

Stock Code 2314

Microelectronics Technology Inc. 2023 Annual Report (Translation)

Notice to readers

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

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Annual Reports are accessible from the following website :

<http://mops.twse.com.tw/>

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V. Inquiry of overseas stock price

Not applicable

VI. Official website of the Company: www.mtigroup.com

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Appendix 1

Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022
and Independent Auditors' Report

Appendix 2

Parent Company Only Financial Statements for the Years Ended December 31, 2023
and 2022 and Independent Auditors' Report

I. Letter to Shareholders

Dear Shareholders,

We sincerely appreciate your great support for MTI over the past year. We hereby provide a report on the 2023 operational outcome and the 2024 future outlook of the Company for your review and consideration.

Financial Performance and Operational Outcomes

In 2023, the Company made adjustments in each aspect, including product positioning and development; build-up of a talent pool for software R&D; efficiency enhancement of manufacturing; and restructuring of the Company's internal policies, procedures and platforms.

The overall operating results are summarized as follows: In 2023, our net revenue was NT\$3,353,797 thousand. The net loss after tax was NT\$619,758 thousand, and the loss per share after tax was NT\$2.60. Regarding our financial operations, we have adhered to the principle of stability and have planned fund usage based on the status of our operations. In 2023, the current ratio was 126%, and the debt ratio was 66%.

Business, Development, and Operational Focuses

Regarding R&D, MTI devotes to strategic alliance with key technology manufacturers in the industry, continues to improve R&D technology, and upgrades competitive advantages. The Group had a total of 68 invention/new patents received by the end of 2023, including new technologies applied to satellite products and RF transmitters. Regarding business, MTI devotes to develop new customers and markets to create profits, and seeks more opportunities with existing customers. The Company would establish long-term relationships with strategic partners, creates win-win strategies.

ESG & Governance

MTI has established the ESG Committee, the President leads the team in accordance with corporate governance, environmental protection, energy saving, supply chain, innovative technology and social responsibility, that link to the MTI's sustainable development goals. ESG Committee facilitates communication and discussions among teams, the members jointly set the Company's ESG strategies and targets, identify key issues for the year, draft budgets, and carry out annual projects. The Board of Directors supervises the Company's sustainability management, strategies, and goals as well as performance measurement. The ESG Committee Chairperson reports periodically to the Board of Directors on the implementation of plans and results.

The Company performed well in corporate governance and is ranked top 6~10% in the category of listed companies (including TSE&OTC) with market capitalization between NT\$5~10 billion. The Company's continuous efforts in corporate governance is recognized and affirmed by the public.

Entering 2024, macroeconomic and geopolitical uncertainties persist. As global COVID-19

pandemic subsidies, we have entered a more intelligent and connected world. As wireless network become increasingly essential and ubiquitous to every part of our daily lives, value of satellite communications continues to increase in the global supply chain.

The Company has continued to invest in the R&D teams in the United States & Denmark, and has a Radio Unit (RU) with low cost. It has entered the network deployment of telecom operators in the United States and Europe, and small cells would extend core network to densely populated urban.

Outlook

We will hold ourselves to rigorous standards of corporate governance, and adhere to our core values of Integrity, Commitment, Innovation and Customer Trust, while pursuing a sustainable future. We are honored to earn your trust in MTI through the challenges of 2023. We anticipate our future, and are even more firmly committed to earning good returns for our shareholders in the years to come.

Wishing you all health and prosperity!

Chi-Chia Hsieh, Chairman

Eugene Wu, President & CEO

II. Company Profile

(I). Date of establishment

(i) Date of establishment: March 31, 1983

(ii) Scope of business

The Company is a professional manufacturer of microwave and satellite communication equipment. Headquartered at Hsinchu Science Park in Taiwan, the Company has production facilities in Hsinchu of Taiwan and Wuxi in Mainland China. The Company also has R&D centers in California of USA and Denmark, and service locations all over Europe and other places of the world. Ever since its establishment, the Company uses its core microwave technology to engage in joint ventures with major international communication firms in digital microwave, mobile communication stations module, broadband wireless transmission and satellite communication equipment, and is able to provide engineering pilot run samples in real-time that could quickly proceed to mass production. The Company could provide flexible and reliable product design, manufacturing and sale service to the diversity of needs of the customers.

Scope of business:

- (1) The research, development, design, production, manufacturing and sale of the following products:
 - Personal communication equipment components, sub-systems and systems.
 - Electronic parts and components for wireless microwave communication system and electronic system equipment.
- (2) Production, domestic and export sale
 - Microwave and low-frequency IC and the substrate and capacitors used in IC.
 - High frequency microwave, mm wave, and optoelectronic communication electronic parts and components.
 - Microwave, mm wave and optoelectronic local system and system products.
 - Local systems made from outsourced and self-manufactured microwave and optoelectronic parts and components and related products.
- (3) Production, domestic and export sale of satellite simulcast TV materials and systems.
- (4) Design and customization of the aforementioned products to the order of the customers.
- (5) Provide the aforementioned products and the inspection, maintenance, processing, installation and necessary assistance and services for related business.
- (6) Export and import trade of related products

(II). Company History

time	Milestone
1983	<ul style="list-style-type: none">➤ Microelectronics Technology Inc. was officially established and located at Hsinchu Science Park. It is the first professional microwave and satellite communication company of Taiwan.➤ Dr. Denny Ko was the Chairman and Mr. Patrick Wang was the first President of the Company.
1984	<ul style="list-style-type: none">➤ Allied with Stratex of the USA in joint venture for the development of point-to-point land surface microwave communication product series.
1985	<ul style="list-style-type: none">➤ Hewlett Packard of the USA invested in MTI and became the largest corporate shareholder.
1986	<ul style="list-style-type: none">➤ Mr. Patrick Wang was appointed the Chairman of MTI. Dr. Chi Hsieh was appointed the 2nd term of President of MTI.
1987	<ul style="list-style-type: none">➤ Successful development of satellite radio simulcast products to Ku frequency and entered the market of Europe.➤ Participation in international telecommunication liberalization work and the successful launch of ground microwave communication products into the market of Europe.
1988	<ul style="list-style-type: none">➤ Completion of Phase I Plant. The Company relocated to this address since then.
1989	<ul style="list-style-type: none">➤ MTI established its technical support center in North America in response to the business growth in the region.
1990	<ul style="list-style-type: none">➤ Approved by the Securities and Futures Commission for listing Category I Stock for trading at TWSE (Stock Code 2314).
1991	<ul style="list-style-type: none">➤ MTI's Inmarsat gains world recognition during a Gulf War live satellite broadcast by CNN's Peter Arnett➤ Joint venture with AT&T for the development of point-to-point microwave system and with HNS for the development of small satellite VSAT.
1992	<ul style="list-style-type: none">➤ The founding of Sasson International Holdings Inc. for speeding up the expansion of the MTI Group.
1993	<ul style="list-style-type: none">➤ Successful transfer of broadband microwave system product technology to build up system engineering capacity.
1994	<ul style="list-style-type: none">➤ Initial offering of GDR➤ Accreditation with the ISO-9001 international quality system
1996	<ul style="list-style-type: none">➤ Successful entrance to the 2G mobile communication through the ODM/OEM mode of services and emerged as the major supplier of the major communication equipment firms in North America.
1997	<ul style="list-style-type: none">➤ MTI underwent strategic adjustment and organization reengineering in response to the rapid changes in market.
1998	<ul style="list-style-type: none">➤ Successful sale of 1 million sets of Satellite TV equipment.
1999	<ul style="list-style-type: none">➤ Accreditation with the ISO-14001 international environmental management system.
2000	<ul style="list-style-type: none">➤ Sale value surpassed US\$100 million.➤ MTI established the "LEE & MTI Center" for advanced network research at National Chiao Tung University in Hsinchu, Taiwan.

time	Milestone
2001	<ul style="list-style-type: none"> ➤ MTI established Jupiter Technology (Wuxi) Co., Ltd. in Wuxi, China, for the manufacturing of related products. ➤ Accreditation with the TL-9000 communication electronics quality system standard. ➤ Engagement in a joint venture with NEC of Japan in the development of low-noise signal amplifier for stepping into the 3G market.
2002	<ul style="list-style-type: none"> ➤ Entered into a strategic alliance agreement with Stratex that made MPI the sole contractor of its manufacturing business. ➤ Founding of Jupiter Technology in Wuxi, China, for the manufacturing of communication related products.
2003	<ul style="list-style-type: none"> ➤ Formation of strategic alliance with UT Starcom for joint development of wireless broadband and 3G products. ➤ Successful entrance to the simulcast satellite TV market of North America as a major supplier of provide low noise block downconverter (LNB) to the satellite TV broadcasters.
2004	<ul style="list-style-type: none"> ➤ Entered into a strategic alliance agreement with UT Starcom thereby MPI was outsourced as the manufacturer of the frequency amplifiers noise reducer of the “PHS phone” stations and wireless LAN products.
2005	<ul style="list-style-type: none"> ➤ Mr. Allen Yen is appointed President and COO of MTI ➤ Launched into mass production of the Ka-band Transceivers for VSAT ground satellite stations.
2006	<ul style="list-style-type: none"> ➤ Entered into a joint venture agreement with SR Telecom of USA on the development of Wimax broadband microwave products. ➤ MTI achieves 100K Ka-band VSAT Transceiver ODU delivery milestone; accounts for over 95% of total market share for all Ka-band VSAT Transceivers
2007	<ul style="list-style-type: none"> ➤ Successful development of the new generation RFID reader with the application of Intel chip. ➤ MTI RFID Reader won the 2007 Innovation Product Award of Hsinchu Science Park ➤ MTI and Harris Stratex Networks entered into multi-year manufacture and supply agreement for TRuepoint RF Modules
2008	<ul style="list-style-type: none"> ➤ The RFID EPC Gen 2 Reader of MPI won the 2008 Taiwan Excellence Award. This is the first time that an Asian product won the Gen2 label of EPCglobal. ➤ MTI receives the “16th Outstanding Enterprise Innovation Award” from Ministry of Economic Affairs due it its outstanding performance in corporate management and innovation in technology. ➤ The DODECA LNBF of MTI won the 2008 Innovation Product Award. This is the only LNB of the world that could be shared by 12 users at the same time for the time being. ➤ MTI received the 2008 Science Park Carbon Reduction Award from Hsinchu Science Park for its pursuit of energy saving and carbon reduction policy.

time	Milestone
2009	<ul style="list-style-type: none"> ➤ The DODECA LNBF of MPI won the 2009 Taiwan Excellence Award. ➤ ODIN's SMART Container Powered by MTI Technology won the prestigious "BEST IN SHOW" Award at RFID Journal Live! 2009 ➤ The WiMAX MIMO Remote Radio Head (RRH) of MTI won the 2009 Innovation Product Award ➤ MTI acquired TeleASIC Communications Inc. at California, USA, to acquire the Remote Radio Head (RRH) product line with all tangible and intangible assets and the R&D team. This team is well seasoned in the R&D of wireless communication products and will be an input to the development of 3G/LTE products and international competitive power.
2010	<ul style="list-style-type: none"> ➤ MTI's 3G/LTE Remote Radio Head and WiMAX Outdoor CPE Won the 18th Taiwan Excellence Award in 2010. ➤ The Point to Point Microwave IP Radio of MPI won the 2010 Innovation Product Award. ➤ MPI won the "R&D Accomplishment Award" from Hsinchu Science Park for the first time for its achievement of the first Ka satellite radio, the leading microwave Transceiver/DOU of the world, the first UHF RFID Reader accredited with EPC Gen2 in Asia, and the world-class professional design/manufacturing of LNB and RFID. ➤ MTI announced the entering into an agreement with RadioComp Aps of Denmark (hereinafter referred to as RadioComp) for the acquisition of its equity shares and intellectual property rights. MTI acquired the Danish company, RadioComp, through an overseas subsidiary as a wholly-owned subsidiary. RadioComp is a leader in the R&D of the software for wireless communication and could help to booster the capacity of MTI in software R&D. This core technology could be applied to the development of the 4G LTE technology for speeding up the development of current product line.
2011	<ul style="list-style-type: none"> ➤ MTI Ku-band VSAT Transceiver won the 2011 Innovation Product Award ➤ MTI won the 1st "Taiwan Green Classic Award" of Ministry of Economic Affairs.
2012	<ul style="list-style-type: none"> ➤ MTI announced the signing of a NTD 1,800 million private placement investment agreement and strategic cooperation agreement with Hyield Venture Capital Co., Ltd. and CyberTAN Technology Inc.
2013	<ul style="list-style-type: none"> ➤ MTI UHF RFID MINI ME(TM) Reader won the Prestigious "2013 Taiwan Excellence Award" of the Bureau of International Trade, Ministry of Economic Affairs. ➤ MTI All Outdoor IP Radio won the 2013 Innovation Product Award of Hsinchu Science Park ➤ MTI announced decapitalization amounting to NT\$1,439,077 thousand for offsetting carryforward loss. ➤ Retirement of Chairman Patrick Wang. Dr. Chi Hsieh is appointed Chairman of MTI

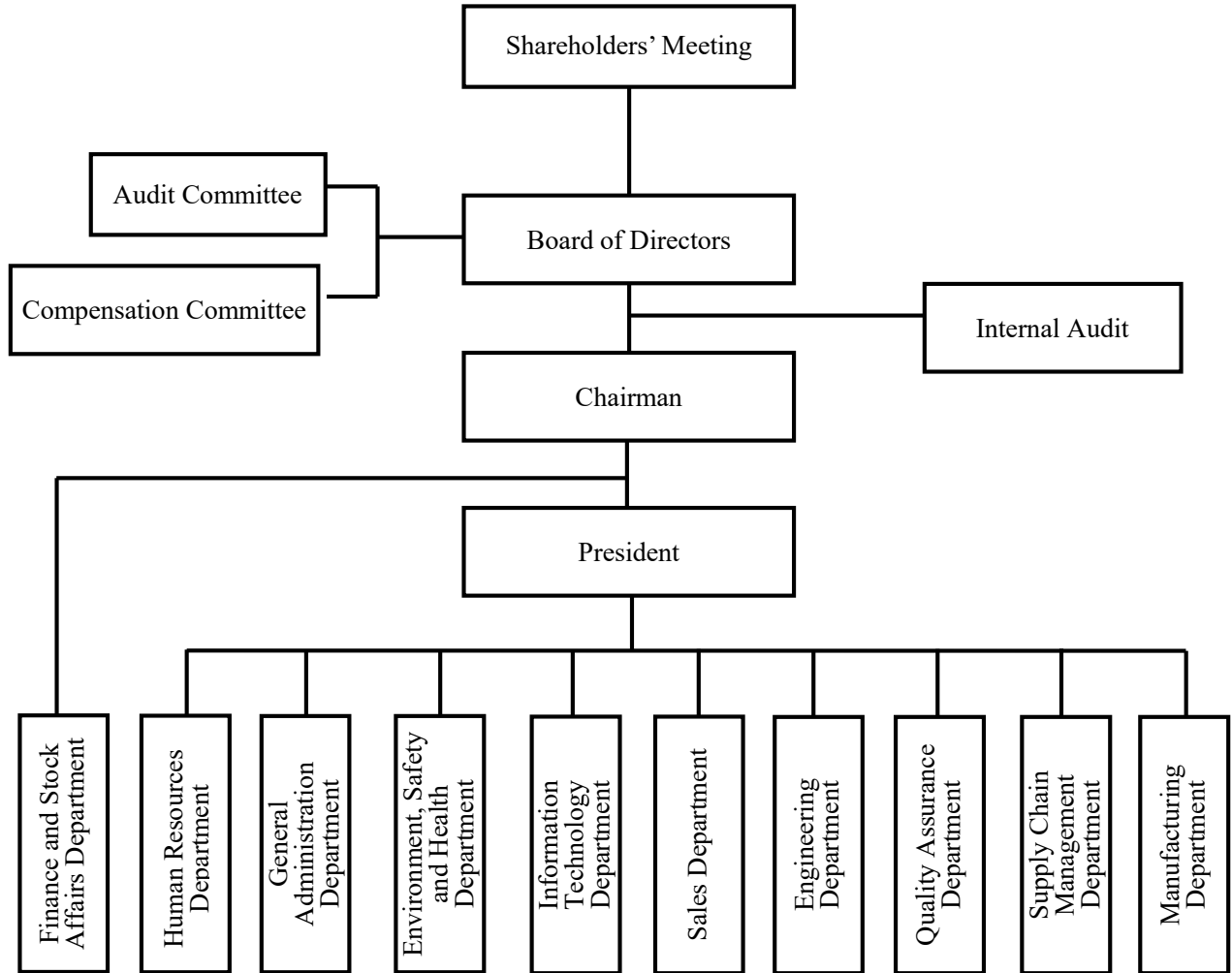
time	Milestone
2014	<ul style="list-style-type: none"> ➤ Construction of Jupiter Technology (Wuxi) Co., Ltd. was completed. ➤ MTI Indoor Radio Head of LTE Base Station won the 2014 Innovation Product Award of Hsinchu Science Park
2015	<ul style="list-style-type: none"> ➤ MTI Satellite DTH Broadband Digital-SWM LNB won the 2015 Innovation Product Award ➤ Disposal of the plant at Hsinchu to CyberTAN Technology Inc. for the efficient use of assets.
2016	<ul style="list-style-type: none"> ➤ MTI announced decapitalization amounting to NT\$2,003,226 thousand for offsetting carryforward loss. ➤ MTI raised additional capital by offering 13,000 thousand new shares and offered the 2nd issue of domestic secured convertible bonds of 4,000 lots for the retirement of short-term loans and fostering of financial structure. The amount of NT\$674,200 thousand have been raised.
2017	<ul style="list-style-type: none"> ➤ MTI ranked among the top 6% ~ 20% in the “3rd Corporate Governance Evaluation” by Taiwan Stock Exchange Corporation for the first time. ➤ The 6-42GHz Next Generation Ultra High Throughput Advanced Microwave Radio won the Innovative Product Award of Hsinchu Science Park.
2018	<ul style="list-style-type: none"> ➤ The satellite Broadband Outdoor Unit for VSAT of MTI won the Innovative Product Award.
2019	<ul style="list-style-type: none"> ➤ Mr. Allen Yen was appointed the Chairman and CEO of MTI. Mr. Eugene Wu was appointed President of MTI.
2020	<ul style="list-style-type: none"> ➤ MTI proceeded to the “LEO Satellite Communication End User RF Front-End Solution Development Project” funded by the Ministry of Economic Affairs under the “Taiwan Industry Innovation Platform Program” . ➤ Accreditation with the AS9100 Aerospace Quality Standard management system. ➤ MTI’s Open RAN radio units are deployed with DISH’s successful 5G validation. ➤ MTI and Mavenir Launch First Evenstar Remote Radio Head to Accelerate OpenRAN Adoption. ➤ NEC announced today its establishment of an Open RAN laboratory in India to accelerate commercial-ready 5G ecosystem by collaborating with partners AltioStar, GigaTera, MTI and others.
2021	<ul style="list-style-type: none"> ➤ Accreditation with the IATF 16949 Quality management system. ➤ Successfully connected to MTI’s radio, JMA realizes viability of open networks in demonstrations at O-RAN plug fests in Europe and East Asia. ➤ MTI ranked 6%~10% among all TSE&OTC listed companies with market cap between NT\$5~10 bn in the “7th Corporate Governance Evaluation” by Taiwan Stock Exchange Corporation. ➤ By combining JMA’s software baseband with MTI’s radio units, TIM, among the first operators in Europe and the only one in Italy to launch Open RAN solutions on the mobile network. ➤ NEC and MTI enter strategic partnership to accelerate Open RAN deployments globally.

time	Milestone
2022	➤ TIM launch Open RAN mobile network coverage in Piedmont and Open RAN solutions on mobile network in Matera
	➤ Chairman Allen Yen assumes the new role of Chief Strategy Officer; General Manager Eugene Wu assumes Allen's CEO role.
	➤ MTI raised additional capital by offering 10,000 thousand new shares for the retirement of short-term loans and fostering of financial structure. The amount of NT\$520,000 thousand have been raised.
	➤ Mr. Chi-Chia Hsieh was appointed the Chairman due to the passing away of Chairman Allen Yen.
2023	➤ MTI ranked 6%~10% among all TSE&OTC listed companies with market cap between NT\$5~10 bn in the "9 th Corporate Governance Evaluation" by Taiwan Stock Exchange Corporation.
	➤ MTI Portable Satellite Communication Terminals Recognized as IEEE Milestone.
	➤ MTI raised additional capital by offering 14,000 thousand new shares for the retirement of short-term loans and fostering of financial structure. The amount of NT\$399,000 thousand have been raised.
2024	➤ MTI ranked 6%~10% among all TSE&OTC listed companies with market cap between NT\$5~10 bn in the "10 th Corporate Governance Evaluation" by Taiwan Stock Exchange Corporation.

III. Corporate Governance Report

(I). Organization System

(i) Organizational Chart



(ii) Job functions of the Departments

Department	Job function
Internal Audit	➤ Audit of the internal regulations and internal control system of the Company with recommendations for corrective action.
Manufacturing Department	<ul style="list-style-type: none"> ➤ Coordinate with the R&D Engineering to optimize resources for the assurance of product development and launch for mass production as scheduled. ➤ Adopt effective production process through the improvement and design of products for reducing cost and assurance of product quality.
Supply Chain Management Department	➤ Coordinate the transportation of materials and products, integrate the commonality of raw materials and control the sources of materials through proper planning for achieving the production capacity objective.
Quality Assurance Department	➤ Establish the regulations governing quality management operation and upgrade product quality of the Company, create a positive international quality image for the assurance of best quality for the customers.
Engineering Department	➤ Research and development new products, new production processes and technologies in line with the product development strategy of the Company and the needs of the customers in market, develop new products in the best quality, best performance, and most efficient cost, pioneer the specifications in the industry through its leadership position in technology and easy for mass production, selling and for better profit.
Sales Department	➤ Design, development and market the products of the Company with increase of market share and upgrade brand image every year.
Information Technology Department	➤ Integration of the technology and business IT systems to collect, arrange, storage, and transmiss information for generating reliable, effective, and integrated high-quality information for the users or manager as reference or basis for business analysis and management decision-making.
Environment, Safety and Health Department	➤ Establish and enforce management regulations governing the environment, safety and health, fire safety and radioactive safety at workplace, implement the safety and health management system, environmental protection, and green projects.
General Administration Department	➤ Perform administrative duties, plant power supply, air-conditioning, water supply, maintenance service, facility planning and utilization management.
Human Resources Department	➤ Human resources management, organizational development and employee services.
Finance and Stock Affairs Department	<ul style="list-style-type: none"> ➤ Plan, establish, and maintain financial and accounting related duties. ➤ Responsible for maintaining investor relation, corporate governance related matters, corporate information release and stock affairs.

(II). Profiles of the Directors, President, Vice Presidents, Assistant Vice Presidents, function heads and branch heads.

(I) Directors

1. Director Profiles

2024.05.20

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Tenure	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse & Minors		Shareholding in the name of a third party		Selected Education and Professional Qualification Past Positions	Selected Current Positions at Other Companies	Spouse or kindred within the 2 nd tier to other executives, directors or supervisors	
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman	R.O.C	Chi-Chia Hsieh	Male 71-80	2022.06.14	3 years	1986.09.12	2,803,279	1.18%	2,549,279	1.01%	1,950	0%	0	0%	PhD, Electrical Engineering, University of Santa Clara, USA · Chief International Marketing Officer, MTI · Director, Microwave Circuit Dept, Harris Farinon Corporation, USA	Note 1	—	—
Director	R.O.C	Eugene Wu	Male 51-60	2022.06.14	3 years	2022.06.14	105,617	0.04%	145,586	0.06%	71,237	0.03%	0	0%	Master Degree in Electrical Engineering, University of Pittsburgh, USA · Master Degree in Business Administration, Rensselaer Polytechnic Institute · President & CEO & Spokesman, MTI · Vice President, Sales Development, MTI	Note 2	—	—

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Tenure	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse & Minors		Shareholding in the name of a third party		Selected Education and Professional Qualification Past Positions	Selected Current Positions at Other Companies	Spouse or kindred within the 2 nd tier to other executives, directors or supervisors		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Director	R.O.C	CyberTAN Technology Inc.		2022.06.14	3 years	2013.06.14	54,190,749	22.77%	40,299,756	15.99%	0	0%	0	0%					
	R.O.C	Representative: Gwong-Yih Lee	Male 61-70	2022.06.14	3 years	2012.11.27	0	0.00%	0	0.00%	0	0%	0	0%	M.S., Electrical Engineering, The State University of New York at Stony Brook Chairman and CEO, CyberTAN Technology, Inc. Founder, Chairman and CEO, TransMedia Communication, Inc. Founder, Chairman and CEO, Digicom Systems Inc.	Note 3			
Director	R.O.C	CyberTAN Technology Inc.		2022.06.14	3 years	2013.06.14	54,190,749	22.77%	40,299,756	15.99%	0	0%	0	0%					
	R.O.C	Representative: Maxon Huang	Male 51-60	2024.02.19	3 years	2024.02.19	0	0.00%	0	0.00%	0	0%	0	0%	Bachelor, Industrial Design, San Jose State University Vice President, Business Management Center, CyberTAN Technology, Inc. Senior Director of Network Communication Business Group, Foxconn Technology Group	Note 4			

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Tenure	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse & Minors		Shareholding in the name of a third party		Selected Education and Professional Qualification Past Positions	Selected Current Positions at Other Companies	Spouse or kindred within the 2 nd tier to other executives, directors or supervisors		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Independent Director	R.O.C	Yun Lin	Female 61-70	2022.06.14	3 years	2016.06.14	0	0.00%	0	0.00%	0	0%	0	0%	<ul style="list-style-type: none"> · Ph.D. in Economics, University of Illinois at Urbana Champaign · Director of EsLite Spectrum Corporation · Independent Director of Uni-President Group · Director of Finance Department and Graduate School of Finance, National Taiwan University · Director, Securities and Futures Investors Protection Center · IPO Committee member, Taipei Exchange 	Note 5	—	—	—
Independent Director	U.S.A	Golub Drakulovic	Male 61-70	2022.06.14	3 years	2020.06.18	0	0.00%	0	0.00%	0	0%	0	0%	<ul style="list-style-type: none"> · M.B.A. - Fairleigh Dickinson University, Rutherford, NJ · M.S. in Mechanical Engineering - NJIT, Newark, NJ · VP China Wireless R&D - Lucent/Alcatel · Director - Lucent CDMA Deployment Wireless Networks (US) 	Note 6	—	—	—

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Tenure	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse & Minors		Shareholding in the name of a third party		Selected Education and Professional Qualification Past Positions	Selected Current Positions at Other Companies	Spouse or kindred within the 2 nd tier to other executives, directors or supervisors	
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Independent Director	R.O.C	Jong Wang	Male 51-60	2022.06.14	3 years	2021.08.26	0	0.00%	0	0.00%	0	0%	0	0%	Executive Master of Business Administration, National Chiao Tung University Master of Law, Soochow University Partner, LEE and LI Attorneys-At-Law Vice President and Chief Legal Officer, Polytronics Technology Corp.	Note 7	—	—

Note 1 : Other positions in the Company and other companies held by Dr. Chi-Chia Hsieh: Chairman and Chief International Marketing Officer of MTI, Director of Sasson International Holdings Inc., Director of Jupiter Technology (Wuxi) Co., Ltd., Chairman of Jupiter Network Corp., Chairman of Welltop Technology Co., Ltd., Director, MTI Laboratory Inc., Director, RadioComp ApS, Independent Director and Convener of Audit Committee and Remuneration Committee of Innolux Corporation, Director of Kopin Corp., Director of Bright Led Electronics Corp., Director of Henan Bright Crystal Company Limited, Director of Taiwan Cement Corporation, Director of Bright Crystal Company Limited, Director of TMC limited, Chairman of Taicom Capital Limited, Director of KoBrite Corp.

Note 2 : Other positions in the Company and other companies held by Dr. Eugene Wu: General Manager & CEO of MTI, Director of Jupiter Technology (Wuxi) Co., Ltd., Director of Jupiter Network Corp., Director of Welltop Technology Co., Ltd., Director, MTI Laboratory Inc., Director, RadioComp ApS.

Note 3 : Other positions in the Company and other companies held by Mr. Gwong-Yih Lee: Chairman and CEO, CyberTAN Technology, Inc., Independent director, Hauman Technologies Corp., Director, Translink Capital, Director, Creative Technology Ltd., Director, UNITX, Lab., Director, ITRI International Inc., Director, FOOTPRINTKU INC.

Note 4 : Other positions in the Company and other companies held by Mr. Maxon Huang: Vice President of Business Management Center, CyberTAN Technology, Inc., Chairman of Fuhongkang Technology (Shenzhen) Co., Ltd., Chairman of Chongqing Hongdaofu Technology Co., Ltd., Corp. Representative of HON YAO FU Technology Company Limited CyberTAN (B.V.I.) Investment Representative of FU HAI Technology Company Limited CyberTAN (B.V.I.) Investment

Note 5 : Other positions in the Company and other companies held by Dr. Yun Lin: Convener of Audit Committee of MTI ; Member of Remuneration Committee of MTI

Note 6 : Other positions in the Company and other companies held by Mr. Golub Drakulovic: Convener of Remuneration Committee of MTI ; Member of Audit Committee of MTI

Note 7 : Other positions in the Company and other companies held by Mr. Jong Wang: Vice President and Chief Legal Officer, Polytronics Technology Corp.

2. Dominant shareholders of the institutional shareholders

2024.04.27

Name of Institutional Director	Dominant shareholders of the Institutional Director	Proportion of shareholding
CyberTAN Technology Inc.	LGT Bank AG	4.29%
	HongYuan International Investment Co., Ltd.	3.04%
	Foxconn Technology Co., Ltd.	3.04%
	Hyield Venture Capital Co., Ltd.	3.04%
	CHEN ZU YUAN	1.42%
	VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	1.30%
	SUN YING	1.10%
	Lin Yi International Investment Co., Ltd.	1.05%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	0.78%
	Vanguard Fiduciary Trust Company Institutional Total International Stock Market Index Trust II	0.67%

3. Dominant shareholders of the above institutional shareholders

2024.04.27

Name of institutional shareholder	Dominant Shareholders of the Institutional Shareholders	Proportion of shareholding
Hongyuan International Investment Co., Ltd.(Note)	Hon Hai Precision Industry Co., Ltd.	100%
Foxconn Technology Co., Ltd.	Hon Hai Precision Industry Co., Ltd.	9.88%
	BaoXin International Investment Co., Ltd.	8.92%
	Hyield Venture Capital Co., Ltd.	6.01%
	XinSheng Investment Co., Ltd.	4.70%
	HongYuan International Investment Co. Ltd	2.41%
	HongQi International Investment Co., Ltd.	2.25%
	Standard Chartered Bank as custodian of LGT	2.11%
	Citi as custodian of the Norwegian Central Bank investment account	1.11%
	JPMorgan Chase as custodian of Vanguard Emerging Market Stock Index Fund	1.09%
	JPMorgan Chase Bank as custodian of Vanguard Star Vanguard Total International Stock Index	1.04%
Hyield Venture Capital Co., Ltd. (Note)	Hon Hai Precision Industry Co., Ltd.	97.95%
	BaoXin International Investment Co., Ltd.	2.05%
Lin Yi International Investment Co., Ltd.(Note)	Hon Hai Precision Industry Co., Ltd.	100%

Note: Information from MOEA

4. Disclosure of Professional Qualifications of Directors and Independence of Independent Directors :

Name	Professional Qualifications and experience	Independence of Independent Directors	Number of independent directors of other public companies
Chi-Chia Hsieh	<p>Selected Education and Professional Qualification Bachelor Degree in Electrical Engineering, National Taiwan University Ph.D. in Electrical Engineering, Santa Clara University</p> <p>Past Positions Current Positions : Chairman and Chief International Marketing Officer, MTI Co-funder, MTI Head of Microwave Design of Farinon Division, Harris Corporation Vice President, Marketing Department, MTI General Manager, MTI Vice Chairman, MTI</p> <p>None has been in or is under any circumstances stated in Article 30 of the Company Law. (Note 1)</p>	Not applicable	1
Eugene Wu	<p>Selected Education and Professional Qualification Master Degree in Electrical Engineering, University of Pittsburgh, USA Master Degree in Business Administration, Rensselaer Polytechnic Institute</p> <p>Past Positions Current Positions : General Manager & CEO & Spokesman, MTI Vice President, Sales Development, MTI</p> <p>None has been in or is under any circumstances stated in Article 30 of the Company Law. (Note 1)</p>	Not applicable	None
CyberTAN Technology, Inc. Representative : Gwong-Yih Lee	<p>Selected Education and Professional Qualification M.S., Electrical Engineering, The State University of New York at Stony Brook</p> <p>Past Positions Current Positions : Chairperson & CEO, CyberTAN Technology, Inc. Founder, Chairman and CEO, TransMedia Communication, Inc. Founder, Chairman and CEO, Digicom Systems Inc. Independent Director, Hauman Technologies Corp.</p> <p>None has been in or is under any circumstances stated in Article 30 of the Company Law. (Note 1)</p>	Not applicable	1
CyberTAN Technology, Inc. Representative : Maxon Huang	<p>Selected Education and Professional Qualification Bachelor, Industrial Design, San Jose State University</p> <p>Past Positions Current Positions : Vice President, Business Management Center, CyberTAN Technology, Inc. Senior Director of Network Communication Business Group, Foxconn Technology Group</p> <p>None has been in or is under any circumstances stated in Article 30 of the Company Law. (Note 1)</p>	Not applicable	None

Name \ Condition	Professional Qualifications and experience	Independence of Independent Directors	Number of independent directors of other public companies
Yun Lin	<p>Selected Education and Professional Qualification Ph.D., Economics, University of Illinois at Urbana-Champaign</p> <p>Past Positions Current Positions : Convener of Audit Committee, MTI Director of Finance Department and Graduate School of Finance, National Taiwan University Director, Securities and Futures Investors Protection Center IPO Committee member, Taipei Exchange</p> <p>None has been in or is under any circumstances stated in Article 30 of the Company Law. (Note 1)</p>	1. Satisfy the requirements of Article 14-2 of “Securities and Exchange Act” and “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” (Note 2) issued by Taiwan’s Securities and Futures Bureau.	1
Golub Drakulovic	<p>Selected Education and Professional Qualification M.B.A. - Fairleigh Dickenson University, Rutherford, NJ M.S. in Mechanical Engineering - NJIT, Newark, NJ</p> <p>Past Positions Current Positions : Convener, Remuneration Committee, MTI. VP China Wireless R&D - Lucent/Alcatel</p> <p>None has been in or is under any circumstances stated in Article 30 of the Company Law. (Note 1)</p>	2. Independent Director (or nominee arrangement) as well as his/her spouse and minor children do not hold any MTI shares. 3. Received no compensation or benefits for providing commercial, legal, financial, accounting services or consultation to the Company or to any its affiliates within the preceding two years, and the service provided is either an “audit service” or a “non-audit service”.	None
Jong Wang	<p>Selected Education and Professional Qualification EMBA, National Chiao Tung University Master, Law, Soochow University</p> <p>Past Positions Current Positions : Vice President and Chief Legal Officer, Polytronics Technology Corp Partner, LEE and LI Attorneys-At-Law Admitted to Taiwan Bar Association(1990)</p> <p>None has been in or is under any circumstances stated in Article 30 of the Company Law. (Note 1)</p>	3. Received no compensation or benefits for providing commercial, legal, financial, accounting services or consultation to the Company or to any its affiliates within the preceding two years, and the service provided is either an “audit service” or a “non-audit service”.	None

Note 1: A person shall not act in a management capacity for a company, and if so appointed, must be immediately discharged if they have been:

1. Convicted for a violation of the Statutes for the Prevention of Organizational Crimes and: has not started serving the sentence; has not completed serving the sentence; or five years have not elapsed since completion of serving the sentence, expiration of probation, or pardon;
2. Convicted for fraud, breach of trust or misappropriation, with imprisonment for a term of more than one year, and: has not started serving the sentence; has not completed serving the sentence; or two years have not elapsed since completion of serving the sentence, expiration of probation, or pardon;
3. Convicted for violation of the Anti-Corruption Act, and: has not started serving the sentence; has not completed serving the sentence; or two years have not elapsed since completion of serving the sentence, expiration of probation, or pardon;
4. Adjudicated bankrupt or adjudicated to commence a liquidation process by a court, and having not been reinstated to his or her rights and privileges;
5. Sanctioned for unlawful use of credit instruments, and the term of such sanction has not expired yet;
6. if she/he does not have any or limited legal capacity; or
7. if she/he has been adjudicated to require legal guardianship and such requirement has not been revoked yet.

Note 2:

1. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.
2. Not serving concurrently as an independent director on more than three other public companies in total.
3. During the two years before being elected and during the term of office, meet any of the following situations:
 - (1) Not an employee of the company or any of its affiliates;
 - (2) Not a director or supervisor of the company or any of its affiliates;
 - (3) Not a natural-person shareholder who holds shares, together with those held by the person’s spouse, minor children, or held by the person under others’ names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders;
 - (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding (1) subparagraph, or of any of the above persons in the preceding subparagraphs (2) and (3);
 - (5) Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company, ranks as of its top five shareholders, or has representative director(s) serving on the company’s board based on Article 27 of the Company Law;

- (6) Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the company;
- (7) Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the company's chairman or CEO (or equivalent);
- (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company; and
- (9) Other than serving as a compensation committee member of the company, not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NT\$500,000".

5. Diversification and independence of Board :

(1) Diversification of Board :

MTI's Board is comprised of a diverse group of professionals from different backgrounds in industries, academia, law, etc. These professionals include citizens from Taiwan and the U.S. with global business operating experience, one of whom is female. Independent Directors constitute 43% of the Board. The members of MTI Board of Directors are nominated via rigorous selection processes. It considers background diversity, professional competence and remarkable experience.

In accordance with the Article 20 of MTI Corporate Governance Best Practice Principles, the board members should generally possess the necessary knowledge, skills and literacy to perform their duties. In order to achieve the ideal goal of corporate governance, the overall ability of the board of directors should be as follows:

1. Solid judgement in operations.
2. Accounting and financial management capabilities.
3. Business management capabilities. (Including Subsidiary management)
4. Risk and crisis management.
5. Industrial knowledge.
6. Global market perspective.
7. Leadership skill.
8. Strategic decision-making.

The company pays attention to the professional competence and gender equality of the members of the board of directors. The members of the board of directors all have the necessary knowledge, rich operating management experience, remarkable understanding, international market perspective and leadership decision-making ability. At present, 5 of the directors have industry professional experience, including Dr. Chi-Chia Hsieh, Eugene Wu, Mr. Gwong-Yih Lee, Mr. Maxon Huang, and Mr. Golub Drakulovic, is more than half of all directors. Dr. Yun Lin is good at accounting and financial analysis. Mr. Jong Wang is a professional lawyer with legal background.

Currently, one of the directors is female (14% of the Board). The goal of female directors is more than two-sevenths of all directors, it will be the main consideration in the future director selection process.

Independent Directors constitute 43% of the Board, and all serve for not more than three consecutive terms. The goal is to set more than four independent directors with a consecutive term of no more than nine years. It is expected that the goal will be achieved in the 18th board of directors.

Name	Diversification	Nationality	Gender	Concurrent Employee	Years of independent director	Operation Management	Leadership & Decision-making	Finance & Accounting	International Market perspective	Risk Planning	Trend analysis of the industry
Chi Hsieh		R.O.C	M	✓	-	✓	✓	-	✓	✓	✓
Eugene Wu		R.O.C	M	✓	-	✓	✓	-	✓	✓	✓
Gwong-Yih Lee		R.O.C	M	-	-	✓	✓	-	✓	✓	✓
Maxon Huang		R.O.C	M	-	-	✓	✓		✓	✓	✓
Yun Lin		R.O.C	F	-	6~9 years	✓	✓	✓	✓	✓	-
Golub Drakulovic		U.S.A	M	-	Within 3 years	✓	✓	-	✓	✓	✓
Jong Wang		R.O.C	M	-	Within 3 years	✓	✓	-	✓	✓	-

(2) Independence of Board :

There are 3 independent directors in the Board (43%) satisfy the requirements of “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”. Two directors (29%) who are also MTI’s employees. Chairperson Dr. Chi-Chia Hsieh acts as Chief International Marketing Officer, and (sub) subsidiary company’s director, including Sasson International Holdings Inc., Welltop Technology Co., Ltd., Jupiter Network Corp., Jupiter Technology (Wuxi) Co., Ltd., MTI Laboratory Inc. and RadioComp ApS. Dr. Chi-Chia Hsieh is the top ten shareholders of the Company. Mr. Eugene Wu acts as General Manager & CEO, and (sub) subsidiary company’s director, including Welltop Technology Co., Ltd., Jupiter Network Corp., Jupiter Technology (Wuxi) Co., Ltd., MTI Laboratory Inc. and RadioComp ApS. Mr. Gwong-Yih Lee and Maxon Huang are the legal representatives of CyberTAN Technology, Inc. CyberTAN is a dominant shareholder holding more than 10% of the Company and the Company has financial and business dealings with them. Mr. Gwong-Yih Lee acts as Chairperson & CEO of CyberTAN. Mr. Maxon Huang acts as Vice President of CyberTAN.

None of the directors of the Company has any relationship within the spouse or second-degree relative.

(II) Key Managers

I Information on the President, Vice Presidents, Assistant Vice Presidents, and Function and Branch Heads:

2024.04.15

Title	Nationality	Name	Gender	Date of Elected	Shares Held		Shares Held by Spouse & Minors		Shares Held in the Name of Others		Education and Selected Past Positions	Selected Current Positions at Other Companies	Managers Who are Spouses or within Second-degree Relative of Consanguinity to Each Other		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
President & CEO	R.O.C.	Eugene Wu	Male	2019.07.03	145,586	0.06%	71,237	0.03%	0	0.00%	<ul style="list-style-type: none"> Master Degree in Electrical Engineering, University of Pittsburgh, USA Master Degree in Business Administration, Rensselaer Polytechnic Institute Spokesman, MTI Vice President, Sales Development, MTI 	<ul style="list-style-type: none"> Director, Welltop Technology Co., Ltd. Director, Jupiter Network Corp. Director, Jupiter Technology (Wuxi) Co., Ltd. Director, MTI Laboratory Inc. Director, RadioComp ApS 	—	—	—
Vice President Engineering	R.O.C.	Hunter Huang	Male	2007.06.11	51,276	0.02%	217	0.00%	0	0.00%	<ul style="list-style-type: none"> B.S. Electrical Engineering, Feng Chia University Asst VP of Engineering, MTI. 	<ul style="list-style-type: none"> Director, Jupiter Technology (Wuxi) Co., Ltd. 	—	—	—
Vice President Operation	R.O.C.	Dunga Wu	Male	2019.07.03	3,000	0.01%	0	0.00%	0	0.00%	<ul style="list-style-type: none"> M.S. Transportation Engineering and Management, National Chiao Tung University VP, Manufacturing and SCM, MTI. 	<ul style="list-style-type: none"> Director, Jupiter Technology (Wuxi) Co., Ltd. 	—	—	—
Vice President & CFO	R.O.C.	Vivian Chiu	Female	2023.08.09	0	0.00%	0	0.00%	0	0.00%	<ul style="list-style-type: none"> MBA, University of Birmingham, UK CFO & Spokesperson, TSC Financial Asst VP, Primax FIN Deputy Director, D-Link Corporation 	<ul style="list-style-type: none"> Director, Welltop Technology Co., Ltd. Director, Jupiter Network Corp. Supervisor, Jupiter Technology (Wuxi) Co., Ltd. Director, MTI Laboratory Inc. Director, RadioComp ApS 	—	—	—
Asst VP Engineering	R.O.C.	Chia-Yu Chou	Male	2003.09.01	0	0.00%	0	0.00%	0	0.00%	<ul style="list-style-type: none"> B.S. Electrical Engineering, National Taiwan University Engineering Manager, MTI 	None	—	—	—
Asst VP Engineering	R.O.C.	Jui-Yun Chen	Male	2007.06.11	0	0.00%	0	0.00%	0	0.00%	<ul style="list-style-type: none"> M.S. in Electrical Engineering, University of South California, USA Engineering Manager, MTI 	None	—	—	—
Asst VP Manufacturing	R.O.C.	Yi-Shan Chang	Male	2007.06.11	27,951	0.01%	0	0.00%	0	0.00%	<ul style="list-style-type: none"> M.S. in Electrical Engineering, National Sun Yat-Sen University Engineering Manager, MTI 	<ul style="list-style-type: none"> General Manager, Jupiter Technology (Wuxi) Co., Ltd. 	—	—	—

Title	Nationality	Name	Gender	Date of Elected	Shares Held		Shares Held by Spouse & Minors		Shares Held in the Name of Others		Education and Selected Past Positions	Selected Current Positions at Other Companies	Managers Who are Spouses or within Second-degree Relative of Consanguinity to Each Other		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
Asst VP Sales	R.O.C	Wan -Ping Su	Female	2020.03.17	20,609	0.01%	0	0.00%	0	0.00%	<ul style="list-style-type: none"> M.S. in Industrial Engineering, State University of New York at Buffalo, USA Sales Manager, MTI 	None	—	—	—
Asst VP Sales	R.O.C	Yan -Liang Chen	Male	2021.05.05	339,768	0.13%	64,917	0.03%	0	0.0%	<ul style="list-style-type: none"> B.S. in Electrical Engineering, University of BRITISH COLUMBIA Sales Manager & Business Development Manager, Mobile business 	None	—	—	—
Asst VP Program Management	R.O.C	Pin -Duan Yang	Male	2023.03.08	10,752	0.00%	0	0.00%	0	0.0%	<ul style="list-style-type: none"> M.S. in Institute of Statistics, National Chung Hsing University Program Management Manager, MTI Mfg. Manager, Jupiter Technology (Wuxi) Co., Ltd. 	None	—	—	—
Asst VP SCM	R.O.C	Yu -Cheng Liu	Male	2020.03.17	32,525	0.01%	0	0.00%	0	0.00%	<ul style="list-style-type: none"> Ph.D. in Industrial Engineering and Management, National Chiao Tung University SCM Manager, MTI 	None	—	—	—
Asst VP Operation Management	R.O.C	Yong-Chang Kao	Male	2023.11.14	0	0.00%	0	0.00%	0	0.0%	<ul style="list-style-type: none"> B.S. in Electrical Engineering, National Taiwan Ocean University Director, STL Manager, HonHai Overseas 	None	—	—	—
Asst VP Financial & Accounting	R.O.C	Sheng -Xiong Yu	Male	2020.11.03	0	0.00%	0	0.00%	0	0.00%	<ul style="list-style-type: none"> B.S. in Finance, National Chengchi University Accounting Manager, Macro Well Technology 	None	—	—	—

(III) Remuneration to the Directors, President and Vice Presidents
1. Remuneration to the Directors (including Independent Directors)

2023.12.31
Unit: NT\$ Thousands

Title	Name	Director Fee				The sum of A + B + C + D in proportion to net income(%)			Remuneration in the capacity as employees				The sum of A + B + C + D + E + F + G in proportion to net income(%)		Remuneration from investee companies other than the subsidiaries
		Remuneration (A)		Pension and severance payment (B)		Director fee (C)		Professional subsidy (D)		Salaries, bonus, and special allowance(E)	Remuneration to employees (G)		From MTI	All companies included in the financial statements	
		From MTI	All companies included in the financial statements	From MTI	All companies included in the financial statements	From MTI	All companies included in the financial statements	From MTI	All companies included in the financial statements		Cash	Stocks			
Chairman	Chi-Chia Hsieh	-	-	-	-	-	-	-	4,597	-	-	-	4,597	4,597	None
Director	Eugene Wu	-	-	-	-	-	-	-	4,688	191	-	-	4,879	4,879	None
Director	Gwong-Yih Lee (Note 2)	-	-	-	-	-	-	-	-	-	-	-	0	0	None
Director	Hank Hsieh (Note 2, 3)	-	-	-	-	-	-	-	-	-	-	-	0	0	None
Director	Maxon Huang (Note 2, 4)	-	-	-	-	-	-	-	-	-	-	-	0	0	None
Independent Director	Yun Lin	574	-	-	-	-	-	-	574	-	-	-	574	574	None
Independent Director	Golub Drakulovic	1,241	-	-	-	-	-	-	1,241	-	-	-	1,241	1,241	None
Independent Director	Jong Wang	450	-	-	-	-	-	-	450	-	-	-	450	450	None

1) According to MTI's Articles of Incorporation, the remuneration of Independent Directors may be submitted to the board of directors, which is expressly authorized to resolve on that matter and shall take into account the general pay levels in the industry. In addition, the Company shall base its determination of an individual director's remuneration on the evaluation results of his or her performance. The Board shall determine the appropriation of no more than 1% of the earnings of the Company as remuneration to the Directors depending on the profit status of the year.

2) Other than disclosure in the above table, Directors remunerations earned by providing services for all of the companies listed in the financial reports (e.g. providing consulting services as a non-employee): None.

Note 1: The pension for retirement covers the old and new systems of retirement.

Note 3: Hank Hsieh discharged on Feb. 19, 2024

Note 2: Representative of CyberTAN Technology Inc.

Note 4: Maxon Huang was on-board on Feb. 19, 2024.

2. Remuneration to the President and the Vice Presidents.

2023.12.31
Unit: NT\$ Thousands

Title	Name	Salary (A)		Pension and severance payment (B)(Note 1)		Bonus and special allowance (C)(Note 2)		Amount of remuneration as an employee (D)				The sum of A+B+C+D in proportion to net income(%)		Remuneration from investee companies other than the subsidiaries
		From MTI	All companies included in the financial statements	From MTI	All companies included in the financial statements	From MTI	All companies included in the financial statements	Cash	Stocks	From MTI	All companies included in the financial statements	From MTI	All companies included in the financial statements	
President & CEO	Eugene Wu	12,141		713		2,640		-		-		15,494	15,494	None
HR, Law & FIN Vice President	Hualin Chi (Note 4)													
Vice President Operation	Dunga Wu	12,141	12,141	713	713	2,640	2,640	-	-	-	-	15,494	15,494	None
Vice President Engineering	Hunter Huang													
Vice President & CFO	Vivian Chiu (Note 3)													

Note 1: The pension for retirement covers the old and new systems of retirement.

Note 2: The Company did not issue any ESO and restricted stock in 2023.

Note 3: Vivian Chiu was on-board on Aug. 9, 2023.

Note 4: Hualin Chi retired on Feb. 18, 2024.

3. Remuneration to the top five management personnel.

2023.12.31
Unit: NT\$ Thousands

Title	Name	Salary (A)		Pension and severance payment (B) (Note 1)		Bonus and special allowance (C) (Note 2)		Amount of remuneration as an employee (D)				The sum of A+B+C+D in proportion to net income(%)		Remuneration from investee companies other than the subsidiaries
		From MTI	All companies included in the financial statements	From MTI	All companies included in the financial statements	From MTI	All companies included in the financial statements	Cash	Stocks	From MTI	All companies included in the financial statements			
Chairman & Chief International Marketing Officer	Chi-Chia Hsieh	2,813	2,813	-	-	1,784	1,784	-	-	-	-	4,597 (0.74)%	4,597 (0.74)%	
President & CEO	Eugene Wu	3,978	3,978	191	191	710	710	-	-	-	-	4,879 (0.79)%	4,879 (0.79)%	
Vice President Engineering	Hunter Huang	2,629	2,629	164	164	638	638	-	-	-	-	3,431 (0.55)%	3,431 (0.55)%	None
Vice President & CFO	Hualin Chi (Note 3)	2,448	2,448	161	161	435	435	-	-	-	-	3,044 (0.49)%	3,044 (0.49)%	
Vice President Operation	Dunga Wu	2,370	2,370	161	161	485	485	-	-	-	-	3,016 (0.48)%	3,016 (0.48)%	

Note 1: The pension for retirement covers the old and new systems of retirement.

Note 2: The Company did not issue any ESO and restricted stock in 2023.

Note 3: Hualin Chi retired on Feb. 18, 2024.

4. Bracket of remuneration along the payment scale to the President and Vice Presidents

2023.12.31

Brackets of remuneration along the payment scale to the President and each Vice President	Names of the President and the Vice Presidents	
	The Company	All companies included in the financial statements
Less than NT\$1,000,000	-	-
NT\$1,000,000~NT\$2,000,000	Vivian Chiu (Note 1)	Vivian Chiu (Note 1)
NT\$2,000,000~NT\$3,500,000	Hunter Huang Hualin Chi (Note 2) Dunga Wu	Hunter Huang Hualin Chi (Note 2) Dunga Wu
NT\$3,500,000~NT\$5,000,000	Eugene Wu	Eugene Wu
NT\$5,000,000~NT\$10,000,000	-	-
NT\$10,000,000~NT\$15,000,000	-	-
NT\$15,000,000~NT\$30,000,000	-	-
NT\$30,000,000~NT\$50,000,000	-	-
NT\$50,000,000~NT\$100,000,000	-	-
More than NT\$100,000,000	-	-
Total	5 persons	5 persons

Note 1: Vivian Chiu was on-board on Aug. 9, 2023.

Note 2: Hualin Chi retired on Feb. 18, 2024.

5. Names of managers with remuneration as employees and the payment

2023.12.31

Unit: NT\$ Thousands

Title	Name	Amount of stock dividend	Amount of cash dividend	Total	Ratio to net income (%)
Chairman & CIMO	Chi-Chia Hsieh				
President & CEO	Eugene Wu				
Vice President	Hualin Chi (Note 4)				
Vice President	Hunter Huang				
Vice President	Dunga Wu				
Vice President	Vivian Chiu (Note 2)				
Asst VP	Chia-Yu Chou				
Asst VP	Yi-Shan Chang				
Asst VP	Jui-Yun Chen				
Asst VP	Wan-Ping Su				
Asst VP	Yan-Liang Chen				
Asst VP	Pin-Duan Yang (Note 1)				
Asst VP	Yu-Cheng Liu				
Asst VP	Yong-Chang Kao (Note 3)				
Asst VP	Sheng-Xiong Yu				

Note 1: Pin-Duan Yang was on-board on Mar. 8, 2023.

Note 2: Vivian Chiu was on-board on Aug. 9, 2023.

Note 3: Yong-Chang Kao was on-board on Nov. 14, 2023.

Note 4: Hualin Chi retired on Feb. 18, 2024.

- (IV) Compare the total amount of payment to the directors, president and vice presidents from the Company and all the companies included in the consolidated financial statements as remuneration in the last 2 years and the proportion to net income, and explain the policy of remuneration, standards and combination, procedure for determination of the remuneration, and association with operation performance and the risk in the future

1. Analysis of the total remuneration in proportion to net income

title	Total remuneration in proportion to net income in 2023 (%)		Total remuneration in proportion to net income in 2022 (%)	
	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements
Director	(3.60)%	(3.60)%	(4.92)%	(4.92)%
President and Vice Presidents				

In 2023 and 2022, the Company and all the companies included in the consolidated financial statements effected payment of NT\$22,356 thousand and NT\$23,932 thousand to the aforementioned directors, president and vice presidents as remuneration, respectively. The payment method was the same as was before.

2. Illustration of MTI's policy of remuneration

- The remuneration to the Directors
 - (1) The remuneration to the Directors is fixed. According to the Article 16 of Articles of Incorporation of the Company, the remuneration to the Directors may be submitted to the board of directors, which is expressly authorized to resolve on that matter and shall take into account the general pay levels in the industry.
 - (2) According to the Article 25 of Articles of Incorporation of the Company, the Board shall determine the appropriation of no more than 1% of the earnings of the Company as remuneration to the Directors depending on the profit status of the year.
 - (3) According to the Article 9 of "Procedures for Performance Evaluation of Board of Directors Meeting", the Company shall base its election on the evaluation results of the performance of the board and shall base its determination of an individual director's remuneration on the evaluation results of his or her performance. Evaluation methods including: Participation in the operation of the company, Improvement of the quality of the board of directors' decision making, Election and continuing education of the directors etc.
- The remuneration to managerial officers
 - (1) The Salary to Managerial officers is fixed.
 - (2) According to the Article 25 of Articles of Incorporation of the Company, the Board shall determine the appropriation of no more than 7% of the earnings as remuneration to the employees depending on the profit status of the year.
 - (3) The standard of the remuneration to the Managerial officers in accordance with participation in the operation of the company and personal performance assessment. In addition, according to the Article 4 and 7 of Remuneration Committee Chart, the Committee with its professionally and objectively status take into account the result of various performance evaluation, then submit recommendations to the board of

directors for its reference in decision-making.

Evaluation methods including:

Practical theory of business, corporate culture, and considering the goal achievement rate, profitability, operating efficiency, contribution, internal management, and other special contributions of Managerial officers to calculate the reasonable remuneration.

Routine review of the status of operation and applicable laws for determining the remuneration to the Directors and the Managerial officers. Even if the company has not achieved the goal of operating performance, the individual with special performance can also get corresponding remuneration.

(III). The pursuit of corporate governance

(I) The function of the Board

1. The convention of the Board

The Board convened for 5 times in 2023 (A) and the attendance of the Directors is shown below:

Title	Name	Actual Attendances (B)	Attended by Proxy	Actual Attendance Rate (%) (B/A)	Remark
Chairman	Chi-Chia Hsieh	4	1	80	Renewal of office (Note)
Director	CyberTAN Technology Inc. Representative: Gwong-Yih Lee	5	0	100	New office assumed (Note)
Director	CyberTAN Technology Inc. Representative: Hank Hsieh	5	0	100	New office assumed (Note)
Director	Eugene Wu	5	0	100	New office assumed (Note)
Independent Director	Yun Lin	5	0	100	Renewal of office (Note)
Independent Director	Golub Drakulovic	5	0	100	Renewal of office (Note)
Independent Director	Jong Wang	3	2	60	Renewal of office (Note)

Note: MTI's 17th Board of Directors was elected at MTI's Annual Shareholders' Meeting on June 14, 2022. Their respective tenures are from June 14, 2022 to June 14, 2025.

The attendance of the Independent Directors in the sessions of the Board in 2023 is shown below:

Name	Mar 8	May 4	Aug 9	Nov 14	Dec 15
Yun Lin	○	○	○	○	○
Golub Drakulovic	○	○	○	○	○
Jong Wang	○	○	○	☆	☆

○: Attend in person; ☆: Attend by proxy; *: Absence; -: Not applicable

2. The conduct of evaluation of the Board

Frequency of Evaluation	Evaluation Period	Scope of Evaluation	Method of Evaluation	Content of Evaluation
Self-Evaluation conducted once annually	2023/01/01 to 2023/12/31	<ul style="list-style-type: none"> • The Board of Directors as a whole • The individual directors • Functional Committees 	<ul style="list-style-type: none"> • Internal assessment of the Board • Self-assessments by each board member • Self-assessments by functional committees member 	<p>The Board of Directors are assessed on the following five aspect:</p> <ul style="list-style-type: none"> • Involvement in the Company's operation • Enhancement of the quality of the board's decision-making • Makeup and structure of the board • Election of board members and continuing knowledge development • Internal controls <p>The individual directors are assessed on the following six aspects:</p> <ul style="list-style-type: none"> • Understanding of the Company's goals and mission • Awareness of director's duties • Involvement in the Company's operations • Internal relationship and communication • Director's professionalism and continuing knowledge development • Internal controls <p>The Audit Committee is assessed on the following five aspects:</p> <ul style="list-style-type: none"> • Involvement in the Company's operation • Awareness of the audit committee's duties • Enhancement of the quality of the audit committee's decision-making • Makeup of the audit committee and election of its members • Internal controls
External Evaluation conducted every 3 years	2020/12/01 to 2021/11/30	The composition of the board of directors, guidance, authorization, supervision, communication, self-discipline, internal control, risk management, and meeting support.	Questionnaires and video interviews	"Taiwan Corporate Governance Association" submitted an appraisal report on December 23, 2021. The comments and suggestions of the institution, please refer to Corporate Governance of MTI official website for further information. The appraisal result and improvement plan has been reported to the Board on January 25, 2022.

Note: The Company completed self-assessments of Board performance in 2023 and reported the results to the Board of Directors at its first quarter meeting in 2024 for review and improvement. The weighted average score for the overall performance of the Board of Directors is 4.78 out of 5, as demonstrated, the overall board's operation has been effective. The weighted average score for the overall performance of the Audit Committee is 4.63 out of 5, members of the Audit Committee's self-assessment results also satisfied with the evaluation criteria. The weighted average score for the overall performance of the Compensation Committee is 4.94 out of 5, members of the Compensation Committee's self-assessment results also satisfied with the evaluation criteria.

3. Annotations:

- (1) If any of the following occurs to the operations of the Board, specify the date, the session, the content of the motion, the opinions of the Independent Directors, and the response of the Company to the opinions of the Independent Directors:
 - A. Matters listed in the Securities and Exchange Act §14-3: The Securities and Exchange Act §14-3 is not be applicable because the Company has established the Audit Committee. For relevant information, please refer to the “Audit Committee Meeting Status” in this Annual Report.
 - B. There were no other written or otherwise recorded resolutions on which an independent director had a dissenting opinion or qualified opinion.
- (2) Recusals of Directors due to conflicts of interests:
 - A. Directors recused themselves from the discussion and voting of their compensation resolution.
 - B. Director Gwong-Yih Lee, CEO of CyberTAN, and Director Hank Hsieh, VP of CyberTAN recused from the discussion and voting of motion related to the acquisition of right-of-use assets of factory & office lease contracts with CyberTAN Technology, Inc.

The remainder attending directors unanimously approved all the resolutions. The Board convened for 5 times in 2023, and compliance with “Rules of Procedure for Board of Directors Meetings.”

- (3) Measures taken to strengthen the functionality of the Board in the recent and present year (such as the establishment of Auditing Committee, and enhancement of transparency) and assessment of the attainment:
 - A. In 2019, the BoD approved the “Rules for Performance Evaluation of Board of Directors”. Conduct evaluation of the Board, and report the result to the Board. In addition, Remuneration Committee would propose directors’ remuneration by referring to the results of evaluation of the Board.
 - B. MTI’s Directors are composed of diverse backgrounds, including professional backgrounds in different industries, academic and legal, etc.; nationalities in different countries in Taiwan and the U.S.; global business operating experience; and one Director is female. Our Board has three independent directors who constitute 43% of the Board.
 - C. At the end of 2021, "Taiwan Corporate Governance Association" is appointed to conduct MTI’s assessments of board performance. The appraisal period is from December 1, 2020 to November 30, 2021. An appraisal report was submitted on December 23, 2021.
 - D. In 2023, the Board appoint Ms. Vivian Chiu, current chief finance officer, as chief corporate governance officer as the most senior officer to be in charge of corporate governance affairs.

(II) Audit Committee Meeting Status:

1. The convention of the Audit Committee
The Audit Committee has convened for 8 times in 2023 (A). Main issues for review in the meetings specified as follows:
 - (1) Evaluation of the the internal control system for assurance of effectiveness
 - (2) The status of derivative transactions
 - (3) Hiring or dismissal of an attesting CPA, or the compensation given thereto
 - (4) Independence, suitability, qualification of independent auditor
 - (5) Review of the financial statements and accounting policy
 - (6) The appointment of financial officer
 - (7) The fund raising to issue the common shares

(8) Ratification of the acquisition of right-of-use assets of factory & office lease contracts with CyberTan Technology, Inc.

(9) Law and compliance

The Committee members's attendance status in 2023 is shown in the following table.

title	Name	Actual attendance (B)	Attended by proxy	Actual attendance rate (%) (B/A)	Remark
Independent Director	Yun Lin	4	0	100	Renewal of office(Note)
Independent Director	Golub Drakulovic	4	0	100	Renewal of office(Note)
Independent Director	Jong Wang	3	1	75	Renewal of office(Note)

Note: Yun Lin, Golub Drakulovic, and Jong Wang were elected as MTI's independent director and became member of the Audit Committee on June 14, 2022. Their respective tenures are from June 14, 2022 to June 14, 2025.

2. Annotations:

(1) If any of the following applies to the operation of the Auditing Committee, specify the date of the meeting and the session of the Board, the content of the motion, the objection, reservation or major suggested content of independent directors, the resolutions of the Auditing Committee, and the response of the Company to the opinions of the Auditing Committee.

A. The Resolutions related to Securities and Exchange Act §14-5:

Date Session	Major resolutions
2023.03.08 The 3 rd session of the 3 rd Audit Committee	1. 2022 Business Report and Financial Reports of the Company 2. Proposal of the 2022 losses makr-up 3. Assessment of the effectiveness of the internal control system and the statement of 2022 internal control 4. The shuffle of the certified public accountant, the independence, suitability evaluation, and 2023 remuneration of the CPAs
2023.05.04 The 4 th session of the 3 rd Audit Committee	1. 2023 Q1 MTI financial reports
2023.08.09 The 5 th session of the 3 rd Audit Committee	1. Approval of the appointment of financial officer 2. 2023 Q2 MTI financial reports 3. Ratification of the acquisition of right-of-use assets of factory & office lease contracts with CyberTan Technology, Inc. 4. Approval of the fund raising to issue the common shares
2023.11.14 The 6 th session of the 3 rd Audit Committee	1. 2023 Q3 MTI financial reports 2. 2024 annual internal audit plan

Independent directors' objections, reservations or major suggestions: None.

Resolution of the Audit Committee and the Company's response to the Audit Committee's Opinion: The members of the Audit Committee unanimously approved all the resolutions, and the Board of Directors approved all such resolutions recommended by the Audit Committee.

B. There were no other resolutions which was not approved by the Audit Committee but was approved by two thirds or more of all directors in 2023.

(2) There were no recusals of independent directors due to conflicts of interests in 2023.

(3) Descriptions of the communications between the independent directors, the internal auditors, and the independent auditors in 2023:

A. The Chief Internal Auditor compiles the audit reports monthly for the review of each independent director, and presented the findings of all audit reports in the quarterly meetings of the Audit Committee. The communication channel between the Audit Committee and the internal auditor functioned well.

B. The Company's independent auditors have presented the findings of their quarterly review or audits on the Company's financial results, and any material matters under applicable laws and regulations. The communication channel between the Audit Committee and the independent auditors functioned well.

The communications between the independent directors, the internal auditors, and the independent auditors are listed in the table below: the independent directors have no objections against the following issues and passed the motions after review or approval with report to the Board.

Date Session	Communications between the Independent Directors and the Internal Auditors	Communications between the Independent Directors and the Independent Auditors
2023.03.08 The 3 rd session of the 3 rd Audit Committee	<ul style="list-style-type: none"> The pursuit of the audit plan from November 2022 to February 2023, and the corrective action taken in response to the audit findings Declaration of Internal Control System in 2022 	<ul style="list-style-type: none"> Audit report on 2022 MTI financial reports Communication of key audit matters Other materiality in accounting and audit
2023.05.04 The 4 th session of the 3 rd Audit Committee	<ul style="list-style-type: none"> The pursuit of the audit plan from March to April, 2023, and the corrective action taken in response to the audit findings 	<ul style="list-style-type: none"> Audit report on 2023 Q1 MTI financial reports Communication of key audit matters
2023.08.09 The 5 th session of the 3 rd Audit Committee	<ul style="list-style-type: none"> The pursuit of the audit plan from May to July, 2023, and the corrective action taken in response to the audit findings 	<ul style="list-style-type: none"> Audit report on 2023 Q2 MTI financial reports Communication of key audit matters
2023.11.14 The 6 th session of the 3 rd Audit Committee	<ul style="list-style-type: none"> The pursuit of the Audit Plan from August to November, 2023, and the corrective action taken in response to the audit findings 2024 Annual Audit Plan. 	<ul style="list-style-type: none"> Audit report on 2023 Q3 MTI financial reports Communication of key audit matters

(III) The pursuit of corporate governance and the variations with the Corporate Governance Best Practice Principles for TWSE/TPEX-listed Companies, and the reason:

Items for Evaluation	The Pursuit		Variations from the Corporate Governance Best Practice Principles for TWSE Listed and TPEX Listed Companies and the reasons.
	Yes	No	
I. Has the Company instituted its own corporate governance best practice principles in accordance with the Corporate Governance Best Practice Principles for TWSE Listed and TPEX Listed Companies and made disclosure?	✓		None
II. The Equity Structure and Shareholders Equity of the Company (I) Has the Company established its internal operation procedure for responding to the suggestions, queries, disputes, and legal actions of the shareholders in accordance with the procedure?	✓		None

Items for Evaluation	The Pursuit		Variations from the Corporate Governance Best Practice Principles for TWSE Listed and TPEX Listed Companies and the reasons.	
	Yes	No		Summary Description
(II) Has the Company kept the list of the dominant shareholders that exercise de facto control of the Company and the parties that exercise ultimate control of these dominant shareholders under control?	✓		MTI tracks the shareholdings of directors, officers, and more than 5% shareholders with periodically disclosure under law.	None
(III) Has the Company established and exercised risk control and firewall mechanisms with its affiliates?	✓		MTI has set up internal rules in the Company's Internal Control System and Affiliated Corporations Management. The Company and its affiliates have performed in accordance with the rules and regulations of the Company and subsidiaries. Respective subsidiaries have conducted internal audits in accordance with relevant internal control operation.	None
(IV) Has the Company instituted internal rules and regulations prohibiting insiders from using undisclosed information in the market for the trading of securities?	✓		MTI applies to all employees, officers and members of the Board of Directors of the Company and to any other person having a duty of trust or confidence, with respect to transactions in the Company's securities, the Board of Directors of the Company passed the amendment the "Procedure for the Processing of Inside Information in Material Aspects" on November 10 th ,2022. The Company also prohibits any insider trading in the regulation,"Procedures for Ethical Management	None

Items for Evaluation	The Pursuit		Variations from the Corporate Governance Best Practice Principles for TWSE Listed and TPEX Listed Companies and the reasons.
	Yes	No	
		and Guidelines for Conduct,” and regularly provides internal training on this issue.	
III. The Organization and Function of the Board (I) Has the Board developed its policies in diversity, specific management goals and has it properly pursued these policies?	✓	Please refer to pages 25-26 of this Annual Report about the diversity, specific management goals and pursued these policies.	None
(II) Has the Company voluntarily established other functional committees further to the establishment of a remuneration committee and auditing committee?	✓	The Company has founded the Audit Committee, Compensation Committee, and ESG Committee. ESG Committee is composed of executive team and directors of the Company, and the chairperson is the director & CEO. ESG Committee shall report periodically (at least one time a year) to the Board of Directors on the implementation of plans and results. The Company will establish different functional committees as required for the operation in the future.	None
(III) Has the Company established the rules and regulations and the methods for the evaluation of Board performance, and has it conducted performance evaluations at regular intervals each year?	✓	The Board of the Company resolved to establish the “Regulations Governing the Evaluation of Board Performance” on March 19 th , 2019. The performance of the Board would be subject to evaluation once annually. An external evaluation would be conducted by an external professional and	None

Items for Evaluation	The Pursuit		Variations from the Corporate Governance Best Practice Principles for TWSE Listed and TPEX Listed Companies and the reasons.
	Yes	No	
		<p>independent institution or a team of scholars and experts once every 3 years. Please refer to pages 36 of this Annual Report.</p> <p>MTI implemented Board performance evaluations through self-assessment surveys via questionnaire, performance evaluation will be annually completed by the Board as a whole, by individual directors and by the functional committees.</p> <p>The Company completed self-assessments of Board performance in 2023 and reported the results to the Board of Directors at its first quarter meeting in 2024 for base individual nomination, renewal, review and improvement, and synchronous on the corporate governance part of MTI's official website (www.mtigroup.com). The weighted average score for the overall performance of the Board of Directors is within the range of 4.72~4.78 out of 5, that the overall board's operation has been effective.</p> <p>MTI received a board performance appraisal result by "Taiwan Corporate Governance Association" in 2022, the appraisal period is from December 1, 2020 to November 30, 2021, and reported the result to the Board of Directors at its first quarter meeting in</p>	

Items for Evaluation	The Pursuit		Variations from the Corporate Governance Best Practice Principles for TWSE Listed and TPEX Listed Companies and the reasons.	
	Yes	No		Summary Description
			2022 for review and improvement.	
(IV) Has the Company assessed the independence status of the CPAs at regular intervals?	✓		<p>The Audit Committee annually evaluates the independence and suitability of external auditors and reports the same to the Board of Directors.</p> <p>Evaluation standards: There is no financial interests, commercial relations, employment relations between the CPAs and the Company except the service charge from financial and tax auditing and certification. The families of the CPAs shall also duly observe the requirement of independence. No penalty or demerit point has been given by the Financial Supervisory Commission (FSC). The CPAs rotation also complies with related requirements.</p> <p>The evaluation result was approved by BoD on March 6, 2024. As evaluated, Ms. Tina Cheng and Ms. Chien-Yu Liu, CPAs of PwC Taiwan, meet the standards of independence and suitability of the Company and eligible of acting as the external auditors for the Company.</p>	None
IV. Does the Company appoint competent and appropriate corporate governance personnel and corporate governance officer to be in charge of corporate governance affairs	✓		MTI's Finance and Stock Affairs Department is in charge of corporate governance related matters under the supervision of the Corporate Governance Office of the Company.	None

Items for Evaluation	The Pursuit		Variations from the Corporate Governance Best Practice Principles for TWSE Listed and TPEX Listed Companies and the reasons.
	Yes	No	
(including but not limited to furnishing information required for business execution by directors, assisting directors' compliance of law, handling matters related to board meetings and shareholders' meetings according to law, and recording minutes of board meetings and shareholders' meetings)?		<p>The Stock Affairs Department primary functions are in charge of assisting in related affairs, including handling of matters relating to Board, Audit Committee, Compensation Committee and Shareholders' meetings in compliance with law, provision of information required for performance of duties by directors, assistance in continuing education of directors, assistance in directors' compliance of law, and investor relations etc.</p> <p>The Board of Directors appointed Vice President and CFO to be the Corporate Governance Officer on August 9, 2023. Ms. Vivian Chiu has been in a financial position and spokesperson for companies, and acts as the corporate secretary who is in charge of supervising the corporate governance.</p> <p>Education/Training in 2023: 2023/8/17 - 18 Taiwan Corporate Governance Association - (Listed Companies) Net Zero Sustainable Talent (North) (9 hours) 2023/11/29 Securities and Futures Market Development Foundation - 112 Annual Insider Equity Trading Legal Compliance Publicity Briefing (3 hours)</p>	

Items for Evaluation	The Pursuit		Variations from the Corporate Governance Best Practice Principles for TWSE Listed and TPEX Listed Companies and the reasons.
	Yes	No	
V. Has the Company established channels for the communications with the stakeholders (including but not limited to the shareholders, employees, customers, and suppliers), and the section for the shareholders on the official website of the Company to respond to all concerns of the stakeholders on corporate social responsibility?	✓		MTI's have publicly disclosed the contact information of our relevant departments that the stakeholders can make inquiry and express their opinions. Also, we have a stakeholder section on its website to address our corporate social responsibilities and any other issues.
VI. Has the Company appointed a professional share registration and investors service agent for handling matters pertaining to the Shareholders' Meeting?	✓		We have appointed a professional stock affairs agent, the "Stock Affairs Department of Taishin Securities Co., Ltd." as registrar for our shareholders' related matters.
VII. Disclosure of Information (I) Has the Company installed a website for the disclosure of information on financial position and operation, as well as corporate governance?	✓		MTI discloses its financials business and corporate governance status in Chinese and English on its website at http://www.mtigroup.com .
(II) Has the Company adopted other means for disclosure (such as the installation of a website in the English language, appointment of designated persons for the collection and disclosure of information on the Company, the implementation of ac	✓		MTI has designated its website in Chinese and English and timely release the information, that provided the utmost in operational transparency. The Company designate responsible individuals to handle the collection and disclosure of information as required by the relevant laws and regulations of

Items for Evaluation	The Pursuit		Variations from the Corporate Governance Best Practice Principles for TWSE Listed and TPEX Listed Companies and the reasons.
	Yes	No	
spokesman system, and videotaping institutional investor conferences)?		Taiwan and other jurisdictions. MTI has designated spokespersons as required by relevant regulations, investor relations contact, earnings conference call, and institutional investor conferences to safeguard shareholders' equity.	
(III) Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline?	✓	MTI follows relevant laws and regulations to announce and report the annual financial statements within 75 days after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline. Please refer to Market Observation Post System for the aforementioned disclosure.	The Company has announced and declared financial reporting and business report in accordance with Article 36 of the Securities and Exchange Act.
VIII. Is there any other essential information that would help us to understand the pursuit of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, the continuing education of the directors and supervisors, the pursuit of a risk management policy and standard of risk assessment, the pursuit of a customer	✓	<p>➤ For employee rights and employee wellness: The hiring principles are without regard to age, gender, nationality, religion, physical impairment. MTI provides competitive compensation program and structure to attract and retain employees. Also, the Company provides a safe, healthy and inclusive work environment, encouraging employees to nurture a healthy family life, and, in general, live a balance life.</p>	None

Items for Evaluation	The Pursuit		Variations from the Corporate Governance Best Practice Principles for TWSE Listed and TPEX Listed Companies and the reasons.
	Yes	No	
policy, and professional liability insurance coverage for the directors and supervisors)?		<p>➤ Investor relation: MTI values investor relations and has designated spokespersons and contact to handle investor relation matters. In addition, the Company also holds institutional investor conferences and colloquiums from time to time for the timely disclosure and transparency of information to safeguard shareholders' equity.</p> <p>➤ Supplier relation: MTI has publicly disclosed the contact information of our relevant departments on our corporate website to communicate with stakeholders and protect the rights and interests of stakeholders and the Company.</p> <p>➤ Maintaining stakeholder rights: The Company seeks to maintain positive cooperative relation with the stakeholders for the protection of the rights through reliable and effective communications.</p> <p>➤ For Directors' training records, please refer to Market Observation Post System (MOPS).</p> <p>➤ For Risk Management Policies and Risk Evaluation:</p>	

Items for Evaluation	The Pursuit		Variations from the Corporate Governance Best Practice Principles for TWSE Listed and TPEX Listed Companies and the reasons.
	Yes	No	
		<p>MTI takes preventive measures to manage risk. In addition to a viable internal control system, the Company examines the effectiveness of the system through internal control regularly. The Company has taken related insurances like property insurance, product transportation and liability insurance, account receivable insurance, and employee loyalty insurance to avoid risks.</p> <p>➤ For Customer Relations Policies: Under the policy of customer first, the Company provides customization, design and development, and mass production services for the customers. The Company has been accredited with the ISO9001/TL9000, ANSI/ESD S20.20, ISO/IEC 17025, ISO14001, ISO45001, CNS45001, AS9100, IATF 16949 and management systems for assurance of the highest standard in product design, manufacturing, and production process to the full satisfaction of the customers.</p> <p>➤ MTI maintains Directors and Officers Liability Insurance (D&O Insurance) for its directors and officers, please refer to Market Observation Post System (MOPS).</p>	

Items for Evaluation	The Pursuit		Variations from the Corporate Governance Best Practice Principles for TWSE Listed and TPEX Listed Companies and the reasons.
	Yes	No	
<p>IX. The improvement status for the result of Corporate Governance Evaluation announced by Taiwan Stock Exchange: In the 10th Corporate Governance Evaluation, MTI ranked in top 6%~20% among all TWSE listed companies, and in top 6%~10% among all TWSE/TPEX listed electronics companies with market cap over NT\$50~100 billion. The improvement status in 2023 is as follows: The President leads the team in accordance with corporate governance, environmental protection, energy saving, supply chain, innovative technology and social responsibility, that link to the MTI's sustainable development goals. ESG Committee facilitates communication and discussions among teams, the members jointly set the Company's ESG strategies and targets, identify key issues for the year, greenhouse gas inventory implementation progress, and carry out annual projects. The committee reports periodically to the Board of Directors on the implementation of plans and results. To arrange to found a functional committee is the priority in 2024.</p>			

(IV) The function of the Remuneration Committee:

1. Profiles of the members of the Remuneration Committee

Identity	Condition Name	Professional Qualifications and experience	the status of independence	Number of public companies that the Independent Director also holds the position as independent director in.
Independent Director	Golub Drakulovic	Please refer to page 23 for professional qualifications of directors and information disclosure of independent directors' independence	Please refer to page 23 for professional qualifications of directors and information disclosure of independent directors' independence	0
Independent Director	Yun Lin	Please refer to page 23 for professional qualifications of directors and information disclosure of independent directors' independence	Please refer to page 23 for professional qualifications of directors and information disclosure of independent directors' independence	0
Others	Chi-Yuan Chang	<p>Selected Education and Professional Qualification Master degree of EMBA from Michigan State University, USA</p> <p>Past Positions</p> <ul style="list-style-type: none"> • Current Positions : The secretary general of the Taiwan Science Park Association • Director general and the mainland director of the Taiwan Electrical and Electronics Industry Association • Taiwan Industrial Technology Research Institute • General Manager subsidiaries in mainland China, Winbond Electronics Corp. <p>None has been in or is under any circumstances stated in Article 30 of the Company Law.</p>	Mr. Chang, his spouse, relatives within the second degree have not served as directors, supervisors or employees of the company or its affiliated companies; have not provided the company or its affiliated companies with business, legal, financial, accounting and other services in the past 2 years. The amount of remuneration received.	0

2. Information on the function of the Remuneration Committee

The Remuneration Committee of the Company is consisted of 3 members.

Tenure of the members for the 5th Compensation Committee from August 11, 2022 to June 13, 2025.

The Remuneration Committee has convened 3 times (A) in 2023 with the attendance of the members specified below:

Title	Name	Actual attendances (B)	Attended by proxy	Actual attendance rate (%) (B/A)	Remark
Convener	Golub Drakulovic	3	0	100	Renewal of office
Member	Yun Lin	3	0	100	Renewal of office
Member	Chi-Yuan Chang	3	0	100	Renewal of office

Additional information:

I. If the Board declines to accept or revise the recommendations of the Remuneration Committee, specify the meeting date, the session, the content of the motion, the resolutions of the Board, and the response of the Company to the opinions of the Remuneration Committee: Not applicable.

II. If a specific member of the Remuneration Committee has adverse or qualified opinions on the resolutions of the Remuneration Committee on record or in written declaration, specify the meeting date, the session, the content of the motion, the opinions of all members, and the response to the opinions of the members: Not applicable.

3. Motions for discussion by the Remuneration Committee and resolutions: The following has been reviewed or approved by the members with no objection, and reported to the Board for final approval.

Date Session	Major resolutions
2023.03.08 The 2 nd Session of the 5 th Remuneration Committee	1. The appointment of Sr. Managers
2023.05.04 The 3 rd Session of the 5 th Remuneration Committee	1. Recommendation for the compensations to key managers in 2023
2023.11.14 The 4 th Session of the 5 th Remuneration Committee	1. The appointment of Sr. Managers 2. The employees' subscription program for 2023 capital injection 3. Recommendation for the compensations to key managers in 2023

(V) Sustainable Development Implementation Status:

Assessment Item	Implementation Status		Variations from the Sustainable Development Practice Principles for TWSSE Listed and TPEX Listed Companies and the reasons.
	Yes	No	
I. Does the Company have a governance structure for sustainability development and a dedicated (or part-time) sustainable development organization with Board of Directors authorization for senior management, which is reviewed by the Board of Directors?	✓	<p>No</p> <p>For sustainability development, the Board of Directors of the Company passed the “Sustainable Development Best Practice Principles” in 2022. The President leads the team in accordance with corporate governance, environmental protection, energy saving, supply chain, innovative technology and social responsibility, that link to the MTI’s sustainable development goals.</p> <p>ESG Committee facilitates communication and discussions among teams, the members jointly set the Company’s ESG strategies and targets, identify key issues for the year, draft budgets, and carry out annual projects. The committee pursues sustainability in the interest of stakeholders and ensures the strategies are implemented effectively in daily operations.</p> <p>The Board of Directors supervises the Company’s sustainability management, strategies, and goals as well as performance measurement. The ESG Committee Chairperson reports periodically to the Board of Directors on the implementation of plans and results. (Reported on March 6, 2024)</p> <p>In 2023, MTI focused primarily on climate change strategy (including carbon footprint, and supply chain carbon emission management), maintaining a diverse and inclusive work environment, and making sustainability disclosures.</p>	None
II. Does the Company follow materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company operation, and establish risk management related policy or strategy?	✓	<p>No</p> <p>MTI aligns with stakeholders’ feedback, discloses ESG material issues identified following the Global Reporting Initiative (GRI) standards. Integrating risk management with ESG management, MTI demonstrates how the Company</p>	None

Assessment Item	Implementation Status		Variations from the Sustainable Development Practice Principles for TWSE Listed and TPEX Listed Companies and the reasons.
	Yes	No	
III. Environmental Topic (I) Does the Company set an environmental management system relevant with the industry characteristics?	✓		MTI implements risk mitigation measures, addresses international and industry trends, and operates sustainably at MTI Taiwan facilities, Jupiter (WuXi), and other subsidiaries. In addition to GRI, MTI's Sustainability Report also adopts the TCFD recommendations framework, SASB reporting standards, please refer to page 65 to 67 note1. MTI meets legal requirements and align with internationally recognized best practices when develops environmental, safety and health practices. The Company aims to achieve "zero incident" and "environmental sustainability." The Company's strategies are to comply with regulations, promote safety and health, strengthen recycling and pollution prevention, establish a green supply chain, and fulfill its related corporate social responsibilities.
(II) Does the Company make efforts to improve resources efficiency, and to use renewable materials to mitigate the impact on the environment?	✓		MTI and the subsidiaries have received the ISO 14001 certification for environmental management systems and ISO 45001 certification for occupational safety and health management systems, these certifications are valid. MTI strives for continuous improvement and actively enhances climate-change management, pollution prevention and control, power and resource conservation, waste reduction and recycling, safety and health management, so as to reduce overall environmental, safety and health risks.
(III) Does the Company evaluate current and future climate change potential risks and opportunities and take measures related to climate related topics?	✓		Given that climate change could potentially affect operations and pose financial risk, MTI in 2022 adopted recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) released by the Financial Stability Board (FSB) to identify risks and opportunities and

Assessment Item	Implementation Status		Variations from the Sustainable Development Practice Principles for TWSE Listed and TPEX Listed Companies and the reasons.
	Yes	No	
(IV) Does the Company collect data for greenhouse gas emissions, water usage and waste quantity in the past two years, and set energy conservation, greenhouse gas emissions reduction, water usage reduction and other waste management policies?	✓		<p>further establish metrics and target management based on the results identified. Examine the impact on Company operations and assess the risks and mitigation strategies for scope 1 and 2 through annual inventory of ISO 14064 and disclosure of greenhouse gas emissions, and review achievement progress and actual performance. Please refer to its website and ESG report.</p> <p>Facing the threats presented by extreme weather, MTI sets strategies and targets, ensure execution and control and build a sustainable culture.</p> <p>MTI plans to complete the GHG (Greenhouse Gas) inventory program and taken a complete inventory of its GHG emissions to gain ISO 14064 certification in 2026. The primary GHG emission is manufacturing process and electricity consumption. The analysis of the inventory data is to serve as a baseline reference for the Company's strategy to reduce GHG emissions.</p> <p>Because MTI's GHG emissions come from electricity consumption, the Company always emphasizes energy conservation and carbon reduction initiatives. MTI has not only implemented energy-conserving designs in its offices but has also continuously improved the energy efficiency of its facilities during operation. These efforts simultaneously reduce both carbon dioxide gas emissions and costs.</p>
			None

Assessment Item	Implementation Status		Summary Description	Variations from the Sustainable Development Practice Principles for TWSE Listed and TPEX Listed Companies and the reasons.																				
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			<p>MTI GHG Emissions in Recent Two Years:</p> <p style="text-align: center;">Unit: Metric ton CO2 equivalent</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Year</th> <th>Scope 1</th> <th>Scope 2</th> <th>Reduction</th> </tr> </thead> <tbody> <tr> <td>2023</td> <td>573</td> <td>4,653</td> <td>1,153</td> </tr> <tr> <td>2022</td> <td>180</td> <td>6,199</td> <td>(1,614)</td> </tr> </tbody> </table> <p>Note 1: The data covers MTI. The greenhouse gas emissions included subsidiary Jupiter (Wuxi).</p> <p>Note 2: Scope 1: Direct emissions, i.e. sources owned or controlled by the Company</p> <p>Scope 2: Indirect emissions, i.e. those arising from externally purchased electricity, heat or steam. The calculation is according to market-based method</p> <p>MTI GHG Reduction Target and Achievement Status:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Strategy</th> <th>2031 Goal</th> <th>2023 Target and Achievement</th> <th>Achievement Status</th> </tr> </thead> <tbody> <tr> <td>The Company has not only implemented energy-conserving designs in its offices but has also continuously improved the energy efficiency of its facilities, to reduce carbon dioxide gas emissions.</td> <td>Reduce GHG emissions by 30% (Base year: 2012)</td> <td>Reduced GHG emissions per by 18% (Target: 5%)</td> <td>Achieved</td> </tr> </tbody> </table> <p>To make the most effective use of Taiwan's limited water resources, MTI makes every effort to reduce the water consumption of manufacturing and non-manufacturing process, including water used in air conditioning systems, sanitary facilities, wall cleaning and landscaping activities and in kitchens.</p>	Year	Scope 1	Scope 2	Reduction	2023	573	4,653	1,153	2022	180	6,199	(1,614)	Strategy	2031 Goal	2023 Target and Achievement	Achievement Status	The Company has not only implemented energy-conserving designs in its offices but has also continuously improved the energy efficiency of its facilities, to reduce carbon dioxide gas emissions.	Reduce GHG emissions by 30% (Base year: 2012)	Reduced GHG emissions per by 18% (Target: 5%)	Achieved	
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			<p>MTI Water Usage in Recent Two Years:</p> <table border="1"> <thead> <tr> <th colspan="2">Unit: Water Usage (Ton)</th> </tr> <tr> <th>Year</th> <th>Actual</th> </tr> </thead> <tbody> <tr> <td>2023</td> <td>41,216</td> </tr> <tr> <td>2022</td> <td>37,117</td> </tr> </tbody> </table> <p>Note 1: Includes MTI in Taiwan</p> <p>MTI Water Usage Reduction Target and Achievement Status:</p> <table border="1"> <thead> <tr> <th>Strategy</th> <th>2031 Goal</th> <th>2023 Target and Achievement</th> <th>Achievement Status</th> </tr> </thead> <tbody> <tr> <td>Enforce climate change mitigation policies, implement water conservation and water shortage adaptation measures</td> <td>Reduce unit water consumption by 10% (Base year: 2012)</td> <td>Increase unit water consumption by 6% (Target: reduced by 1%)</td> <td>Unachieved</td> </tr> </tbody> </table> <p>Note 1: Includes MTI in Taiwan</p> <p>To achieve the goal of sustainable resource utilization, MTI priorities are process waste reduction, recycling and regeneration. In order to ensure that all waste is treated and recycled properly, MTI closely tracks the waste that is implemented in the process of recycling and reuse by clean and disposal vendors. The Company carefully selects waste disposal and recycling vendors that have certificates and permits.</p> <p>MTI Waste Quantity and recycling in Recent Two Years:</p> <table border="1"> <thead> <tr> <th colspan="4">Unit: Ton</th> </tr> <tr> <th>Year</th> <th>Waste Quantity</th> <th>Recycle Quantity</th> <th>Recycle Rate</th> </tr> </thead> <tbody> <tr> <td>2023</td> <td>92.89</td> <td>31.97</td> <td>34.40%</td> </tr> <tr> <td>2022</td> <td>88.93</td> <td>17.82</td> <td>20.04%</td> </tr> </tbody> </table> <p>Note 1: The data in the table are preliminary results collected by MTI and have not yet been verified by a third party</p>	Unit: Water Usage (Ton)		Year	Actual	2023	41,216	2022	37,117	Strategy	2031 Goal	2023 Target and Achievement	Achievement Status	Enforce climate change mitigation policies, implement water conservation and water shortage adaptation measures	Reduce unit water consumption by 10% (Base year: 2012)	Increase unit water consumption by 6% (Target: reduced by 1%)	Unachieved	Unit: Ton				Year	Waste Quantity	Recycle Quantity	Recycle Rate	2023	92.89	31.97	34.40%	2022	88.93	17.82	20.04%	
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<p>IV. Social Topic</p> <p>(1) Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles?</p>	✓	<p>Human capital is MTI's most treasured asset. Provide employees safe work environment, with meaningful work content, continuous learning, competitive compensation and benefits, and build the company into a diverse and inclusive environment. MTI goes beyond this, however, by actively encouraging employees to maintain a healthy and well-balanced life while pursuing their career goals effectively. MTI believes that promoting a decent work environment, abiding by local laws and regulations, and respecting human rights are important throughout the Company. MTI support the "Universal Declaration of Human Rights", and are committed to treating all workers with dignity by international human rights standards. MTI's hiring principles are without regard to race, gender, or</p>	None								

Assessment Item	Implementation Status		Variations from the Sustainable Development Practice Principles for TWSE Listed and TPEX Listed Companies and the reasons.
	Yes	No	
		<p>age. The Company also strive to increase female ratio in management. Related declarations and action plans are inscribed in the ESG Report. The Company makes continuous efforts to promote harmonious labor relations.</p> <p>The guiding principles include:</p> <ul style="list-style-type: none"> • Provide a safe, secure, healthy and friendly environment • Comply with all applicable wage laws and regulations, and legal limits to working hours • Eliminate unlawful discrimination and ensure equality in the workplace • Forbid forced labor • Protect labor rights of vulnerable groups or marginalized groups such as indigenous peoples, women, migrant workers, and persons with disabilities. • Enable a communication-friendly environment and maintain an open-style management system • Encouraging employees keeping physical and mental health and maintaining well-balanced living. • Review and evaluation of related systems and actions at regular intervals. • Arrangement of education and training pertinent to respect of human rights and occupational safety. <p>MTI regularly holds labor-management meetings and listens to employee concerns through communication to ensure a harmonious relationship between labor and management.</p>	

Assessment Item	Implementation Status		Variations from the Sustainable Development Practice Principles for TWSE Listed and TPEX Listed Companies and the reasons.
<p>(II) Has the Company established appropriately managed employee welfare measures (include salary and compensation, leave and others), and link operational performance or achievements with employee salary and compensation?</p>	Yes	<p>MTI provides employee benefit system superior to statute, including travelling subsidies, , subsidies for marriage, childbirth and funerals, payment for hospitalization due to injury or illness, financial assistance for emergencies, wide variety of social activities, gifts for festival and citation of outstanding employees (or teams), as well as discounts in designated shops.</p> <p>To provide support in their personal and work lives, MTI Offers employees parental leave in accordance with local laws and regulations, provides comprehensive leave management system. Employees have flexibility in making use of their vacation days to take care of their children.</p> <p>Employees who need to take long leaves of absence for military service or severe injuries can also apply for unpaid leave, and then apply for reinstatement after the expiration of the period.</p> <p>MTI facilities are equipped with health centers, where healthcare management professionals and appointed onsite physicians provide quality services beyond those required legally. Annual checkups for all employees are provided as well. The Company encourages employees to exercise regularly and holding regular sports events.</p> <p>Vacation and insurance policies at MTI's overseas offices are designed in compliance with local regulations.</p> <p>MTI's retirement policy is set according to the labor standard</p>	None

Assessment Item	Implementation Status		Variations from the Sustainable Development Practice Principles for TWSE Listed and TPEX Listed Companies and the reasons.
	Yes	No	
(III) Has the Company provided a safe and healthy work environment for the employees, and related education on occupational safety and health for the employees at regular intervals?	✓	<p>laws and labor pension practices of various respective regions, which encourages employees to make long-term career plans and further deepen their commitment to MTL. MTL employees enjoy a comprehensive compensation and benefits program above the industry average. MTL adheres to the philosophy of sharing wealth with employees in order to attract, retain, and motivate employees. MTL's compensation programs in overseas subsidiaries in addition to providing employees with a locally competitive base salary, in line with local regulations, market practices to promote employee commitment and development.</p> <p>MTI's strive to establish a safe working environment, prevent occupational injury and illness, keep employees healthy, enhance every employee's awareness and sense of accountability to ESH, and building an ESH culture. The disabling injury index was 0.08, under the standard 0.15 of industry. In response, A total of 2 occupational accidents occurred in 2023. As a result, 2 colleagues were injured, amounting to 0.3% of the total number of employees. All these injuries were due to failure to implement safety regulations. After each incident, refresher education and training on safety protection was arranged for all affected employees. In 2023, there were no fire incidents. To enhance fire prevention and emergency response</p>	None

Assessment Item	Implementation Status		Variations from the Sustainable Development Practice Principles for TWSE Listed and TPEX Listed Companies and the reasons.
	Yes	No	
		<p>capabilities, corresponding disaster prevention and response measures are implemented annually based on the EHS management plan and emergency response plan established by MTI's environment, safety and health office.</p> <p>The Company also conducts regular emergency rescue drills (at least twice a year) to ensure personnel could respond promptly and effectively to emergencies.</p> <p>MTI is reviewing potential improvement measures, such as standard safety operation procedures. In addition to regular reviews, to pay closer attention to the physical and mental state of employees to ensure their safety and health during their work.</p> <p>MTI conduct major annual emergency response exercises and evacuation drills to provide employees a comfortable, safe workplace. These strategies included educating employees in prevention and response, publishing guidelines for managers, establishing guidelines for employees. So that losses can be minimized in the event of a real disaster.</p> <p>MTI believes that employee physical and mental health is fundamental to maintaining sound business operations. MTI strives to reduce injuries that might be induced or aggravated by overwork, night work or shift work. The Company conducts programs for maternal health protection and for prevention of cumulative trauma disorders as well. Through analysis of health check questionnaire and working hours</p>	

Assessment Item	Implementation Status		Variations from the Sustainable Development Practice Principles for TWSE Listed and TPEX Listed Companies and the reasons.
	Yes	No	
(IV) Has the company provided effective training in career planning for the employees?	✓		None
(V) Does the Company's product and service comply with related regulations and international rules for customers' health and safety, privacy, sales, labelling and set policies to protect consumers' rights and consumer appeal procedures?	✓		None
(VI) Does the Company set supplier management policy and request suppliers to comply with related standards on the topics of environmental, occupational safety and health or labor right, and their implementation status?	✓		None

Assessment Item	Implementation Status		Variations from the Sustainable Development Practice Principles for TWSE Listed and TPEX Listed Companies and the reasons.
	Yes	No	
V. Does the Company refer to international reporting rules or guidelines to publish Sustainability Report to disclose non-financial information of the Company? Has the said Report acquire 3 rd certification party verification or statement of assurance?		✓	MTI follows the instructions of GRI in compiling its Sustainability Report for disclosure of non-financial information. This report is posted at the official website of the Company, and also the MOPS website for the viewing of the public. The Sustainability Report has not be accredited by a third party for validation or guarantee.
VI. If the Company has established its sustainable development code of practice according to “Listed Companies Sustainable Development Code of Practice,” please describe the operational status and differences: MTI has established the Sustainable Development Best Practice Principles. There is no significant difference between the Sustainable Development Best Practice Principles of the Company and the practice of Sustainable Development.			MTI’s report adopts the GRI, TCFD framework, and SASB reporting standards. However, MTI has not received any certification yet.
VII. Other important information to facilitate better understanding of the Company’s implementation of sustainable development: Please refer to MTI’s website for its sustainable development implementation status.			

Note 1:

Major issues	Risk assessment items	Risk management policies or strategies	Related company internal regulations
Environment	Environmental protection and ecological conservation	<p>Risk management policies or strategies</p> <ol style="list-style-type: none"> The company bases on the environmental and occupational health and safety policies of “Compliance with law and regulations, emphasis on communication, education and training, continuous improvement, prevention, and sustainable development” to forcefully promote RoHS and WEEE related work in the factory and to guide the suppliers to implement it synchronously. In addition, for the management of conflict minerals, the company does not directly purchase metal materials and does not use cassiterite (Sn), wolfram (W), tantalum (Ta), gold (Au), and other metals from the Democratic Republic of Congo and surrounding countries and regions. Also, the company values the impact of environmental pollution on the overall living environment; therefore, audits the suppliers regularly and demands the identified nonconformities to be corrected accordingly. The company strives to protect the environment and respond to green and clean production. In addition to passing and obtaining ISO 14001 environmental management system verification and certificates, the company also adopts measures, such as, process management and formulating environmental management plans, to reduce pollution emissions and environmental impacts. 	<ol style="list-style-type: none"> The CEO has the environmental and occupational health and safety policies signed, announced, and implemented. The company has formulated MTI-M0058 supplier management operating procedures, which have been implemented accordingly. The company has formulated the MTI-M0087 Environmental and Occupational Health and Safety Management Manual, which has been implemented accordingly.
Society	Occupational safety	<p>The company obtained the ISO 45001 and CNS 45001 occupational safety and health management system verification and certificates. Beside comply with local occupational safety and health-related law and regulations, the company promises to lower the risk of manufacturing processes, facilities, and activities on the occupational health and safety risks of employees, suppliers, contractors, by-standers, and related groups. At the same time, formulates corresponding occupational safety and health management documents and plans for implementing related work in the factory for securing a safe operating environment in the factory.</p> <ol style="list-style-type: none"> The company actively promotes green products and green production in response to international trends and customer needs. The company has also implemented the concept and action of green procurement into the supply chain in order to control restricted substances accordance with international regulations; also, regularly 	<p>The company has formulated the MTI-M0087 “Environmental and Occupational Health and Safety Management Manual,” which has been implemented accordingly.</p> <p>Formulate MTI-M0141 green product verification operating procedures, MTI-M0141-01 Green Product</p>
Product Safety			

Major issues	Risk assessment items	<p style="text-align: center;">Risk management policies or strategies</p> <p>reviews the performance of suppliers, to ensure distinguishing green product line. The company has established a “Green Product (GP) management system” and has incorporated it into the existing management system. The company has the contact window of each department integrated to formulate product specifications and related operating procedures; it also assists suppliers in establishing their green supply chain system to complete the introduction of the lead-free manufacturing processes.</p> <p>2. The company, through product life cycle management, introduction of green innovative design, product environment-friendly design, enhancement of the green supply chain system, and regular customer satisfaction surveys, has conducted a customer questionnaire survey with a focus on the product design expertise, quality stability, urgent order support, customer complaint handling, prompt information feedback, and communication. Analyze the problems and needs responded by customers with the corresponding improvement measures implemented, continuously improve the company’s product quality, after-sales service, and customer satisfaction; also, further enhance the good relationship between parties.</p>	Related company internal regulations
Corporate Governance	Society economy, and legal compliance	<p>Ensured all personnel and operations of the company actually comply with relevant law and regulations by establishing an internal corporate governance mechanism and implementing internal control.</p>	<p>RoHS Inspection Operation Specification, and MTI-M0145 Green Product Operation Manual, which have been implemented accordingly.</p>
			<p>Operational risk management standards for companies, boards of directors, etc.:</p> <ol style="list-style-type: none"> (1) Articles of Incorporation (2) Board Meeting Procedure and Rules (3) Measures of the Election of directors and supervisors (4) Procedures for Performance Evaluation of Board of Directors Meeting (5) Shareholders Meetings Rules of Procedure (6) Audit Committee Charter (7) Remuneration Committee

Major issues	Risk assessment items	Risk management policies or strategies	Related company internal regulations
			<p>Charter</p> <p>Rules Governing Financial Risks:</p> <ol style="list-style-type: none"> (1) Procedures for Handling Acquisition and Disposal of Assets (2) Procedures for Loaning of Funds (3) Regulations Governing Making of Endorsements / Guarantees (4) Corporate Governance Best Practice Principles (5) Guidelines for the Adoption of Codes of Ethical Conduct (6) Ethical Corporate Management Best Practice Principles (7) Sustainable Development Best Practice Principles (8) Procedures for Handling Material Inside Information (9) Whistle-Blowing Policy <p>Rules Governing Information Security Risk:</p> <ol style="list-style-type: none"> (1) Trade Secrets Regulations (2) Intellectual Property Rights Regulations

(VI) Climate-Related Information Implementation Status:

1. Description of the supervision and governance of climate-related risks and opportunities by the Board of Directors and management:
The Board of Directors of the Company established the "Corporate Sustainable Development Committee" and formulated the "Organizational Regulations of MTI Corporate Sustainable Development Committee." In 2024, The Corporate Sustainable Development Committee is responsible for approving and supervising the implementation of sustainable development initiatives of the Company, including climate governance and low-carbon issues. It convenes meetings at least twice a year and reports to the Board of Directors. The Committee regularly identifies and manages risks in the Company's operations, including physical and transitional risks that may arise from climate change. The Committee regularly identifies and manages risks in the Company's operations, including physical and transitional risks that may arise from climate change. It leads the planning of corresponding measures, also reports the execution status to the Board of Directors at least once a year. Providing reference information for the Board's decision-making about the Company's strategies, major transactions, and risk management process. It also supervises and tracks the execution of ESG climate-related risk management by the management team and the achievement of goals.
2. Description of how identified climate-related risks and opportunities affect the company's business, strategy, and finances (short-term, medium-term, long-term):
MTI assesses climate risks and opportunities in accordance with the TCFD framework every year, the scope includes our business in Taiwan and WuXi, Mainland China. The primary consideration is MTI's carbon emissions come from electricity consumption. Through collaboration between executive management of various departments, we identify transitional and physical risks, as well as derived opportunities, by examining external changes and trends in policies, regulations, markets, and climate disasters, along with internal operational strategies.
In response to the operational impacts of global warming and extreme weather events, the Company has incorporated climate risks into its overall risk management policy and followed TCFD guidelines and industry recommendations. The Company identified 7 key climate risks and 5 derivative opportunities in the fiscal year 2023 (reference table 2). In addition to taking stock of existing specific response strategies and adaptation measures, the Company formulated and integrated them into major climate actions, including low-carbon cycles, disaster adaptation, supply chain collaboration, low-carbon product, research and development innovation, and new energy businesses. These actions serve as the foundation for the Company's transformational layout, strengthening its operational resilience.
3. Describe the financial impact of extreme weather events and transformational actions:
In response to the operational impacts of global warming and extreme weather events, MTI conducts a detailed financial impact analysis of extreme weather events on various financial aspects, including revenue, direct or indirect costs, capital expenditures, etc. For detailed information, please refer to item (2) for explanation.
4. Describe how the identification, assessment, and management process of climate risks are integrated into the overall risk management system:
To adapt to the rapid shifts in policy, market dynamics and the significant uncertainty of climate change, the Company leverages the identification and assessment of climate risks. This approach aims to grasp and estimate the impacts that various climate scenarios might entail. We have developed climate actions for proactive response. The Board of Directors serves as the supreme decision-making entity for risk management, for each type of risk,

corresponding management methods and crisis response practices are planned to minimize uncertainty in business operations. The climate change risk categorized as an important risk management area within the environmental dimension.

5. If using scenario analysis to evaluate resilience against climate change risks, it's necessary to detail the scenarios utilized, parameters, assumptions, analysis factors, and primary financial impacts involved:
The company identify risks and opportunities, to update relevant climate issues as required by local regulations and industry trends. MTI explores the impact of different parameters such as carbon taxes, renewable energy costs, etc., on business operations exposed to these scenarios.

6. If a transformation plan exists for managing climate-related risks, please outline the details of the plan, including the indicators and objectives for identifying and managing both physical and transitional risks:

MTI sets carbon reduction strategy achieving net zero by 2050, and has formulated carbon reduction strategy and established ambitious targets. We continuously monitor progress toward these targets, applying a stringent review process to evaluate outcomes. This method allows us to effectively manage climate-related risks and opportunities.

The specific carbon reduction targets for MTI are: 30% reduction in Scope 1 and Scope 2 emissions by 2031 and achieving net-zero greenhouse gas emissions by 2050.

The main initiatives include:

- Greenhouse gas reduction: providing high-efficiency/low-power technology solutions through green innovation
- Promoting green operations to enhance energy efficiency, utilize renewable energy, and monitor carbon reduction pathways and progress
- Establishing a green supply chain by requiring suppliers to develop proactive carbon reduction targets and pathways

7. If internal carbon pricing is used as a planning tool, the basis for price determination should be explained:

MTI has not implemented internal carbon pricing at the current stage. However, internal carbon pricing could be an effective tool to drive carbon reduction. In the future, The Company will consider integrating internal carbon pricing as an important carbon reduction strategy tool at the appropriate time.

8. If climate-related goals are set, details should be provided on the covered activities, scope of greenhouse gas emissions, planning timeframe, annual progress, etc. If carbon offsetting or Renewable Energy Certificates (RECs) are used to achieve these goals, information should be provided on the source and quantity of carbon offsets or the number of RECs exchanged:

MTI's specific carbon reduction targets are a 30% reduction in Scope 1 and Scope 2 emissions by 2031 and achieving net-zero greenhouse gas emissions by 2050. In addition to this, targets for renewable energy usage and energy efficiency have been set. For detailed explanations of these targets and their achievement status, please refer to the corporate sustainability report.

9. Information related to greenhouse gas inventory and verification status, as well as reduction targets, strategies, and specific action plans:
Please refer to the relevant information in Tables 1.

(1) Greenhouse Gas Inventory and Verification Status for the Last Two Years:

■ (Table 1) Greenhouse Gas Inventory Information

Categories	2023		2022		Verification Agency	Explanation of the Verification Status
	Total Emissions		Total Emissions			
Scope 1: Direct Emissions						
Parent Company	539.26		136.00			
Subsidiary	33.21		44.00			
Total	572.47		180.00			
Scope 2: Energy Indirect						
Parent Company	3,590.33		4,396.00			
Subsidiary	1,063.15		1,803.00			
Total	4,653.48		6,199.00			

The data in the table are preliminary results collected by MTI, greenhouse gas assurance opinion for the greenhouse gas data was not obtained before the printing date of the annual report. MTI will obtain verification and assurance opinion by independent and credible professional organization by 2028.

Scope 1: Direct emissions from sources owned or controlled by the Company.

Scope 2: Energy indirect emissions resulting from purchased electricity, heat, or steam.

(2) Greenhouse Gas Emission Reduction Targets, Strategies and Specific Action Plans

- MTI has established achieving net-zero emissions by 2050 as the core commitment for the Company's climate risk response transformation. The specific carbon reduction targets for MTI are: 30% reduction in Scope 1 and Scope 2 emissions by 2031, and achieving net-zero greenhouse gas emissions by 2050.
- MTI is a company with a paid-in capital of more than NT\$2 billion, falls under the third stage (inspection in 2026, verification in 2028) according to the "Pathway of Sustainable Development for Listed and Over-the-Counter Companies". The Company proactively responds to climate change, and will complete the inspection and third-party verification ahead of schedule. Our greenhouse gas reduction specific action plans such as increasing the use of alternative materials, improving process equipment, energy-saving projects, including the replacement of lighting fixtures with LED fixtures, upgrading equipment, etc. It results in a carbon reduction by 18% compare to base year.

Table 2:

Risks	Opportunities	Financial Impact		Climate Actions	Period
		Risks	Opportunities		
Carbon trading under carbon emission quotas Carbon fees Carbon taxes	Participation in carbon trading market	Increase costs	Increase revenue Decrease costs	Carbon trading under carbon emission quotas Carbon fees Carbon taxes	Short-term
Renewable Energy Regulations and Procurement	Participation in electricity trading market	Decrease revenue Increase costs	Increase revenue Decrease costs	Low-carbon circular New energy business development (eg.solar panels)	Mid-term
Unstable energy supply	New energy deployment	Capital expenditures Increase costs	Increase revenue Decrease costs	Low-carbon circular Low-carbon products Supply chain collaboration Research and innovation	Short-term
Low-carbon technology, equipment, and management costs	Low-carbon production; Waste recycling; Expanding the market for low-carbon products	Decrease revenue Increase costs	-	Disaster adaptation Supply chain collaboration	Short-term
Rising prices of raw materials and energy	-	Available funds Decrease	Available funds Increase	Low-carbon circular Disaster adaptation Supply chain collaboration Low-carbon products Research and innovation New energy business development	Mid-term
Extreme variations in Climate	Attract long-term investors	Available funds Decrease	Available funds Increase	Disaster adaptation Supply chain collaboration	Short-term
Affecting the support intensity for investments, financing, and insurance by financial institutions	Attract long-term investors	Available funds Decrease	Available funds Increase	Low-carbon circular Disaster adaptation Supply chain collaboration Low-carbon products Research and innovation New energy business development	Short-term

(VII) The Practice of Ethical Corporate Management:

Items for Evaluation	The Pursuit		Variation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-listed Companies
	Yes	No	
I. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures			
(I) Does the Company have a clear ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	✓		None Integrity is the most important core value of MTI's culture. MTI has instituted the "Corporate Governance Best Practice Principles", "Ethical Corporate Management Best Practice Principles", "Ethic Code of Conduct", and the "Ethical Corporate Management Procedure and Code of Conduct" to require that each employee bears a heavy personal responsibility to uphold MTI's ethics value. For more details on the Ethics Code and the measures that MTI Board of Directors (the "Board") and the management team take to ensure compliance of the Ethics Code please refer to MTI's Annual Report and the Sustainability Report.
(II) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed	✓		None At the heart of our corporate governance culture is the Ethics Code that applies to MTI, and this Ethics Code requires that each employee bears a heavy personal responsibility to preserve and to protect MTI's ethical values and reputation and to comply with various applicable laws and regulations. To educate and remind our employees of their responsibilities under the Ethics Code, we publish our Ethics Code, relevant policies and documents on our intranet and promote its awareness through training courses, posters, emails, and internal news articles. Furthermore, to ensure that our conduct

Items for Evaluation	The Pursuit		Variation from the Ethical Corporate Management Best Practice Principles for TWISE/TPEX-listed Companies
	Yes	No		Summary Description
Companies?			meets relevant legal requirements and the highest ethical standards under the Ethics Code, MTI provides multiple channels for reporting business conduct concerns. MTI elaborates its ethical corporate management policy and the commitment of the realization of its corporate policy by the Board and the management through annual report, corporate website, and the ESG Report.
(III) Whether the Company has established relevant policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines, consequences of violation and complaints procedures, and periodically reviews and revises such policies?	✓		For assurance of strong demand for compliance with applicable laws in the conduct, the procedure for reporting illegal acts and response procedure are explicitly stated in related rules and regulations. MTI also provides the system for complaint of any unethical practices to impose strict punishment and take legal action timely against any unethical practices in operation. In addition, MTI demands all employees to read related laws and internal code thoroughly and make the right business and moral judgment. This demand extends to the subsidiaries of MTI that the same standard is applied in compliance and legal matters. The internal audit function of MTI plays a critical role in matters pertaining to compliance with applicable laws and the ethic code of conduct. This functional unit conducts audits in accordance with the annual audit plans approved by the Board, and report to the Board and the management the audit findings and subsequent corrective action plans for the best result of audits.
			None

Items for Evaluation	The Pursuit		Variation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-listed Companies
	Yes	No		Summary Description
II. Implementation of Ethical Corporate Management			
(I) Has the Company assessed the record of the counterparties in business integrity, and has it specified the clause of ethical practices in business transactions in the contracts binding the Company and the counterparties?	✓		We expect and assist our customers, suppliers, and business partners to understand and act in accordance with MTI's ethical standards. For instance, we require all of our suppliers to declare in writing that they will comply with MTI's ethical standards and culture. There shall be no bribery or offering of commission for private interest, and no damage to the interest or image of the Company. In addition, periodic audit will examine on a selective basis for assurance of no bribery.
(II) Whether the Company has set up a unit which is dedicated to promoting the Company's ethical standards and regularly (at least once a year) reports directly to the Board of Directors on its ethical corporate management policy and relevant matters, and program to prevent unethical conduct and monitor its implementation?	✓		To perform the responsibilities of supervising the corporate conduct and ethics compliance practice, HR Department of the Company is responsible for the amendment, interpretation, inquiry service and notification of the content of related operation procedures and code of conduct, and will conduct inspection and follow up with the development in accordance with the "Ethical Corporate Management Procedure and Code of Conduct" and "Whistle-Blowing Policy". A status report on the operation of the year would be presented to the Board in March of the next year. (Reported on March 6, 2024) MTI perform through the Audit Committee and the Compensation Committee, the hiring of a financial expert consultant for the Audit Committee, and coordination with the

Items for Evaluation	The Pursuit		Variation from the Ethical Corporate Management Best Practice Principles for TWE/TPEX-listed Companies
	Yes	No		Summary Description
			Internal Audit department. The Audit Committee assists the Board in fulfilling its oversight of the accounting, auditing, reporting, and financial control practices of the Company. With oversight from our Board, are responsible for the full, fair, accurate, timely, and understandable financial accounting and financial disclosure in reports and documents filed by the Company with securities authorities and in all MTI public communications and disclosures.
(III) Has the Company made policies for the prevention of the conflict of interest, and provided the channels for expressions, and has it properly implemented this system?	✓		The Company posted the "Corporate Governance Best Practice Principles," "Ethical Corporate Management Best Practice Principles" and the "Ethical Code of Conduct" at its official website, and educated the employees of ethical corporate management procedure and code of conduct at regular intervals. Proceed in conformity to the requirements of the "Ethic Code of Conduct", "Ethical Corporate Management Best Practice Principles" and "Whistle-Blowing Policy". In case of the conflict of interest in the course of business conduct, employees should report to the supervisor or recuse from the transaction to avoid the conflict of interest. The principle of recusal is in effect at the Board on motions entailing a conflict of interest. Accordingly, the Directors concerned will recuse from the discussion and voting of the motion.
			None

Items for Evaluation	The Pursuit		Variation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-listed Companies	
	Yes	No		Summary Description
(IV) To implement relevant policies on ethical conducts, has the Company established effective accounting and internal control systems, audit plans based on the assessment of unethical conduct, and have its ethical conduct program audited by internal auditors or CPA periodically?	✓		MTI continues maintaining the integrity of its financial reporting processes and controls and establishes appropriate internal control systems for preventing higher potential unethical conduct, and the Internal Auditors formulate annual audit plans based on the results of the risk assessment and subsequently reports its audit findings and remedial issues to the Board and Management on a regular basis. In addition, all departments of MTI are also required to conduct Control Self-Assessment tests annually to review the effectiveness of the internal control system.	None
(V) Has the Company provided internal and external trainings on topics of ethical corporate management at regular intervals?	✓		Law and compliance education constituted a vital part of the training of the Company. Through the routine education and training on legal topics, the employees could understand the latest regulatory environment and applicable laws and be more determined of their promise to ethical corporate management. As for the suppliers and contractors, the Company will invite them to take part in the education of the ethic code of conduct of the Company for assurance of their compliance.	None

Items for Evaluation	The Pursuit		Variation from the Ethical Corporate Management Best Practice Principles for TWE/TPEX-listed Companies
	Yes	No		Summary Description
<p>III. Implementation of Complaint Procedures</p> <p>(I) Does the company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?</p>	✓		None
<p>(II) Whether the company has established standard operation procedures for investigating the complaints received, follow-up measures after investigation are completed, and ensuring such complaints are handled in a confidential manner ?</p>	✓		None

Items for Evaluation	The Pursuit		Variation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-listed Companies
	Yes	No	
(III) Does the company adopt proper measures to prevent a complainant from retaliation for his/her filing a complaint?	✓	The personnel responsible for handling reports on unethical practices and misconduct shall declare in writing of keeping the identity of the informants and the content of the complaints in confidence. MTI strictly prohibits any form of retaliation against any individual who in good faith reports or helps with the investigation of any complaint, as is clearly stated in our bylaws.	None
IV. Information Disclosure			
Does the company disclose its guidelines on business ethics as well as information about implementation of such guidelines on its website and Market Observation Post System (MOPS)?	✓	MTI provides the guidelines and informative articles related to ethics and honorable business conduct on its internal website (in both Chinese and English) for employees' easy access. The Company Discloses periodically at MOPS and its official website.	None
V. If the company has established corporate governance policies based on Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe any discrepancy between the policies and their implementation. MTI has established the Ethics Code to require that all employees, officers and board members comply with the Ethics Code and the other policies and procedures. There is no discrepancy between the Ethics Code, including its affiliate policies and procedures, and its implementation			
VI. Other important information to facilitate better understanding of the company's corporate conduct and ethics compliance practices: MTI discloses information on MOPS and its official website in materiality in real-time to the public and holds institutional investors conference and seminar from time to time. This is the manifestation of the sense of responsibility of the Company to the investors and the shareholders.			

(VIII) The method of inquiry of the ethical corporate governance best practice principles and related rules and regulations instituted by the Company:
The ethical corporate governance best practice principles and related regulations instituted by the Company were disclosed at its official website of the Company as well as MOPS.

(IX) The Implementation of the Internal Control System:

1. Declaration of Internal Control

Microelectronics Technology Inc.
Declaration of Internal Control System

March 6, 2024

Based on the findings of a self-assessment, Microelectronics Technology Inc. (MTI) states the following with regard to its internal control system during the year 2023:

- I. The company acknowledges and understands that, the establishment, enforcement and preservation of internal control system is the responsibility of the Board and the managers and that the company has already established such system. The purpose it to reasonably ensure the effect and efficiency of operation (including profitability, performance and security of assets), the reliability of financial reporting and the compliance with relevant legal rules.
- II. There is limitation inherent to the internal control system, no matter how perfect the design. As such, effective internal control system may only reasonably ensure the achievement of the aforementioned goals. Further, the operation environment and situation may vary, and hence the effectiveness of the internal controls system. The internal control system of the company features the self-monitoring mechanism. Once identified, any shortcoming will be corrected immediately.
- III. The company judges the effectiveness of the internal control system in design and enforcement in accordance with the “Criteria for the Establishment of Internal Control System of Public Offering Companies” (hereinafter referred to as “the Criteria”). The Criteria is instituted for judging the effectiveness of the design and enforcement of internal control system. There are five components of effective internal control as specified in the Criteria with which the procedure for effective internal control are composed by five elements, namely, 1. Control environment, 2. Risk Evaluation, 3. Control Operation, 4. Information and Communication, and 5. Monitoring. Each of the elements in turn contains certain audit items, and shall be referred to the “Criteria” for detail.
- IV. The company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
- V. Based on the findings of such evaluation, MTI believes that, on December 31, 2022, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency and regulatory compliance of reporting, and compliance with applicable rulings, laws and regulations.
- VI. This Statement is an integral part of the annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
- VII. This Statement was passed by the Board of Directors in their meeting held on March 6, 2024, with none of the 6 attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement

Microelectronics Technology Inc.

Chairman: Chi-Chia Hsieh

President: Eugene Wu

Remark: The format prescribed in Article 24 of the “Criteria for the Establishment of Internal Control System of Public Offering Companies” is applicable to the declaration of the effectiveness of the design and implementation of the internal control system – declaration of compliance with applicable laws after the annual self-assessment of the internal control system conducted by the Company.

2. If CPA Was Engaged to Conduct a Special Audit of Internal Control System, Provide Its Audit Report: None.

- (X) The penalty to the Company and its insiders under law, the punishment of the insiders in violation of the internal control system by the Company in the most recent year to the date this report was printed, the major shortcomings and state of corrective action: Not applicable.
- (XI) Major resolutions of the Board and the Shareholders Meeting in the most recent year to the day this report was printed:

1. Resolutions of the Board:

Date Session	Major resolutions
2023.03.08 The 5 th session of the 17 th Board	<ol style="list-style-type: none"> 1. Convening the 2023 Annual Shareholders' Meeting 2. Approving the 2022 business report and financial statements 3. Approving the proposal of the 2022 losses mark-up 4. Approving the amendment of the Company's "Articles of Incorporation" 5. Approving the assessment of the effectiveness of the internal control system and the statement of 2022 internal control. 6. Approving the shuffle of the certified public accountant, the independence and suitability evaluation, and 2023 remuneration of the certified public accountant 7. Approving the appointment of the Sr. Managers
2023.05.04 The 6 th session of the 17 th Board	<ol style="list-style-type: none"> 1. 2023 Q2 financial reports 2. Renewal of bank facilities 3. 2023 remuneration for Sr. Managers
2023.08.09 The 7 th session of the 17 th Board	<ol style="list-style-type: none"> 1. Approving the 2023 Q2 MTI financial reports 2. Approving the appointment of the Sr. Managers 3. Approving the change of bank credit facilities 4. Ratify the acquisition of right-of-use assets of factory & office lease contracts with CyberTAN Technology, Inc. 5. Approving the fund raising to issue the common shares
2023.11.14 The 8 th session of the 17 th Board	<ol style="list-style-type: none"> 1. Approving the 2023 Q3 MTI financial reports 2. Approving MTI's 2024 annual internal audit plan 3. Approving the renewal of bank credit facilities 4. Evaluating the over 90 days past due AR status 5. Approving the amendment of the "Management of Related Parties' Transactions" 6. Approving the appointment of the Sr. Managers 7. Approving the employees' subscription program for 2023 capital injection 8. Approving 2023 remuneration for Sr. Managers
2023.12.15 The 9 th session of the 17 th Board	<ol style="list-style-type: none"> 1. 2024 business plan and budget 2. 2024 capital expenditure budget 3. Approving the renewal of bank credit facilities
2024.03.06 The 10 th session of the 17 th Board	<ol style="list-style-type: none"> 1. Approving the 2023 business report and financial statements 2. Approving the proposal of the 2023 losses mark-up 3. Convening the 2024 Annual Shareholders' Meeting 4. Approving the assessment of the effectiveness of the internal control system and the statement of 2023 internal control. 5. Approving the independence and suitability evaluation, and 2024 remuneration of the certified public accountant 6. Approving the renewal of bank credit facilities 7. Approving to establish ESG Committee 8. Approving the amendment of the Company's "Board Meeting Procedure and Rules" 9. Approving the amendment of the Company's "Audit Committee Charter"

Date Session	Major resolutions
	10. Approving 2024 remuneration for Directors and Sr. Managers 11. Approving tthe change of subsidiaries' Board members and Supervisors 12. Approving to release the representative of the Director from non-competition restrictions

2. Resolutions of the 2023 Shareholders Meeting and follow-up with the resolutions:

Time: 2023.06.15

Major resolutions:

Motion (I): 2022 Business Report and Financial Statements for acknowledgement.
(Proposed by the Board of Directors)

Action Status: The motion was approved by the participating shareholders.

Motion (II): 2022 Losses mark-up for acknowledgement.
(Proposed by the Board of Directors)

Action Status: MTI's net loss after tax for the 2022 fiscal year was NT\$486,411,129.
So there will be no dividend distribution this year.

Motion (III) : The amendment of the Company's "Articles of Incorporation"
(Proposed by the Board of Directors)

Action Status: The motion was approved by the participating shareholders. The amended "Articles of Incorporation" was approved by Hsinchu Science Park Bureau, National Science and Technology, and posted at its official website of the Company and MOPS.

(XII) Major Issues of Record or Written Statements Made by Any Director Dissenting to Important Resolutions Passed by the Board of Directors in 2023 and as of the Date of this Annual Report: None.

(XIII) Resignation or Dismissal of Chairman, President, and Heads of Accounting, Finance, Internal Audit, Corporate Governance Officer and R&D in 2023 and as of the Date of this Annual Report:

Job Title	Name	On-Board Date	Discharged Date	Reason
HR, Law & FIN Vice President	Hualin Chi	2000/11/01	2024/02/18	Retired

(IV).Information on Payment for the CPAs:

Unit : NT\$ Thousands

Name of CPA office	Name of CPA	Audit Period	Audit fee	Non-audit Fee (Note)	Total	Remark
PwC Taiwan	Tina Cheng	112.01.01~112.12.31	4,650	100	4,750	-
	Chien-Yu Liu					

Note: Non-audit fee NT\$100 thousands was mainly other expenses were in lieu of.

(I) The payment of the non-audit fee to the CPAs retained for certification, the CPA firm, and its subsidiaries exceeds 1/4 of the auditing fee: None.

(II) Replacement of CPA Office and the service charge was less than the previous year: None.

(III) The audit fee decreased by more than 10% from the previous year: None.

(V).Information on replacement of CPAs:

(I) Former CPA: None.

(II) Succeeding CPA: None.

(III)The former CPA's written response to the items referred to in Items 1 and 2-3, Subparagraphs 6, Article 10 of the Guidelines: None.

(VI). The Company's Chairman, President, or any financial or accounting managers who have been employed by a CPA firm or any of its affiliated companies in the most recent year: None.

(VII). The transfer of equity shares or change in the pledge of shares under lien by the Directors, Managers, and shareholders holding more than 10% of the shares issued by the Company in the most recent year to the date this report was printed:

(I) Changes in shareholding of the Directors, Managers, and the dominant shareholders:

Title	Name	2023		01/01/2024 - 04/15/2024	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Chairman	Chi-Chia Hsieh	(122,000)	-	(93,000)	-
Director and major shareholder	CyberTAN Technology Inc.	(6,547,993)	-	(7,223,000)	-
Representative of Institutional Director	Gwong-Yih Lee	-	-	-	-
Representative of Institutional Director	Hank Hsieh (Discharged Date: 2024/02/19)	-	-	-	-
Representative of Institutional Director	Max Huang (Appointment Date: 2024/02/19)	-	-	-	-
Director President & CEO	Eugene Wu	39,969	-	-	-
Independent Director	Yun Lin	-	-	-	-
Independent Director	Golub Drakulovic	-	-	-	-
Independent Director	Jong Wang	-	-	-	-
Vice President & CFO	Hualin Chi (Discharged Date: 2024/02/18)	(6,000)	-	Not Applicable	Not Applicable
Vice President	Hunter Huang	(1,000)	-	-	-
Vice President	Dunga Wu	5,000	-	-	-
Vice President	Vivian Chiu (Appointment Date: 2023/08/09)	-	-	-	-
Asst Vice President	Chia-Yu Chou	-	-	-	-
Asst Vice President	Yi-Shan Chang	-	-	-	-
Asst Vice President	Jui-Yun Chen	(10,000)	-	(10,000)	-
Asst Vice President	Wan-Ping Su	-	-	-	-
Asst Vice President	Yu-Cheng Liu	7,338	-	-	-
Asst Vice President	Yen-Liang Chen	19,594	-	-	-
Asst Vice President	Pin-Duan Yang (Appointment Date: 2023/03/08)	(5,248)	-	-	-
Asst Vice President	Yong-Chang Kao (Appointment Date: 2023/11/14)	-	-	-	-
Asst Vice President of FIN & ACC	Sheng-Xiong Yu	4,000	-	(6,000)	-

(II) Stock Trade with Related Party: None.

(III) Stock Pledge with Related Party: None.

(VIII).Related Party Relationship among MTI’s 10 Largest Shareholders:

NAME	SHAREHOLDING BY THE PERSON		SHARES HELD BY SPOUSE AND/OR CHILDREN WHO ARE MINORS		TOTAL SHAREHOLDING IN THE NAME OF A THIRD PARTY		THE TITLES OR NAMES AND RELATIONS OF THE TOP 10 SHAREHOLDERS WHO ARE RELATED PARTIES OR SPOUSES, OR KINDRED WITHIN THE 2ND TIER UNDER THE CIVIL CODE TO ONE ANOTHER.		REMARK
	Shares	%	Shares	%	Shares	%	Title (or name)	Relation	
CyberTAN Technology Inc.	40,299,756	15.99%	0	0.00%	0	0.00%	None	-	-
Chi-Chia Hsieh	2,549,279	1.01%	1,950	0.00%	0	0.00%	None	-	-
Hui-Chen Chuang	1,464,523	0.58%	0	0.00%	0	0.00%	None	-	-
Ren-He Lin	1,080,000	0.43%	0	0.00%	0	0.00%	None	-	-
Yong-Fu Huang	1,051,000	0.42%	0	0.00%	0	0.00%	None	-	-
Jing-Ping Tseng	985,385	0.39%	0	0.00%	0	0.00%	None	-	-
Siou-Mei Wang	918,738	0.36%	0	0.00%	0	0.00%	None	-	-
Sheng-Sing Tseng	900,000	0.36%	0	0.00%	0	0.00%	None	-	-
Ruei-Yun Ou	728,490	0.29%	0	0.00%	0	0.00%	None	-	-
Citibank (Taiwan) Ltd. in custody for Maybank Securities Pte Ltd Investment Account	700,000	0.28%	0	0.00%	0	0.00%	None	-	-

(IX). The total quantity of shares of particular re-investment company held by the enterprises under the direct or indirect control of the Company, the directors and managers of the Company

April 15, 2024
Unit: Share/%

Re- investment Company (Note)	Ownership by MTI (1)		Ownership by Directors, Managers and Directly/Indirectly Owned Subsidiaries (2)		Total Ownership (1) + (2)	
	Shares	%	Shares	%	Shares	%
Sasson International Holdings Inc.	3,920	100.00%	0	0.00%	3,920	100.00%

Note: Re-investment of the Company accounted for under the equity method

IV. State of offering

(I). Capital and shares

(i) Sources of capital stock

April 15, 2024

Unit: NT\$ Thousands/1,000 shares

YY MM	Offering price (Face value)	Authorized capital		Paid-in capital		Remark		
		Quantity of shares	Amount	Quantity of shares	Amount	Source of equity capital (NT\$1,000)	Investment by assets other than cash	Others
1994.04	10	160,000	1,600,000	146,871	1,468,713	Capitalization of retained earnings 121,934 Capitalization of capital reserves 121,934 Capitalization of employee bonus 5,502	None	Securities & Futures Commission, Ministry of Finance 1994.04.02 Letter No. (83) Taiwan-Finance-Securities-I-18244
1994.04	10	160,000	1,600,000	159,871	1,598,713	Capital injection 130,000	None	Securities & Futures Commission, Ministry of Finance 1994.04.26 Letter No. (83) Taiwan-Finance-Securities-I-48488
1994.05	10	330,000	3,300,000	192,415	1,924,154	Capitalization of retained earnings 159,871 Capitalization of capital reserves 159,871 Capitalization of employee bonus 5,698	None	Securities & Futures Commission, Ministry of Finance 1995.05.22 Letter No. (84) Taiwan-Finance-Securities-I-26716
1996.05	10	330,000	3,300,000	232,213	2,322,134	Capitalization of retained earnings 192,415 Capitalization of capital reserves 192,415 Capitalization of employee bonus 13,149	None	Securities & Futures Commission, Ministry of Finance 1996.05.07 Letter No. (85) Taiwan-Finance-Securities-I-28256
1997.06	10	330,000	3,300,000	255,435	2,554,347	Capitalization of capital reserves 232,213	None	Securities & Futures Commission, Ministry of Finance 1997.06.14 Letter No. (86) Taiwan-Finance-Securities-I-46566

YY MM	Offering price (Face value)	Authorized capital		Paid-in capital		Remark		
		Quantity of shares	Amount	Quantity of shares	Amount	Source of equity capital (NT\$1,000)	Investment by assets other than cash	Others
2000.05	10	450,000	4,500,000	312,863	3,128,631	Capitalization of retained earnings 510,869 Capitalization of employee bonus 63,413	None	Securities & Futures Commission, Ministry of Finance 2000.05.17 Letter No. (89) Taiwan-Finance-Securities-I-42594
2001.05	10	450,000	4,500,000	383,093	3,830,934	Capitalization of retained earnings 625,726 Capitalization of employee bonus 76,577	None	Securities & Futures Commission, Ministry of Finance 2001.05.10 Letter No. (90) Taiwan-Finance-Securities-I-126609
2002.05	10	700,000	7,000,000	426,162	4,261,626	Capitalization of retained earnings 383,093 Capitalization of employee bonus 47,599	None	Securities & Futures Commission, Ministry of Finance 2002.05.20 Letter No. (91) Taiwan-Finance-Securities-I-127232
2004.03	10	700,000	7,000,000	429,148	4,291,479	Convertible bonds 29,853	None	Securities & Futures Commission, Ministry of Finance 2002.05.31 Letter No. (91) Taiwan-Finance-Securities-I-127708
2007.07	14.7	700,000	7,000,000	429,172	4,291,720	Employees exercise stock options to issue common stock 240	None	Securities & Futures Commission, Ministry of Finance 2003.01.07 Letter No. (92) Taiwan-Finance-Securities-I-09100169535 Hsinchu Science Park 2007.07.30 Administration Yuan-Shang-Zi No. 19971
2007.09	14.1~ 20.3	700,000	7,000,000	435,018	4,350,180	Employees exercise stock options to issue common stock 58,460	None	Securities & Futures Commission, Ministry of Finance 2002.05.23 Letter No. (91) Taiwan-Finance-Securities-I-128274 Securities & Futures Commission, Ministry of Finance 2003.01.07 Letter No. (92) Taiwan-Finance-Securities-I-09100169535 Hsinchu Science Park 2007.09.29 Administration Yuan-Shang-Zi No. 26482

YY MM	Offering price (Face value)	Authorized capital		Paid-in capital		Remark		
		Quantity of shares	Amount	Quantity of shares	Amount	Source of equity capital (NT\$1,000)	Investment by assets other than cash	Others
2007.11	14.1~20.3	700,000	7,000,000	436,179	4,361,790	Employees exercise stock options to issue common stock 11,610	None	Securities & Futures Commission, Ministry of Finance 2002.05.23 Letter No. (91) Taiwan-Finance-Securities- I-128274 Securities & Futures Commission, Ministry of Finance 2003.01.07 Letter No. (92) Taiwan-Finance-Securities- I-09100169535 Hsinchu Science Park 2007.11.29 Administration Yuan-Shang-Zi No. 31920
2008.04	14.1~20.3	700,000	7,000,000	419,354	4,193,540	Capital Reduction via Buyback Treasury Stocks Nullifying 178,000,000 Employees exercise stock options to issue common stock 9,750	None	Securities & Futures Commission, Ministry of Finance 2002.05.23 Letter No. (91) Taiwan-Finance-Securities- I-128274 Securities & Futures Commission, Ministry of Finance 2003.01.07 Letter No. (92) Taiwan-Finance-Securities- I-09100169535 Hsinchu Science Park Administration Yuan-Shang-Zi No. 0970010653
2008.07	14.1~20.3	700,000	7,000,000	420,740	4,207,400	Employees exercise stock options to issue common stock 13,860	None	Securities & Futures Commission, Ministry of Finance 2002.05.23 Letter No. (91) Taiwan-Finance-Securities- I-128274 Securities & Futures Commission, Ministry of Finance 2003.01.07 Letter No. (92) Taiwan-Finance-Securities- I-09100169535 Hsinchu Science Park Administration Yuan-Shang-Zi No. 0970018132
2008.09	13.3~14.1	700,000	7,000,000	421,360	4,213,600	Employees exercise stock options to issue common stock 6,200	None	2003.01.07 Letter No. (92) Taiwan-Finance-Securities- I-09100169535 Hsinchu Science Park Administration Yuan-Shang-Zi No. 0970025417

YY MM	Offering price (Face value)	Authorized capital		Paid-in capital		Remark		
		Quantity of shares	Amount	Quantity of shares	Amount	Source of equity capital (NT\$1,000)	Investment by assets other than cash	Others
2008.11	13.3	700,000	7,000,000	409,459	4,094,590	Capital Reduction via Buyback Treasury Stocks Nullifying 120,000 Employees exercise stock options to issue common stock 990	None	2003.01.07 Letter No. (92) Taiwan-Finance-Securities- I-09100169535 Hsinchu Science Park Administration Yuan-Shang-Zi No. 0970033151
2008.12	9.7	700,000	7,000,000	408,475	4,084,750	Capital Reduction via Buyback Treasury Stocks Nullifying 9,840	None	Hsinchu Science Park Administration Yuan-Shang-Zi No. 0970036033
2009.07	10	700,000	7,000,000	412,968	4,129,682	Capitalization of retained earnings 44,932	None	Hsinchu Science Park Administration 2009.07.29 Yuan-Shang-Zi No. 0980020674
2011.03	16.80	700,000	7,000,000	413,037	4,130,372	Employees exercise stock options to issue common stock 690	None	Hsinchu Science Park Administration 2011.03.29 Yuan-Shang-Zi No. 1000008688
2012.12	9.00	700,000	7,000,000	415,337	4,153,372	Private Equity Convertible Bond to issue common stock 23,000	None	Hsinchu Science Park Administration 2012.12.14 Yuan-Shang-Zi No. 1010039187
2013.01	10.00	700,000	7,000,000	271,429	2,714,295	Capital reduction plan to offset company losses 1,439,076	None	Hsinchu Science Park Administration 2013.01.17 Yuan-Shang-Zi No. 1020001922
2013.04	13.77	700,000	7,000,000	294,450	2,944,505	Private Equity Convertible Bond to issue common stock 230,210	None	Hsinchu Science Park Administration 2013.04.03 Yuan-Shang-Zi No. 1020009670
2013.10	13.77	700,000	7,000,000	335,285	3,352,857	Private Equity Convertible Bond to issue common stock 408,351	None	Hsinchu Science Park Administration 2013.10.09 Yuan-Shang-Zi No. 1020030843
2015.10	13.77	700,000	7,000,000	400,645	4,006,452	Private Equity Convertible Bond to issue common stock 653,594	None	Hsinchu Science Park Administration 2015.10.13 Yuan-Shang-Zi No. 1040029287
2016.08	10	700,000	7,000,000	200,323	2,003,226	Capital reduction plan to offset company losses 2,003,226	None	Hsinchu Science Park Administration 2016.08.05 Chu-Shang-Zi No. 1050021609
2016.11	21	700,000	7,000,000	213,323	2,133,226	Capital injection 130,000	None	Hsinchu Science Park Administration 2016.11.29 Chu-Shang-Zi No. 1050033064

YY MM	Offering price (Face value)	Authorized capital		Paid-in capital		Remark		
		Quantity of shares	Amount	Quantity of shares	Amount	Source of equity capital (NT\$1,000)	Investment by assets other than cash	Others
2017.05	10	700,000	7,000,000	215,176	2,151,755	Convertible bonds 18,529	None	Hsinchu Science Park Administration 2017.05.25 Chu-Shang-Zi No. 1060014454
2017.08	10	700,000	7,000,000	220,528	2,205,284	Convertible Bond to issue common stock 53,529	None	Hsinchu Science Park Administration 2017.08.21 Chu-Shang-Zi No. 1060022853
2017.11	10	700,000	7,000,000	224,712	2,247,122	Convertible Bond to issue common stock 41,838	None	Hsinchu Science Park Administration 2017.11.23 Chu-Shang-Zi No. 1060032024
2018.01	10	700,000	7,000,000	228,028	2,280,283	Convertible Bond to issue common stock 33,161	None	Hsinchu Science Park Administration 2018.01.03 Chu-Shang-Zi No. 1061002905
2022.03	10	700,000	7,000,000	238,028	2,380,283	Capital injection 10,000	None	Hsinchu Science Park Administration 2022.03.16 Chu-Shang-Zi No. 1110007948
2023.12	10	700,000	7,000,000	252,028	2,520,283	Capital injection 14,000	None	Hsinchu Science Park Administration 2023.12.22 Chu-Shang-Zi No. 1120042215

(ii) Types of shares issued

April 15, 2024
Unit: share

Type of shares	Authorized capital			Remark
	Outstanding shares	Unissued shares	Total	
Common shares	252,028,320	447,971,680	700,000,000	-

(iii) Information on inclusive declaration system: Not applicable.

(iv) Shareholder Structure:

April 15, 2024

Shareholder Structure: Quantity	Government Agencies	Financial Institutions	Other Institutional Shareholders	Individuals	Foreign Institutional Shareholders and Individuals	Total
Number of Persons	1	11	207	66,053	86	66,358
Quantity of shares held	3	115,164	41,609,300	206,279,465	4,024,388	252,028,320
Proportion of shareholding	0.00%	0.05%	16.51%	81.84%	1.60%	100.00%

(v) Dispersion of Shareholdings:

April 15, 2024
NT\$10/share in face value

Shareholdings Along the Scale of Share Quantity	Number of Shareholders	Quantity of shares held	Proportion of shareholding
1 to 999	31,249	4,105,283	1.63%
1,000 to 5,000	27,480	54,651,589	21.69%
5,001 to 10,000	4,069	30,099,493	11.94%
10,001 to 15,000	1,340	16,419,223	6.51%
15,001 to 20,000	696	12,610,553	5.00%
20,001 to 30,000	625	15,335,237	6.08%
30,001 to 40,000	252	8,697,599	3.45%
40,001 to 50,000	187	8,361,375	3.32%
50,001 to 100,000	295	20,138,568	7.99%
100,001 to 200,000	106	14,719,606	5.84%
200,001 to 400,000	39	10,652,000	4.23%
400,001 to 600,000	6	3,025,026	1.20%
600,001 to 800,000	6	3,964,087	1.57%
800,001 to 1,000,000	3	2,804,123	1.11%
More than 1,000,001	5	46,444,558	18.44%
Total	66,358	252,028,320	100.00%

(vi) List of Dominant Shareholders:

April 15, 2024

Shares	Quantity of shares held	Proportion of shareholding
CyberTAN Technology Inc.	40,299,756	15.99%
Chi-Chia Hsieh	2,549,279	1.01%
Hui-Chen Chuang	1,464,523	0.58%
Ren-He Lin	1,080,000	0.43%
Yong-Fu Huang	1,051,000	0.42%
Jing-Ping Tseng	985,385	0.39%
Siou-Mei Wang	918,738	0.36%
Sheng-Sing Tseng	900,000	0.36%
Ruei-Yun Ou	728,490	0.29%
Citibank (Taiwan) Ltd. in custody for Maybank Securities Pte Ltd Investment Account	700,000	0.28%

(vii) Market Price, Net Worth, Earnings, and Dividends Per Common Share

Unit: NT\$, except for weighted average shares and return on investment ratios

Item		Year	2022	2023	April 30, 2024 (Note 9)
		Market price per share (Note 1)	Highest	79.70	53.00	37.90
	Lowest	33.15	35.05	29.95	
	Average	51.06	41.60	33.62	
Net value per share (Note 2)	Cum-dividend	8.73	7.47	6.90	
	Ex-dividend	-	- Note 8	-	
Earnings per share (Note 3)	Weighted average quantity of shares	236,220	238,680	252,028	
	Cum-dividends earnings per share	(2.06)	(2.60) Note 8	(0.72)	
	Ex-dividends earnings per share	-	-	-	
Dividends per share	Cash dividend		-	- Note 8	-
	Stock dividends	Capitalization of retained earnings into new shares for distribution	-	-	-
		Capitalization of additional paid-in capital into new shares for distribution	-	-	-
	Accumulated undistributed dividends (Note 4)		-	-	-
Analysis of ROI	Price/Earnings ratio (Note 5)		(24.79)	(16.00) Note 8	-
	Price/Profit ratio (Note 6)		N/A	N/A Note 8	-
	Cash dividends yield rate (Note 7)		N/A	N/A Note 8	-

Note 1: Specify the highest and lowest market price of each common share in relevant years, and calculate the average market price of the relevant year with reference to the trading value and volume.

Note 2: Fill in the information on the basis of the quantity of outstanding shares on the last day of the year, and the resolution of the Board of Director or Shareholders Meeting for distribution of the year.

Note 3: If stock dividends were paid with a retroactive adjustment, state the earnings per share before and after adjustment.

Note 4: If the issuance of equity securities allowed for the accumulation of undistributed dividends of the year to the year with earnings as a condition for offering, disclose the undistributed dividends accumulated to current period.

Note 5: P/E Ratio = The average closing price per share of the year/earnings per share.

Note 6: P/P Ratio = The average closing price per share of the year/cash dividends per share.

Note 7: Cash Dividends Yield = Cash dividend per share/the average closing price per share of the year

Note 8: Pending on the decision of the Shareholders' Meeting.

Note 9: The net value and earnings per share is the based on the information presented in the audited consolidated financial statements of 2024 Q1.

(VIII) Dividends Policy and the Implementation of the Policy:

1. Dividend Policy as Stated in the Articles of Incorporation:

The Company is now at the stage of stable growth in operation. In consideration of the macroeconomic environment and the specific nature of the industry, the capital needs and long-term financial planning of the Company for sustainable development and stable development, and the assessment of the capital expenditure and requirement of the future, the Company could appropriate at least 30% of its earnings as dividend for the shareholders. If the accumulated earnings available for distribution are less than 5% of the paid-in capital, no dividend will be paid. Cash dividends are preferred among other forms of shareholders' dividends. The percentage of cash dividends will range from 30-100% of the total dividends of the year for payment. The remainder could be paid by stock dividends. The Board shall propose the plan for the distribution of earnings and present to the Shareholders' Meeting for final approval.

2. The payment of dividend proposed to current session of the Shareholders' Meeting:

The Board dated on March 6, 2024 had approved no dividend distribution this year because the accumulated earnings available for distribution now were less than 5% of the paid-in capital.

(IX) The influence of issuance of bonus shares discussed in current session of the Shareholders' Meeting on the operation performance and earnings per share of the Company:

Not applicable. No issuance of bonus shares this year.

(X) Remuneration to the Employees and Directors:

1. Information on the remuneration to the employees and directors as Stated in the Articles of Incorporation

If the Company made a profit in the year, appropriate at least 7% as remuneration to the employees, which will be paid in cash or by stock as determined by the Board. The targets of payment include employees of subsidiaries meeting the designated conditions. The Company will, depending on the profit of the year, determine to appropriate no more than 1% of the earnings as remuneration to the directors in the care of the Board.

The proposal for the remuneration to the employees and the directors shall be reported to the Shareholders Meeting. The Company shall appropriate for covering carryforward loss, if applicable, and appropriate for the remuneration to the employees and Directors in the aforementioned percentages.

2. Information on the proposal of the Board on remuneration to the employees and the Directors.

(1) There was no remuneration to the employees and the Directors this year.

(2) The amount of remuneration to the employees by stock in proportion to the net income presented in the separate financial statements in current period and to the total remuneration to the employees: Not applicable.

3. The actual amount of remuneration to the employees and the Directors and the difference from the stated amount of remuneration to the employees and the directors in the previous year, the reason for the difference and response: There was no remuneration to the employees and the Directors in 2023.

(XI) The repurchase of shares by the Company: None.

(II) The offering of corporate bonds: None.

(III) The offering of preferred shares: None.

(IV) The issuance of overseas depository receipts: None.

(V) The issuance of ESO: None.

(VI) The issuance of restricted stocks: None.

(VII) Merger and acquisition, or acceptance of shares from assignment of other issuers: None.

(VIII) Fund utilization plan:

As of the date of publication of the annual report, the previous cash capital increase, merge or transfer of shares of other companies, issuance of new shares or bonds, and private placement of securities have all been completed in accordance with the plans. The following is a description of the contents and implementation of each plan :

1. The cash capital increase plan process of implementation

A. Particulars of the plan and implementation schedule:

The Company's capital utilization plan for the 2023 cash capital increase and issuance of new shares has received all the money due on December 15, 2023. The funds raised are NT\$399,000,000. All of which have been used to repay the bank loan, to satisfy the funding demands of the Company's long-term development in order to raise the surviving company's corporate competitiveness and profitability; and to ensure the sustainable growth of the surviving company's business and to bring positive impact on shareholders' rights and interests. After capital increase, it would improve the financial structure, business operation and development, and benefit to the shareholders' equity.

Unit: NT\$ Thousands

Item/Plan	Estimated Completion Date	Total funds required	Scheduled fund utilization progress
			2023 Q4
Repay bank loan	2023 Q4	504,000	504,000
Total		504,000	504,000

B. Implementation Situation

The funds raised are NT\$399,000,000. The actual expenditure amount in 2023 was NT\$399,000,000, all of which have been used to repay the bank loan. The raised funds has been paid for by bank loan or other means, and the progress of using the funds has been completed on schedule.

Unit: NT\$ Thousands

Item/Plan	Completion Date and Implementation situation			Reasons for progress ahead or behind schedule and improvement plans
	2023 Q4	Amount	Scheduled	
Repay bank loan		2023 Q4	Amount	Scheduled	504,000
	Actual			504,000
	Process	Process	Scheduled	100%
			Actual	100%

2. Assessing the difference between the expected benefit and the actual achievement—repay bank loan

A. Effect as of 2023

Unit: NT\$ Thousands

Institution	Interest (%)	Contract period	Currency	Purposes	The amount of loan	The amount of repayment	Reduced interest	
							2023	Future
Land bank	2.27	111.12.22~112.12.22	NTD	Operating Turnover	210,000	210,000	98	2,361
Taishin	2.51	112.07.31~113.07.31	NTD	Operating Turnover	300,000	89,000	313	7,530
ChinaTrust	2.82	112.04.30~113.04.30	NTD	Operating Turnover	100,000	100,000	118	2,820
Total						399,000	529	12,711

Note 1 : The above financing contracts can be used cyclically during the contract period, and the extension of the loan has been (will) be processed considering the availability of funds.

Note 2 : The repayment was made immediately after the fundraising is completed in December 2023, and the interest was saved in half month in 2023.

This capital utilization plan is to complete the cash capital increase and issuance of new shares in December 2023. The short-term bank loan of NT\$399,000,000 was be repaid in the end of FY 2023. After considering the amount, interest rate level and loan term of each loan repayment by the company, it is calculated based on the company's actual bank loan interest rate of 2.27%~2.82%. It saved NT\$12,711 thousands in interest expenses every year in the future, which could moderately reduce the financial burden of the company, improve its solvency, and increase capital flow. It is very beneficial to the future operation of the company.

A. Actual benefit as of 2024

Unit: NT\$ Thousands

Institution	Interest (%)	Contract period	Currency	Purposes	The amount of loan	The amount of repayment	Reduced interest	
							2023	Future
Land bank	2.27	111.12.22~112.12.22	NTD	Operating Turnover	210,000	210,000	98	2,361
Taishin	2.51	112.07.31~113.07.31	NTD	Operating Turnover	300,000	89,000	313	7,530
ChinaTrust	2.82	112.04.30~113.04.30	NTD	Operating Turnover	100,000	100,000	118	2,820
Total						399,000	529	12,711

Note 1 : The above financing contracts can be used cyclically during the contract period, and the extension of the loan has been (will) be processed considering the availability of funds.

Note 2 : The repayment was made immediately after the fundraising is completed in December 2023, and the interest was saved in 12 months in 2024.

The Company's capital utilization plan for repayment of bank loans has been fully implemented in December 2023. The benefits lie in saving interest expenses, improving financial structure, reducing dependence on banks, increasing flexibility in capital scheduling and reducing operational risks. If calculated based on the Company's actual repayment of bank loan details, it saved NT\$12,711 thousands in interest expenses every year from 2024.

3. The reasonableness of the purposes for unused capital

The issuance of new shares to be publicly offered has been completed in December 2023. The plan and progress is on schedule. The actual expenditure is NT\$399,000,000. There is no undisbursed funds. As a result, it is not applicable.

4. Whether there has been any deviation from the capital utilization plan

As of the end of 2024 Q1, the company has not changed its plans and projects, and the repayment of bank loans has been used up as scheduled, and there has been no deviation from the capital utilization plan.

V. Business Overview

(I). Business Contents

(i) Main business Contents and their business distribution

(The financial figures herein are excerpted from the Company's financial statements which are audited and certified by the accountants)

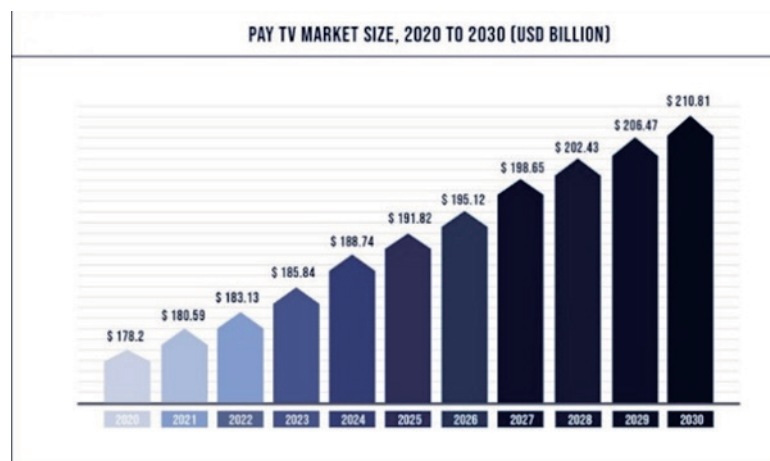
Our main business contents in 2023 included two categories: Satellite Communication Products and Telecommunication Products. The Satellite Communication Products consist of the satellite TV receiving equipment and commercial private satellite communication system; while the Telecommunication Products consist of the cell site equipment and digital microwave communication products.

(ii) Industry overview and its future development as well as trends

The industry overview and its future development as well as trends are reviewed for the satellite communication system as well as its devices, and the telecommunication system as well as its devices:

Satellite communication system and its devices

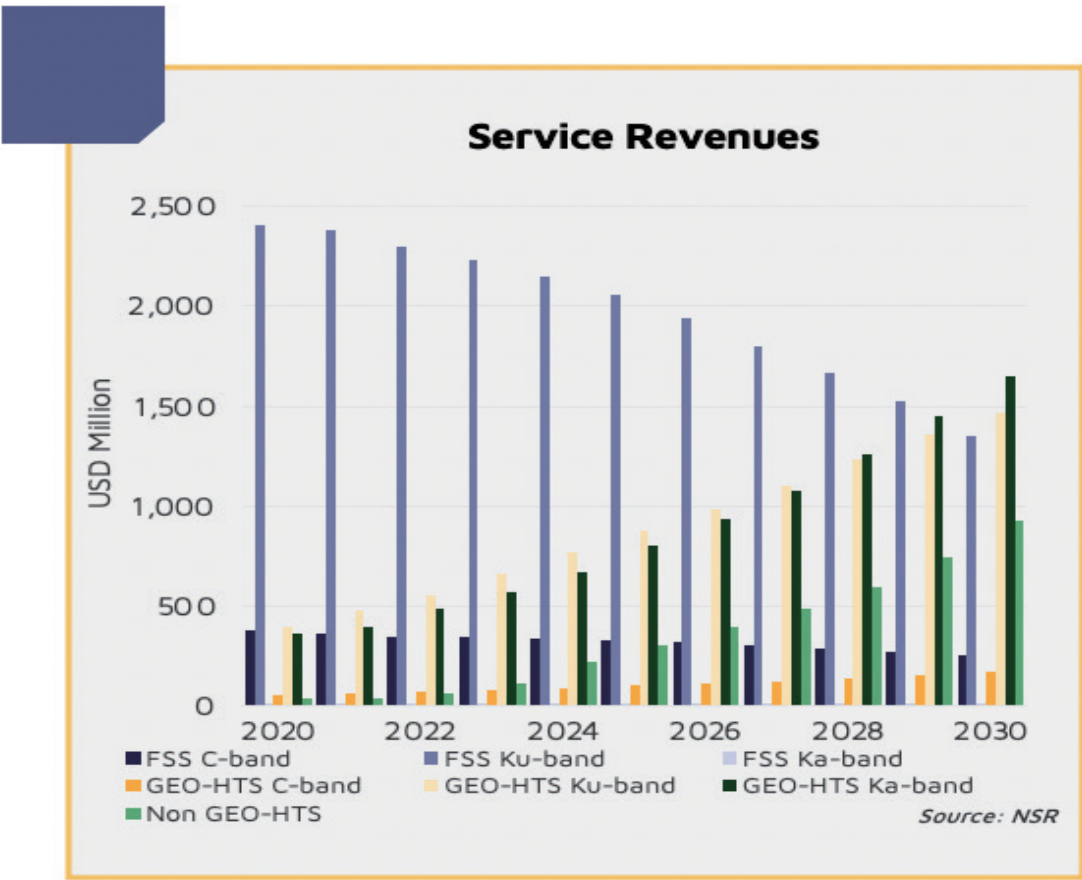
The evolution of technology, pay-TV operators can meet consumers' demand for TV entertainment through satellite TV, cable TV or Internet video and audio streaming services. Satellite live TV covers a wide range and lower external interference. It is relatively convenient and has low deployment costs in emerging markets. It can also meet the needs of high-definition live broadcast markets in developed countries.



Source: Precedence Research, 2020

The Very Small Aperture Terminal (VSAT) is mainly used to provide the broadband satellite services, such as the high-speed two-way voice, digital communications, and Internet, to the subscribers in the remote areas for which cable modems and DSL are unavailable. In response to the unprecedented demands for high data rate transmission business and broad-band multimedia applications, the HTS (High Throughput Satellite) system has been invented. For the satellite communication system, the C/Ku bands (each with 500 MHz bandwidth was commonly utilized

at the early stage. Nowadays, the high-frequency Ka band (2.5 GHz bandwidth) or even Q/V bands (each with 10 GHz bandwidth) are used, which drives the rapid development of the broadband satellite communications. As the broadband communication satellite system and space network technologies develop, the satellite communications have gradually entered the era of the Internet, with the advent of satellite Internet access. Currently, several airlines have provided the "in-flight Internet access" service. In the 5G era, LEO satellite communication will complement with the 5G base stations, which covers high mountain, desert, ocean and other areas that could not be penetrated by 5G base stations into the scope of communication. For this reason, the newly emerged satellite service providers, such as Space X, and OneWeb, have started to launch satellite to provide worldwide satellite communication service aiming at the realization of worldwide Internet. MTI is actively engaged in joint ventures with LEO satellite service providers recently to develop communication equipments for small size ground satellite stations.



Source: NSR Report, 2021

Mobile Communications 5G Open RAN Products

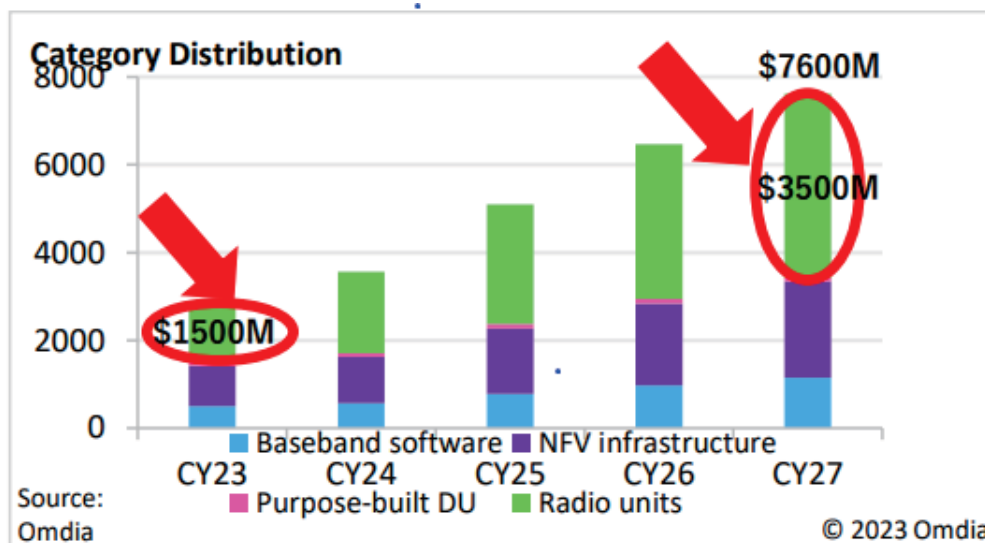
5G Open RAN micro stations, whether they are macro stations with power of more than 20W or small cells with less than 5W, will be split into different telecom equipment such as O-RU (Radio Unit), O-DU (Distributed Unit), and O-CU (Central Unit) in an open architecture. Therefore, the deployment of base stations has become more flexible, and the 5G base station architecture could be adjusted and combined according to the application needs of system integrators or operators.

Based on this open interface Open RAN standard, O-RU vendors can supply directly to system integrators or operators, which is conducive to entering the white label base station telecommunications equipment market and bringing a different business model from the past.

The companies with smaller market shares in the past, including Fujitsu, NEC, Samsung, and service-level software manufacturers, including R, P, M, and J, all hope to corner a large market share by having industrial ecology changed through Open RAN technology.

The most well-known cases are the use of Open RAN architecture by D of the United States and R Telecom of Japan, which breaks away from traditional large-scale base station equipment operators and integrates the overall 5G mobile Internet with servers, software, and hardware equipment from different companies.

According to the current and future adoption plans of international operators for Open RAN, the market is expected to grow continuously along with the increasing test and validation cases of traditional operators and the network deployment and operation performance of emerging operators, such as DISH and Rakuten. According to the research report of Omdia Research⁸ in 2023, the market scale of O-RU has been developed from NT\$1,500M in 2023 to NT\$3,500M in 2027, which is shown as follows:



In the past few years, the Company has continued to invest in the R&D teams in the United States and Denmark, and has designed and developed a number of base station equipment RUs (Radio Units) based on O-RAN open and standard interfaces with its own technology, which has been included in the network deployment plans of telecom operators in the United States and Europe.

Focusing on the significant increase in energy conservation in the European market, we have also started the development of second-generation products, so that product features such as light weight and energy saving are the highlights of the Company's competition.

Small cells could also extend the core network to densely populated urban areas, or they could be used in areas where the network is blocked by buildings to improve coverage and throughput.

In view of the business opportunity, the Company is accelerating the development of low-power and high-capacity small base station equipment by integrating its past experience in macro station O-RAN market development and RF engineering technology.

(iii) Linkage of industry upstream, midstream, and downstream

Upstream	Midstream (where the company is located)	Downstream
Suppliers of parts and components	Manufacturers of equipment	System integrators Telecoms or satellite service providers
Semiconductors, transistors, resistors, capacitors, printed circuit boards, transformers, filters, mechanical components, antennas	Companies specializing in R&D, manufacturing, assembly, etc.	System integrators Mobile communication/telecoms service providers Satellite TV service providers

(iv) Technological research and development

1. Based on the core RF(Radio Frequency) technology, the Company continues to develop the most niche products in the wireless communication market.
2. To meet the growth of our businesses, MTI has been investing in researching, developing and manufacturing of the following product lines:
 - User terminal equipment of LEO
 - To finish LEO transceiver/antenna module and establish key tech
 - The mass production transceiver and trial production of phased array antenna and monopole antenna
 - 5G O-RAN Radio Unit
 - Calibrate with rising vRAN/ORAN solution provider to support the infrastructure construction of 5G Open RAN RU operators.
3. Key R&D plans in 2023:
 - Completed 5G Open RAN RU
 - Finished North America system operators with ITO verification and software modification
 - Established the system test capability of frequency Band I&V
 - 3GPP TS36.141(4G LTE) and TS 38.141-1(5G NR) RF Conformance Software and hardware development of test system
 - Perform design verification of RF Conformance of various types of RRHs
 - Completed 5G Open RAN mm Wave FR2 Beam-Forming Phased Array Antenna Module (PAAM) Project
 - Practiced low-cost of millimeter-wave network technology - FWA (Fixed Wireless Access), broadband operation
 - LEO related projects
 - Completed customers verification of Ka-band Transceiver, implemented LEO UT system integration, and mass production
4. Patents related to newly developed technologies in 2023

Item	Name of Application Case	Applied Country	Type	Certificate No.	Approval Date
1	SATELLITE TRACKING SYSTEM AND METHOD THEREOF	TW	Invention	I793674	2023/02/21
2	SATELLITE TRACKING SYSTEM AND METHOD THEREOF	US	Invention	US 11,619,701	2023/04/04
3	MICROWAVE SYSTEM USING DIFFERENT POLARIZATIONS	US	Invention	US 11,662,375	2023/05/30
4	ELECTRONIC DEVICE	US	Invention	US 11,688,935	2023/06/27
5	ELECTRONIC DEVICE	EU	Invention	EP3934024	2023/07/06
6	電子デバイス	JP	Invention	7314241	2023/07/14
7	WAVEGUIDE TRANSITION STRUCTURE FOR RECEIVING SATELLITE SIGNALS	EU	Invention	EP3282516	2023/07/12

5. The R&D plan of main products in 2024 are described below:
 - (1) Focus on 5G NR RU new tech R&D and RU product mix, including
 - O-RAN eCPRI protocol 7.2x protocol New Software Requirement
 - DSP Back End and Front End IP
 - RU Energy Saving soft-, hard-ware design, strengthen base station energy saving effect
 - Multi-band of FR1 MIMO TDD Mode RU new product mix
 - Enter FR1 Micro Cell TDD mode RU new product development

- (2) GEO related projects
 - Maritime Software-define ODU of new generation Ka-band consumer satellite system
- (3) LEO related projects
 - Pilot Run 1W Ka-band TDD Mode transceiver and system test of LEO UT
 - R&D project for the Murti-Orbit-Utute solution
- (4) Estimated 2024 R&D expenditure: It is estimated that the R&D expenditure invested in 2024 approximately accounts for 30%~36% of the revenue

6. The R&D expenditure

(1) Stand-alone information

Unit: NT\$ Thousands

Year	2022	2023	2024 Q1
R&D expenditure	779,037	724,563	156,242
% of revenue	18%	22%	36%

(2) Consolidated information

Unit: NT\$ Thousands

Year	2022	2023	2024 Q1
R&D expenditure	731,186	682,354	145,403
% of revenue	16%	20%	34%

(v) Long and short-term business plans

1. Short-term business plan

- Strengthen current customers' relationships. By closely cooperating with our customers, the Company provides customized products and services with higher value. With the win-win relationship, it provides more cost-effective products to improve customer's competitiveness and increase its market share.
- Work with large system operators in each region of distribution to enhance the network of channels to provide timely services for customers and grasp business opportunities.
- Increase the contribution of the high value-added products to the total turnover, and take advantage of the Company's leading product development and technology capabilities to establish a marketing network to support key customers, improve the management of the supply chain, and shorten the delivery period.
- Continue to cultivate outstanding R&D talents, stay technological competitiveness, and rapidly launch new competitive products.
- Gather more information about the upstream and downstream of the industry to quickly respond to market demands and create niche products.

2. Long-term business plan:

- To achieve the goal of becoming the world-class supplier of professional RF communication equipment, continue to expand our customer base, and explore the market.
- To establish a long-term partnership with the suppliers of key components and good subcontractors to create a win-win strategy
- To forge alliances with the vendors of key technologies in the industry for technical cooperation, improvement of R&D strength, and building of a market-oriented and responsive R&D team.

(II). Market and sales overview

(1) Market analysis

1. Services and sales of main products

The Company has rich experience in professional ODM/OEM experience while our sales model is mainly ODM/OEM. For many years, we have been committed to forging alliances with global renowned communications companies and leading system vendors to provide rapid and flexible design and manufacturing services, and sell our products to every corner of the world through the global sale channel of system vendors.

2. Market supply and demand for products in 2023

Unit: NT\$ Thousands

Region	MTI Alone sales	Proportion	Consolidated sales	Proportion
America	1,552,180	46%	1,552,438	46%
Europe	1,081,389	32%	1,081,389	32%
Asia and others	708,830	22%	719,970	22%
Total	3,342,399	100%	3,353,797	100%

Satellite communication system and its devices

MTI's LNB products focus on digital multi-output, multi-satellite high-end products, and are the world's leading LNB suppliers for satellite TV pay-TV operators. High-end products are mainly in the US market, while Asia mainly provides low-end LNB, especially in India.

For Broadband Satellite products, the core product is Ka-band broadband VSAT Transceiver. Currently, Microelectronics Technology is the first professional manufacturer of the Ka-band VAST transceivers, and continues to invest in R&D of new products. In addition to the high-speed satellite Internet access, the applications include the in-flight broadband access during high-speed moving, which are offered to the main operators in North American broadband satellite market.

Ground station communication equipments

Microelectronics Technology Inc. (MTI) became a member of the Open RAN Alliance in 2019, hoping to directly provide telecom operators with 4G and 5G network RU equipment in the O-RAN ecosystem. Microelectronics Technology Inc. has strategically cooperated with the top SDN/NFV software companies in the United States to carry out various interoperability tests, receive product trial orders, and enter the O-RAN market in Europe, Southeast Asia, and India for on-site validations. In addition, benefiting from the company's long-term and stable relationship with Dish Network in the satellite business, a Multi-Band Radio Unit (RU) product research and development and product procurement contract was signed with Dish Wireless in September 2020 to provide radio frequency units equipment. In 2022, we will establish a partnership with a well-known Japanese system integrator (SI, System Integrator), and follow the 2022 network construction plan of a new German telecom operator, mass-produce and ship thousands of sets of radio unit radio units, (O-RU), mass production and shipment will continue in 2023. In addition, the company is also carrying out a number of new market development plans to continue to develop business opportunities for telecom operators in Japan, Australia, Canada and other places. MTI strives to win procurement contracts from local telecom companies with multiple tests performed.

Microelectronics Technology Inc. has professional design and manufacturing (ODM/OEM) experience in Taiwan and Wuxi. The company can provide engineering trial samples in real-time according to the needs of each customer; also, can help customers quickly start mass production. R&D teams in the United States and Denmark of MTI owns advanced 4G LTE/5G NR radio access network (RAN) technology. The core of the soft-, firm- and hard-ware used by RU are all developed by the company's engineering R&D team, fully mastering the autonomy of technology, The company aims to directly provide telecom operators with 4G and 5G network station radio unit (RU) equipment in the O-RAN ecosystem.

3. Competitive niche

- With its solid and outstanding RF design capability, the Company continue to focus on the product development of satellite communication system, cell sites, and microwave transmission equipment. By working with international companies, we develop the most niche products in the wireless communication market, help customers optimize their products, and enhance our market leadership.
- We have more-than-thirty-year experience in professional ODM/OEM/JDM. We are capable of providing engineering samples in real time and perform mass production. We can also provide flexible and trustworthy production services based on customer needs, which are well recognized by international companies.
- Through manufacturing consolidation and cost control, we can maintain competitive production costs, improve the operation performance, and profitability.
- The Company has been granted several management system certificates, such as ISO9001/TL9000, ANSI/ESD S20.20, ISO/IEC 17025, ISO14001, ISO45001, CNS4001, AS9100, and IATF 16949 to ensure the design and manufacture processes meet the highest standards, include the comprehensive design, optimized manufacturing processes, complete quality feedback and control system. We are committed to providing the product and services with the highest quality.

4. Positive and negative factors for future development

◆ Positive factors

- Wireless communication trend
 - The output value of the global wireless communications is increasingly growing with the growth of the global mobile phones and Internet which drive the demands for wireless transmission.
 - The global 5G NR RU wireless communication market is expanding actively.
 - O-RAN hybrid network allow operators to reduce the network deployment costs and improve flexibility.
 - The digital satellite TV and broadband satellite market needs to be tapped.
 - The trend of Low Earth Orbit (LEO) satellite communications is clearly developing.
 - The broadband technology becomes the mainstream. For the wireless broadband technology, the Company has started development of future-proof broadband technology in addition to its immense strength in satellite broadband technology over years.
- Large European and US companies seek outsourcing
 - Considering the production cost and professional division of labor of, large European and US companies have gradually outsourced their products which will create huge potential opportunities for Microelectronics Technology's ODM/OEM products.
 - The Company's 30-year ODM/OEM capability of RF products are well-received by many large international companies in the industry.
 - The outsourcing trend created by large communication companies will continue and require OEM to provide more extensive services from design, assembly to warranty. This trend enables Microelectronics Technology to take advantage of its outstanding

engineering and logistics management.

➤ Invested by CyberTAN and Foxconn Technology Group

- Since September 2012, CyberTAN and Foxconn Technology Group have jointly invested in the Company, and become the largest shareholders. It is expected that with the technical expertise and advantages of three companies, in terms of technological R&D, production manufacturing, and customer marketing, the Company can grasp enormous business opportunities which will be created by the new generation 4G/LTE communication technology and satellite communication demand.

➤ Research and Development Capabilities

MTI has close to 40 years' experience in professional design and manufacturing OEM capabilities in radio frequency, beginning from design, development and manufacturing for global big names like NOKIA. Today we have entered into the O-RAN market. Radio units developed and designed by MTI has received the recognition of many global telecommunications operators, which successively issued press releases announcing successful tests of radio units by MTI. The B3 products developed and designed by MTI were also recognized by Telecom Infra Project (TIP) as standard products. The long years of investment in R&D, coupled with future 5G trends, will bring about substantial returns for us.

◆ Negative factors

(1)The international situation is treacherous and changeable

(2)Satellite TV market is shrinking with the surge in the popularity of OTT streaming media services.

(3)In the global market, as the international telecom companies have performed the integration of the technology, services and products, it is more difficult to establish a relationship with the marketing channel which may affect the benefits of new products.

In light of disadvantages, the company made dynamic adjustments to overall corporate strategy and actively approached major players in global telecommunications and built strategic partnerships with them, as well as joined the O-RAN Alliance of the 5G industry and actively engaged in interactions with major global telecommunications operators to strengthen grasp over market trends and marketing channels, enhance R&D and design capabilities and production management, develop high-profit margin niche products and enhance product competitiveness to secure important positions in the market.

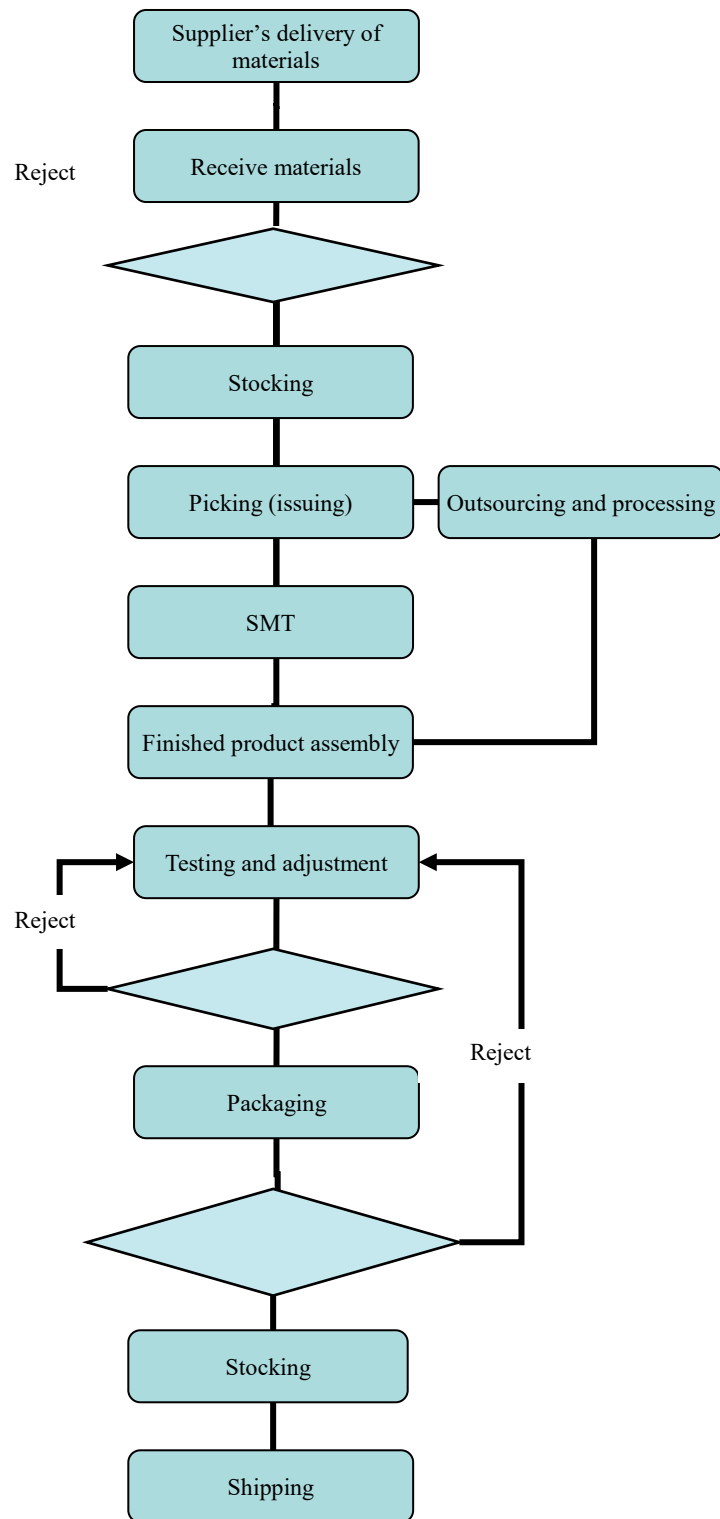
(2) Main product applications and production processes:

1. Main applications of our two key products:

Product items		Main applications
Satellite communication system and its devices	Low-Noise Block Downconverter (LNB)	<ul style="list-style-type: none"> - Direct Broadcasting Satellite (DBS). DBS broadcasts TV shows directly with high-power Ku-band or Ka-band satellites. Users can receive satellite TV programs with a small disc-typed antenna of approximately 45-60 cm width combination with set box.
	Very Small Aperture Terminal (VSAT)	<ul style="list-style-type: none"> ➤ The traditional commercial small satellite communication system uses satellite networks to provide immediate transmission of sound, data and images. The main applications include: <ul style="list-style-type: none"> - Private networks, such as bank account inquiries and transaction records, factory inventory management, and hotel reservations, etc. - Telephones in rural areas, such as developing countries with large geographical areas, scattered populations in rural areas, or countries dotted with islands such as Indonesia and the Philippines. - Distance education and telemedicine. - Video conferencing. - Disaster recovery. ➤ In recent years, broadband satellites have been used to provide services such as multimedia and high-speed Internet. Applications include: <ul style="list-style-type: none"> - SME (Small and Medium Enterprises) and household Internet access. - High-speed broadband Internet access for large enterprises or public hotspots. - Broadband Internet access for moving vehicles, such as sailing, aviation, and ground transportation.
Telecommunication system and its devices	Digital Microwave Radio	<ul style="list-style-type: none"> - Cellular Network Back-haul. - Transportation - Telephony in Developing Countries. - Disaster Recovery.
	Radio Frequency Identification (RFID)	<ul style="list-style-type: none"> ➤ The Company's RFID products are mainly UHF (850MHz-930 MHz), which can provide a longer reading range and higher reading speed. ➤ RFID has a wide variety of applications including: <ul style="list-style-type: none"> - Inventory and material management - Identification and tracking of valuables. - Transportation and supply chain tracking. - Object management for industries such as healthcare.

Product items		Main applications
	LTE/5G NR Remote Radio Head	<ul style="list-style-type: none"> - MTI 's new generation of RU supports the Split 7.2x architecture of the O-RAN Alliance, and also complies with the interface specifications of 3GPP standard and O-RAN Alliance, including power amplifier module, duplexer, RF linear module, power supply module, circuit signal bridging module, and RoE interface of customer DU with the use of eCPRU communication protocol , it assists our customers phase in mass production quickly and meet the latest generation of 4G LTE/5G NR RU or equipment, which can be supplied as follows : - Single Band RU (B1/B3/B5/B7/B20/B28/B71) supports different LTE/5G NR frequency bands and carrier combinations. - Dual Band or Triple Band RU(n1+n7/n66+n70 or n26+n29+n71)supports LTE/5G NR in one enclosure. - Both Single Band or Dual Band and Triple Band RU supports 2T/2R and 4T/4R MIMO operations.

2. The production process of the Company's products is as follows:



(3) Supply of key materials

The primary raw materials of the Company are active components, passive components, adapters, modules, PCBs, die-castings, plastic parts, hardware items, and wrapping materials, among others. There were total 379 contractors in 2023 and mainly distribution is as follows:

TW	US	CN	JP	Europe	Others
31%	23%	41%	2%	1%	2%

The Company always selects domestic and international contractors with leading technologies, sound quality assurance systems, and outstanding procurement cooperativeness and requires that suppliers follow local laws and regulations (regarding the environment, labor conditions, human rights, and society, among others) and go with international standards in restricted/prohibited substances and promise that they will not use conflict minerals.

The Company maintains optimal collaborative relationships with domestic and international suppliers while at the same time purchasing important parts and components strategically. Die-castings, plastic parts, hardware, and wrapping materials, among others, are mostly manufactured by domestic contractors according to the defined specifications and those close to the Company's factories are prioritized in order to reduce the transport risk and to lower the transport cost. Respective major suppliers keep close communications with the Company and market intelligence is exchanged at all times to jointly minimize the supply chain crisis.

Based on supplier's technology, quality, service, delivery period and cost, the Company makes an overall assessment to select good suppliers for long-term cooperation. The Company develop the supplier management guidelines based on the above principles:

- The Company regularly visits the factory by senior personnel at least every six months, share the market and price information with suppliers, and cooperates with manufacturers to make the company and customers more competitive in the market.
- In the initial stage of product design, the Company asks suppliers to participate in development of parts, so that they can meet the cost target of parts and their manufacturability will meet its needs.
- For the quality management of imported materials, on the other hand, TL-900 policy is followed and quality testing is done to meet international criteria.
- Regularly provides ratings and improvement reports on the overall performance of major suppliers monthly, that manufacturers can better understand their own performance.

(4) The suppliers and customers whose total purchases and total sales are more than 10% in one year of the last two years, and their purchase and sales amount as well as ratio

➤ Supplier Data

Amount Unit: NT\$ Thousands

2022		2023				Q1 2024					
Name	Amount	Ratio of annual net purchase	Relationship with the issuer	Name	Amount	Ratio of annual net purchase	Relationship with the issuer	Name	Amount	Ratio of annual net purchase as of the previous quarter of the year	Relationship with the issuer
Vendor G	256,258	7%	None	Vendor A	132,614	7%	None	Vendor M	45,358	22%	None
Vendor V	201,802	6%	None	Vendor AMW	123,985	6%	None	Vendor G	24,927	12%	None
Others	3,033,646	87%	-	Others	1,714,698	87%	-	Others	132,395	66%	-
Net purchase	3,491,706	100%	-	Net purchase	1,971,297	100%	-	Net purchase	202,680	100%	-

Difference between two years

(1) In 2023, the decrease in purchases of Vendor G's & V's materials is due to the decrease of product's revenue. The overall decrease in purchases is due to the inventory control policy in 2023.

➤ Customer Data

Amount Unit: NT\$ Thousands

2022			2023			Q1 2024					
Name	Amount	Ratio of annual net sales	Relationship with the issuer	Name	Amount	Ratio of annual net sales	Relationship with the issuer	Name	Amount	Ratio of annual net sales as of the previous quarter of the year	Relationship with the issuer
Customer G	822,984	18%	None	Customer G	805,385	24%	None	Customer G	219,857	51%	None
Customer X	763,667	17%	None	Customer X	663,059	20%	None	Customer F	64,389	15%	None
Customer Y	589,263	13%	None	Customer A	586,784	17%	None	Customer S	25,508	6%	None
Customer A	389,772	9%	None	Customer Y	370,762	11%	None	Customer A	17,272	4%	None
Others	1,916,615	43%	-	Others	927,807	28%	-	Others	103,995	24%	-
Net sales	4,482,301	100%	-	Net sales	3,353,797	100%	-	Net sales	431,021	100%	-

Comparisons between two years:

The increase in sales to customer A in 2023 compared to 2022 is due to increase in demand from this customer.

The decrease in sales to customer Y in 2023 compared to 2022 is due to decrease in demand from the customer.

(5) Production over the Last Two Years

Unit: Piece (set)
Value: NT\$ Thousands

Year	2022			2023		
	Production capacity	Yield	Output value	Production capacity	Yield	Output value
Product Type						
Satellite communication and Telecommunication system and devices	8,564,714	2,214,776	3,610,652	8,355,054	1,115,133	2,454,787
Total	8,564,714	2,214,776	3,610,652	8,355,054	1,115,133	2,454,787

(6) Sales over Last Two Years

Unit: Piece (set)
Value: NT\$ Thousands

Year	2022				2023			
	Domestic Sales		Export		Domestic Sales		Export	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Product Type								
Satellite communication/ Telecommunication system and its devices	12,512	131,798	2,343,403	4,350,503	73,169	153,832	1,181,669	3,199,965
Total	Quantity: 2,355,915 Value: 4,482,301				Quantity: 1,254,838 Value: 3,353,797			

(III). Number of employees over the last two years as of the published date, average seniority, average age and distribution of education level

Year		2022	2023	April 30, 2024
Number of employees	Production	562	328	297
	Engineering	281	177	169
	Sales	33	27	25
	Administration	117	77	73
	Total	993	609	564
Average age		38.40	41.15	41.80
Average seniority		8.78	11.53	12.31
Distribution of education level	Ph.D.	1.41%	1.64%	1.77%
	Master's	15.11%	18.69%	18.62%
	Bachelor's	45.12%	47.05%	48.94%
	High School	25.28%	29.02%	26.95%
	Below High School	13.08%	3.60%	3.72%

(IV). Environmental expenditure information

The Company’s ESH policy is focused on establishing a safe working environment, preventing occupational injury and illness, keeping employees healthy, enhancing every employee’s awareness and sense of accountability to ESH, and building a strong ESH culture.

The main completed tasks are as follows

1. Continuous to promote the management of waste recycling and classification and storage area labeling, and implement training for employees to strong environmental awareness. In order to ensure that all waste is treated and recycled properly, MTI closely tracks the recycling and reuse practices of its cleanup and disposal vendors, the Company carefully selects waste disposal and recycling vendors that have certificates and permits.
2. MTI has been ISO 14001 certified (environmental management) and ISO 45001 certified (occupational health and safety management). All the above certifications are passed verification by BSI and maintained valid on December 19th, 2023.
3. EHS management plans: lighting energy saving improvement - replacement of LED lamps in 2023, optimize safety standard of equipments, emergency response evacuation and escape routes, health promotion, electric hydraulic pallet truck, and safety scoring system. In order to reduce health risks, the Company aims to improve the process and workplace. To mitigate health risks to employees, suppliers and contractors in the workplace, MTI has adopted rigorous safety and health control measures focused on preventing occupational injuries and diseases and promoting employee safety, physical and mental health.
4. Promotion of green product solutions: In addition to the establishment of the ISO14001 environmental management system, Microelectronics Technology has established a “Green Product (GP) Management System” in response to RoHS requirements to meet customer and international environmental law and regulations, and requires suppliers to announce the compliance with REACH and conduct inventory.
To minimize the supply chain risk and fulfill corporate social responsibility, MTI not only follows ESH best practices internally but also strives to improve the ESH performance of its suppliers and contractors through audits and counselling.
5. MTI believes that climate change should be regarded as a significant corporate risk that must be managed to improve competitiveness. For MTI’s climate change related risks and control measures, see the Climate-Related Information Implementation Status section under on page 68-71 of this Annual Report
6. Each environmental and energy saving indicator in 2023:

Unit: Ton

2023	Water Usage	Waste Quantity	Recycle Quantity
Performance	41,216	92.89	31.97

7. CO2 emissions over last year and performance of emission reduction

Unit: Metric ton CO2 equivalent

Year	Scope 1	Scope 2	Reduction
2023	573	4,653	1,153
2022	180	6,199	(1,614)

8. Environmental Audit Results in Violation of Environmental Regulations: In 2023 and as of the date of this Annual Report, MTI has had no environmental regulation violations.

(V).Labor relations

1. Harmonious labor relations - shared concern and mutual growth

Human capital is MTI's most treasured asset. The Company strives to provide employees with meaningful work content, a safe and pleasant work environment that is both diverse and inclusive, and high-quality compensation and benefits. MTI actively encourages employees to nurture and enjoy a healthy family life, develop personal interests, and, in general, live a happy life.

- Talent development is crucial to the completion of these strategic goals. In addition to creating a diverse and inclusive workplace environment that encourages employees to learn and develop their strengths, MTI also attaches great importance to continuous development of the capabilities of all employees. The Company integrates internal and external resources, provides challenging work in a world-class workplace and creates a diverse learning environment. In addition, the Company has initiated the MTI Employee Training and Education Procedures to equip employees with future capabilities. MTI plans and develops the capabilities required by colleagues of all levels based on duties, professions and organizational development, so that the Company can grow together with goals.
- MTI's compensation programs providing employees with a locally competitive base salary, annual bonuses are granted as a part of total compensation, in line with local regulations, market practices and the overall operating performance.
- MTI offers employee benefits that are superior to the applicable statutes. The Company provides employees with statutory labor insurance and national health insurance as well as comprehensive paid group insurance plans. Coverage includes life insurance and insurance for accidents, hospital coverage, cancer and critical illness and business travel. There are also various employee self-paid group insurance plans available at lower prices for employee family members. In addition, MTI provides pensions, financial assistance for emergencies, subsidies for marriage, childbirth and funerals, as well as discounts in designated shops.
- MTI sponsors various internal award programs to recognize employees for outstanding achievement, both individual and at a team level. With these award programs, MTI aims to encourage continued employee development, which also enhances the Company's competitive advantage.
- The Company encourages employees to exercise regularly and holding regular sports events to help employees achieve work-life balance.
- MTI values employee communication and is committed to keeping communication channels open and transparent between managers, employees, and among peers. The Company is committed to ensuring that employees are able to communicate and share ideas and concerns with management regarding work conditions and management practices without fear of recrimination, reprisal, intimidation or harassment.

2. Employee Behavior and Ethics

Integrity is the most important core value. MTI has instituted the "Ethical Corporate Management Best Practice Principles" to require that each employee bears a heavy personal responsibility to uphold MTI's ethics value, reputation, and responsibility to comply with laws. Their contents are:

- Non-compete clause: The employee may not engage in, be employed by or participate in any business that directly or indirectly competes with Microelectronics Technology Inc. or its affiliates without permission.
- Prevention of conflict of interest: The employee may deal with official duties with an objective attitude and should avoid situations in which individuals have potential conflicts of interest

with the Company.

- Avoid opportunities for self-dealing: employees must not handle private business on behalf of Microelectronics Technology, or use authority to take advantage of personal interests.
- Responsibility for protecting the Company's business secrets: Except for the information authorized or required by laws and regulations for disclosure, the information of Microelectronics Technology or the customer should be kept confidential.
- Respect the intellectual property rights of the Company and others: Comply with the with the provisions of the Copyright Act and related regulations of intellectual property rights
- Fair Trade: Microelectronics Technology's customers, suppliers, competitors and employees should be treated in a fair and objective manner.
- Protect and properly use company assets: The employees are responsible for protecting the assets of Microelectronics Technology and ensuring that it can be used effectively and legally in business matters.

3. Education and training and development

MTI's education and training system is based on duties, professions and organizational development. It plans the implementation direction of the education and training, and combines physical and online learning resources to provide a learning blueprint for employees. The Company provides a variety of courses are listed below,

- Training about product applications: Expertise or skills training related to product and product applications.
- Training of professional functions: In addition to products and product applications, training about other technical or business-related professional knowledge and skills includes various working procedures, processes, instrument and facilities management and environmental management.
- Quality management training: Improve quality related knowledge and skills training
- Management training: To improve management-related knowledge and skills,
- General education and training: Related to the Company's values, various rules and regulations, or necessary training used to enhance the common knowledge, ability, labor safety and environmental management, and environmental management.

MTI plans a complete knowledge management platform to accumulate human capital, upholds a humanized management system for employees, and makes employees happy to work. This is the belief that MTI has always upheld. In addition to providing a comprehensive education and training program and environment, MTI also emphasizes development of employees' career. The diverse resources are provided for on-the-job training, work authorization, task assignment, project participation, mentor system, job rotation and external training opportunities, and talent training management, combined with performance management system to stimulate employees' potential and achieve organizational performance improvement for the personal growth.

4. Existing important labor agreements and their implementation

- Employee benefits:
The Company's Employee Welfare Committee was established on December 11, 1984 and approved by the Hsinchu Science Park Bureau on December 23, 1984. Since its establishment, each business unit has performed according to the regulations and has good performance.

➤ Retirement system:

- (1) The Company's Supervisory Committee of Business Entities' Labor Retirement Reserve was established on December 11, 1985 and was approved by Hsinchu Science Park Bureau on December 23, 1985. Since the establishment of the committee, the monthly appropriated labor pension reserve funds based on the total salary ratio, and the standard and method of application for pension payment are handled in accordance with Labor Standards Act. Since July 1, 2005, the company was based on the "Labor Pension Act". The Ordinance has a retirement scheme that is determined to be applicable to employees of this nationality. The Company selects the part of the labor pension system stipulated in the "Labor Pension Act" for employees. It pays 6% of the salary to the individual accounts of the employees of the Bureau of Labor Insurance every month. The payment of the employee's pension is based on the individual pension of the employee. The amount of the special account and the accumulated income will be collected by monthly pension or one pension.
- (2) Our subsidiary, Jupiter Technology (Wuxi) Co., Ltd., in Mainland China has appropriated 16% of the total salaries of the local employees as pension fund every month in conformity to the law of the People's Republic of China governing the retirement and pension system.
- (3) Our subsidiary, MTI Laboratory Inc., does not need to pay pension fees in accordance with local laws and regulations; RadioComp ApS provides a salary fee of 5% of the total salary as pension in accordance with local laws and regulations.

➤ Other important agreements: None

5. Losses due to the labor dispute over last three years: None

(VI). Information Security Management: Please refer to Page 133 ~ 134

(VII). Important contracts

The date of the annual report, the date of publication, the date of publication and the most recent annual supply and sales contract, technical cooperation contract, engineering contract, long-term loan contract and other important contracts that affect shareholders' equity, the main content, the restrictions and the date of commencement of the contract:

Contract property	Interested parties	Contract date	Main content	Restrictions
Factory rental	CyberTAN Technology, Inc.	2022.07.01 ~ 2023.06.30	The Company rents an area of 7,526 square meters as factories.	None
Land access	Wuxi Land and Resources	2008.09.29 ~ 2058.09.28	Jupiter Technology has acquired the land access for Research and Development Park of Taihu International Technology Park, Wuxi, with an area of 15,249.6 square meters.	None
Long-term debt payable	Mega International Commercial Bank	2019.12.23~ 2025.12.15	"Loans for Returning Overseas Taiwanese Business" 6-year Loan for Machine & Equipment Purchase NT\$340 million.	"Loans for Returning Overseas Taiwanese Business" Only for the purchase of machinery & equipment, not for revolving
Long-term debt payable	Mega International Commercial Bank	2020.09.30~ 2026.09.15	"Loans for Returning Overseas Taiwanese Business" 6-year Loan for Working Capital Need NT\$200 million.	Provide the working capital need "Loans for Returning Overseas Taiwanese Business" cannot be revolved.
Long-term debt payable	Land Bank of Taiwan	2021.02.05~ 2026.02.05	"Loans for Returning Overseas Taiwanese Business" 5-year Loan for Working Capital Need NT\$250 million	Provide the working capital need "Loans for Returning Overseas Taiwanese Business" cannot be revolved.
Long-term debt payable	The Shanghai Commercial & Savings Bank	2020.03.31~ 2025.03.15	"Loans for Returning Overseas Taiwanese Business" 5-year Loan for Working Capital Need NT\$300 million	Provide the working capital need "Loans for Returning Overseas Taiwanese Business" cannot be revolved
Long-term debt payable	The Shanghai Commercial & Savings Bank	2023.09.15~ 2027.09.15	"Loans for Equipment (Fifth)" 4-year Loan for Working Capital Need NT\$10 billion	Provide equipment export cannot be revolved

VI. Financial Position

(I). Condensed Balance Sheets and Comprehensive Income Statements covering the period from 2019.01.01 to 2023.12.31

1. Condensed Consolidated Balance Sheet - IFRS

Unit: NT\$ Thousands

Item	Year	Financial information of the period 2019.01.01 ~ 2023.12.31 (Note 1)					Financial information of current period to 2024.03.31 (Note 2)
		2019	2020	2021	2022	2023	
Current assets		3,245,272	3,451,306	4,563,530	4,501,789	3,529,793	3,282,092
Property, plant and equipment (Note 3)		495,226	522,570	573,940	657,372	576,849	566,298
Intangible assets		302,120	304,576	298,072	313,755	308,455	307,841
Other assets		981,606	1,121,331	1,116,808	1,068,134	1,063,304	1,031,237
Total assets		5,024,224	5,399,783	6,552,350	6,541,050	5,478,401	5,187,468
Current liabilities	Cum-dividend	1,778,982	1,888,517	3,281,470	3,325,624	2,809,723	2,768,083
	Ex-dividend	1,778,982	1,888,517	3,281,470	3,325,624	(Note 4)	(Note 4)
Non-current liabilities		589,787	1,091,736	1,308,514	1,137,822	786,659	680,894
Total liabilities	Cum-dividend	2,368,769	2,980,253	4,589,984	4,463,446	3,596,382	3,448,977
	Ex-dividend	2,368,769	2,980,253	4,589,984	4,463,446	(Note 4)	(Note 4)
Shareholders equity attributable to the parent company		2,655,455	2,419,530	1,962,366	2,077,604	1,882,019	1,738,491
Capital stock		2,280,283	2,280,283	2,280,283	2,380,283	2,520,283	2,520,283
Additional paid-in capital		402,937	402,937	402,937	830,132	1,091,896	1,091,896
Retained earnings	Cum-dividend	220,811	101,062	(339,909)	(790,778)	(1,418,207)	(1,598,433)
	Ex-dividend	220,811	101,062	(339,909)	(790,778)	(Note 4)	(Note 4)
Other equity		(248,576)	(364,752)	(380,945)	(342,033)	(311,953)	(275,255)
Treasury shares		-	-	-	-	-	-
Uncontrolled equity		-	-	-	-	-	-
Total equity	Cum-dividend	2,655,455	2,419,530	1,962,366	2,077,604	1,882,019	1,738,491
	Ex-dividend	2,655,455	2,419,530	1,962,366	2,077,604	(Note 4)	(Note 4)

Note 1: The Financial information in the period of 2019.01.01 to 2023.12.31 was based on the audited financial statements of the Company.

Note 2: The 2024 Q1 financial information was based on the financial statements reviewed by Independent Auditors.

Note 3: No asset re-evaluation has been conducted in the aforementioned periods.

Note 4: The proposal for the 2023 losses mark-up is pending the final approval of the Shareholders' Meeting and is not presented here.

2. Condensed Consolidated Comprehensive Income Statement- IFRS

Unit: NT\$ Thousands

Item	Year	Financial information of the period 2019.01.01 ~ 2023.12.31 (Note 1)					Financial information of current period to 2024.03.31 (Note 2)
		2019	2020	2021	2022	2023	
Revenue		5,798,880	3,949,997	3,929,852	4,482,301	3,353,797	431,021
Gross profit		952,277	739,872	515,172	629,308	433,518	32,414
Operating income		12,781	(137,009)	(475,162)	(418,739)	(526,583)	(165,514)
Non-operating income and expense		(2,256)	56,464	16,754	(47,370)	(27,275)	(11,959)
Earnings before taxation		10,525	(80,545)	(458,408)	(466,109)	(553,858)	(177,473)
Net income of continuing operations in current period		1,684	(95,415)	(450,016)	(486,411)	(619,758)	(180,226)
Loss from discontinued operations		-	-	-	-	-	-
Net income (loss) in current period		1,684	(95,415)	(450,016)	(486,411)	(619,758)	(180,226)
Other comprehensive incomes in current period (Net income)		(60,180)	(140,510)	(7,148)	74,454	22,409	36,698
Total comprehensive income in current period		(58,496)	(235,925)	(457,164)	(411,957)	(597,349)	(143,528)
Net income attributable to the shareholders of parent company		1,684	(95,415)	(450,016)	(486,411)	(619,758)	(180,226)
Net income attributable to uncontrolled equity		-	-	-	-	-	-
Total comprehensive income attributable to the shareholders of parent company		(58,496)	(235,925)	(457,164)	(411,957)	(597,349)	(143,528)
Total comprehensive income attributable to uncontrolled equity		-	-	-	-	-	-
Earnings per share		0.01	(0.42)	(1.97)	(2.06)	(2.60)	(0.72)

Note 1: The Financial information in the period of 2019.01.01 to 2023.12.31 was based on the audited financial statements of the Company.

Note 2: The 2024 Q1 financial information was based on the financial statements reviewed by Independent Auditors.

3. Condensed Stand-alone Balance Sheet - IFRS

Unit: NT\$ Thousands

Item	Year	Financial information of the period 2019.01.01 ~ 2023.12.31				
		2019	2020	2021	2022	2023
Current assets		2,200,703	2,507,893	3,618,560	3,891,842	2,948,167
Property, plant and equipment (Note 2)		93,334	119,451	177,033	233,326	201,867
Intangible assets		163,085	166,109	163,048	162,264	157,024
Other assets		2,219,892	2,401,619	2,349,632	2,158,279	2,242,874
Total assets		4,677,014	5,195,072	6,308,273	6,445,711	5,549,932
Current liabilities	Cum-dividend	1,513,458	1,753,740	3,096,197	3,311,675	2,949,606
	Ex-dividend	1,513,458	1,753,740	3,096,197	3,311,675	Note 3
Non-current liabilities		508,101	1,021,802	1,249,710	1,056,432	718,307
Total liabilities	Cum-dividend	2,021,559	2,775,542	4,345,907	4,368,107	3,667,913
	Ex-dividend	2,021,559	2,775,542	4,345,907	4,368,107	Note 3
Shareholders equity attributable to the parent company		2,655,455	2,419,530	1,962,366	2,077,604	1,882,019
Capital stock		2,280,283	2,280,283	2,280,283	2,380,283	2,520,283
Additional paid-in capital		402,937	402,937	402,937	830,132	1,091,896
Retained earnings	Cum-dividend	220,811	101,062	(339,909)	(790,778)	(1,418,207)
	Ex-dividend	220,811	101,062	(339,909)	(790,778)	Note 3
Other equity		(248,576)	(364,752)	(380,945)	(342,033)	(311,953)
Treasury shares		-	-	-	-	-
Uncontrolled equity		-	-	-	-	-
Total equity	Cum-dividend	2,655,455	2,419,530	1,962,366	2,077,604	1,882,019
	Ex-dividend	2,655,455	2,419,530	1,962,366	2,077,604	Note 3

Note 1: The Financial information in the period of 2019.01.01 to 2023.12.31 was based on the audited financial statements of the Company.

Note 2: No asset reevaluation has been conducted in the aforementioned periods.

Note 3: The proposal for the 2023 losses mark-up is pending on the final approval of the Shareholders' Meeting and is not presented here.

4. Condensed Separate Comprehensive Income Statement - IFRS

Unit: NT\$ Thousands

Item \ Year	Financial information of the period 2019.01.01 ~ 2023.12.31				
	2019	2020	2021	2022	2023
Revenue	4,922,305	3,165,331	3,606,238	4,406,763	3,342,399
Gross profit	777,893	498,049	383,628	634,365	264,408
Operating income	(48,095)	(183,873)	(465,289)	(326,292)	(644,889)
Non-operating income and expense	49,779	88,458	9,273	(152,657)	76,331
Earnings before taxation	1,684	(95,415)	(456,016)	(478,949)	(568,558)
Net income of continuing operations in current period	1,684	(95,415)	(450,016)	(486,411)	(619,758)
Loss from discontinued operations	-	-	-	-	-
Net income (loss) in current period	1,684	(95,415)	(450,016)	(486,411)	(619,758)
Other comprehensive incomes in current period (Net income)	(60,180)	(140,510)	(7,148)	74,454	22,409
Total comprehensive income in current period	(58,496)	(235,925)	(457,164)	(411,957)	(597,349)
Net income attributable to the shareholders of parent company	1,684	(95,415)	(450,016)	(486,411)	(619,758)
Net income attributable to uncontrolled equity	-	-	-	-	-
Total comprehensive income attributable to the shareholders of parent company	(58,496)	(235,925)	(457,164)	(411,957)	(597,349)
Total comprehensive income attributable to uncontrolled equity	-	-	-	-	-
Earnings per share	0.01	(0.42)	(1.97)	(2.06)	(2.60)

Note: The Financial information in the period of 2019.01.01 to 2023.12.31 was based on the audited financial statements of the Company.

5. Names of the external auditors in the period of 2019.01.01 to 2023.12.31 and audit opinion

Audit Year	Name of CPA Office	Name of CPA	Audit Opinion
2019	PwC Taiwan	Yu-Kuan Lin Tien-Yi Lee	Unqualified opinion
2020	PwC Taiwan	Yu-Kuan Lin Tien-Yi Lee	Unqualified opinion
2021	PwC Taiwan	Tien-Yi Lee Yu-Kuan Lin	Unqualified opinion
2022	PwC Taiwan	Tien-Yi Lee Chien-Yu Lin	Unqualified opinion
2023	PwC Taiwan	Tina Cheng Chien-Yu Lin	Unqualified opinion

(II).Financial Analysis in the period from 2019.01.01 to 2023.12.31

1. Consolidated financial analysis - IFRS

Items of analysis		Financial Analysis in the period 2019.01.01 ~ 2023.12.31 (Note 1)					Financial information of current period to 2024.03.31 (Note 2)
		2019	2020	2021	2022	2023	
Financial Structure (%)	Liabilities to assets ratio	47.15	55.19	70.05	68.24	65.65	66.49
	Long-term capital to property, plant and equipment ratio	655.31	671.92	569.90	489.13	462.63	427.23
Ability to repay debts%	Current ratio	182.42	182.75	139.07	135.37	125.63	118.57
	Quick ratio	131.53	125.41	71.58	62.95	60.98	57.45
	Debt service coverage ratio	1.92	(4.06)	(21.81)	(9.96)	(5.66)	(7.82)
Operating ability	Receivables turnover (time)	4.08	3.76	3.69	4.29	4.10	2.71
	Average days of collection	89	97	99	85	89	135
	Inventory turnover (time)	3.88	2.98	2.04	1.65	1.34	0.89
	Payables turnover (time)	3.20	3.72	3.43	3.67	4.27	4.93
	Average days of sale	94	122	179	221	272	410
	Property, plant and equipment turnover (time)	11.19	7.76	7.17	7.28	5.43	3.02
	Total assets turnover (time)	1.06	0.76	0.66	0.68	0.56	0.32
Profitability	Return on assets (%)	0.10	(1.53)	(7.20)	(6.69)	(8.96)	(12.06)
	Return on equity (%)	0.06	(3.76)	(20.54)	(24.08)	(31.30)	(39.82)
	EBT to paid-in capital ratio (%)	0.46	(3.53)	(20.10)	(19.58)	(21.98)	(28.17)
	Net income ratio (%)	0.03	(2.42)	(11.45)	(10.85)	(18.48)	(41.81)
	Earnings per share (NTD)	0.01	(0.42)	(1.97)	(2.06)	(2.60)	(0.72)
Cash flows	Cash flow ratio (%)	12.32	2.53	(Note 4)	(Note 4)	(Note 4)	(Note 4)
	Cash flow adequacy ratio (%)	87.73	77.21	23.04	23.75	12.70	7.39
	Cash re-investment ratio (%)	5.86	1.54	(48.40)	(12.56)	(7.91)	4.19
Leverage:	Operating leverage	48.79	(Note 3)	(Note 3)	(Note 3)	(Note 3)	(Note 3)
	Financial leverage	(1.28)	0.90	0.96	0.90	0.87	0.89

Explain the changes in the financial ratios in the last 2 years and the reasons for the changes:

1. The ability to re-pay debts: The debt service coverage ratio in 2023 was lower due to higher interest paid.
2. Operating ability: Average days of sale is longer due to the customer demand deferred.
3. Profitability: The profitability was negative due to net loss after tax in 2023.
4. Cash flows: The better ratio is due to the decrease cash outflow from operating activities in 2023.
5. Leverage: Due to operating loss in 2023.

Note 1: The financial information in the period from 2019.01.01 to 2023.12.31 was audited.

Note 2: The 2024 Q1 financial information was reviewed by the Independent Auditors.

Note 3: No calculation as operating income minus interest expense was negative.

Note 4: Not applicable when operating cash outflow was reported.

The equations for calculation are shown below:

1. Financial Structure

(1) Liabilities to assets ratio = Total liabilities/total assets

(2) Long-term capital to property, plant and equipment ratio = (total equity + non-current liabilities)/net property, plant and equipment

2. Ability to repay debts

(1) Current ratio = current assets/current liabilities

(2) Quick ratio = (current assets – inventory – prepayment)/ current liabilities

(3) Debt service coverage ratio = EBIT/interest expense in current period

3. Utility

(1) Receivables (including account receivables and note receivables from business operation) turnover = net sale/balance of average receivables in each period (including account receivables and note receivables from business operation).

(2) Average days of collection = 365/ account receivable turnover

(3) Inventory turnover = cost of sale/ average inventory

(4) Payables (including account payables and note payables from business operation) turnover = net sale/balance of average payables in each period (including account payables and note payables from business operation)

(5) Average days of sale = 365/inventory turnover

(6) Property, plant, and equipment turnover = net sale / average net property, plant, and equipment

(7) Total asset turnover = net sale/ average total assets

4. Profitability

(1) Return on assets = [net income + interest expense x (1-tax rate)] / average total assets

(2) Return on equity = net income / average total equity

(3) Net income ratio = net income/net sale

(4) Earnings per share = (income attributable to parent company – preferred share dividend) / weighted average outstanding shares

5. Cash flows

(1) Cash flow ratio = cash flow from operation /current liabilities

(2) Net cash flow adequacy ratio = net cash flows from operation in the last 5 years / (capital expenditures + inventory increment + cash dividends) of the last 5 years

(3) Cash re-investment ratio = (net cash flows from operation – cash dividend) / (gross property, plant, and equipment + other non-current assets + working capital)

6. Leverage:

(1) Operating leverage = (net sales – variable operating costs and expense) operating income

(2) Financial leverage = operating income / (operating income – interest expense)

2. Stand-Alone Financial Analysis - IFRS

Year Items of analysis		Financial Analysis in the period 2019.01.01 ~ 2023.12.31 (Note 1)				
		2019	2020	2021	2022	2023
Financial Structure (%)	Liabilities to assets ratio	43.22	53.43	68.89	67.77	66.09
	Long-term capital to property, plant and equipment ratio	3,389.50	2,880.96	1,814.39	1,343.20	1,288.14
Ability to re-pay debts%	Current ratio	145.41	143.00	116.87	117.52	99.95
	Quick ratio	105.42	93.87	61.61	53.73	48.80
	Debt service coverage ratio	1.56	(6.02)	(24.59)	(10.95)	(6.55)
Operating ability	Receivables turnover (time)	4.27	3.56	3.63	4.51	4.38
	Average days of collection	86	102	101	81	83
	Inventory turnover (time)	5.59	3.58	2.46	1.95	1.65
	Payables turnover (time)	4.39	3.64	3.43	3.74	4.11
	Average days of sale	65	102	149	187	221
	Property, plant and equipment turnover (time)	56.55	29.75	24.33	21.48	15.36
	Total assets turnover (time)	1.00	0.64	0.63	0.69	0.56
Profitability	Return on assets (%)	0.39	(1.67)	(7.52)	(6.90)	(9.12)
	Return on equity (%)	0.06	(3.76)	(20.54)	(24.08)	(31.30)
	EBT to paid-in capital ratio (%)	0.07	(4.18)	(20.00)	(19.16)	(22.56)
	Net income ratio (%)	0.03	(3.01)	(12.48)	(11.04)	(18.54)
	Earnings per share (NTD)	0.01	(0.42)	(1.97)	(2.06)	(2.60)
Cash flows	Cash flow ratio (%)	15.23	(Note 2)	(Note 2)	(Note 2)	(Note 2)
	Cash flow adequacy ratio (%)	189.34	123.17	21.33	16.48	12.08
	Cash re-investment ratio (%)	6.00	(6.59)	(43.72)	(11.02)	(19.15)
Leverage	Operating leverage (Note 4)	(Note 3)	(Note 3)	(Note 3)	(Note 3)	(Note 3)
	Financial leverage	0.74	0.93	0.96	0.88	0.90

Explain the changes in the financial ratios in the last 2 years and the reasons for the changes:

1. The ability to re-pay debts: The debt service coverage ratio in 2023 was lower due to higher interest paid.
2. Operating ability: Average days of sale is longer due to the customer demand deferred.
3. Profitability: The profitability was negative due to net loss after tax in 2023.
4. Cash flows: The better ratio is due to the decrease cash outflow from operating activities in 2023.
5. Leverage: Due to operating loss in 2023.

Note 1: The financial information in the period from 2019.01.01 to 2023.12.31 was audited.

Note 2: No calculation as operating cash outflow was reported in recent five years.

Note 3: Not applicable when there was operating cash outflow.

The equations for calculation are shown below:

1. Financial Structure

- (1) Liabilities to assets ratio = Total liabilities/total assets
- (2) Long-term capital to property, plant and equipment ratio = (total equity + non-current liabilities)/net property, plant and equipment

2. Ability to repay debts

- (1) Current ratio = current assets/current liabilities
- (2) Quick ratio = (current assets – inventory – pre-payment)/ current liabilities
- (3) Debt service coverage ratio = EBIT/interest expense in current period

3. Utility

- (1) Receivables turnover = net sale/balance of average receivables in each period.
- (2) Average days of collection = 365/ account receivable turnover
- (3) Inventory turnover = cost of sale/ average inventory
- (4) Payables turnover = net sale/balance of average payables in each period.
- (5) Average days of sale = 365/inventory turnover
- (6) Fixed assets turnover = net sale /net fixed assets
- (7) Total asset turnover = net sale/ average total assets

4. Profitability

- (1) Return on assets = [net income + interest expense x (1-tax rate)] / average total assets
- (2) Return on equity = net income / average total equity
- (3) Net income ratio = net income/net sale
- (4) Earnings per share = (Net income – preferred share dividend) / weighted average outstanding shares

5. Cash flows

- (1) Cash flow ratio = cash flow from operation /current liabilities
- (2) Net cash flow adequacy ratio = net cash flows from operation in the last 5 years / (capital expenditures + inventory increment + cash dividend) of the last 5 years
- (3) Cash reinvestment ratio = (net cash flows from operation – cash dividend) / (gross fixed assets + other non-current assets + working capital)

6. Leverage:

- (1) Operating leverage = (net sales – variable operating cost and expense) operating income (Note 6)
- (2) Financial leverage = operating income / (operating income – interest expense)

(III).The Review Report of the Audit Committee on the financial statements of the most recent year.

The Board of Directors compiled the 2023 Business Report, Financial Statements, and Proposal for the losses covering. The aforementioned financial statements were audited by Tina Cheng and Chien-Yu Liu, CPAs from PwC Taiwan with the issuance of an Auditors' Report. We have reviewed the aforementioned Business Report, Financial Statements and the Proposal for the losses covering, which were prepared in conformity to applicable rules and regulations. We hereby present this report to the Shareholders' Meeting of Microelectronics Technology Inc. for your reference pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To

2024 Annual Shareholders' Meeting

Microelectronics Tecnology Inc.

Convener of Audit Committee: Yun Lin

March 6, 2024

(IV).The audited Consolidated Financial Statements of the most recent year

Please refer to Appendix 1.

(V).The audited Parent Company Only Financial Statements of the most recent year

Please refer to Appendix 2.

(VI).If the Company and its subsidiaries encountered insolvency in the most recent year to the day this report was printed, specify the influence on the financial position of the Company: None.

VII. The review and analysis of financial position and performance, and assessment of related risks

(I). Financial Position

Unit: NT\$ Thousands

Year Item	2022	2023	Difference	
			Change in amount	Change in ratio %
Current assets	4,501,789	3,529,793	(971,996)	(21.59)%
Property, plant and equipment	657,372	576,849	(80,523)	(12.25)%
Intangible assets	313,755	308,455	(5,300)	(1.69)%
Other assets	1,068,134	1,063,304	(4,830)	(0.45)%
Total assets	6,541,050	5,478,401	(1,062,649)	(16.25)%
Current liabilities	3,325,624	2,809,723	(515,901)	(15.51)%
Non-current liabilities	1,137,822	786,659	(351,163)	(30.86)%
Total liabilities	4,463,446	3,596,382	(867,064)	(19.43)%
Shareholders equity attributable to the parent company	2,077,604	1,882,019	(195,585)	(9.41)%
Capital stock	2,380,283	2,520,283	140,000	5.88%
Additional paid-in capital	830,132	1,091,896	261,764	31.53%
Retained earnings	(790,778)	(1,418,207)	(627,429)	(79.34)%
Other equity	(342,033)	(311,953)	30,080	8.79%
Treasury shares	-	-	-	-
Uncontrolled equity	-	-	-	-
Total shareholders' equity	2,077,604	1,882,019	(195,585)	(9.41)%
<p>Note to the difference:</p> <ol style="list-style-type: none"> 1. Decrease in current assets: Due to new product shipments and decrease 25% inventory result from inventory control. 2. Decrease in non-current liabilities: Due to decrease in DBO in 2023. 3. Increase in additional paid-in capital: Due to new common stock shares premium. 4. Decrease in retained earnings: This resulted from net loss in 2023. <p>Note: Above financial information was audited by Independent Auditors accordance with IFRSs.</p>				

(II).Financial performance

Unit: NT\$ Thousands

Item \ Year	2022	2023	Change in Amount	Change in ratio %
Revenue	4,482,301	3,353,797	(1,128,504)	(25.18)%
Cost of goods sold	3,852,993	2,920,279	(932,714)	(24.21)%
Gross profit	629,308	433,518	(195,790)	(31.11)%
Operating expense	1,048,047	960,101	(87,946)	(8.39)%
Operating income (loss)	(418,739)	(526,583)	(107,844)	(25.75)%
Non-operating income and (expense)	(47,370)	(27,275)	20,095	42.42%
Earnings (loss) before tax	(466,109)	(553,858)	(87,749)	(18.83)%
Income tax expense (benefit)	20,302	65,900	45,598	224.60%
Net income (loss)	(486,411)	(619,758)	(133,347)	(27.41)%

Note to the changes in the ratios:

1. Decrease in GP and OI: Mainly due to decrease in higher gp product shipment in 2023.
2. Decrease in non-operating expense: Mainly due to the increase in investment and dispose of equipment income in 2023.
3. Increase in income tax expense: Because of reverse in DTA from temporary difference of loss deficit deduction.

Note: Above financial information was audited by Independent Auditors accordance with IFRSs.

(III).Cash flows

1. Liquidity analysis of the last 2 years

Unit : %

Item \ Year	2022.12.31	2023.12.31	Change in ratio %
Cash flow ratio (%)	NA	NA	NA
Cash flow adequacy ratio (%)	23.75	12.70	(46.53)%
Cash re-investment ratio (%)	(12.56)	(7.91)	37.02%

Note to analysis of the change in the ratios:

1. Cash Flow Analysis: The better ratio resulted from decrease in operating cash outflow.
2. Above financial information was audited by Independent Auditors accordance with IFRSs.

2. Analysis of cash flow in the year ahead

Unit: NT\$ Thousands

Cash Balance 12/31/2023 (1)	Net Cash Provided by Operating Activities in 2024 (2)	Net Cash Used in Investing and Financing Activities In 2024 (3)	Cash Balance 12/31/2024 (1) + (2) + (3)	Remedy for Liquidity Shortfall	
				Investment plan	Financing Plan
978,354	7,000	(296,972)	688,382	None cash deficit	

Note to the analysis of cash flow of MTI in the year ahead:

- (1) Operating activities: Mainly due to expected revenue growth and profit increase, but the demand for working capital also increased due to revenue growth, resulting in a small cash inflow from operating activities

- (2) Investing and financing activities: The cash outflows mainly resulted from capital expenditures, and short-, medium-, and long-term loan repayment resulting in investing and financing activities.

(IV). Major capital expenditure in the most recent year and the influence on the financial position and operation

1. Major capital expenditure and the sources of capital for MTI Group

Unit: NT\$ Thousands

Plan	Actual or Planned Source of Capital	Actual or Planned Date of Completion	Total Amount of Capital Requirement (2022 and 2023)	Actual expenditure of capital	
				2022	2023
Additional Purchase of Equipment and Software	Equity capital and part of long-term Loans for “Returning Overseas Taiwanese Businesses”	Purchase in respective years	315,458	223,411	92,047

2. Expected results

The capital spending on the procurement of additional plant, automation equipment, R&D and testing software and equipment could upgrade the innovation of products perpetually and upgrade product quality and quantity, to the extent that cost could be cut down, quality and performance could be improved. These will be essential for the high-tech industry in maintaining competitive advantage.

(V). The re-investment policy of the most recent year, the main reason for profit or loss, corrective action plan and the investment plan in the year ahead.

1. Re-investment policy:

The main direct investment of the Company is Sasson International Holdings Inc., which is a holding company responsible for the planning and execution of domestic and foreign investment management. Through international strategic alliance or merger and acquisition, the Company could develop more channels for international marketing and upgrade technology. In general, the strategy will focus on long-term holding and not for profit through short swing trade.

2. Main reason for profit or loss:

In 2022, the Company mainly recognized the losses from the satellite communication systems and equipment researched by sub-subsidiary MTI Laboratory Inc. and Radiocomp ApS amounting to NT\$ 16,777 thousand as return on investment.

(VI).Risks

The influence of changes in interest rate and exchange rate, and inflation, and information security risk on the income position of the Company and the remedy in the future:

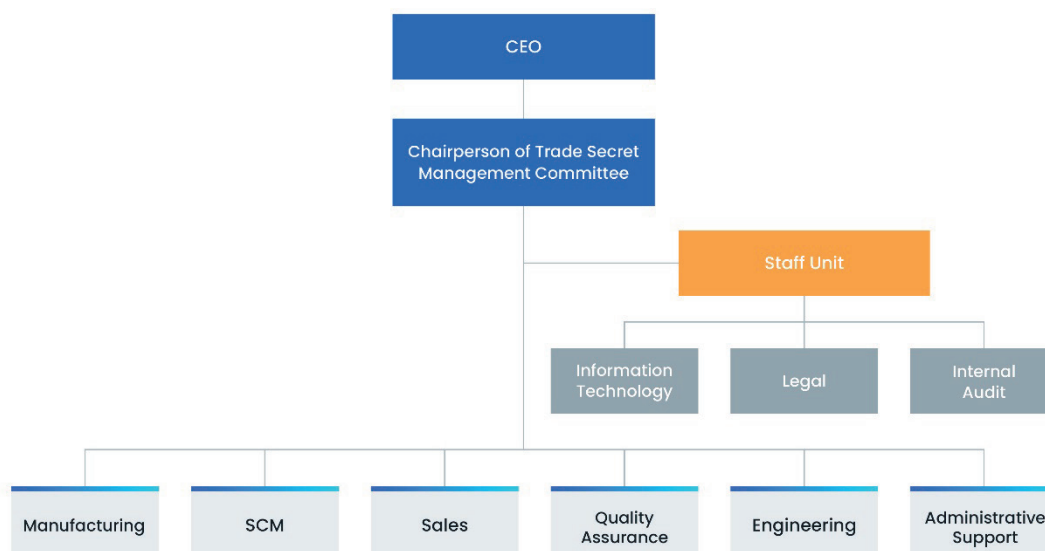
1. Interest rate: the interest rate risk of the Company is derived from financing and financial investment. The fluctuation of interest rate in Taiwan and the U.S.A. will affect the expenses incurred from interest payable, and the interest income generated from cash and cash equivalents. The treasury policy of the Company focused on the security and liquidity of cash flow and keep the receipt and payment of cash under control with close attention to the changes in interest rate in market and the proper use of different financing instruments for keeping the cost of financing at reasonable levels.
2. Exchange rate: The Company has appointed designated personnel to observe the changes in the foreign exchange market daily, and adopted the quotation for sale and purchase in the same currency for natural hedge of most of the exchange risk. The position of foreign currency that cannot be offset by natural hedge will be remedied by forwards and FX swap through cautious risk assessment before engagement for mitigating the influence from exchange rate fluctuation.
3. Inflation: Inflation did not significantly affect the cost of purchase for the Company. Ongoing observation of the trend is still necessary.
4. Information security risk: MTI has built up a set of information environment protection mechanisms for responding to any kind of possible threats in responding the the everchanging network and virus attacks form outside so as to reduce the risks of external attacks on the information environment of the Company. Although the protection mechanisms are established, the avoidance of possible network and computer virus attack can not be fully guaranteed. Successful network attack may cause network interruption, congestion or instability. Computer virus infection may paralyze personal computer, system server, or production apparatus and equipment. The attack from hackers from outside may cause data leak or encryption of data of the Company that can not be used. The above situations may deprive the Company from normal operation and production. Further to the loss caused by temporary suspension of production, the discontinuation of the production line may also affect the promise to customers on delivery. Data leak may cause the drain out of vital technical documents of the Company that affects the competitive power of the Company in the long-run. The divulgence of information provided by customers/suppliers may result in liability of damages to the customers/suppliers. The divulgence of information on the employees may trigger legal proceedings pertinent to the protection of personal information under applicable laws. Further to the protective mechanisms, MTI has also established the mechanism for recovery after disaster through routine backup of vital information at alternate locations. Exercise drill will be conducted regularly for assurance of system recovery in the shortest possible time after natural disaster or sabotages. In 2023 and as of the date of this Annual Report, MTI did not discover any incident on information security that may significantly affect the business and operation of the Company.

In order to consolidate its information security protection mechanism, the Company formed the cross-departmental “Information Security Management Committee” to take care of preparing and enforcing respective important information security policies. The Committee has prepared “information security policies” and respective information security protection operating manuals to be followed while respective protective tasks are carried out. Implementation of “information security policies” follows the revolving cycle of planning, execution, audit and persistent improvement sequentially and

progressively to ensure the validity and continuity of information security. The Committee meets at least once a year to evaluate implementation status at each department and discuss adjustments of information security policies. One information security management representative is available at the Committee to take charge of promoting respective information security affairs and coordinating cross-departmental issues. Under it are three working groups. The Risk Group primarily implements each information security protection mechanism. Besides carrying out respective information security tasks, the group evaluates new information security technologies and their risks from time to time in order to provide the latest information security protection mechanism to be discussed in the Committee meeting. The Documentation Group, on the other hand, is responsible for promoting information security information, updating external regulatory requirements and standard message and information security documentation. The Audit Group takes charge of planning and executing internal audits and tracking correction of deficiencies. All departments attending the Committee meeting will follow decisions made in the meeting while carrying out related information security protection tasks. All the related information security protection mechanisms mentioned above are configured in compliance with ISO 27001 standards. Microelectronics was also ISO 27001 certified in 2022.

To reduce information security risks, the specific practices adopted currently are as follows:

- (1) Check the information environment occasionally: Observe whether there is a new information security attack externally and new protection technology, and check whether the existing information system structure is with potential risks, whether information security regulations are appropriate, and whether the related software and hardware equipment are updated completely. Base on the review results to formulate relevant improvement measures and have them implemented on schedule.
- (2) Regular account and authorization review: Regularly review the account authorization of each system to ensure that the relevant account authorization is programmed appropriately.
- (3) Regular backup and disaster recovery drills: Formulate and implement a backup plan. Arrange disaster recovery drills for the key systems every year to ensure that the system can be restored as soon as necessary.
- (4) Occasional phishing drills: Arrange phishing drills occasionally every year to improve personnel's ability to respond to information security attacks.



1. The policies for the engagement in high risk and high leverage investment, loaning of funds to a third party, endorsement/guarantee, and derivative trade, the main reason for profit or loss and the remedies in the future:

Under the Regulations Governing the Use of Funds of the Company, MTI is not allowed to use its funds for speculation and assets not for production like speculative investment in stocks or property not for official use for the proper management of financial risk. Relevant effective internal management regulations and procedures were in place for governing all other investment: including the “Procedure for the Acquisition or Disposition of Assets (including derivatives),” “Procedure for the Loaning of Funds” and “Regulations Governing Endorsement/Guarantees.” The main targets for endorsement/guarantee are the subsidiaries and usually up to the amount of net shareholders equity. As of the day this report was printed, the Company did not undertake any endorsement/guarantee. The “Procedure for Loaning of Funds” specified that the Company shall not offer loan to a third party.

2. The R&D plan in the future and projected expenditure:

The Company has attracted good people in research and development and invested in the best resources for research and development for the control of the core RF technology and integration with DSP and Software technology. These resources allowed for the differentiation of new products and providing the customers with high benefit products and the best solutions to the extent that both sides are the winners. For information on R&D plan in the future, refer to V. Business Review (I) Business Overview (iv) Technological research and development of the annual report.

3. The influence of the changes in major policies of the home countries and overseas and the changes in the regulatory environment on the financial position and operation of the Company and the response:

The Company complies with the policies and laws of the home country. The treasury and legal affairs functions of the Company can keep track with related policies and applicable laws for timely adjustment of related internal systems of the Company and respond appropriately to the changes for assurance of smooth business operation. The change in the regulatory environment in 2023 did not significantly affect the operation of the Company.

4. The influence of the changes in technology and industry on the financial position and operation of the Company and the response:

The Company highly treasures R&D and training of personnel and has appropriate a portion of its revenue for investment in R&D and training of personnel for assurance of an edge in innovation of technology and production process. In responding to the acute competition in market, the Company continues to fortify the function of its products, reduce the cost of production and launch the products to the needs of the customers, keep abreast of any trend in the market and align with any technological and industrial change.

5. The influence of the change in corporate image on corporate crisis management and response:

The Company highly treasures corporate governance and corporate social responsibility, and spares no effort in keeping high moral standard in business and ethical corporate management. The Company holds conference related to its operation and improve the transparency of financial information. The Company also participates in social charity voluntarily for the assurance of performing its social responsibility.

6. The expected results and possible risks of mergers and acquisitions, and the response:

The Company has no plans for mergers and acquisitions as of the date of this Annual Report.

7. The expected results and possible risks of capacity expansion, and the response:

The Company will take precautions in capacity expansion and upgrade in response to the changes in market and customer needs, and procures automated production equipment.

8. The risks deriving from concentration of purchase or sales and remedies:

Purchase: The Company keeps at least 2 suppliers for the same item for the diversification of the sources of supply and has maintained positive relationships with its suppliers for assurance of the uninterrupted sources and good quality of materials supply.

Sale: The Company insists on the capacity in R&D and manufacturing. Further to keeping prolonged cooperative relationships with existing customers, the Company also seeks to cultivate new customers and broaden the sources of business. The risk of concentration in sale is not a concern.

9. The influence of voluminous transfer of share or swap of shares by the directors, supervisors, or major shareholders holding more than 10% of the shares on the Company and the risks thereof, and the response:

Not applicable to the Company as of the date of this Annual Report.

10. The influence of the ownership on the Company, the risk thereof and the response:

Not applicable to the Company as of the date of this Annual Report.

11. Law suits or non-contentious matters:

None.

12. Others:

None.

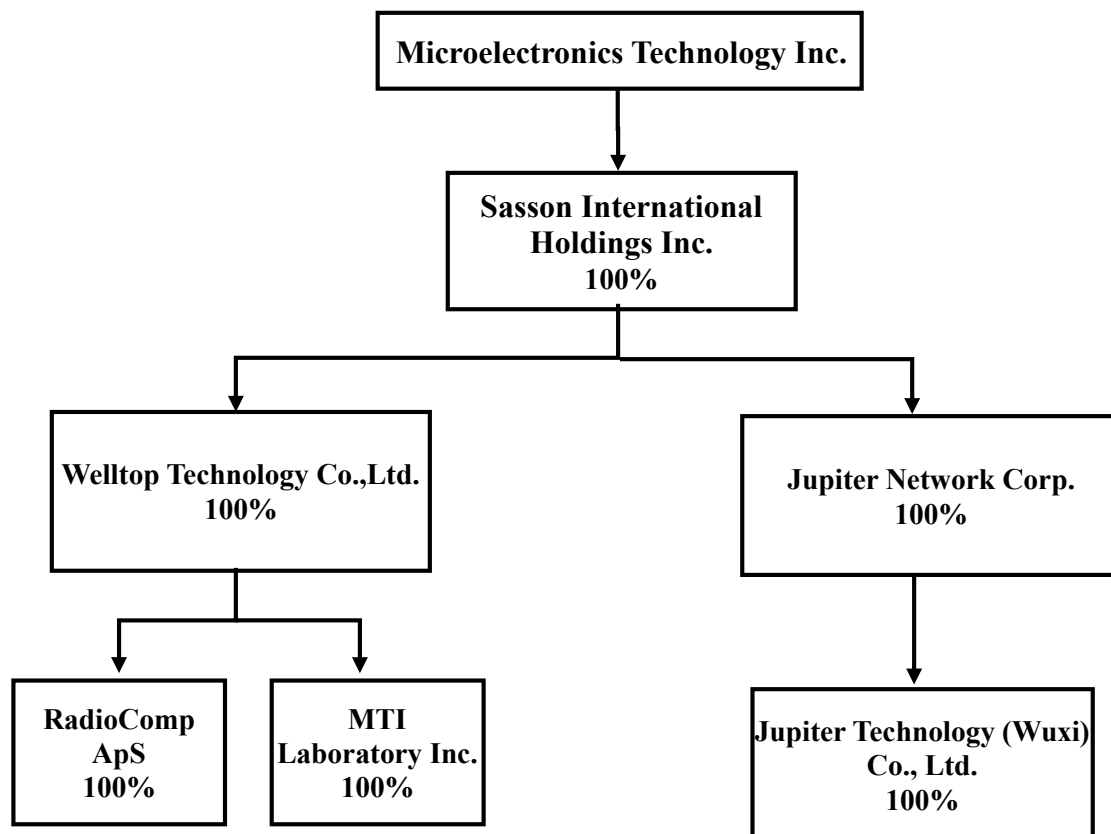
(VII).Additional information: None.

VIII.Special Notes

(I). Subsidiaries

1. Organizational chart

2023.12.31



2. Basic information on the affiliates

2023.12.31

Unit: NTD/USD/DKK Thousands

Enterprise name	Date of establishment	Address	Paid-in capital	Principal business or products
Sasson International Holdings Inc.	February 1992	Avias Fabrega & Febrega Trust Co. BVI Ltd. Level 1, Palm Grove House, Wickham's Cay 1, Road Town, Tortola, BVI	US\$39,202	Investment management
Welltop Technology Co., Ltd.	October 2000	Tropic Isle Building, P.O. Box 438, Road Twon, Tortola, BVI	US\$7,834	Investment management
Jupiter Network Corp.	January 2001	Tropic Isle Building, P.O. Box 438, Road Twon, Tortola, BVI	US\$31,072	Investment management
Jupiter Technology (Wuxi) Co., Ltd.	March 2001	No. 180-2, Linghu Blvd, Independent Research and Development Park, Taihu International Technology Park, Wuxi.	US\$31,000	Communication industry
MTI Laboratory Inc.	July 2006	201 Continental Boulevard #300, El Segundo, CA 90245	US\$1,500	Communication industry
RadioComp ApS	October 2010	Krakasvej 17, DK-3400 Hillerød, Denmark	DKK\$1,751	Communication industry

3. Same shareholders of enterprises presumed under control and in subordination to the Company:

None.

4. The industries covered by the enterprises of the whole group:

- (1) The business engaged by the affiliates of the Company are: investment management and communication.
- (2) The affiliates in association with one another, their transactions, and division of labor: The Company has purchases and sales with Jupiter Technology (Wuxi) Co., Ltd., subsidiary of the Company. RadioComp and MTI Laboratory Inc. have signed the service contracts with the Company.

Profiles of the directors, supervisors and president of the affiliates

2024.04.15
Unit: share; %

Enterprise name	Title	Name or Representative	Quantity of Shareholding	
			Quantity of share	Proportion of shareholding
Sasson International Holdings Inc.	Director President	Patrick Wang Chi Hsieh Amy Ting Chris Wei	3,920	100.00%
Welltop Technology Co., Ltd.	Director	Sasson International Holdings Inc. -Representative: Chi Hsieh -Representative: Eugene Wu -Representative: Vivian Chiu	7,834,000	100.00%
Jupiter Network Corp.	Director	Sasson International Holdings Inc. -Representative: Chi Hsieh -Representative: Eugene Wu -Representative: Vivian Chiu	31,071,800	100.00%
Jupiter Technology (Wuxi) Co., Ltd.	Director Supervisor President	Jupiter Network Corp. -Representative: Chi Hsieh -Representative: Eugene Wu -Representative: Dunga Wu -Representative: Hunter Huang Vivian Chiu Yi-Shan Chang	N / A	100.00%
MTI Laboratory Inc.	Director President	Welltop Technology Co., Ltd -Representative: Chi Hsieh -Representative: Eugene Wu -Representative: Vivian Chiu Davis Kent	1,500,000	100.00%
RadioComp ApS	Director President	Welltop Technology Co., Ltd -Representative: Chi Hsieh -Representative: Eugene Wu -Representative: Vivian Chiu Tarakaram Choudary Guntupalli	1,527,944	100.00%

5. Business Highlights of the Affiliates

2023.12.31
Unit: NT\$ Thousands

Enterprise name	Paid-in capital	Total assets	Total liabilities	Net worth	Revenue	Operating income	Net income (After tax)
Sasson International Holdings Inc.	US\$39,202,000	1,666,112	-	1,666,112	-	(177)	50,956
Welltop Technology Co., Ltd	US\$7,834,000	394,073	-	394,073	-	-	16,669
Jupiter Network Corp.	US\$31,071,800	997,303	-	997,303	-	-	11,632
Jupiter Technology (Wuxi) Co., Ltd.	US\$31,000,000	1,373,200	375,897	997,303	1,620,536	4,136	11,632
MTI Laboratory Inc.	US\$1,500,000	267,135	97,485	169,650	248,805	14,164	8,763
RadioComp ApS	DKK\$1,750,912	93,568	23,532	70,036	173,767	9,229	8,014

6. Consolidated financial statements of the affiliates:
Please refer to VI. Financial Position- (IV) the Audited Consolidatd Financial Statements of the most recent year.

7. Representation Letter:

Microelectronics Technology Inc.
Representation Letter

The entities that are required to be included in the combined financial statements of the Company for year 2023 (from January 1, 2023 to December 31, 2023), under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, the Company does not prepare a separate set of combined financial statements.

Microelectronics Technology Inc.

Representative: Chi-Chia Hsieh

March 6, 2024

- (II). Offering of securities through private placement:** None.
- (III). The holding or disposal of Company shares by subsidiaries:** None.
- (IV). Other additional information:** None.
- (V). Incidents that significantly affected the shareholders equity or stock price of the Company as prescribed in Subparagraph 2, Paragraph 2 in Article 36 of the Securities and Exchange Act in the most recent year to the day this report was printed:** None.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of MICROELECTRONICS TECHNOLOGY, INC.

Opinion

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

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

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant 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 judgment, were of most significance in our audit of the Group's 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2023 consolidated financial statements are stated as follows:

Intangible assets - assessment of goodwill impairment

Description

As of December 31, 2023, goodwill amounted to NT\$276,887 thousand. The group estimates recoverable amount utilizing the future cash flows of goodwill's cash generating unit and appropriate discount rates in order to determine whether goodwill is impaired. Please refer to Notes 4(17), 5(2) and 6(10) for details. The estimation of future cash flows involves various assumptions, which may have significant effects on the estimation of recoverable amount. Thus, it has been identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Interviewed with management in order to obtain an understanding of the procedures in relation to identifying cash-generating units and estimating the future cash flows. Assessed the valuation model has been properly adopted.
2. Interviewed with management in order to obtain an understanding of development plans and schedules of the projects. Compared the financial forecast for the future cash flows are in agreement with the budget of the Group.
3. Assessed the key assumption that management used to estimate future cash flows, including operating revenue growth rate and gross margin, and compared with historical data, economic and industry forecast. Evaluated the parameters used in determining the discount rate, including the risk-free rate of return that was used to calculate cost of equity, industry's risk coefficient and long-term market return.

Allowance for inventory valuation losses

Description

As of December 31, 2023, the balances of inventories and allowance for inventory valuation losses amounted to NT\$1,850,445 thousand and NT\$85,930 thousand, respectively. Please refer to Notes 4(13), 5(1) and 6(6) for details. Since inventory is material to the financial statements and the determination of net realisable value of the obsolete inventory involves management's subjective judgement, therefore, we determined valuation of inventories that are over a certain age and individually identified as obsolete or slow-moving as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding of management policies on obsolete or slow-moving inventories, and verified the reasonableness of determining the obsolescence of inventory.
2. Tested the movements of inventories, and sampled individual inventory item numbers to check whether the classification of inventory aging is correct.
3. For obsolete or slow-moving inventories, sampled individual inventory item numbers to check progress of inventory clearance and evaluated the reasonableness of determining the allowance for inventory valuation losses.

Other matter – Parent company only financial statements

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

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

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

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

collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied

with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year 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.

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

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

MICROELECTRONICS TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

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

Assets	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 978,354	18	\$ 1,124,401	17
1110	Financial assets at fair value through profit or loss - current	6(2)	14,707	-	3,227	-
1136	Financial assets at amortised cost - current	6(4) and 8	32,215	1	34,676	1
1150	Notes receivable	6(5)	378	-	663	-
1170	Accounts receivable, net	6(5)	652,453	12	885,000	14
1180	Accounts receivable - related parties	6(5) and 7	22,759	-	26,760	-
1200	Other receivables		12,212	-	18,351	-
1210	Other receivables - related parties	7	399	-	239	-
130X	Inventories	6(6)	1,764,515	32	2,338,650	36
1410	Prepayments		51,801	1	69,822	1
11XX	Total current assets		<u>3,529,793</u>	<u>64</u>	<u>4,501,789</u>	<u>69</u>
Non-current assets						
1510	Financial assets at fair value through profit or loss-non-current	6(2)	97,540	2	55,626	1
1517	Financial assets at fair value through other comprehensive income-non-current	6(3)	150,151	3	108,109	1
1600	Property, plant and equipment	6(7)	576,849	11	657,372	10
1755	Right-of-use assets	6(8) and 7	395,585	7	441,732	7
1780	Intangible assets	6(9)(10)	308,455	6	313,755	5
1840	Deferred income tax assets	6(29)	409,126	7	440,882	7
1900	Other non-current assets	7	10,902	-	21,785	-
15XX	Total non-current assets		<u>1,948,608</u>	<u>36</u>	<u>2,039,261</u>	<u>31</u>
1XXX	Total Assets		<u>\$ 5,478,401</u>	<u>100</u>	<u>\$ 6,541,050</u>	<u>100</u>

(Continued)

MICROELECTRONICS TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

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

Liabilities and Equity	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
Current Liabilities						
2100	Short-term borrowings	6(11)	\$ 1,558,107	28	\$ 1,558,915	24
2120	Financial liabilities at fair value through profit or loss - current	6(12)	-	-	220	-
2130	Current contract liabilities	6(22)	11,555	-	46,168	1
2170	Accounts payable		387,944	7	943,004	14
2180	Accounts payable - related parties	7	3,943	-	4,687	-
2200	Other payables	6(13)	223,861	4	322,276	5
2230	Current income tax liabilities		1,917	-	678	-
2250	Provisions for liabilities - current	6(17)	35,292	1	19,831	-
2280	Current lease liabilities	7	97,508	2	93,462	1
2320	Long-term liabilities, current portion	6(14)	456,124	8	301,312	5
2399	Other current liabilities		33,472	1	35,071	1
21XX	Total current liabilities		<u>2,809,723</u>	<u>51</u>	<u>3,325,624</u>	<u>51</u>
Non-current liabilities						
2540	Long-term loans	6(14)	252,534	5	569,153	9
2550	Provisions for liabilities - non-current	6(17)	3,786	-	8,187	-
2570	Deferred income tax liabilities	6(29)	110,570	2	90,825	1
2580	Non-current lease liabilities	7	324,744	6	367,750	6
2600	Other non-current liabilities	6(15)	95,025	2	101,907	1
25XX	Total non-current liabilities		<u>786,659</u>	<u>15</u>	<u>1,137,822</u>	<u>17</u>
2XXX	Total Liabilities		<u>3,596,382</u>	<u>66</u>	<u>4,463,446</u>	<u>68</u>
Equity						
Equity attributable to owners of parent						
Share capital						
3110	Share capital-common stock	6(18)	2,520,283	46	2,380,283	36
Capital Reserves						
3200	Capital surplus	6(19)	1,091,896	20	830,132	13
Retained Earnings						
3310	Legal reserve	6(20)	24,972	-	24,972	-
3320	Special reserve		193,426	4	193,426	3
3350	Accumulated deficit		(1,636,605)	(30)	(1,009,176)	(15)
Other Equity Interest						
3400	Other equity interest	6(21)	(311,953)	(6)	(342,033)	(5)
31XX	Equity attributable to owners of the parent		<u>1,882,019</u>	<u>34</u>	<u>2,077,604</u>	<u>32</u>
3XXX	Total equity		<u>1,882,019</u>	<u>34</u>	<u>2,077,604</u>	<u>32</u>
Significant contingent liabilities and unrecognised contract commitments						
Significant events after the balance sheet date						
3X2X	Total Liabilities and Equity		<u>\$ 5,478,401</u>	<u>100</u>	<u>\$ 6,541,050</u>	<u>100</u>

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

MICROELECTRONICS TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022

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

Items	Notes	Year ended December 31				
		2023		2022		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(22) and 7	\$ 3,353,797	100	\$ 4,482,301	100
5000	Operating costs	6(6)(27) and 7	(2,920,279)	(87)	(3,852,993)	(86)
5900	Gross profit		<u>433,518</u>	<u>13</u>	<u>629,308</u>	<u>14</u>
	Operating expenses	6(27)(28) and 7				
6100	Selling expenses		(123,038)	(4)	(160,882)	(4)
6200	General and administrative expenses		(139,736)	(4)	(150,319)	(3)
6300	Research and development expenses		(682,354)	(20)	(731,186)	(16)
6450	(Loss) on expected credit impairment	12(2)	(14,973)	(1)	(5,660)	-
6000	Total operating expenses		(960,101)	(29)	(1,048,047)	(23)
6900	Operating loss		(526,583)	(16)	(418,739)	(9)
	Non-operating income and expenses					
7100	Interest income	6(23)	9,890	-	4,481	-
7010	Other income	6(24)	25,806	1	9,642	-
7020	Other gains and losses	6(25)	18,233	-	(12,884)	-
7050	Finance costs	6(26) and 7	(81,204)	(2)	(48,609)	(1)
7000	Total non-operating income and expenses		(27,275)	(1)	(47,370)	(1)
7900	Loss before income tax		(553,858)	(17)	(466,109)	(10)
7950	Income tax expense	6(29)	(65,900)	(2)	(20,302)	(1)
8200	Loss for the period		<u>(\$ 619,758)</u>	<u>(19)</u>	<u>(\$ 486,411)</u>	<u>(11)</u>
	Other comprehensive income (loss)					
	Components of other comprehensive loss that will not be reclassified to profit or loss					
8311	(Gain) loss on remeasurements of defined benefit plans	6(15)	(\$ 7,671)	-	\$ 35,542	1
8316	Unrealised gain (loss) from financial assets measured at fair value through other comprehensive income	6(3)(21)	42,245	1	(16,543)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Currency translation differences of foreign operations	6(21)	(15,206)	-	69,319	1
8399	Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(21)(29)	3,041	-	(13,864)	-
8300	Total other comprehensive income for the period		<u>\$ 22,409</u>	<u>1</u>	<u>\$ 74,454</u>	<u>2</u>
8500	Total comprehensive loss for the period		<u>(\$ 597,349)</u>	<u>(18)</u>	<u>(\$ 411,957)</u>	<u>(9)</u>
	Loss attributable to:					
8610	Owners of the parent		(\$ 619,758)	(19)	(\$ 486,411)	(11)
	Comprehensive loss attributable to:					
8710	Owners of the parent		(\$ 597,349)	(18)	(\$ 411,957)	(9)
	Loss per share (in dollars)	6(30)				
9750	Basic		(\$ 2.60)		(\$ 2.06)	
9850	Diluted		(\$ 2.60)		(\$ 2.06)	

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

MICROELECTRONICS TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	Equity attributable to owners of the parent							Total equity	
	Notes	Share capital- common stock	Capital surplus, additional paid- in capital	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Exchange differences on translation of foreign financial statements		Other equity interest Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income
2022									
Balance at January 1, 2022		\$ 2,280,283	\$ 402,937	\$ 24,972	\$ 193,426	(\$ 558,307)	(\$ 129,418)	(\$ 251,527)	\$ 1,962,366
Loss for the year		-	-	-	-	(486,411)	-	-	(486,411)
Other comprehensive income (loss) for the year	6(3)(21)	-	-	-	-	35,542	55,455	(16,543)	74,454
Total comprehensive (loss) income		-	-	-	-	(450,869)	55,455	(16,543)	(411,957)
Cash capital increase	6(18)	100,000	418,700	-	-	-	-	-	518,700
Share-based payment transactions	6(16)	-	8,495	-	-	-	-	-	8,495
Balance at December 31, 2022		<u>\$ 2,380,283</u>	<u>\$ 830,132</u>	<u>\$ 24,972</u>	<u>\$ 193,426</u>	<u>(\$ 1,009,176)</u>	<u>(\$ 73,963)</u>	<u>(\$ 268,070)</u>	<u>\$ 2,077,604</u>
2023									
Balance at January 1, 2023		\$ 2,380,283	\$ 830,132	\$ 24,972	\$ 193,426	(\$ 1,009,176)	(\$ 73,963)	(\$ 268,070)	\$ 2,077,604
Loss for the period		-	-	-	-	(619,758)	-	-	(619,758)
Other comprehensive income (loss) for the period	6(3)(21)	-	-	-	-	(7,671)	(12,165)	42,245	22,409
Total comprehensive (loss) income		-	-	-	-	(627,429)	(12,165)	42,245	(597,349)
Cash capital increase	6(18)	140,000	257,977	-	-	-	-	-	397,977
Share-based payment transactions	6(16)	-	3,727	-	-	-	-	-	3,727
Capital surplus-other		-	60	-	-	-	-	-	60
Balance at December 31, 2023		<u>\$ 2,520,283</u>	<u>\$ 1,091,896</u>	<u>\$ 24,972</u>	<u>\$ 193,426</u>	<u>(\$ 1,636,605)</u>	<u>(\$ 86,128)</u>	<u>(\$ 225,825)</u>	<u>\$ 1,882,019</u>

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

MICROELECTRONICS TECHNOLOGY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	Notes	Year ended December 31	
		2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax		(\$ 553,858)	(\$ 466,109)
Adjustments			
Adjustments to reconcile profit (loss)			
Loss on expected credit impairment		14,973	5,660
Depreciation	6(7)(8)(27)	194,509	182,189
Amortization	6(9)(27)	37,220	35,036
Net loss on financial assets at fair value through profit or loss	6(2)(25)	(15,305)	7,874
Net (gain) loss on financial liabilities at fair value through profit or loss	6(12)(25)	(220)	220
Interest income	6(23)	(9,890)	(4,481)
Dividend income	6(24)	(2,256)	(97)
Interest expense	6(26)	81,204	48,609
Compensation cost of share-based payment	6(16)	3,727	8,495
Gain on disposal of property, plant and equipment	6(25)	(5,573)	(292)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		285	13,351
Accounts receivable		218,052	213,251
Accounts receivable-related parties		9,468	26,188
Other receivables		6,332	18,878
Inventories		563,618	(167,517)
Prepayments		23,398	(10,086)
Changes in operating liabilities			
Contract liabilities-current		(34,614)	38,571
Accounts payable		(553,128)	(186,724)
Accounts payable-related parties		(2,896)	(4,266)
Other payables		(83,544)	(57,371)
Provisions for liabilities		11,140	21,381
Other current liabilities		6,454	20,302
Other non-current liabilities		(17,939)	(33,159)
Cash outflow generated from operations		(108,843)	(290,097)
Interest received		9,461	4,514
Dividend received		2,256	97
Interest paid		(83,576)	(41,924)
Income taxes paid		(16,792)	(51,899)
Net cash flows used in operating activities		(197,494)	(379,309)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of financial assets at fair value through profit or loss		4,237	-
Decrease (increase) in financial assets at amortized cost		2,479	(5,055)
Acquisition of financial assets at fair value through profit or loss		(42,887)	(33,346)
Acquisition of property, plant and equipment	6(31)	(60,337)	(186,999)
Proceeds from disposal of property, plant and equipment		6,626	4,393
Acquisition of intangible assets	6(9)	(31,710)	(36,412)
Increase in guarantee deposits paid		(151)	(200)
Net cash flows used in investing activities		(121,743)	(257,619)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(32)	3,101,133	3,401,969
Decrease in short-term borrowings	6(32)	(3,098,725)	(3,390,957)
Increase in long-term borrowings	6(32)	118,788	168,347
Decrease in long-term borrowings	6(32)	(278,471)	(55,294)
Repayment of principal portion of lease liabilities	6(32)	(65,868)	(31,904)
Cash capital increase	6(18)	397,977	518,700
Net cash flows from financing activities		174,834	610,861
Effects due to changes in exchange rate		(1,644)	(12,277)
Net decrease in cash and cash equivalents		(146,047)	(13,790)
Cash and cash equivalents at beginning of year	6(1)	1,124,401	1,138,191
Cash and cash equivalents at end of year	6(1)	<u>\$ 978,354</u>	<u>\$ 1,124,401</u>

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

MICROELECTRONICS TECHNOLOGY, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

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

1. HISTORY AND ORGANISATION

Microelectronics Technology Inc. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the design, manufacture and sales of terrestrial microwave, satellite communication system products, and related customized products.

On January 1, 2011, the Company merged with the subsidiary, Global PCS Inc.. Under the merger, the Company was the surviving company while Global PCS Inc. was the dissolved company.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on March 6, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets and liabilities at fair value through other comprehensive income.
- (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)	
			December 31, 2023	December 31, 2022
Microelectronics Technology, Inc.	Sasson International Holding, Inc.	Note 1	100.00	100.00
Sasson International Holding, Inc.	Welltop Technology Co., Ltd.	Note 1	100.00	100.00
Sasson International Holding, Inc.	Jupiter Network Corp. (Jupiter)	Note 1	100.00	100.00
Welltop Technology Co., Ltd.	MTI Laboratory, Inc.	Note 2	100.00	100.00
Welltop Technology Co., Ltd.	RadioComp ApS	Note 2	100.00	100.00
Jupiter Network Corp. (Jupiter)	Jupiter Technology (Wuxi) Inc.	Note 3	100.00	100.00

Note 1: Main operating activity is investments in the manufacturing and trading business.

Note 2: Research, development, design, manufacture and sales of personal wireless communication device, components of subsystem and system and wireless microwave communication system and equipment of electronic system.

Note 3: Main operating activities are design of satellite and microwave communication system equipment and its components, sales of self-made products and providing related technical services.

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised 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 recognised 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 recognised 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 recognised 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 foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities presented in each balance sheet 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 recognised in other comprehensive income.
- (b) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
- (a) Assets arising from operating activities that are expected to be realised, 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 realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

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

(6) Cash equivalents

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

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised 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 recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.
- D. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value, the changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

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

(11) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises 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 that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(13) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. 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 and structures	3 ~ 40 years
Machinery and equipment	3 ~ 10 years
Office equipment	2 ~ 6 years
Transportation equipment	5 years
Leasehold improvements	3 years

(15) Leasing arrangements (lessor) – lease receivables/ operating leases

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised 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 interest rate implicit in the lease. Lease payments are comprised of fixed payments.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised 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 including the amount of the initial measurement of lease liability and 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 recognised as an adjustment to the right-of-use asset.

(16) Intangible assets

A. Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 years.

B. Goodwill arises in a business combination accounted for by applying the acquisition method and subsequently measured at the amount of cost less accumulated impairment loss.

C. Acquired special technologies are amortised on a straight-line basis over their estimated useful lives of 5 years.

(17) Impairment of non-financial assets

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

B. The recoverable amount of goodwill will be assessed periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

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.

(18) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(19) Accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services.

B. The short-term notes without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Financial liabilities at fair value through profit or loss

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.

B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(21) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(22) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(23) Provisions

Provision are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(24) 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 recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

- 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 in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans 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) that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.
- ii. Remeasurements arising on the defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as other equity.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, 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. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(25) 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 recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(26) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised 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 recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised 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, unrecognised and recognised 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 recognised 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. Deferred tax assets are recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be utilized.

(27) 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.

(28) 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.

(29) Revenue recognition

A. Sales of goods

- (a) The Group manufactures and sells terrestrial microwave, satellite, and related customized products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's 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 customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- (b) Revenue from these sales is recognised based on the price specified in the contract. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. The sales usually are made with a credit term of 30 to 90 days, which is consistent with market practice. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.
- (c) The Group's obligation to provide a refund for faulty products under the standard warranty terms is recognised as a provision.
- (d) A receivable is recognised 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. Technical services on product development

- (a) The Group provides technical services on product development. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised 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 cost. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.
- (b) The Group's estimate about 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 become aware of the changes in circumstances.

C. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Group recognises the incremental costs of obtaining a contract as an expense (mainly arisen from sales commissions) when incurred although the Group expects to recover those costs.

(30) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(31) Operating segments

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

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

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

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

None.

(2) Critical accounting estimates and assumptions

A. Impairment assessment of tangible and intangible assets (including goodwill)

The Group assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future.

The Group estimates recoverable amount utilizing the future cash flows of goodwill's cash generating unit and appropriate discount rates in order to determine whether goodwill is impaired. Please refer to Note 6(9) (10) for the information on goodwill impairment. As of December 31, 2023, the Group's property, plant and equipment, right-of-use assets and intangible assets (including goodwill) amounted to \$576,849, \$395,585 and \$308,455, respectively.

B. Realisability of deferred tax assets

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Assessment of the realisability of deferred tax assets involves critical accounting judgements and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, available tax credits, tax planning, etc. Any variations in global economic environment, industrial environment, and laws and regulations might cause material adjustments to deferred tax assets.

As of December 31, 2023, the Group recognised deferred tax assets amounting to \$409,126.

C. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value.

As of December 31, 2023, the carrying amount of inventories was \$1,764,515.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 184	\$ 238
Checking accounts and demand deposits	877,750	1,019,694
Time deposits	<u>100,420</u>	<u>104,469</u>
	<u>\$ 978,354</u>	<u>\$ 1,124,401</u>

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

B. Information on restricted cash reclassified as 'Financial assets at amortized cost' is provided in Note 6(4).

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

Items	December 31, 2023	December 31, 2022
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Derivative instruments	\$ -	\$ 3,227
Listed stocks	14,963	-
Unlisted stocks	34,967	113,777
Valuation adjustments	(35,223)	(113,777)
	\$ 14,707	\$ 3,227
Non-current items :		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 79,084	\$ 51,852
Valuation adjustments	13,414	(1,137)
Net exchange differences	5,042	4,911
	\$ 97,540	\$ 55,626

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

	Years ended December 31	
	2023	2022
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 14,551	(\$ 10,274)
Unlisted stocks	4,237	-
Listed stocks	(256)	-
Derivative instruments	(3,227)	2,737
Option	-	(337)
	\$ 15,305	(\$ 7,874)

B. The Group entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

	Unit: In thousands			
	December 31, 2023		December 31, 2022	
	Contract amount (Notional principal)	Contract period	Contract amount (Notional principal)	Contract period
<u>Derivative instruments</u>				
Current items:				
Foreign exchange swap transactions	USD -	-	USD 3,000	2022.11.10~ 2023.01.17

The Group entered into foreign exchange swap transactions and forward foreign exchange contracts to sell forward contracts to hedge exchange rate risk of export proceeds. However, these forward contracts are not accounted for under hedge accounting.

(3) Financial assets at fair value through other comprehensive income

Items	December 31, 2023	December 31, 2022
Non-current items :		
Equity instruments		
Unlisted stocks	\$ 371,229	\$ 371,284
Valuation adjustments	(225,825)	(268,070)
Net exchange differences	4,747	4,895
	\$ 150,151	\$ 108,109

- A. The Group has elected to classify equity instrument investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$150,151 and \$108,109 as at December 31, 2023 and 2022, respectively.
- B. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Years ended December 31	
	2023	2022
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income (loss)	\$ 42,245	(\$ 16,543)

(4) Financial assets at amortized cost

Items	December 31, 2023	December 31, 2022
Current items:		
Time deposits	\$ 32,215	\$ 34,676

- A. Amounts recognized in profit or loss in relation to financial assets at amortized cost are listed below:

	Years ended December 31	
	2023	2022
Interest income	\$ 1,697	\$ 778

- B. As of December 31, 2023 and 2022, without taking into account other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Group were \$32,215 and \$34,676, respectively.
- C. Details of the Group's financial assets at amortized cost pledged to others as collateral are provided in Note 8.

D. Information relating to credit risk of financial assets at amortized cost is provided in Note 12(2).

(5) Notes and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	\$ 378	\$ 663
Less: Allowance for uncollectible accounts	<u>-</u>	<u>-</u>
	<u>\$ 378</u>	<u>\$ 663</u>
Accounts receivable	\$ 684,731	\$ 902,309
Accounts receivable - related party	22,759	26,760
Less: Allowance for uncollectible accounts	<u>(32,278)</u>	<u>(17,309)</u>
	<u>\$ 675,212</u>	<u>\$ 911,760</u>

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

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>
Not past due	\$ 200,978	\$ 378	\$ 760,589	\$ 663
Up to 90 days	175,024	-	136,811	-
91 to 180 days	1,099	-	14,351	-
181-365 days	298,847	-	11	-
Over 365 days	<u>31,542</u>	<u>-</u>	<u>17,307</u>	<u>-</u>
	<u>\$ 707,490</u>	<u>\$ 378</u>	<u>\$ 929,069</u>	<u>\$ 663</u>

The above ageing analysis was based on past due date. As of December 31, 2023, the subsequent collection of past-due accounts receivable amounted to \$83,716.

B. As of December 31, 2023 and 2022 accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2022, the balance of receivables from contracts with customers amounted to \$1,143,653.

C. As of December 31, 2023 and 2022 without taking into account other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable were \$378 and \$663, respectively. As of years ended December 31 2023 and 2022, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable were \$675,212 and \$911,760, respectively.

D. Information relating to credit risk of accounts and notes receivable is provided in Note 12(2).

(6) Inventories

	December 31, 2023		
		Allowance for inventory valuation losses and loss for obsolete and slow-moving inventories	Book value
	Cost		
Raw materials	\$ 930,029	(\$ 49,797)	\$ 880,232
Work in progress	399,335	(28,313)	371,022
Finished goods	508,351	(7,820)	500,531
Inventory in transit	12,730	-	12,730
	<u>\$ 1,850,445</u>	<u>(\$ 85,930)</u>	<u>\$ 1,764,515</u>

	December 31, 2022		
		Allowance for inventory valuation losses and loss for obsolete and slow-moving inventories	Book value
	Cost		
Raw materials	\$ 1,153,159	(\$ 47,278)	\$ 1,105,881
Work in progress	543,216	(20,461)	522,755
Finished goods	718,934	(9,100)	709,834
Inventory in transit	180	-	180
	<u>\$ 2,415,489</u>	<u>(\$ 76,839)</u>	<u>\$ 2,338,650</u>

The cost of inventories recognized as expense for the period:

	Years ended December 31	
	2023	2022
Cost of goods sold	\$ 2,862,018	\$ 3,807,536
Loss on decline in market value	58,261	45,457
Recognised as selling and R&D expenses	14,897	10,148
	<u>\$ 2,935,176</u>	<u>\$ 3,863,141</u>

The Group recognised inventories in cost of goods sold because these inventories were written down from cost to net realisable value for the years ended December 31, 2023 and 2022 and provisioned loss on decline in market value.

(7) Property, plant and equipment

Details of property, plant and equipment for its own use are as follows:

	2023						
	Buildings and structures	Machinery and equipment	Office equipment	Transportation equipment	Leasehold improvements	Unfinished construction and equipment under acceptance	Total
At January 1							
Cost	\$ 440,613	\$ 1,205,237	\$ 115,592	\$ 2,298	\$ 31,819	\$ 26,049	\$ 1,821,608
Accumulated depreciation and impairment	(141,960)	(899,084)	(98,212)	(2,298)	(22,682)	-	(1,164,236)
	<u>\$ 298,653</u>	<u>\$ 306,153</u>	<u>\$ 17,380</u>	<u>\$ -</u>	<u>\$ 9,137</u>	<u>\$ 26,049</u>	<u>\$ 657,372</u>
At January 1	\$ 298,653	\$ 306,153	\$ 17,380	\$ -	\$ 9,137	\$ 26,049	\$ 657,372
Additions	-	44,755	3,589	-	961	4,119	53,424
Reclassifications	-	17,544	-	-	-	(24,426)	(6,882)
Disposals	-	(268)	-	-	785	-	(1,053)
Depreciation expense	(15,684)	(92,520)	(8,966)	-	(4,697)	-	(121,867)
Net exchange differences	(4,749)	668	(18)	-	4	(50)	(4,145)
At December 31	<u>\$ 278,220</u>	<u>\$ 276,332</u>	<u>\$ 11,985</u>	<u>\$ -</u>	<u>\$ 4,620</u>	<u>\$ 5,692</u>	<u>\$ 576,849</u>
At December 31							
Cost	\$ 433,108	\$ 1,182,313	\$ 113,955	\$ 2,298	\$ 26,871	\$ 5,692	\$ 1,764,237
Accumulated depreciation and impairment	(154,888)	(905,981)	(101,970)	(2,298)	(22,251)	-	(1,187,388)
	<u>\$ 278,220</u>	<u>\$ 276,332</u>	<u>\$ 11,985</u>	<u>\$ -</u>	<u>\$ 4,620</u>	<u>\$ 5,692</u>	<u>\$ 576,849</u>

2022

	Buildings and structures	Machinery and equipment	Office equipment	Transportation equipment	Leasehold improvements	Unfinished construction and equipment under acceptance	Total
At January 1							
Cost	\$ 425,451	\$ 1,063,939	\$ 105,231	\$ 2,097	\$ 25,219	\$ 15,414	\$ 1,637,351
Accumulated depreciation and impairment	(121,760)	(834,497)	(88,700)	(2,097)	(16,357)	-	(1,063,411)
	\$ 303,691	\$ 229,442	\$ 16,531	\$ -	\$ 8,862	\$ 15,414	\$ 573,940
At January 1	\$ 303,691	\$ 229,442	\$ 16,531	\$ -	\$ 8,862	\$ 15,414	\$ 573,940
Additions	9,148	139,694	9,409	-	6,026	23,431	187,708
Reclassifications	-	17,357	-	-	-	(12,820)	4,537
Disposals	-	(4,096)	5)	-	-	-	(4,101)
Depreciation expense	(18,562)	(79,106)	(8,947)	-	(5,787)	-	(112,402)
Net exchange differences	4,376	2,862	392	-	36	24	7,690
At December 31	\$ 298,653	\$ 306,153	\$ 17,380	\$ -	\$ 9,137	\$ 26,049	\$ 657,372
At December 31							
Cost	\$ 440,613	\$ 1,205,237	\$ 115,592	\$ 2,298	\$ 31,819	\$ 26,049	\$ 1,821,608
Accumulated depreciation and impairment	(141,960)	(899,084)	(98,212)	(2,298)	(22,682)	-	(1,164,236)
	\$ 298,653	\$ 306,153	\$ 17,380	\$ -	\$ 9,137	\$ 26,049	\$ 657,372

(8) Leasing arrangements – lessee

A. The Group leases various assets including land and buildings. Rental contracts are typically made for periods of 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	Carrying amount	
	December 31, 2023	December 31, 2022
Land	\$ 24,743	\$ 25,889
Buildings	370,842	415,843
	<u>\$ 395,585</u>	<u>\$ 441,732</u>

	Depreciation charge	
	Years ended December 31	
	2023	2022
Land	\$ 723	\$ 724
Buildings	71,919	69,063
	<u>\$ 72,642</u>	<u>\$ 69,787</u>

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$26,750 and \$26,200, respectively.

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

	Years ended December 31	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 9,486	\$ 8,674
Expense on short-term lease contracts	12,628	36,761
Expense on leases of low-value assets	455	803

E. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were \$88,437 and \$78,142, respectively.

(9) Intangible assets

	2023			
	<u>Goodwill</u>	<u>Acquired special technology</u>	<u>Computer software</u>	<u>Total</u>
At January 1				
Cost	\$ 383,503	\$ 404,895	\$ 595,125	\$ 1,383,523
Accumulated depreciation	(106,594)	(404,895)	(558,279)	(1,069,768)
	<u>\$ 276,909</u>	<u>\$ -</u>	<u>\$ 36,846</u>	<u>\$ 313,755</u>
At January 1	\$ 276,909	\$ -	\$ 36,846	\$ 313,755
Additions	-	-	31,710	31,710
Amortisation charge	-	-	(37,220)	(37,220)
Net exchange differences	(22)	-	232	210
At December 31	<u>\$ 276,887</u>	<u>\$ -</u>	<u>\$ 31,568</u>	<u>\$ 308,455</u>
At December 31				
Cost	\$ 383,503	\$ 404,895	\$ 599,278	\$ 1,387,676
Accumulated amortisation	(106,616)	(404,895)	(567,710)	(1,079,221)
	<u>\$ 276,887</u>	<u>\$ -</u>	<u>\$ 31,568</u>	<u>\$ 308,455</u>
	2022			
	<u>Goodwill</u>	<u>Acquired special technology</u>	<u>Computer software</u>	<u>Total</u>
At January 1				
Cost	\$ 383,503	\$ 404,895	\$ 545,221	\$ 1,333,619
Accumulated depreciation and impairment	(119,744)	(404,895)	(510,908)	(1,035,547)
	<u>\$ 263,759</u>	<u>\$ -</u>	<u>\$ 34,313</u>	<u>\$ 298,072</u>
At January 1	\$ 263,759	\$ -	\$ 34,313	\$ 298,072
Additions	-	-	36,412	36,412
Amortisation charge	-	-	(35,036)	(35,036)
Net exchange differences	13,150	-	1,157	14,307
At December 31	<u>\$ 276,909</u>	<u>\$ -</u>	<u>\$ 36,846</u>	<u>\$ 313,755</u>
At December 31				
Cost	\$ 383,503	\$ 404,895	\$ 595,125	\$ 1,383,523
Accumulated depreciation and impairment	(106,594)	(404,895)	(558,279)	(1,069,768)
	<u>\$ 276,909</u>	<u>\$ -</u>	<u>\$ 36,846</u>	<u>\$ 313,755</u>

A. Details of amortization on intangible assets are as follows:

	Years ended December 31	
	2023	2022
Operating costs	\$ 6,081	\$ 6,470
General and administrative expenses	981	789
Research and development expenses	30,158	27,777
	<u>\$ 37,220</u>	<u>\$ 35,036</u>

B. Impairment information about the intangible assets is provided in Note 6(10).

(10) Impairment of non-financial assets

The recoverable amount of goodwill was determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets- approved by the management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The recoverable amount of all cash-generating units calculated using the value-in-use exceeded their carrying amount, so goodwill was not impaired. The key assumptions used for value-in-use calculations are as follows:

	Years ended December 31,					
	2023			2022		
	Up to 1 year	2 ~ 5 years	Over 6 years	Up to 1 year	2 ~ 5 years	Over 6 years
Operating revenue growth	20%	5%	0%	33%	30%~5%	0%
Gross margin	25%	22%	22%	22%	20%	20%
Discount rate	11.49%	11.49%	11.49%	11.82%	11.82%	11.82%

A. Operating revenue growth rate: took into consideration the estimated operation and sales plans.

B. Gross margin: calculated based on the historical data and took into consideration the estimated operation and sales plans.

C. Discount rate: the discount rates used were pre-tax and reflected specific risks relating to the relevant operating segments.

(11) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Borrowings for material purchase	\$ 391,093	4.95%~6.81%	None
Export financing	148,114	3.7%~6.27%	None
Unsecured borrowings	<u>1,018,900</u>	1.86%~2.86%	None
	<u>\$ 1,558,107</u>		
<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Borrowings for material purchase	\$ 532,110	4.74%~6%	None
Export financing	74,805	3.7%~5.69%	None
Unsecured borrowings	<u>952,000</u>	1.61%~2.35%	None
	<u>\$ 1,558,915</u>		

For the years ended December 31, 2023 and 2022, the Group recognized interest expense in profit or loss amounting to \$58,061 and \$29,096 respectively, due to the short-term borrowings.

(12) Financial liabilities at fair value through profit or loss

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Financial liabilities held for trading		
Non-hedging derivatives	\$ -	\$ 220
Valuation adjustments	-	-
	<u>\$ -</u>	<u>\$ 220</u>

A. For the years ended December 31, 2023 and 2022, the Group recognized net gain (loss) on financial liabilities held for trading amounting to \$220 and (\$220), respectively.

B. Explanations of the transactions and contract information in respect of derivative financial liabilities that the Group does not adopt hedge accounting are as follows:

<u>Non-derivative financial liabilities for hedging</u>	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Contract amount (Notional principal)</u>	<u>Contract period</u>	<u>Contract amount (Notional principal)</u>	<u>Contract period</u>
Current items:				
Forward foreign exchange contracts	USD -	-	USD 5,000	2022.12.28~2023.02.01

C. The Group entered into forward foreign exchange contracts and foreign exchange swap transactions to sell forward contracts to hedge exchange rate risk of export proceeds. However, these forward contracts are not accounted for under hedge accounting.

(13) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Employee bonus payable	\$ 128,099	\$ 178,246
Payables for miscellaneous purchases	23,023	30,244
Payables for machinery and equipment	12,127	30,158
Accrued export expenses	8,370	10,971
Insurance expense payable	5,515	7,232
Payables for consulting service fees	5,163	5,132
Payables for technical assistance	5,118	-
Payables for commission fee	3,682	2,633
Others	32,764	57,660
	<u>\$ 223,861</u>	<u>\$ 322,276</u>

(14) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2023</u>
Long-term bank borrowings				
Land Bank of Taiwan	Borrowing period is from February 5, 2021 to February 5, 2026; interest is repayable monthly; principal is repayable in equal monthly from March 15, 2022.	1.550%	None	\$ 109,997
The Shanghai Commercial & Savings Bank	Borrowing period is from March 31, 2020 to March 15, 2025; interest is repayable monthly; principal is repayable in equal monthly from April 15, 2023.	1.500%	None	181,411
Mega Bank	Borrowing period is from December 23, 2019 to September 15, 2026; interest is repayable monthly; principal is repayable monthly from December 15, 2022.	1.695%	None	288,850

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2023</u>
The Shanghai Commercial & Savings Bank	Borrowing period is from September 23, 2023 to September 23, 2027; interest is repayable monthly; principal is repayable every 6 months.	1.650%	None	100,000
Other borrowings				
Chailease Finance Co., Ltd.	Borrowing period is from June 28, 2022 to June 27, 2024; interest is repayable monthly; principal is repayable monthly from July 28, 2022.	4.165%	Note	
				\$ 28,400
				708,658
Less: Current portion				(456,124)
				<u>\$ 252,534</u>

Note: The Group issued promissory notes amounting to \$154,344 as security for the inventory sale and repurchase arrangement. The coupon rate is 2%.

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2022</u>
Long-term bank borrowings				
Land Bank of Taiwan	Borrowing period is from February 5, 2021 to February 5, 2026; interest is repayable monthly; principal is repayable in equal monthly from March 15, 2022.	1.425%	None	\$ 161,662
The Shanghai Commercial & Savings Bank	Borrowing period is from March 31, 2020 to March 15, 2025; interest is repayable monthly; principal is repayable in equal monthly from April 15, 2023.	1.375%	None	293,822

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2022
Mega Bank	Borrowing period is from December 23, 2019 to September 15, 2026; interest is repayable monthly; principal is repayable monthly from December 15, 2022.	1.570%	None	311,434
Other borrowings				
Chailease Finance Co., Ltd.	Borrowing period is from June 28, 2022 to June 27, 2024; interest is repayable monthly; principal is repayable monthly from July 28, 2022.	4.165%	Note	\$ 103,547
				870,465
Less: Current portion				(301,312)
				\$ 569,153

Note: The Group issued promissory notes amounting to \$154,344 as security for the inventory sale and repurchase arrangement. The coupon rate is 2%.

- A. For the years ended December 31, 2023 and 2022, the Group recognized interest expense in profit or loss amounting to \$13,657 and \$10,839, respectively, due to the long-term borrowings.
- B. On January 1, 2019, Ministry of Economic Affairs, R.O.C. (“MOEA”) implemented the “Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan” and companies are subsidized with preferential interest loans, 0.5% of loan interest is subsidized by the National Development Fund, Executive Yuan, for qualified investment projects. The Group has obtained the approval from the MOEA to extend the loan qualification to December 31, 2023 and signed loan agreements with financial institutions during December 2019 to August 2022 with the line of credit amounting to \$1.09 billion and terms from five to six years. As of December 31, 2023 and 2022 the undrawn facility amounted to NT\$7.5 million and NT\$217 million, respectively. Funding from these borrowings were used to invest in machineries, equipment and broaden the Company’s working capital.

(15) Pensions

- A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, 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 and its domestic subsidiaries contribute 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 December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method; to the employees expected to be qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	\$ 169,727	\$ 225,716
Fair value of plan assets	(93,067)	(138,788)
Net defined benefit liability	76,660	86,928
Accumulated unadjusted amount	-	-
Net liabilities recognised in the balance sheet	<u>\$ 76,660</u>	<u>\$ 86,928</u>

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

	<u>2023</u>		
	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
At January 1	\$ 225,716	(\$ 138,788)	86,928
Current service cost	535	-	535
Interest (expense) income	<u>2,709</u>	<u>(1,665)</u>	<u>1,044</u>
	<u>228,960</u>	<u>(140,453)</u>	<u>88,507</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(679)	(679)
Change in financial assumptions	-	-	-
Experience adjustments	<u>8,350</u>	<u>-</u>	<u>8,350</u>
	<u>8,350</u>	<u>(679)</u>	<u>7,671</u>
Pension fund contribution	-	(3,188)	(3,188)
Paid pension	<u>(67,583)</u>	<u>51,253</u>	<u>(16,330)</u>
At December 31	<u>\$ 169,727</u>	<u>(\$ 93,067)</u>	<u>\$ 76,660</u>

	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	\$ 277,742	(\$ 122,113)	\$ 155,629
Current service cost	720	-	720
Interest (expense) income	1,667	(733)	934
	<u>280,129</u>	<u>(122,846)</u>	<u>157,283</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(8,994)	(8,994)
Change in demographic assumptions	-	-	-
Change in financial assumptions	(11,099)	-	(11,099)
Experience adjustments	(15,449)	-	(15,449)
	<u>(26,548)</u>	<u>(8,994)</u>	<u>(35,542)</u>
Pension fund contribution	-	(16,988)	(16,988)
Paid pension	(27,865)	10,040	(17,825)
At December 31	<u>\$ 225,716</u>	<u>(\$ 138,788)</u>	<u>\$ 86,928</u>

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation 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 utilisation 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 authorised by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

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

Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

Sensitivity analysis of the effect on present value of defined benefit obligation due from the changes of main actuarial assumptions was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
Effect on present value of defined benefit	(\$ 3,085)	\$ 3,173	\$ 2,717	(\$ 2,659)
December 31, 2022				
Effect on present value of defined benefit	(\$ 4,396)	\$ 4,528	\$ 3,918	(\$ 3,829)

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.

The methods and types of assumptions used in preparing the sensitivity analysis were consistent with previous period.

- (f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2024 amount to \$3,042.
- (g) As of December 31, 2023, the weighted average duration of the retirement plan is 8 years.
- B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Company’s mainland China subsidiary, Jupiter Technology (Wuxi) Inc., has a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China are based on certain percentage of employees’ monthly salaries and wages. The contribution percentage was 16%. Other than the monthly contributions, the Company has no further obligations.

(c) The Subsidiary, RadioComp ApS, accrued pension costs based on a certain appropriate rate of total salaries.

(d) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022 were \$42,907 and \$45,472, respectively.

(16) Share-based payment

A. For the year ended December 31, 2023, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Cash capital increase reserved for employee preemption	2023.11.23	449 (thousand shares)	NA	Vested immediately

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

Type of arrangement	Grant date	Stock price	Exercise price	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit
Cash capital increase reserved for employee preemption in 2023	2023.11.23	\$36.8 dollars	\$28.5 dollars	31.17%	0.019 years	0%	1.10%	\$8.3 dollars

C. Expenses incurred on share-based payment transactions are shown below:

	Years ended December 31	
	2023	2022
Equity-settled	\$ 3,727	\$ 8,495

(17) Provisions

A. Warranties on sales-related products

	2023	2022
Balance at January 1	\$ 28,018	\$ 6,577
Additional provisions	11,975	24,231
Used during the period	(835)	(2,850)
Unused amounts reversed	-	60
Exchange difference	(80)	-
Balance at December 31	\$ 39,078	\$ 28,018

The Group gives warranties on sales-related products. Provision for warranty is estimated based on historical warranty data of uninterruptible power supply and solar energy products..

B. Provision for income tax in the United States

As of March 31, 2022, the Company recognized provision for contingent income tax liability for the products sold under the incoterms DDP in the previous year. The US Internal Revenue Service preliminarily determined that it suspects that the Company traded within the US. Although the Company claimed that those were international trades, considering the tax negotiation had been completed, provision for income tax liability amounting to \$8,988 was recognized. The aforementioned provision for income tax liability was repaid at full amount in the second quarter of 2022, so the remaining balance was \$0.

C. Analysis of total provisions:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current	\$ 35,292	\$ 19,831
Non-current	\$ 3,786	\$ 8,187

(18) Share capital

As of December 31, 2023, the Company's authorized capital was \$7,000,000, consisting of 0.7 billion shares of ordinary stock (including 50 million shares reserved for employee stock options and convertible bonds issued by the Company), and the paid-in capital was \$2,520,283 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

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

	(Unit: In thousand shares)	
	<u>2023</u>	<u>2022</u>
At January 1	238,028	228,028
Cash capital increase	14,000	10,000
At December 31	<u>252,028</u>	<u>238,028</u>

On August 9, 2023, the Board of Directors of the Company resolved to increase capital amounting to \$399 million by issuing 14,000 thousand shares at \$28.5 (in dollars) per share. The effective date of the capital increase was on December 15, 2023. The registration for the issuance of new shares has been completed on December 22, 2023.

(19) Capital surplus

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

(20) 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 year's operating losses, then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the total capital stock balance. After setting aside or reversal of a special reserve in accordance with related laws, the Company shall appropriate dividends to preferred stock. The Board of Directors should present the distribution of the remaining earnings along with accumulated unappropriated earnings for the approval of the shareholders to distribute dividends to shareholders.
- B. As the Company is in the growth stage, considered the entire environment and nature of industry as well as future capital needs and long-term financial plans in order to ensure subsequent operation and stable development. Based on the Company's future budget of capital expenditure and demand of capital, the Company appropriated no less than 30% of distributable earnings to shareholders' dividends, but if the distributable earnings is lower than 5% of paid-in capital, no dividends will be distributed. Cash dividend has a first priority when distributing shareholders' dividends, and the ratio is 30~100% of current total dividends. Remaining dividend can be distributed in the form of stocks. The appropriation of retained earnings will be proposed by the Board of Directors every year, and will be approved by the shareholders.
- 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. 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.
- E. The Company incurred operating losses for the years ended December 31, 2023 and 2022, and thus had no earnings for distribution.
- F. On June 15, 2023, the shareholders during their meeting resolved not to distribute dividends from 2022 earnings.

(21) Other equity items

	2023		
	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Financial statements translation differences of foreign operations	Total
At January 1	(\$ 268,070)	(\$ 73,963)	(\$ 342,033)
The Company's effect	2,335	-	2,335
Effects of associate accounted for under equity method	39,910	(15,206)	24,704
Tax effects of associate accounted for under equity method	-	3,041	3,041
At December 31	(\$ 225,825)	(\$ 86,128)	(\$ 311,953)

	2022		
	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Financial statements translation differences of foreign operations	Total
At January 1	(\$ 251,527)	(\$ 129,418)	(\$ 380,945)
The Company's effect	(1,318)	-	(1,318)
Effects of associate accounted for under equity method	(15,225)	69,319	54,094
Tax effects of associate accounted for under equity method	-	(13,864)	(13,864)
At December 31	(\$ 268,070)	(\$ 73,963)	(\$ 342,033)

(22) Operating revenue

	Years ended December 31	
	2023	2022
Revenue from contracts with customers	\$ 3,353,797	\$ 4,482,301

A. Disaggregation of revenue from contracts with customers

The Group derives revenue in the following major geographical regions:

	Year ended December 31, 2023			
	USA	Mainland China	Other areas	Total
Revenue from external customer contracts	\$ 1,552,438	\$ 88,509	\$ 1,712,850	\$ 3,353,797
	Year ended December 31, 2022			
	USA	Mainland China	Other areas	Total
Revenue from external customer contracts	\$ 1,555,082	\$ 529,494	\$ 2,397,725	\$ 4,482,301

B. Contract liabilities from customers

(a) The Group has recognised the following revenue-related contract liabilities:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities:			
Contract liabilities-			
Product sales contracts	\$ 11,555	\$ 46,168	\$ 7,597

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

	Years ended December 31	
	2023	2022
Revenue recognised that was included in the contract liability balance at the beginning of the period	\$ 10,428	\$ 4,081

Changes in contract liabilities are mainly from the timing difference between performance obligations satisfied and customers' payment.

(23) Interest income

	Years ended December 31	
	2023	2022
Interest income from bank deposits	\$ 9,890	\$ 4,481

(24) Other income

	Years ended December 31	
	2023	2022
Dividend income	\$ 2,256	\$ 97
Other income, others	23,550	9,545
	\$ 25,806	\$ 9,642

A. For the year ended December 31, 2022, as the Group adopted the “The Youth's Employment Ultimate Program” of the Ministry of Labor, the Group recognised program funds of government subsidies as subsidy income amounting to \$1,380.

B. For the year ended December 31, 2023, the Group recognised government grant income of \$3,000 for the subsidiaries from the Ministry of Economic Affairs under the ‘Low Earth Orbit (LEO) Radio Frequency Front End (RFFE) Solution Development Plan’.

(25) Other gains and losses

	Years ended December 31	
	2023	2022
Gains on disposals of property, plant and equipment	\$ 5,573	\$ 292
Currency exchange gainse (losses)	269	(3,674)
Gains (losses) on financial assets (liabilities) at fair value through profit or loss	15,525	(8,094)
Miscellaneous disbursements	(3,134)	(1,408)
	<u>\$ 18,233</u>	<u>(\$ 12,884)</u>

(26) Finance costs

	Years ended December 31	
	2023	2022
Interest expense	\$ 71,718	\$ 39,935
Interest expense of lease liability	9,486	8,674
	<u>\$ 81,204</u>	<u>\$ 48,609</u>

(27) Expenses by nature

	Years ended December 31	
	2023	2022
Employee benefit expense	\$ 989,519	\$ 1,043,148
Depreciation charges	194,509	182,189
Amortisation	37,220	35,036
	<u>\$ 1,221,248</u>	<u>\$ 1,260,373</u>

(28) Employee benefit expense

	Years ended December 31	
	2023	2022
Salary expenses	\$ 839,544	\$ 887,453
Labour and health insurance fees	73,035	75,520
Pension costs	44,486	47,126
Other personnel expenses	32,454	33,049
	<u>\$ 989,519</u>	<u>\$ 1,043,148</u>

A. According to the Articles of Incorporation of the Company, the ratio of distributable profit of the current year shall not be lower than 7% for employees’ compensation in the form of stocks/cash,

and employees must be working for the Company. The current year's earnings, if any, shall not be higher than 1% for directors' remuneration. Appropriation of employees' compensation and directors' remuneration shall be submitted to the shareholders' meeting. If the Company has accumulated deficit, earnings should be reserved to cover losses and then be appropriated to employees' compensation and directors' remuneration based on the abovementioned ratios.

B. For the years ended December 31, 2023 and 2022, there were no employees' compensation accrued due to accumulated deficit.

For 2022, there were no employees' compensation and directors' remuneration resolved by the Board of Directors.

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

(29) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31	
	2023	2022
Current tax:		
Current tax on profits for the period	\$ 5,511	\$ 10,598
Tax of foreign source income withheld at source	7,653	248
Prior year income tax overestimation	(996)	-
Total current tax	<u>12,168</u>	<u>10,846</u>
Deferred tax:		
Origination and reversal of deferred tax assets	16,965	(12,847)
Impact of tax losses	36,767	22,303
Total deferred tax	<u>53,732</u>	<u>9,456</u>
Income tax expense	<u>\$ 65,900</u>	<u>\$ 20,302</u>

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

	Years ended December 31	
	2023	2022
Currency translation differences	(\$ 3,041)	\$ 13,864

(c) The income tax charged/(credited) to equity during the period: None.

B. Reconciliation between income tax expense and accounting profit:

	Years ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	(\$ 105,020)	(\$ 88,291)
Tax exempt income by tax regulation	(13)	-
Expenses disallowed by tax regulation	-	83,033
Origination of temporary differences tax assets/Change in assessment of realisation of deferred tax assets	163,280	25,312
Tax of foreign source income withheld at source	7,653	248
Income tax expense	<u>\$ 65,900</u>	<u>\$ 20,302</u>

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

	2023				
	At January 1	Recognised in profit or loss	Recognised in other comprehensive income	Net exchange differences	At December 31
Deferred tax assets:					
-Temporary differences:					
Allowance for inventory valuation losses	\$ 16,239	\$ 1,413	\$ -	(\$ 35)	\$ 17,617
Unrealised warranty cost of after-sale service	5,854	2,214	-	(20)	8,048
Unrealised loss from doubtful accounts	-	2,995	-	-	2,995
Unrealised pension	17,387	(2,054)	-	-	15,333
Exchange differences on foreign financial statements	-	-	934	-	934
Others	11,796	310	-	(192)	11,914
-Tax losses	<u>389,606</u>	<u>(36,767)</u>	<u>-</u>	<u>(554)</u>	<u>352,285</u>
Subtotal	<u>\$ 440,882</u>	<u>(\$ 31,889)</u>	<u>\$ 934</u>	<u>(\$ 801)</u>	<u>\$ 409,126</u>
Deferred income tax liabilities:					
Unrealised gain on long-term investments	(\$ 65,805)	(\$ 25,623)	\$ -	\$ -	(\$ 91,428)
Unrealised exchange gain	(19,674)	1,046	-	-	(18,628)
Unrealised gain of the valuation on financial assets	-	534	-	-	534
Unrealised gain from doubtful accounts	(2,156)	2,156	-	-	-
Exchange differences on foreign financial statements	(2,107)	-	2,107	-	-
Others	<u>(1,083)</u>	<u>44</u>	<u>-</u>	<u>(9)</u>	<u>(1,048)</u>
Subtotal	<u>(\$ 90,825)</u>	<u>(\$ 21,843)</u>	<u>\$ 2,107</u>	<u>(\$ 9)</u>	<u>(\$ 110,570)</u>
Total	<u>\$ 350,057</u>	<u>(\$ 53,732)</u>	<u>\$ 3,041</u>	<u>(\$ 810)</u>	<u>\$ 298,556</u>

	2022				
	At January 1	Recognised in profit or loss	Recognised in other comprehensive income	Net exchange differences	At December 31
Deferred tax assets:					
-Temporary differences:					
Allowance for inventory valuation losses	\$ 10,402	\$ 5,802	\$ -	\$ 35	\$ 16,239
Unrealised warranty cost of after-sale service	1,524	4,307	-	23	\$ 5,854
Unrealised pension	31,126	(13,739)	-	-	\$ 17,387
Exchange differences on foreign financial statements	11,757	-	(11,757)	-	\$ -
Others	16,171	(4,273)	-	(102)	\$ 11,796
-Tax losses	411,126	(22,303)	-	783	\$ 389,606
Subtotal	\$ 482,106	(\$ 30,206)	(\$ 11,757)	\$ 739	\$ 440,882
Deferred income tax liabilities:					
Unrealised gain on long-term investments	(\$ 97,492)	\$ 31,687	\$ -	\$ -	(\$ 65,805)
Unrealised exchange gain	(11,724)	(7,950)	-	-	(19,674)
Unrealised gain from doubtful accounts	-	(2,156)	-	-	(2,156)
Exchange differences on foreign financial statements	-	-	(2,107)	-	(2,107)
Others	(252)	(831)	-	-	(1,083)
Subtotal	(\$ 109,468)	\$ 20,750	(\$ 2,107)	\$ -	(\$ 90,825)
Total	\$ 372,638	(\$ 9,456)	(\$ 13,864)	\$ 739	\$ 350,057

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

(1)Microelectronics Technology, Inc.

December 31, 2023					
Year incurred	Amount filed/ Assessed	Unused amount	Unrecognised deferred tax assets		Expiry year
2014	\$ 407,486	\$ 407,486	\$ 407,486		2024
2015	240,322	210,609	-		2025
2019	103,552	103,552	-		2029
2020	218,752	218,752	-		2030
2021	462,497	462,497	-		2031
2022	7,618	7,618	7,618		2032
2023	604,262	604,262	-		2033
		\$ 2,014,776	\$ 415,104		

December 31, 2022

Year incurred	Amount filed/ Assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2013	\$ 1,086,632	\$ 1,086,632	\$ 1,086,632	2023
2014	407,486	407,486	34,566	2024
2015	240,322	210,609	-	2025
2019	103,552	103,552	-	2029
2020	218,752	218,752	-	2030
2021	462,497	462,497	-	2031
2022	415,165	415,165	-	2032
		<u>\$ 2,904,693</u>	<u>\$ 1,121,198</u>	

(2)Jupiter Technology (Wuxi) Inc.

December 31, 2023

Year incurred	Amount filed/ Assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2018	\$ 17,211	\$ 10,934	\$ -	2023
2021	120,688	120,688	-	2026
		<u>\$ 131,622</u>	<u>\$ -</u>	

December 31, 2022

Year incurred	Amount filed/ Assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2018	\$ 17,211	\$ 10,934	\$ -	2023
2021	120,688	120,688	-	2026
		<u>\$ 131,622</u>	<u>\$ -</u>	

E. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(30) Losses per share

Year ended December 31, 2023

	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Losses per share (in dollars)</u>
<u>Basic/Diluted losses per share</u>			
Loss attributable to the parent	(\$ 619,758)	238,680	(\$ 2.60)

	Year ended December 31, 2022		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Losses per share (in dollars)</u>
<u>Basic/Diluted losses per share</u>			
Loss attributable to the parent	(\$ 486,411)	236,220	(\$ 2.06)

(31) Supplemental cash flow information

Investing activities with partial cash payments:

	Years ended December 31	
	<u>2023</u>	<u>2022</u>
Purchase of property, plant and equipment	\$ 53,424	\$ 187,708
Add: Opening balance of payable on equipment	30,158	21,620
Ending balance of prepayment for equipment	-	11,078
Less: Ending balance of payable on equipment	(12,127)	(30,158)
Opening balance of prepayment for equipment	(11,078)	(3,257)
Effect of exchange rate changes	(40)	8
Cash paid during the period	<u>\$ 60,337</u>	<u>\$ 186,999</u>

(32) Changes in liabilities from financing activities

	<u>Lease liabilities</u>	<u>Short-term borrowings</u>	<u>Long-term borrowings</u>	<u>Total</u>
January 1, 2023	\$ 461,212	\$ 1,558,915	\$ 870,465	\$ 2,890,592
Changes in cash flow from financing activities	(65,868)	2,408	(159,683)	(223,143)
Impact of changes in foreign exchange rate	157	(3,216)	-	(3,059)
Changes in other non-cash items	<u>26,751</u>	<u>-</u>	<u>(2,124)</u>	<u>24,627</u>
December 31, 2023	<u>\$ 422,252</u>	<u>\$ 1,558,107</u>	<u>\$ 708,658</u>	<u>\$ 2,689,017</u>

	<u>Lease liabilities</u>	<u>Short-term borrowings</u>	<u>Long-term borrowings</u>	<u>Total</u>
January 1, 2022	\$ 459,176	\$ 1,547,656	\$ 756,980	\$ 2,763,812
Changes in cash flow from financing activities	(31,904)	11,012	113,053	92,161
Impact of changes in foreign exchange rate	7,740	247	-	7,987
Changes in other non-cash items	<u>26,200</u>	<u>-</u>	<u>432</u>	<u>26,632</u>
December 31, 2022	<u>\$ 461,212</u>	<u>\$ 1,558,915</u>	<u>\$ 870,465</u>	<u>\$ 2,890,592</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Cybertan Technology Inc.	Entity with significant influence to the Group
IQE Taiwan Corporation	Substantive related party

(2) Significant related party transactions

A. Operating revenue

	<u>Years ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Sales of goods:		
Entity with significant influence to the Group	\$ <u>151,793</u>	\$ <u>108,090</u>

The sales prices are based on mutual agreement, and no similar transactions can be compared with. The credit terms are 30 days from invoice date for the related parties. For third parties, credit terms are 30~90 days from invoice date or after monthly billings.

B. Purchases

	<u>Years ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Purchases of goods:		
Entity with significant influence to the Group	\$ <u>28,711</u>	\$ <u>23,731</u>

The transaction price and payment condition of purchased goods were available to third parties. The payment terms were 60 days after the invoice date, the regular payment term was 30~90 days after monthly billing.

C. Receivables from related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable:		
Entity with significant influence to the Group	\$ 22,759	\$ 26,760
Other receivables:		
Entity with significant influence to the Group	<u>399</u>	<u>239</u>
	<u>\$ 23,158</u>	<u>\$ 26,999</u>

D. Payables to related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable:		
Entity with significant influence to the Group	<u>\$ 3,943</u>	<u>\$ 4,687</u>

E. Research and development expense

	Years ended December 31	
	2023	2022
Entity with significant influence to the Group	\$ 3,013	\$ -

F. Lease transactions – lessee

(a) The Group leases buildings from Cybertan Technology Inc.. Rental contracts are typically made for periods of 3 years. Rents are paid at the end of year.

(b) Acquisition of right-of-use assets

On 1 July 2023 (the date of initial application of IFRS 16), the Group increased right-of-use assets by \$26,750.

(c) Lease liabilities

(i) Outstanding balance:

	December 31, 2023	December 31, 2022
Cybertan Technology Inc.	\$ 345,343	\$ 371,306

(ii) Interest expense

	Years ended December 31	
	2023	2022
Cybertan Technology Inc.	\$ 7,665	\$ 7,398

(c) As of December 31, 2023 and 2022, guarantee deposits paid (shown as ‘Other non-current assets’) to entities with significant influence to the Group all amounted to \$5,765.

(3) Key management compensation

	Years ended December 31	
	2023	2022
Salaries and other short-term employee benefits	\$ 38,817	\$ 38,845
Post-employment benefits	1,263	1,811
Share-based payments	-	2,570
	\$ 40,080	\$ 43,226

8. PLEDGED ASSETS

The Group’s assets pledged as collateral are as follows:

Pledged asset	Book value		Purpose
	December 31, 2023	December 31, 2022	
Time deposits (shown as ‘Financial assets at amortised cost-current’)	\$ 542	\$ 2,728	Guarantee for business card

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 112,247	\$ 58,853
Financial assets at fair value through other comprehensive income		
Designation of equity instruments	150,151	108,109
Available-for-sale financial assets		
Financial assets at amortised cost		
Cash and cash equivalents	978,354	1,124,401
Financial assets at amortised cost	32,215	34,676
Notes receivable	378	663
Accounts receivable (including related party transactions)	675,212	911,760
Other receivables (including related party transactions)	12,611	18,590
Guarantee deposits paid	8,902	8,707
	<u>\$ 1,970,070</u>	<u>\$ 2,265,759</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	\$ -	\$ 220
Financial liabilities at amortised cost		
Short-term borrowings	1,558,107	1,558,915
Accounts payable (including related party transactions)	391,887	947,691
Other payables	223,861	322,276
Long-term borrowings (including current portion)	<u>708,658</u>	<u>870,465</u>
	<u>\$ 2,882,513</u>	<u>\$ 3,699,567</u>
Lease liability	<u>\$ 422,252</u>	<u>\$ 461,212</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance. The Company uses derivative financial instruments to hedge certain risk exposures (see Notes 6(2) and 6(12)).
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation 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 Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD, EUR and RMB. Exchange rate risk arises from future commercial transactions and recognized assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the Company treasury. To manage their foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, entities in the Group uses forward foreign exchange contracts or

other derivative products, transacted with Company treasury.

- iii. The Group hedges foreign exchange rate by using forward exchange and cross currency swap contracts. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Notes 6(2) and (12).
- iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB, USD, and EUR). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 27,632	30.71	\$ 848,579
RMB:NTD	323	4.34	1,402
EUR:NTD	34	33.98	1,155
USD:RMB	5,739	7.08	176,216
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 29,676	30.71	\$ 911,350
RMB:NTD	333	4.34	1,445
EUR:NTD	1,102	33.98	37,446
USD:RMB	5,940	7.08	182,388

December 31, 2022			
Foreign currency			
	amount	Exchange	Book value
	(In thousands)	rate	(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 65,946	30.71	\$ 2,025,202
RMB:NTD	803	4.41	3,541
EUR:NTD	727	32.72	23,787
USD:RMB	21,414	6.96	657,624
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 62,804	30.71	\$ 1,928,711
RMB:NTD	724	4.41	3,193
EUR:NTD	39	32.72	1,276
USD:RMB	24,856	6.96	763,328

- v. The total exchange gain (loss), including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022 amounted to \$269 and (\$3,674), respectively.
- vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2023				
Sensitivity analysis				
	Degree of variation		Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	8,486	\$ -
RMB:NTD	1%		14	-
EUR:NTD	1%		12	-
USD:RMB	1%		1,762	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	(\$	9,113)	\$ -
RMB:NTD	1%	(	14)	-
EUR:NTD	1%	(	374)	-
USD:RMB	1%	(	1,824)	-

Year ended December 31, 2022				
Sensitivity analysis				
	Degree of variation		Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	20,252	\$ -
RMB:NTD	1%		35	-
EUR:NTD	1%		238	-
USD:RMB	1%		6,576	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	(\$	19,287)	\$ -
RMB:NTD	1%	(	32)	-
EUR:NTD	1%	(	13)	-
USD:RMB	1%	(	7,633)	-

Price risk

- i. The Group's equity securities and beneficiary certificates, which are exposed to price risk, are the held financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and available-for-sale financial assets. To manage its price risk arising from investments in equity securities and beneficiary certificates, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
 - ii. The Group's investments in equity securities and beneficiary certificates comprise shares issued by the overseas and domestic companies. The prices of equity securities and beneficiary certificates would change due to the change of the future value of investee companies. If the prices of these equity securities and beneficiary certificates had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by \$1,122 and \$589, respectively, as a result of gains/losses on equity and beneficiary certificates securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$1,502 and \$1,081, respectively, as a result of other comprehensive income classified as available-for-sale equity investment and equity investment at fair value through other comprehensive income.
- (b) Credit risk
- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the

agreed terms, and the contract cash flows of debt instruments stated at amortized cost and at fair value through profit or loss.

- ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with optimized credit ratings are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by management. The utilization of credit limits is regularly monitored.
- iii. Impairment assessment of credit risk on financial assets at amortized cost is as follows:
 - (i) The Group adopts following assumptions under IFRS 9, if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
 - (ii) In line with credit risk management procedure, when the counterparty is unable to pay the past-due payables, the default has occurred.
 - (iii) The Group used the forecast ability to adjust historical and timely information and considered credit rating of issue banks to assess the default possibility of accounts and notes receivable.
 - (iv) The Group's financial assets at amortized cost are including time deposits deposited in banks and restricted time deposits. Such banks all have optimized credit rating, no past due has occurred, and no significant changes in the entire economic environment, therefore no credit loss is expected and the impact to the financial statement is remote.
- iv. Impairment assessment of credit risk on accounts and notes receivable is as follows:
 - (i) The Group classifies customers' accounts and notes receivable in accordance with credit rating of customer. The Group applies the simplified approach using provision matrix to estimate expected credit loss under the provision matrix basis.
 - (ii) The Group used the forecast ability to adjust historical and timely information to assess the default possibility of accounts and notes receivable. As of December 31, 2023, and 2022, the provision matrix is as follows:

	<u>Not past due</u>	<u>90 days past due</u>	<u>91-180 days past due</u>	<u>181-365 days past due</u>	<u>Total</u>
<u>December 31, 2023</u>					
Expected loss rate	0%-1%	0%-1%	0%-1%	0%-13%	
Total book value	\$ 201,356	\$ 175,024	\$ 1,099	\$ 298,847	\$ 676,326
Loss allowance	\$ -	\$ -	\$ -	\$ 736	\$ 736

	Over 365 days <u>past due</u>				
<u>December 31, 2023</u>					
Expected loss rate	100%				
Total book value	\$	31,542			
Loss allowance	\$	31,542			
	<u>Not past due</u>	<u>90 days past due</u>	<u>91-180 days past due</u>	<u>181-365 days past due</u>	<u>Total</u>
<u>December 31, 2022</u>					
Expected loss rate	0%-1%	0%-1%	0%-1%	0%-13%	
Total book value	\$ 761,252	\$ 136,811	\$ 14,351	\$ 11	\$ 912,425
Loss allowance	\$ -	\$ 1	\$ 1	\$ -	\$ 2
	Over 365 days <u>past due</u>				
<u>December 31, 2022</u>					
Expected loss rate	100%				
Total book value	\$	17,307			
Loss allowance	\$	17,307			

(iii) Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts and notes receivable are as follows:

	<u>2023</u>		<u>2022</u>	
At January 1	\$	17,309	\$	11,028
Provision for impairment loss		14,973		5,660
Effect of exchange rate changes	(	4)		621
At December 31	\$	<u>32,278</u>	\$	<u>17,309</u>

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.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. Company treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the

above-mentioned forecasts.

iii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled 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 and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>December 31, 2023</u>	<u>Less than 3 months</u>	<u>Between 3 months and 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
<u>Non-derivative financial liabilities</u>						
Short-term borrowings	\$ 1,389,698	\$ 180,632	\$ -	\$ -	\$ -	\$ 1,570,330
Accounts payable	376,488	15,399	-	-	-	391,887
Other payables	223,861	-	-	-	-	223,861
Long-term borrowings	198,938	264,969	217,688	57,600	-	739,195
Lease liability	50,999	60,152	99,061	237,781	-	447,993
<u>December 31, 2022</u>	<u>Less than 3 months</u>	<u>Between 3 months and 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
<u>Non-derivative financial liabilities</u>						
Short-term borrowings	\$ 1,474,638	\$ 93,752	\$ -	\$ -	\$ -	\$ 1,568,390
Accounts payable	834,648	113,043	-	-	-	947,691
Other payables	322,276	-	-	-	-	322,276
Long-term borrowings	48,619	263,360	342,079	254,068	-	908,126
Lease liability	48,980	56,371	75,604	229,608	77,515	488,078
<u>Derivative financial liabilities</u>	<u>Less than 3 months</u>	<u>Between 3 months and 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Forward foreign exchange transactions	\$ 220	\$ -	\$ -	\$ -	\$ -	\$ 220

(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.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's derivative instruments and emerging stocks are included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, financial assets at amortized cost, other financial assets, short-term borrowings, accounts payable and other payables are approximate to their fair values.

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

(a) The related information of natures of the assets and liabilities is as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ -	\$ -	\$ 97,540	\$ 97,540
Equity securities	14,707	-	-	14,707
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	150,151	150,151
	<u>\$ 14,707</u>	<u>\$ -</u>	<u>\$ 247,691</u>	<u>\$ 262,398</u>

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Foreign exchange swap contracts	\$ -	\$ 3,227	\$ -	\$ 3,227
Beneficiary certificates	-	-	55,626	55,626
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	108,109	108,109
	<u>\$ -</u>	<u>\$ 3,227</u>	<u>\$ 163,735</u>	<u>\$ 166,962</u>

Liabilities

Recurring fair value measurements

Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	\$ -	\$ 220	\$ -	\$ 220
	<u>\$ -</u>	<u>\$ 220</u>	<u>\$ -</u>	<u>\$ 220</u>

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

- i. When assessing non-standard and low-complexity financial instruments, for example, interest rate swap contracts and foreign exchange swap contracts, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- ii. For the instruments the Group used market quoted prices as their fair values (that is, Level 1), listed shares use the closing price as its market quoted price.
- iii. The output of valuation model is an estimated value and the valuation technique may not

be able to capture all relevant factors of the Group's financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

D. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

	2023		
	Beneficiary certificates	Equity securities	Total
At January 1	\$ 55,626	\$ 108,109	\$ 163,735
Additions	27,232	-	27,232
Loss recognised in profit or loss	14,551	-	14,551
Loss recognised in other comprehensive income	-	42,245	42,245
Net exchange differences	131	(203)	(72)
At December 31	<u>\$ 97,540</u>	<u>\$ 150,151</u>	<u>\$ 247,691</u>
	2022		
	Beneficiary certificates	Equity securities	Total
At January 1	\$ 28,906	\$ 114,588	\$ 143,494
Additions	31,879	-	31,879
Loss recognised in profit or loss	(10,274)	-	(10,274)
Loss recognised in other comprehensive loss	-	(16,543)	(16,543)
Net exchange differences	5,115	10,064	15,179
At December 31	<u>\$ 55,626</u>	<u>\$ 108,109</u>	<u>\$ 163,735</u>

F. Treasury department is in charge of valuation procedures for fair value measurements being categorised 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.

G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 14,688	Market comparable companies	Discount for lack of marketability P/B ratio	30% 100%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	-	Discounted cash flow	Long-term pre-tax operating margin	Not applicable	The higher the long-term pre-tax operating margin, the higher the fair value
Venture capital shares	135,463	Net asset value	Not applicable	Not applicable	The higher the net assets value, the higher the fair value
Limited partnership investment:					
Venture capital limited partnership	97,540	Net asset value	Not applicable	Not applicable	The higher the net assets value, the higher the fair value
	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 12,353	Market comparable companies	Discount for lack of marketability P/B ratio	30% 100%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	-	Discounted cash flow	Long-term pre-tax operating margin	Not applicable	The higher the long-term pre-tax operating margin, the higher the fair value
Venture capital shares	95,756	Net asset value	Not applicable	Not applicable	The higher the net assets value, the higher the fair value
Limited partnership investment:					
Venture capital limited partnership	\$ 55,626	Net asset value	Not applicable	Not applicable	The higher the net assets value, the higher the fair value

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

				December 31, 2023			
				Recognised in profit or loss		Recognised in other comprehensive income	
		Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets							
Equity instruments	Discount for lack of marketability		±10%	\$ -	\$ -	\$ 629	(\$ 629)
	P/B ratio		±10%	-	-	1,469	(1,469)
				<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,098</u>	<u>(\$ 2,098)</u>
				December 31, 2022			
				Recognised in profit or loss		Recognised in other comprehensive income	
		Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets							
Equity instruments	Discount for lack of marketability		±10%	\$ -	\$ -	\$ 529	(\$ 529)
	P/B ratio		±10%	-	-	1,235	(1,235)
				<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,764</u>	<u>(\$ 1,764)</u>

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period: Please refer to table 1.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 2.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 3.
- I. Trading in derivative financial instruments undertaken during the reporting periods: Please refer to Note 6(2) (12).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 5.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 6.

B. Significant transactions, either directly or indirectly through a third areas, with investee companies in the Mainland China: Please refer to table 7.

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the chief operating decision-maker, which is the General Manager, that are used to make strategic decisions and the Group was identified as a single reportable segment.

(2) Measurement of segment information

The Group's General Manager assesses the performance of the operating segments based on the pre-tax net income (loss).

(3) Information about segment profit or loss, assets and liabilities

	<u>Years ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Revenue from external customers	\$ 3,353,797	\$ 4,482,301
Inter-segment revenue	\$ 1,530,192	\$ 2,499,927
Total segment revenue	<u>\$ 4,883,989</u>	<u>\$ 6,982,228</u>
Segment loss	(\$ 553,858)	(\$ 466,109)
Segment assets	\$ 5,478,401	\$ 6,541,050
Segment liabilities	<u>\$ 3,596,382</u>	<u>\$ 4,463,446</u>

(4) Reconciliation for segment income (loss)

Total measurement of segment income is consistent with the operating income shown in the Group's financial statements. Therefore, no reconciliation was needed.

(5) Information on products and services

Please refer to Note 6 (22) for the related information.

(6) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	Years ended December 31			
	2023		2022	
	Revenue	Non-current assets	Revenue	Non-current assets
USA	\$ 1,552,438	\$ 91,015	\$ 1,555,082	\$ 94,558
Mainland China	88,509	415,820	529,494	400,116
Others	1,712,850	497,167	2,397,725	641,276
	<u>\$ 3,353,797</u>	<u>\$ 1,004,002</u>	<u>\$ 4,482,301</u>	<u>\$ 1,135,950</u>

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31, 2023		Year ended December 31, 2022	
		Revenue		Revenue
E customer	\$	805,385	E customer	\$ 822,984
N customer		663,059	N customer	763,667
B customer		586,784	L customer	589,263

Microelectronics Technology, Inc. and Subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
Year ended December 31, 2023

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023			Note
				Number of shares	Book value	Ownership (%)		Fair value
Microelectronics Technology, Inc.	Stocks - CyberTAN Technology, Inc.	Yes	Financial assets at fair value through profit or loss	670,000	\$ 14,707	0.20	\$ 14,707
Microelectronics Technology, Inc.	Stocks - Taiwan Aerospace Corporation	None	Financial assets at fair value through other comprehensive income	648,576	14,688	0.48	14,688
Sasson International Holding, Inc.	Stocks - Firetide, Inc.	None	Financial assets at fair value through profit or loss	1,333,600	-	2.24	-
Sasson International Holding, Inc.	Stocks - Taicom Capital Ltd.	None	Financial assets at fair value through other comprehensive income	20,000	135,463	Note	135,463
Sasson International Holding, Inc.	Stocks - New Edge Signal Solutions LCC	None	Financial assets at fair value through other comprehensive income	1,355,663	-	12.50	-
Sasson International Holding, Inc.	Stocks - Kymeta Corporation	None	Financial assets at fair value through other comprehensive income	205,432	-	0.05	-
Sasson International Holding, Inc.	Beneficiary certificates - CDIB-Inmolux Limited Partnership	None	Financial assets at fair value through profit or loss	-	97,540	6.99	97,540

Note: Holding of 10,000 ordinary shares and 10,000 preference shares for 11.43% and 16.67% ownership, respectively.

Microelectronics Technology, Inc. and Subsidiaries

Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
Year ended December 31, 2023

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 2

Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)		Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Differences in transaction terms compared to third party transactions	Notes/accounts receivable (payable)	Percentage of total notes/accounts receivable (payable)
			Purchases (sales)	Purchases (sales)									Balance	Note
Microelectronics Technology, Inc.	Jupiter Technology (wuxi), Inc.	Indirect subsidiary of the Company	Purchases	\$	1,019,282	52%	60 days	Not applicable	Not applicable		186,996	(48%)
Jupiter Technology (wuxi), Inc.	Microelectronics Technology, Inc.	Parent Company	Sales	(	1,019,282)	(63%)	60 days	Not applicable	Not applicable		186,996	99%

Microelectronics Technology, Inc. and Subsidiaries

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

Year ended December 31, 2023

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023	Annual Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts	Expressed in thousands of NTD (Except as otherwise indicated)
					Amount	Action taken			
Jupiter Technology (wuxi), Inc.	Microelectronics Technology, Inc.	Parent company	\$ 186,996	3.79	\$ -	-	107,336	\$ -	-

Table 3

Microelectronics Technology, Inc. and Subsidiaries

Significant inter-company transactions during the reporting periods

Year ended December 31, 2023

Table 4

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction		Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	
0	Microelectronics Technology, Inc.	Jupiter Technology (wuxi), Inc.	1	Purchases and processing overhead	1,019,282	30.39%
0	Microelectronics Technology, Inc.	Jupiter Technology (wuxi), Inc.	1	Accounts payable	186,996	3.41%
0	Microelectronics Technology, Inc.	MTI Laboratory, Inc.	1	Research and development expenses	255,107	7.61%
0	Microelectronics Technology, Inc.	MTI Laboratory, Inc.	1	Accrued expense	122,187	2.23%
0	Microelectronics Technology, Inc.	Radiocomp ApS	1	Research and development expenses	173,767	5.18%
0	Microelectronics Technology, Inc.	Radiocomp ApS	1	Accrued expense	37,072	0.68%

Note 1: The information of transactions between the Company and the subsidiaries should be noted in "Number" column.

(1) Number 0 represents the Company.

(2) The consolidated subsidiaries are numbered in order from number 1.

Note 2: The transaction relationship with counterparties are as follows:

(1) The Company to the consolidated subsidiary.

(2) The consolidated subsidiaries to the Company.

(3) The consolidated subsidiaries to other consolidated subsidiaries.

Note 3: In calculating the ratio, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenues for income statement accounts.

Note 4: Only transaction amounts over \$10 million were disclosed and if transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it was not required to be disclosed separately.

Microelectronics Technology, Inc. and Subsidiaries

Information on investees

Year ended December 31, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Note
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Microelectronics Technology, Inc.	Sasson International Holding, Inc.	British Virgin Is.	Investment management	\$ 908,778	\$ 908,778	3,920	100	\$ 1,557,617	\$ 50,956	\$ 128,114	Note 1
Sasson International Holding, Inc.	Welltop Technology Co., Ltd.	British Virgin Is.	Investment management	240,543	240,582	7,834,000	100	394,073	16,669	16,669	Note 2
Sasson International Holding, Inc.	Jupiter Network Corp.	British Virgin Is.	Investment management	954,060	954,215	31,071,800	100	997,303	11,632	11,632	Note 2
Welltop Technology Co., Ltd.	MTI Laboratory, Inc.	U.S.A	Communications	46,058	46,065	1,500,000	100	169,649	8,763	8,763	Note 2
Welltop Technology Co., Ltd.	Radiocomp ApS	Denmark	Communications	144,375	144,398	1,527,944	100	203,285	8,014	8,014	Note 2

Note 1: Subsidiary of the Company.

Note 2: Indirect subsidiary of the Company.

Microelectronics Technology, Inc. and Subsidiaries
Information on investees in Mainland China
Year ended December 31, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2023	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023 (Note 2)	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Note
Jupiter Technology (wuxi) Inc. (Note 1)	Main business activities: The manufacturing and sales of satellite and microwave communication system and related technical and consultation services	951,855	Through investing in an existing company in the third area, which then invested in the investee in Mainland China.	\$ 951,855	\$ -	\$ 951,855	\$ 11,632	100	\$ 11,632	\$ 997,260	\$ -	-
Microelectronics Technology, Inc.	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA	\$ 1,073,754	\$ 1,197,741	\$ 1,129,211						

Note 1: It was indirectly invested through Jupiter Network Corp.

Note 2: Investment profit or loss was recognised based on the financial statements that were reviewed by R.O.C. parent company's CPA.

Microelectronics Technology, Inc. and Subsidiaries

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas
Year ended December 31, 2023

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsemments/guarantees or collaterals		Financing		Interest during the year ended December 31, 2023	Others (Note)
	Amount	%	Amount	%	Balance	%	Balance at December 31, 2023	Maximum balance during the year ended December 31, 2023	Balance at December 31, 2023	Interest rate		
Investee in Mainland China												
Jupiter Technology (wuxi) Inc.	(\$ 1,019,282)	(52%)	\$ -	0.0%	(\$ 186,996)	(48%)	\$ -	- \$	- \$	- \$	- \$	\$ 11,245

Note: It consisted of current liabilities amounting to \$11,245.

Microelectronics Technology, Inc. and Subsidiaries

Major shareholders information

December 31, 2023

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Shares	No. of shares held	Ownership (%)
Name of major shareholders Cybertan Technology Inc.	47,522,756	18.85%

Note 1: The major shareholders information was 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 above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.

Note 2: If the aforementioned data contains shares which were kept at the trust by the shareholders, the data disclosed was the settlor's separate account for the trust by the trustee.

As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with 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.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Microelectronics Technology, Inc.

Opinion

We have audited the accompanying parent company only balance sheets of Microelectronics Technology, Inc. (the “Company”) as at December 31, 2023 and 2022, and the related 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, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditor’s 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 in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2023 parent company only financial statements. 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 for the Company's 2023 parent company only financial statements are stated as follows:

Intangible assets - assessment of goodwill impairment

Description

As of December 31, 2023, goodwill amounted to NT\$276,887 thousand, comprising \$143,637 thousand for goodwill of the Company and \$133,250 thousand derived from the investment of subsidiaries which was included in the carrying amount of investment accounted for under equity method presented on the parent company only financial statements. For information on evaluation of goodwill impairment, please refer to Notes 4(17), 5(2) and 6(10) for details. The Company estimates recoverable amount utilizing the future cash flows of goodwill's cash generating unit and appropriate discount rates in order to determine whether goodwill is impaired. The estimation of future cash flows involves various assumptions, which may have significant effects on the estimation of recoverable amount. Thus, it has been identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Interviewed with management in order to obtain an understanding of the procedures in relation to identifying cash-generating units and estimating the future cash flows. Assessed the valuation model has been properly adopted.
2. Interviewed with management in order to obtain an understanding of development plans and schedules of the projects. Compared the financial forecast for the future cash flows are in agreement with the budget of the Group.
3. Assessed the key assumption that management used to estimate future cash flows, including operating revenue growth rate and gross margin, and compared with historical data, economic and industry forecast. Evaluated the parameters used in determining the discount rate, including the risk-free rate of return that was used to calculate cost of equity, industry's risk coefficient and long-term market return.

Allowance for inventory valuation losses

Description

As of December 31, 2023, the balances of inventories and allowance for inventory valuation losses amounted to NT\$1,559,381 thousand and NT\$77,300 thousand, respectively. Please refer to Notes 4(12), 5(2) and 6(5) for details. Since inventory is material to the financial statements and the determination of net realisable value of the obsolete inventory usually involves management's subjective judgement, therefore, we determined valuation of inventories that are over a certain age and individually identified as obsolete or slow-moving as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding of management policies on obsolete or slow-moving inventories, and verified the reasonableness of determining the obsolescence of inventory.
2. Tested the movements of inventories, and sampled individual inventory item numbers to check whether the classification of inventory aging is correct.
3. For obsolete or slow-moving inventories, sampled individual inventory item numbers to check progress of inventory clearance and evaluated the reasonableness of determining the allowance for inventory valuation losses

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

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

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

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

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

statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment 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.
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. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current year 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.

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

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

MICROELECTRONICS TECHNOLOGY, INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

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

Assets	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 768,451	14	\$ 912,508	14
1110	Financial assets at fair value through profit or loss - current	6(2)	14,707	-	3,227	-
1150	Notes receivable	6(4)	378	-	663	-
1170	Accounts receivable, net	6(4)	625,862	11	834,302	13
1180	Accounts receivable - related parties	6(4) and 7	22,759	-	26,760	-
1200	Other receivables		6,894	-	1,686	-
1210	Other receivables - related parties	7	399	-	239	-
130X	Inventories	6(5)	1,482,081	27	2,065,397	32
1410	Prepayments		26,636	1	47,060	1
11XX	Total current assets		<u>2,948,167</u>	<u>53</u>	<u>3,891,842</u>	<u>60</u>
Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non- current	6(3)	14,688	-	12,353	-
1550	Investments accounted for under equity method	6(6)	1,557,617	28	1,404,798	22
1600	Property, plant and equipment	6(7)	201,867	4	233,326	4
1755	Right-of-use assets	6(8) and 7	301,887	5	333,083	5
1780	Intangible assets	6(9)	157,024	3	162,264	3
1840	Deferred income tax assets	6(29)	362,193	7	390,571	6
1900	Other non-current assets	7	6,489	-	17,474	-
15XX	Total non-current assets		<u>2,601,765</u>	<u>47</u>	<u>2,553,869</u>	<u>40</u>
1XXX	Total assets		<u>\$ 5,549,932</u>	<u>100</u>	<u>\$ 6,445,711</u>	<u>100</u>

(Continued)

MICROELECTRONICS TECHNOLOGY, INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

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

Liabilities and Equity	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2100	Short-term borrowings	6(11)	\$ 1,375,591	25	\$ 1,462,072	23
2120	Financial liabilities at fair value through profit or loss - current	6(12)	-	-	220	-
2130	Current contract liabilities	6(22)	11,552	-	46,080	1
2170	Accounts payable		265,634	5	667,433	10
2180	Accounts payable - related parties	7	188,847	3	354,947	5
2200	Other payables	6(13)	149,742	3	217,089	3
2220	Other payables - related parties	7	161,352	3	124,104	2
2250	Provisions for liabilities - current	6(17)	30,791	-	14,979	-
2280	Current lease liabilities	6(8) and 7	88,285	2	84,238	1
2320	Long-term liabilities, current portion	6(14)	456,124	8	301,312	5
2399	Other current liabilities	7	221,688	4	39,201	1
21XX	Total current liabilities		<u>2,949,606</u>	<u>53</u>	<u>3,311,675</u>	<u>51</u>
Non-current liabilities						
2540	Long-term borrowings	6(14)	252,534	4	569,153	9
2550	Provisions for liabilities - non-current	6(17)	3,636	-	8,027	-
2570	Deferred income tax liabilities	6(29)	110,057	2	90,276	1
2580	Non-current lease liabilities	6(8) and 7	257,058	5	287,068	5
2600	Other non-current liabilities	6(15)	95,022	2	101,908	2
25XX	Total non-current liabilities		<u>718,307</u>	<u>13</u>	<u>1,056,432</u>	<u>17</u>
2XXX	Total Liabilities		<u>3,667,913</u>	<u>66</u>	<u>4,368,107</u>	<u>68</u>
Equity						
	Share capital	6(18)				
3110	Common stock		2,520,283	45	2,380,283	37
	Capital reserve	6(19)				
3200	Capital surplus		1,091,896	20	830,132	13
	Retained earnings	6(20)				
3310	Legal reserve		24,972	-	24,972	-
3320	Special reserve		193,426	4	193,426	3
3350	Accumulated deficit		(1,636,605)	(29)	(1,009,176)	(16)
	Other equity interest	6(21)				
3400	Other equity interest		(311,953)	(6)	(342,033)	(5)
3XXX	Total equity		<u>1,882,019</u>	<u>34</u>	<u>2,077,604</u>	<u>32</u>
	Significant contingent liabilities and unrecognised contract commitments	8				
	Significant events after the balance sheet date	10				
3X2X	Total liabilities and equity		<u>\$ 5,549,932</u>	<u>100</u>	<u>\$ 6,445,711</u>	<u>100</u>

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

MICROELECTRONICS TECHNOLOGY, INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Items	Notes	Year ended December 31				
		2023		2022		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(22) and 7	\$ 3,342,399	100	\$ 4,406,763	100
5000	Operating costs	6(5) and 7	(3,095,991)	(92)	(3,772,398)	(85)
5900	Gross profit		246,408	8	634,365	15
	Operating expenses	6(27)(28) and 7				
6100	Selling expenses		(90,637)	(3)	(131,867)	(3)
6200	General and administrative expenses		(61,124)	(2)	(60,532)	(1)
6300	Research and development expenses		(724,563)	(22)	(779,037)	(18)
6450	Loss on (reversal of) expected credit impairment		(14,973)	-	10,779	-
6000	Total operating expenses		(891,297)	(27)	(960,657)	(22)
6900	Operating loss		(644,889)	(19)	(326,292)	(7)
	Non-operating income and expenses					
7100	Interest income	6(23)	6,009	-	2,436	-
7010	Other income	6(24)	25,624	1	13,158	-
7020	Other gains and losses	6(25)	(10,447)	(1)	35,991	1
7050	Finance costs	6(26) and 7	(72,969)	(2)	(45,803)	(1)
7070	Share of profit of associates and joint ventures accounted for under equity method	6(6)				
			128,114	4	(158,439)	(4)
7000	Total non-operating income and expenses		76,331	2	(152,657)	(4)
7900	Loss before income tax		(568,558)	(17)	(478,949)	(11)
7950	Income tax expense		(51,200)	(2)	(7,462)	-
8200	Loss for the year		<u>(\$ 619,758)</u>	<u>(19)</u>	<u>(\$ 486,411)</u>	<u>(11)</u>
	Other comprehensive income (loss)					
	Components of other comprehensive loss that will not be reclassified to profit or loss					
8311	Losses on remeasurements of defined benefit plans	6(15)	(\$ 7,671)	-	\$ 35,542	1
8316	Unrealised gain (loss) from financial assets measured at fair value through other comprehensive income	6(3)(21)	2,335	-	(1,318)	-
8330	Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(6)(21)	39,910	1	(15,225)	(1)
	Components of other comprehensive income that will be reclassified to profit or loss					
8380	Share of other comprehensive (loss) income of associates and joint ventures accounted for under equity method, components of other comprehensive income that will be reclassified to profit or loss	6(6)(21)	(15,206)	-	69,319	2
8399	Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(21)	3,041	-	(13,864)	-
8300	Total other comprehensive income for the year		<u>\$ 22,409</u>	<u>1</u>	<u>\$ 74,454</u>	<u>2</u>
8500	Total comprehensive loss for the year		<u>(\$ 597,349)</u>	<u>(18)</u>	<u>(\$ 411,957)</u>	<u>(9)</u>
	Loss per share (in dollars)	6(30)				
9750	Basic		(\$ 2.60)		(\$ 2.06)	
9850	Diluted		(\$ 2.60)		(\$ 2.06)	

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

MICROELECTRONICS TECHNOLOGY, INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Retained Earnings				Other equity interest			Total equity
		Share capital - common stock	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Exchanged differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	
<u>2022</u>									
Balance at January 1, 2022		\$ 2,280,283	\$ 402,937	\$ 24,972	\$ 193,426	(\$ 558,307)	(\$ 129,418)	(\$ 251,527)	\$ 1,962,366
Loss for the year		-	-	-	-	(486,411)	-	-	(486,411)
Other comprehensive income (loss) for the year	6(3)(21)	-	-	-	-	35,542	55,455	(16,543)	74,454
Total comprehensive (loss) income		-	-	-	-	(450,869)	55,455	(16,543)	(411,957)
Cash capital increase	6(18)	100,000	418,700	-	-	-	-	-	518,700
Share-based payment transactions	6(16)	-	8,495	-	-	-	-	-	8,495
Balance at December 31, 2022		\$ 2,380,283	\$ 830,132	\$ 24,972	\$ 193,426	(\$ 1,009,176)	(\$ 73,963)	(\$ 268,070)	\$ 2,077,604
<u>2023</u>									
Balance at January 1, 2023		\$ 2,380,283	\$ 830,132	\$ 24,972	\$ 193,426	(\$ 1,009,176)	(\$ 73,963)	(\$ 268,070)	\$ 2,077,604
Loss for the year		-	-	-	-	(619,758)	-	-	(619,758)
Other comprehensive income (loss)	6(3)(21)	-	-	-	-	(7,671)	(12,165)	42,245	22,409
Total comprehensive (loss) income		-	-	-	-	(627,429)	(12,165)	42,245	(597,349)
Cash capital increase	6(18)	140,000	257,977	-	-	-	-	-	397,977
Share-based payment transactions	6(16)	-	3,727	-	-	-	-	-	3,727
Capital surplus-other		-	60	-	-	-	-	-	60
Balance at December 31, 2023		\$ 2,520,283	\$ 1,091,896	\$ 24,972	\$ 193,426	(\$ 1,636,605)	(\$ 86,128)	(\$ 225,825)	\$ 1,882,019

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

MICROELECTRONICS TECHNOLOGY, INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	Notes	Year ended December 31	
		2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax		(\$ 568,558)	(\$ 478,949)
Adjustments			
Adjustments to reconcile profit (loss)			
Loss (gain on reversal of) on expected credit impairment		14,973 (	10,779)
Depreciation	6(7)(8)(27)	119,016	107,559
Amortization	6(9)(27)	20,232	19,624
Net loss (gain) on financial assets at fair value through profit or loss	6(2)(24)	3,483 (	2,400)
Net (gain) loss on financial liabilities at fair value through profit or loss	6(24)	(220)	220
Interest income	6(22)	(6,009 ) (	2,436)
Dividend income	6(23)	(65 ) (	97)
Interest expense	6(25)	72,969	45,803
Compensation cost of share-based payment	6(15)	3,727	8,495
(Gain) loss on disposal of property, plant and equipment	6(24)	(1,071)	50
Share of profit of associates accounted for under the equity method	6(6)	(128,114)	158,439
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		285	13,351
Accounts receivable		193,467	209,328
Accounts receivable - related parties		4,001	5,516
Other receivables		(5,201)	2,535
Other receivables - related parties		(160 ) (	34)
Inventories		583,316 (	390,412)
Prepayments		20,424 (	11,032)
Changes in operating liabilities			
Accounts payable		(401,799 ) (	148,469)
Accounts payable - related parties		(166,100)	192,498
Other current liabilities		183,807	20,302
Provisions for liabilities		11,421	20,775
Contract liabilities		(34,529)	38,483
Other payables		(52,606 ) (	25,586)
Other payables - related parties		37,248	12,994
Accrued pension liabilities		(17,939 ) (	33,159)
Cash outflow generated from operations		(114,002 ) (	247,381)
Interest received		6,002	2,432
Dividend received		65	97
Interest paid		(75,668 ) (	39,569)
Income tax paid		-	(45,266)
Net cash flows used in operating activities		(183,603)	(329,687)

(Continued)

MICROELECTRONICS TECHNOLOGY, INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31	
		2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment	6(31)	(\$ 31,498)	(\$ 117,885)
Proceeds from disposal of property, plant and equipment		1,992	3,610
Acquisition of intangible assets	6(9)	(14,992)	(18,840)
Decrease in guarantee deposits paid		(93)	-
Proceeds from disposal of financial assets measured at fair value through profit or loss		-	(337)
Acquisition of financial assets at fair value through profit or loss		(14,963)	-
Net cash flows used in investing activities		(59,554)	(133,452)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(31)	2,363,441	3,136,402
Decrease in short-term borrowings	6(31)	(2,449,922)	(3,193,210)
Increase in long-term borrowings	6(31)	118,788	168,347
Decrease in long-term borrowings	6(31)	(278,471)	(55,294)
Repayments of principal portion of lease liabilities	6(31)	(52,713)	(22,792)
Cash capital increase	6(17)	397,977	518,700
Net cash flows from financing activities		99,100	552,153
Net (decrease) increase in cash and cash equivalents		(144,057)	89,014
Cash and cash equivalents at beginning of year	6(1)	912,508	823,494
Cash and cash equivalents at end of year	6(1)	\$ 768,451	\$ 912,508

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

MICROELECTRONICS TECHNOLOGY, INC.
NOTES TO THE FINANCIAL STATEMENTS
THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

1. HISTORY AND ORGANISATION

Microelectronics Technology Inc. (the “Company”) was incorporated as company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company is primarily engaged in design, manufacture and sales of terrestrial microwave, satellite and photoelectric communication system products, and related customised products.

On January 1, 2011, the Company merged with the subsidiary, Global PCS Inc.. Under the merger, the Company is the surviving company while Global PCS Inc. was the dissolved company.

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

These financial statements were authorised for issuance by the Board of Directors on March 6, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

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

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

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

(2) IFRSs Accounting Standards issued by IASB but not yet endorsed by the FSC

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(1) Compliance statement

The 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) Financial assets and liabilities at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The investment of subsidiaries and associates were accounted for under equity method when the Company prepares the parent company only financial statements. In order for the profit or loss, other comprehensive income or loss and owner's equity presented on the parent company only financial statements to be consistent with those presented on the consolidated financial statements, the differences resulting from accounting treatments under the parent company only basis and consolidation basis were adjusted in accounts of 'Investment accounted for under equity method', 'Share of profit (loss) of subsidiaries and associates accounted for under equity method' and 'Share of other comprehensive income of subsidiaries and associates accounted for under equity method'.
- C. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional 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 recognised 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 recognised 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 recognised 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 recognised 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 foreign exchange gains and losses 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 that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities presented in each balance sheet 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 recognised in other comprehensive income.
- (b) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realised, 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 realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;

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

(5) Cash equivalents

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 amortised 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 recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

D. Dividends are recognised as revenue 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) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

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

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value, the changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue 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.

(8) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Company's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

- A. Accounts and notes receivable entitle the 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.

(10) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises 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 that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

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

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

(13) Investments accounted for using equity method / associates

- A. Subsidiaries are all 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. Unrealised gains or losses resulting from inter-company transactions with subsidiaries are eliminated. Necessary adjustments are made to the accounting policies of subsidiaries, to be consistent with the accounting policies of 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 movement in other comprehensive income is equals or exceeds its interest in the subsidiary, the Company continues to recognize its share in the subsidiary's loss proportionately.
- D. According to "Regulations Governing the Preparation of Financial Statements by Securities Issuers", profit for the year and other comprehensive income for the year reported in the parent company only financial statements, shall be equal to profit for the year and other comprehensive income attributable to owners of the parent reported in the consolidated financial statements, equity reported in the parent company only financial statements shall be equal to equity attributable to owners of parent reported in the consolidated financial statements.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised 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 derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. 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:

Machinery and equipment	3 ~ 6 years
Office equipment	2 ~ 6 years
Transportation equipment	5 years
Leasehold improvements	3 years

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

- A. Leases are recognised 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 recognised 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 the fixed payments.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised 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 including the amount of the initial measurement of lease liability and 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 recognised as an adjustment to the right-of-use asset.

(16) Intangible assets

- A. Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 years.
- B. Goodwill arises in a business combination accounted for by applying the acquisition method and subsequently measured at the amount of cost less accumulated impairment loss.
- C. Acquired special technologies are amortised on a straight-line basis over their estimated useful lives of 5 years.

(17) 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 recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

- B. The recoverable amount of goodwill will be assessed periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(18) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(19) Accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services.
- B. The short-term notes without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Financial liabilities at fair value through profit or loss

- A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.
- B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(21) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(22) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(23) Provisions

Provision-warranties are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(24) 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 recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

- 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 in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans 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) that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.
- ii. Remeasurements arising on the defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as other equity.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, 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. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(25) 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 recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(26) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised 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 recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, 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 realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
- F. Deferred tax assets are recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be utilized.

(27) 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.

(28) 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.

(29) Revenue recognition

A. Sales of goods

- (a) The Company manufactures and sells terrestrial microwave, satellite, and related customized products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's 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 customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- (b) Revenue from these sales is recognised based on the price specified in the contract. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. The sales usually are made with a credit term of 30 to 90 days, which is consistent with market practice. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.
- (c) The Company's obligation to provide a refund for faulty products under the standard warranty terms is recognised as a provision.
- (d) A receivable is recognised 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. Technical services on product development

- (a) The Company provides technical services on product development. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised 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 cost. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.
- (b) The Company's estimate about 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 become aware of the changes in circumstances.

C. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Company recognises the incremental costs of obtaining a contract as an expense (mainly derived from sales commissions) when incurred although the Company expects to recover those costs.

(30) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the company recognises expenses for the related costs for which the grants are intended to compensate.

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

The preparation of these 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. The related information is addressed below:

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

None.

(2) Critical accounting estimates and assumptions

A. Impairment assessment of tangible and intangible assets (including goodwill)

The Company assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Company strategy might cause material impairment on assets in the future.

The Company estimates recoverable amount utilizing the future cash flows of goodwill's cash generating unit and appropriate discount rates in order to determine whether goodwill is impaired. Please refer to Note 6(9) (10) for the information on goodwill impairment.

As of December 31, 2023, the Company had property, plant and equipment in the amount of \$201,867, right-of-use assets in the amount of \$301,887, intangible assets including goodwill in the amount of \$276,887 (including goodwill generated from invested in the subsidiaries and was shown as investments accounted for using equity method in parent company only financial statements in the amount of \$133,250 and computer software in the amount of \$13,387.

B. Realisability of deferred tax assets

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Assessment of the realisability of deferred tax assets involves critical accounting judgements and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, available tax credits, tax planning, etc. Any variations in global economic environment, industrial environment, and laws and regulations might cause material adjustments to deferred tax assets.

As of December 31, 2023, the Company recognised deferred tax assets amounting to \$362,193.

C. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable 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 realisable value.

As of December 31, 2023, the carrying amount of inventories was \$1,482,081.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 113	\$ 132
Checking accounts and demand deposits	713,438	857,476
Time deposits	54,900	54,900
	<u>\$ 768,451</u>	<u>\$ 912,508</u>

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.

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

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Derivative instruments	\$ -	\$ 3,227
Listed stocks	14,963	-
Valuation adjustments	(256)	-
	<u>\$ 14,707</u>	<u>\$ 3,227</u>

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

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	(\$ 256)	\$ -
Derivative instruments	(3,227)	2,737
Option	-	(337)
	<u>(\$ 3,483)</u>	<u>\$ 2,400</u>

B. The Company entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

	Unit: In thousands			
	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
<u>Derivative instruments</u>	<u>Contract amount</u>	<u>Contract</u>	<u>Contract amount</u>	<u>Contract</u>
	<u>(Notional principal)</u>	<u>period</u>	<u>(Notional principal)</u>	<u>period</u>
Current items:				
Foreign exchange swap transactions	USD	-	USD	3,000
				2022.11.10~ 2023.1.17

The Company entered into foreign exchange swap contracts to sell forward contracts to hedge exchange rate risk of export proceeds. However, these forward contracts are not accounted for under hedge accounting.

(3) Financial assets at fair value through other comprehensive income

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non-current items :		
Equity instruments		
Unlisted stocks	\$ 25,000	\$ 25,000
Valuation adjustments	(10,312)	(12,647)
	<u>\$ 14,688</u>	<u>\$ 12,353</u>

A. The Company has elected to classify equity instrument investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$14,688 and \$12,353 as at December 31, 2023 and 2022, respectively.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income (loss)	<u>\$ 2,335</u>	<u>(\$ 1,318)</u>

(4) Notes and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	\$ 378	\$ 663
Less: Allowance for uncollectible accounts	-	-
	<u>\$ 378</u>	<u>\$ 663</u>
Accounts receivable	\$ 641,111	\$ 834,578
Accounts receivable - related party	22,759	26,760
Less: Allowance for uncollectible accounts	(15,249)	(276)
	<u>\$ 648,621</u>	<u>\$ 861,062</u>

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

	December 31, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 174,464	\$ 378	\$ 709,920	\$ 663
Up to 90 days	174,989	-	136,781	-
91 to 180 days	1,056	-	14,351	-
181 to 365 days	298,847	-	11	-
Over 365 days	14,514	-	275	-
	<u>\$ 663,870</u>	<u>\$ 378</u>	<u>\$ 861,338</u>	<u>\$ 663</u>

The above ageing analysis was based on past due date. Overdue receivables of \$83,693 and \$115,232 have been recovered after the end of December 31, 2023 and 2022, respectively.

B. As of December 31, 2023 and 2022, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2022, the balance of receivables from contracts with customers amounted to \$1,090,169.

C. As of December 31, 2023 and 2022, without taking into account other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes receivable were \$378 and \$663, respectively. As of December 31, 2023 and 2022, the maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable were \$648,621 and \$861,062, respectively.

D. Information relating to credit risk of accounts and notes receivable is provided in Note 11(2).

(5) Inventories

	December 31, 2023		
	Cost	Allowance for inventory	
		valuation losses	Book value
Raw materials	\$ 972,793	(\$ 45,126)	\$ 927,667
Work in progress	85,698	(27,164)	58,534
Finished goods	488,160	(5,010)	483,150
Inventory in transit	12,730	-	12,730
	<u>\$ 1,559,381</u>	<u>(\$ 77,300)</u>	<u>\$ 1,482,081</u>
	December 31, 2022		
	Cost	Allowance for inventory	
		valuation losses	Book value
Raw materials	\$ 1,264,983	(\$ 33,774)	\$ 1,231,209
Work in progress	177,439	(16,549)	160,890
Finished goods	682,218	(9,100)	673,118
Inventory in transit	180	-	180
	<u>\$ 2,124,820</u>	<u>(\$ 59,423)</u>	<u>\$ 2,065,397</u>

The cost of inventories recognised expense for the year:

	Years ended December 31,	
	2023	2022
Cost of goods sold	\$ 3,038,639	\$ 3,745,016
Loss on decline in market value	57,352	27,382
Recognised as selling and R&D expenses	14,359	9,115
	<u>\$ 3,110,350</u>	<u>\$ 3,781,513</u>

(6) Investments accounted for using equity method

	December 31, 2023	December 31, 2022
Subsidiary-Sasson International Holding Inc.	<u>\$ 1,557,617</u>	<u>\$ 1,404,798</u>
	2023	2022
At January 1	\$ 1,404,798	\$ 1,509,143
Share of profit or loss of investments accounted for using equity method	50,956	16,910
Unrealized gain (loss)	77,159 (	175,349)
Changes in other equity item-unrealized gain (loss) on financial assets	39,910 (	15,225)
Currency exchange	(15,206)	69,319
At December 31	<u>\$ 1,557,617</u>	<u>\$ 1,404,798</u>

For information on the Company's subsidiary – Sasson International Holding Inc., please refer to Note 4 (3) in the Company's consolidated financial statements for the year ended December 31, 2023.

(7) Property, plant and equipment

2023

	Machinery and equipment	Office equipment	Transportation equipment	Leasehold improvements	Unfinished construction and equipment under acceptance	Total
At January 1						
Cost	\$ 870,802	\$ 70,191	\$ 389	\$ 25,293	\$ 23,348	\$ 990,023
Accumulated depreciation and impairment	(674,572)	(64,522)	(389)	(17,214)	-	(756,697)
	<u>\$ 196,230</u>	<u>\$ 5,669</u>	<u>\$ -</u>	<u>\$ 8,079</u>	<u>\$ 23,348</u>	<u>\$ 233,326</u>
At January 1	\$ 196,230	\$ 5,669	\$ -	\$ 8,079	\$ 23,348	\$ 233,326
Additions	24,863	810	-	961	3,898	30,532
Disposals	(136)	-	-	(785)	-	(921)
Reclassifications	24,426	-	-	-	(24,426)	-
Depreciation expense	(52,667)	(3,927)	-	(4,476)	-	(61,070)
At December 31	<u>\$ 192,716</u>	<u>\$ 2,552</u>	<u>\$ -</u>	<u>\$ 3,779</u>	<u>\$ 2,820</u>	<u>\$ 201,867</u>
At December 31						
Cost	\$ 858,908	\$ 71,001	\$ 389	\$ 20,345	\$ 2,820	\$ 953,463
Accumulated depreciation and impairment	(666,192)	(68,449)	(389)	(16,566)	-	(751,596)
	<u>\$ 192,716</u>	<u>\$ 2,552</u>	<u>\$ -</u>	<u>\$ 3,779</u>	<u>\$ 2,820</u>	<u>\$ 201,867</u>

2022

	Machinery and equipment	Office equipment	Transportation equipment	Leasehold improvements	Unfinished construction and equipment under acceptance	Total
At January 1						
Cost	\$ 788,967	\$ 67,787	\$ 389	\$ 20,317	\$ 13,549	\$ 891,009
Accumulated depreciation and impairment	(642,620)	(59,505)	(389)	(11,462)	-	(713,976)
	<u>\$ 146,347</u>	<u>\$ 8,282</u>	<u>\$ -</u>	<u>\$ 8,855</u>	<u>\$ 13,549</u>	<u>\$ 177,033</u>
At January 1	\$ 146,347	\$ 8,282	\$ -	\$ 8,855	\$ 13,549	\$ 177,033
Additions	89,825	2,472	-	4,975	14,726	111,998
Disposals	(3,660)	-	-	-	-	(3,660)
Reclassifications	4,927	-	-	-	4,927	-
Depreciation expense	(41,209)	(5,085)	-	(5,751)	-	(52,045)
At December 31	<u>\$ 196,230</u>	<u>\$ 5,669</u>	<u>\$ -</u>	<u>\$ 8,079</u>	<u>\$ 23,348</u>	<u>\$ 233,326</u>
At December 31						
Cost	\$ 870,802	\$ 70,191	\$ 389	\$ 25,293	\$ 23,348	\$ 990,023
Accumulated depreciation and impairment	(674,572)	(64,522)	(389)	(17,214)	-	(756,697)
	<u>\$ 196,230</u>	<u>\$ 5,669</u>	<u>\$ -</u>	<u>\$ 8,079</u>	<u>\$ 23,348</u>	<u>\$ 233,326</u>

(8) Leasing arrangements — lessee

A. The Company leases buildings. Rental contracts are typically made for 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	\$ 301,887	\$ 333,083
	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	\$ 57,946	\$ 55,514

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

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 7,665	\$ 7,398
Expense on short-term lease contracts	1,407	11,726
Expense on leases of low-value assets	220	208

D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$26,750 and \$0, respectively.

E. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were \$62,005 and \$42,124, respectively.

F. Extension and termination options

In determining the lease term, the Company takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(9) Intangible assets

	2023			
	Goodwill	Acquired special technology	Computer software	Total
At January 1				
Cost	\$ 143,637	\$ 404,895	\$ 403,004	\$ 951,536
Accumulated amortisation	-	(404,895)	(384,377)	(789,272)
	<u>\$ 143,637</u>	<u>\$ -</u>	<u>\$ 18,627</u>	<u>\$ 162,264</u>
At January 1	\$ 143,637	\$ -	\$ 18,627	\$ 162,264
Additions	-	-	14,992	14,992
Amortisation charge	-	-	(20,232)	(20,232)
At December 31	<u>\$ 143,637</u>	<u>\$ -</u>	<u>\$ 13,387</u>	<u>\$ 157,024</u>
At December 31				
Cost	\$ 143,637	\$ 404,895	\$ 390,551	\$ 939,083
Accumulated amortisation	-	(404,895)	(377,164)	(782,059)
	<u>\$ 143,637</u>	<u>\$ -</u>	<u>\$ 13,387</u>	<u>\$ 157,024</u>
	2022			
	Goodwill	Acquired special technology	Computer software	Total
At January 1				
Cost	\$ 143,637	\$ 404,895	\$ 384,164	\$ 932,696
Accumulated amortisation	-	(404,895)	(364,753)	(769,648)
	<u>\$ 143,637</u>	<u>\$ -</u>	<u>\$ 19,411</u>	<u>\$ 163,048</u>
At January 1	\$ 143,637	\$ -	\$ 19,411	\$ 163,048
Additions	-	-	18,840	18,840
Amortisation charge	-	-	(19,624)	(19,624)
At December 31	<u>\$ 143,637</u>	<u>\$ -</u>	<u>\$ 18,627</u>	<u>\$ 162,264</u>
At December 31				
Cost	\$ 143,637	\$ 404,895	\$ 403,004	\$ 951,536
Accumulated amortisation	-	(404,895)	(384,377)	(789,272)
	<u>\$ 143,637</u>	<u>\$ -</u>	<u>\$ 18,627</u>	<u>\$ 162,264</u>

Details of amortisation on intangible assets are as follows:

	Years ended December 31,	
	2023	2022
Operating costs	\$ 6,081	\$ 6,470
Research and development expenses	14,151	13,154
	<u>\$ 20,232</u>	<u>\$ 19,624</u>

(10) Impairment of non-financial assets

Goodwill is allocated to the Company's cash-generating units identified according to operating

segment. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The recoverable amount of all cash-generating units calculated using the value-in-use exceeded their carrying amount, so goodwill was not impaired. The key assumptions used for value-in-use calculations are as follows:

	Years ended December 31,					
	2023			2022		
	Up to 1 year	2 ~ 5 years	Over 6 years	Up to 1 year	2 ~ 5 years	Over 6 years
Operating revenue growth rate	20%	5%	0%	33%	30%~5%	0%
Gross margin	25%	22%	22%	22%	20%	20%
Discount rate	11.49%	11.49%	11.49%	11.82%	11.82%	11.82%

A. Operating revenue growth rate: took into consideration the estimated operation and sales plans.

B. Gross margin: calculated based on the historical data and took into consideration the estimated operation and sales plans.

C. Discount rate: the discount rates used were pre-tax and reflected specific risks relating to the relevant operating segments.

(11) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	\$ 1,018,900	1.86%~2.86%	None
Borrowings for material purchase	295,281	6.17%~6.81%	None
Export financing	61,410	6.27%	None
	<u>\$ 1,375,591</u>		

<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	\$ 952,000	1.61%~2.64%	None
Borrowings for material purchase	479,362	4.85%~6%	None
Export financing	30,710	5.69%	None
	<u>\$ 1,462,072</u>		

For the years ended December 31, 2023 and 2022, the Company recognized interest expense in profit or loss amounting to \$51,648 and \$27,566, respectively.

(12) Financial liabilities at fair value through profit or loss

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Financial liabilities held for trading		
Non-hedging derivatives	\$ -	\$ 220

- A. For the years ended December 31, 2023 and 2022, the Company recognised net gain (loss) on financial liabilities held for trading amounting to \$220 and (\$220), respectively.
- B. Explanations of the transactions and contract information in respect of derivative financial liabilities that the Company does not adopt hedge accounting are as follows:

Unit: In thousands

<u>Non-derivative financial Liabilities for hedging</u>	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Contract amount (Notional principal)</u>	<u>Contract period</u>	<u>Contract amount (Notional principal)</u>	<u>Contract period</u>
Current items:				
Forward foreign exchange contracts	USD -	-	USD 5,000	2022.12.28~ 2023.2.1

- C. The Company entered into foreign exchange swap contracts to sell forward contracts to hedge exchange rate risk of export proceeds. However, these forward contracts are not accounted for under hedge accounting.

(13) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Employee bonus payable	\$ 87,239	\$ 126,771
Payables on miscellaneous purchases	10,396	10,435
Payables for machinery and equipment	9,445	21,489
Accrued export expenses	7,621	8,424
Insurance expense payable	5,515	7,232
Payables for consulting service fees	5,163	5,132
Technical service expense payable	5,135	9,654
Others	19,228	27,952
	<u>\$ 149,742</u>	<u>\$ 217,089</u>

(14) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2023</u>
Long-term bank borrowings:				
Land Bank of Taiwan	Borrowing period is from February 5, 2021 to February 5, 2026; interest is repayable monthly; principal is repayable monthly from March 15, 2022.	1.550%	None.	\$ 109,997
The Shanghai Commercial & Savings Bank, Ltd.	Borrowing period is from March 31, 2020 to March 15, 2025; interest is repayable monthly; principal is repayable monthly from April 15, 2023.	1.500%	None.	181,411
Mega bank	Borrowing period is from December 23, 2019 to September 15, 2026; interest is repayable monthly; principal is repayable monthly from December 15, 2022.	1.695%	None.	288,850
The Shanghai Commercial & Savings Bank, Ltd.	Borrowing period is from September 23, 2023 to September 23, 2027; interest is repayable monthly; principal is repayable every 6 months.	1.650%	None.	100,000
Other borrowings				
Chailease Finance Co., Ltd.	Borrowing period is from June 28, 2022 to June 27, 2024; interest is repayable monthly; principal is repayable monthly from July 28, 2022.	4.165%	None.	28,400
				708,658
Less: Current portion				(456,124)
				<u>\$ 252,534</u>

Note: The Company issued promissory notes of \$154,344 as security for the inventory sale and repurchase arrangement. The coupon rate is 2%.

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2022</u>
Long-term bank borrowings:				
Land Bank of Taiwan	Borrowing period is from February 5, 2021 to February 5, 2026; interest is repayable monthly; principal is repayable monthly from March 15, 2022.	1.425%	None.	\$ 161,662
The Shanghai Commercial & Savings Bank, Ltd.	Borrowing period is from March 31, 2020 to March 15, 2025; interest is repayable monthly; principal is repayable monthly from April 15, 2023.	1.375%	None.	293,822
Mega bank	Borrowing period is from December 23, 2019 to September 15, 2026; interest is repayable monthly; principal is repayable monthly from December 15, 2022.	1.570%	None.	311,434
Other borrowings				
Chailease Finance Co., Ltd.	Borrowing period is from June 28, 2022 to June 27, 2024; interest is repayable monthly; principal is repayable monthly from July 28, 2022.	4.165%	None.	103,547
				<u>870,465</u>
Less: Current portion				(<u>301,312</u>)
				<u>\$ 569,153</u>

Note: The Company issued promissory notes of \$154,344 as security for the inventory sale and repurchase arrangement. The coupon rate is 2%.

A. For years ended December 31, 2023 and 2022, the Company recognized interest expense in profit or loss amounting to \$13,656 and \$10,839, respectively, due to the long-term borrowings.

B. On January 1, 2019, Ministry of Economic Affairs, R.O.C. (“MOEA”) implemented the “Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan” and companies are subsidized with preferential interest loans, 0.5% of loan interest is subsidized by the National Development Fund, Executive Yuan, for qualified investment projects. The Company has obtained the qualification from the MOEA to extend the loan qualification to December 31, 2023, and signed loan agreements with financial institutions during December 2019 to August 2022 with the line of credit amounted to \$1.09 billion and terms from five to six years. As of December 31, 2023 and 2022, the Company has drawn down NT\$7.5 million and NT\$217 million, respectively. Funding from these borrowings were used to invest in machineries, equipment and broaden the Company’s working capital.

(15) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, 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 and its domestic subsidiaries contribute 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 December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method; to the employees expected to be qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	\$ 169,727	\$ 225,716
Fair value of plan assets	(93,067)	(138,788)
Net defined benefit liability	76,660	86,928
Accumulated unadjusted amount	-	-
Net liabilities recognised in the balance sheet	<u>\$ 76,660</u>	<u>\$ 86,928</u>

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

	2023		
	Present value of define benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	\$ 225,716	(\$ 138,788)	\$ 86,928
Current service cost	535	-	535
Interest (expense) income	2,709	(1,665)	1,044
	<u>228,960</u>	<u>(140,453)</u>	<u>88,507</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(679)	(679)
Change in demographic assumptions	-	-	-
Change in financial assumptions	-	-	-
Experience adjustments	8,350	-	8,350
	<u>8,350</u>	<u>(679)</u>	<u>7,671</u>
Pension fund contribution	-	(3,188)	(3,188)
Paid pension	(67,583)	51,253	(16,330)
At December 31	<u>\$ 169,727</u>	<u>(\$ 93,067)</u>	<u>\$ 76,660</u>
	2022		
	Present value of define benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	\$ 277,742	(\$ 122,113)	\$ 155,629
Current service cost	720	-	720
Interest (expense) income	1,666	(733)	933
	<u>280,128</u>	<u>(122,846)</u>	<u>157,282</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(8,994)	(8,994)
Change in demographic assumptions	-	-	-
Change in financial assumptions	(11,099)	-	(11,099)
Experience adjustments	(15,449)	-	(15,449)
	<u>(26,548)</u>	<u>(8,994)</u>	<u>(35,542)</u>
Pension fund contribution	-	(16,988)	(16,988)
Paid pension	(27,864)	10,040	(17,824)
At December 31	<u>\$ 225,716</u>	<u>(\$ 138,788)</u>	<u>\$ 86,928</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation 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 utilisation 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 authorised by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

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

Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

Sensitivity analysis of the effect on present value of defined benefit obligation due from the changes of main actuarial assumptions was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	(\$ 3,085)	\$ 3,173	\$ 2,717	(\$ 2,659)
December 31, 2022				
Effect on present value of defined benefit obligation	(\$ 4,396)	\$ 4,528	\$ 3,918	(\$ 3,829)

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.

The methods and types of assumptions used in preparing the sensitivity analysis were consistent with previous period.

(f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2024 amount to \$3,042.

(g) As of December 31, 2023, the weighted average duration of the retirement plan is 8 years.

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2023 and 2022 were \$20,172 and \$22,457, respectively.

(16) Share-based payment

A. For the years ended December 31, 2023, the Company’s share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (thousand shares)	Contract period	Vesting conditions
Cash capital increase reserved for employee preemption	2023.11.23	449	NA	Vested immediately

B. The fair value of stock options granted on grant date is measured using the Black-Scholes optionpricing model or other. Relevant information is as follows:

Type of arrangement	Grant date	Stock price	Exercise price	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit
Cash capital increase reserved for employee preemption in 2023	2023.11.23	\$ 36.8 (dollars)	\$ 28.5 (dollars)	31.17%	0.019 years	0%	1.10%	\$ 8.3 (dollars)

C. Expenses incurred on share-based payment transactions are shown below:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Equity-settled	\$ 3,727	\$ 8,495

(17) Provisions

A. Provision for warranty

	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ 23,006	\$ 2,232
Additional provisions	11,702	23,209
Used during the year	(281)	(2,435)
Balance at December 31	<u>\$ 34,427</u>	<u>\$ 23,006</u>

The Company gives warranties on sales-related products. Provision for warranty is estimated based on historical warranty data of uninterrupted power supply and solar energy products.

B. Provision for income tax in the United States

As of March 31, 2022, the Company recognised provision for contingent income tax liability for the products sold under the incoterms DDP in the previous year. The US Internal Revenue Service preliminarily determined that it suspects that the Company traded within the US. Although the Company claimed that those were international trades, considering the tax negotiation had been completed, provision for income tax liability amounting to \$8,988 was recognised. The aforementioned provision for income tax liability was repaid at full amount in the second quarter of 2022, so the remaining balance was \$0.

C. Analysis of total provisions:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current	\$ 30,791	\$ 14,979
Non-current	<u>\$ 3,636</u>	<u>\$ 8,027</u>

(18) Share capital

As of December 31, 2023, the Company's authorised capital was \$7,000,000, consisting of 0.7 billion shares of ordinary stock (including 50 million shares reserved for employee stock options and convertible bonds issued by the Company), and the paid-in capital was \$2,520,283 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

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

(Unit: In thousand shares)

	<u>2023</u>	<u>2022</u>
At January 1	238,028	228,028
Cash capital increase	<u>14,000</u>	<u>10,000</u>
At December 31	<u>252,028</u>	<u>238,028</u>

On August 9, 2023, the Board of Directors of the Company resolved to increase capital amounting to \$399 million by issuing 14,000 thousand shares at \$28.5 (in dollars) per share. The effective date of the capital increase was on December 15, 2023. The registration for the issuance of new shares has been completed on December 22, 2023.

(19) Capital surplus

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

(20) 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 year's operating losses, then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the total capital stock balance. After setting aside or reversal of a special reserve in accordance with related laws, the Company shall appropriate dividends to preferred stock. The Board of Directors should present the distribution of the remaining earnings along with accumulated unappropriated earnings for the approval of the shareholders to distribute dividends to shareholders.
- B. As the Company is in the growth stage, considered entire environment and nature of industry as well as future capital needs and long-term financial plans in order to subsequent operation and stable development. Based on the Company's future budget of capital expenditure and demand of capital, the Company appropriated no less than 30% of distributable earnings to shareholders' dividends, but if the distributable earnings is lower than 5% of paid-in capital, no dividends will be distributed. Cash dividend has a first priority when distributing shareholders' dividends, and the ratio is 30~100% of current total dividends. Remaining dividend can be distributed in the form of stocks. The appropriation of retained earnings will be proposed by the Board of Directors every year, and will be approved by the shareholders.
- 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. 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.

E. The Company incurred operating losses for the years ended December 31, 2023 and 2022, and thus had no earnings for distribution.

F. On June 15, 2023, the shareholders during their meeting resolved not to distribute dividends from 2022 earnings.

(21) Other equity items

	<u>2023</u>		
	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Financial statements translation differences of foreign operations	Total
At January 1	(\$ 268,070)	(\$ 73,963)	(\$ 342,033)
Valuation adjustments	2,335	-	2,335
Effects of associate accounted for under equity method	39,910	(15,206)	24,704
Tax effects of associate accounted for under equity method	-	3,041	3,041
At December 31	<u>(\$ 225,825)</u>	<u>(\$ 86,128)</u>	<u>(\$ 311,953)</u>

	<u>2022</u>		
	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Financial statements translation differences of foreign operations	Total
At January 1	(\$ 251,527)	(\$ 129,418)	(\$ 380,945)
Valuation adjustments	(1,318)	-	(1,318)
Effects of associate accounted for under equity method	(15,225)	69,319	54,094
Tax effects of associate accounted for under equity method	-	(13,864)	(13,864)
At December 31	<u>(\$ 268,070)</u>	<u>(\$ 73,963)</u>	<u>(\$ 342,033)</u>

(22) Operating revenue

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
Revenue from contracts with customers	<u>\$ 3,342,399</u>	<u>\$ 4,406,763</u>

A. Disaggregation of revenue from contracts with customers

The Company derives revenue in the following major product lines and geographical regions:

	2023			
	USA	Mainland China	Other	Total
Revenue from external customer contracts	\$ 1,552,180	\$ 74,077	\$ 1,716,142	\$ 3,342,399

	2022			
	USA	Mainland China	Other	Total
Revenue from external customer contracts	\$ 1,552,997	\$ 453,260	\$ 2,400,506	\$ 4,406,763

B. Contract liabilities from customers

(a) The Company has recognised the following revenue-related contract liabilities:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contract liabilities:			
Contract liabilities-			
Products sales contracts	\$ 11,552	\$ 46,080	\$ 7,597

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

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period	\$ 10,428	\$ 4,081

Changes in contract liabilities are mainly from the timing difference between performance obligations satisfied and customers' payment.

(23) Interest income

	Years ended December 31,	
	2023	2022
Interest income from bank deposits	\$ 6,009	\$ 2,436

(24) Other income

	Years ended December 31,	
	2023	2022
Dividend income	\$ 65	\$ 97
Other income, others	25,559	13,061
	\$ 25,624	\$ 13,158

A. For the year ended December 31, 2022, as the Company adopted the "The Youth's Employment

Ultimate Program” of the Ministry of Labor, the Company recognised program funds of government subsidies as subsidy income amounting to \$1,380.

B. For the year ended December 31, 2023, the Company recognised government grant income of \$3,000 for the subsidiaries from the Ministry of Economic Affairs under the ‘Low Earth Orbit (LEO) Radio Frequency Front End (RFFE) Solution Development Plan’.

(25) Other gains and losses

	Years ended December 31,	
	2023	2022
Gains (losses) on disposals of property, plant and equipment	\$ 1,071	(\$ 50)
(Losses) gains on financial assets (liabilities) at fair value through profit or loss	(3,263)	2,180
Currency exchange (losses) gains	(5,452)	34,968
Other gains and losses	(2,803)	(1,107)
	<u>(\$ 10,447)</u>	<u>\$ 35,991</u>

(26) Finance costs

	Years ended December 31,	
	2023	2022
Interest expense		
Interest expense on borrowings	\$ 65,304	\$ 38,405
Interest expense on lease liabilities	7,665	7,398
	<u>\$ 72,969</u>	<u>\$ 45,803</u>

(27) Expenses by nature

	Years ended December 31,	
	2023	2022
Employee benefit expense	\$ 536,694	\$ 607,419
Depreciation charges on property, plant and equipment	61,070	52,045
Depreciation charges on right-of use asset	57,946	55,514
Amortisation	20,232	19,624
	<u>\$ 675,942</u>	<u>\$ 734,602</u>

(28) Employee benefit expense

	Years ended December 31,	
	2023	2022
Salary expenses	\$ 448,525	\$ 514,691
Labour and health insurance fees	44,298	48,830
Directors' remuneration	2,261	2,222
Pension costs	21,751	24,110
Other personnel expenses	19,859	17,566
	<u>\$ 536,694</u>	<u>\$ 607,419</u>

- A. According to the Articles of Incorporation of the Company, the ratio of distributable profit of the current year shall not be lower than 7% for employees' compensation in the form of stocks/cash, and employees must be working for the Company. The current year's earnings, if any, shall not be higher than 1% for directors' remuneration. Appropriation of employees' compensation and directors' remuneration shall be submitted to the shareholders' meeting. If the Company has accumulated deficit, earnings should be reserved to cover losses and then be appropriated to employees' compensation and directors' remuneration based on the abovementioned ratios.
- B. For the years ended December 31, 2023 and 2022, there were no employees' compensation accrued due to accumulated deficit.
- For 2022, there were no employees' compensation and directors' remuneration resolved by the Board of Directors, which were in agreement with those amounts recognised in the 2022 financial statements.
- C. Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(29) Income Tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2023	2022
Current tax:		
Current tax on profits for the period	\$ -	\$ -
Tax of foreign source income withheld at source	-	248
Total current tax	-	248
Deferred tax:		
Origination (reversal of) temporary differences	14,435 (	12,738)
Impact of tax losses	36,765	19,952
Total deferred tax	51,200	7,214
Income tax expense	\$ 51,200	\$ 7,462

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

	Years ended December 31,	
	2023	2022
Currency translation differences of foreign operations	(\$ 3,041)	\$ 13,864

B. Reconciliation between income tax expense and accounting profit:

	Years ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	(\$ 113,712)	(\$ 95,790)
Tax exempt income by tax regulation	(13)	-
Expenses disallowed by tax regulation	-	83,052
Change in assessment of realisation of deferred tax assets	164,925	19,952
Tax of foreign source income withheld at source	-	248
Income tax expense	\$ 51,200	\$ 7,462

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

	2023			
	<u>At January 1</u>	<u>Recognised in profit or loss</u>	<u>Recognised in other comprehensive income</u>	<u>At December 31</u>
Deferred tax assets:				
-Temporary differences:				
Allowance for inventory valuation losses	\$ 11,885	\$ 3,575	\$ -	\$ 15,460
Unrealised warranty cost of after-sale service	4,601	2,284	-	6,885
Unrealised impairment loss for accounts receivable	-	2,995	-	2,995
Unrealised pension	17,386	(2,054)	-	15,332
Exchange differences on foreign financial statements	-	-	934	934
Others	-	653	-	653
Tax losses	<u>356,699</u>	<u>(36,765)</u>	<u>-</u>	<u>319,934</u>
Subtotal	<u>\$ 390,571</u>	<u>(\$ 29,312)</u>	<u>\$ 934</u>	<u>\$ 362,193</u>
Deferred income tax liabilities:				
Unrealised gain on long-term investments	(\$ 65,805)	(\$ 25,623)	\$ -	(\$ 91,428)
Unrealised exchange gain	(19,674)	1,045	-	(18,629)
Unrealised gain from doubtful accounts	(2,156)	2,156	-	-
Exchange differences on foreign financial statements	(2,107)	-	2,107	-
Others	<u>(534)</u>	<u>534</u>	<u>-</u>	<u>-</u>
Subtotal	<u>(\$ 90,276)</u>	<u>(\$ 21,888)</u>	<u>\$ 2,107</u>	<u>(\$ 110,057)</u>
Total	<u>\$ 300,295</u>	<u>(\$ 51,200)</u>	<u>\$ 3,041</u>	<u>\$ 252,136</u>

	2022			
	<u>At January 1</u>	<u>Recognised in profit or loss</u>	<u>Recognised in other comprehensive income</u>	<u>At December 31</u>
Deferred tax assets:				
-Temporary differences:				
Allowance for inventory valuation losses	\$ 8,556	\$ 3,329	\$ -	\$ 11,885
Unrealised warranty cost of after-sale service	446	4,155	-	4,601
Unrealised pension	31,126	(13,740)	-	17,386
Exchange differences on foreign financial statements	11,757	-	(11,757)	-
Others	2,151	(2,151)	-	-
Tax losses	<u>376,651</u>	<u>(19,952)</u>	<u>-</u>	<u>356,699</u>
Subtotal	<u>\$ 430,687</u>	<u>(\$ 28,359)</u>	<u>(\$ 11,757)</u>	<u>\$ 390,571</u>
Deferred income tax liabilities:				
Unrealised gain on long-term investments	(\$ 97,492)	\$ 31,687	\$ -	(\$ 65,805)
Unrealised exchange gain	(11,724)	(7,950)	-	(19,674)
Unrealised gain from doubtful accounts	-	(2,156)	-	(2,156)
Exchange differences on foreign financial statements	-	-	(2,107)	(2,107)
Others	<u>(98)</u>	<u>(436)</u>	<u>-</u>	<u>(534)</u>
Subtotal	<u>(\$ 109,314)</u>	<u>\$ 21,145</u>	<u>(\$ 2,107)</u>	<u>(\$ 90,276)</u>
Total	<u>\$ 321,373</u>	<u>(\$ 7,214)</u>	<u>(\$ 13,864)</u>	<u>\$ 300,295</u>

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2023					
<u>Year incurred</u>	<u>Amount filed/ Assessed</u>	<u>Unused amount</u>	<u>Unrecognised deferred tax assets</u>	<u>Expiry year</u>	
2014	\$ 407,486	\$ 407,486	\$ 407,486	2024	
2015	240,322	210,609	-	2025	
2019	103,522	103,552	-	2029	
2020	218,752	218,752	-	2030	
2021	462,497	462,497	-	2031	
2022	7,618	7,618	7,618	2032	
2023	604,262	604,262	-	2033	
		<u>\$ 2,014,776</u>	<u>\$ 415,104</u>		

December 31, 2022

Year incurred	Amount filed/ Assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2013	\$ 1,086,632	\$ 1,086,632	\$ 1,086,632	2023
2014	407,486	407,486	34,566	2024
2015	240,322	210,609	-	2025
2019	103,522	103,552	-	2029
2020	218,752	218,752	-	2030
2021	462,497	462,497	-	2031
2022	415,165	415,165	-	2032
		<u>\$ 2,904,693</u>	<u>\$ 1,121,198</u>	

E. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(30) Earnings (losses) per share

	Year ended December 31, 2023		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Losses per share (in dollars)</u>
<u>Basic/Diluted losses per share</u>			
Loss attributable to the parent	(\$ 619,758)	238,680	(\$ 2.60)

	Year ended December 31, 2022		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Losses per share (in dollars)</u>
<u>Basic/Diluted losses per share</u>			
Loss attributable to the parent	(\$ 486,411)	236,220	(\$ 2.06)

(31) Supplemental cash flow information

Investing activities with partial cash payments:

	Years ended December 31,	
	2023	2022
Purchase of property, plant and equipment	\$ 30,532	\$ 111,998
Add: Opening balance of payable on equipment	21,489	17,436
Ending balance of prepayment for equipment	-	11,078
Less: Ending balance of payable on equipment	(9,445)	(21,489)
Operating balance of prepayment for equipment	(11,078)	(1,138)
Cash paid during the year	<u>\$ 31,498</u>	<u>\$ 117,885</u>

(32) Changes in liabilities from financing activities

	Payments of lease liabilities	Short-term borrowings	Long-term borrowings	Total
January 1, 2023	\$ 371,306	\$ 1,462,072	\$ 870,465	\$ 2,703,843
Changes in cash flow from financing activities	(52,713)	(86,481)	(159,683)	(298,877)
Changes in other non-cash items	26,750	-	(2,124)	24,626
December 31, 2023	<u>\$ 345,343</u>	<u>\$ 1,375,591</u>	<u>\$ 708,658</u>	<u>\$ 2,429,592</u>
	Payments of lease liabilities	Short-term borrowings	Long-term borrowings	Total
January 1, 2022	\$ 394,098	\$ 1,518,880	\$ 756,980	\$ 2,669,958
Changes in cash flow from financing activities	(22,792)	(56,808)	113,053	33,453
Changes in other non-cash items	-	-	432	432
December 31, 2022	<u>\$ 371,306</u>	<u>\$ 1,462,072</u>	<u>\$ 870,465</u>	<u>\$ 2,703,843</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Sasson International Holding, Inc.	The Company's directly owned subsidiary
Welltop Technology Co., Ltd.	The Company's indirectly owned subsidiary
MTI Laboratory, Inc.	The Company's indirectly owned subsidiary
RadioComp ApS	The Company's indirectly owned subsidiary
Jupiter Network Corp.	The Company's indirectly owned subsidiary
Jupiter Technology (Wuxi) Inc.	The Company's indirectly owned subsidiary
Cybertan Technology Inc.	Entity with significant influence to the Company
IQE Taiwan Corporation	Substantial related party

(2) Significant related party transactions and balances

A. Operating revenue

	Years ended December 31,	
	2023	2022
Sales of goods:		
Entity with significant influence to the Company	\$ 151,793	\$ 112,763

Goods are sold based on the price lists in force and terms that would be available to third parties. The credit term for the related party is 30 days after invoice date, and the credit term for the general customers is 30 to 90 days after invoice date or monthly billings.

B. Purchases

	Years ended December 31,	
	2023	2022
Purchases of goods:		
Jupiter Technology (Wuxi) Inc.	\$ 1,019,282	\$ 1,312,166
Entity with significant influence to the Company	28,711	20,560
	\$ 1,047,993	\$ 1,332,726

Goods are purchased based on the price lists in force and terms that would be available to third parties. The debt term for the related party is 60 days after invoice date, and the debt term for the general customers is 30 to 90 days after invoice date or monthly billings.

C. Receivables from related parties

	Years ended December 31,	
	2023	2022
Accounts receivable:		
Entity with significant influence to the Company	\$ 22,759	\$ 26,760
Other receivables:		
Entity with significant influence to the Company	399	239
Total	\$ 23,158	\$ 26,999

D. Payables to related parties

	Years ended December 31,	
	2023	2022
Accounts payable:		
Jupiter Technology (Wuxi) Inc.	\$ 186,996	\$ 350,261
Entity with significant influence to the Company	1,851	4,686
	<u>\$ 188,847</u>	<u>\$ 354,947</u>
Other payables:		
MTI Laboratory, Inc.	122,187	123,921
Radiocamp Aps	37,072	-
Jupiter Technology (Wuxi) Inc.	-	183
Entity with significant influence to the Company	2,093	-
Subtotal	<u>161,352</u>	<u>124,104</u>
Total	<u>\$ 350,199</u>	<u>\$ 479,051</u>

E. Other current liabilities:

	December 31, 2023	December 31, 2022
Jupiter Technology (Wuxi) Inc.	<u>\$ 188,537</u>	<u>\$ 4,453</u>

F. Research and development expenses:

	Years ended December 31,	
	2023	2022
MTI Laboratory, Inc.	\$ 255,107	\$ 256,983
Radiocamp Aps	173,767	159,333
Entity with significant influence to the Company	3,013	-
	<u>\$ 431,887</u>	<u>\$ 416,316</u>

G. Property transactions:

	Year ended December 31, 2023		Year ended December 31, 2022	
	Disposal proceeds	Gain (loss) on disposal	Disposal proceeds	Gain (loss) on disposal
Purchase of equipment				
Jupiter Technology (Wuxi) Inc.	<u>(\$ 208)</u>	<u>\$ -</u>	<u>(\$ 714)</u>	<u>\$ -</u>

H. Lease transactions – lessee

(a) The Company leases buildings from Cybertan Technology Inc. Rental contracts are typically made for periods of 3 years. Rents are paid at the end of month.

(b) Acquisition of right-of-use assets

On July 1st, 2023 (the date of application of IFRS 16), the Group increased right-of-use assets by \$26,750.

(c) Lease liabilities

(i) Outstanding balance:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cybertan Technology Inc.	\$ 345,343	\$ 371,306

(ii) Interest expense

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
Cybertan Technology Inc.	\$ 7,665	\$ 7,398

(d) As of December 31, 2023 and 2022, guarantee deposits paid (shown as ‘Other non-current assets’) to entity with significant influence to the Company all amounted both are \$5,765.

(3) Key management compensation

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Salaries and other short-term employee benefits	\$ 21,834	\$ 21,931
Post-employment benefits	1,263	1,811
Share-based payments	-	2,570
	<u>\$ 23,097</u>	<u>\$ 26,312</u>

8. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

None.

9. SIGNIFICANT DISASTER LOSS

None.

10. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

11. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 14,707	\$ 3,227
Designation of equity instrument	14,688	12,353
Financial assets at amortised cost/Loans and receivables		
Cash and cash equivalents	768,451	912,508
Notes receivable	378	663
Accounts receivable	648,621	861,062
Other receivables	7,293	1,925
Guarantee deposits paid	6,489	6,396
	<u>\$ 1,460,627</u>	<u>\$ 1,798,134</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	\$ -	\$ 220
Financial liabilities at amortised cost		
Short-term borrowings	1,375,591	1,462,072
Accounts payable	454,481	1,022,380
Other payables	311,094	341,193
Long-term borrowings (including current portion)	708,658	870,465
	<u>\$ 2,849,824</u>	<u>\$ 3,696,330</u>
Lease liability	<u>\$ 345,343</u>	<u>\$ 371,306</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. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance. The Company uses derivative financial instruments to hedge certain risk exposures (see Notes 6(2) and 6(12)).

- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation 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 and its subsidiaries used in various functional currency, primarily with respect to the USD, EUR and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. Management has set up a policy to require the company to manage their foreign exchange risk against their functional currency. The company is required to hedge their entire foreign exchange risk exposure with the company treasury. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Company uses forward foreign exchange contracts, transacted with Company treasury.
- iii. The Company hedges foreign exchange rate by using forward exchange and cross currency swap contracts. However, the Company does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Notes 6(2) and (12).

iv. The Company's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023		
	Foreign currency amount	Exchange rate	Book value
	<u>(In thousands)</u>		<u>(NTD)</u>
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 27,362	30.71	\$ 840,150
RMB:NTD	323	4.34	1,400
EUR:NTD	34	33.98	1,155
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 29,676	30.71	\$ 911,202
RMB:NTD	333	4.34	1,444
EUR:NTD	1,102	33.98	37,446
	December 31, 2022		
	Foreign currency amount	Exchange rate	Book value
	<u>(In thousands)</u>		<u>(NTD)</u>
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 65,946	30.71	\$ 2,025,202
RMB:NTD	803	4.41	3,541
EUR:NTD	727	32.72	23,787
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 62,804	30.71	\$ 1,928,711
RMB:NTD	724	4.41	3,193
EUR:NTD	39	32.72	1,276

v. The total exchange (loss) gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022 amounted to (\$5,452) and \$34,968, respectively.

vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

		Year ended December 31, 2023		
		Sensitivity analysis		
		Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency : functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	8,402	\$ -
RMB:NTD	1%		14	-
EUR:NTD	1%		12	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	(\$	9,112)	\$ -
RMB:NTD	1%	(	14)	-
EUR:NTD	1%	(	374)	-

		Year ended December 31, 2022		
		Sensitivity analysis		
		Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency : functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	20,252	\$ -
RMB:NTD	1%		35	-
EUR:NTD	1%		238	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	(\$	19,287)	\$ -
RMB:NTD	1%	(	32)	-
EUR:NTD	1%	(	13)	-

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 and financial assets at fair value through other comprehensive income. 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 shares issued by the overseas and domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by \$147 and \$124, respectively, as a result of equity investment at fair value through other comprehensive income.
- (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, and the contract cash flows of debt instruments stated at amortised cost, at fair value through profit or loss and at fair value through other comprehensive income.
 - ii. The Company manages their credit risk taking into consideration the company's concern. For banks and financial institutions, only independently rated parties with a optimised credit rating are accepted. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by management. The utilisation of credit limits is regularly monitored.
 - iii. Impairment assessment of credit risk on financial assets at amortised cost is as follows:
 - (i) The Company adopts following assumptions under IFRS 9, if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
 - (ii) In line with credit risk management procedure, when the counterparty is unable to pay the past-due payables, the default has occurred.
 - (iii) The Company used the forecast ability to adjust historical and timely information and considered credit rating of issue banks to assess the default possibility of accounts and notes receivable.

(iv) The Company's financial assets at amortised cost are including time deposits deposited in banks and restricted time deposits. Such banks all have optimised credit rating, no past due has occurred, and no significant changes in the entire economic environment, therefore no credit loss is expected and the impact to the financial statement is remote.

iv. Impairment assessment of credit risk on accounts and notes receivable is as follows:

- (i) The Company classifies customers' accounts and notes receivable in accordance with credit rating of customer. The Company applies the simplified approach using provision matrix to estimate expected credit loss under the provision matrix basis.
- (ii) The Company used the forecastability to adjust historical and timely information to assess the default possibility of accounts and notes receivable. As of December 31, 2023 and 2022, the provision matrix is as follows:

	<u>Not past due</u>	<u>90 days past due</u>	<u>91-180 days past due</u>	<u>181-365 days past due</u>	<u>Total</u>
<u>December 31, 2023</u>					
Expected loss rate	0%-1%	0%-1%	0%-1%	0%-13%	
Total book value	\$ 174,842	\$ 174,989	\$ 1,056	\$ 298,847	\$ 649,734
Loss allowance	\$ -	\$ -	\$ -	\$ 735	\$ 735
Over 365 days					
	<u>past due</u>				
<u>December 31, 2023</u>					
Expected loss rate	100%				
Total book value	\$ 14,514				
Loss allowance	\$ 14,514				
	<u>Not past due</u>	<u>90 days past due</u>	<u>90-180 days past due</u>	<u>180-365 days past due</u>	<u>Total</u>
<u>December 31, 2022</u>					
Expected loss rate	0%-1%	0%-1%	0%-1%	0%-13%	
Total book value	\$ 710,583	\$ 136,781	\$ 14,351	\$ 11	\$ 861,726
Loss allowance	\$ -	\$ 1	\$ -	\$ -	\$ 1
Over 365 days					
	<u>past due</u>				
<u>December 31, 2022</u>					
Expected loss rate	100%				
Total book value	\$ 275				
Loss allowance	\$ 275				

(iii) Movements in relation to the Company applying the simplified approach to provide loss allowance for accounts and notes receivable are as follows:

	<u>2023</u>	<u>2022</u>
At January 1	\$ 276	\$ 11,028
Reversal of impairment loss	14,973	(10,779)
Effect of exchange rate changes	<u>-</u>	<u>27</u>
At December 31	<u>\$ 15,249</u>	<u>\$ 276</u>

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.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. Company treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

iii. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled 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 and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
December 31, 2023						
<u>Non-derivative financial liabilities</u>						
Short-term borrowings	\$ 1,205,913	\$ 180,632	\$ -	\$ -	\$ -	\$1,386,545
Accounts payable (including related party)	439,082	15,399	-	-	-	454,481
Other payables (including related party)	311,094	-	-	-	-	311,094
Long-term borrowings	198,938	264,969	217,688	57,600	-	739,195
Lease liabilities	47,193	48,734	67,230	204,012	-	367,169
December 31, 2022						
<u>Non-derivative financial liabilities</u>						
Short-term borrowings	\$ 1,376,797	\$ 93,752	\$ -	\$ -	\$ -	\$1,470,549
Accounts payable (including related party)	909,337	113,043	-	-	-	1,022,380
Other payables (including related party)	341,193	-	-	-	-	341,193
Long-term borrowings	48,619	263,360	342,079	254,068	-	908,126
Lease liabilities	45,284	45,284	60,378	181,134	60,378	392,458
<u>Derivative financial liabilities</u>						
Foreign exchange swap contracts	\$ 220	\$ -	\$ -	\$ -	\$ -	\$ 220

(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.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's derivative instruments and emerging stocks are included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investment without active market is included in Level 3.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, financial assets at amortised cost, other financial assets, short-term borrowings, accounts payable and other payables are approximate to their fair values.

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

(a) The related information of natures of the assets and liabilities is as follows:

December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 14,707	\$ -	\$ -	\$ 14,707
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	14,688	14,688
	<u>\$ 14,707</u>	<u>\$ -</u>	<u>\$ 14,688</u>	<u>\$ 29,395</u>

December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Foreign exchange swap contracts	\$ -	\$ 3,227	\$ -	\$ 3,227
Foreard foreign exchange contracts	-	-	-	-
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	12,353	12,353
	<u>\$ -</u>	<u>\$ 3,227</u>	<u>\$ 12,353</u>	<u>\$ 15,580</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Foreign exchange swap contracts	<u>\$ -</u>	<u>\$ 220</u>	<u>\$ -</u>	<u>\$ 220</u>

- (b) The methods and assumptions the Company used to measure fair value are as follows:
- i. When assessing non-standard and low-complexity financial instruments, for example, interest rate swap contracts and foreign exchange swap contracts, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
 - ii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- D. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

	<u>2023</u>	
	<u>Equity securities</u>	
At January 1	\$	12,353
Income recognised in other comprehensive income		<u>2,335</u>
At December 31	\$	<u>14,688</u>
	<u>2022</u>	
	<u>Equity securities</u>	
At January 1	\$	13,671
Income recognised in other comprehensive income	(	<u>1,318</u>)
At December 31	\$	<u>12,353</u>

F. Treasury department is in charge of valuation procedures for fair value measurements being categorised 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. s used to the valuation model and making any other necessary adjustments to the fair value.

G. 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:

	<u>Fair value at</u>	<u>Valuation</u>	<u>Significant</u>	<u>Range</u>	<u>Relationship of</u>
	<u>December 31, 2023</u>	<u>technique</u>	<u>unobservable</u>	<u>(weighted average)</u>	<u>inputs to fair value</u>
			<u>input</u>		
Non-derivative equity instrument:					
	\$	14,688			
Unlisted shares		Market comparable companies	Discount for lack of marketability P/B ratio	30% 100%	The higher the discount for lack of marketability, the lower the fair value
	<u>Fair value at</u>	<u>Valuation</u>	<u>Significant</u>	<u>Range</u>	<u>Relationship of</u>
	<u>December 31, 2022</u>	<u>technique</u>	<u>unobservable</u>	<u>(weighted average)</u>	<u>inputs to fair value</u>
			<u>input</u>		
Non-derivative equity instrument:					
	\$	12,353			
Unlisted shares		Market comparable companies	Discount for lack of marketability P/B ratio	30% 100%	The higher the discount for lack of marketability, the lower the fair value

H. 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 categorised within Level 3 if the inputs used to valuation models have changed:

		December 31, 2023					
				Recognised in profit or loss		Recognised in other comprehensive income	
		Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets	Discount for lack of marketability		±10%	\$ -	\$ -	\$ 629	(\$ 629)
Equity instruments	P/B ratio		±10%	-	-	1,469	(1,469)
				<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,098</u>	<u>(\$ 2,098)</u>
		December 31, 2022					
				Recognised in profit or loss		Recognised in other comprehensive income	
		Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets	Discount for lack of marketability		±10%	\$ -	\$ -	\$ 529	(\$ 529)
Equity instruments	P/B ratio		±10%	-	-	1,235	(1,235)
				<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,764</u>	<u>(\$ 1,764)</u>

12. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period: Please refer to table 1.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 2.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 3.
- I. Trading in derivative financial instruments undertaken during the reporting periods: Please refer to Note 6(2) (12).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 5.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 6.

B. Significant transactions, either directly or indirectly through a third areas, with investee companies in the Mainland China: Please refer to table 7.

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

13. SEGMENT INFORMATION

Not applicable.

Microelectronics Technology, Inc.

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

Year ended December 31, 2023

Table 1
Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023			Fair value	Note
				Number of shares	Book value	Ownership (%)		
Microelectronics Technology, Inc.	Stocks - CyberTAN Technology, Inc.	Yes	Financial assets at fair value through income	670,000	\$ 14,707	0.48	\$ 14,707	
Microelectronics Technology, Inc.	Stocks - TAIWAN AEROSPACE CORPORATION	None	Financial assets at fair value through other comprehensive income	648,576	14,688	0.2	14,688	
SASSON INTERNATIONAL HOLDING, INC.	Stocks - Firetide, Inc.	None	Financial assets at fair value through profit or loss	1,333,360	-	2.24	-	
SASSON INTERNATIONAL HOLDING, INC.	Stocks - Taicom Capital Ltd.	None	Financial assets at fair value through other comprehensive income	20,000	135,463	Note	135,463	
SASSON INTERNATIONAL HOLDING, INC.	Stocks - New Edge Signal Solutions LCC	None	Financial assets at fair value through other comprehensive income	1,355,663	-	12.5	-	
SASSON INTERNATIONAL HOLDING, INC.	Stocks - Kymeta Corporation	None	Financial assets at fair value through other comprehensive income	205,432	-	0.05	-	
SASSON INTERNATIONAL HOLDING, INC.	Stocks - CDIB-Innolux Limited Partnership	None	Financial assets at fair value through income	-	97,540	6.99	97,540	

Note: Holding of 10,000 ordinary shares and 10,000 preference shares for 11.43% and 16.67% ownership, respectively.

Microelectronics Technology, Inc.

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

Year ended December 31, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)	
							Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Note
Microelectronics Technology, Inc.	JUPITER TECHNOLOGY (WUXD) INC	Indirect subsidiary of the Company	Purchases	\$ 1,019,282	52%	60 days	Not applicable	Not applicable	\$ 186,996	(48%)	
JUPITER TECHNOLOGY (WUXI) INC	Microelectronics Technology, Inc.	Indirect subsidiary of the Company	Sales	(1,019,282)	(63%)	60 days	Not applicable	Not applicable	186,996	99%	

Microelectronics Technology, Inc.

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

Year ended December 31, 2023

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts	Expressed in thousands of NTD (Except as otherwise indicated)
					Amount	Action taken			
JUPITER TECHNOLOGY (WUXI) INC	Microelectronics Technology, Inc.	Parent company	\$ 186,996	3.79	\$ -	-	107,336	\$ -	-

Microelectronics Technology, Inc.
 Significant inter-company transactions during the reporting periods
 Year ended December 31, 2023

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction		Transaction terms	Percentage of consolidated total operating revenues or total assets
				General ledger account	Amount		
0	Microelectronics Technology, Inc.	JUPITER TECHNOLOGY (WUXI) INC.	1	Purchases and processing overhead	1,019,282	Same as those to the third parties	30.39%
0	Microelectronics Technology, Inc.	JUPITER TECHNOLOGY (WUXI) INC.	1	Accounts payable	186,996	Payment term is 60 days from invoice date	3.40%
0	Microelectronics Technology, Inc.	MTI Laboratory, INC.	1	Research and development expenses	255,107	Same as those to the third parties	7.61%
0	Microelectronics Technology, Inc.	MTI Laboratory, INC.	1	Other payable	122,187	Based on the mutual agreement	2.22%
0	Microelectronics Technology, Inc.	Radiocomp ApS	1	Research and development expenses	173,767	Same as those to the third parties	5.18%
0	Microelectronics Technology, Inc.	Radiocomp ApS	1	Other payables	37,072	Based on the mutual agreement	0.67%

Note 1: The information of transactions between the Company and the subsidiaries should be noted in "Number" column.

(1) Number 0 represents the Company.

(2) The consolidated subsidiaries are numbered in order from number 1.

Note 2: The transaction relationship with counterparties are as follows:

(1) The Company to the consolidated subsidiary.

(2) The consolidated subsidiaries to the Company.

(3) The consolidated subsidiaries to other consolidated subsidiaries.

Note 3: In calculating the ratio, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenues for income statement accounts.

Note 4: Only transaction amounts over 10 million were disclosed and if transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it was not required to be disclosed separately.

Microelectronics Technology, Inc.
Information on investees
Year ended December 31, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023		Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Note
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares						
Microelectronics Technology, Inc.	SASSON INTERNATIONAL HOLDING, INC.	British Virgin IS.	Investment management	\$ 908,778	\$ 908,778	3,920		100	\$ 1,557,617	\$ 50,956	\$ 128,114	Note 1
SASSON INTERNATIONAL HOLDING, INC.	Welltop Technology Co.,Ltd.	British Virgin IS.	Investment management	240,543	240,582	7,834,000		100	394,073	16,669	16,669	Note 2
SASSON INTERNATIONAL HOLDING, INC.	Jupiter Network Corp.	British Virgin IS.	Investment management	954,060	954,215	31,071,800		100	997,303	11,632	11,632	Note 2
Welltop Technology Co.,Ltd.	MTILaboratory, Inc.	U.S.A	Communications	46,058	46,065	1,500,000		100	169,649	8,763	8,763	Note 2
Welltop Technology Co.,Ltd.	Radiocomp ApS	DENMARK	Communications	144,375	144,398	1,527,944		100	203,285	8,014	8,014	Note 2

Note 1: Subsidiary of the Company.

Note 2: Indirect subsidiary of the Company.

Microelectronics Technology, Inc.
Information on investees in Mainland China
Year ended December 31, 2023

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 6

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2023	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023 (Note 2)	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Note
JUPITER TECHNOLOGY (WUXI) INC (Note 1)	The manufactures and sales of satellite and microwave communication system and related technical and consultation services	\$ 951,855	Through investing in an existing company in the third area, which then invested in the investee in Mainland China.	\$ 951,855	- \$	\$ 951,855	\$ 11,632	100	\$ 11,632	\$ 997,260	\$ -	-
Microelectronics Technology, Inc.		\$ 1,073,754	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	\$ 1,073,754	\$ 1,197,741	\$ 1,129,211						

Note 1: It was indirectly invested through Jupiter Network Corp.

Note 2: Investment profit or loss was recognised based on the financial statements that were audited by R.O.C. parent company's CPA.

Microelectronics Technology, Inc.

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

Year ended December 31, 2023

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing		Interest during the year ended December 31, 2023	Others (Note)	
	Amount	%	Amount	%	Balance	%	Balance at December 31, 2023	Purpose	Maximum balance during the year ended December 31, 2023	Balance at December 31, 2023			Interest rate
JUPTER TECHNOLOGY (WUXI) INC	\$ 1,019,282	(52%)	(\$ 208)	0.0%	(\$ 186,996)	(48%)	\$ -	-	-	-	-	\$ -	\$ 188,537

Note: It consisted of current liabilities amounting to \$188,537.

Microelectronics Technology, Inc.
Major shareholders information
Year ended December 31, 2023

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Name of major shareholders	Shares	No. of shares held	Ownership (%)
Cybertan Technology Inc.		47,522,756	18.85%

Note 1: The major shareholders information was 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 above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.

The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialised form because of a different calculation basis.

Note 2: If the aforementioned data contains shares which were kept at the trust by the shareholders, the data disclosed was the settlor's separate account for the fund 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 Securities and Exchange Act, the shareholding ratio includes the self-owned shares and trusted shares, at the same time, persons who have power to allocate the trust assets. For the information of reported share equity of insider, please refer to Market Observation Post System.

MICROELECTRONICS TECHNOLOGY, INC.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Table 1

Item	Description		Amount
Cash on hand and revolving funds -NTD	NTD		\$ 30
-USD	USD	2 dollars , exchange rate 30.705	83
			<u>113</u>
Checking accounts-NTD			<u>50,527</u>
Demand deposits -NTD			488,558
-EUR	EUR	34 dollars , exchange rate 33.98	1,154
-USD	USD	5,586 dollars , exchange rate 30.705	171,512
- Others			<u>1,687</u>
			<u>662,911</u>
Time deposits(Note)-NTD			<u>54,900</u>
			<u>\$ 768,451</u>

(Note) Expiration date : 2024/01/13~2024/02/07, Rate : 1.10%~1.16%.

MICROELECTRONICS TECHNOLOGY, INC.
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Table 2

<u>Customer name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Normal customers:			
Customer B		\$ 399,648	
Customer E		97,956	
Customer M		35,659	
			None of the individual customer's owing balance exceeding 5% of the ending balance of this account. Aging over one year amounted to \$14,514
Others		107,848	
		<u>641,111</u>	
Less: Bad provision		(<u>15,249</u>)	
		<u>625,862</u>	
Related parties:			
CyberTAN Technology Inc.		<u>22,759</u>	
Total		<u>\$ 648,621</u>	

MICROELECTRONICS TECHNOLOGY, INC.
STATEMENT OF INVENTORIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Table 3

Item	Amount		Note
	Cost	Net Realizable Value	
Raw material	\$ 972,793	\$ 1,025,834	
Work in progress	85,698	122,463	
Finished goods	488,160	573,855	
Inventory in transit	12,730	-	
	1,559,381	\$ 1,722,152	
Less : allowance for inventory valuation losses	(77,300)		
	\$ 1,482,081		

MICROELECTRONICS TECHNOLOGY, INC.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Table 4

Investee	Balance at January 1, 2023		Increase	Share of profit of associates accounted for under equity	Unrealized gain	Currency translation	Balance at December 31, 2023		Valuation Method	Collateral
	Percentage of ownership	Amount					Percentage of ownership	Amount			Net Equity	Equity Method
Sasson International Holding Inc.	100.00%	\$ 1,404,798	\$ 39,910	\$ 50,956	\$ 77,158	(\$ 15,205)	100.00%	\$ 1,557,617	\$ 1,557,617	None

MICROELECTRONICS TECHNOLOGY, INC.
STATEMENT OF SHORT-TERM BANK LOANS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Table 5

Description	Creditor	Ending Balance	Period	Range of Interest	Loan	Collateral	Note
Unsecured borrowings	CTBC Bank Co., Ltd.	\$ 100,000	90 days	2.86%	\$ 150,000	None	
Unsecured borrowings	Chang Hwa Commercial Bank, Ltd.	50,000	180 days	1.86%~1.985%	150,000	None	
Purchasing	Chang Hwa Commercial Bank, Ltd.	94,205	90 days	6.63%~6.67%			
Purchasing	Mega International Commercial Bank	93,742	90~180 days	6.65%~6.81%			
Unsecured borrowings	Mega International Commercial Bank	243,900	90 days	2.24%	460,575	None	
Unsecured borrowings	Land Bank of Taiwan	250,000	90 days	2.36%			
Unsecured borrowings	The Shanghai Commercial	75,000	360 days	2.02%	250,000	None	
Purchasing	The Shanghai Commercial	107,334	180 days	6.17%~6.42%			
Export financing	The Shanghai Commercial	61,410	60 days	6.27%	245,640	None	
Unsecured borrowings	Taishin International Bank	300,000	90 days	2.50%~2.52%	300,000	None	
		<u>\$ 1,375,591</u>					

MICROELECTRONICS TECHNOLOGY, INC.
STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Table 6

Supplier	Amount	Note
General Supplier:		
Company M	\$ 53,012	
Company H	30,613	
Company C	25,727	
Company L	16,713	
Company K	15,900	
		None of the individual supplier's balance exceeding 5% of the ending balance of this account
Other	123,669	
	<u>265,634</u>	
Related parties:		
Jupiter Technology(Wuxi)Co.,Ltd	186,996	
CyberTAN Technology Inc.	1,851	
	<u>188,847</u>	
	<u>\$ 454,481</u>	

MICROELECTRONICS TECHNOLOGY, INC.
STATEMENT OF OTHER PAYABLES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Table 7

Item	Amount	Note
Other payables :		
Salaries and employee benefit payable	\$ 87,239	
Payables for machinery and equipment	9,445	
Payable on miscellaneous purchases	10,396	
Accrued export expenses	7,621	
		None of the individual item's balance exceeding 5% of the ending balance of this account
Other	35,041	
	<u>149,742</u>	
Related parties:		
Technical service payable	161,352	
	<u>\$ 311,094</u>	

MICROELECTRONICS TECHNOLOGY, INC.
STATEMENT OF REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Table 8

<u>Item</u>	<u>Quantity(in thousands)</u>	<u>Amount</u>	<u>Note</u>
Satellite communication product	2,339	\$ 1,663,948	
Terrestrial microwave product	43,667	1,679,064	
Total operating revenue		<u>3,343,012</u>	
Less: Sales returns		(383)	
Sales discount and allowance		(230)	
Operating revenue, net		<u>\$ 3,342,399</u>	

MICROELECTRONICS TECHNOLOGY, INC.
STATEMENT OF COSTS OF REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Table 9

Item	Amount
Raw material at January 1, 2023	\$ 1,264,983
Add : Raw material purchase	598,578
Inventory overage	-
Less : Scrap of raw material	(13,260)
Raw material sold	(889)
Raw shortage	-
Raw material at December 31, 2023	(985,523)
Consumption of raw material for the year	863,889
Direct labor	141,414
Manufacturing expenses	261,787
Manufacturing costs of the year	1,267,090
Add : Work in progress at January 1, 2023	177,439
Work in progress purchase	5,360
Less : Scrap of work in progress	(17,683)
Work in process at December 31, 2023	(85,698)
Cost of finished goods	1,346,508
Add : Finished goods at January 1, 2023	682,218
Finished goods purchased	1,504,643
Transferred from expenses	4,012
Less : Scrap of finished goods	(8,532)
Transfer to expenses and others	(14,641)
Finished goods at December 31, 2023	(488,160)
Cost of goods sold	3,026,048
Provisions of warranty costs	11,702
Loss on decline in market value	57,352
Service cost	-
Raw material sold	889
Operating cost	<u>\$ 3,095,991</u>

MICROELECTRONICS TECHNOLOGY, INC.
STATEMENT OF MANUFACTURING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Table 10

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Indirect labor cost		\$ 71,942	
Depreciation charges		85,451	
Utilities expense		18,213	
Rent expenses		2,057	
Other expenses		84,124	None of the individual item exceeds 5% of this account
		<u>\$ 261,787</u>	

MICROELECTRONICS TECHNOLOGY, INC.
STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Table 11

Item	Amount	Note
Selling expenses:		
Salaries and wages	\$ 36,955	
Shipping expenses	9,068	
Commission	5,534	
Consulting fee	5,550	
Travel expenses	6,219	
Others	27,311	None of the individual item exceeds 5% of this account
	<u>\$ 90,637</u>	
General and administrative expenses:		
Salaries and wages	\$ 34,464	
Services fees	5,610	
Equity-related expenses	4,887	
Labor and health insurance	3,955	
Other personnel expenses	3,430	
Others	8,778	None of the individual item exceeds 5% of this account
	<u>\$ 61,124</u>	
Research and development expense:		
Technical supporting expenses	\$ 438,295	
Salaries and wages	173,818	
Others	112,450	None of the individual item exceeds 5% of this account
	<u>\$ 724,563</u>	

MICROELECTRONICS TECHNOLOGY, INC.
LABOR, DEPRECIATION AND AMORTISATION BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Table 12

By nature	By function	Year ended December 31, 2023			Year ended December 31, 2022		
		Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense							
Wages and salaries		\$ 203,268	\$ 245,237	\$ 448,505	\$ 247,307	\$ 267,384	\$ 514,691
Labor and health insurance fees		19,861	24,437	44,298	23,609	25,221	48,830
Directors' compensation		-	2,261	2,261	-	2,222	2,222
Pension costs		9,752	11,999	21,751	11,657	12,453	24,110
Others employee benefit expense		7,755	12,104	19,859	9,871	7,695	17,566
Depreciation		85,451	33,565	119,016	78,088	29,471	107,559
Amortization		6,081	14,151	20,232	6,470	13,154	19,624

Note:

A. As of December 31, 2023 and 2022, the Company had 480 and 609 employees, respectively excluding 5 and 5 directors, respectively.

B. For companies whose shares were listed on the Taiwan Stock Exchange or listed on the Taiwan Over-The-Counter Securities Exchange, following information should be disclosed:

- (a) The average employee benefit expense of current year was \$1,125 thousand ((Total employee benefit expense of current year - Total directors' compensation of current year) / (Number of employees of current year - Number of non-employee directors of current year)).
The average employee benefit expense of prior year was \$1,002 thousand ((Total employee benefit expense of prior year - Total directors' compensation of prior year) / (Number of employees of prior year - Number of non-employee directors of prior year)).
- (b) The average wages and salaries of current year was \$944 thousand (Total wages and salaries of current year / (Number of employees of current year - Number of non-employee directors of current year)).
The average wages and salaries of prior year was \$852 thousand (Total wages and salaries of prior year / (Number of employees of prior year - Number of non-employee directors of prior year)).
- (c) Changes on average wages and salaries adjustment 10.8% ((Average wages and salaries of current year - Average wages and salaries of prior year) / Average wages and salaries of prior year).

MICROELECTRONICS TECHNOLOGY, INC.
LABOR, DEPRECIATION AND AMORTISATION BY FUNCTION (Cont.)
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Table 12

- (d) The Company has no supervisors' remuneration for the years ended December 31, 2023 and 2022. (Since the Company sets up the audit committee, it has no supervisors' it has no supervisors' remuneration).
- (e) The Company's compensation policy: The remuneration for the directors and managers shall be recommended by reference to the general pay levels of the industry and according to their performance of business, assumption of risk and degree of contribution, etc. The compensation for employees shall be evaluated according to their position, education and work background as well as acknowledged seniority of professional etc. The variable compensation is distributed according to the operation of the Company and individual performance to timely motivate morale and retain outstanding employees. The annual salary adjustment is formulated year by year by reference to the Consumer Price Index in domestic, pay increase in the industry, employees' performance and salary level, etc.