidiary
Marketech International Corp.	eZoom Information, Inc.	Taiwan	Research, trading and consulting of information system software and hardware appliance	195,737	195,737	20,000,000	100	100,863	(20,255)	(20,255)	The Company's subsidiary
Marketech International Corp.	Marketech International Sdn.Bhd.	Malaysia	Specialized contracting and related repair services	83,122	83,122	12,242,750	100	58,483	(1,814)	(1,814)	The Company's subsidiary
Marketech International Corp.	Marketech International Corporation USA	USA	Specialized contracting and related repair services	23,086	23,086	750,000	100	11,729	(4,469)	(4,469)	The Company's subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount (Note 2)		Shares held as at December 31, 2020			Net profit (loss) of the investee for the year ended December 31, 2020	Investment income (loss) recognized by the Company for the year ended December 31, 2020 (Note 1)	Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
Marketech International Corp.	Spiro Technology SysteMS Inc.	USA	Specialized contracting and related repair services	\$ 23,936	\$ -	19,982	100	\$ 21,383	(\$ 1,758)	(\$ 1,758)	The Company's subsidiary
Marketech International Corp.	ADAT Technology CO., LTD.	Taiwan	Research, development, application, and service of software; supply of electronic information and the buying and selling	50,000	20,000	3,500,000	26.74	23,954	(38,769)	(8,560)	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	33,131	223	223	The Company's subsidiary
Marketech International Corp.	Marketech Netherlands B.V	Netherlands	International trade business of machine and components and technical service	31,253	21,070	900,000	100	12,543	(7,181)	(7,181)	The Company's subsidiary
Marketech International Corp.	Glory Technology Service Inc..	Taiwan	Sale and installation of information and communication equipment	42,714	42,714	5,968,371	29.24	67,579	12,911	3,775	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	1,824	(50)	(10)	The Company's investee accounted for using equity method
Marketech International Corp.	Smart Health Corp.	Taiwan	Smart medical consulting services and investment	500	1,500	50,000	100	476	(67)	(42)	The Company's subsidiary
Marketech International Corp.	Vertex System Corporation	Taiwan	Design and manufacture of RF booster; Management of IoT; 5G telecommunication instrument and	20,000	-	2,000,000	38.83	18,046	(5,032)	(1,954)	The Company's investee accounted for using equity method
Market Go Profits Ltd.	MIC-Tech Ventures Asia Pacific Inc.	Cayman Islands	Investment holding and reinvestment	1,323,049	1,292,627	40,966,604	100	1,384,843	142,746	-	The investor's subsidiary
Marketech Engineering Pte Ltd.	Marketech Integrated Construction Co., Ltd.	Myanmar	Contracting for electrical installing construction	19,342	19,342	63,500	97.69	1,218	(6,909)	-	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	(634)	11,055	-	The investor's subsidiary
MIC-Tech Ventures Asia Pacific Inc.	Frontken MIC Co. Limited	Hong Kong	Investment holding and reinvestment	31,422	31,422	2,337,608	100	5,002	(193)	-	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	37,872	(23,808)	-	The investor's subsidiary
MIC-Tech Ventures Asia Pacific Inc.	Leader Fortune Enterprise Co., Ltd.	Samoa	Investment holding and reinvestment	8,990	8,990	303,000	31.43	(3,395)	3,982	-	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	15,563	500,000	27.78	11,121	(8,041)	-	The investor's investee accounted for using equity method
Rusky H.K. Limited	PT Marketech International Indonesia	Indonesia	Trading business of machine equipment and parts	32	32	1,000	0.08	28	223	-	The investor's investee accounted for using equity method

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

Note 2: Except for subsidiaries in Malaysia which are translated at the current rate as of December 31, 2020, the initial investment amounts of other investees are translated at the current rate as of the investment date.

MARKETECH INTERNATIONAL CORP.

Information on investments in Mainland China

For the year ended December 31, 2020

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, 2019 (Note 3)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2020 (Note 3)		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020 (Note 3)	Net income of investee for the year ended December 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2020 (Note 2)	Book value of investments in Mainland China as of December 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
MIC-Tech (WuXi) Co., Ltd.	Design, manufacturing, installation and maintenance of semiconductor device, crystal dedicated device, electronic component device, environment pollution preventing equipment; assembly of wrapping device and cooling equipment; assembly of barbecue grill; producing, assembling and sale of LED illuminator and its component; wholesale, commission agency and import and export of the aforementioned products and their components, textile, commodities, chemical products and cosmetics; lease of self-owned plants; design, manufacturing, sales and installation of automatic warehousing equipment and accessories, automatic logistics transporting equipment and accessories; R&D, sales and installation of supplementary engineering in logistics dispatch system, manufacturing and sales of medical devices.	\$ 726,240	Note1(2)	\$ 583,840	\$ -	\$ -	\$ 583,840	(\$ 18,272)	100	(\$ 17,717)	\$ 16,715	\$ -	Note 2 (2)B
MIC-Tech (Shanghai) Corp.	Wholesale, commission agency, maintenance, repairment, manufacture, import and export of semiconductor production, inspection equipment and its consumables and boilers that generate electricity; storage and allocation of mainly chemical and boiler products; international and entrepot trade; trading and trading agency among enterprises in customs bonded area; consulting services in customs bonded area	234,704	Note1(2)	14,240	-	-	14,240	112,451	100	112,451	497,616	-	Note 2 (2)B
Fuzhou Jiwei System Integrated Co., Ltd.	Installation and complete services of clean room, mechanical system, street pipe system	8,544	Note1(2)	8,544	-	-	8,544	(254)	100	(254)	(1,810)	-	Note 2 (2)B
Shanghai Maohua Electronics Engineering Co.,Ltd.	Production of scrubber bins for semiconductor manufacturers; design, installation, debugging and technology services of tunnel system; equipment repair for semiconductor manufacturers; consulting service for electrical and medical equipment wholesale, commissioned distribution, export, import and related services of electronic products, machinery equipment, chemical products, communication equipment, metal products, plastic products	17,088	Note1(2)	17,173	-	-	17,173	12,753	87	11,095	(3,284)	-	Note 2 (2)B
MIC-Tech Electronics Engineering Corp.	Installation and construction of mechanical and electrical systems; construction of chemical and petroleum projects; construction of public municipal infrastructure projects; professional building renovation and decoration services; design and construction of smart buildings; construction of electronic projects and related technical services and consulting. Building equipment, building materials (excluding steel and cement), electronic products, chemical products (excluding hazardous products), metal products, electrical equipment, wholesale of communications equipment, commission-based agency (excluding auctions) and import-export business, and delivery of all related and supplementary services	501,789	Note1(2)	242,650	-	-	242,650	20,178	100	20,178	537,392	-	Note 2 (2)B
Frontken-MIC (Wuxi) Co., Ltd.	Research of specialized cleaning equipment of semiconductor device and integrated circuit, cleaning of special components of semiconductor device, integrated circuit and micromodule and cleaning technology for semiconductors, assembling, installation and maintenance of cooling equipment; design, manufacture, sale and installation of automatic warehouse equipment and fittings, and automatic logistics transporting equipment and fittings; development, sale and installation of computer aided engineering; wholesale, commission, import and export of above products and parts	65,732	Note1(2)	26,293	-	-	26,293	(194)	100	(194)	4,983	-	Note 2 (2)B

Investee in Mainland China	Main business activities	Paid-in capital (Note 3)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019 (Note 3)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2020 (Note 3)		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020 (Note 3)	Net income of investee for the year ended December 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2020 (Note 2)	Book value of investments in Mainland China as of December 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Integrated Manufacturing & Services Co., Ltd.	Development of special equipment for solar cell production, manufacture of optical engine, lighting source, projection screen, high definition projection cathode-ray tube and micro-display module, and production, cleaning and regeneration of new electrical device; sells the products that manufactured by itself; machinery equipment, research and development of production technology of utilities equipment, technology transfer, technology consulting, technology service; processing of metal salvage and junk (except for hazardous chemicals and hazardous waste); metallic material (except for steels and noble metal), ceramic product, paper products and wholesale, retail and import and export of hardware products.	\$ 199,360	Note1(2)	\$ 111,072	\$ -	\$ -	\$ 111,072	(\$ 23,798)	60	(\$ 14,279)	\$ 37,159	\$ -	Note 2 (2)B
MIC-Tech China Trading (Shanghai) Co., Ltd.	Wholesale, commission agency and import and export of chemical products (except for hazardous chemicals, chemicals used in production of narcotic drugs and psychotropic substances and special chemicals), semiconductors, inspection equipment and its consumables, solar equipment consumables and boilers that generate electricity, International and entrepot trade, trading and trading agency among enterprises in customs bonded area, consulting service for trading, installation, repair, and maintenance of automation equipment, electronic equipment, and their parts	42,720	Note1(2)	42,720	-	-	42,720	13,605	100	13,605	32,857	-	Note 2 (2)B
Macrotec Technology (Shanghai) Co., Ltd.	Wholesale, commission agency, import and export and other complementary service of electrical products, food, textile, commodities, cosmetics, valve switch, instrumentation, metal products, electrical equipment, International and entrepot trade, trading and trading agency among enterprises in customs bonded area, simple commercial processing in customs bonded area, and consulting service for trading in customs bonded area	27,253	Note1(2)	8,565	-	-	8,565	3,982	31.43	1,251	(3,399)	-	Note 2 (2)B
Fortune International Corporation	Research and development, design, manufacturing, sales, installation and repair services of semiconductor-related devices, equipment and materials; research and development, transfer, consulting and service of semiconductor-related technology; supply chain management service; self-operation and agency of import and export business of various products and technologies; property management service; industrial park management service; accommodation service; retail of articles of daily use, food and beverages; venue rental; enterprise management service; conference and exhibition services; warehousing service; handling and transportation agency services	34,176	Note1(2)	14,240	-	-	14,240	(8,053)	27.78	(2,237)	6,377	-	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) recognised by the Company for the year ended December 31, 2020' column:

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

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

2. Limit on investees in Mainland China

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020 (Note 1) (Note 2)	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.	\$ 1,116,125	\$ 1,860,227	\$ 3,819,830

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 December 31, 2020 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, 2020, 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, 2020

Table 9

Name of major shareholders	Shares	
	Name of shares held	Ownership (%)
Ennoconn International Investment Co., Ltd.	83,468,613	44.58
JI-XUAN Investment Corp.	11,005,795	5.87

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.