

# Ennoconn Corporation

## Parent Company Only Financial Statements and CPA Report 2018 and 2017

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## CPA Report

To: Ennoconn Corporation

### **Audit Opinion**

We have audited the individual balance sheet of Ennoconn Corporation, as of December 31, 2017 and 2018, individual statements of comprehensive income for 2017 and 2018, individual statements of changes in equity, individual statements of cash flows, and notes to individual financial statements (including summary of significant accounting policies).

Based on our opinions, audit results, and other CPA reports (see Others), all material aspects of the individual financial statements above were prepared in accordance with the Regulations Governing Preparation of Financial Reports by Security Issuers. They reflect the individual financial position of Ennoconn Corporation as of December 31, 2017 and 2018, as well as individual financial performance and cash flows in the same period.

### **Basis for Audit Opinion**

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by CPAs and Generally Accepted Auditing Standards (GAAS). Our responsibilities under these standards are further explained in Responsibilities of CPA Audit on Individual Financial Statements. The independently regulated personnel of our firm has also maintained its independence with Ennoconn Corporation in accordance with CPA's professional code ethics and fulfilled other responsibilities under the code. Based on our audit results and other CPA reports, we believe to have obtained sufficient and appropriate audit evidence to serve as the basis of our audit opinion.

### **Key Audit Matters**

Key audit matters refer to the most significant matters in the audit of individual financial statements from Ennoconn Corporation in 2018 based on our professional judgment. These matters have already been covered in the audit of individual financial statements and formulation of audit opinion. Therefore, we will not give a separate opinion on them.

The following are details on the key audit matters in the individual financial statements of Ennoconn Corporation for 2018:

#### Recognition and Cutoff of Export Revenue

Transactions of Ennoconn Corporation are mainly delivered to buyers directly from processing plants in third region Mainland China, and recognized as sales revenue when control of the goods are transferred (meeting performance obligations). Due to material transaction amounts, different transactions terms from buyers, and different timing of control transfer, revenue recognition at the

right period will have material effects. Therefore, recognition of this type of sales revenue for the right period is a key audit matter for the current year.

For this key matter, we have considered the Company's policies for sales revenue recognition, assessed internal control design for sales revenue and its implementation. We have also sampled sales transactions at around year-end, verified documents and appropriate timing of sales recognition, inspected external delivery files and customer signatures, in order to ensure appropriate control, transfer timing based on the contract.

#### Assessment of Investment Impairment Under Equity Method

Ennoconn Corporation's investments using equity method as of December 31, 2018 is NT\$17,759,932,000, which is 88% of total assets. Material goodwill has resulted from acquisition, and management has tested for impairment based on IFRS 36 "Impairment of Assets" to estimate future cash flows expected from the asset's cash-generating unit. Calculation of future cash flows involve several assumptions and estimates, and has a high level of uncertainty. Therefore, assessing investment impairment using equity method is listed as a key audit matter.

Our audit procedures for this matter include obtaining the assessment report on goodwill impairment from independent specialists entrusted by management. We studied and verified the assumptions used in its assessment model, covering estimation of future operation cash flows, rates of growth, profit, and discount, etc. Then, goodwill impairment is assessed for its appropriateness using these criteria.

#### **Other Matters**

In the individual financial statements above, certain statements on investee companies were audited by other CPAs using equity method. Therefore, our opinions on the parts related to the Company's investments using equity method and recognized loss and profit are based on other CPA reports. As of December 31, 2017 and 2018, investments on the investee companies using equity method were NT\$ 8,349,122,000 and NT\$8,385,864,000 respectively, or 41.33% and 52.63% of total assets. These companies' recognized comprehensive income using equity method were NT\$421,262,000 and NT\$ 318,082,000 respectively, or 35.21% and 28.24% of total comprehensive income.

#### **Responsibility of Management and Governing Bodies on Individual Financial Statements**

It is the management's responsibility to present individual financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and maintain necessary internal control in order to avoid material misstatements due to fraud or errors.

In preparing for the individual financial statements, it is also management's responsibility to assess the ability of Ennoconn Corporation to continue as a going concern, its related disclosures, as well as its going concern accounting basis. The exception is if management intends to liquidate or cease operations of Ennoconn Corporation, or when no other practicable measures can be taken.

The governing bodies of Ennoconn Corporation (including audit committee) have the responsibility of overseeing financial reporting procedures.

### **Responsibilities of CPA Audit on Individual Financial Statements**

The purpose of our audit of individual financial statements is to provide reasonable assurance that they contain no material misstatements as a whole which could lead to fraud or errors, and to issue an audit report. Reasonable assurance is a high level of assurance, but not a guarantee that audit conducted in accordance with GAAS will detect material misstatements in individual financial reports. Misstatements could lead to fraud or errors. If misstated individual amounts or aggregated sums can reasonably be expected to have an influence on economic decisions from the users of individual financial statements, they will be deemed as material.

We have exercised professional judgment and maintained professional skepticism for our audit using GAAS. We also implemented the following:

1. Identified and assessed the risks of material misstatements from fraud or errors in individual financial statements; design and implement appropriate countermeasures for the risks; and obtain sufficient and appropriate audit evidence to serve as audit opinion basis. Fraud is likely to involve collusion, forgery, deliberate omission, false declarations, or violations of internal control. Therefore, the risks of failing to detect material misstatements caused by fraud are higher than the causes.
2. Understood internal control relevant to audit in order to design appropriate audit procedures under the circumstances, but not for the purpose of expressing an opinion on effectiveness of internal control at Ennoconn Corporation.
3. Evaluated appropriateness of accounting policies adopted by management, its accounting assessment, and reasonableness of related disclosures.
4. Concluded on appropriateness of going concern accounting basis adopted by management, events that could lead to material doubts over Ennoconn Corporation 's ability to continue as a going concern, and whether material uncertainty exists under the condition using audit evidence obtained. If we believe material uncertainty to exist in such events or conditions, users of individual financial statements will be reminded in the audit report about related disclosures, or audit opinion will be modified if such disclosures are no longer appropriate. Our conclusion is based on audit evidence obtained up to the date of our audit report. However, future events or conditions may cause Ennoconn Corporation to lose its ability to continue as a going concern.
5. Evaluated overall presentation, structure, content of individual financial statements (including related notes), and whether the statements present related transactions and events fairly.

6. Obtained sufficient and appropriate audit evidence regarding financial information of entities within Ennoconn Corporation in order to express opinions on individual financial statements. We are responsible for direction, supervision and implementation of the audit, as well as forming an audit opinion on Ennoconn Corporation.

Communications between the governance units and us include scope and timing of planned audit in addition to material audit findings (including significant deviations in internal control identified during audit).

We have also provided a declaration to the governing bodies stating that the personnel of our accounting firm has followed the item on independence in the CPA professional code of ethics. We have also communicated with the governing bodies on all matters that could affect CPA independence and other items (including relevant protective measures).

From our communication with the governing bodies, we have decided on the key audit matters in the 2018 individual financial statements for Ennoconn Corporation. We have explained these matters in the audit report. Unless prohibited by law or CPA stated that, unless the law or in rare instances, we shall not disclose these key matters in an audit report if we can reasonably expect the subsequent negative impact to be greater than public interests.

Deloitte & Touche

CPA Liu Shui-En

CPA Yang Ching-Chen

March 29, 2019

Ennoconn Corporation  
Individual Balance Sheet  
December 31, 2017 and 2018

Unit: NT\$ 1,000

Code	Assets	December 31, 2018		December 31, 2017 (audited after restatement)	
		Amount	%	Amount	%
<b>Current Assets</b>					
1100	Cash and cash equivalents (note 4 and 6)	\$ 369,455	2	\$ 383,831	2
1125	Available-for-sale on financial assets - current (note 4 and 9)	-	-	1,351,423	9
1136	Financial assets at amortized cost - current (note 4, 8 and 32)	2,156	-	-	-
1147	Debt instrument investment with no active market - current (note 4, 10 and 32)	-	-	2,136	-
1172	Accounts receivable - net (note 4, 5, and 11)	494,226	2	694,905	4
1180	Accounts receivable - related parties (note 4, 5, 11, and 31)	317,765	2	592,773	4
130X	Inventories (note 4, 5, and 12)	602,244	3	489,824	3
1470	Other current assets (note 4, 16 and 31)	50,808	-	54,092	-
11XX	Total Current Assets	<u>1,836,654</u>	<u>9</u>	<u>3,568,984</u>	<u>22</u>
<b>Non-Current Assets</b>					
1550	Investment accounted for using equity method (note 4, 5, 13, 26 and 31)	17,759,932	88	11,779,227	74
1600	Property, plant & equipment (note 4, 5 and 14)	531,697	3	544,645	4
1821	Intangible assets (note 4 and 15)	1,724	-	2,715	-
1840	Deferred income tax assets (note 4 and 24)	69,711	-	35,742	-
1990	Other non-current assets (note 4, 16, 20, and 31)	796	-	2,235	-
15XX	Total Non-Current Assets	<u>18,363,860</u>	<u>91</u>	<u>12,364,564</u>	<u>78</u>
1XXX	Total Assets	<u>\$ 20,200,514</u>	<u>100</u>	<u>\$ 15,933,548</u>	<u>100</u>
<b>Liabilities and Equity</b>					
<b>Current Liabilities</b>					
2120	Financial liabilities at fair value through profit or loss - current (note 4, 7 and 18)	\$ 11,743	-	\$ -	-
2100	Short-term loans (note 4 and 17)	5,330,000	27	250,000	2
2170	Accounts payable (note 4)	428,058	2	381,788	2
2180	Accounts payable - related parties (note 4 and 31)	250,121	1	746,395	5
2200	Other payables (note 4, 19 and 31)	173,296	1	195,205	1
2230	Current income tax liabilities (note 4)	-	-	6,081	-
2320	Long-term liabilities due within one year or one business cycle (note 4 and 18)	7,342,766	36	-	-
2399	Other current liabilities (note 4 and 19)	40,400	-	12,461	-
21XX	Total Current Liabilities	<u>13,576,384</u>	<u>67</u>	<u>1,591,930</u>	<u>10</u>
<b>Non-Current Liabilities</b>					
2500	Financial liabilities at fair value through profit or loss (note 4, 7 and 18)	-	-	4,053	-
2530	Corporate bonds payable (note 4 and 18)	-	-	7,584,544	48
2570	Deferred income tax liabilities (note 4 and 24)	618	-	616	-
2670	Other non-current liabilities (note 4 and 19)	212	-	212	-
25XX	Total Non-Current Liabilities	<u>830</u>	<u>-</u>	<u>7,589,425</u>	<u>48</u>
2XXX	Total Liabilities	<u>13,577,214</u>	<u>67</u>	<u>9,181,355</u>	<u>58</u>
<b>Equity (note 4, 18, 21, 27 and 29)</b>					
3110	Common stock	775,745	4	765,288	5
3200	Capital reserve	4,728,440	23	5,050,172	32
<b>Retained earnings</b>					
3310	Legal reserve	425,018	2	312,681	2
3320	Special reserve	495,665	3	41,036	-
3350	Unappropriated retained earnings	818,932	4	1,312,289	8
3300	Total Retained Earnings	<u>1,739,615</u>	<u>9</u>	<u>1,666,006</u>	<u>10</u>
3490	Other equity	(384,452)	(2)	(495,665)	(3)
3500	Treasury stock	(236,048)	(1)	(233,608)	(2)
3XXX	Total Equity	<u>6,623,300</u>	<u>33</u>	<u>6,752,193</u>	<u>42</u>
Total Liabilities and Equity		<u>\$ 20,200,514</u>	<u>100</u>	<u>\$ 15,933,548</u>	<u>100</u>

The accompanying notes are an integral part of these financial statements.  
(Please refer to audit report of Deloitte & Touche on March 29, 2019)

Chairman: Chu, Fu-Chuan;

President: Deng, Chin-Tai;

Accounting Officer: Wu, You-Mei

Ennoconn Corporation  
Individual Comprehensive Income Statement  
January 1 to December 31, 2017 and 2018

Unit: NT\$ 1,000  
Earnings per share in NT\$

Code		2018		2017 (audited after restatement)	
		Amount	%	Amount	%
4100	Net operating Revenue (note 4, 22 and 31)	\$ 4,256,456	100	\$ 6,914,022	100
5110	Operating Costs (note 12, 23, 28 and 31)	( 3,713,021 )	( 87 )	( 6,016,713 )	( 87 )
5900	Gross profit	<u>543,435</u>	<u>13</u>	<u>897,309</u>	<u>13</u>
5910	Unrealized gain from sales	( 29,694 )	( 1 )	( 29,694 )	( 1 )
5920	Realized gain from sales	<u>29,694</u>	<u>1</u>	<u>-</u>	<u>-</u>
	Operating expenses (note 11, 19, 23, 28 and 31)				
6100	Selling Expenses	( 113,673 )	( 3 )	( 94,177 )	( 1 )
6200	General and administrative expenses	( 95,571 )	( 2 )	( 115,807 )	( 2 )
6300	Research and development expenses	( 116,798 )	( 3 )	( 153,433 )	( 2 )
6450	Expected credit impairment loss	( 12,058 )	-	-	-
6000	Total Operating Expenses	( 338,100 )	( 8 )	( 363,417 )	( 5 )
6900	Operating Profit	<u>205,335</u>	<u>5</u>	<u>504,198</u>	<u>7</u>
	Non-Operating Income and Expenses (note 4, 13, 18 and 23)				
7010	Other income	13,801	-	4,194	-
7020	Other gains and losses	37,594	1	( 241,259 )	( 3 )
7050	Financial costs	( 217,339 )	( 5 )	( 177,048 )	( 3 )
7070	Loss and profit of subsidiaries accounted for under equity method	<u>1,070,781</u>	<u>25</u>	<u>1,036,238</u>	<u>15</u>
7000	Total Non-Operating Income and Expenses	<u>904,837</u>	<u>21</u>	<u>622,125</u>	<u>9</u>

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Code		2018		2017 (audited after restatement)	
		Amount	%	Amount	%
7900	Pre-tax profit	\$ 1,110,172	26	\$ 1,126,323	16
7950	Income tax expenses (note 4 and 24)	( 2,055 )	-	( 43,076 )	-
8200	Net profit	<u>1,108,117</u>	<u>26</u>	<u>1,083,247</u>	<u>16</u>
	Other comprehensive income (note 4, 20, 21 and 24)				
	Items that will not be reclassified to profit or loss				
8311	Remeasurement of defined benefit plans	10	-	178	-
8330	Share of other comprehensive income from subsidiaries accounted for using equity method	( 22,939 )	( 1 )	2,418	-
8349	Income tax expenses related to items not reclassified to profit or loss	( 2 )	-	( 31 )	-
8310		<u>( 22,931 )</u>	<u>( 1 )</u>	<u>2,565</u>	<u>-</u>
	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences in financial statements from foreign operations	134,264	3	( 415,582 )	( 6 )
8362	Unrealized loss from available-for-sale financial assets	-	-	( 22,309 )	( 1 )
8370	Share of other comprehensive income from subsidiaries accounted for using equity method	( 23,176 )	-	( 16,738 )	-
8360		<u>111,088</u>	<u>3</u>	<u>( 454,629 )</u>	<u>( 7 )</u>
8300	Other comprehensive income (net amount after tax)	<u>88,157</u>	<u>2</u>	<u>( 452,064 )</u>	<u>( 7 )</u>
8500	Total comprehensive income	<u>\$ 1,196,274</u>	<u>28</u>	<u>\$ 631,183</u>	<u>9</u>
	Earnings per share (note 25)				
9750	Basic	\$ 14.45		\$ 14.28	
9850	Diluted	\$ 13.45		\$ 12.88	

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

(Please refer to audit report of Deloitte & Touche on March 29, 2019)

Chairman: Chu, Fu-Chuan;

President: Deng, Chin-Tai;

Accounting Officer: Wu, You-Mei



Ennoconn Corporation  
Individual Statements of Changes in Equity  
January 1 to December 31, 2017 and 2018

Unit: NTS 1,000

Code	Capital of common shares		Capital Reserve					Retained earnings				Other Equity Interest				Treasury stock	Total equity	
	Shares (thousand shares)	Capital stock	Share premium	Conversion premium of converted into corporate bonds	Share options of Convertible corporate bonds	Changes in ownership interests of Subsidiary	Total	Legal reserve	Special reserve	Undistributed earnings	Total	Exchange differences of financial statements Foreign operations	Unrealized gain (loss) of Financial assets Available-for-sale	Unrealized gain (loss) of Financial assets measured at fair value Through other Comprehensive Income	Total			
A1	Balance on January 1, 2017	76,300	\$ 763,008	\$ 2,878,259	\$ 932,414	\$ 89,210	\$ -	\$ 3,899,883	\$ 210,406	\$ 6,312	\$ 1,126,484	\$ 1,343,202	(\$ 20,582)	(\$ 20,454)	\$ -	(\$ 41,036)	\$ -	\$ 5,965,057
B1	Surplus allocation and distribution in 2016																	
B1	Legal reserve	-	-	-	-	-	-	-	102,275	-	( 102,275)	-	-	-	-	-	-	-
B3	Special reserve	-	-	-	-	-	-	-	-	34,724	( 34,724)	-	-	-	-	-	-	-
B5	Cash dividends from shareholders	-	-	-	-	-	-	-	-	-	( 763,008)	( 763,008)	-	-	-	-	-	( 763,008)
	Subtotal	-	-	-	-	-	-	-	102,275	34,724	( 900,007)	( 763,008)	-	-	-	-	-	( 763,008)
C5	Changes in other capital surplus: Convertible bonds issued by the Company recognized as equity components	-	-	-	-	322,635	-	322,635	-	-	-	-	-	-	-	-	-	322,635
M7	Effect of changes in subsidiary equity recognized using equity method	-	-	-	-	-	734,913	734,913	-	-	-	-	-	-	-	-	-	734,913
D1	Net profit in 2017	-	-	-	-	-	-	-	-	-	1,123,374	1,123,374	-	-	-	-	-	1,123,374
D3	Other comprehensive income after tax in 2017	-	-	-	-	-	-	-	-	-	2,565	2,565	( 435,668)	( 18,961)	-	( 454,629)	-	( 452,064)
D5	Total comprehensive income for 2017	-	-	-	-	-	-	-	-	-	1,125,939	1,125,939	( 435,668)	( 18,961)	-	( 454,629)	-	671,310
I1	Corporate bonds converted into common shares	228	2,280	-	72,821	( 3,316)	-	69,505	-	-	-	-	-	-	-	-	-	71,785
T1	Transferred to Employees	-	-	23,236	-	-	-	23,236	-	-	-	-	-	-	-	-	123,045	146,281
L1	Treasury stock purchased	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	( 356,653)	( 356,653)
Z1	Balance on December 31, 2017	76,528	765,288	2,901,495	1,005,235	408,529	734,913	5,050,172	312,681	41,036	1,352,416	1,706,133	( 456,250)	( 39,415)	-	( 495,665)	( 233,608)	6,792,320
A3	Effect of retrospective application and restatement (note 3 and 13)	-	-	-	-	-	-	-	-	-	( 62,436)	( 62,436)	-	39,415	( 17,106)	22,309	-	( 40,127)
A5	Balance after retrospective application and restatement on January 1, 2018	76,528	765,288	2,901,495	1,005,235	408,529	734,913	5,050,172	312,681	41,036	1,289,980	1,643,697	( 456,250)	-	( 17,106)	( 473,356)	( 233,608)	6,752,193
	Earnings allocation and distribution in 2017																	
B1	Legal reserve	-	-	-	-	-	-	-	112,337	-	( 112,337)	-	-	-	-	-	-	-
B3	Special reserve	-	-	-	-	-	-	-	-	454,629	( 454,629)	-	-	-	-	-	-	-
B5	Cash dividends from shareholders	-	-	-	-	-	-	-	-	-	( 682,864)	( 682,864)	-	-	-	-	-	( 682,864)
	Subtotal	-	-	-	-	-	-	-	112,337	454,629	( 1,249,830)	( 682,864)	-	-	-	-	-	( 682,864)
M7	Changes in other capital surplus: Effect of changes in subsidiary equity recognized using equity method	-	-	-	-	-	( 734,913)	( 734,913)	-	-	( 328,588)	( 328,588)	-	-	-	-	-	( 1,063,501)
D1	Net profit in 2018	-	-	-	-	-	-	-	-	-	1,108,117	1,108,117	-	-	-	-	-	1,108,117
D3	Other comprehensive income after tax in 2018	-	-	-	-	-	-	-	-	-	( 747)	( 747)	111,088	-	( 22,184)	88,904	-	88,157
D5	Total comprehensive income in 2018	-	-	-	-	-	-	-	-	-	1,107,370	1,107,370	111,088	-	( 22,184)	88,904	-	1,196,274
I1	Corporate bonds converted into common shares	1,046	10,457	-	437,216	( 24,035)	-	413,181	-	-	-	-	-	-	-	-	-	423,638
L1	Treasury stock purchased	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	( 2,440)	( 2,440)
Z1	Balance on December 31, 2018	77,574	\$ 775,745	\$ 2,901,495	\$ 1,442,451	\$ 384,494	\$ -	\$ 4,728,440	\$ 425,018	\$ 495,665	\$ 818,932	\$ 1,739,615	(\$ 345,162)	\$ -	(\$ 39,290)	(\$ 384,452)	(\$ 236,048)	\$ 6,623,300

The accompanying notes are an integral part of these financial statements.  
(Please refer to audit report of Deloitte & Touche on March 29, 2019)

Chairman: Chu, Fu-Chuan;

President: Deng, Chin-Tai;

Accounting Officer: Wu, You-Mei

Ennoconn Corporation  
Individual Statements of Cash Flows  
January 1 to December 31, 2017 and 2018

Unit: NT\$ 1,000

Code		2018	2017 (audited after restatement)
	Cash Flows from Operating Activities		
A10000	Profit before tax	\$ 1,110,172	\$ 1,126,323
A20010	Income expense		
A20100	Depreciation expense	14,450	15,332
A20200	Amortization expense	1,785	1,511
A20300	Expected credit loss	12,058	-
A20300	Bad debt expense	-	5,607
A21900	Share-based payment costs	-	23,236
A22400	Loss and profit of subsidiaries accounted for under equity method	( 1,070,781)	( 1,036,238)
A21200	Interest revenue	( 13,017)	( 3,992)
A20900	Financial cost	217,339	177,048
A23700	(Gain) loss on inventories	( 34,475)	105,601
A22500	Disposal of property, plant and equipment	( 200)	-
A20400	Net profit of financial liabilities measured at fair value through profit or loss	( 6,728)	( 12,788)
A23100	Net loss from disposal of available-for-sale financial assets	-	293,489
A23900	Unrealized loss from subsidiary	-	29,694
A24100	Net loss from foreign exchange	745	4,790
A30000	Net changes in operating assets and liabilities		
A31115	Financial assets forcibly measured at fair value through profit or loss	1,365,573	-
A31150	Accounts receivable	462,276	192,542
A31200	Inventory	( 77,945)	( 160,459)
A31240	Other current assets	13,662	13,273
A32150	Accounts payable	( 448,074)	275,372
A32180	Other receivables	( 23,861)	42,206
A32230	Other current liabilities	27,939	( 8,948)
A32990	Others	( 17)	( 7)
A33000	Cash inflow from operations	1,550,901	1,083,592
A33100	Interest received	12,517	3,972
A33300	Interest paid	( 32,590)	( 35,962)
A33500	Income tax paid	( 51,983)	( 132,963)
AAAA	Net cash inflow from operating activities	<u>1,478,845</u>	<u>918,639</u>

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Code		2018	2017 (audited after restatement)
	Cash flows from investment activities		
B00040	Acquisition of financial assets measured at amortized cost	(\$ 20)	\$ -
B00300	Acquisition of available-for-sale financial assets	-	( 10,550,835)
B00400	Proceeds from disposal of available-for-sale financial assets	-	8,883,614
B00600	Acquisition of debt instrument investment in non-active market	-	( 19)
B02200	Net cash outflow from subsidiary acquisition	( 6,257,503)	( 3,226,027)
B02700	Acquisition of property, plant and equipment	( 2,477)	( 3,711)
B02800	Proceeds from disposal of property, plant and equipment	505	-
B04500	Acquisition of intangible assets	( 794)	( 1,335)
B07600	Dividends received from subsidiaries	369,788	100,000
B03800	Increase (decrease) in refundable deposits	<u>1,466</u>	<u>( 1,518)</u>
BBBB	Net cash outflow from investment activities	<u>( 5,889,035)</u>	<u>( 4,799,831)</u>
	Cash flows from financing activities		
C00100	Increase (decrease) in short-term loans	5,080,000	( 1,737,650)
C01200	Issuance of convertible corporate bonds	-	6,301,458
C03000	Guarantee deposits received	-	( 1,199)
C04900	Treasury stock	-	( 356,653)
C05000	Proceeds from disposal of treasury stock	-	123,045
C04500	Distribution of cash dividends	<u>( 682,864)</u>	<u>( 763,008)</u>
CCCC	Net cash flow from financing activities	<u>4,397,136</u>	<u>3,565,993</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>( 1,322)</u>	<u>( 1,670)</u>
EEEE	Net decrease in cash and cash equivalents	( 14,376)	( 316,869)
E00100	Cash and cash equivalents at beginning of period	<u>383,831</u>	<u>700,700</u>
E00200	Cash and cash equivalents at end of year	<u>\$ 369,455</u>	<u>\$ 383,831</u>

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

(Please refer to audit report of Deloitte & Touche on March 29, 2019)

Chairman: Chu, Fu-chuan;

President: Deng, Chin-Tai;

Accounting Officer: Wu, You-Mei

Ennoconn Corporation  
Notes on Individual Financial Statements  
January 1 to December 31, 2017 and 2018  
(expressed in thousands of New Taiwan dollars unless otherwise stated)

I. Company History

Ennoconn Corporation (hereinafter referred to as "the Company") was established on July 12, 1999 with main business operations in data storage, processing equipment, along with manufacturing and sales of industrial motherboards. The Company is registered at and operates from 3-6F, No. 10, Jiankang Road, Zhonghe District, New Taipei City.

The Company first went public on November 21, 2012. On December 18 of the same year, the Company started trading emerging stocks at Taipei Exchange. In addition, the Company was listed in TWSE stock exchange on March 28, 2014.

The individual financial statements are presented in New Taiwan dollars, the functional currency of the Company.

II. Approval Date and Procedures of Financial Statements

The individual financial statements were approved by the board of directors on March 29, 2019.

III. Application of New and Revised Standards and Interpretations

(I) Regulations Governing the Preparation of Financial Reports by Securities Issuers after first applicable amending, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standard Interpretations Committee (SIC) (hereinafter referred to as "IFRSs") endorsed by Financial Supervisory Commission (hereinafter referred to as "FSC").

With the exception of the following, applicability of amended Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as IFRSs endorsed and announced by FSC should not result in major changes in the Company's accounting policies:

1. IFRS 9 "Financial Instruments" and Related Amendments

IFRS 9 - "Financial Instruments" supersedes IAS 39 "Financial Instruments: Recognition and Measurement", and amended other standards such as IFRS 7 "Financial Instruments: Disclosures". New requirements of IFRS 9 cover financial asset classification, measurement, impairment, and general hedge accounting. For related accounting policies, please refer to note 4.

## Classification, Measurement and Impairment of Financial Assets

Based on existing financial assets and conditions on January 1, 2018, the Company made assessments on its financial asset classification and made retrospective adjustments. The Company has chosen not to adjust for comparison periods. As of January 1, 2018, the summary of measurement types, carrying amounts, and relevant changes based on IAS 39 and IFRS 9 is as follows:

Financial Asset Category	Measurement type		carrying amount		Description
	IAS 39	IFRS 9	IAS 39	IFRS 9	
Cash	Loans and receivables	Measured at amortized cost	\$ 383,831	\$ 383,831	(1)
Fund beneficiary voucher	Available-for-sale financial assets	Measured at fair value through profit or loss	1,351,423	1,351,423	(2)
Fixed deposits with original maturity of over three months	Loans and receivables	Measured at amortized cost	2,136	2,136	(3)
Accounts receivable (including related parties) and other receivables	Loans and receivables	Measured at amortized cost	1,318,734	1,318,734	(1)

	carrying amount on January 1, 2018		carrying amount on January 1, 2018		Retained earnings effect on January 1, 2018	Other equity effect on January 1, 2018	Details
	(IAS 39)	Reclassification	Remeasurement	(IFRS 9)			
Financial assets measured at fair value through profit or loss	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Add: available-for-sale reclassification (IAS 39)	-	1,351,423	-	1,351,423	(22,309)	22,309	(2)
Financial assets measured at amortized cost	-	-	-	-	-	-	
Add: Reclassification of loans and receivables (IAS 39)	-	1,320,870	-	1,320,870	-	-	(1) and (3)
Total	\$ -	\$ 2,672,293	\$ -	\$ 2,672,293	(22,309)	\$ 22,309	

- (1) Cash and cash equivalents, accounts receivable (including related parties), and other receivables classified as loans and receivables based on IAS 39 are classified as financial assets measured at amortized cost based on IFRS 9, and assessed for expected credit loss.
- (2) Fund beneficiary vouchers are classified as available-for-sale financial assets based on IAS 39. As cash flow does not fully pay for the principal and its outstanding interests, it does not belong to equity instruments and is forcibly classified at fair value through profit or loss based on IFRS 9. As a result of retrospective application, unrealized gain or loss from other equity - available-for-sale financial assets increased by NT\$22,309,000 while retained earnings decreased by NT\$ 22,309,000.
- (3) For classified debt instrument investments with no active markets and bond investments bond investments measured at amortized cost based on IAS 39, the contractual cash flow was recognized for full principle payment and outstanding principle interests. The business model related to contractual cash flow is assessed based on facts and conditions as of January 1, 2018, measured at amortized cost based on IFRS 9, and assessed for expected credit loss.

## 2. IFRS 15 "Revenue from Contracts with Customers" and Related Amendments

IFRS 15 are principles for recognizing revenue from contracts with customers. The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts", and relevant interpretations. Please refer to note 4 for related accounting policies.

When identifying performance obligations, IFRS 15 and related amendments, if the product or service can be separated (product or service often sold at a single units) and its contract commitment can be separated (contract commitment for transfer of each product or service and not the combination), then the product or service can be separated.

The net result of recognized revenue, amounts received, and receivables are recognized as contract assets (liabilities). Prior to the application of IFRS 15, contracts under IAS 18 recognized decrease in receivables or revenues collected in advance.

When the Company has sold a product and not provided service, the service shall be treated as a performance obligation per IFRS 15. For transactions with no combined products or service, no transactions have been authorized. Therefore, no major difference exists after the Company's application of IFRS 15 and related amendments.

(II) Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs endorsed by FSC applicable for 2019

New, Revised, Amended Standards and Interpretations	Effective Date Announced by IASB (note 1)
Annual Improvements in 2015-2017 Cycle	January 1, 2019
Amendments to IFRS 9 "Prepayment Features with Negative Compensation"	January 1, 2019 (note 2)
IFRS 16 "Leases"	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019 (note 3)
Amendments to IAS 28 "Long-Term Interests in Associates and Joint Ventures"	January 1, 2019
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019

Note 1: unless otherwise noted, the aforementioned new announcements/amendments/amended standards and Interpretations will take effect in the fiscal year after their respective dates.

Note 2: FSC has allowed the Company to apply these amendments earlier on January 1, 2018.

Note 3: these amendments apply to plan amendments, curtailment, or settlement occurring after January 1, 2019.

1. IFRS 16 "Leases"

IFRS 16 regulates the recognition of lease agreements, as well as lessor and lessee accounting. The standard supersedes IAS 17 "Leases" and IFRIC 4 "Determining Whether an Arrangement Contains a Lease".

Definition of "Leases"

For the first IFRS 16 application, the Company will only choose contracts signed (or altered) after January 1, 2019 and determine whether they are (or include) leases based on IFRS 16. Current lease contracts based on IAS 17 and IFRIC 4 will not be reassessed, and will be processed in accordance with the transitional provisions in IFRS 16.

The Company as the Lessee

For the first IFRS 16 application, asset leases with low-value bids and short-term leases are recognized as expense on a straight-line basis. Other leases are recognized as right-of-use assets and lease liabilities on the individual balance sheet. The individual statements of comprehensive income will list separately the depreciation expense under right of use, and interest expense accrued from lease liabilities using effective interest method. In individual statements of cash flows, the principle of lease liability payments is classified under financing activities, whereas debt service is classified under operating activities. Prior to the application of IFRS 16, expense for operating lease contracts were recognized as expense on a straight-line basis. Cash flow from operating leases is classified under operating activities in the individual statements of cash flows. Contracts classified as financing leases are recognized as lease assets and lease payables in the individual balance sheet.

Based on current operating lease agreements under IAS 17, remaining lease payments will be discounted at the lessee's incremental borrowing rate on January 1, 2019. All right-of-use assets will be measured as lease liabilities on that day. IAS 36 is applicable for impairment assessment of the recognized right-of-use assets.

The Company is expected to apply the following expedients:

- (1) A single discount rate is used to measure lease liability combination with reasonably similar characteristics.
- (2) Lease terms that end before December 31, 2019, will be treated as short-term leases.
- (3) Original direct cost is not included in right-of-use asset measurement on January 1, 2019.
- (4) When measuring lease liabilities, decisions on lease terms are clarified after use.

#### The Company as the Lessor

No adjustments will be made to lessor's leases during the transition, and IFRS 16 will be applied starting from January 1, 2019.

#### 2. IFRIC 23 "Uncertainty over Income Tax Treatments"

IFRIC 23 states that when uncertainty exists for tax treatments, the Company shall assume tax authority to have all relevant information for review. If tax treatment declaration is deemed likely to be accepted by tax authority, the Company's decisions on taxable income, tax basis, unused tax losses, unused tax deductions, and tax rates must be consistent with tax treatments adopted during income tax declaration. If tax authority is not likely to accept tax treatment declaration, the Company shall adopt the most likely amount or expected value for assessment (whichever method is more likely to predict the ultimate outcome of uncertainty). If facts or conditions change, the Company shall reassess its judgment and estimates.

#### 3. IAS 19 Amendments "Plan Amendment, Curtailment or Settlement"

In case of plan amendment, curtailment, or settlement, current service cost and net interests for the remainder of the year will be determined under the actuarial assumptions for remeasured net defined benefit liabilities (assets) at the time. In addition, the amendment clarifies the effects of plan amendment, curtailment, or settlement on asset cap regulations. The Company will defer the application of the aforementioned amendments.

Besides the effects mentioned and up until the publishing date of the individual financial statements, the Company is continuing to assess the amendment effects from other standards and interpretations on financial status and performance. Relevant effects shall be disclosed when assessment is completed.

(III) IFRSs Announced by IASB but Not Approved by FSC nor in Effect New, Revised, Amended Standards and Interpretations	Effective Date Announced by IASB (note 1)
IFRS 3 Amendments "Definition of a Business"	January 1, 2020 (note 2)
IFRS 10 and IAS 28 Amendments "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
IFRS 17 "Insurance Contracts"	January 1, 2021
IAS 1 and IAS 8 Amendments "Definition of Material"	January 1, 2020 (note 3)

Note 1: unless otherwise noted, the aforementioned new announcements/amendments/amendment standards and Interpretations will take effect in the fiscal year after their respective dates.

Note 2: this amendment applies to business combinations, as well as other subsequent asset acquisitions, with acquisition dates after January 1, 2020 or the start of annual reporting period.

Note 3: application of this amendment is postponed to the fiscal year after January 1, 2020.

The Company is continuing to assess the effects of the amended standards and interpretations above on financial condition and performance. Relevant effects will be disclosed after assessment is completed.

#### IV. Summary of Significant Accounting Policies

##### (I) Statement of Compliance

The individual financial statements were prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers.

##### (II) Basis of Preparation

The individual financial statements were prepared based on historical cost, except for financial instruments measured at fair value and net defined benefit liabilities from its present value minus recognized fair value of plan assets.

Fair value measurement is divided into three levels based on observable input and materiality:

1. Level 1 Input: offer price of comparable assets or liabilities in active market on day of measurement (unadjusted).
2. Level 2 Input: assets, input of directly observable (the price) and indirectly observable (deduced from price) liabilities, with the exception of level 1 offer price.
3. Level 3 Input: unobservable input of assets or liabilities.

When preparing for the individual financial statements, the Company adopted the equity method for investment subsidiaries. In order to align loss and profit, other



comprehensive income and equity from the current year in individual financial statements with those attributable to the Company's owners, the differences in accounting treatment with individual and consolidated basis have led to adjustments in "investment under equity method", "subsidiary loss and profit under equity method", "other comprehensive income of subsidiary under equity method" and related equity items.

(III) Classification of Current and Non-current Assets and Liabilities

Current assets include:

1. Assets held primarily for the purpose of trading;
2. Assets expected to be realized within 12 months of the balance sheet date; and
3. Cash and cash Equivalent (excluding those restricted from trading or settlement 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities with settlement in the 12 months after the balance sheet date (long-term refinancing and repayment agreements completed after balance sheet date and before publishing of financial reporting are treated as current liabilities), and;
3. Liabilities for which settlement date cannot be extended unconditionally to more than 12 months after the balance sheet date. The issuance of equity instruments for settlement, based on transaction party's choice on liability terms, does not affect the classification.

Other types of assets or liabilities are classified as non-current.

(IV) Foreign Currency

In preparing for financial statements, transactions denominated in another currency (foreign currency) other than the Company's functional currency are converted using the exchange rate on date of transaction.

Monetary items denominated in foreign currencies are converted using the closing rates on balance sheet date. Differences in exchange amount arising from settlement or conversion of monetary items are recognized in profit or loss in its period of occurrence.

Non-monetary items denominated in foreign currencies measured at fair value are converted using exchange rate on date of fair value determination. The differences are recognized under loss and gain of the period. For changes in fair value from other comprehensive income, the differences arising from exchange are recognized under other comprehensive income.

Non-monetary items denominated in foreign currencies and measured at historical cost are converted using exchange rates on date of transaction, and are not re-converted.

When preparing for consolidated financial statements, assets and liabilities of overseas entities (including currency of the country or subsidiaries with different currency and associates) are converted into New Taiwan Dollars with the exchange rates on each balance sheet date. Income and expense items are converted at the average exchange rate for the period. The exchange differences are recognized in other comprehensive income (and attributed to the owners of the Company and non-controlling interests respectively).

(V) Inventories

Inventories include raw materials, work in progress, semi-finished goods, finished goods and commodity inventory. Inventories are measured by taking the lower value of cost and net realizable value. When comparing the two, individual items are used as the basis except for same-category inventory. NRV is the estimated selling price less estimated costs for completion and estimated costs necessary to make the sale. Cost of inventory is calculated using the monthly weighted-average method.

(VI) Investment in Subsidiaries

The Company has adopted the equity method for investment in subsidiaries. Subsidiaries refer to entities controlled by the Company.

Under equity method, the carrying amount of investments recognized at cost will increase or decrease according to the Company's share of subsidiary profit or loss, other comprehensive income, as well as earnings allocation after acquisition date. In addition, changes in other subsidiary equity are recognized based on the Company's shares.

Changes in the Company's ownership interests of a subsidiary that do not result in loss of control are treated as equity transactions. The difference between investment carrying amount and fair value of consideration paid or received is recognized directly in equity.

Acquisition cost in excess of net fair value of the Company's share of subsidiary's identifiable assets and liabilities on acquisition date is listed as goodwill. The goodwill includes carrying amount of the investment and is not amortized. Acquisition cost in excess of net fair value of the Company's share of identifiable assets and liabilities on acquisition date is listed as revenue of the same period.

When assessing impairment, the overall financial statements are used for cash-generating unit consideration and compared for its recoverable amount and carrying amount. If asset recoverable amount increases subsequently, recovered impairment loss is recognized as loss and profit. The carrying amount shall not exceed carrying amount of asset unrecognized for impairment loss less listed amortization. Impairment loss of goodwill cannot be reversed subsequently.

Unrealized gains and losses from downstream transactions between the Company and subsidiaries are written off in the individual financial statements. Gains and losses from upstream and side stream transactions between the Company and subsidiaries are only recognized in the individual financial statements when they are not within the scope of the Company's subsidiary equity.

(VII) Property, Plant and Equipment

Property, plant and equipment are recognized at cost, and subsequently at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in construction is recognized at cost less accumulated impairment loss. The cost includes professional service expenses and borrowing costs eligible for capitalization. When these assets are completed and ready for use, they are classified as property, plant or equipment, and start to be listed as depreciation.

Property, plant and equipment are listed as depreciated on a straight-line basis over useful life. The Company reviews estimated useful life, residual value, and depreciation methods at least on each year's end date, and postpones treatment.

When derecognizing property, plant and equipment, the difference between net disposal proceeds and asset carrying amount is recognized under loss and gain.

(VIII) Intangible Assets

1. Separate Acquisition

Individually acquired intangible assets with limited useful life are measured at cost, and subsequently at cost less accumulated amortization and impairment loss. Intangible assets are amortized on a straight-line basis over their useful life. They are reviewed at least on each annual end date to assess the useful life, residual value, amortization methods, and to postpone the effects of changes in accounting estimates.

2. Derecognition

When derecognizing intangible assets, the difference between net disposal proceeds and asset's carrying amount is recognized under loss and gain of the period.

(IX) Impairment of Tangible and Intangible Assets

The Company assesses on each balance sheet date for any signs of possible impairment of tangible and intangible assets. If there are any signs of impairment, the asset's recoverable amount is estimated. If the recoverable amount for an individual asset cannot be determined, the Company will estimate the recoverable amount from its cash-generating unit. If shared assets can be allocated to cash-generating units with a reasonable and consistent basis, then they are allocated to their individual cash-generating units. Otherwise they are allocated to the smallest group of cash-generating units with a reasonable and consistent basis.

For intangible assets with no defined useful life and are not yet available for use, they are tested for impairment at least annually and whenever there are signs of impairment.

The recoverable amount is defined as the higher value between "fair value less costs to sell" and "value in use." If the recoverable amount of an individual asset or cash-generating unit is lower than the carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount with impairment loss recognized in loss and profit.

When impairment loss is reversed subsequently, the asset or carrying amount of cash-generating unit is increased to the recoverable amount after amendment, provided the carrying amount is less than the one recognized in impairment loss from previous years (less amortization or depreciation). Reversed impairment loss is recognized under loss and profit.

(X) Financial Instruments

Financial assets and liabilities are recognized in the balance sheet, when they become part of the instrument contract clauses in the Company.

While recognizing financial assets and liabilities, if not measured at fair value through loss and profit, they are measured at fair value plus the transaction costs of directly attributable acquired or issued assets or liabilities. Transaction costs directly attributable to acquired or issued financial assets or liabilities at fair value through loss and profit are recognized as loss and profit.

## 1. Financial Assets

Transaction date accounting and derecognition apply to regular financial asset transactions.

### (1) Measurement Types

#### 2018

Financial assets held by the Company are those measured at fair value through other profit and loss, and those measured at amortized cost.

#### A. Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss include financial assets forcibly measured at FVTPL, and financial assets designated at FVTPL. Financial assets forcibly measured at FVTPL include undesignated equity instrument investment measured at fair value through other comprehensive income, as well as unclassified debt instrument investments measured at amortized cost or at fair value through other comprehensive income.

Financial assets at FVTPL are measured at fair value, and the gains or losses from remeasurement are recognized in profit or loss (including any dividends or interests earned from the financial assets). Please refer to note 29 for the methods in determining fair values.

#### B. Financial assets measured at amortized cost

When the Company's investments in financial assets satisfy the following two conditions simultaneously, they are classified as financial assets measured at amortized cost:

- a. Held under a certain business model of which the objective of holding financial assets is to collect contractual cash flow and
- b. Cash flow generated on specific dates of contractual terms, that are solely payments of principal and interests on principal amount outstanding.

After initial recognition, financial assets measured at amortized cost (including cash and cash equivalents, receivables and other financial assets) are from the total carrying amount of effective interest method less any impairment loss at amortized cost. Any loss and profit from foreign currency exchange are recognized under loss and profit.

Except for the following two circumstances, interest revenue is calculated by multiplying effective interest rates and total carrying amount of financial assets:

- a. For credit-impaired financial assets from purchase or founding, interest revenue is calculated by multiplying credit-adjusted effective rates by financial assets at amortized cost.
- b. For credit impairment not from purchase or founding, but becomes credit impaired financial assets subsequently, interest revenue is calculated by multiplying effective rates by financial assets at amortized cost.

Cash equivalents include fixed deposits acquired for less than 3 months, high liquidity, easily converted into fixed cash amount at any time, and minimum price fluctuation. They are used for satisfying short-term cash commitments.

## 2017

Financial assets held by the Company are financial assets measured at fair value through profit or loss, available-for-sale financial assets, loans and receivables.

### A. Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss are financial assets held for trading.

Financial assets at FVTPL are measured at fair value, and the gains or losses from remeasurement are recognized in profit or loss (including any dividends or interests earned from the financial assets).

### B. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets designated as available for sale, unclassified loans and receivables, held-to-maturity investments, or financial assets measured at fair value through loss and profit.

Available-for-sale financial assets are measured at fair value. Changes in currency carrying amount of these assets come under loss and profit of foreign currencies, and interest revenue calculated using effective interest method. Dividends from available-for-sale equity investments are recognized under loss and profit. Changes in the carrying amount of other available-for-sale financial assets are recognized in other comprehensive income, and reclassified as loss and profit during investment disposal or confirmation of impairment.

Dividends from available-for-sale equity investments are recognized when receivable rights of the Company are established.

If available-for-sale financial assets are equity instrument investments not quoted in the active market, and if these unquoted equity instruments require payment of settlement derivatives, they are measured by cost less amount after impairment loss and listed as "financial assets measured at cost". When these assets can be reliably measured at fair value later, they are remeasured at fair value. The differences between carrying amount and fair value are recognized under other comprehensive income. In case of impairment, they are recognized under loss and profit.

### C. Loans and Receivables

Loans and receivables (including accounts receivable, cash and cash equivalents, debt instrument investments with no active market, and other receivables) are measured at amortized cost less impairment loss using effective interest methods, except when recognized interests of short-term accounts receivable are not material.

Cash equivalents include repurchased bonds acquired for less than 3 months, high liquidity, easily converted into fixed cash amount at

any time, and minimum price fluctuation. Along with bank acceptances, they are used for satisfying short-term cash commitments.

(2) Impairment of Financial Assets

2018

The Company assesses on every balance sheet date, based on estimated credit loss, the impairment loss of financial assets measured at amortized cost (including accounts receivable), debt instrument investments measured at fair value through other comprehensive income, lease receivables and contract assets.

Accounts receivable and leases receivable are both recognized as allowance loss based on expected credit loss during period of existence. Other assets are assessed for significantly increased credit risk since initial recognition. If credit risk has not significantly increased, they are recognized for 12-month loss allowance from expected credit loss. If credit risk has significantly increased, they are recognized for loss allowance from expected credit loss during its period of existence.

Expected credit loss uses weighted average of credit loss with risk of default as weight. The 12-month expected credit loss represents possible credit loss from breach of contract within 12 months of reporting date. Lifetime expected credit loss represents expected credit loss from breach of contract of financial instruments during period of existence.

All impairment loss of financial assets is reduced to carrying amount by its allowance account, provided that loss allowance for debt instrument investments measured at FVTOCI is recognized under other comprehensive income and does not reduce its carrying amount.

2017

In addition to financial assets measured at FVTOCI, the Company assesses on each balance sheet date whether there is any objective evidence of impairment for other financial assets. If single or multiple events occur after recognition of financial assets that lead to the loss of estimated future cash flow, the financial assets are deemed to be impaired.

Financial assets measured at amortized cost, such as accounts receivable, are collectively assessed for impairment if no objective impairment evidence exists after individual assessment. Objective impairment evidence for collective existence of receivables can include the Company's past experience with receivables, increase in deferred payments over average credit period.

Impairment loss of financial assets amortized at cost is the difference between asset carrying amount and discounted present value of estimated future cash flow based on original effective interest rate of financial assets.

Subsequent decrease in impairment loss of financial assets amortized at cost, objectively determined to be related to events after impairment recognition, is directly or by adjusting account allowance recovered as loss and profit. This should not make the carrying amount of financial

assets exceed amortized cost on date of reversal if loss were unrecognized.

For available-for-sale equity investments, a significant or prolonged decline in fair value below its cost is an objective impairment evidence.

Objective impairment evidence of other financial assets includes material financial difficulties from issuer or debtor, breach of contract (e.g. delay or non-payment of interest or principal), increased likelihood of debtor going bankrupt or other financial adjustment, disappearance of active market for financial assets due to financial difficulties.

In the event of impairment loss in available-for-sale financial assets, accumulated loss previously recognized in other comprehensive income will be reclassified in loss and profit.

Impairment loss of available-for-sale equity instrument investments recognized in loss or profit cannot be reversed through loss or profit. Any increase in fair value after recognition of impairment loss is recognized in other comprehensive income. If the fair value of available-for-sale debt instrument increases in subsequent periods, and the increase can be objectively linked to events after impairment loss had been recognized under loss and profit, then the impairment loss is reversed and recognized under loss and profit.

Impairment loss of financial assets measured at cost is the difference between asset carrying amount and discounted present value of estimated future cash flow based on present market rate of return from similar financial assets. Such impairment loss cannot be reversed in subsequent periods.

All impairment loss of financial assets is directly deducted from the carrying amount. However, the carrying amount of accounts receivable is adjusted through an allowance account. When a receivable is determined to be not collectible, it is written off via allowance account. Sums that had been written off and subsequently collected are credited to allowance account. Except when receivables are not collectible and written off in allowance accounts, changes in the latter's carrying amount is recognized in loss and profit.

### (3) Derecognition of Financial Assets

The Company only starts derecognition when contractual rights to cash flow of financial assets expire, or when the assets have been transferred along with all risks and rewards of ownership to other entities.

Until 2017, when derecognizing entire financial assets, any difference in accumulated interest or loss between carrying amount and additional consideration collected that had been recognized under other comprehensive income was recognized under loss and profit. Since 2018, for derecognition of entire financial assets amortized at cost, the difference between carrying amount and consideration received is recognized under loss and profit. For derecognition of entire debt instrument investments measured at FVTOCI, any accumulated gains or losses between carrying amount and consideration received that had been recognized in other comprehensive income are recognized under loss and profit. For derecognition of entire equity instrument investments measured at FVTOCI, accumulated loss and profit is transferred directly to retained earnings and not reclassified under loss and profit.

## 2. Equity Instruments

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with their definitions as well as contractual agreement type.

Equity instruments issued by the Company are recognized as the amount of acquisition proceeds minus direct issuance costs.

Equity instruments reacquired by the Company are recognized and deducted under equity. Purchase, sale, issuance or write-off of the Company's own equity instruments are not recognized under loss and profit.

## 3. Financial Liabilities

### (1) Subsequent Measurement

Financial liabilities are measured at amortized cost by effective interest methods, except for:

Financial liabilities measured at fair value through profit and loss

Financial liabilities measured at FVTPL are financial liabilities held for trading.

Financial liabilities held for trading shall be measured at fair value. Gains and losses incurred from remeasurement (excluding any dividends or interests paid from financial liabilities) are recognized under loss and profit. Please refer to note 30 for the methods in determining fair values.

### (2) Derecognition of Financial Liabilities

When derecognizing financial liabilities, the difference between its carrying amount and paid consideration (including any transferred non-cash assets or liabilities assumed) is recognized under loss and profit.

## 4. Convertible Corporate Bonds

For compound financial instruments issued by the Company (convertible corporate bonds), their components at initial recognition are classified respectively as financial liabilities and equity in accordance with the latter's definitions and content of contractual arrangements.

At the time of initial recognition, the fair value of liability components is estimated using prevailing market rate for similar non-convertible instruments. They are measured at amortized cost using effective interest method until conversion or date of maturity. Liability components embedded in non-equity derivatives is measured at fair value.

Conversion options classified as equity is equal to the remaining amount after subtracting fair value of liability components from fair value of compound instrument as a whole. It is then recognized as equity after subtracting income tax effects, and not remeasured subsequently. When conversion options are exercised, related liability components and amount recognized in equity will be transferred to principle and capital surplus – issuance premium. If the conversion option of corporate bonds is not exercised on maturity date, the amount recognized in equity will be transferred to capital surplus – issuance premium.



Transaction costs related to issuance of convertible bonds are allocated to instrument liabilities based on ratio of total proceeds (listed under carrying amount of liability) and equity components (listed under equity).

## 5. Derivatives

The Company's derivatives include forward exchange contracts and foreign currency option contracts. They are used to manage the Company's risks of exchange rate.

Derivatives are initially recognized at fair value at contract signing, and subsequently remeasured at fair value on balance sheet date. Any gains and losses after that are recognized under income. For designated derivatives of hedging instruments, the timing of its recognition under income depends on the hedge relationship. When the fair value of derivative is positive, it is recognized as a financial asset. When it is negative, it is recognized as a financial liability.

Up until 2017, if embedded derivative satisfied the definition of a derivative, its risks and characteristics are not closely related to the host contract. Also when the mixed contract does not belong to financial assets and liabilities measured at FVTPL, its derivative is classified as a separate derivative. Since 2018, derivatives embedded in financial assets of host contracts in the scope of IFRS 9 are classified using the overall contract. For derivatives embedded in host contract of financial assets outside the scope of IFRS 9 (i.e. embedded in host contract of financial liabilities), they are treated as separate derivatives if they satisfy the derivative definition, their risks and characteristics are not closely related to the host contract, and when the mixed contract is not measured at FVTPL.

## (XI) Revenue Recognition

### 2018

The Company first identifies performance obligations in customer's contact, then distributes transaction price to each obligation and recognizes revenue when obligations are met.

The transaction price of material financial components is not adjusted when contract time interval of merchandise or service transfer and acquired consideration is within one year.

#### 1. Merchandise Sales Revenue

Merchandise sales revenue is derived from industrial motherboards, integrated information system products, network communication and others. The products above are delivered to locations designated by the customer, who has the right to set price and use the merchandise, in addition to the responsibility of reselling and assuming risk of obsolescence. The Company will recognize revenue and accounts receivable at each point of time.

During material processing, the control of processed products is not transferred and material is not recognized under revenue.

#### 2. Service Revenue

Service income is derived from product maintenance, and relevant revenue is recognized when service is rendered.

## 2017

Revenue is measured at fair value of consideration received or receivable, and excludes estimated customer returns, discounts and other similar allowances.

### 1. Merchandise Sales

Sales of merchandise are recognized as revenue when the following conditions have been fully satisfied:

- (1) The Company has transferred material risks and rewards of merchandise ownership to the customer;
- (2) The Company does not maintain management nor effective control over merchandise sold;
- (3) Revenue amount can be reliably measured
- (4) Economic benefits related to the transactions have a high chance of flowing into the Company and;
- (5) Costs related to transactions, whether incurred or anticipated, can be reliably measured.

### 2. Offer of Service

Service income (such as commission) is recognized when the service is rendered.

### 3. Dividend and Interest Revenue

Dividend revenue from investments is recognized when shareholders' rights to collect payments are established, provided that economic effects of transactions are likely to flow into the company and the revenue can be reliably measured.

Interest revenue of financial assets is recognized the economic benefits are likely to flow into the Company, and revenue is recognized when it can be reliably measured. Interest revenue is recognized on an accrual basis according to outstanding principal with passing of time and applicable effective interest rates.

## (XII) Leases

Whenever lease terms transfer most risks and rewards of asset ownership to the lessee, they are classified as finance leases. All other leases are classified as operating leases.

### 1. Company as the Lessor

Revenue from operating leases is recognized as revenue on a straight-line basis over relevant lease terms.

### 2. Company as the lessee

Operating lease payments are recognized as expense on a straight-line basis over the lease terms.

## (XIII) Borrowing Costs

Borrowing costs of assets directly attributable to requirements of acquisition, construction, or production are considered part of the asset's cost until completion of all necessary activities for the assets expected use or sales.

Certain loans such as revenue from temporary investment prior to eligible capital expenditure are deducted from borrowing costs for meeting capitalization conditions.

Except for the above, all other borrowing costs are recognized under loss and profit during period of incurrence.

(XIV) Employee Benefits

1. Short-Term Employee Benefits

Liabilities related to short-term employee benefits are measured by undiscounted cash payment of exchanging for employee service.

2. Post-Employment Benefits

Pension from defined contribution plans is listed as expense for pension during periods of employee service.

Benefit cost (including service cost, net interest and remeasurements) of defined pension plans is determined using projected unit credit method. Service cost and net interests from net defined benefit liabilities (assets) are recognized as employee benefit expense when they incur. Remeasurement (including actuarial loss and profit, changes in maximum asset effects, plan asset rewards after interest deduction) is recognized under other comprehensive income and listed in retained earnings. It is not reclassified under loss and profit in subsequent periods.

Net defined benefit liabilities (assets) are shortfall (surplus) of defined benefit pension plans. Net defined benefit assets cannot exceed present value of the plan's returned contributions or possible decrease in future contributions.

(XV) Income Tax

Income tax expense is the sum of current income tax and deferred tax.

1. Current Income Tax

Surtax on unappropriated earnings calculated in accordance with Income Tax Act is recognized annually at shareholder's meeting.

Adjustments to income tax payable in prior years are listed under current income tax.

2. Deferred Tax

Deferred tax is calculated from temporary differences between carrying amount of assets and liabilities, and tax base for determining taxable income. For assets and liabilities that did not affect taxable income or accounting profit during initial recognition, their temporary differences are not recognized under deferred tax assets and liabilities.

Deferred tax liabilities are generally recognized for taxable temporary differences. Deferred tax assets are recognized when income tax is likely available for deducting temporary differences.

Taxable temporary differences from investment subsidiaries are recognized under deferred tax liabilities, except when the Company is able to control reversal of temporary difference which is likely to not reverse in the foreseeable future. Deferred tax assets from deductible temporary differences in these types of investments and equity are recognized under deferred tax assets only to the extent that it is likely that sufficient taxable income will be used to achieve such temporary differences in the scope of foreseeable future reversal.

carrying amount of deferred tax assets is reviewed on each balance sheet date, and reduced when taxable income is not likely to be sufficient to recover all or part of the assets. Unrecognized deferred tax assets are reviewed on each balance sheet date, and carrying amount is adjusted when taxable income is likely to be sufficient to recover all or part of the assets.

Deferred tax assets and liabilities are measured at tax rates expected for liability settlement or asset realization in the same period. Tax rates are based on tax laws enacted or substantively enacted by balance sheet date. Measurement of deferred tax liabilities and assets reflects tax results on balance sheet date when the Company is expected to recover or settle carrying amount of its assets and liabilities.

### 3. Current and Deferred Tax

Current and deferred tax is recognized under loss and profit, except when the same terms and deferred tax had already been recognized in other comprehensive income or directly in equity.

## V. Sources of Significant Accounting Judgments, Estimates, and Uncertainty Assumptions

When the Company adopts accounting policies, management must make judgments, estimates, and assumptions based on past experience and other relevant factors from sources that are not readily accessible. Actual results might be different from estimates.

Management will continue to review estimates and basic assumptions. If estimate amendments only affect current period, then it is recognized in current period. If accounting amendments affects both current and future periods, then it is recognized in current and future periods.

### (I) Estimated Impairment of Financial Assets (for 2018)

Estimated impairment of accounts receivable, debt instrument investments and financial guarantee contracts is based on the Company's assumptions for default rate and expected loss rate. The Company considers historical experience, current market conditions and forward-looking information in order to make assumptions and select input value for impairment. Please refer to note 11 for significant assumptions and input values used. If actual future cash flows are less than expected, material impairment loss may occur.

### (II) Estimated Impairment of Accounts Receivable (for 2017)

When there is objective evidence for signs of impairment loss, the Company will consider estimated future cash flows. The amount of impairment loss is measured from the difference between the asset's carrying amount, estimated future cash flows (excluding future credit loss that has yet to incur), and present value discounted from financial asset using original effective interest rate. If actual future cash flows are less than expected, material impairment loss may occur.

### (III) Impairment of Inventory

The net realizable value of inventories is derived by subtracting estimated costs necessary to make the sale and costs to completion from estimated selling price in ordinary course of business. These estimates are based on current market conditions and historical experience of selling similar products. Changes in the market could have a significant effect on these estimates.

### (IV) Impairment of Goodwill including Investment Subsidiaries

Investment subsidiary goodwill impairment is determined by allocating acquired goodwill to the Company's cash-generating units expected to benefit from the combination on acquisition date, and estimating value in use of cash-generating units to which goodwill is allocated. For value in use calculations, management should estimate future cash flows expected from the cash-generating units after goodwill allocation and decide on a suitable discount rate for calculating present value. If actual cash flows are less than expected, material impairment loss may occur.

VI. Cash and Cash Equivalents

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Cash on hand	\$ 1,775	\$ 1,674
Bank cheques and demand deposits	104,452	248,237
Cash equivalents		
Fixed deposits with original maturity date within three months	<u>263,228</u>	<u>133,920</u>
	<u>\$369,455</u>	<u>\$383,831</u>

Market rate intervals for bank deposits on balance sheet date are as follows:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Demand deposits	0.01%~0.06%	0.01%~0.08%
Fixed deposits	2.90%~3.20%	1.90%

VII. Financial Assets Measured at FVTOCI

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
<u>Financial liabilities – current</u>		
Held for trading		
Derivatives (not designated for hedging)		
– Domestic convertible corporate bonds (note 18)	<u>\$ 11,743</u>	\$ -
	<u>\$ 11,743</u>	<u>\$ -</u>
<u>Financial liabilities – non-current</u>		
Held for trading		
Derivatives (not designated for hedging)		
– Domestic convertible corporate bonds (note 18)	\$ -	\$ 4,053
	\$ -	\$ 4,053

VIII. Financial Assets Measured at Amortized Cost - 2018

December 31, 2018

Current

Domestic investment

Fixed deposits with original maturity date over 3 months	<u>\$ 2,156</u>
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As at 31 December 2018, the interest rate intervals of fixed deposits range with original maturity date over 3 months are between 0.77% - 1.045% per annum. These types of deposits were classified as debt instrument investments with no active markets per IAS 39, for its reclassification and information for 2017, please refer to note 3 and 10.

Please refer to note 32 for pledged financial assets measured at amortized cost.

IX. Available-for-Sale Financial Assets - 2017

December 31, 2017

Domestic investment

Fund beneficiary certificate	<u>\$ 1,351,423</u>
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X. Debt Instrument Investments with No Active Market - 2017

December 31, 2017

Fixed deposits with original maturity over 3 months	<u>\$ 2,136</u>
Deposit interest rate	0.77%~1.05%

Please refer to note 32 for information on pledged debt instrument investments with no active market.

XI. Notes and Accounts Receivable

December 31, 2018

December 31, 2017

Accounts receivable

Total carrying amount measured at amortized cost	\$ 547,579	\$ 736,200
Less: loss allowance	( 53,353 )	( 41,295 )
	<u>\$ 494,226</u>	<u>\$ 694,905</u>

Accounts receivable - related parties	<u>\$ 317,765</u>	<u>\$ 592,773</u>
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2018

Accounts receivable measured at amortized cost

Average credit period for merchandise sales from the Company ranges from 30 to 75 days. Interest is not calculated for accounts receivable. The Company adopts the policy of only conducting transactions with those who have good credit ratings, and where necessary obtains sufficient collateral to mitigate the risks of financial losses from default. Credit rating is provided by independent credit rating agencies. If the information cannot be obtained, the Company will use other publicly available financial information and transaction records to assess its major customers. The Company continues to monitor credit

exposure and creditworthiness of counterparty. It reviews and approves the counterparty's line of credit from time to time during the year in order to manage credit exposure.

The Company adopts a simplified approach of IFRS 9 to recognize loss allowance for accounts receivable based on lifetime expected credit loss. Lifetime expected credit loss is calculated using provision matrix. It takes into consideration the customer's default history, current financial position, industry economic condition, as well as GDP forecast and industry outlook. The Company's credit loss experience indicates no significant difference in loss patterns of various customer types. Therefore, the Company has not further divided customers into other segments and only determines expected credit loss rate based on number of days overdue from accounts receivable.

If evidence indicates that the counterparty is facing severe financial difficulty and recoverable amounts cannot be reliably anticipated, as in the case of the counterparty undergoing liquidation or has loans overdue for more than 1 year, the Company will directly write off relevant accounts receivable. Nevertheless, recourse will continue and recovered amounts will be recognized under loss and profit.

The Company's allowance loss for accounts receivable measured using provision matrix is as follows:

December 31, 2018

	Not overdue	1 - 30 days overdue	31 - 150 days overdue	151 - 270 days overdue	271 - 365 days overdue	More than 1 year overdue	Total
Expected credit loss rate	0%	0%	0%-30%	50%	75%	100%	
Total carrying amount	\$ 659,065	\$ 117,584	\$ 31,500	\$ 1,147	\$ 13,075	\$ 42,973	\$ 865,344
Loss allowance (expected lifetime credit loss)	-	-	-	( 574 )	( 9,806 )	( 42,973 )	( 53,353 )
Amortized cost	<u>\$ 659,065</u>	<u>\$ 117,584</u>	<u>\$ 31,500</u>	<u>\$ 573</u>	<u>\$ 3,269</u>	<u>\$ -</u>	<u>\$ 811,991</u>

Changes in loss allowance of accounts receivable are as follows:

	<u>2018</u>
Opening balance (IAS 39)	\$ 41,295
Retrospective application of IFRS 9 adjustments	-
Opening balance (IFRS 9)	41,295
Add: impairment loss listed in the current period	12,058
Ending balance	<u>\$ 53,353</u>

2017

The credit policy of the Company in 2017 is the same as 2018. In determining whether accounts receivable can be recovered, the Company takes into consideration any changes in credit quality of accounts receivable from original credit date to date of balance sheet. Since past experience shows that accounts receivable overdue for more than 360 days are not recoverable, the Company will recognize these accounts as 100% bad debts. For accounts receivable with overdue days within 360, the bad debt is assessed for its unrecoverable amount based on the counterparty's past default record and analysis of current financial position.

Before accepting new customers, the Company assesses their credit quality and sets up line of credit using the customer's net asset value, business conditions, credit guarantee, pledged amount, etc. Credit rating agencies are asked to assist in credit check when necessary. For customers without credit, transactions shall be settled in cash. The line of credit and rating of customers are adjusted from time to time in accordance with changes in transaction status and financial position. Accounts receivable that are neither overdue nor impaired are determined from the Company's performance, past payments, profitability, and industry rating.

Accounts receivable aging analysis is as follows:

	<u>December 31, 2017</u>
Not overdue	\$ 1,151,594
Within 30 days	114,848
31 - 150 days	22,515
151 - 270 days	4,328
271 - 360 days	-
Over 361 days	<u>35,688</u>
Total	<u>\$ 1,328,973</u>

Aging analysis above uses the number of days overdue as the basis.

Aging analysis of overdue but not yet impaired accounts receivable is as follows:

	<u>December 31, 2017</u>
Within 30 days	\$ 114,848
31 - 150 days	11,039
151 - 270 days	-
271 - 360 days	-
Over 361 days	-
Total	<u>\$ 125,887</u>

Aging analysis above uses the number of days overdue as the basis.

Changes in bad debt of accounts receivable are as follows:

	<u>Individually impairment loss</u>	<u>Group impairment loss</u>	<u>Total</u>
Balance on January 1, 2017	\$ 35,688	\$ -	\$ 35,688
Add: bad debt expense listed in current period	<u>-</u>	<u>5,607</u>	<u>5,607</u>
Balance on December 31, 2017	<u>\$ 35,688</u>	<u>\$ 5,607</u>	<u>\$ 41,295</u>

## XII. Inventory

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Raw materials	\$594,646	\$527,101
Semi-finished products	5,564	1,677
Finished goods	114,380	107,857
Commodity inventory	9	19
Less: allowance falling price loss	( <u>112,355</u> )	( <u>146,830</u> )
	<u>\$602,244</u>	<u>\$489,824</u>

The cost of sales for 2017 and 2018 included inventory falling price loss (recovery gains) of NT\$ 34,475,000 and NT\$105,601,000 respectively. This was mainly attributable to the listing of inventory falling price loss.



### XIII. Investment Using Equity Method

#### Investment Subsidiaries

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Innovative Systems Integration Ltd	\$ 1,457,740	\$ 548,271
Ennoconn International Investment Co., Ltd.	7,693,587	2,429,939
Caswell Inc.	1,042,012	821,722
Ennoconn Investment Holdings Co., Ltd (EIH)	<u>7,566,593</u>	<u>7,979,295</u>
	<u>\$ 17,759,932</u>	<u>\$ 11,779,227</u>

<u>Name of Subsidiary</u>	<u>Ownership interests and voting rights percentage</u>	
	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Innovative Systems Integration Ltd	100%	100%
Ennoconn International Investment Co., Ltd.	100%	100%
Caswell Inc.	29.66%	33.32%
Ennoconn Investment Holdings Co., Ltd	100%	100%

Please refer to note 35 for details on investment subsidiaries indirectly held by the Company.

Purchase Price Allocation (PPA) of the Company's subsidiary EIH from the acquisition date of S&T AG in the 2nd season of 2018, is used to measure fair value of S&T AG's intangible assets on the same date. The PPA is used to adjust initial accounting treatment, temporary amounts, and comparative restatements since acquisition date. Please refer to note 18 in the Company's consolidated financial statements from 2018.

Increase (decrease) of related items in individual balance sheet is as follows:

	<u>December 31, 2017</u>		
	<u>Before restatement</u>	<u>Adjustment</u>	<u>After restatement</u>
Investment using equity method	<u>\$11,819,354</u>	<u>(\$ 40,127)</u>	<u>\$11,779,227</u>

Increase (decrease) of related items in individual statement of comprehensive income is as follows:

	<u>2017</u>		
	<u>Before restatement</u>	<u>Adjustment</u>	<u>After restatement</u>
Loss and profit of subsidiaries accounted for under equity method	<u>\$ 1,076,365</u>	<u>(\$ 40,127)</u>	<u>\$ 1,036,238</u>

The Company did not subscribe to seasoned equity offering of Caswell Inc. in April 2018, decreasing shareholding ratio from 33.32% to 29.40%. Caswell Inc. repurchased treasury stock from October to December 2018, resulting in changes in shareholding ratio to 29.66%.

The Company has a 29.66% shareholding ratio for Caswell Inc. If the board of directors obtains majority voting rights, the Company can dictate its personnel, financial and operational decisions. Therefore, Caswell Inc. was listed as a subsidiary.

Subsidiary shares of loss and profit and other comprehensive income were accounted for using equity method for 2017 and 2018. They were recognized in CPA-audited financial statements in the same period.

#### XIV. Property, Plant, and Equipment

	Land owned	Buildings	Machinery	Other equipment	Total
<u>Cost</u>					
Balance as of January 1, 2018	\$ 251,536	\$ 287,996	\$ 316	\$ 58,394	\$ 598,242
Additions	-	-	-	1,807	1,807
Reclassification	-	-	-	-	-
Disposal	-	-	-	( 871 )	( 871 )
Balance on December 31, 2018	<u>\$ 251,536</u>	<u>\$ 287,996</u>	<u>\$ 316</u>	<u>\$ 59,330</u>	<u>\$ 599,178</u>
<u>Accumulated depreciation and impairment</u>					
Balance as of January 1, 2018	\$ -	\$ 17,103	\$ 158	\$ 36,336	\$ 53,597
Disposal	-	-	-	( 566 )	( 566 )
Depreciation expense	-	5,889	35	8,526	14,450
Balance on December 31, 2018	<u>\$ -</u>	<u>\$ 22,992</u>	<u>\$ 193</u>	<u>\$ 44,296</u>	<u>\$ 67,481</u>
Net amount on December 31, 2018	<u>\$ 251,536</u>	<u>\$ 265,004</u>	<u>\$ 123</u>	<u>\$ 15,034</u>	<u>\$ 531,697</u>
<u>Cost</u>					
Balance on January 1, 2017	\$ 251,536	\$ 287,996	\$ 316	\$ 54,011	\$ 593,859
Additions	-	-	-	4,507	4,507
Reclassification	-	-	-	-	-
Disposal	-	-	-	( 124 )	( 124 )
Balance on December 31, 2017	<u>\$ 251,536</u>	<u>\$ 287,996</u>	<u>\$ 316</u>	<u>\$ 58,394</u>	<u>\$ 598,242</u>
<u>Accumulated depreciation and impairment</u>					
Balance on January 1, 2017	\$ -	\$ 11,213	\$ 123	\$ 27,053	\$ 38,389
Disposal	-	-	-	( 124 )	( 124 )
Depreciation expense	-	5,890	35	9,407	15,332
Balance on December 31, 2017	<u>\$ -</u>	<u>\$ 17,103</u>	<u>\$ 158</u>	<u>\$ 36,336</u>	<u>\$ 53,597</u>
Net amount on December 31, 2017	<u>\$ 251,536</u>	<u>\$ 270,893</u>	<u>\$ 158</u>	<u>\$ 22,058</u>	<u>\$ 544,645</u>

The Company's property, plant and equipment are depreciated on a straight-line basis over the following service life:

Buildings	5 - 50 years
Machinery	2 - 15 years
Other equipment	3 - 15 years

#### XV. Intangible Assets

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Computer software	<u>\$ 1,724</u>	<u>\$ 2,715</u>

The above intangible assets have definite service life. Their amortization expense is calculated on a straight-line basis using 3 to 5 years of service life.

XVI. Other Assets

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Other receivables (note 31)	\$ 27,214	\$ 31,056
Current income tax assets	9,878	-
Advance payments	3,582	7,416
Refundable deposits	54	1,520
Defined benefit asset (note 20)	742	715
Others	<u>10,134</u>	<u>15,620</u>
	<u>\$ 51,604</u>	<u>\$ 56,327</u>
Current	\$ 50,808	\$ 54,092
Non-current	<u>796</u>	<u>2,235</u>
	<u>\$ 51,604</u>	<u>\$ 56,327</u>

XVII. Loans

Short-term loans

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
<u>Unsecured loans</u>		
Bank notes	<u>\$ 5,330,000</u>	<u>\$ 250,000</u>
<u>Interest rate interval</u>		
Bank notes	0.90%~1.20%	1.00%

XVIII. Convertible Corporate Bonds

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
First domestic unsecured convertible corporate bonds	\$ -	\$ -
Second domestic unsecured convertible corporate bonds	1,170,468	1,486,059
First overseas unsecured convertible corporate bonds	<u>6,172,298</u>	<u>6,098,485</u>
	7,342,766	7,584,544
Less: repurchase rights executable within one year	( <u>7,342,766</u> )	<u>-</u>
	<u>\$ -</u>	<u>\$ 7,584,544</u>

(I) To repay bank notes and diversify working capital, the Company first issued domestic unsecured convertible corporate bonds on May 5, 2015. Details of the issuance are as follows:

1. Issuance amount: NT\$800,000,000
2. Face value: NT\$100,000 each
3. Coupon rate: 0%
4. Effective interest rate: 1.7447%
5. Book value at issuance: NT\$ 759,547,000
6. Duration: May 5, 2015 - May 5, 2018
7. Conversion period:

Except for suspension of conversion period, the creditor may request the conversion of corporate bonds into ordinary shares of the Company in accordance with regulations on corporate bond conversion. The creditor can make the request at any time from the date after two months of bond issuance (July 6, 2015) to the date of maturity (May 5, 2018). Suspension of conversion period is as follows:

- (1) Periods of stock transfer suspension (temporary or permanent) by law.
- (2) Date on which the Company requests suspension of stock dividend transfer from Taipei Exchange, from fifteen business days prior to suspension date of cash dividend transfer or cash capital increase subscription until date of equity allocation.
- (3) From date of capital reduction to one day prior to transaction date of exchanged shares.
- (4) Other periods of stock transfer suspension by law.

8. Conversion price and adjustment:

The conversion price at the time of issuance was at NT\$295. After increased issuance of ordinary shares, the Company adjusted conversion price in accordance with article 12 in the domestic regulations on issuance and conversion of unsecured convertible corporate bonds. The conversion price after final adjustment is \$274.

9. Creditor resale option:

Thirty days prior to two years after the issuance of corporate bonds (May 5, 2017), bond holders may notify the Company in writing (based on regulations on conversion) to request the addition of interest charges to face value (102.01% of bond face value after two years) and redeem convertible corporate bonds in cash.

10. The Company's redemption options:

From 2 months after corporate bond issuance (July 6, 2015) to 40 days before maturity, if closing price of the Company's ordinary shares are more than 30% of conversion price for 30 consecutive days, or if outstanding balance of original company liabilities is 10% lower than original issue price, the Company is obliged to notify bond holders and redeem bonds in cash at face value according to regulations on conversion.

The convertible corporate bonds are comprised of liabilities and equity components. The equity components are presented in capital surplus - stock option under equity. Liability components are classified as embedded derivative financial instruments and non-derivative product liabilities. Embedded derivative financial instruments were assessed for fair value at NT\$ 0 thousand on December 31, 2018, while non-derivative product liabilities were measured at amortized cost at NT\$ 0 thousand on December 31, 2018. Its effective interest rate at initial recognition is 1.7447%.

Issue price (less transaction costs of NT\$ 5,578,000)	\$ 794,422
Equity component	( <u>29,155</u> )
Liability components on date of issuance (including corporate bonds payable of NT\$759,547,000 and financial liabilities measured at FVTPL - non-current 5,720,000)	765,267
Interest calculated at effective interest rate of 1.7447%	11,456
Profit from financial instrument valuation	( 8,527 )
Corporate bonds converted into ordinary shares	( <u>768,196</u> )
Liability component as of December 31, 2018	<u>\$ -</u>

(II) To diversify working capital and satisfy needs of joint venture, the Company issued the second domestic unsecured convertible corporate bonds on May 13, 2016. The issuance is as follows:

1. Issuance amount: NT\$1,800,000,000
2. Face value: NT\$100,000 each
3. Coupon rate: 0%
4. Effective interest rate: 1.4306%
5. Book value at issuance: NT\$1,676,592,000
6. Duration: May 14, 2016 - November 13, 2021
7. Conversion period:

Except for suspension of conversion period, creditors may request conversion of corporate bonds into ordinary shares of the Company. Using regulations on conversion of corporate bonds, they may do so the day after two months of issuance (July 14, 2016) until date of maturity (May 13, 2021). Suspension of conversion period is as follows:

- (1) Periods of stock transfer suspension (temporary or permanent) by law.
  - (2) Date on which the Company requests suspension of stock dividend transfer from Taipei Exchange, from fifteen business days prior to suspension date of cash dividend transfer or cash capital increase subscription until date of equity allocation.
  - (3) From date of capital reduction to one day prior to transaction date of exchanged shares.
  - (4) Other periods of stock transfer suspension by law.
8. Conversion price and adjustment:

Conversion price at the time of issuance was set at NT\$435. After increased issuance of ordinary shares by the Company, conversion price was adjusted in accordance with article 12 of the domestic Regulations on issuance and conversion of unsecured corporate bonds. As of December 31, 2018, conversion price was adjusted to NT\$ 403.

9. Creditor resale option:

Thirty days prior to three years after the issuance of corporate bonds (May 13, 2019), bond holders may notify the Company in writing (based on regulations on conversion) to request the addition of interest charges to face value (103.0301% of bond face value after three years) and redeem convertible corporate bonds in cash.

10. The Company's redemption options:

From 2 months after corporate bond issuance (July 14, 2016) to 40 days before maturity, if closing price of the Company's ordinary shares are more than 30% of conversion price for 30 consecutive business days, or if outstanding balance of original company liabilities is 10% lower than original issue price, the Company is obliged to notify bond holders and redeem bonds in cash at face value according to regulations on conversion.

The convertible corporate bonds are comprised of liabilities and equity components. The equity components are presented in capital surplus - stock option under equity. Liability components are classified as embedded derivative financial instruments and non-derivative product liabilities. Embedded derivative financial instruments were assessed for fair value at NT\$11,743,000 on December 31, 2018, while non-derivative product liabilities were measured at amortized cost at NT\$1,170,468,000 on December 31, 2018. Its effective interest rate at initial recognition is 1.4306%.

Issue price (less transaction costs of NT\$3,395,000)	\$ 1,796,605
Equity component	( <u>99,172</u> )
Liability components on date of issuance (including corporate bonds payable of NT\$1,679,592,000 and financial liabilities measured at FVTPL - non-current 20,841,000)	1,697,433
Interest calculated at effective interest rate of 1.4306%	52,684
Profit from financial instrument valuation	( 7,018 )
Corporate bonds converted into ordinary shares	( <u>560,888</u> )
Liability component as of December 31, 2018	<u>\$ 1,182,211</u>

(III) To diversify working capital and satisfy needs of joint venture, the Company issued the first overseas unsecured convertible corporate bonds on March 10, 2017. It was declared effective by FSC and listed in Singapore Exchange. The issuance is as follows:

1. Total amount: US\$200,000,000 The convertible corporate bonds will be repaid, resold, redeemed in USD at a fixed exchange rate of NT\$31.653 to US\$1.
2. Face value: US\$200,000 each
3. Coupon rate: 0%
4. Effective interest rate: 2.4144%
5. Book value at issuance: NT\$5,978,823,000
6. Duration: March 10, 2017 - March 10, 2022
7. Conversion period:

Except for suspension of conversion period, creditors may request conversion of corporate bonds into ordinary shares of the Company. Using regulations on conversion of corporate bonds, they may do so the day after 30 days of issuance (April 10, 2017) until 10 days before date of maturity (February 28, 2022).

8. Conversion price:

Creditors may use the exchange rate of NT\$31.653 to US\$1 and conversion price of NT\$488 per share to request the conversion of corporate bonds in the Company's ordinary shares. After increased issuance of ordinary shares by the Company, conversion price was adjusted in accordance with article 13 of the overseas Regulations on issuance and conversion of unsecured corporate bonds. As of December 31, 2018, conversion price was adjusted to NT\$ 463.94.

9. Repayment of bonds due:

Except for redemption, repurchase and write-off or exercise of conversion option by bondholder, the issuing company will repay the bonds in full on maturity date at face value plus 1.25% coupon rate.

10. Creditor resale option:

From 2 years after corporate bond issuance (March 10, 2019) to 4 years, bond holders may notify the Company in writing (based on regulations on conversion) to request the addition of interest charges to face value (bond face value plus 1.25% APR) and redeem convertible corporate bonds in cash.

11. The Company's redemption option:

Two years after corporate bond issuance (March 10, 2019), if for 20 transaction days out of 30 consecutive business days the closing price at Taipei Exchange converted to USD at exchange rate of the moment is more than 130% of advance redeemed price times conversion price divided by face value, the issuing company may redeem all or part of the bonds in advance at face value plus 1.25% APR. If more than 90% of bonds have been redeemed, converted, repurchased and written off, the issuing company may redeem all outstanding bonds in advance at previous redemption price.

The convertible corporate bonds are comprised of liabilities and equity components. The equity components are presented in capital surplus - stock option under equity. Liabilities with components of non-derivative financial products were measured for amortized cost at NT\$6,172,298,000 on December 31, 2018. Its effective interest rate at initial recognition is 2.4144%.

Issue price (less transaction costs of NT\$29,142,000)	\$ 6,301,458
Equity component	( <u>322,635</u> )
Liability components on date of issuance	5,978,823
Interest calculated at effective rate of 2.4144%	284,316
Corporate bonds converted into ordinary shares	( <u>90,841</u> )
Liability component as of December 31, 2018	<u>\$ 6,172,298</u>

XIX. Other Liabilities

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
<u>Other payables - current</u>		
Salary and bonus payable	\$ 33,471	\$ 74,620
Employee remuneration payable	56,038	50,703
Remuneration payable to directors and supervisors	3,060	2,780
Payables	126	796
Others (note 1)	<u>80,601</u>	<u>66,306</u>
	<u>\$ 173,296</u>	<u>\$ 195,205</u>
 <u>Other liabilities</u>		
Contract liabilities	\$ 20,909	\$ -
Cash with order	-	3,221
All collections	19,491	9,240
Others (note 2)	<u>212</u>	<u>212</u>
	<u>\$ 40,612</u>	<u>\$ 12,673</u>
 Current	\$ 40,400	\$ 12,461
Non-current	<u>212</u>	<u>212</u>
	<u>\$ 40,612</u>	<u>\$ 12,673</u>

Note 1: others under other payables include insurance premium payable, consumable expense, maintenance fees, export fees and labor expense.

Note 2: others under other liabilities (current and non-current) include temporary credit and guarantee deposits.

XX. Post-Retirement Benefit Plan

(I) Defined Contribution Plans

The pension system from "Labor Pension Act" applicable to the Company is a defined contribution plan under government administration. The Company contributes 6% of the employee's monthly salary to his or her personal account at Bureau of Labor Insurance.

(II) Defined Benefit Plans

The Company's pension system conducted in accordance with "Labor Standards Act" is a defined benefit under government administration. Employee pension payments are based on years of service and average salary for the six months prior to retirement. The Company contributes 2% of total employee salary to the pension fund at the end of each month. The pension fund committee makes deposits in its name to the designated account at Bank of Taiwan. Before year-end, for employees whose account balance is not sufficient for payments until reaching retirement within the following year, contribution for the difference will be allocated in the following end of March. The Bureau of Labor Funds under Ministry of Labor is assigned to administer the account. The Company retains no rights that may influence its investment and administration strategies.



Amounts included in defined benefit plans listed in the individual balance sheet are as follows:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Present value of defined benefit obligations	\$ 1,128	\$ 1,074
Fair value of plan assets	( <u>1,870</u> )	( <u>1,789</u> )
Net defined benefit assets	( <u>\$ 742</u> )	( <u>\$ 715</u> )

Changes in net defined benefit liabilities (assets) are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liabilities (assets)</u>
January 1, 2017	\$ 1,242	( \$ 1,772 )	( \$ 530 )
Service cost			
Current service cost	-	-	-
Interest expense (income)	<u>17</u>	( <u>24</u> )	( <u>7</u> )
Recognized in impairment	<u>17</u>	( <u>24</u> )	( <u>7</u> )
Remeasurement			
Return on plan assets (excluding amount with net interest)	-	7	7
Actuarial (gains) losses – changes in financial assumptions	43	-	43
Actuarial (gain) losses – experience adjustments	( <u>228</u> )	-	( <u>228</u> )
Recognized in other comprehensive income	( <u>185</u> )	<u>7</u>	( <u>178</u> )
December 31, 2017	1,074	( 1,789 )	( 715 )
Service cost			
Current service cost	-	-	-
Interest expense (income)	<u>12</u>	( <u>21</u> )	( <u>9</u> )
Recognized in impairment	<u>12</u>	( <u>21</u> )	( <u>9</u> )
Remeasurement			
Return on plan assets (excluding amount with net interest)	-	( 52 )	( 52 )
Actuarial (gains) losses – changes in financial assumptions	21	-	21
Actuarial (gain) losses – experience adjustments	<u>21</u>	-	<u>21</u>
Recognized in other comprehensive income	<u>42</u>	( <u>52</u> )	( <u>10</u> )
Employer contributions	<u>-</u>	( <u>8</u> )	( <u>8</u> )
December 31, 2018	<u>\$ 1,128</u>	( <u>\$ 1,870</u> )	( <u>\$ 742</u> )

The Company has exposed the following risks in pension system of "Labor Standards Act":

1. Investment Risk: Bureau of Labor Funds, by itself or through an intermediary, invests pension fund in foreign/domestic equity securities, debt securities, and bank deposits, provided the distributed amount of the Company's plan assets are higher than the profit of local banks calculated using 2-year fixed deposit rates.
2. Interest Rate Risk: decrease in government bond interest rate will increase present value of defined benefit obligation. However, return on debt investments of plan assets will also increase. Effects of the two on net defined benefit obligations will partially offset each other.
3. Salary Risk: present value of defined benefit obligations is calculated with reference to future salaries of plan members. Salary increase of plan members will increase present value of defined benefit obligations.

Present value of the Company's defined benefit obligation is determined by qualified actuaries. Material assumptions on measurement date are as follows:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Discount rate	1.02%	1.15%
Expected salary growth rate	3.00%	3.00%
Mortality rate	Based on 90% of 5th period Taiwan standard ordinary experience mortality table	Based on 90% of 5th period Taiwan standard ordinary experience mortality table
Turnover rate	0% - 34%	0% - 34%

If reasonably possible changes occur to material actuarial assumptions while all other assumptions remain unchanged, present value of defined benefit obligations will increase (decrease) as follows:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Discount rate		
0.5% increase	(\$ <u>76</u> )	(\$ <u>76</u> )
0.5% decrease	<u>\$ 83</u>	<u>\$ 83</u>
Expected salary growth rate		
0.5% increase	<u>\$ 75</u>	<u>\$ 76</u>
0.5% decrease	(\$ <u>70</u> )	(\$ <u>70</u> )

As actuarial assumptions may be related to one another, changes in a single assumption is not likely, and actual change in present value of defined benefit obligations may not be reflected in the analysis above.

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Expected contribution within 1 year	<u>\$ -</u>	<u>\$ -</u>
Average maturity period of defined benefit obligations	7 years	8 years

## XXI. Equity

### (I) Capital

#### Common stock

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Nominal shares (thousand shares)	<u>150,000</u>	<u>120,000</u>
Nominal capital	<u>\$ 1,500,000</u>	<u>\$ 1,200,000</u>
Number of issued and paid for shares (thousand shares)	<u>77,574</u>	<u>76,528</u>
Issued capital	<u>\$ 775,745</u>	<u>\$ 765,288</u>

Common stocks are issued with NT\$10 per share at par, and each common stock enjoys the right to vote and receive dividends.

In 2017, convertible corporate bonds were converted into ordinary shares at NT\$2,280,000 with a paid-in capital of NT\$765,288,000.

In 2017, convertible corporate bonds were converted into ordinary shares at NT\$10,457,000 with a paid-in capital of NT\$775,745,000.

### (II) Capital Surplus

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
<u>Used to make up loss, distribute cash, or replenish capital(1)</u>		
Stock issuance premium	\$ 2,415,595	\$ 2,415,595
New shares issued by other companies	485,900	485,900
Conversion premium of corporate bond	1,442,451	1,005,235
<u>Only to offset loss</u>		
Recognized changes in equity ownership of subsidiaries(2)	-	734,913
<u>Not to be used for any purposes</u>		
Stock options of convertible corporate bonds	<u>384,494</u>	<u>408,529</u>
	<u>\$ 4,728,440</u>	<u>\$ 5,050,172</u>

1. This type of capital surplus may be used to cover loss or issue cash or replenish capital when there is no loss, but capital replenishment is restricted to the ratio of actual capital stock each year.
2. This type of capital surplus recognized as equity transaction effect due to changes in subsidiary equity, when the Company's has not acquired or disposed of subsidiary shares, or as adjustment value of capital surplus from subsidiary recognized by the Company through equity methods.

(III) Retained Earnings and Dividend Policy

The Company's earnings distribution policies under articles of incorporation stipulates that if the annual closing account includes current net profit, it shall be distributed in the following order:

1. Make up losses.
2. Set 10% as legal capital reserve, unless the reserve has already reached the Company's total capital.
3. List or recover special capital reserve from other laws and regulations.
4. After deduction of (1) and (3) amounts from the year's current net profit, the adjusted values of opening accumulated retain earnings and the year's retain earnings are proposed for distribution by the board, and distributed via shareholder's resolution.

As the Company is in a period of robust growth and to cope with future operational expansion, dividend distribution should be proposed by board of directors in consideration of future capital expense and needs, and distributed after shareholder's resolution. However, dividends distributed shall be no less than 10% of cash dividends distributed in the same year. For the Company's policies on bonus allocation of employees, supervisors, and directors as stipulated in articles of incorporation, please refer to note 23 (6) on employee, supervisor and director remunerations.

Legal capital reserve shall be contributed until the balance reaches the Company's total paid-in capital. Legal capital reserve shall be used to cover losses. When the Company has no losses, the portion of legal capital reserve that exceeds 25% of total capital stock may be distributed in cash, in addition to capital replenishment.

The Company lists and recovers special capital reserve pursuant to No. 1010012865, No. 1010047490 from FSC, as well as "Q&A on Listing of Special Capital Reserve After IFRS Adoption."

During the Company shareholders' meetings held on June 28, 2018, and May 18, 2017, resolutions passed on earnings distribution for 2017 and 2016 are as follows:

		Earnings distribution proposal		Dividends per share (NT\$)	
		2017	2016	2017	2016
Legal reserve	capital	\$112,337	\$102,274		
Special reserve	capital	454,629	34,724		
Cash Dividends		682,864	763,008	\$ 9.00	\$ 10.00

The Company's proposal for distribution of earnings and dividend per share for 2018 was proposed by the board of directors on March 29, 2019:

	Earnings distribution	Dividends per share (NT\$)
Legal capital reserve	\$110,812	
Special capital reserve	( 111,213 )	
Cash Dividends	580,436	\$ 7.00

Earnings distribution for 2018 is still pending resolution from annual shareholders' meeting on June 28, 2019.

(IV) Other Equity Items

1. Exchange Differences from Conversion of Foreign Financial Statements

	<u>2018</u>	<u>2017</u>
Opening balance	(\$ 456,250)	(\$ 20,582)
Arising from current period		
Exchange differences converted from foreign operations	134,264	( 415,582)
Subsidiary shares accounted for using equity method	( 23,176)	( 20,086)
Other comprehensive income for current period	<u>111,088</u>	( 435,668)
Balance	(\$ <u>345,162</u> )	(\$ <u>456,250</u> )

2. Unrealized Gains (Losses) from Available-for-Sale Financial Assets

	<u>2017</u>
Balance on January 1, 2017	(\$ 20,454)
Arising from current period	
Unrealized gains (losses)	( 315,798)
Subsidiary shares accounted for using equity method	3,348
Reclassification adjustment	
Disposal of available-for-sale financial assets	<u>293,489</u>
Other comprehensive income for current period	( 18,961)
Balance on December 31, 2017	(\$ <u>39,415</u> )

3. Unrealized gains and losses of financial assets at FVTOCI

	<u>2018</u>
Opening balance (IAS 39)	(\$ 39,415)
Effects of retrospective IFRS 9 application	<u>22,309</u>
Opening balance (IFRS 9)	( 17,106)
Arising from current period	
Subsidiary shares accounted for using equity method	( 22,184)
Other comprehensive income for current period	( 22,184)
Ending balance	(\$ <u>39,290</u> )

(V) Treasury Stock

<u>Reason for recovery</u>	<u>Shares transferred to Employee (thousand shares)</u>	<u>Parent company shares held by subsidiary (thousand shares)</u>	<u>Total (thousand shares)</u>
Number of shares on January 1, 2017	-	-	-
Increase during period	1,000	-	100
Decrease during period	( 345 )	-	( 345 )
Number of shares on December 31, 2017	<u>655</u>	<u>-</u>	<u>655</u>
Number of shares on January 1, 2018	655	-	655
Increase during period	-	10	10
Decrease during period	-	-	-
Number of shares on December 31, 2018	<u>655</u>	<u>10</u>	<u>665</u>

For parent company shares held by subsidiaries on December 31, 2018, relevant information is as follows:

<u>Name of Subsidiary</u>	<u>Number of shares (thousand shares)</u>	<u>carrying amount</u>	<u>Market price</u>
Marketch International Corp.	10	\$ 2,440	\$ 2,440

The Company transferred 345,000 treasury shares to its employees in August 2017 at NT\$356.653 per share for a total of NT\$123,045,000. The fair value of stock option is 67.35 per share, and salary expense along with capital surplus were recognized at NT\$ 23,236,000.

In accordance with the Securities and Exchange Act, treasury stocks held by the Company cannot be pledged. Rights such as dividend distribution or voting rights are also not possible. The Company's stocks held by the subsidiary are treated as treasury stocks. Except for the Company's cash capital increase and voting rights, the subsidiaries enjoy the same rights as the shareholders.

XXII. Revenue

	<u>2018</u>	<u>2017</u>
Revenue from customer contracts		
Merchandise sales revenue	\$ 4,239,756	\$ 6,853,103
Service revenue	<u>16,700</u>	<u>60,919</u>
	<u>\$ 4,256,456</u>	<u>\$ 6,914,022</u>

(I) Customer Contracts

The merchandise above is sold to major companies in the world based on field of application at fixed contract price.

(II) Contract Balance

	<u>December 31, 2018</u>
Accounts receivable (note 11)	<u>\$ 811,991</u>
Contract liabilities	
Merchandise Sales	<u>\$ 20,909</u>

Changes in contract liabilities are mainly due to timing difference between performance obligations and customer payment.

Contract liabilities from beginning of year recognized as revenue of the period is as follows:

	<u>2018</u>
<u>Contract liabilities from</u>	
<u>beginning of year</u>	
Merchandise sales	<u>\$ 3,221</u>

(III) Breakdown of Revenue from Customer Contracts

For more information on revenue breakdown, please refer to note 8.

### XXIII. Net Profit

(I)	Other Income		
		<u>2018</u>	<u>2017</u>
	Rent revenue	\$ 784	\$ 202
	Interest revenue	<u>13,017</u>	<u>3,992</u>
		<u>\$ 13,801</u>	<u>\$ 4,194</u>
(II)	Other Gains and Losses		
		<u>2018</u>	<u>2017</u>
	Gains (losses) from disposal of financial assets		
	Loss from disposal of available-for-sale financial assets	\$ -	(\$293,489)
	Gains (losses) from financial assets and liabilities		
	Financial liabilities held for trade	-	12,788
	Financial assets forcibly measured at FVTPL	6,728	-
	Net gains from foreign exchange	16,676	12,580
	Gains from disposal of property, plant and equipment	200	-
	Others	<u>13,990</u>	<u>26,862</u>
		<u>\$ 37,594</u>	<u>(\$241,259)</u>
(III)	Financial Costs		
		<u>2018</u>	<u>2017</u>
	Interest from bank loans	\$ 35,213	\$ 35,976
	Imputed interests from bonds payable	<u>182,126</u>	<u>141,072</u>
		<u>\$217,339</u>	<u>\$177,048</u>
(IV)	Depreciation and Amortization Expense		
		<u>2018</u>	<u>2017</u>
	Property, plant and equipment	\$ 14,450	\$ 15,332
	Amortization of intangible assets	<u>1,785</u>	<u>1,511</u>
		<u>\$ 16,235</u>	<u>\$ 16,843</u>
	Depreciation expense summarized by functions		
	Operating cost	\$ 1,105	\$ 2,504
	Operating expense	<u>13,345</u>	<u>12,828</u>
		<u>\$ 14,450</u>	<u>\$ 15,332</u>
	Amortized expense summarized by functions		
	Operating cost	\$ 68	\$ 70
	Operating expense	<u>1,717</u>	<u>1,441</u>
		<u>\$ 1,785</u>	<u>\$ 1,511</u>



## Employee Benefit Expense

	<u>2018</u>	<u>2017</u>
Post-employment benefits		
Defined contribution plans	\$ 8,677	\$ 7,620
Defined benefit plans	( 9)	( 7)
Salaries, incentives, and bonuses	203,314	277,579
Other employee benefits	<u>28,050</u>	<u>29,815</u>
	<u>\$240,032</u>	<u>\$315,007</u>
Summarized by functions		
Operating cost	\$ 18,870	\$ 22,661
Operating expense	<u>221,162</u>	<u>292,346</u>
	<u>\$240,032</u>	<u>\$315,007</u>

### (V) Remuneration for Employees, Directors, and Supervisors

Based on the Company's article of incorporation, the year's pre-tax profit shall be more than 2% of employee remuneration and less than 3% of director and supervisor remuneration prior to their bonus deduction. Remunerations for employees, directors and supervisors for 2017 and 2018 were resolved by the board of directors on March 27, 2019 and March 30, 2018, respectively.

#### Estimated ratio

	<u>2018</u>	<u>2017</u>
Remunerations for employees	3.0%	4.1%
Remunerations for directors and supervisors	0.3%	0.2%

#### Amount

	<u>2018</u>	<u>2017</u>
	<u>Cash</u>	<u>Cash</u>
Remunerations for employees	\$ 33,116	\$ 50,000
Remunerations for directors and supervisors	3,060	2,901

In case of changes in amount after publication of annual individual financial statements, accounting estimates will be used and the changes will be included in statements the year after.

Actual remunerations for employees, directors, and supervisors in 2017 and 2016 were consistent with amounts recognized in the individual financial statements.

Please refer to "Market Observation Post System" of Taiwan Stock Exchange for information on the Company's resolutions on remunerations for employees, directors, and supervisors.

### (VI) Gains and Losses from Currency Exchange

	<u>2018</u>	<u>2017</u>
Gains from currency exchange	\$ 89,965	\$127,167
Losses from currency exchange	( 73,289)	( 114,587)
Net profit	<u>\$ 16,676</u>	<u>\$ 12,580</u>

#### XXIV. Income tax

(I) Main composition of income tax expense recognized in loss and profit	<u>2018</u>	<u>2017</u>
Current income tax		
Incurred in current period	\$ 25,080	\$ 68,765
Adjustments from prior years	10,944	( 1 )
Deferred income tax		
Incurred in current period	( 27,662 )	( 25,688 )
Changes in tax rate	( <u>6,307</u> )	<u>-</u>
Income tax expense recognized in loss and profit	<u>\$ 2,055</u>	<u>\$ 43,076</u>

Reconciliation between accounting income and income tax expenses is as follows:

	<u>2018</u>	<u>2017</u>
Pre-tax profit	<u>\$ 1,110,172</u>	<u>\$ 1,126,323</u>
Income tax expense of pre-tax profit at statutory rate	\$ 222,034	\$ 191,475
Items to be decreased when determining taxable income	( 124,987 )	( 49,523 )
Surtax on unappropriated retained earnings	-	12,265
Unrecognized temporary differences	( 99,629 )	( 111,140 )
Changes in tax rate	( 6,307 )	-
Income tax expense from previous year adjusted for current period	<u>10,944</u>	<u>( 1 )</u>
Income tax expense recognized in loss and profit	<u>\$ 2,055</u>	<u>\$ 43,076</u>

The tax rate applicable to the Company in 2017 is 17%. Based on amendments to ROC income tax laws in February 2018, the business income tax rate was adjusted from 17% to 20% and came into effect in 2018. In addition, the tax rate applicable to undistributed earnings for 2018 will decrease from 10% to 5%.

As shareholders meeting on distribution of earnings in 2019 is still uncertain, potential income tax consequences from 5% extra income tax on undistributed earnings of 2018 cannot be reliably determined yet.

(II) Income Tax Recognized in Other Comprehensive Income	<u>2018</u>	<u>2017</u>
<u>Deferred income tax</u>		
Arising from current year		
– Remeasurement of defined benefit plans	<u>\$ 2</u>	<u>\$ 31</u>
Income tax recognized in other comprehensive income	<u>\$ 2</u>	<u>\$ 31</u>

(III) Deferred Income Tax Assets and Liabilities

Changes in deferred income tax assets and liabilities are as follows:

2018

	Balance from beginning of year	Recognized in loss and profit	Recognized in other comprehensive income	Balance at end of year
<u>Deferred income tax</u>				
<u>assets</u>				
Unrealized interest expense	\$ -	\$ 32,000	\$ -	\$ 32,000
Allowance for inventory write-down	24,961	( 2,490 )	-	22,471
Unrealized sales loss	5,048	891	-	5,939
Others	5,733	3,568	-	9,301
	<u>\$ 35,742</u>	<u>\$ 33,969</u>	<u>\$ -</u>	<u>\$ 69,711</u>
<u>Deferred income tax</u>				
<u>liabilities</u>				
Defined benefit retirement plan	\$ 616	\$ -	\$ 2	\$ 618
Gains from unrealized currency exchange	-	-	-	-
	<u>\$ 616</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 618</u>

2017

	Balance from beginning of year	Recognized in loss and profit	Recognized in other comprehensive income	Balance at end of year
<u>Deferred income tax</u>				
<u>assets</u>				
Allowance for inventory write-down	\$ 7,009	\$ 17,952	\$ -	\$ 24,961
Unrealized sales loss	-	5,048	-	5,048
Others	3,653	2,080	-	5,733
	<u>\$ 10,662</u>	<u>\$ 25,080</u>	<u>\$ -</u>	<u>\$ 35,742</u>
<u>Deferred income tax</u>				
<u>liabilities</u>				
Defined benefit retirement plan	\$ 585	\$ -	\$ 31	\$ 616
Gains from unrealized currency exchange	608	( 608 )	-	-
	<u>\$ 1,193</u>	<u>( \$ 608 )</u>	<u>\$ 31</u>	<u>\$ 616</u>

(IV) Summarized Amount of Temporary Differences in Unrecognized Deferred Income Tax Liabilities Related to Investments

As of December 31, 2017 and 2018, taxable temporary differences in unrecognized deferred income tax liabilities related to investment subsidiaries are NT\$244,304,000 and NT\$133,860,000 respectively.

(V) Income Tax Approval Status

The Company's filing of business income tax settlement up to 2015 was approved by tax authority.

XXV. Earnings per Share

Weighted average of ordinary shares and earnings used for calculating earnings per share (EPS) are as follows:

Net profit of the year

	2018	2017
Net profit of the year	\$1,108,117	\$ 1,083,247
Dilutive effects of potential ordinary shares:		
Post-tax interests from convertible corporate bonds	<u>145,701</u>	<u>117,090</u>
Net profit used for calculating diluted earnings per share	<u>\$ 1,253,818</u>	<u>\$ 1,200,337</u>

Unit: thousand shares

	2018	2017
Weighted average of ordinary shares used for calculating basic earnings per share	76,686	75,838
Dilutive effects of potential ordinary shares:		
Corporate bonds	16,396	17,233
Employee remunerations	<u>161</u>	<u>122</u>
Weighted average of ordinary shares used for calculating dilutive earnings per share	<u>93,243</u>	<u>93,193</u>

If the Company chooses to offer employees cash or stock as remunerations, while calculating diluted earnings per share and assuming bonuses in stocks, dilutive potential ordinary shares will include weighted average of outstanding shares in its calculation of diluted earnings per share. While determining diluted earnings per share before distributing shares to employees as remunerations in the following year, dilutive effects of such potential ordinary shares should still be considered.

XXVI. Acquisition of Subsidiaries - Acquired Control

For details on acquisition of subsidiaries, please refer to note 30 in the Company's 2018 consolidated financial statements.

## XXVII. Non-Cash Transactions

The Company has converted the convertible corporate bonds of 2017 and 2018 into capital stock and surplus, with total effects of NT\$ 423,638,000 and NT\$71,785,000 respectively.

## XXVIII. Operating Lease Agreements

Office equipment and cars leased by the Company will expire in the end of October 2021 and can be renewed at that time.

Total future minimum payment for operating leases that cannot be annulled is as follows:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
No more than 1 year	\$ 73	\$ 1,133
1 - 5 years	121	1,405
More than 5 years	-	-
	<u>\$ 194</u>	<u>\$ 2,538</u>

Lease payments recognized as expenses are as follows:

	<u>2018</u>	<u>2017</u>
Minimum lease payments	<u>\$ 623</u>	<u>\$ 862</u>

## XXIX. Capital Risk Management

Based on operating characteristics of current industry and future company development, along with elements such as external changes, the Company has planned for future working capital and dividend expense to ensure its continuing operation and optimal capital structure. This way, shareholder return can be maximized and shareholder value will improve in the long run.

To maintain or adjust capital structure, the Company may adjust dividend amounts paid to shareholders or issue new shares. In addition, the Company does not need to comply with other external capital requirements.

## XXX. Financial Instruments

(I) Fair value information - financial instruments not measured at fair value

Except in the following table, management from the Company agrees that the carrying amount of assets and liabilities measured at fair value is close to the real fair value.

	<u>December 31, 2018</u>		<u>December 31, 2017</u>	
	<u>Book value</u>	<u>Fair value</u>	<u>Book value</u>	<u>Fair value</u>
<u>Financial liabilities</u>				
Financial liabilities at amortized cost:				
– Convertible corporate bonds	<u>\$ 7,342,766</u>	<u>\$ 7,416,674</u>	<u>\$ 7,584,544</u>	<u>\$ 7,928,127</u>

The above is listed corporate bonds payable, which has market transaction price that serves as reference and used as fair value (level 1).

(II) Fair value information - financial instruments measured at fair value on recurring basis

1. Fair value levels

December 31, 2018

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial liabilities</u> <u>measured at fair</u> <u>value through profit</u> <u>and loss</u>				
Derivatives	\$ -	\$ 11,743	\$ -	\$ 11,743

December 31, 2017

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Available-for-sale</u> <u>financial assets</u>				
Fund beneficiary voucher	\$ 1,351,423	\$ -	\$ -	\$ 1,351,423
<u>Financial liabilities</u> <u>measured at fair</u> <u>value through profit</u> <u>and loss</u>				
Derivatives	\$ -	\$ 4,053	\$ -	\$ 4,053

There was no transfer of fair value measurement between level 1 and 2 for the years 2017 and 2018.

2. Valuation technique and input measure at Level 2 fair value

<u>Classification of</u> <u>financial instruments</u>	<u>Valuation technique and input</u>
Derivatives – repurchased and redeemed options of convertible corporate bonds	Using binary tree model for convertible corporate bonds, the assessment was carried out based on conversion price fluctuation, risk free rate, risk discount rate and remaining life.

(III) Classification of financial instruments

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
<u>Financial assets</u>		
Loans and receivables (note 1)	\$ -	\$ 1,706,222
Available-for-sale financial assets	-	1,351,423
Financial assets measured at amortized cost (note 2)	1,210,869	-
<u>Financial liabilities</u>		
Fair value measured through loss and profit (held for trading)	\$ 11,743	\$ 4,053
Measured at amortized cost (note 3)	13,490,983	9,083,524

Note 1: balance includes loans and receivables measured at amortized cost, such as cash and cash equivalents, debt instrument investment in non-active markets, notes receivable, accounts receivable, other receivables (excluding tax refund - operating tax), and refundable deposits.

Note 2: balance includes financial assets measured at amortized cost, such as cash and cash equivalents, debt instrument investments, notes receivable, accounts receivable, and other receivables.

Note 3: balance includes financial liabilities measured at amortized cost, such as long-term and short-term loans, accounts payable, other payables (excluding salary payables and bonuses), corporate bonds payable and guarantee deposits.

#### (IV) Objectives and Policies of Financial Risk Management

The Company's main financial instruments include equity and debt instrument investments, accounts receivable, accounts payable, corporate bonds payable and bank loans. The financial management department serves each operating unit, coordinating operations in domestic and foreign financial markets. Financial risks associated with operations of the Company is managed through internal risk reporting based on risk levels and analysis. These risks include market risks (foreign exchange rates, interest rates and other price risks), credit risk and liquidity risk.

##### 1. Market Risks

Due to the Company's operating activities, most financial risks undertaken by the Company are foreign exchange risks (see (1) below), and interest rate risks (see (2) below).

Management and measurement of market risks from financial instruments and risk exposure of the Company remain unchanged.

##### (1) Exchange Rate Risks

The Company undertakes product sales and purchases in foreign currencies, and are exposed to risks of exchange rate fluctuation.

Please see note 34 for details on carrying amount of non-functional monetary assets and monetary liabilities on balance sheet date.

##### Sensitivity Analysis

The Company is mostly affected by exchange rate fluctuation of the USD.

The following table is a sensitivity analysis of the Company regarding the impact of 1% change in NTD (functional currency) against exchange rate of each foreign currency. A sensitivity rate of 1% is used internally when reporting to management on exchange rate risks. It represents management's assessment on reasonably possible scope of foreign exchange rates. The sensitivity analysis only includes outstanding foreign currency, and adjusts their ending conversion with 1% exchange fluctuation. Amounts in the table below indicates decrease of pre-tax net profit when NTD strengthens by 1% against each currency. When NTD weakens by 1% against relevant foreign currency, the effects on pre-tax net profit will be the amount's positive value.

	Effects from USD	
	2018	2017
Loss and Profit	(\$ 5,092) (i)	(\$ 18,778) (i)

- (i) Mainly derived from net asset components of cash, receivables, accounts receivable and short-term loans denominated in USD that are outstanding on balance sheet date and have not been hedged by cash flows.

The Company's sensitivity to currency exchange rate decreased in the current period, due to decrease in fund investment denominated in USD.

(2) Interest Rate Risks

The Company also holds bank deposits and borrowed funds with fixed and variable interest rates; therefore, interest rate exposure.

Carrying amount with interest rate exposure from the Company's financial assets and liabilities on balance sheet date is as follows:

	December 31, 2018	December 31, 2017
Interest rate risk with fair value		
– Financial liabilities	\$ 7,342,766	\$ 7,584,544
Interest rate risk with cash flows		
– Financial assets	369,835	383,263
– Financial liabilities	5,330,000	250,000

The Company's interest rate exposure to financial assets and liabilities are explained in detail in the note on management of current liquidity risk.

Sensitivity analysis

The following sensitivity analysis is based on interest rate exposure of non-derivatives on balance sheet date. For assets and liabilities with floating rates, the analysis assumes their outstanding amounts on balance sheet date to be in external circulation throughout reporting period. The fluctuation rate used by the Company for internal management reporting is a 1% increase or decrease of the interest rate. It is also the management's assessment on reasonable scope of change in interest rates.

If interest rate is increased/decreased by 1% and all other variables are held constant, the Company's net profit before tax for 2018 would increase/decrease by NT\$49,602,000, due to net position of the Company's in bank deposits and loans with floating interest rates.

If interest rate is increased/decreased by 1% and all other variables are held constant, the Company's net profit before tax for 2017 would increase/decrease by NT\$1,333,000, due to net position of the Company's in bank deposits and loans with floating interest rates.

The Company's current increase in interest rate sensitivity is mainly due to the increase in bank loans with floating rates.



### (3) Other Price Risks

The Company has equity price exposure arising from the holding of domestic funds. The Company has appointed a special team for monitoring price risk and assessing moment of increasing hedging positions of hedged risks.

#### Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risk at the balance sheet date.

If equity price is increased/decreased by 1%, the Company's other comprehensive income before tax for 2017 would increase/decrease by NT\$13,514,000, due to changes in fair value of available-for-sale financial assets.

## 2. Credit Risks

Credit risks refer to risks that cause financial loss to the Company due to borrower's default in honoring contractual obligations. As of balance sheet date, the Company's largest credit risk exposure that could lead to financial loss is mainly from the counterparty's failure to fulfill obligation and the Company's guarantee.

- (1) carrying amount of financial assets recognized in individual balance sheet.
- (2) Maximum possible payment amount from the Company's financial guarantees are not taken into account.

To mitigate credit risk, management of the Company has appointed a special team to determine credit limit, credit approval and other monitoring procedures as to ensure appropriate actions for the recovery of overdue receivables. The Company will also review recoverable amount of receivable on balance sheet date to ensure unrecoverable receivables are listed in impairment loss. Accordingly, management of the Company considers its credit risks to be significantly reduced.

Except for accounts receivable from customers taking up more than 5% of total monetary assets, the Company has no significant credit risks from any single counterparty or group of counterparties with similar characteristics. When counterparties are associates, the Company defines them to be transaction counterparties with similar characteristics. As of December 31, 2018 and 2017, amounts in accounts receivable from customers taking up more than 5% of total monetary assets are NT\$599,057,000 and NT\$903,404,000 respectively. Lastly, the concentration of credit risks between the Company and other counterparties has not exceeded 5% of total monetary assets.

## 3. Liquidity Risks

The Company manages and maintains sufficient position in cash and cash equivalents to support the Company's operations and mitigate effects of fluctuations in cash flows. Management of the Company supervises use of financing credit from banks and ensures compliance with terms of loan agreements.

Bank notes are a significant source of liquidity for the Company. The Company has unused financing amount, please refer to financing amount described below (2).

(1) Table of liquidity and interest rate risks for non-derivative financial liabilities

Remaining contractual maturity analysis for non-derivative financial liabilities is prepared based on undiscounted cash flows (including principal and estimated interest) of financial liabilities based on earliest possible repayment date of the Company.

For cash flows of payment with floating rates, its undiscounted interest amount is derived from interest rates on balance sheet date.

December 31, 2018

	Within 6 months (inclusive)	Over 6 months Up to 1 year	Over 1 year
<u>Non-derivative financial liabilities</u>			
Non-interest-bearing liabilities	\$ 851,475	\$	\$
Instruments with floating interest rates	5,357,983		
Instruments with fixed interest rates	7,342,766		

December 31, 2017

	Within 6 months (inclusive)	Over 6 months Up to 1 year	Over 1 year
<u>Non-derivative financial liabilities</u>			
Non-interest-bearing liabilities	\$ 1,329,469	\$	\$
Instruments with floating interest rates	251,250		
Instruments with fixed interest rates	-		7,584,544

(2) Financing credit

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Unsecured bank notes		
– amount used	\$ 5,330,000	\$ 250,000
- amount unused	<u>4,070,000</u>	<u>4,700,000</u>
	<u>\$ 9,400,000</u>	<u>\$ 4,950,000</u>

### XXXI. Related-Party Transactions

In addition to those disclosed in other notes, transactions between the Company and other related parties are as follows:

(I)	Related party name and relationships		
	<u>Name of related party</u>	<u>Relationship with the Company</u>	
	Hon Hai Precision Industry Co., Ltd.	Associates	
	Hong Fujin Precision Industry (Shenzhen) Co., Ltd.	Associates	
	Futaihua Industry (Shenzhen) Co., Ltd.	Associates	
	Foxnum Technology Co., Ltd.	Associates	
	Foxconn CZ s.r.o.	Associates	
	eCMMS Precision Singapore Pte Ltd.	Associates	
	Foxconn Technology Co., Ltd.	Associates	
	Innolux Corporation	Associates	
	Tekcon Electronics Corporation	Associates	
	Futaihua Precision Electronics (Jincheng) Co., Ltd.	Associates	
	Yuzhan Precision Technology (Shenzhen) Co., Ltd.	Associates	
	G-Tech Optoelectronics Corp.	Associates	
	Foxconn Interconnect Technology Limited Taiwan Branch (Cayman)	Associates	
	Sys-P Co., Ltd.	Subsidiary	
	Goldtek Technology Co., Ltd.	Subsidiary	
	CASO, Inc.	Subsidiary	
	Kontron Europe GmbH	Subsidiary (converted from associate at end of June 2017)	
	Kontron Canada Inc.	Subsidiary (converted from associate at end of June 2017)	
	Kontron Asia Pacific Design Sdn.Bhd	Subsidiary (converted from associate at end of June 2017)	
	Kontron America Inc.	Subsidiary (converted from associate at end of June 2017)	
(II)	Operating Revenue		
	<u>Item</u>	<u>Related party type / name</u>	<u>2018</u>
	Sales revenue	<u>Subsidiary</u>	<u>2017</u>
		Kontron Canada Inc.	\$ 1,839,301
		Kontron Europe GmbH	1,113,111
		Others	<u>351,994</u>
			<u>2,066,731</u>
		<u>Associates</u>	
		Others	<u>19,359</u>
			<u>\$ 3,323,765</u>
			<u>\$ 2,088,358</u>

Selling price between the Company and related parties is determined based on agreement, and collection policy is bimonthly payment at end of month.

(III)	Purchase and processing fees		
	<u>Related party type / name</u>	<u>2018</u>	<u>2017</u>
	Subsidiary	\$ 93	\$ 455
	Associates		
	Hon Hai Precision Industry Co., Ltd.	2,125,062	4,054,142
	Others	<u>7,701</u>	<u>1,305</u>
		<u>\$ 2,132,856</u>	<u>\$ 4,055,902</u>

Selling price between the Company and related parties is determined based on agreement, and collection policy is (bi)monthly payment at end of month.

(IV)	Receivables from related parties (excluding loans)			
	<u>Item</u>	<u>Related party type / name</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
	Accounts receivable - related parties	<u>Subsidiary</u>		
		Kontron Canada Inc.	\$ 134,552	\$ 310,771
		Kontron Europe GmbH	150,317	196,498
		Kontron America Inc.	26,685	75,071
		Others	<u>1,392</u>	<u>5,609</u>
			<u>312,946</u>	<u>587,949</u>
		<u>Associates</u>	<u>4,819</u>	<u>4,824</u>
			<u>\$ 317,765</u>	<u>\$ 592,773</u>
	Other receivables - relationship	<u>Subsidiary</u>		
	Party	Goldtek Technology Co., Ltd.	\$ 1,161	\$ 4,200
		Kontron Europe GmbH	1,812	7,504
		Kontron America Inc.	2,616	-
		Others	<u>1,826</u>	<u>2,708</u>
			<u>7,415</u>	<u>14,412</u>
		Associates	<u>108</u>	<u>-</u>
			<u>\$ 7,523</u>	<u>\$ 14,412</u>

Uncollected guarantees from outstanding accounts receivable of related parties  
Unlisted bad debt expense in accounts receivable from related parties in 2017 and 2018

## (V) Accounts payable to related parties (excluding loans)

Item	Related party type / name	December 31, 2018	December 31, 2017
Accounts payable	<u>Associates</u>		
	Hon Hai Precision Industry Co., Ltd.	\$ 238,167	\$ 746,395
	Others	<u>11,955</u>	<u>-</u>
		<u>\$ 250,121</u>	<u>\$ 746,395</u>
Expense payable (listed in	Subsidiary	\$ 1,944	\$ -
Other payables	Associates	<u>14,060</u>	<u>18,826</u>
		<u>\$ 16,004</u>	<u>\$ 18,826</u>

Outstanding balance of accounts payable to related parties is not guaranteed and will be settled in cash.

## (VI) Other Related Party Transactions

Item	Related party type / name	December 31, 2018	December 31, 2017
Manufacturing expense	Subsidiary	\$ -	\$ 62
	Associates	<u>21,608</u>	<u>8,870</u>
		<u>\$ 21,608</u>	<u>\$ 8,932</u>
Operating expense	Subsidiary	\$ 8,134	\$ -
	Associates	16,923	20,134
	Others	<u>-</u>	<u>10</u>
		<u>\$ 25,057</u>	<u>\$ 20,144</u>

Capital increase by related parties

Cash capital increase for Ennoconn Investment Holdings Co., Ltd. in 2017 and 2018 was NT\$440,234,000 and NT\$2,573,998,000 respectively, with shareholding ratio maintained at 100%.

Cash capital increase for Ennoconn International Investment Co., Ltd. in 2017 and 2018 was NT\$4,960,000 and NT\$200,000 respectively, with shareholding ratio maintained at 100%.

Cash capital increase for Innovative Systems Integration Ltd. in 2017 and 2018 was NT\$857,270,000 and NT\$452,028,000 respectively, with shareholding ratio maintained at 100%.

## (VII) Endorsements for Others

	2018	2017
Thecus Technology Corp.	\$ 100,000	\$ 100,000
Dexatek Technology Ltd.	254,144	205,000
HighAim Technology Inc.	92,145	-
Kunshan Mechanical Machinery Co., Ltd.	<u>399,295</u>	<u>-</u>
	<u>\$ 845,584</u>	<u>\$ 305,000</u>

(VIII) Remuneration of key management personnel

	<u>2018</u>	<u>2017</u>
Short-term employee benefits	\$ 36,729	\$ 35,099
Post-employment benefits	350	180
Other long-term employee benefits	-	-
Termination benefits	-	-
Share-based payment	-	-
	<u>\$ 37,079</u>	<u>\$ 35,279</u>

Remuneration for directors and other key members of management is determined by the remuneration committee based on individual performance and market trends.

XXXII. Pledged Assets

The following are the Company's assets used as deposits for importing raw materials and customs duty:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Pledged fixed deposits (financial assets / debt investments in non-active market measured and recognized at amortized cost)	<u>\$ 2,156</u>	<u>\$ 2,136</u>

XXXIII. Significant Subsequent Events

The Company has issued NT\$60,000,000 in cash capital increase with a face value of NT\$10 per share at 6,000 shares. The Company's shares are fully paid as of March 13, 2019, with a subscription price of NT\$220 per share and paid-up total of NT\$220,000,000. The same date is used as base date for capital increase.

XXXIV. Information on Foreign Currency Assets and Liabilities with Material Effects

The following information is in foreign currency other than the Company's functional currency. The disclosed exchange rate refers to exchange rate between these foreign currencies and the functional currency. Foreign currency assets and liabilities with material effects are as follows:

December 31, 2018

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>carrying amount</u>
<u>Foreign currency assets</u>			
<u>Monetary Items</u>			
US Dollar	\$ 40,190	30.715	\$ 1,234,436
<u>Non-monetary items</u>			
Subsidiary accounted for using equity method			
Hong Kong Dollar	371,777	3.921	1,457,740
US Dollar	246,234	30.72	7,563,092
<u>Foreign currency liabilities</u>			
<u>Monetary Items</u>			
US Dollar	23,611	30.715	725,212

December 31, 2017

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>carrying amount</u>
<u>Foreign currency assets</u>			
<u>Monetary Items</u>			
US Dollar	\$ 102,565	29.76	\$ 3,052,334
<u>Non-monetary items</u>			
Subsidiary accounted for using equity method			
Hong Kong Dollar	144,017	3.807	548,271
US Dollar	268,050	29.76	7,977,171
<u>Foreign currency liabilities</u>			
<u>Monetary Items</u>			
US Dollar	39,468	29.76	1,174,568

Foreign exchange gains and losses with material effect are as follows:

Foreign currency	2018		2017	
	<u>Exchange rate</u>	<u>Net exchange gains and losses</u>	<u>Exchange rate</u>	<u>Net exchange gains and losses</u>
US Dollar	30.715 (USD:NTD)	( \$ 770 )	29.76 (USD:NTD)	( \$ 4,724 )
Others		<u>25</u>		<u>( 66 )</u>
		<u>( \$ 745 )</u>		<u>( \$ 4,790 )</u>

#### XXXV. Supplementary Disclosures

- (I) Material transactions and
- (II) Related information on reinvestments
  1. Financing provided. (Table 1)
  2. Endorsement for others (Table 2)
  3. Marketable securities held at end of term (excluding investment subsidiaries, associates, and joint venture control) (Table 3)
  4. Accumulated purchase or disposal of individual marketable securities in excess of NT\$300 million or 20% of paid-in capital (Table 4)
  5. Acquisition of real estate at price in excess of NT\$300 million or 20% of the paid-in capital (None)
  6. Disposal of real estate at price in excess of NT\$300 million or 20% of the paid-in capital (None)
  7. Purchases and sales with related parties in excess of NT\$100 million or 20% of paid-in capital (Table 5)
  8. Amount of receivable from related parties in excess of NT\$100 million or 20% of paid-in capital (Table 6)
  9. Derivative financial instrument transactions (note 7 and 30)
  10. Investee information (Table 7)

(III) Information on Investments in Mainland China:

1. Investee names, business items, paid-in capital, investment methods, capital transaction conditions, shareholding ratios, current and recognized investment loss and profit, end-of-term investment carrying amount, investment income repatriation and investment limits in Mainland China. (Table 8)
2. Material transactions with Mainland China investee companies direct or indirectly through third region, their prices, terms of payment, unrealized gains and losses: (note 31 and table 1, 2, 5, 6)
  - (1) Purchase amount and percentage, ending balance and percentage of payables.
  - (2) Sales amount and percentage, ending balance and percentage of receivables.
  - (3) Property transaction amount and resulting gain or loss.
  - (4) Ending balance of endorsement, guarantee or collateral provided and its purposes.
  - (5) Maximum balance, ending balance, interest rate interval and total amount of current interest of financing.
  - (6) Other transactions having significant effect on current loss and profit or financial status, such as providing or receiving of services.



Ennococon Corporation and Subsidiaries  
A. Loans to others  
January 1 to December 31, 2018

Table 1

Unit: NTS 1,000

Number (Note 1)	Grantor	Borrower	Transaction	Related party	Highest balance in the current period (Note 3)	Ending balance (Note 3)	Actual expenditure	Interest rate range %	Capital loans nature (Note 2)	Transaction amount	Reason for short-term financing	Recognition allowance Bad debt amount	Collateral		Individual object Limit on loans	Total limit on loans	Note
													Name	Value			
1	Caswell Inc.	Beijing Caswell Ltd.	Other accounts receivable - related parties	Yes	\$ 15,358	\$ 15,358	\$ 15,358	2	1	\$ 118,983	Not applicable	\$ -	None	\$	\$ 118,983	\$ 490,935	
2	AIS Cayman Technology combined Company	American Industrial Systems	Other receivables	Yes	5,897		-	-	2	-	Purchase of materials	-	None		100,830	100,830	
3	S&T AG, Austria	S&T embedded GmbH, Germany	Other accounts receivable - related parties	Yes	103,174	103,174	-	3-5	2	-	Operating turnover	-	None		12,530,075	12,530,075	
3	S&T AG, Austria	S&T Bulgaria EOOD, Bulgaria	Other accounts receivable - related parties	Yes	21,120		-	3	2	-	Operating turnover	-	None		12,530,075	12,530,075	
3	S&T AG, Austria	S&T ICB d.o.o., Serbia	Other accounts receivable - related parties	Yes	31,680	31,680	-	3	2	-	Operating turnover	-	None		12,530,075	12,530,075	
3	S&T AG, Austria	S&T Crna Gora d.o.o., Montenegro	Other accounts receivable - related parties	Yes	458	458	153	3	2	-	Operating turnover	-	None		12,530,075	12,530,075	
3	S&T AG, Austria	Dorobet Ltd., Malta	Other accounts receivable - related parties	Yes	14,080	14,080	12,320	5	2	-	Operating turnover	-	None		12,530,075	12,530,075	
3	S&T AG, Austria	S&T Services Bel LLC	Other accounts receivable - related parties	Yes	17,609	17,600	15,840	3	2	-	Operating turnover	-	None		12,530,075	12,530,075	
3	S&T AG, Austria	S&T Deutschland GmbH, Germany	Other accounts receivable - related parties	Yes	136,607	127,770	41,536	3	2	-	Operating turnover	-	None		12,530,075	12,530,075	
3	S&T AG, Austria	S&T Consulting Hungary Kft., Hungary	Other accounts receivable - related parties	Yes	100,320	73,920	59,136	3	2	-	Operating turnover	-	None		12,530,075	12,530,075	
3	S&T AG, Austria	Kontron Austria GmbH	Other accounts receivable - related parties	Yes	170,119	141,504	139,885	2-3	2	-	Operating turnover	-	None		12,530,075	12,530,075	
3	S&T AG, Austria	S&T CEE Holding s.r.o., Slowakei	Other accounts receivable - related parties	Yes	552,401	528,000	510,400	5	2	-	Operating turnover	-	None		12,530,075	12,530,075	
3	S&T AG, Austria	Kontron Modular Computers S.A.S.	Other accounts receivable - related parties	Yes	106,410	105,600	105,600	3	2	-	Operating turnover	-	None		5,012,030	12,530,075	
3	S&T AG, Austria	RTSoft, AO, Russia	Other accounts receivable - related parties	Yes	35,452	34,690	34,696	4-5	2	-	Operating turnover	-	None		5,012,030	12,530,075	
3	S&T AG, Austria	S&T Romania S.R.L., Romania	Other accounts receivable - related parties	Yes	98,240	90,957	90,957	3	2	-	Operating turnover	-	None		5,012,030	12,530,075	
3	S&T AG, Austria	S&T CZ S.r.o. Czech Republic	Other accounts receivable - related parties	Yes	28,188	28,160	-	3	2	-	Operating turnover	-	None		5,012,030	12,530,075	
3	S&T AG, Austria	funworld gmbh, Austria	Other long-term receivables - other investments	No	14,080	13,370	13,376	3-4	2	-	Operating turnover	-	None		5,012,030	12,530,075	

(Continued on the next page)

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Number (Note 1)	Grantor	Borrower	Transaction	Related party	Highest balance in the current period (Note 3)	Ending balance (Note 3)	Actual expenditure	Interest rate range %	Capital loans nature (Note 2)	Transaction amount	Reason for short-term financing	Recognition allowance Bad debt amount	Collateral		Individual object Limit on loans	Capital loans on loans	Note
													Name	Value			
3	S&T AG, Austria	S&T Serbia d.o.o.	Other accounts receivable - related parties	Yes	\$ 31,875	\$ 31,680	\$ 31,680	3	2	\$ -	Operating turnover	\$ -	None	\$ -	\$ 12,530,075	\$ 12,530,075	
3	S&T AG, Austria	S&T Smart Energy GebH	Other accounts receivable - related parties	Yes	24,640	-	-	3	2	-	Operating turnover	-	None	-	12,530,075	12,530,075	
4	S&T Mazedonien	S&T AG, Austria	Other accounts receivable - related parties	Yes	38,914	38,720	26,400	1	2	-	Operating turnover	-	None	-	127,439	127,439	
7	Kontron S&T AG	Kontron ECT design s.r.o.	Other accounts receivable - related parties	Yes	7,601	-	-	-	2	-	Operating turnover	-	None	-	1,785,455	4,463,637	
7	Kontron S&T AG	Kontron Modular Computers S.A.S.	Other accounts receivable - related parties	Yes	70,400	-	-	-	2	-	Operating turnover	-	None	-	1,785,455	4,463,637	
7	Kontron S&T AG	Kontron Technology A/S	Other accounts receivable - related parties	Yes	33,112	33,045	-	2	2	-	Operating turnover	-	None	-	1,785,455	4,463,637	
7	Kontron S&T AG	KONTRON EUROPE GMBH	Other accounts receivable - related parties	Yes	176,000	176,000	-	2	2	-	Operating turnover	-	None	-	1,785,455	4,463,637	
7	Kontron S&T AG	KONTRON AMERICA INC.	Other accounts receivable - related parties	Yes	608,155	608,155	-	4.13	2	-	Operating turnover	-	None	-	1,785,455	4,463,637	
7	Kontron S&T AG	KONTRON ASIA PACIFIC DESIGN SDN. BHD.	Other accounts receivable - related parties	Yes	584,041	584,041	578,787	3.808	2	578	Operating turnover	-	None	-	1,785,455	4,463,637	
8	KONTRON CANADA INC.	Kontron S&T AG	Other accounts receivable - related parties	Yes	301,939	-	-	-	2	-	Operating turnover	-	None	-	566,482	1,416,205	
8	KONTRON CANADA INC.	Inocybe Technologies Inc.	Other long-term receivables - other investments	No	99,922	99,922	-	15	1	-	Not applicable	-	None	-	141,621	1,416,205	
9	KONTRON EUROPE GMBH	Kontron S&T AG	Other accounts receivable - related parties	Yes	2,852,480	1,953,550	1,411,380	1.69-4.61	2	-	Operating turnover	-	None	-	1,813,925	4,534,811	
11	Kontron Technology A/S	Kontron S&T AG	Other accounts receivable - related parties	Yes	24,705	24,222	22,943	2.00-4.61	2	-	Operating turnover	-	None	-	9,573	23,933	
14	Kontron ECT design s.r.o.	Kontron S&T AG	Other accounts receivable - related parties	Yes	2,824	-	-	-	2	-	Operating turnover	-	None	-	7,774	19,433	
15	Goldtek Technology Co., Ltd.	Goldtek Technology Co., Ltd. (Shenzhen)	Other accounts receivable - related parties	Yes	30,715	-	-	As of date of grant TAIFX3+0.5	2	-	Operating turnover	-	None	-	123,592	617,959	
16	Marketech International Corp.	eZoom Information, Inc.	Other receivables	Yes	50,000	50,000	-	4.616	2	-	Operating turnover	-	None	-	2,266,694	2,266,694	
16	Marketech International Corp.	Marketech International Sdn. Bhd.	Other receivables	Yes	55,056	-	-	-	2	-	Operating turnover	-	None	-	2,266,694	2,266,694	
16	Marketech International Corp.	MIC-Tech (Wuxi) Co., Ltd.	Other receivables	Yes	107,503	-	-	-	2	-	Operating turnover	-	None	-	2,266,694	2,266,694	

(Continued on the next page)

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Number (Note 1)	Grantor	Borrower	Transaction	Related party	Highest balance in the current period (Note 3)	Ending balance (Note 3)	Actual expenditure	Interest rate range %	Capital loans nature (Note 2)	Transaction amount	Reason for short-term financing	Recognition allowance Bad debt amount	Collateral		Individual object Limit on loans	Capital loans on loans	Note	
													Name	Value				
17	Shanghai Jiwei Electronic System Engineering Co., Ltd.	Shanghai Chen Kao Engineering Design Co., Ltd.	Other receivables	Yes	\$ 2,109	\$ -	\$ -	-	2	\$ -	Operating turnover	\$ -	-	None	\$ -	\$ 334,194	\$ 334,194	
17	Shanghai Jiwei Electronic System Engineering Co., Ltd.	Fuzhou Jiwei Electronic System Engineering Co., Ltd.	Other receivables	Yes	1,406	1,341	1,341	4.785	2	-	Operating turnover	-	-	None	-	334,194	334,194	
17	Shanghai Jiwei Electronic System Engineering Co., Ltd.	Shanghai Maohua Electron Engineering Technology Limited Company	Other receivables	Yes	58,574	40,247	40,247	4.785	2	-	Operating turnover	-	-	None	-	167,097	334,194	
18	MIC-Tech Ventures Asia Pacific Inc.	Shanghai Jiwei Electronic System Engineering Co., Ltd.	Other receivables	Yes	46,073	-	-	-	2	-	Operating turnover	-	-	None	-	855,000	817,271	
19	Huayou Chemical Industry International Trade (Shanghai) Limited Company	Shanghai Maohua Electron Engineering Technology Limited Company	Other receivables	Yes	18,588	-	-	-	2	-	Operating turnover	-	-	None	-	140,487	280,974	
19	Huayou Chemical Industry International Trade (Shanghai) Limited Company	Nantong Jianrui Optoelectronics Technology Co., Ltd.	Other receivables	Yes	17,097	-	-	-	2	-	Operating turnover	-	-	None	-	140,487	280,974	
19	Huayou Chemical Industry International Trade (Shanghai) Limited Company	Shanghai Fanya Trading Co., Ltd.	Other receivables	Yes	86,115	31,303	31,303	4.785	2	-	Operating turnover	-	-	None	-	280,974	280,974	
20	Marketech Integrated Manufacturing Co., Ltd.	Marketech Integrated Construction Co., Ltd.	Other receivables	Yes	6,191	6,143	6,143	5.000	2	-	Operating turnover	-	-	None	-	142,009	284,018	
21	MIC-TECH VIET NAM CO., LTD.	MARKETECH CO.,LTD	Other receivables	Yes	1,190	-	-	-	2	-	Operating turnover	-	-	None	-	22,049	22,049	

Note 1: (1) Issuer filled in 0.

(2) The investee company is numbered in sequence from 1.

Note 2: The nature of the capital loans and the nature of the funds are as follows:

(1) For business transactions, please fill in 1.

(2) For short-term financing, please fill in 2.

Note 3: Limit to loans is resolved by the Board of Directors.

Ennoconn Corporation and Subsidiaries  
Endorsement/Guarantee for Others  
January 1st to December 31, 2018

Table 2

Unit: Foreign currency/NT\$ thousands

Number	Endorsement/Guarantee Company Name	Endorsed/guaranteed party		A single enterprise Endorsement/ Guarantee Quota	Highest endorsement for the period Guarantee balance	Endorsement at the end of the period Guarantee balance	Actual expenditure	Property-guaranteed Endorsement or guarantee amount	Ratio of accumulated endorsement and guarantee to net worth in the latest financial statements (%)	Endorsement/ Guarantee Highest limit	Parent company to subsidiary Endorsement/Guarantee	Subsidiary to parent company Endorsement/Guarantee	Endorsement / Guarantee for Mainland China	Note
		Company Name	Relationship											
0	Ennoconn Corporation	Ennoconn International Investment Co., Ltd.	Subsidiaries	NT\$9,934,950 (limited by 150% of the Company's net worth)	NT\$1,900,000	New Taiwan Dollars-	New Taiwan Dollars-	\$ -	-	NT\$13,246,600 (limited by 200% of the Company's net worth)	Y	N	N	
0	Ennoconn Corporation	HIGHAIM TECHNOLOGY INC.	Subsidiaries	NT\$9,934,950 (limited by 150% of the Company's net worth)	NT\$92,145	NT\$92,145	New Taiwan Dollars-	-	1.26	NT\$13,246,600 (limited by 200% of the Company's net worth)	Y	N	N	
0	Ennoconn Corporation	HighAim Technology Inc.	Subsidiaries	NT\$9,934,950 (limited by 150% of the Company's net worth)	NT\$399,295	NT\$399,295	NT\$307,150	-	5.46	NT\$13,246,600 (limited by 200% of the Company's net worth)	Y	N	Y	
0	Ennoconn Corporation	Dexatek Technology Ltd.	Subsidiaries	NT\$9,934,950 (limited by 150% of the Company's net worth)	NT\$49,144	NT\$49,144	New Taiwan Dollars-	-	0.67	NT\$13,246,600 (limited by 200% of the Company's net worth)	Y	N	N	
0	Ennoconn Corporation	Thecus Technology Corp.	Subsidiaries	NT\$9,934,950 (limited by 150% of the Company's net worth)	NT\$100,000	NT\$100,000	NT\$100,000	-	1.37	NT\$13,246,600 (limited by 200% of the Company's net worth)	Y	N	N	
0	Ennoconn Corporation	Dexatek Technology Ltd.	Subsidiaries	NT\$9,934,950 (limited by 150% of the Company's net worth)	NT\$205,000	NT\$205,000	NT\$40,000	-	2.8	NT\$13,246,600 (limited by 200% of the Company's net worth)	Y	N	N	
1	S&T AG, Austria	S&T Mold srl	Subsidiaries	NT\$20,575,154 (limited by 150% of the Company's net worth)	EUR 15 NT\$543	Euro-New Taiwan Dollars-	Euro-NTD-	-	-	NT\$27,433,538 (limited by 200% of the Company's net worth)	Y	N	N	
1	S&T AG, Austria	S&T Technologies GmbH	Subsidiaries	NT\$20,575,154 (limited by 150% of the Company's net worth)	Euro 65 NT\$2,288	Euro 65 NT\$2,288	Euro-New Taiwan Dollars-	-	0.02	NT\$27,433,538 (limited by 200% of the Company's net worth)	Y	N	N	
1	S&T AG, Austria	S&T Plus s.r.o.	Subsidiaries	NT\$20,575,154 (limited by 150% of the Company's net worth)	Euro 198 NT\$6,964	Euro 194 NT\$6,842	Euro-New Taiwan Dollars-	-	0.05	NT\$27,433,538 (limited by 200% of the Company's net worth)	Y	N	N	
1	S&T AG, Austria	S&T Albania Sh.p.k	Subsidiaries	NT\$20,575,154 (limited by 150% of the Company's net worth)	Euro 205 NT\$7,216	Euro 205 NT\$7,216	Euro 138 NT\$4,849	-	0.05	NT\$27,433,538 (limited by 200% of the Company's net worth)	Y	N	N	
1	S&T AG, Austria	S&T Services GmbH	Subsidiaries	NT\$20,575,154 (limited by 150% of the Company's net worth)	Euro 5,300 NT\$168,560	Euro 300 NT\$10,560	Euro-New Taiwan Dollars-	-	0.08	NT\$27,433,538 (limited by 200% of the Company's net worth)	Y	N	N	
1	S&T AG, Austria	S&T Deutschland GmbH	Subsidiaries	NT\$20,575,154 (limited by 150% of the Company's net worth)	Euro 600 NT\$21,120	Euro 600 NT\$21,120	Euro 75 NT\$2,633	-	0.15	NT\$27,433,538 (limited by 200% of the Company's net worth)	Y	N	N	
1	S&T AG, Austria	S&T embedded GmbH	Subsidiaries	NT\$20,575,154 (limited by 150% of the Company's net worth)	Euro 1,000 NT\$35,200	Euro-New Taiwan Dollars-	Euro-New Taiwan Dollars-	-	-	NT\$27,433,538 (limited by 200% of the Company's net worth)	Y	N	N	3
1	S&T AG, Austria	Kontron Europe GmbH	Subsidiaries	NT\$20,575,154 (limited by 150% of the Company's net worth)	Euro 1,000 NT\$35,200	Euro 1,000 NT\$35,200	Euro-New Taiwan Dollars-	-	0.26	NT\$27,433,538 (limited by 200% of the Company's net worth)	Y	N	N	
1	S&T AG, Austria	S&T CZ s.r.o.	Subsidiaries	NT\$20,575,154 (limited by 150% of the Company's net worth)	Euro 1,749 NT\$61,577	Euro 1,749 NT\$61,577	Euro-New Taiwan Dollars-	-	0.45	NT\$27,433,538 (limited by 200% of the Company's net worth)	Y	N	N	

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Number	Endorsement/ Guarantee Company Name	Endorsed/guaranteed party		A single enterprise Endorsement/ Guarantee Quota	Highest endorsement for the period Guarantee balance	Endorsement at the end of the period Guarantee balance	Actual expenditure	Property-guaranteed Endorsement or guarantee amount	Ratio of accumulated endorsement and guarantee to net worth in the latest financial statements (%)	Endorsement/ Guarantee Highest limit	Parent company to subsidiary Endorsement / Guarantee	Subsidiary to parent company Endorsement/Guarantee	Endorsement / Guarantee for Mainland China	Note
		Company Name	Relationship											
1	S&T AG, Austria	S&T Slovenija d.d.	Subsidiaries	NT\$20,575,154 (limited by 150% of the Company's net worth)	Euro 2,000 NT\$70,400	Euro 2,000 NT\$70,400	Euro- New Taiwan Dollars-	\$ -	0.51	NT\$27,433,538 (limited by 200% of the Company's net worth)	Y	N	N	
1	S&T AG, Austria	S&T Serbia d.o.o.	Subsidiaries	NT\$20,575,154 (limited by 150% of the Company's net worth)	Euro 4,500 NT\$158,400	Euro- New Taiwan Dollars-	-	-	-	NT\$27,433,538 (limited by 200% of the Company's net worth)	Y	N	N	
1	S&T AG, Austria	S&T Bulgaria e.o.o.d.	Subsidiaries	NT\$20,575,154 (limited by 150% of the Company's net worth)	Euro 3,062 NT\$107,782	Euro 3,037 NT\$106,902	Euro 506 NT\$17,796	-	0.78	NT\$27,433,538 (limited by 200% of the Company's net worth)	Y	N	N	
1	S&T AG, Austria	S&T Smart Energy GmbH	Subsidiaries	NT\$20,575,154 (limited by 150% of the Company's net worth)	Euro 4,200 NT\$147,840	Euro 4,200 NT\$147,840	Euro 323 NT\$11,376	-	1.08	NT\$27,433,538 (limited by 200% of the Company's net worth)	Y	N	N	
1	S&T AG, Austria	S&T Slovakia s.r.o.	Subsidiaries	NT\$20,575,154 (limited by 150% of the Company's net worth)	Euro 4,000 NT\$140,800	Euro 4,000 NT\$140,800	Euro 1,321 NT\$46,483	-	1.03	NT\$27,433,538 (limited by 200% of the Company's net worth)	Y	N	N	
1	S&T AG, Austria	diverse / Factoring CEE	Subsidiaries	NT\$20,575,154 (limited by 150% of the Company's net worth)	Euro 20,000 NT\$704,000	Euro 20,000 NT\$704,000	Euro 4,934 NT\$173,683	-	5.13	NT\$27,433,538 (limited by 200% of the Company's net worth)	Y	N	N	
1	S&T AG, Austria	S&T Poland Sp.z.o.o.	Subsidiaries	NT\$20,575,154 (limited by 150% of the Company's net worth)	Euro 7,125 NT\$250,796	Euro 6,974 NT\$245,501	Euro- New Taiwan Dollars-	-	1.79	NT\$27,433,538 (limited by 200% of the Company's net worth)	Y	N	N	
1	S&T AG, Austria	S&T Services Poland Sp.z.o.o.	Subsidiaries	NT\$20,575,154 (limited by 150% of the Company's net worth)	Euro 9,638 NT\$339,253	Euro 9,299 NT\$327,335	Euro- New Taiwan Dollars-	-	2.39	NT\$27,433,538 (limited by 200% of the Company's net worth)	Y	N	N	
1	S&T AG, Austria	S&T Consulting Hungary Kft.	Subsidiaries	NT\$20,575,154 (limited by 150% of the Company's net worth)	Euro 8,723 NT\$307,060	Euro 8,723 NT\$307,060	Euro 6,224 NT\$219,087	-	2.24	NT\$27,433,538 (limited by 200% of the Company's net worth)	Y	N	N	
1	S&T AG, Austria	Kontron S&T AG	Subsidiaries	NT\$20,575,154 (limited by 150% of the Company's net worth)	Euro 17,000 NT\$598,400	Euro 8,000 NT\$281,600	Euro- New Taiwan Dollars-	-	2.05	NT\$27,433,538 (limited by 200% of the Company's net worth)	Y	N	N	
1	S&T AG, Austria	Kontron America Inc.	Subsidiaries	NT\$20,575,154 (limited by 150% of the Company's net worth)	Euro 17,671 NT\$622,018	Euro 17,467 NT\$614,847	Euro 7,885 NT\$277,555	-	4.48	NT\$27,433,538 (limited by 200% of the Company's net worth)	Y	N	N	
1	S&T AG, Austria	Kontron Austria GmbH	Subsidiaries	NT\$20,575,154 (limited by 150% of the Company's net worth)	Euro 348 NT\$12,264	Euro 250 NT\$8,800	Euro 197 NT\$6,923	-	0.06	NT\$27,433,538 (limited by 200% of the Company's net worth)	Y	N	N	
1	S&T AG, Austria	S&T Romania SRL	Subsidiaries	NT\$20,575,154 (limited by 150% of the Company's net worth)	Euro 6,200 NT\$218,240	Euro 6,200 NT\$218,240	Euro 589 NT\$20,745	-	1.59	NT\$27,433,538 (limited by 200% of the Company's net worth)	Y	N	N	
1	S&T AG, Austria	GADA combined Company ROMANIA SRL	Subsidiaries	NT\$20,575,154 (limited by 150% of the Company's net worth)	Euro 5,480 NT\$192,896	Euro 3,780 NT\$133,056	Euro 204 NT\$7,171	-	0.97	NT\$27,433,538 (limited by 200% of the Company's net worth)	Y	N	N	
1	S&T AG, Austria	BIT IT Service GmbH	Subsidiaries	NT\$20,575,154 (limited by 150% of the Company's net worth)	Euro 2,000 NT\$7,040	Euro- New Taiwan Dollars-	-	-	-	NT\$27,433,538 (limited by 200% of the Company's net worth)	Y	N	N	4
1	S&T AG, Austria	diverse / Factoring DACH	Subsidiaries	NT\$20,575,154 (limited by 150% of the Company's net worth)	Euro 15,000 NT\$528,000	Euro 14,200 NT\$499,840	Euro 9,117 NT\$320,911	-	3.64	NT\$27,433,538 (limited by 200% of the Company's net worth)	Y	N	N	
1	S&T AG, Austria	RT Soft Ao	Subsidiaries	NT\$20,575,154 (limited by 150% of the Company's net worth)	Euro 1,366 NT\$48,081	Euro 640 NT\$22,520	Euro- New Taiwan Dollars-	-	0.16	NT\$27,433,538 (limited by 200% of the Company's net worth)	Y	N	N	

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Number	Endorsement/ Guarantee Company Name	Endorsed/guaranteed party		A single enterprise Endorsement/ Guarantee Quota	Highest endorsement for the period Guarantee balance	Endorsement at the end of the period Guarantee balance	Actual expenditure	Property-guaranteed Endorsement or guarantee amount	Ratio of accumulated endorsement and guarantee to net worth in the latest financial statements (%)	Endorsement/ Guarantee Highest limit	Parent company to subsidiary Endorsement / Guarantee	Subsidiary to parent company Endorsement/Guarantee	Endorsement / Guarantee for Mainland China	Note
		Company Name	Relationship											
1	S&T AG, Austria	RTSoft Project OOO	Subsidiaries	NT\$20,575,154 (limited by 150% of the Company's net worth)	Euro 4,281 NT\$150,701	Euro 3,149 NT\$110,834	Euro- New Taiwan	-	0.81	NT\$27,433,538 (limited by 200% of the Company's net worth)	Y	N	N	
1	S&T AG, Austria	Kontron electronics GmbH	Subsidiaries	NT\$20,575,154 (limited by 150% of the Company's net worth)	Euro 300 NT\$10,560	Euro 300 NT\$10,560	Dollars- Euro- New Taiwan	-	0.08	NT\$27,433,538 (limited by 200% of the Company's net worth)	Y	N	N	
1	S&T AG, Austria	diverse / Factoring Kontron EUR	Subsidiaries	NT\$20,575,154 (limited by 150% of the Company's net worth)	Euro 30,000 NT\$1,056,000	Euro 30,000 NT\$1,056,000	Dollars- Euro 14,786 NT\$520,481	-	7.70	NT\$27,433,538 (limited by 200% of the Company's net worth)	Y	N	N	
2	HIGHAIM TECHNOLOG Y INC.	HighAim Technology Inc.	Subsidiaries	NT\$471,073 (limited by 100% of the Company's net worth)	NT\$307,150	NT\$307,150	NT\$307,150	-	6.38	NT\$471,073 (limited by 100% of the Company's net worth)	Y	N	Y	
3	Marketech International Corp.	Marketech Integrated Pte Ltd.	Subsidiaries	New Taiwan Dollars 2,833,367,063 (limited by 50% of the Company's net worth)	NT\$56,525	NT\$56,338	NT\$3,027	-	0.99	New Taiwan Dollars 5,666,734 (limited by 100% of the Company's net worth)	Y	N	N	
3	Marketech International Corp.	Marketech International Sdn. Bhd.	Subsidiaries	New Taiwan Dollars 2,833,367,063 (limited by 50% of the Company's net worth)	NT\$245,720	NT\$245,720	NT\$13,691	-	4.34	New Taiwan Dollars 5,666,734 (limited by 100% of the Company's net worth)	Y	N	N	
3	Marketech International Corp.	Shanghai Fanya Trading Co., Ltd.	Subsidiaries	New Taiwan Dollars 2,833,367,063 (limited by 50% of the Company's net worth)	NT\$32,801	New Taiwan Dollars-	New Taiwan Dollars-	-	-	New Taiwan Dollars 5,666,734 (limited by 100% of the Company's net worth)	Y	N	Y	
3	Marketech International Corp.	MIC-Tech (Wuxi) Co., Ltd.	Subsidiaries	New Taiwan Dollars 2,833,367,063 (limited by 50% of the Company's net worth)	NT\$411,581	NT\$411,581	NT\$304,079	-	7.26	New Taiwan Dollars 5,666,734 (limited by 100% of the Company's net worth)	Y	N	Y	
3	Marketech International Corp.	Huayou Chemical Industry International Trade (Shanghai) Limited Company	Subsidiaries	New Taiwan Dollars 2,833,367,063 (limited by 50% of the Company's net worth)	New Taiwan Dollars 1,026,300	New Taiwan Dollars 977,875	New Taiwan Dollars 194,192	-	17.26	New Taiwan Dollars 5,666,734 (limited by 100% of the Company's net worth)	Y	N	Y	
3	Marketech International Corp.	Shanghai Jiwei Electronic System Engineering Co., Ltd.	Subsidiaries	New Taiwan Dollars 2,833,367,063 (limited by 50% of the Company's net worth)	New Taiwan Dollars 1,531,207	New Taiwan Dollars 1,398,810	New Taiwan Dollars 652,481	-	24.68	New Taiwan Dollars 5,666,734 (limited by 100% of the Company's net worth)	Y	N	Y	
3	Marketech International Corp.	Shanghai Maohua Electron Engineering Technology Limited Company	Subsidiaries	New Taiwan Dollars 2,833,367,063 (limited by 50% of the Company's net worth)	New Taiwan Dollars 198,223	New Taiwan Dollars 198,223	New Taiwan Dollars 117,375	-	3.50	New Taiwan Dollars 5,666,734 (limited by 100% of the Company's net worth)	Y	N	Y	
3	Marketech International Corp.	Special Triumph Sdn. Bhd.	A company with contractual mutual-endorsement requirement for	New Taiwan Dollars 2,833,367,063 (limited by 50% of the Company's net worth)	NT\$40,431	NT\$27,092	New Taiwan Dollars-	-	0.48	New Taiwan Dollars 5,666,734 (limited by 100% of the Company's net worth)	N	N	N	
3	Marketech International Corp.	eZoom Information, Inc.	Subsidiaries	New Taiwan Dollars 2,833,367,063 (limited by 50% of the Company's net worth)	NT\$120,000	NT\$120,000	NT\$12,003	-	2.12	New Taiwan Dollars 5,666,734 (limited by 100% of the Company's net worth)	Y	N	N	

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Number	Endorsement/ Guarantee Company Name	Endorsed/guaranteed party		A single enterprise Endorsement/ Guarantee Quota	Highest endorsement for the period Guarantee balance	Endorsement at the end of the period Guarantee balance	Actual expenditure	Property-guaranteed Endorsement or guarantee amount	Ratio of accumulated endorsement and guarantee to net worth in the latest financial statements (%)	Endorsement/ Guarantee Highest limit	Parent company to subsidiary Endorsement/ Guarantee	Subsidiary to parent company Endorsement/ Guarantee	Endorsement/ Guarantee for Mainland China	Note
		Company Name	Relationship											
4	Marketch Co., Ltd.	MIC-Tech Viet Nam Co., Ltd.	Among companies the Company directly and indirectly holds 90% or more of the voting shares	New Taiwan Dollars 110,879,390 (limited by 150% of the Company's net worth)	NT\$7,740	NT\$7,740	NT\$7,740	-	69.80	New Taiwan Dollars 110,879 (limited by 500% of the Company's net worth)	N	N	N	
5	Shanghai Jiwei Electronic System Engineering Co., Ltd.	MIC-Tech (Wuxi) Co., Ltd.	Among companies the Company directly and indirectly holds 90% or more of the voting shares	New Taiwan Dollars 1,253,227,971 (limited by 300% of the Company's net worth)	NT\$4,405	New Taiwan Dollars-	New Taiwan Dollars-	-	-	New Taiwan Dollars 2,088,713 (limited by 500% of the Company's net worth)	N	N	Y	
5	Shanghai Jiwei Electronic System Engineering Co., Ltd.	Shanghai Maohua Electron Engineering Technology Limited Company	A company with contractual mutual-endorsement requirement for construction contracts	New Taiwan Dollars 1,253,227,971 (limited by 300% of the Company's net worth)	NT\$73,212	NT\$69,868	NT\$69,868	-	16.73	New Taiwan Dollars 2,088,713 (limited by 500% of the Company's net worth)	N	N	Y	
5	Shanghai Jiwei Electronic System Engineering Co., Ltd.	Huayou Chemical Industry International Trade (Shanghai) Limited Company	Among companies the Company directly and indirectly holds 90% or more of the voting shares	New Taiwan Dollars 1,253,227,971 (limited by 300% of the Company's net worth)	NT\$112,412	NT\$107,278	NT\$107,278	-	25.68	New Taiwan Dollars 2,088,713 (limited by 500% of the Company's net worth)	N	N	Y	
6	Huayou Chemical Industry International Trade (Shanghai) Limited Company	Shanghai Jiwei Electronic System Engineering Co., Ltd.	Among companies the Company directly and indirectly holds 90% or more of the voting shares	New Taiwan Dollars 1,053,653,961 (limited by 300% of the Company's net worth)	NT\$645,959	NT\$616,455	NT\$616,455	-	175.52	New Taiwan Dollars 1,756,090 (limited by 500% of the Company's net worth)	N	N	Y	

Note 1: The exchange rate is the average demand exchange rate of the Bank of Taiwan on December 28, 2007.

Note 2: diverse/Factoring CEE includes S&T CZ, S&C CZ+(S&T+CZ), S&T HR, S&T SK 及 S&T SI, diverse/ Factoring DACH includes S&T Smart Energy GmbH, S&T Distribution GmbH, S&T EPS GmbH, BIT IT GmbH, S&T embedded GmbH, S&T Deutschland GmbH, S&T Services GmbH.

Note 3: Due to the adjustment of the organizational structure during the 2nd quarter of 2018, Kontron Europe GmbH has been eliminated or liquidated.

Note 4: Due to the adjustment of the organizational structure during the 2nd quarter of 2018, S&T Deutschland GmbH has been eliminated or liquidated.

Ennoconn Corporation and Subsidiaries  
Marketable Securities Held  
December 31, 2018

Table 3

Unit: NT\$1,000

Holding Company	Type and Name of Marketable Securities	Relationship with the issuer	Financial statement item	End of Period				Note
				Number of Shares/Unit	Carrying Amount	Shareholding Percentage %	Fair value	
Ennoconn International Investment Co., Ltd.	Stock Winmate Inc.	None	Financial assets at fair value through other comprehensive income - current	800,000	\$ 40,000	-	<u>\$ 40,88</u>	
	Minus: Unrealized gains and losses on financial assets at fair value through other comprehensive income - current							
Goldtek Technology Co., Ltd.	Cloudtalk Inc.	None	Financial assets at fair value through other comprehensive income - non-current	484,260	\$ 123,501	12.81	\$ 74,10	
	Minus: Realized adjustment for financial assets at fair value through other comprehensive income					( 49,400)		
Ennoconn (Foshan) Investment Co., Ltd.	Venture Capital Investment Fund for Tech Innovation Smart Industry of Foshan City	None	"	RMB36,902	165,094	18.57	165,09	
Caswell Inc.	Advanio Technology Co., Ltd.	None	"	1,045,000	10,450	19	10,45	
HighAim Technology Inc.	Qingdao Bonin Fortune Access equipment Co., Ltd.	None	"	3,949,000	73,697	6.00	<u>73,69</u>	
Marketech International Corp.	Lasertec Corporation	None	Financial assets at fair value through profit or loss - current	20,000	\$ 15,590		<u>\$ 323,342</u> \$ 15,59	
	"	"	"	167,684	56,037		56,03	
	"	"	"	44,078	804		80	
	"	"	"	25,925	796		79	
	"	"	"	645,199	17,711		<u>17,71</u>	
							<u>\$ 90,938</u>	<u>\$ 90,93</u>
Marketech International Corp.	Taiwan Colour & Imaging Technology Corporation	None	Financial assets at fair value through profit or loss - non-current	1,700,000	\$ 1,300	13.03	\$ 1,30	
	"	"	"	453,000	9,558	0.46	9,55	
	"	"	"	250,331	-	0.56	-	
	"	"	"	6,191,181	153,368	10.32	153,36	
	"	"	"	189,223	-	12.61	-	
	"	"	"	840,000	-	6.45	-	

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Holding Company	Type and Name of Marketable Securities	Relationship with the issuer	Financial statement item	End of Period				Note
				Number of Shares/Unit	Carrying Amount	Shareholding Percentage %	Fair value	
Marketech International Corp.	Taiwan Intelligent Fiber Optic Network Consortium	None	Financial assets at fair value through profit or loss - non-current	3,868,221	\$ 25,17	1.58	\$ 25,17	
"	Han Da Venture Capital Co., Ltd.	Entities controlled by the main management or significant influence	"	499,200	4,99	6.67	4,99	
"	Civil Tech Holdings Ltd.	None	"	336,374	11,84	0.58	11,84	
"	ProbeLeader Co., Ltd.	Entities controlled by the main management or significant influence	"	966,000	6,91	3.46	6,91	
"	T Energy Co., Ltd	None	"	1,111,111		0.89		
"	Chi Yuan Venture Capital Co., Ltd.	"	"	1,000,000	10,00	1.79	10,00	
"	Chun Shin Venture Capital Co., Ltd.	"	"	1,000,000	10,00	1.87	10,00	
"	Hua Tai Technology, Inc.	"	"	380,000	4,41	2.24	4,41	
"	Long Time Tech. Co., Ltd.	"	"	346,000	7,27	0.29	7,27	
"	Bon Dian Venture Capital Co., Ltd.	"	"	90,187	90	3.50	90	
"	Taiwan Specialty Chemical Corporation	"	"	4,201,333	60,21	1.44	60,21	
"	8Tech Totalsolution Co., Ltd.	"	"	128,000		0.23		
"	Dongfeng Life Sciences System Co., Ltd.	"	"	124,457		12.87		
"	Ecoland Corporation	"	"	310,715		13.51		
"	Radisen Co. Ltd	"	"	87,803	3,75	19.41	3,75	
"	Foresight Energy Technologies	"	"	1,350,000	10,58	4.50	10,58	
"	Yu Shan Bio Investment Co., Ltd. (formerly known as Bi Yi Biomedical Investment Co., Ltd.)	Entities controlled by the main management or significant influence	"	943,050	9,43	7.44	9,43	
"	Chi Yi Health Co., Ltd.	"	"	200,000	56	19.99	56	
"	Wings Global Technology Co., Ltd	"	"	750,000	15,00	18.75	15,00	
"	Forward Science Corporation	"	"	2,000,000	20,00	10.00	20,00	
					\$ 365,29		\$ 365,29	
Huayou Chemical Industry International Trade (Shanghai) Limited Company	Beijing Marketech Environmental Technology Co., Ltd.	Entities controlled by the main management or significant influence	Financial assets at fair value through profit or loss - non-current			19.00		
	<u>Convertible corporate bonds</u>							
Marketech International Corp.	Nitride Solutions Inc.	None	Financial assets at fair value through profit or loss - non-current		\$ 2,91	-	\$ 2,91	
"	HALLY'S CORPORATION	"	"	-	20,73	-	20,73	
	<u>Preferred shares</u>				\$ 23,64		\$ 23,64	
Marketech International Corp.	Adant Technologies Inc.	None	Financial assets at fair value through profit or loss - non-current	174,520	\$	Note 3	\$	
"	Kinestral Technologies, Inc.	"	"	501,532	24,08	"	24,08	
					\$ 24,08		\$ 24,08	

- Note 1: The abovementioned securities have no guarantees, pledges or other agreed users as of the end of December, 2018.
- Note 2: For the information on investment in subsidiaries, please refer to Table 8 and 9.
- Note 3: Preferred shares held.

Ennoconn Corporation and Subsidiaries  
Acquisition or Sale of the Same Securities with the Accumulated Cost Reaching NT\$300 Million or 20% of Paid-in capital or More  
January 1st to December 31, 2018

Table 4

Unit: Foreign currency/NT\$ thousands

Buying/selling company	Type and Name of Marketable Securities	Financial statement item	Transaction counterparty	Relationship	Beginning of period		Buy		Sell			End of Period		
					Unit Count or Number of Shares	Amount	Unit Count or Number of Shares	Amount	Unit Count or Number of Shares	Selling price	Book cost	Loss disposal	Unit Count or Number of Shares	Amount
Ennoconn Corporation	Stock BNP Paribas Currency Market Fund	Financial assets at fair value through profit or loss - current	BNP Paribas Securities Investment Advisory Co., Ltd.	None	217,693	\$ 1,373,732	-	\$ -	217,693	\$ 1,359,582	\$ 1,373,732	( \$ 14,150 )	\$ -	\$ -
Ennoconn International Investment Co., Ltd.	Marketech International Corp.	Investment using equity method	Marketech International Corp.	Subsidiaries	-	-	83,468,613	4,866,033	-	-	-	-	83,468,613	4,866,033 (Note 1)
Ennoconn International Investment Co., Ltd.	DIVA Laboratories. Ltd.	Investment using equity method	DIVA Laboratories. Ltd.	Associate	-	-	14,500,000	298,442	-	-	-	-	14,500,000	298,442 (Note 2)
Goldtek Technology Co., Ltd.	Keenest Electronic Corp.	Investment using equity method	Keenest Electronic Corp.	Subsidiaries	1,050,000	27,175	10,950,000	332,168	-	-	-	-	12,000,000	368,204 (Note 3)
Keenest Electronic Corp.	Sunlit Industry Co., Ltd.	Investment using equity method	Sunlit Industry Co., Ltd.	None	-	-	7,500,000	US\$10,212 NT\$309,793	-	-	-	-	7,500,000	US\$10,486 NT\$322,067 (Note 4 and 6)

Note 1: The original investment was NT\$4,924,648,000, the cash dividend gained was NT\$207,080,000, the recognized investment interest was NT\$184,558,000 (Note 4), other comprehensive profit and loss was NT\$26,398,000 (Note 4), and the changes in the subsidiaries' equity was NT\$9,695,000 (Note 4).

Note 2: The original investment was NT\$279,850,000, the control was deemed to be the disposal investment benefit of NT\$20,000,000, the recognized investment interest was NT\$4,034,000 (Note 4) and other comprehensive profit and loss was NT\$5,442,000 (Note 4).

Note 3: The opening balance of the period plus the original investment of the current period was NT\$332,168,000, the investment benefit recognized by the shareholding ratio was NT\$4,361,000 (Note 4), and other comprehensive profit and loss was NT\$4,500,000 (Note 4).

Note 4: The initial investment gain was US\$10,212,000, the recognized investment gain was US\$253,000 (Note 4) and other comprehensive income was US\$21,000 (Note 4).

Note 5: Calculated based on the audited financial statements and the percentage of shareholding of the investee companies in the same period as the invested company's accounting.

Note 6: The exchange rate is adopted as the average demand exchange rate of Bank of Taiwan on December 31, 2018.

Note 7: Transactions related to investments in this table are fully written off in the preparation of consolidated financial statements.

Ennoconn Corporation and Subsidiaries  
Amount of purchases from and sales to related parties reaching NT\$100 million or 20% of its paid-in capital  
January 1st to December 31, 2018

Table 5

Unit: NT\$ 1,000

Company of purchase/sales	Name of transaction counterparty	Relationship	Transaction Status				Transactions with different transactions situations and reasons		Notes and accounts receivable (payable)		Note
			Purchase (sales)	Amount	% of total purchases Percentage of the goods	Credit period	Unit Price	Credit period	Balance	Accounts receivable (payable) notes and accounts Ratio of the Company's financial assets	
Ennoconn Corporation	Hon Hai Precision Industry Co., Ltd.	Associate	Procurement and processing fees	\$ 2,125,062	56.33%	Monthly payment over 60 days	No material discrepancy	No material discrepancy	(\$ 238,167)	( 35.12%)	
Goldtek Technology Co., Ltd.	Hon Hai Precision Industry Co., Ltd.	Associate	Procurement and processing fees	3,852,173	66.03%	Monthly payment over 60 days	No material discrepancy	No material discrepancy	( 1,018,862)	( 90.30%)	
Caswell Inc.	Hon Hai Precision Industry Co., Ltd.	Associate	Procurement and processing fees	1,001,752	28.52%	Monthly payment over 90 days	No material discrepancy	No material discrepancy	( 281,412)	( 27.63%)	
HighAim Technology Inc.	Futaihua Industry (Shenzhen) Co., Ltd.	Associate	Sales	( 645,472)	( 29.48%)	Monthly payment over 90 days	No material discrepancy	No material discrepancy	140,179	18.97%	
HighAim Technology Inc.	Hong Fujin Precision Industry (Shenzhen) Limited Company	Associate	Sales	( 211,637)	( 9.67%)	Monthly payment over 90 days	No material discrepancy	No material discrepancy	119,924	16.23%	
Nanjing Asiatek Inc.	Futaihua Industry (Shenzhen) Co., Ltd.	Associate	Sales	( 239,136)	( 35.73%)	Monthly payment over 90 days	No material discrepancy	No material discrepancy	43,683	29.08%	
Nanjing Asiatek Inc.	Hong Fujin Precision Industry (Shenzhen) Limited Company	Associate	Sales	( 283,965)	( 42.43%)	Monthly payment over 90 days	No material discrepancy	No material discrepancy	46,699	31.09%	
Kontron Malaysia	Hon Hai Precision Industry Co., Ltd.	Associate	Sales	( 439,617)	( 1.25%)	Monthly payment over 90 days	No material discrepancy	No material discrepancy	70,962	0.99%	
Kontron Europe GmbH	Kontron America Inc.	Associate	Sales	( 1,020,549)	( 2.90%)	Monthly payment over 90 days	No material discrepancy	No material discrepancy	184,037	2.58%	
Kontron Europe GmbH	Ennoconn Corporation	Subsidiaries	Procurement and processing fees	704,060	2.76%	Monthly payment over 90 days	No material discrepancy	No material discrepancy	( 150,557)	( 2.42%)	
Kontron Canada Inc.	Ennoconn Corporation	Subsidiaries	Procurement and processing fees	1,095,805	4.30%	Monthly payment over 90 days	No material discrepancy	No material discrepancy	( 134,553)	( 2.16%)	
Kontron America Inc.	Ennoconn Corporation	Subsidiaries	Procurement and processing fees	250,332	0.98%	Monthly payment over 90 days	No material discrepancy	No material discrepancy	( 31,631)	( 0.51%)	
Kontron Europe GmbH	Kontron Technology Beijing Co. Ltd.	Associate	Sales	( 162,192)	( 0.46%)	Monthly payment over 90 days	No material discrepancy	No material discrepancy	52,130	0.73%	
S&T Services GmbH	S&T AG	Associate	Sales	( 122,193)	( 0.35%)	Monthly payment over 90 days	No material discrepancy	No material discrepancy	44,440	0.62%	
S&T Poland Sp.z.o.o.	S&T Services Polska Sp.z.o.o.	Associate	Sales	( 107,970)	( 0.31%)	Monthly payment over 90 days	No material discrepancy	No material discrepancy	51,051	0.72%	
Kontron Asia Pacific Design Sdn. Bhd.	Kontron Europe GmbH	Subsidiaries	Sales	( 109,205)	( 0.31%)	Monthly payment over 90 days	No material discrepancy	No material discrepancy	3,344	0.05%	
Kontron Europe GmbH	RTSoft Project OOO	Subsidiaries	Sales	( 137,909)	( 0.39%)	Monthly payment over 90 days	No material discrepancy	No material discrepancy	44,473	0.62%	

Ennocon Corporation and Subsidiaries  
Accounts receivable from related parties reaching NT\$100 million or 20% of its paid-in capital  
December 31, 2018

Table 6

Unit: NT\$ 1,000

Accounts receivable from companies	Relationship with	transaction party	Balance due from related party	Turnover rate	Overdue accounts receivable from related party		Accounts receivable from related party Amount recovered after period	Recognition allowance Bad debt amount
					Amount	Processing Method		
Ennoconn Corporation	Kontron Canada Inc.	Parent company to second-tier subsidiary	\$ 134,55	8.14	\$ -	-	\$ -	\$ -
"	Kontron Europe GmbH	Parent company to second-tier subsidiary	150,55	4.68	-	-	-	-
EnnoMech Precision (Cayman) Co., Ltd.	Hong Fujin Precision Industry (Shenzhen) Limited Company	Associate	119,92	-	-	-	-	-
"	Futaihua Industry (Shenzhen) Co., Ltd.	Associate	140,28	-	-	-	-	-
Kontron S&T AG	Kontron Europe GmbH	Second-tier subsidiary to second-tier subsidiary	379,10	-	-	-	-	-
Kontron Europe GmbH	Kontron S&T AG	Second-tier subsidiary to second-tier subsidiary	1,637,22	-	-	-	-	-
Kontron Canada Inc.	Kontron America Inc.	Second-tier subsidiary to second-tier subsidiary	294,00	-	-	-	-	-
Kontron S&T AG	Kontron Asia Pacific Design Sdn. Bhd.	Second-tier subsidiary to second-tier subsidiary	580,06	-	-	-	-	( 578,787
S&T AG, Austria	S&T CEE Holding s.r.o., Slowakei	Second-tier subsidiary to second-tier subsidiary	516,83	-	-	-	-	-
"	Kontron Modular Computers S.A.S.	Second-tier subsidiary to second-tier subsidiary	109,59	-	-	-	-	-
"	S&T Romania srl	Second-tier subsidiary to second-tier subsidiary	103,12	-	-	-	-	-

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Accounts receivable from companies	Transaction counterparty	Relationship	Balance due from related party	Turnover rate	Overdue accounts receivable from related party		Accounts receivable from related party Amount recovered after period	Recognition allowance Bad debt amount
					Amount	Processing Method		
S&T AG, Austria	Kontron electronics GmbH	Second-tier subsidiary to second-tier subsidiary	\$ 344,968	-	\$ -	-	\$ -	( \$ 124,516
"	Kontron Austria GmbH	Second-tier subsidiary to second-tier subsidiary	135,569	-	-	-	-	-
"	Kontron Holding Austria GmbH	Second-tier subsidiary to second-tier subsidiary	184,242	-	-	-	-	( 91,420
"	Kontron S&T AG	Second-tier subsidiary to second-tier subsidiary	1,805,799	-	-	-	-	-
Kontron Europe GmbH	Kontron America Inc.	Second-tier subsidiary to second-tier subsidiary	195,760	-	-	-	-	-
S&T Services GmbH	S&T AG, Austria	Second-tier subsidiary to second-tier subsidiary	153,214	-	-	-	-	-

Note: All transactions listed above have been written off in the preparation of the consolidated financial statements with the exception of Kontron Canada Inc.

Ennococon Corporation and Subsidiaries  
Business relationships, important transactions, and amount between the parent company and subsidiaries  
January 1st to December 31, 2018

Table 7

Unit: NT\$ 1,000

Number (Note 1)	Name of transaction counterparty	Transaction counterparty	Relationship with counterparty	Transaction Status			Percentage of Consolidated Net Revenue or total assets %
				Accounts	Amount	Transaction Terms	
0	The Company	SyS-P Co., Ltd.	Parent company to second-tier subsidiary	Sales	\$ 12,999	General terms and condition	0.02%
"	"	Kontron Europe GmbH, Germany	"	Sales	704,060	"	1.02%
"	"	"	"	Accounts receivable	150,557	"	0.20%
"	"	Kontron Canada Inc., Canada	"	Sales	1,095,805	"	1.59%
"	"	"	"	Accounts receivable	134,553	"	0.18%
"	"	Kontron America Inc.	"	Sales	250,332	"	0.36%
"	"	"	"	Accounts receivable	31,631	"	0.04%
"	"	Kontron Malaysia	"	Sales	3,534	"	0.01%
1	Caswell Inc.	Thecus NL B.V.	Subsidiary to second-tier subsidiary	Sales	24,379	"	0.04%
"	"	"	"	Accounts receivable	15,920	"	0.02%
"	"	Thecus Technology Corp.	"	Purchase	24,095	"	0.03%
2	HighAim Technology Inc.	Andrix International Ltd.	Second-tier subsidiary to second-tier subsidiary	Purchase	135,059	"	0.20%
"	"	"	"	Accounts payable	53,259	"	0.07%
"	"	Funology Investment Inc.	"	Purchase	136,652	"	0.20%
"	"	"	"	Accounts payable	35,356	"	0.05%
3	Funology Investment Inc.	HighAim Technology Inc.	"	Purchase	134,928	"	0.20%
"	"	"	"	Accounts payable	34,978	"	0.05%
4	Andrix International Ltd.	"	"	Purchase	133,502	"	0.19%
"	"	"	"	Accounts payable	52,573	"	0.07%
5	Kontron S&T AG	Kontron Asia Pacific Design Sdn. Bhd.	"	Accounts receivable	580,066	"	0.78%
6	Kontron Europe GmbH	Kontron S&T AG	"	Accounts receivable	1,637,221	"	2.19%
"	"	Kontron America Inc.	"	Accounts receivable	195,760	"	0.26%
7	Kontron Canada Inc.	Kontron America Inc.	"	Accounts receivable	294,000	"	0.39%
8	S&T AG, Austria	S&T CEE Holding s.r.o., Slowakei	"	Accounts receivable	516,832	"	0.69%
"	"	Kontron Modular Computers S.A.S.	"	Accounts receivable	109,597	"	0.15%
"	"	S&T Romania Srl	"	Accounts receivable	103,124	"	0.14%
"	"	Kontron electronics GmbH	"	Accounts receivable	344,968	"	0.46%
"	"	Kontrona Austria GmbH	"	Accounts receivable	135,569	"	0.18%
"	"	Kontron Holding Austria GmbH	"	Accounts receivable	184,242	"	0.25%
"	"	Kontron Europe GmbH	"	Accounts receivable	379,100	"	0.51%
"	"	Kontron S&T AG	"	Accounts receivable	1,805,799	"	2.41%
9	S&T Services GmbH	S&T AG, Austria	"	Accounts receivable	153,214	"	0.20%

Note 1: Business information between the parent company and subsidiaries shall be indicated in column number and filled in with the following methods:

1. Fill in 0 for the parent company.
2. The subsidiaries are coded from "1" in the order presented in the table above.

Note 2: The transaction amount accounts for the calculation of the combined total revenue or total assets ratio. In the case of an asset-liability account, the ending balance is calculated as the total assets consolidated. In the case of profit or loss, the cumulative amount at the end of the period accounts for the total combined revenue calculation.

Note 3: All transactions listed above have been written off in the preparation of the consolidated financial statements.

Ennocon Corporation and Subsidiaries  
Name of investee, location, etc.  
January 1st to December 31, 2018

Table 8

Unit: Foreign currency/NT\$ thousands

Name of investor	Name of investee	Location	Main operations	Initial Investment Amount		Closing holding			Current Profit and Loss of Investee	Recognized investment gain (loss) for the current period	Note
				End of the current period	End of last year	Number of Shares	Percentage	Carrying Amount			
Ennocon Corporation	The Innovation System Integration Limited	Hong Kong	Professional investment	HKD: 346,329 NTD: 1,340,135 NTD: 6,830,000	HKD: 125,135 NTD: 482,865 NTD: 1,870,000	166,221,030	100.00	HKD: 371,777 NTD: 1,457,739 NTD: 7,693,587	HKD: 13,678 NTD: 52,947 NTD: 625,549	HKD: 13,678 NTD: 52,947 NTD: 625,549	
"	Ennocon International Investment Co., Ltd.	Taiwan	Professional investment	NTD: 1,031,800	NTD: 1,031,800	20,000,000	29.66	NTD: 1,042,012	NTD: 356,144	NTD: 86,372	Note 2
"	Caswell Inc.	Taiwan	Manufacturing of electronic parts, computer and peripheral devices, electronic material wholesale and software services	NTD: 1,031,800	NTD: 1,031,800	20,000,000	29.66	NTD: 1,042,012	NTD: 356,144	NTD: 86,372	Note 2
"	Ennocon Investment Holdings Co.,Ltd	Samoa	Professional investment	USD: 239,360 NTD: 7,486,118	USD: 224,360 NTD: 7,045,855	239,360,000	100.00	US\$246,348 NTD: 7,566,593	USD: 10,113 NTD: 305,913	USD: 10,113 NTD: 305,913	
The Innovation System Integration Limited	ENGA Technology Co., Ltd.	Hong Kong	Wholesale, manufacturing, service and import/export of industrial computer and industrial systems	USD: 3,500 NTD: 105,683	USD: 3,500 NTD: 105,910	3,500,000	100.00	HKD: 27,495 NTD: 107,809	HKD: 222 NTD: 859	HKD: 222 NTD: 859	
"	Shengli Holdings Co., Ltd	Seychelles	Import and export trading	USD: - NTD: -	USD: - NTD: -	500,000	100.00	HKD: - NTD: -	HKD: - NTD: -	HKD: - NTD: -	"
Ennocon Investment Holdings Co.,Ltd	Kontron Canada Inc.	Canada	Communication products	USD: - NTD: -	USD: 57,300 NTD: 1,844,201	-	-	USD: - NTD: -	USD: 3,603 NTD: 108,012	USD: 1,766 NTD: 52,926	
"	AIS Cayman Technology	Cayman Islands	Professional investment	USD: 5,062 NTD: 155,000	USD: 5,062 NTD: 152,087	2,250,000	60.00	USD: 5,224 NTD: 160,464	US\$ 524 NTD: 15,866	USD: 314 NTD: 9,507	
"	S&T AG	Austria	Integration service for information software and hardware	EUR: 158,929 NTD: 5,594,301	EUR: 135,464 NTD: 4,818,460	16,835,000	25.47	EUR: 210,834 NTD: 7,421,343	EUR: 44,983 NTD: 1,596,852	EUR: 8,931 NTD: 317,035	Note 2
AIS Cayman	AIS	USA	Human machine interface and Industrial 4.0	USD: 1,500 NTD: 46,073	USD: 1,500 NTD: 45,390	1,500,000	100.00	USD: 6,168 NTD: 188,277	US\$ 137 NTD: 4,156	US\$ 137 NTD: 4,156	
"	Vecow Co., Ltd.	Taiwan	Manufacturing, processing, trading and import/export of communication machinery, electronic equipment and electronic devices	USD: 106 NTD: 3,256	USD: - NTD: -	20,000,000	100.00	USD: 3,229 NTD: 98,576	US\$ 431 NTD: 13,064	US\$ 431 New Taiwan Dollar: 13,064	
Ennocon International Investment Co., Ltd.	Goldtek Technology Co., Ltd.	Taiwan	Import of telecommunications-based RF equipment and information software wholesale/retail	NTD: 492,221	NTD: 492,221	17,002,830	56.74	NTD: 930,855	NTD: 547,978	NTD: 310,938	
"	Caswell Inc.	Taiwan	Manufacturing of electronic parts, computer and peripheral devices, electronic material wholesale and software services	NTD: 149,500	NTD: 149,500	3,250,000	4.82	NTD: 138,297	NTD: 356,144	NTD: 14,063	Note 2
"	EnnoMech Precision (Cayman) Co., Ltd.	Cayman Islands	Professional investment	USD: 13,800 NTD: 423,867	USD: 13,800 NTD: 448,861	13,800,000	100.00	USD: 17,319 NTD: 531,945	USD: 809 NTD: 25,666	USD: 809 NTD: 25,666	
"	SyS-P Co., Ltd.	Taiwan	International trade, information software wholesale and services	NTD: 30,000	NTD: 30,000	-	100.00	NTD: 37,213	NTD: 11,592	NTD: 11,592	
"	Taiwan Applied Module Corporation	Taiwan	Research, design and sales of mobile payment, electronic signature and information security	NTD: 50,400	NTD: 50,400	5,040,000	60.00	NTD: 37,164	NTD: (968)	NTD: (1,379)	Note 2
"	Thecus Technology Corp.	Taiwan	Manufacturing of electronic parts, computer and peripheral devices, electronic material wholesale and software services	NTD: 102,000	NTD: 102,000	10,200,000	60.00	NTD: 22,957	NTD: (7,159)	NTD: (5,276)	Note 2
"	Dexatek Technology Ltd.	Taiwan	Multimedia products research, design and manufacturing	NTD: 236,862	NTD: 236,862	12,600,000	60.00	NTD: 262,627	NTD: 42,054	NTD: 17,517	Note 2
"	S&T AG	Austria	Integration service for information software and hardware	EUR: 7,523 NTD: 264,810	EUR: 7,523 NTD: 263,363	750,000	1.13	EUR: 11,517 NTD: 405,412	EUR: 44,983 NTD: 1,596,852	EUR: 423 NTD: 15,000	Note 2
"	Servtech Corporation	Taiwan	Wholesale of information software services	NTD: 10,000	NTD: -	400,000	7.23	NTD: 10,449	NTD: 6,204	NTD: 449	
"	Marketch International Corp.	Taiwan	Planning integration services for high-tech industrial plants and process systems	NTD: 4,924,648	NTD: -	83,468,610	45.21	NTD: 4,911,293	NTD: 792,582	NTD: 219,646	Note 2
"	DIVA Laboratories, Ltd.	Taiwan	Research and development, manufacturing and sales of medical equipment and computer peripherals	NTD: 279,850	NTD: -	14,500,000	20.04	NTD: 298,442	NTD: 52,154	NTD: 4,035	
EnnoMech Precision (Cayman) Co., Ltd.	HighAim Technology INC.	Brunei	Professional investment	USD: 10,843 NTD: 333,043	USD: 10,843 NTD: 350,997	3,302,610	66.05	USD: 11,846 NTD: 363,841	USD: 1,530 NTD: 48,568	USD: 814 NTD: 25,845	Note 2
"	DOMINATE UNITED ENTERPRISE LTD.	Samoa	Professional investment	USD: 2,100 NTD: 64,502	USD: 2,100 NTD: 63,546	2,100,000	100.00	USD: 2,146 NTD: 65,922	USD: 83 NTD: 2,650	USD: 83 NTD: 2,650	
"	EnnoMech Precision Co., Ltd.	Taiwan	Manufacturing of electronic parts, computer and peripheral devices, electronic material wholesale and software services	NTD: 10,000	NTD: 10,000	1,000,000	100.00	USD: 1,153 NTD: 35,422	USD: (105) NTD: (3,334)	USD: (105) NTD: (3,334)	
HighAim Technology INC.	FUNOLOGY INVESTMENT INC.	Samoa	Import and export trading	USD: 1 NTD: 31	USD: 1 NTD: 30	1,000,000	100.00	US\$ 799 NTD: 24,541	USD: 58 NTD: 1,851	USD: 58 NTD: 1,851	
"	ANDRIX INTERNATIONAL LIMITED	Anguilla	Import and export trading	USD: 1 NTD: 28	USD: 1 NTD: 27	900,000	100.00	USD: 307 NTD: 9,443	USD: 56 NTD: 1,763	USD: 56 NTD: 1,763	
Caswell Inc.	CASO Inc.	Japan	Sales of networking products	NTD: 27,063	NTD: 18,958	8,105,130	99.00	NTD: 33,486	NTD: 8,002	NTD: 7,922	
"	Caswell International Investment Co., Ltd.	SAMOA	Investment	NTD: 101,135	NTD: 101,135	-	100.00	NTD: 123,632	NTD: 29,409	NTD: 29,409	
"	Caswell Americas, Inc	USA	Sales of networking products	NTD: 92,460	NTD: 31,080	61,380,000	100.00	NTD: 65,486	NTD: (11,397)	New Taiwan Dollars: (11,397)	
Thecus Technology Corp.	Thecus NL B.V.	Netherlands	Network storage	NTD: 10,845	NTD: 10,845	2,600,000	100.00	NTD: -	NTD: (4,006)	NTD: (4,006)	Note 2
"	Tecas USA.,Inc.	USA	Network storage	NTD: 23,367	NTD: 23,367	750,000	100.00	NTD: 5,058	NTD: (5,269)	NTD: (5,269)	Note 2
"	Thecus Technology Corp. (Delaware)	Delaware	Professional investment	NTD: 15,528	NTD: 15,528	5,000,000	100.00	NTD: 16	NTD: -	NTD: -	

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Name of investee	Name of investee	Location	Main operations	Initial Investment Amount		Closing holding			Current Profit and Loss of Investee	Recognized investment gain (loss) f for the current period	Note
				End of the current period	End of last year	Number of Shares	Percentage	Carrying Amount			
Goldtek Technology Co., Ltd.	Keenest Electronic Corp.	Samoa	Professional investment	USD 12,000 NTD: 365,040	USD: 1,050 NTD: 32,871	12,000,000	100.00	USD: 11,988 NTD: 368,204	USD: 142 NTD: 4,361	USD: 142 NTD: 4,361	
Keenest Electronic Corp.	Sunlit Industry Co., Ltd.	Hong Kong	Metal stamping and casting	USD: 10,212 NTD: 309,793	USD: - NTD: -	7,500,000	40.30	USD: 10,486 NTD: 322,067	USD: 3,891 NTD: 117,307	US: 253 NTD: 7,777	
Sunlit Industry Co., Ltd.	Tai Ron Precision Casting Corporation	Hong Kong	Finance/Logistics	HKD: 7,500 NTD: 29,408	HKD: - NTD: -	7,500,000	50.00	HKD: 27,178 NTD: 106,567	HKD: 37,733 NTD: 145,281	HKD: 18,871 NTD: 72,641	
SyS-P Co., Ltd.	SYS-P Corp	USA	International trade, information software wholesale and services	USD: 15 NTD: 461	USD: 15 NTD: 485	50,000	100.00	USD: 26 NTD: 796	USD: (2) NTD: (75)	USD: (2) NTD: (75)	
Taiwan Applied Module Corporation	Servtech Corporation	Taiwan	Wholesale of information software services	NTD: 28,125	NTD: -	1,125,000	20.34	NTD: 29,387	NTD: 6,204	NTD: 1,262	
S&T CEE Holding s.r.o., Slovakia	S&T CZ s.r.o., Czech Republic	Czech Republic	IT servers	EUR: 8,187 NTD: 288,182	EUR: 8,187 NTD: 49,500	49,500,000	99.00	EUR: 6,089 NTD: 214,433	EUR: 1,473 NTD: 52,454	EUR: 1,458 NTD: 51,919	
"	S&T Plus s.r.o., Czech Republic	Czech Republic	Manufacturing and marketing of industrial computers	EUR: 471 NTD: 16,579	EUR: 471 NTD: 16,758	9,900,000	99.00	EUR: 3,086 NTD: 108,627	EUR: 1,577 NTD: 56,157	EUR: 1,561 NTD: 55,587	
"	S&T Services Polska Sp.z.o.o., Poland	Poland	IT servers	EUR: 2,651 NTD: 93,315	EUR: 2,651 NTD: 94,309	2,120	100.00	EUR: 2,812 NTD: 98,982	EUR: 384 NTD: 13,674	EUR: 384 NTD: 13,674	
"	S&T Crna Gora d.o.o., Montenegro	Montenegro	IT servers	EUR: 33 NTD: 1,162	EUR: 33 NTD: 1,178	25,000	100.00	EUR: 622 NTD: 21,894	EUR: 105 NTD: 3,739	EUR: 105 NTD: 3,739	
"	S&T Bulgaria e.o.o.d., Bulgaria	Bulgaria	Manufacturing and marketing of industrial computers	EUR: 1,271 NTD: 44,739	Euro: 770 NTD: 27,380	13,120	100.00	EUR: 2,015 NTD: 70,928	Euro: 273 NTD: 9,722	Euro: 273 NTD: 9,722	
"	Kapsch EOOD	Bulgaria	IT servers	EUR: - NTD: -	EUR: - NTD: -	-	-	EUR: - NTD: -	EUR: - NTD: -	EUR: - NTD: -	Note 4
"	S&T Poland Sp.z.o.z., Poland	Poland	IT servers	EUR: 1 NTD: 35	EUR: 1 NTD: 36	26,974	100.00	EUR: 7,718 NTD: 271,674	EUR: 1,761 NTD: 62,709	EUR: 1,761 NTD: 62,709	
"	S&T Services s.r.o., Slovakia	Slovakia	IT servers	EUR: 1 NTD: 35	EUR: 1 NTD: 36	9,818	1.00	EUR: 2 NTD: 70	EUR: 94 NTD: 3,374	EUR: 1 NTD: 36	
"	S&T Slovenija d.d., Slovenia	Slovenia	IT servers	EUR: 15,516 NTD: 546,163	EUR: 15,516 New Taiwan Dollar: 551,914	1,310,710	100.00	EUR: 6,322 NTD: 222,534	EUR: 1,463 NTD: 52,097	EUR: 1,463 NTD: 52,097	
"	Foreign Trade Unitary Enterprise 'Kapsch'	Belarus	IT servers	EUR: - NTD: -	EUR: - NTD: -	-	-	EUR: - NTD: -	EUR: - NTD: -	EUR: - NTD: -	Note 4
S&T Slovenija d.d., Slovenia	S&T Hrvatska d.o.o., Croatia	Croatia	IT servers	EUR: 1,094 NTD: 38,509	EUR: 1,094 NTD: 38,916	221,300	100.00	EUR: 11,588 NTD: 407,898	EUR: 1,098 NTD: 39,100	EUR: 1,098 NTD: 39,100	
"	S&T Macedonia d.o.o.e.l., Macedonia	Macedonia	IT servers	Euro: 85 NTD: 2,992	Euro: 85 NTD: 3,039	568,000	100.00	EUR: 3,739 NTD: 131,613	EUR: 346 NTD: 12,321	EUR: 346 NTD: 12,321	
"	Kapsch d.o.o.	Slovenia	IT servers	EUR: - NTD: -	EUR: - NTD: -	-	-	EUR: - NTD: -	EUR: - NTD: -	EUR: - NTD: -	Note 4
S&T AG, Austria	S&T Plus s.r.o., Czech Republic	Czech Republic	Manufacturing and marketing of industrial computers	EUR: 92 NTD: 3,238	EUR: 92 NTD: 3,262	100,000	1.00	EUR: 31 NTD: 1,091	EUR: 1,577 NTD: 56,157	EUR: 16 NTD: 570	
"	S&T CZ s.r.o., Czech Republic	Czech Republic	IT servers	EUR: 61 NTD: 2,147	EUR: 61 NTD: 2,184	500,000	1.00	EUR: 62 NTD: 2,182	EUR: 1,473 NTD: 52,454	EUR: 15 NTD: 534	
"	S&T Romania S.R.L., Romania	Romania	IT servers	EUR: 3,227 NTD: 113,590	EUR: 1,227 NTD: 43,648	2,460	31.00	EUR: 1,999 NTD: 70,365	Euro: (844) NTD: (30,055)	EUR: (262) NTD: (9,330)	
"	S&T Serbia d.o.o., Serbia	Serbia	IT servers	EUR: 3,563 NTD: 125,418	EUR: 3,219 NTD: 114,504	8,780	100.00	EUR: 2,447 NTD: 86,134	EUR: 615 NTD: 21,900	EUR: 615 New Taiwan Dollar: 21,900	
"	Kapsch D.O.O.	Serbia	IT servers	EUR: - NTD: -	EUR: - NTD: -	-	-	EUR: - NTD: -	EUR: - NTD: -	EUR: - NTD: -	Note 4
"	S&T Albania Sh.p.k., Albania	Albania	IT servers	EUR: 282 NTD: 9,926	EUR: 282 NTD: 10,018	100	100.00	EUR: 556 NTD: 19,571	EUR: 172 NTD: 6,125	EUR: 172 NTD: 6,125	
"	S&T Mold srl., Moldova	Moldova	IT servers	EUR: 1,800 NTD: 63,360	EUR: 1,800 NTD: 64,026	1,135,090	100.00	EUR: 2,105 NTD: 74,096	EUR: (16) NTD: (570)	EUR: (16) NTD: (570)	
"	S&T Consulting Hungary Kft., Hungary	Hungary	IT servers	EUR: 11,947 NTD: 420,534	EUR: 11,947 NTD: 424,943	100,000	100.00	EUR: 6,767 NTD: 238,198	EUR: 1,729 NTD: 61,570	EUR: 1,729 NTD: 61,570	
"	S&T Deutschland GmbH, Germany	Germany	IT servers	EUR: 8,470 NTD: 298,320	EUR: 7,240 NTD: 257,521	25,000	100.00	EUR: 7,701 NTD: 271,075	EUR: 2,465 NTD: 87,779	EUR: 2,465 NTD: 87,779	
"	Computer Betting Company GmbH, Austria	Austria	Manufacturing and marketing of industrial computers	EUR: 37,738 NTD: 1,328,378	EUR: 37,720 NTD: 1,341,686	36,330	100.00	EUR: 19,074 NTD: 671,405	EUR: 1,753 NTD: 62,424	EUR: 1,753 NTD: 62,424	
"	SecureGUARD GmbH, Austria	Austria	Manufacturing and marketing of industrial computers	EUR: 2,371 NTD: 83,459	EUR: 2,371 NTD: 84,336	92,460	69.00	EUR: 1,377 NTD: 48,470	EUR: (118) NTD: (4,202)	EUR: (82) NTD: (2,920)	
"	S&T embedded GmbH, Germany	Germany	Manufacturing and marketing of industrial computers	EUR: - NTD: -	EUR: 1,467 NTD: 52,166	-	-	EUR: - NTD: -	EUR: - NTD: -	EUR: - NTD: -	
"	Roding Embedded GmbH, Germany	Germany	Manufacturing and marketing of industrial computers	EUR: - NTD: -	EUR: 1,550 NTD: 55,134	-	-	EUR: - NTD: -	EUR: - NTD: -	EUR: - NTD: -	Note 4
"	S&T CEE Holding s.r.o., Slovakia	Slovakia	IT servers	EUR: (5,345) NTD: (188,144)	Euro: (5,345) NTD: (190,107)	1,881,560	100.00	EUR: 13,677 NTD: 481,430	EUR: 1,630 NTD: 58,044	EUR: 1,630 NTD: 58,044	Note 4

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Name of investee	Name of investee	Location	Main operations	Initial Investment Amount		Closing holding			Current Profit and Loss of Investee	Recognized investment gain (loss) for the current period	Note
				End of the current period	End of last year	Number of Shares	Percentage	Carrying Amount			
"	Dorobet Ltd., Malta	Malta	Manufacturing and marketing of industrial computers	EUR: 101 NTD: 3,555	EUR: 101 NTD: 3,593	198,000	99.00	EUR: (6) NTD: (211)	EUR: (206) NTD: (7,336)	EUR: (204) NTD: (7,264)	
"	S&T Smart Energy GmbH, Austria	Austria	Manufacturing and marketing of industrial computers	EUR: 5,763 NTD: 202,858	EUR: 5,763 NTD: 204,987	36,000	100.00	EUR: 1,373 NTD: 48,330	EUR: (253) NTD: (9,009)	EUR: (253) New Taiwan Dollars: (9,009)	
"	Amanox Solutions AG; Switzerland	Switzerland	IT servers	EUR: 4,856 NTD: 170,931	EUR: 4,856 NTD: 172,717	53,760	51.00	EUR: 4,469 NTD: 157,309	EUR: 3,895 NTD: 138,701	EUR: 1,994 NTD: 71,006	
"	Hamcos IT Service GmbH, Germany	Germany	IT servers	EUR: 1,802 NTD: 63,430	EUR: 1,802 NTD: 64,104	98,000	49.00	EUR: 891 NTD: 31,363	EUR: 86 NTD: 3,062	EUR: 42 NTD: 1,496	
"	Kontron Austria GmbH, Austria (formerly S&T Electronics and Payment Systems GmbH, Austria)	Austria	Manufacturing and marketing of industrial computers	EUR: 4,222 NTD: 148,614	EUR: 695 NTD: 24,714	32,700	90.00	EUR: 3,567 NTD: 125,558	EUR: (377) NTD: (13,425)	EUR: (339) NTD: (12,072)	
"	S&T SME Distribution GmbH, Austria	Austria	Manufacturing and marketing of industrial computers	EUR: 18 NTD: 634	EUR: 18 NTD: 635	17,850	51.00	EUR: 308 NTD: 10,842	EUR: 24 NTD: 855	EUR: 12 NTD: 427	
"	S&T Services GmbH, Austria	Austria	IT servers	EUR: 10,902 NTD: 383,750	EUR: 6,402 NTD: 227,715	35,000	100.00	EUR: 8,309 NTD: 292,477	EUR: (3,474) NTD: (123,709)	EUR: (3,474) NTD: (123,709)	
"	Active Internet Performance GmbH	Austria	IT servers	EUR: - NTD: -	EUR: - NTD: -	-	-	EUR: - NTD: -	EUR: - NTD: -	EUR: - NTD: -	Note 4
"	S&T Technologies GmbH, Austria	Austria	IT servers	EUR: 3,773 NTD: 132,810	EUR: 3,773 NTD: 134,195	35,000	100.00	EUR: 6,123 NTD: 215,530	EUR: 1,003 NTD: 35,717	EUR: 1,003 NTD: 35,717	
"	Linforge Technologies GmbH, Austria	Austria	IT servers	EUR: 1,181 NTD: 41,571	EUR: 1,181 NTD: 41,992	35,000	100.00	EUR: 1,485 NTD: 52,272	Euro: 283 NTD: 10,078	Euro: 283 NTD: 10,078	
"	GADA combined Company ROMANIA SRL, Romania	Romania	Manufacturing and marketing of industrial computers	EUR: 11,675 NTD: 410,960	EUR: 11,675 NTD: 415,275	105,000	84.00	EUR 11,867 NTD: 417,718	EUR: 1,131 NTD: 40,275	EUR: 950 NTD: 33,830	
"	Affair OOO, Russia	Russia	Manufacturing and marketing of industrial computers	EUR: 5,870 NTD: 206,624	EUR: 5,870 NTD: 208,796	4,800,000	48.00	EUR: 3,212 NTD: 113,062	EUR: 14 NTD: 499	EUR: 7 NTD: 249	
"	Kontron S&T AG, Germany (原 Kontron AG)	Germany	Manufacturing and marketing of industrial computers	EUR: 191,550 NTD: 6,742,560	EUR: 183,158 NTD: 6,514,937	58,277,960	95.00	EUR: 122,059 NTD: 4,296,477	EUR: 6,114 NTD: 217,720	EUR: 5,817 NTD: 207,143	
"	funworld gmbh, Austria	Austria	Manufacturing and marketing of industrial computers	EUR: 330 NTD: 11,616	EUR: 330 NTD: 11,738	40,000	40.00	EUR: 308 NTD: 10,842	EUR: (20) NTD: (712)	EUR: (8) New Taiwan Dollars: (285)	
"	SnT Services Bel LCC, BLR	Belarus	IT servers	EUR: 538 NTD: 18,938	EUR: - NTD: -	113,260	100.00	EUR: 595 NTD: 20,944	EUR: 74 NTD: 2,635	EUR: 74 NTD: 2,635	
S&T Deutschland GmbH, Germany	BIT IT Services GmbH, Germany	Germany	IT servers	EUR: - NTD: -	EUR: 723 NTD: 25,705	-	-	EUR: - NTD: -	EUR: - NTD: -	EUR: - NTD: -	Note 4
"	S&T Asia Inc., Taiwan	Taiwan	Manufacturing and marketing of industrial computers	EUR: - NTD: -	EUR: - NTD: -	-	-	EUR: - NTD: -	EUR: - NTD: -	EUR: - NTD: -	
"	SteuDaTecc System-und Netzwerktechnik GmbH	Germany	IT servers	EUR: 494 NTD: 14,221	EUR: - NTD: -	25,000	100.00	EUR: 415 NTD: 14,608	EUR: 10 NTD: 356	EUR: 10 NTD: 356	
"	XTRO AG, Germany	Germany	IT servers	EUR: 2,500 NTD: 88,000	EUR: 2,500 NTD: 88,925	50,000	100.00	EUR: 3,236 NTD: 113,907	EUR: 610 NTD: 21,722	EUR: 610 NTD: 21,722	
"	CES-POS Anteile A GmbH, Germany	Germany	IT servers	EUR: - NTD: -	EUR: - NTD: 43,942	-	-	EUR NTD: -	EUR: - NTD: -	EUR: - NTD: -	Note 4
Computer Betting Company GmbH, Austria	S&T Romania S.R.L., Romania	Romania	IT servers	EUR: 1,690 NTD: 59,488	EUR: 1,690 NTD: 60,105	5,460	69.00	EUR: 4,434 NTD: 156,077	Euro: (844) NTD: (30,055)	EUR: (582) NTD: (20,725)	
"	STS Sportwetten GmbH, Austria	Austria	Manufacturing and marketing of industrial computers	EUR: 61 NTD: 2,147	EUR: 61 NTD: 2,182	36,400	100.00	EUR: 51 NTD: 1,795	EUR: 15 NTD: 534	EUR: 15 NTD: 534	
"	S&T Slovakia s.r.o., Slovakia	Slovakia	IT servers	EUR: 6,971 NTD: 245,379	EUR: 6,971 NTD: 247,948	1,659,690	100.00	EUR: 4,574 NTD: 161,005	EUR: 272 NTD: 9,686	EUR: 272 NTD: 9,686	
S&T Consulting Hungary Kft., Hungary	S&T Services Kft., Hungary	Hungary	IT servers	EUR: 3,627 NTD: 127,670	EUR: 3,627 NTD: 129,024	268,000	100.00	EUR: 2,643 NTD: 93,034	EUR: 663 NTD: 23,609	EUR: 663 NTD: 23,609	
Kontron S&T AG, Germany (原 Kontron AG)	KONTRON AMERICA INC.	USA	Communication products	EUR: 17,790 NTD: 626,208	EUR: 11,086 NTD: 394,315	2,036,040	100.00	EUR: 19,504 NTD: 686,541	EUR: 1,083 NTD: 38,566	EUR: 1,083 NTD: 38,566	
"	KONTRON CANADA INC.	Canada	Communication products	EUR: 60,213 NTD: 2,119,498	EUR: 8,981 NTD: 319,445	50,000,200	100.00	EUR: 40,233 NTD: 1,416,202	EUR: 3,572 NTD: 127,199	EUR: 3,572 NTD: 127,199	
"	KONTRON ASIA PACIFIC DESIGN SDN. BHD.	Malaysia	Manufacturing and marketing of industrial computers	EUR: 5,071 NTD: 178,499	EUR: 5,071 NTD: 180,386	44,581,100	100.00	EUR: (15,930) NTD: (560,736)	EUR: (1,108) NTD: (39,456)	EUR: (1,108) New Taiwan Dollars: (39,456)	
"	KONTRON (BEIJING) TECHNOLOGY CO. LTD.	China	Manufacturing and marketing of industrial computers	Euro: 918 NTD: 32,314	Euro: 918 NTD: 32,663	15,398,960	100.00	EUR: 9,247 NTD: 325,494	EUR: (442) NTD: (15,740)	EUR: (442) NTD: (15,740)	
"	KONTRON EUROPE GMBH	Germany	Manufacturing and marketing of industrial computers	EUR: 123,910 NTD: 4,361,632	EUR: 123,910 NTD: 4,407,476	23,600,000	100.00	EUR: 128,854 NTD: 4,535,661	EUR: 14,501 NTD: 516,381	EUR: 14,501 NTD: 516,381	
"	Kontron S&T AG, Germany	Germany	Manufacturing and marketing of industrial computers	EUR: 2,797 NTD: 98,454	EUR: 371 NTD: 13,196	13,000	100.00	EUR: 1,643 NTD: 57,834	EUR: 169 NTD: 6,018	EUR: 169 NTD: 6,018	

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Name of investee	Name of investee	Location	Main operations	Initial Investment Amount		Closing holding			Current Profit and Loss of Investee	Recognized investment gain (loss) for the current period	Note
				End of the current period	End of last year	Number of Shares	Percentage	Carrying Amount			
KONTRON EUROPE GMBH	Kontron ECT design s.r.o.	Czech Republic	Manufacturing and marketing of industrial computers	EUR: - NTD: -	EUR: - NTD: -	500,000	100.00	Euro: 552 NTD: 19,430	EUR: 240 NTD: 8,546	EUR: 240 NTD: 8,546	
"	Kontron UK Ltd.	UK	Manufacturing and marketing of industrial computers	EUR: 1,712 NTD: 60,262	EUR: 1,712 NTD: 60,884	172,550	100.00	EUR: 4,155 NTD: 146,256	EUR: 361 NTD: 12,855	EUR: 361 NTD: 12,855	
"	Kontron Modular Computers S.A.S.	France	Manufacturing and marketing of industrial computers	EUR: 5,158 NTD: 181,562	EUR: 4,780 NTD: 170,034	344,500	100.00	EUR: 6,239 NTD: 219,613	EUR: (604) NTD: (21,508)	EUR: (604) NTD: (21,508)	
"	Kontron Technology A/S	Denmark	Manufacturing and marketing of industrial computers	EUR: - NTD: -	EUR: - NTD: -	500,000	100.00	EUR: 680 NTD: 23,936	EUR: (52) NTD: (1,852)	EUR: (52) New Taiwan Dollars: (1,852)	
"	Industrial Computers France	France	Manufacturing and marketing of industrial computers	EUR: - NTD: -	EUR: - NTD: -	-	-	EUR: - NTD: -	EUR: - NTD: -	EUR: - NTD: -	Note 4
"	Kontron electronics GmbH, Germany	Germany	Manufacturing and marketing of industrial computers	EUR: 19,262 NTD: 678,022	EUR: - NTD: -	102,150	100.00	EUR: 19,636 NTD: 691,187	Euro: 375 NTD: 13,354	Euro: 375 NTD: 13,354	
"	Kontron Austria GmbH, Austria (formerly S&T Electronics and Payment Systems GmbH, Austria)	Austria	Manufacturing and marketing of industrial computers	EUR: - NTD: -	EUR: 77 NTD: 2,753	-	10.00	EUR: - NTD: -	EUR: - NTD: -	EUR: - NTD: -	Note 4
Kontron Holding Austria GmbH, Austria	Kontron Austria electronics GesmbH, Austria	Austria	Manufacturing and marketing of industrial computers	EUR: 7,416 NTD: 261,043	EUR: - NTD: -	53,640	99.00	EUR: 597 NTD: 21,014	Euro: 585 NTD: 20,832	EUR: 581 NTD: 20,689	
Kontron Austria GmbH, Austria (formerly S&T Electronics and Payment Systems GmbH, Austria)	Kontron Austria electronics GesmbH, Austria	Austria	Manufacturing and marketing of industrial computers	EUR: 17 NTD: 598	EUR: - NTD: -	350	1.00	EUR: 4 NTD: 141	Euro: 585 NTD: 20,832	EUR: 4 NTD: 142	
"	Kontron electronics AG, Switzerland	Switzerland	Manufacturing and marketing of industrial computers	EUR: - NTD: -	EUR: - NTD: -	1,000	100.00	EUR: (479) NTD: (16,861)	EUR: (468) NTD: (16,665)	EUR: (468) NTD: (16,665)	
"	Kontron Holding Austria GmbH, Austria	Austria	Manufacturing and marketing of industrial computers	EUR: 2,484 NTD: 87,437	EUR: - NTD: -	35,000	100.00	EUR: 9,956 NTD: 350,451	EUR: 56 NTD: 1,994	EUR: 56 NTD: 1,994	
S&T Romania S.R.L., Romania	FAIR VALUE COM S.R.L., Romania	Romania	IT servers	EUR: - NTD: -	EUR: - NTD: -	-	-	EUR: - NTD: -	EUR: - NTD: -	EUR: - NTD: -	Note 4
S&T CZ s.r.o., Czech Republic	Kapsch BusinessCom s.r.o., Czech Republic	Czech Republic	IT servers	EUR: - NTD: -	EUR: 420 NTD: 14,924	-	-	EUR: - NTD: -	EUR: - NTD: -	EUR: - NTD: -	Note 4
	S&T PilsCom s.r.o.	Czech Republic	IT servers	EUR: 1,874 NTD: 65,965	EUR: - NTD: -	100,000	100.00	EUR: 1,575 NTD: 55,440	EUR: 23 NTD: 819	EUR: 23 NTD: 819	
S&T Slovakia s.r.o., Slovakia	S&T Services s.r.o., Slovakia	Slovakia	IT Services	EUR: 36 NTD: 1,284	EUR: 36 NTD: 1,298	981,750	99	EUR: 149 NTD: 5,266	EUR: 94 NTD: 3,338	EUR: 93 New Taiwan Dollars:	Note 4
Affair OOO, Russia	RTSoft Project OOO, Russia	Russia	Manufacturing and marketing of industrial computers	EUR: 6,636 NTD: 233,587	EUR: 6,636 NTD: 236,030	372,500	75.00	EUR: 5,262 NTD: 185,222	EUR: 221 NTD: 7,870	EUR: 164 NTD: 5,840	
S&T Mold srl., Moldova	S&T IT Technologies srl., Moldova	Moldova	IT servers	EUR: 2 NTD: 70	EUR: - NTD: -	50,000	100.00	EUR: 15 NTD: 528	EUR: 12 NTD: 427	EUR: 12 NTD: 427	
S&T Hrvatska d.o.o., Croatia	Kapsch CarrierCom d.o.o.	Croatia	IT servers	EUR: 744 NTD: 26,189	EUR: - NTD: -	10,900,000	100.00	EUR: 712 NTD: 25,062	EUR: (34) NTD: (1,211)	EUR: (34) NTD: (1,211)	
S&T Macedonia d.o.o.e.l., Macedonia	Kapsch DOOEL Skopje	Macedonia	IT servers	EUR: 352 NTD: 12,390	EUR: - NTD: -	307,000	100.00	EUR: 361 NTD: 12,707	EUR: 10 NTD: 356	EUR: 10 NTD: 356	
Kontron UK Ltd.	Industrial Computers Ltd.	UK	Manufacturing and marketing of industrial computers	EUR: - NTD: -	EUR: 1,672 NTD: 59,473	-	-	EUR: - NTD: -	EUR: - NTD: -	EUR: - NTD: -	Note 4
Marketech International Corp.	Marketech Integrated Pte. Ltd.	Singapore	semiconductor industry automation supply system	NTD: 215,087	NTD: 192,522	9,235,678	100.00	NTD: 15,095	NTD: (288)	NTD: (288)	
"	Market Go Profits Ltd.	British Virgin Islands	Investment holding and reinvestment	NTD: 1,282,562	NTD: 1,245,570	39,569,100	100.00	NTD: 1,070,484	NTD: 36,179	NTD: 36,179	
"	MIC-Tech Global Corp.	South Korea	General International Trade	NTD: 19,147	NTD: 19,147	131,560	100.00	NTD: 6,607	NTD: (993)	NTD: (993)	
"	Headquarter International Ltd.	British Virgin Islands	Investment holding and reinvestment	NTD: 42,475	NTD: 42,475	1,289,360	100.00	NTD: 38,864	NTD: (307)	NTD: (307)	
"	Tiger United Finance Ltd.	British Virgin Islands	Investment holding and reinvestment	NTD: 46,475	NTD: 46,475	1,410,360	100.00	NTD: 37,813	NTD: (476)	NTD: (476)	
"	Marketech Engineering Pte. Ltd.	Singapore	Contracting of Engineering Business	NTD: 10,129	NTD: 10,129	421,080	100.00	NTD: 15,239	NTD: 13,794	NTD: 13,794	
"	Marketech Integrated Manufacturing Company Limited	Myanmar	Design, manufacture and assembly of automated production machines and components	NTD: 438,298	NTD: 438,298	1,400,000	100.00	NTD: 355,022	NTD: (3,532)	NTD: (3,532)	
"	MIC-Tech Viet Nam Co., Ltd.	Vietnam	Trading, installation and maintenance of various machinery and equipment	NTD: 39,345	NTD: 39,345	-	100.00	NTD: 27,561	NTD: (3,471)	NTD: (3,471)	
"	Marketech Co., Ltd.	Vietnam	Engineering contracting and related maintenance services	NTD: 45,246	NTD: 29,922	-	100.00	NTD: 11,088	NTD: (6,843)	NTD: (6,843)	
"	eZoom Information, Inc.	Taiwan	Research and development, trading, sales, consulting services, and consulting services	NTD: 195,737	NTD: 67,737	20,000,000	100.00	NTD: 152,947	NTD: (6,743)	NTD: (6,743)	

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Name of investee	Name of investee	Location	Main operations	Initial Investment Amount		Closing holding			Current Profit and Loss of Investee	Recognized investment gain (loss) f for the current period	Note
				End of the current period	End of last year	Number of Shares	Percentage	Carrying Amount			
"	PT Marketech International Indonesia	Indonesia	Trading of machinery and accessories	NTD: 38,042	NTD: 38,042	1,199,000	99.92	NTD: 36,670	NTD: 2,622	NTD: 2,622	
"	Glory Technology Service Inc.	Taiwan	Trading and installation of telecommunications equipment	NTD: 42,713	NTD: 31,019	5,510,305	29.24	NTD: 61,236	NTD: 13,881	NTD: 4,105	
"	Hua Shuan Technology, Inc.	Taiwan	Sales of panel equipment and materials	NTD: 2,000	NTD: 2,000	200,000	20.00	NTD: 1,842	NTD: (36)	NTD: (7)	
"	Ya Da Technology Co., Ltd.	Taiwan	Trading of information software and supply and installation of electronic information equipment	NTD: 20,000	NTD: 10,000	2,000,000	30.30	NTD: 13,034	NTD: (18,217)	NTD: (10,904)	
"	Marketech Netherlands B.V.	Netherlands	International trade and technical services for machinery and equipment and components	NTD: 10,671	NTD: 10,671	300,000	100.00	NTD: 6,339	NTD: (4,051)	NTD: (4,051)	
"	Marketech International Sdn. Bhd.	Malaysia	Engineering contracting and related maintenance services	NTD: 87,070	NTD: 44,431	12,242,750	100.00	NTD: 65,645	NTD: 6,481	NTD: 3,013	
Market Go Profits Ltd.	MIC-Tech Ventures Asia Pacific Inc.	British Virgin Islands	Investment holding and reinvestment	NTD: 1,240,073	NTD: 1,240,073	39,466,600	100.00	NTD: 1,068,756	NTD: 36,252	NTD: -	
Marketech Engineering Pte Ltd.	Marketech Integrated Construction Co., Ltd.	Myanmar	Contracting of Engineering Business	NTD: 8,569	NTD: 8,569	28,500	95.00	NTD: 14,844	NTD: 14,688	NTD: -	
MIC-Tech Ventures Asia Pacific Inc.	Rusky H.K. Limited	Hong Kong	Investment holding and reinvestment	NTD: 34,551	NTD: 34,551	833,000	100.00	NTD: (10,296)	NTD: 4,156	NTD: -	
"	Frontken MIC Co. Limited	Hong Kong	Investment holding and reinvestment	NTD: 31,422	NTD: 31,422	2,337,600	100.00	NTD: 5,414	NTD: (110)	NTD: -	
"	Rui Shuan International Co., Ltd.	Hong Kong	Investment holding and reinvestment	NTD: 132,282	NTD: 95,290	5,400,000	60.00	NTD: 63,213	NTD: (10,126)	NTD: -	
"	Leader Fortune Enterprise Co., Ltd.	Samoa	Investment holding and reinvestment	NTD: 8,990	NTD: 8,990	303,000	31.43	NTD: (4,638)	NTD: (28,455)	NTD: -	
Rusky H.K. Limited	PT Marketech International Indonesia	Indonesia	Trading of machinery and accessories	NTD: 32	NTD: 32	1,000	0.08	NTD: 31	NTD: 2,622	NTD: -	

Note 1: Based on the audited financial statements and the percentage of shareholding of the investee companies in the same period as the invested company's accounting.

Note 2: Investment gain and loss recognized in the current period include the difference between the investment cost and net equity.

Note 3: The Company's net worth, long-term equity and net value of the investee's equity interests in the investee are fully written off in the preparation of the consolidated financial statements.

Note 4: In 2018, S&T AG was eliminated or dissolved and liquidated due to the adjustment of the organizational structure.

Ennocon Corporation and Subsidiaries  
Investment information in Mainland China  
January 1st to December 31, 2018

Table 9

Unit: Foreign currency/NT\$ thousands

Investee in Mainland China Company Name	Main operations	Paid-in Capital	Investment method	Aggregated from the beginning of the current period Accumulated remitted from Taiwan Investment Amount	Outward remittance or collection Investment Amount		Aggregated amount of current period Accumulated remitted from Taiwan Investment Amount	Investee (Loss) gain for the current period	Shareholding Percentage of the Company's Direct or Indirect Investment	Current recognition Investment gain (loss)	Investment at end of period Carrying Amount	Up to the end of the year Remitted back Investment income
					Export	Recovery						
Nanjing Asiatek Inc.	Research, development, sales of software and hardware products, and provision of its installation, addition and technical consulting.	US\$3,000,000 NT\$92,145	The Company obtained the 100% equity interest in the third region, namely Hong Kong Innovation (Hong Kong) Limited (the "Hong Kong Innovation)" (the "Hong Kong Innovation)" (the "Hong Kong Innovation"), and indirectly obtained the 100% equity interest in South Asia Technology Limited (paid-up capital reaches USD 2,600,000), which is engaged in the business of the region of the PRC, and is then re-invested in the Mainland China region of the Company. Note 1 (2)	HK\$5,000,000 and US\$400,000 NTD 31,891 Note 3	-	-	HK\$5,000,000 and US\$400 thousand NTD 31,891 Note 3	RMB13,454 NTD 61,864	100%	RMB13,454 NTD 61,864 Note 2(2) B	RMB 33,097 NTD 148,073	-
Shenzhen xiangxing Technology Co., Ltd.	Sales of machinery and accessories and moulds.	US\$1,500,000 NTD 46,073	Re-investment from the sub-subsidiary of Nanjing Asiatek Inc. Note 1 (3)	-	-	-	-	RMB11,488 NTD 52,821	20%	RMB 2,298 NTD 10,564 Note 4	RMB6,848 NTD 30,625	-
Ennoconn (Foshan) Investment Co., Ltd.	Professional investment	US\$9,800,000 NTD 294,599	Re-investment through the third-region subsidiary, Hong Kong Innovation Note 1 (2)	US\$9,500,000 NTD 285,855 Note 3	US\$300 thousand NTD 8,744	-	US\$9,800,000 NTD 294,599 Note 3	RMB 319 NTD 1,457	100%	RMB 319 NTD 1,457 Note 2(2) B	RMB 66,769 NTD 298,715	-
Beijing Caswell Ltd.	Production of electronic monitoring products and online communication products.	US\$3,800,000 NTD 115,995	Re-investment through CASWELL INTERNATIONAL INVESTMENT CO., LTD. in the third region Note 1 (1)	US\$3,116,000 NTD 95,116 Note 3	-	-	US\$3,116 thousand New Taiwan Dollar 95,116 Note 3	RMB 5,363 NTD 24,637	28.03%	RMB1,503 NTD 6,905 Note 2(2) A	RMB10,103 NTD 44,817	-
HighAim Technology Inc.	Design and development and production of various models, servers and communication devices.	USD10,000,000 NT\$307,150	Through the third regional company, second-tier subsidiary EnnoMech Precision (Shenzhen) Co., Ltd. invested in HighAim Technology Inc. and indirectly obtained the equity of its subsidiaries. Note 1 (2)	US\$10,843,000 NTD 330,423 Note 3	-	-	US\$10,843,000 NTD 330,423 Note 3	RMB 8,477 NTD 36,509	66.05%	RMB 5,599 NTD 24,110 Note 2(2) B	RMB 67,947 NTD 304,084	-
EnnoMech Precision (Shenzhen) Co., Ltd.	Machinery components	US\$1,530,000 NTD 46,994	Re-investment in the third region, DOMINATE UNITED ENTERPRISE LTD. Note 1 (2)	US\$1,530,000 NTD 46,994 Note 3	-	-	US\$1,530,000 NTD 46,994 Note 3	RMB 494 NTD 2,334	100%	RMB 494 NTD 2,334 Note 2(2) B	RMB10,745 NTD 48,089	-
Goldtek Technology Co., Ltd. (Shenzhen)	Research, design and sales of electronic products, communication devices and accessories, and after-sales services for the above products.	US\$1,000,000	Re-investment through Keenest Electronic Corp. in the third region. Note 1 (2)	US\$1,000,000 NTD 30,715 Note 3	-	-	US\$1,000,000 NTD 30,715 Note 3	RMB (69) NTD (3,215)	56.74%	RMB (392) NTD (1,824) Note 2(2) B	RMB 2,823 NTD 11,497	-
Rirong (Shenzhen) Co., Ltd.	Stamping/assembly	RMB10,309 NTD 46,102	Indirectly acquired the equity interests of its subsidiaries through the investment in Hong Kong Ri Rong Industry Co., Ltd. in the third region Note 1 (3)	-	-	-	-	RMB1,161 NTD 5,292	22.87%	RMB 89 NTD 403 Note 2(2) A	RMB 3,382 NTD 15,125	-
Tairuon (Shenzhen) Co., Ltd.	Zinc/Aluminum Alloy Pressure Casting	RMB 4,095 NTD 18,313	Indirectly acquired the equity interests of its subsidiaries through the investment in Hong Kong Ri Rong Industry Co., Ltd. in the third region Note 1 (3)	-	-	-	-	RMB16,293 NTD 74,234	11.43%	RMB 621 NTD 2,829 Note 2(2) A	RMB16,897 NTD 75,564	-
Shengrong Plastic Co., Ltd. (Shenzhen)	Manufacturing and sales of plastic and hardware	RMB 3,600 NTD 16,099	Indirectly acquired the equity interests of its subsidiaries through the investment in Hong Kong Ri Rong Industry Co., Ltd. in the third region Note 1 (3)	-	-	-	-	RMB (108) NTD (491)	12.58%	Renminbi (9) NTD (41) Note 2(2) A	RMB1,981 NTD 8,861	-
Thecus Technology Co., Ltd. (Nanjing)	Sales of network storage devices and maintenance services	US\$510,000 NTD 15,665	Re-investment through the third region, Thecus Technology Corp. Note 1 (1)	US\$510,000 NTD 15,665 Note 3	-	US\$510,000 NTD 15,665	-	RMB- NTD-	-	RMB- New Taiwan Dollars- Note 2(2) A	RMB- New Taiwan Dollars-	(Note 5)
Ennoconn (Suzhou) Technology Co., Ltd.	Research and development, production and sales of industrial computers	US\$30,000,000 NTD 909,016	Re-investment through the third-region subsidiary, Hong Kong Innovation Note 1 (2)	US\$2,000,000 NTD 60,490 Note 3	USD 28,000,000 NTD 848,526	-	US\$30,000,000 NTD 909,016 Note 3	RMB (2,267) NTD (11,233)	100%	RMB (2,267) NTD (11,233) Note 2(2) B	RMB201,871 NTD 903,143	-
Ennoconn (Kunshan) Technology Co., Ltd.	Smart technology development and sales of hardware	US\$- NTD-	Re-investment through a second-tier subsidiary, Ennoconn (Suzhou) Technology Co., Ltd., in a third region Note 1 (3)	US\$- NTD-	-	-	US\$- NTD-	RMB (16) NTD (61)	100%	RMB (16) NTD (61) Note 2(2) B	RMB (16) NTD (80)	-

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Investee in Mainland China Company Name	Main operations	Paid-in Capital	Investment method	Aggregated from the beginning of the current period Accumulated remitted from Taiwan Investment Amount	Outward remittance or collection Investment Amount		Aggregated amount of current period Accumulated remitted from Taiwan Investment Amount	Investee (Loss) gain for the current period	Shareholding Percentage of the Company's Direct or Indirect Investment	Current recognition Investment gain (loss)	Investment at end of period Carrying Amount	Up to the end of the year Remitted back Investment income
					Export	Recovery						
MIC-Tech (Wuxi) Co., Ltd.	Design, manufacture, installation and maintenance of semiconductor components and IC devices, electronic components, and environmental pollution prevention equipment; packaging of special equipment, refrigeration equipment assembly; barbecue furnace assembly; engagement in the above products and parts, textiles, daily necessities, chemical products, cosmetics wholesale, commission agents, import and export business; own factory lease; automated storage equipment and accessories, design, manufacture, sale and installation of automatic conveying logistics equipment and accessories, logistics deployment, computer aided engineering system development, sales and installation	NTD 783,233	Reinvesting in the third regional company through Market Go Profits Ltd. Note 1 (2)	NTD 629,658	New Taiwan Dollars-	New Taiwan Dollars-	NTD 629,658	NTD 28,697	45.21%	NTD 13,230 Note 2(2) A	NTD 16,115	-
Huayou Chemical Industry International Trade (Shanghai) Limited Company	Semiconductor production, maintenance of semiconductor equipment, testing equipment and consumables, wholesale of boilers for power generation, commission agents, import and export and other related supporting services; warehousing and distribution services mainly for chemical and boiler products; international trade, entrepot trade and trade agency between enterprises in the bonded area; business consulting services in the area	NTD 253,122	Reinvesting in the third regional company through Market Go Profits Ltd. Note 1 (2)	NTD 15,358	New Taiwan Dollars-	New Taiwan Dollars-	NTD 15,358	NTD 25,652	45.21%	NTD 11,597 Note 2(2) A	NTD 158,786	-
Fuzhou Jiwei Electronic System Engineering Co., Ltd.	Dust-free room and power system equipment, piping system equipment installation and related supporting services	NTD 9,215	Reinvesting in the third regional company through Market Go Profits Ltd. Note 1 (2)	New Taiwan Dollars	New Taiwan Dollars-	New Taiwan Dollars-	NTD 9,215	NTD 695	45.21%	NTD 314 Note 2(2) A	NTD (459)	-
Shanghai Maohua Electron Engineering Technology Limited Company	Design, installation, commissioning and technical services, piping systems and related facilities for the semiconductor manufacturing industry, equipment maintenance for the semiconductor manufacturing industry, electronics, medical equipment technical consulting, electronic products, mechanical equipment, chemical products (except hazardous materials), communications products, metal products, wholesale of manufactured products, commission agents (excluding auctions), import and export and related ancillary services.	NTD 18,429	Reinvesting in the third regional company through Market Go Profits Ltd. Note 1 (2)	NTD 18,521	New Taiwan Dollars-	New Taiwan Dollars-	NTD 18,521	NTD 2,424	39.33%	NTD 953 Note 2(2) A	NTD (5,716)	-
Shanghai Jiwei Electronic System Engineering Co., Ltd.	Mechanical and electrical installation, engineering construction general contracting, electrical engineering professional contracting, chemical petroleum equipment pipeline installation, pipeline professional contracting and post-engineering warranty services, relevant engineering and technical consulting services	NTD 541,168	Reinvesting in the third regional company through Market Go Profits Ltd. Note 1 (2)	NTD 261,692	New Taiwan Dollars-	New Taiwan Dollars-	NTD 261,692	NTD (27,348)	45.21%	NTD (12,364) Note 2(2) A	NTD 188,862	-
Wuxi Hanhua Electronic Technology Co., Ltd.	Equipment installation and maintenance of semiconductor components and crystal special equipment, electronic components special equipment, environmental pollution prevention equipment; engaged in the abovementioned product wholesale, commission agent, import and export business; industrial equipment cleaning and maintenance.	NTD 9,368	Reinvesting in the third regional company through Market Go Profits Ltd. Note 1 (2)	NTD 1,505	New Taiwan Dollars-	New Taiwan Dollars-	NTD 1,505	NTD (204)	22.15%	NTD (45) Note 2(2) A	NTD 27	-
Shanghai Chen Kao Engineering Design Co., Ltd.	Design of micro-electronic products, project design and display components project design, related technologies and management consulting services	NTD 6,143	Reinvesting in the third regional company through Market Go Profits Ltd. Note 1 (2)	NTD 6,143	New Taiwan Dollars-	New Taiwan Dollars-	NTD 6,143	NTD 2,056	45.21%	NTD 930 Note 2(2) A	NTD (266)	-

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Investee in Mainland China Company Name	Main operations	Paid-in Capital	Investment method	Aggregated from the beginning of the current period Accumulated remitted from Taiwan Investment Amount	Outward remittance or collection Investment Amount		Aggregated amount of current period Accumulated remitted from Taiwan Investment Amount	Investee (Loss) gain for the current period	Shareholding Percentage of the Company's Direct or Indirect Investment	Current recognition Investment gain (loss)	Investment at end of period Carrying Amount	Up to the end of the year Remitted back Investment income
					Export	Recovery						
Wuxi Advanced Semiconductor Technology	Special cleaning of semiconductor components and integrated circuits; parts for semiconductor devices, parts for integrated circuits and micro-components, wafer cleaning; development of semiconductor cleaning technology; assembly, installation and maintenance of refrigeration equipment; automated storage equipment and accessories, automatic design, manufacture, sales and installation of transportation logistics equipment and accessories; development, sales and installation of computer-aided engineering systems for logistics deployment; wholesale and commission agents for these abovementioned products and their parts, import and export business, etc.	NTD 70,890	Reinvesting in the third regional company through Market Go Profits Ltd. Note 1 (2)	NTD 28,356	New Taiwan Dollars-	New Taiwan Dollars-	NTD 28,356	NTD (110)	45.21%	NTD (50) Note 2(2) A	NTD 2,438	-
Nantong Jianrui Optoelectronics Technology Co., Ltd.	Development and production of special equipment for solar cell production, large-screen color projection display with optical engine, light source, projection screen, high-definition projection tube and micro-projection device module and other key components manufacturing, new electronic components manufacturing, cleaning and recycling services	NTD 153,575	Reinvesting in the third regional company through Market Go Profits Ltd. Note 1 (2)	NTD 82,931	New Taiwan Dollars-	New Taiwan Dollars-	NTD 82,931	NTD (10,154)	27.13%	NTD (2,755) Note 2(2) A	NTD 11,561	-
Shanghai Fanya Trading Co., Ltd.	Chemical products (excluding hazardous chemicals, precursor chemicals, special chemicals), semiconductors, testing equipment and consumables, solar equipment consumables, power generation boilers, machinery and accessories, wholesale, commission agents, import and export, and others related supporting business, international trade, entrepot trade, trade and trade agency between enterprises in the bonded area, trade consulting services, installation and maintenance of semiconductor equipment, automation equipment, electronic equipment and spare parts	NTD 46,073	Reinvesting in the third regional company through Market Go Profits Ltd. Note 1 (2)	NTD 46,073	New Taiwan Dollars-	New Taiwan Dollars-	NTD 46,073	NTD (7,308)	45.21%	NTD (3,304) Note 2(2) A	NTD 8,377	-
Shanghai Jimao Trading Co., Ltd.	Electronic products, food, textiles, daily necessities, cosmetics, valve switches, instrumentation, metal products, wholesale of mechanical and electrical equipment, commission agents, import and export and related ancillary services; international trade, entrepot trade, trade between bonded areas and intra-regional trade agent; commercial simple processing in bonded area; trade advisory service in bonded area	NTD 29,391	Reinvesting in the third regional company through Market Go Profits Ltd. Note 1 (2)	NTD 9,237	New Taiwan Dollars-	New Taiwan Dollars-	NTD 9,237	NTD (28,434)	14.21%	NTD (4,040) Note 2(2) A	NTD (2,099)	-

Name of investee	Accumulated investment in Mainland China from Taiwan as of the end of the year	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs	Ceiling for investment in Mainland China in accordance with the Investment Commission of the Ministry of Economic Affairs
Ennoconn Corporation	HK\$5,000,000 and US\$40,146,000 NT\$ 1,244,962 (Note 3)	HK\$5,000,000 and US\$65,746,000 NT\$ 2,026,402 (Note 3)	NT\$ 3,973,980
Goldtek Technology Co., Ltd.	US\$1,000,000 and HK\$80,100,000 NT\$ 344,787 (Note 3)	US\$1,000,000 and HK\$80,100,000 NT\$ 344,787 (Note 3)	NTD 958,607
Caswell Inc.	US\$3,116,000 NT\$ 95,116 (Note 3)	US\$3,116,000 NT\$ 95,116 (Note 3)	NT\$ 1,459,072
Ennoconn International Investment Co., Ltd.	US\$12,373,000 NT\$ 377,686 (Note 3)	US\$12,373,000 NT\$ 377,686 (Note 3)	NT\$ 4,618,253
Marketch International Corp.	NT\$ 1,113,851 (Note 3)	NT\$1,957,170 (Note 3)	NT\$ 3,347,386

Note 1: Investment is classified as the following three types:

- (1) Direct investment in the Mainland China.
- (2) Investment in Mainland China through a third-region company (please specify the investment companies in the third area).
- (3) Others.

Note 2: Investment gain and loss recognized in the current period:

- (1) If the company is in preparation status and no investment loss and profit occur, it shall be noted.
- (2) The three types of recognized investment loss and profit as follows shall be noted.
  - A. The financial statements certified by international accounting firms that has relations with accounting firms in Taiwan.
  - B. The financial statements are certified by CPA through the parent company in Taiwan.
  - C. Others.

Note 3: The exchange rate adopted is the average demand exchange rate of Bank of Taiwan on December 28, 2018.

Note 4: It is a non-significant related enterprise, and its financial report without the audit of the accountant shall not have a significant impact.

Note 5: Registration for liquidation completed in early 2018.