



Microelectronics Technology Inc.

2024 Annual Shareholders' Meeting Handbook

(Translation)

June 13, 2024

Disclaimer: This is translation of the handbook for the annual shareholders' meeting of MTI and is intended solely for reference. MTI hereby disclaims any and all liabilities whatsoever for the translation. In event of discrepancies, the Chinese version shall prevail.



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Microelectronics Technology Inc.

2024 Annual Shareholders' Meeting Agenda

Time: 9:00 a.m., June 13, 2024 (Thursday)

Venue: Microelectronics Technology Inc., No. 1, Innovation Road II, Hsinchu Science Park,
Hsinchu City, Taiwan R.O.C.

Held by means of: Physical shareholders' meeting

1. Call meeting to order
2. Chairperson Remarks
3. Report Items
 - (1)2023 Business Report
 - (2)2023 Audit Committee's Review Report
 - (3)Status of Business Improvement Plan Report
 - (4)2023 Directors' Remuneration
 - (5)Accumulated Deficit Aggregates to Half of MTI's Paid-in Capital
4. Ratification and Discussion Items
 - (1)To Accept 2023 Business Report and Financial Statements
 - (2)The Proposal of the 2023 mark-up losses
5. Proposed Resolutions
 - (1)Release the Representative of the Director from Non-Competition Restrictions
 - (2)Intended the proposal of issuing ordinary shares for cash consideration by way of private placement
6. Impromptu Motions
7. Adjourned



Report Items

Subject 1: 2023 Business Report

Explanation: 2023 Business Report is attached on page 9~10, Attachment 1.

Subject 2: 2023 Audit Committee's Review Report

Explanation: 2023 Audit Committee's Review Report is attached on page 11, Attachment 2.

Subject 3: Status of Business Improvement Plan Report

Explanation: Status of Business Improvement Plan Report is attached on page 12~13, Attachment 3.

Subject 4: 2023 Directors' Remuneration

Explanation:

1. The fixed remuneration to the Directors is 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.

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.

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.

2. 2023 Remuneration to the Directors Report is attached on page 14, Attachment 4.

Subject 5: Accumulated Deficit Aggregates to Half of MTI's Paid-in Capital

Explanation:

1. In compliance with Article 211 of the Company Act, "In case the loss incurred by a company aggregates to half of its paid-in capital, the board of directors shall convene and make a report to the most recent meeting of shareholders."
2. As of December 31, 2023, the accumulated losses of the Company amounted to NT\$ 1,636,605,687, which aggregates to half of MTI's paid-in capital, then report to the most recent meeting of shareholders was submitted in compliance with laws.



Ratification and Discussion Items

Subject 1: 2023 business report and financial statements (Proposed by the Board of Directors)

Explanation:

1. MTI's 2023 financial statements, including the balance sheet, statements of comprehensive income, statement of changes in equity, and statement of cash flows, were audited by the certificated public accountants, Ms. Tina Cheng and Ms. Chien-Yu Liu from PwC.
2. The 2023 business report, auditors' report and the aforementioned financial statements are attached on to page 9~10 and 15~39, Attachment 1 and 5&6.
3. Submit for approval.

Resolution:

Subject 2: The proposal of the 2023 mark-up losses (Proposed by the Board of Directors)

Explanation:

1. MTI's net loss after tax of 2023 fiscal year was NT\$619,757,981. The mark-up losses proposal is provided as below:

Unit: NTD	
Item	Amount
Accumulated losses of previous years	(1,009,176,132)
Plus	
Net loss of 2023	(619,757,981)
Re-measurement of defined benefit obligation	(7,671,574)
Deficit yet to be compensated, end of period	(1,636,605,687)

2. The subject has been approved by the BoD on March 6, 2024.
3. Submit for approval.

Resolution:



Proposed Resolutions

Subject 1: Release the Representative of the Director from Non-Competition Restrictions (Proposed by the Board of Directors)

Explanation:

1. In accordance with Article 209 of the Company Act, release the representative of the Director from non-competition restrictions.
2. The proposal is submitted to the Annual Shareholders' Meeting in compliance with laws.
3. Detailed list of the representative of the director's positions in other companies is as below:

Job Title	Name	Competition Company and Title
Representative of CyberTAN	Maxon Huang	CyberTAN Technology Inc. Vice President Business Management Center
		Fuhongkang Technology (Shenzhen) Co., Ltd. Chairman
		Chongqing Hongdaofu Technology Co., Ltd. Chairman
		HON YAO FU Technology Company Limited CyberTAN (B.V.I.) Investment Corp. Representative
		Fu Hai Technology Company Limited CyberTAN (B.V.I.) Investment Corp. Representative

4. Submit for approval

Resolution:



Subject 2: Approve the proposal of issuing ordinary shares for cash consideration by way of private placement (Proposed by the Board of Directors)

Explanation:

1. To meet the Company’s operating capital requirements of long-term development, strengthen corporate competitiveness and expand operation scale of the Company, the Company proposes to raise fund from issuing ordinary shares for cash consideration by way of private placement, provided that aggregate issued adopted in 2024 ASM pursuant to the Article 43-6 will not exceed 38,000,000 shares (the “Proposed Private Placement”). It also proposes that the Board of the Company (the “Board”) be authorized by the Members with full power to carry out the Proposed Private Placement within one year in several phases (no more than 4 times) starting from the date of approval by the shareholders’ meeting of 2024 based on the market conditions and the Company’s operating requirements.
2. The basis and rationale for setting the private placement price:
 - I. The price for issuing ordinary shares in the Proposed Private Placement shall not be lower than 80% of the reference price. Reference price is set to be the price determined by the following calculation, whichever is higher:
 - (a) The simple arithmetical average closing price of the ordinary shares of the Company on any of the first, third or fifth trading day prior to the pricing date, after deducting the value of bonus shares issued as stock dividends and cash dividends, and adding back the value of the shares cancelled in connection with capital reduction.
 - (b) The simple arithmetical average closing price of the ordinary shares of the Company for thirty trading days prior to the pricing date, after deducting the value of bonus shares issued as stock dividends and cash dividends, and adding back the value of shares cancelled in connection with capital reduction.
 - II. The Board is authorized, within the range resolved by the Members in the General Meeting, to determinate the pricing date and actual issue price according to the selected investors qualifications and market conditions.
 - III. Having complied with the regulations and rulings of regulator, the issue price should be reasonable after considering that the three-year share transfer restriction for securities issued in the private placement in accordance with R.O.C. Securities and Exchange Act (the “Act”).
3. The specific investor selection criteria:
 - I. The securities issued in the Proposed Private Placement will only be sold and subscribed by investors with qualifications prescribed in Article 43-6 of the Act, relevant regulations and administrative rulings. The subscriber selected would be insiders or related persons and strategic investors. Meanwhile, the Company is seeking out qualified subscribers pursuant to relative regulations and rulings.
 - II. If the subscriber is an insider or related party of the Company:
 - (a) Selecting Methods and Purpose: The subscribers would be willing to meet the working capital needs of the Company, and quite familiar with the operation of the Company or industry development and be able to assist the Company to strengthen future operations directly or indirectly.

Applicant name	Relationship with the Company
CyberTAN Technology Inc.	Insider (Director & Dominant Shareholder)
Chi-Chia Hsieh	Insider (Chairman & CIMO)



(b) The top ten shareholders, their shareholding percentages and relationships with MTI of the abovementioned legal person subscribers are presented as follows:

Name of Institutional Applicant name	Dominant Shareholders of the Institutional Applicant	Proportion of Shareholding	Relationship with MTI
CyberTAN Technology Inc.	LGT Bank AG	4.29%	NA
	HongYuan International Investment Co., Ltd.	3.04%	NA
	Foxconn Technology Co., Ltd.	3.04%	NA
	Hyield Venture Capital Co., Ltd.	3.04%	NA
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund , a series of Vanguard Star Funds	1.40%	NA
	VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	1.34%	NA
	Lin Yi International Investment Co., Ltd.	1.05%	NA
	Shi Teng Investment Co., Ltd.	0.73%	NA
	Vanguard Fiduciary Trust Company Institutional Total International Stock Market Index Trust II	0.67%	NA
	Taishin International Bank in custody for Property	0.47%	NA

III. If the subscriber is a strategic investor:

- (a) Selecting Methods and Purpose: The subscriber selected should be financial or strategic investors who will be able to assist the Company to maintain market competitiveness, expand operation scale and be helpful future operations and profit growth.
- (b) Necessity: The Proposed Private Placement should be able to enrich operating funds, strengthen the competitive advantages of the Company, reduce capital costs and introduce financial and strategic investors to implement essential strategies for our company's long-term development.
- (c) Estimated benefits: Strategic investors could not only assist the Company to enhance fund raising flexibility and lower funding cost, but create long-term benefits to the development of the Company.

IV. The Company would communicate with the subscribers in advance for avoiding significant changes in ownership rights.

4. Necessity and Anticipated Benefits of Private Placement:

- I. The Reasons for not Adopting a Public Offering: To ensure a timely and feasible fund raising while reducing the cost of capital effectively, it is proposed that the Company raises the fund by issuing ordinary shares for cash consideration by way of private placement. In addition, by authorizing the Board to carry out the Proposed Private placement based on the market conditions and the Company's operating requirements will increase the flexibility and efficiency of fund raising. Furthermore, the ordinary shares issued in the Proposed Private Placement are subject to free share transfer restriction for a period of three years, so that a long term partnership between the Company and strategic investors can be secured.
- II. The Use and Anticipated Benefits of the Fund Raised: Depending on the operational needs, market conditions and the situation of the subscribers, the Company carry out the Proposed Private Placement within one year in several phases (no more than 4 times) starting from the date of approval by the shareholders' meeting of 2024. The fund raised from the Proposed Private Placement will be used to fund the Company's working capital, and meet the needs of long-term operation and development.



5. The Rights and Obligations of the Ordinary Shares Issued in the Proposed Private Placement: The ordinary shares issued in the Proposed Private Placement will be issued without printing physical certificate nor delivering. In addition to the restriction on transfer within three years after delivery under Article 43-8 of the Securities and Exchange Act, the rights and obligations of the ordinary shares in this private placement case are identical to those of the ordinary shares already issued by the company.
6. It is proposed that the Board to be authorized by the Members in the 2024 ASM with full power to handle main points of the Proposed Private Placement, including but not limited to the actual issued shares, issue price, selection of investors, pricing date, record date of capital increase, plan items, progress of fund use, anticipated benefits, anticipated phases of private placement and other matters not prescribed herein pertaining to the Proposed Private Placement, which may need to be revised upon regulator's requests, or as a result of the evaluation of the operation or objective environmental changes.
7. In addition to the abovementioned scope of authorization, it is proposed that the Chairman of the Company be authorized by the Members in the 2024 ASM with full power to enter, negotiate and revise all agreements and legal instruments pertaining to the Proposed Private Placement and handle all necessary matters pertaining to the issuance of new ordinary shares.
8. The Company would propose the issuance of privately placed common shares to Annual Shareholders' Meeting, as a contingency fundraising plan.
9. Submit for approval.

Resolutions:

Impromptu Motions

Meeting Adjourned



Attachment



Attachment 1

Microelectronics Technology Inc.

2023 Business Report

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 63%.

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 subsides, 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!

Chairman	Chi-Chia Hsieh
President	Eugene Wu
Accounting Officer	Sean Yu



Attachment 2

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2023 Business Report, Financial Statements, and proposal for the losses covering. The CPAs, Tina Cheng and Chien-Yu Liu of PricewaterhouseCoopers have audited the Financial Statements and issued an audit report. The Business Report, Financial Statements, and mark-up losses proposal have been reviewed by the Audit Committee and no irregularities were found. We hereby report as above according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. We hereby submit this report.

To Microelectronics Technology Inc. 2024 Annual Shareholder's Meeting

Microelectronics Technology Inc.

Chairman of Audit Committee: Yun Lin

March 6, 2024



Attachment 3

Business Improvement Plan

1.2023 Operating results

Although the global economy has experienced a sharp recession due to the COVID-19 epidemic, the epidemic has also created potential business opportunities such as the stay-at-home economy and remote working and teaching at home. Relevant business opportunities are closely related to network communications, and various countries have declared that they will speed up the construction of 5G. The company has actively invested in the development of terrestrial communication equipment used in 5G, hoping to seize the opportunity in the 5G equipment market. However, with the beginning of the U.S.-China trade war, in order to avoid the impact of trade war tariffs on the export business of Chinese factories, the company has continued to adjust the proportion of high-margin high-end products produced in Taiwan. Currently, Taiwan's production lines have sufficient production capacity to deal with the production demands of future high-end products. The sales amount of the company's satellite terminal equipment and mobile communication base station equipment (O-RAN) in 2023 showed a growth trend compared with the previous year. the Company's 2023 consolidated sales revenue was NT\$3.35 billion, the consolidated net loss was NT\$620 million, and the net loss per share was NT\$2.60.

2. Operating target and plan

As global telecom operators continue to invest in 5G, 5G base stations account for up to 40% of the overall capital expenditure, and the cost of 5G deployment is at least about 1.5 times higher than that of 4G. The cost savings are driving telecom operators to introduce open networking architecture(O-RAN) .

The Company has also established a strategic partnership with NEC to jointly develop the huge new market for O-RAN 5G.

The development of low-orbit satellite terminal equipment products is also a key project in which the company currently invests resources. It has successively signed product development contracts with major LEO customers and will jointly promote the development of LEO signal transceivers and array antennas. Several products have been verified by customers and have begun small-scale mass production. It is expected that mid- to long-term LEO-related products will follow the mass production of O-RAN products after the infrastructure construction is started, which will be another growth driver for the company.

1. Strategic alliances with key industry technology manufacturers to develop high value-added products that meet market trends and customer needs to achieve revenue targets.
2. Continuously improve R&D technology and enhance competitive advantage
3. Grasp market opportunities and develop new customers and markets to create profits
4. Provide customers with high-quality products and services
5. Establish long-term cooperative relationships with strategic partners and create win-win strategies



3. Implement measure

In order to control the progress and results of the implementation of the operation plan, the above directions/ focus will be incorporated into the company's 2024 business plan, and the implementation results will be reported to the board of directors quarterly, and improvement measures will be proposed in a timely manner to ensure the achievement of operational goals.



Attachment 4

The 2023 Remuneration to the Directors Report

2023.12.31

Unit: NTS Thousands

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

1) According to the Articles of Incorporation of the Company, the remuneration to the 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.



Attachment 5

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		433,518	13	629,308	14
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		(\$ 619,758)	(19)	(\$ 486,411)	(11)
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		\$ 22,409	1	\$ 74,454	2
8500 Total comprehensive loss for the period		(\$ 597,349)	(18)	(\$ 411,957)	(9)
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)					
9750 Basic	6(30)	(\$ 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
	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	-	-	-	-	35,542	55,455	(16,543)	74,454
Total comprehensive (loss) income	-	-	-	-	(450,869)	55,455	(16,543)	(411,957)
Cash capital increase	100,000	418,700	-	-	-	-	-	518,700
Share-based payment transactions	-	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
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	-	-	-	-	7,671	(12,165)	42,245	22,409
Total comprehensive (loss) income	-	-	-	-	(627,429)	(12,165)	42,245	(597,349)
Cash capital increase	140,000	257,977	-	-	-	-	-	397,977
Share-based payment transactions	-	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 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
CASH FLOWS FROM OPERATING ACTIVITIES			
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		(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)
CASH FLOWS FROM INVESTING ACTIVITIES			
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)
CASH FLOWS FROM FINANCING ACTIVITIES			
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)	\$ 978,354	\$ 1,124,401

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



Attachment 6

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						
3110	Common stock	6(18)	2,520,283	45	2,380,283	37
Capital reserve						
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)	(29)	(1,009,176)	(16)
Other equity interest						
3400	Other equity interest	6(21)	(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						
Significant events after the balance sheet date						
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 income 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		<u>(\$ 2.60)</u>		<u>(\$ 2.06)</u>	
9850	Diluted		<u>(\$ 2.60)</u>		<u>(\$ 2.06)</u>	

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	
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		\$ 2,380,283	\$ 830,132	\$ 24,972	\$ 193,426	(\$ 1,009,176)	(\$ 73,963)	(\$ 268,070)	\$ 2,077,604
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 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)	<u>\$ 768,451</u>	<u>\$ 912,508</u>

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



Appendix



Appendix 1

Rules of Procedure for Shareholders Meetings

Article 1

The rules of procedure for the Corporation's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

Article 2

“Shareholders” in these Rules means shareholders and their proxies.

Article 3

Shareholders attending the Meeting shall submit the attendance card for the purpose of signing in. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

Article 4

Attendance and voting at shareholders meetings shall be calculated based on numbers of shares.

Article 5

The Corporation may appoint the attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Article 6

The process of the Meeting shall be tape-recorded or videotaped and these tapes shall be preserved for at least one year.

Article 7

The chair shall call the meeting to order if the attending shareholders exceed the majority of the total number of issued shares. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements. If the quorum is not met after two postponements, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting.

Article 8

If the shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of



the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

After the meeting, the shareholders may not elect another chair to continue the meeting at the original site or another place.

Article 9

During the Meeting, the chairman may, at his discretion, set time for intermission.

Article 10

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

Article 11

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes.

If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When a shareholder defies the chair's correction, the Rules are adopted pursuant to Article 18, paragraph 2.

Article 12

The chairman may announce to end the discussion of any resolution and go into voting if the Chairman deems it appropriate.

Article 13

Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, if the chair has consulted the no-objection, it shall be deemed to have passed, and its validity shall be the same as the voting. A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act. Resolution of the shareholders' meeting, the number of shares of non-voting shareholders, not counting the total number of issued shares.

If the shareholders are unable to attend the shareholders' meeting for any reason, they will be issued a power of attorney issued by the company, stating the scope of the authorization. In accordance with the company law and the public offering company's attendance at the shareholders' meeting using the rules of the power of attorney, the agent is entrusted to attend the shareholders' meeting. With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.



A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to this Corporation before five days before the date of the shareholders meeting.

If the duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to this Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to this Corporation before 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Other matters related to the agency shall be handled in accordance with the regulations of the competent authority.

Article 14

When a legal person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

When a legal person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

Article 15

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 16

The person(s) to check and the person(s) to record the ballots during a vote by casting ballots shall be appointed by the chairman. The person(s) checking the ballots shall be a shareholder(s).

The result of voting shall be announced at the Meeting and placed on record.

Article 17

If there is amendment to or substitute for a discussion item, the chairman shall decide the sequence of voting for such discussion item, the amendment or the substitute. If any one of them has been adopted, the others shall be deemed vetoed and no further voting is necessary.

Article 18

The chairman may conduct the disciplinary officers or the security guard to assist in keeping order of the Meeting place.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 19

The matters not specified in these Rules shall be handled in accordance with the provisions of the Company Law and relevant laws and regulations and the articles of association of the Company.

Article 20

These Rules and any amendments hereto, shall be implemented after adoption by shareholders meetings.



Appendix 2

Article of Incorporation

Chapter I - General Provisions

Article 1

The Corporation is incorporated under the Company Act of the Republic of China, and its name is 台揚科技股份有限公司 in Chinese language, and Microelectronics Technology Inc. in English language.

Article 2

The business scope of the Corporation is as stated below:

1. CC01030 Electric Appliance and Audiovisual Electric Products Manufacturing
2. CC01070 Telecommunication Equipment and Apparatus Manufacturing
3. CC01080 Electronic Parts and Components Manufacturing
4. CC01100 Restrained Telecom Radio Frequency Equipments and Materials Manufacturing
5. CC01990 Electrical Machinery, Supplies Manufacturing
6. E701010 Telecommunications Construction
7. E701020 Channel KU and C of Satellite TV Equipments and Materials Construction
8. E701030 Restrained Telecom Radio Frequency Equipments and Materials Construction
9. EZ99990 Other Construction
10. F401010 International Trade
11. I501010 Product Designing

(a) To conduct research, development, design, production, manufacturing, and sales of the following items:

- Personal communication device components, subsystems and systems
- Wireless microwave communication systems equipment, electronic components, electronic systems and etc.

(b) Manufacture for foreign and Taiwan domestic markets:

- Substrate and capacitors used in microwave integrated circuit.
- High frequency microwave and millimeter wave components
- Microwave and millimeter wave subsystem and system
- Integrated imported and self-made microwave and optic electronic components into subsystem and system

(c) Manufacture and sale of direct broadcasting satellite receiver equipment for foreign and domestic market

(d) Custom design and manufacture the above-mentioned products according to customers' specifications

(e) Provide inspection, repair and maintenance, tooling, and installation services for the above-mentioned products

(f) Import/Export for the above-mentioned business

Article 2-1

When being the limited liability shareholder of other companies, the total amount of the Corporation's investment is exempted from the restriction of not more than forty percent of the Corporation's paid-up capital as provided in Article 13 of the Company Act, but subject to total shareholders' equity of the Corporation.



Article 3

The Corporation shall have its head office in Science Park, Hsin Chu, Taiwan, Republic of China, and shall be free, upon approval of Board of Directors and government authorities in charge, to set up representative and branch offices at various locations within and without the territory of the Republic of China, wherever and whenever the Corporation deems it necessary or advisable to carry out any or all of its activities.

Article 4

Public announcements of the Corporation shall be made in accordance with Article 28 of the Company Act of the Republic of China.

Chapter II - Capital Stock

Article 5

The total authorized capital stock of the Corporation is in the amount of 7,000,000,000 New Taiwan Dollars, divided into 700,000,000 shares, at ten New Taiwan Dollars each, and may be paid-up in installments and in form of preferred stock subject to Board of Directors' approval. A total of 50,000,000 shares among the above total capital stock should be reserved for issuing stock options, corporate bonds with warrants and preferred shares with warrants.

Article 5-1

The rights, obligations and other important conditions regarding the first name-bearing preferred shares of the Corporation are as the followings:

- (1) At the end of each fiscal year, after the Corporation has provided for taxes, made up the prior years' losses, set aside legal reserve, special capital reserve, and dividends of preferred shares should be paid in first priority.
- (2) The dividends ratio of the preferred shares is 3% per year. Calculated based on the issuing price and are payable in cash annually. The Board of directors will resolve a record date after Shareholders' meeting to effect the dividends payment. The preferred shares are not entitled to dividends when transferring to common shares but are entitled to dividend of common shares at that year.
- (3) If the profit of the Corporation is not enough for dividends distribution to preferred shares, it will be paid in future year in the first priority. But after transferring to common shares, all accumulated dividends will not be distributable.
- (4) The preferred stocks can participate in the common share stock dividend distribution.
- (5) If the Corporation distributes its legal reserve and the capital reserve of special shares by issuing new shares or by cash dividend, the preferred stock can't join the earning distribution.
- (6) When the Corporation issues new shares in cash, the shareholders of the preferred stocks shall have the same preemptive rights with respect to the new shares as those of the shareholders of the common shares.
- (7) Limited by the issuing total amount, preferred stocks has priority to get the residual assets of the Corporation when liquidation.
- (8) Shareholders of preferred stocks have voting right, elect right and the right be the candidate for the directorship in annual shareholders' meeting.
- (9) The preferred stock can only be transferred to common shares after three years of issuance and the exchange rate is one on one. After transfer, the right and obligation is the same as other common shares.



Article 5-2

The Corporation may issue treasury stock to employees of the affiliated companies meeting certain qualifications.

The Corporation may issue share subscription warrant or restricted stock awards to employees of the affiliated companies meeting certain qualifications.

The Corporation may issue the new shares to employees of the affiliated companies meeting certain qualifications.

Article 6

The share certificates of the Corporation shall all be name-bearing share certificates with signatures of the director representing the Corporation, and issued in accordance with the Company Act and relevant rules and regulations of the Republic of China.

Subject to the Company Act or other related regulations, the stock certificates of the Corporation may be made without physical certificates. However, the stock of the Corporation shall be registered with the securities centralized depository institution.

Article 7

Registration for transfer of shares shall be suspended for sixty (60) days immediately before the date of regular meeting of shareholders, and thirty (30) days immediately before the date of any special meeting of shareholders, or five (5) days before the day on which dividend, bonus, or any other benefit are scheduled to be paid by the Corporation.

Article 8

Prior to the transfer of Corporation shares, an application for transfer of share certificates with the seals of both transferor and transferee, shall be filed with the Corporation or the agent of the Corporation jointly by the transferors and the transferee. Before the transfer is duly made, the share certificates are deemed as belonging to the original shareholder. Application for mortgage or discharge of mortgage of share certificates with the seals of mortgager and mortgagee shall be filled with the Corporation or its agent of the Corporation jointly by the mortgager and the mortgagee. Before the mortgage is duly registered with the Corporation or its agent, the mortgager cannot defend himself against the Corporation.

Article 9

The Corporation shall handle its share-related issues in accordance with relevant rules and regulations of the Republic of China.

Section III – Shareholders' Meeting

Article 10

Shareholders' meetings of the Corporation are of two types, namely: (1) regular meetings and (2) special meetings. Except special reasons ruled by the Company Act, shareholders' meetings shall be convened, by the Board of Directors, within six (6) months after the close of each fiscal year. However, the special case authorized by government administrator is not subject to this rule, special meetings shall be convened in accordance with the law when necessary.

Article 11

If a shareholder is unable to attend a meeting, he/she may appoint a representative to attend it and exercise on his/her behalf the rights at the meeting with the proxies printed by the Corporation. Excluding the trust enterprise and agents for stock affairs authorized by the government, if a



shareholder is on behalf of more than two persons to exercise their rights simultaneously, proxies over 3% of total voting rights can not be counted.

The proxies should be delivered to the Corporation no later than five days before the Shareholders' meeting date.

If there is double submission of proxies, the Corporation will accept the first one unless the revoking claim of the one is made.

The Corporation shall handle its proxies in accordance with relevant rules and regulations of the Republic of China.

Article 12

Each share of stock is entitled to one vote, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

Article 13

Resolutions at a shareholders' meeting shall, unless otherwise provide for by the Company Act, be adopted by a majority vote of the shareholders present, who must represent more than one half of the total number of voting shares. Shareholders may vote via an electronic voting system, and those who do so shall be deemed to as attending the shareholders' meeting in person; electronic voting shall be conducted in according with the relevant laws and regulations.

Article 14

The shareholders' meeting of the Corporation shall be presided over by the chairman of the board of directors. In case the chairman is to be absent or cannot exercise his powers for any cause whatsoever, he may designate one of directors to act on his behalf. In the absence designation, the directors shall elect one from among themselves.

If the shareholders' Meeting is called by other legal person(s), (s)he should be presided. If there are several legal persons, they shall elect one from among themselves.

Article 15

The resolutions of a shareholders' meeting shall be recorded in the minutes, recording the date and place of the meeting, the name of the chairman, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting, and such minutes shall be signed by or sealed with the chop of the chairman. The minutes shall be distributed to all shareholders of the Corporation within twenty (20) days after the close of the meeting.

The distribution of the minutes of shareholders' meeting as required in Paragraph One of this Article may be effected by means of a public notice.

Chapter IV – Directors and the Audit Committee

Article 16

The Corporation shall have 7~9 directors. The term of office of directors is three years, after which they will be eligible for reelection. When one-third of the directors have vacated their offices, a special shareholders' meeting shall be convened by the Board of Directors within sixty days to elect new directors to fill the vacancies. The term of office of the newly elected director shall be the same as the remaining term of the predecessor. The share holdings of all directors shall be no less than the regulation from the government authorities.

No less than 3 and one-third of the directors of the Corporation shall be independent director. The election of director shall be conducted in accordance with a candidate nomination system, and



that the shareholders shall elect director from among those listed in the slate of independent director candidates. The method for the accepting nomination in connection with the director shall comply with the relevant provisions under the Company Act and Securities Exchange Act. The Corporation shall form the Audit Committee, which is composed of all independent directors.

The Corporation will authorize Board of directors to buy Directors and Officers insurance during the term of office of directors. The Board of directors is authorized to determine the compensation for the directors, aligned with the standards of the industry within the R.O. C and overseas.

Article 17

The Board of directors shall be formed by directors. The directors shall elect from among themselves the Chairman of the Board of directors by a majority of votes cast by the directors present at the meeting attended by at least two-thirds of the directors. The chairman of the board of directors shall represent the Corporation.

Such method may apply to the election of vice-Chairman, who will assist Chairman in all aspects.

Article 18

Board meetings shall be convened and chaired by the chairperson of the board. However, with respect to the first meeting of each newly elected board of directors, it shall be called and chaired by the director that received votes representing the largest portion of voting rights at the shareholders meeting in which the directors were elected; if two or more directors are so entitled to convene the meeting, they shall select from among themselves one director to serve as chair.

When the chairperson of the board is on leave or for any reason unable to exercise the powers of chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson is also on leave or for any reason unable to exercise the powers of vice chairperson, one of the directors shall be appointed to act as chair. If no such designation is made by the chairperson, the managing directors or directors shall select one person from among themselves to serve as chair.

The notice set forth in the preceding Paragraph may be affected by means of electronic transmission, after obtaining a prior consent from the recipient(s) thereof.

Article 19

Unless otherwise provided by the Company Act and this Articles of Incorporation, the resolutions of board of directors shall be adopt by a majority vote at a meeting attended by at least one half of the directors. A director may designate another director to act as his proxy in case he cannot attend the meeting.

Minutes of the meeting of the board of directors shall be taken.

Article 20

The function of the board of directors shall be in accordance with the provision as described in the laws and regulations.

Article 21

The functions of the Audit Committee shall be in accordance with the provision as described in the laws and regulations.

Chapter V - Managers

Article 22

The Corporation shall have one president and one or more vice presidents or managers, whose appointment, dismissal or remuneration shall be proposed by the chairman of the board of directors and consented by a majority vote of the directors.

Chapter VI - Accounting

Article 23

The fiscal year of the Corporation begins on January 1 and ended on December 31.

At the end of each fiscal year, the following statements shall be prepared by the board of directors, and submitted (a) Business report (b) Financial statements (c) Proposals of profit distribution or losses covering to the regular shareholders' meeting for approval.

Article 24

The Corporation may provide endorsement and guarantee and act as a guarantor.

Article 25

At the end of each fiscal year, the Corporation shall first set aside a reserve to cover accumulated losses if any; then set aside no less than 7% of its pre-tax profits as remuneration to employees, and no more than 1% as remuneration to directors. By a resolution of the Board of Directors, employee remuneration may be distributed in the form of shares or in cash. Employees entitled to receive shares or cash may include employees from affiliated companies who meet certain qualification. A remuneration proposal of employees or/and directors and supervisors should be reported at the shareholders' meeting.

When allocating the net profits for each fiscal year, the Corporation shall first offset its accumulated losses and set aside a legal capital reserve at 10% of the profits left over, until the accumulated legal capital reserve equals the total paid-in capital of the Corporation; then set aside special capital reserve in accordance with relevant laws or regulations, and dividends of preferred shares. The remaining net profits and the retained earnings from previous years shall be distributed to shareholders according to the proposal made by the Board of Directors and passed to the shareholders' meeting for approval.

Article 25-1

The Corporation is currently at a steady growth stage. With the consideration of industry and corporation's external environment, the future capital expenditure and working capital needs, enterprise development, cash dividend shall be the priority, stock dividend as supplementary. The amount of dividends distributed to shareholders shall be no less than 30% of distributable earnings for the year. The Corporation may pay dividend or not, provided the accumulated disposable earning is less than 5% of outstanding share capital. The portion of cash dividend shall be between 30%~100% and the remaining is stock dividend. The surplus earnings distribution shall be approved by the Board of Directors and Shareholders' Meeting.

Chapter VII - Supplementary Provisions

Article 26

Provisions of the Company Act shall be referred to for matters not provided for in the Article of



Incorporation.

Article 27

The Article of Incorporation was initially executed on November 22, 1982. Twenty- seventh amendments have been made since then. The last amendment was made on June 15, 2023.



Appendix 3

Current Shareholding of Directors and Supervisors

Record Date: April 15, 2024

Title	Name	Current Shareholding (Shares)
Chairman	Mr. Chi-Chia Hsieh	2,549,279
Director	CyberTAN Technology, Inc.	40,299,756
	Representative: Mr. Gwong-Yih Lee	0
Director	CyberTAN Technology, Inc	40,299,756
	Representative: Mr. Maxon Huang	0
Director	Eugene Wu	145,586
Independent Director	Ms. Yun Lin	0
Independent Director	Mr. Golub Drakulovic	0
Independent Director	Mr. Jong Wang	0
The minimum legal number of shares that all directors should hold		12,000,000
Total shareholdings of all Directors		42,994,621 17.06% of total shares (Note 2)

Note :

- (1) Total outstanding shares as of April 15, 2024: 252,028,320 common shares
- (2) According to Article 2 of “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies,” if a public company has elected two or more independent directors, the share ownership figures calculated at the rates set forth in the preceding paragraph for all directors and supervisors other than the independent directors and shall be decreased by 20 percent. MTI has met the legal standard.