

Ennoconn Corporation

Individual Financial Statements and CPA Audit Report 2019 and 2018

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

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CPA Audit Report

To Ennoconn Corporation:

Audit Opinion

We have audited the Individual Balance Sheets of Ennoconn Corporation as of Dec. 31, 2019, and 2018, as well as the Individual Statements of Comprehensive Income, Changes in Equity, Cash Flows, and Notes to Individual Financial Statements for the year 2019 and 2018 from Jan. 1 to Dec. 31 (including the Summary of Significant Accounting Policies).

In our opinions, based on our audit results and the other CPAs' audit reports (please refer to the section of "Others"), all material aspects of the individual financial statements above were prepared in compliance with the "Regulations Governing Preparation of Financial Reports by Securities Issuers," and are sufficient to present the individual financial position of Ennoconn Corporation as of Dec. 31, 2019 and 2018, as well as its individual financial performance and cash flows for the year 2019 and 2018 from Jan. 1, to Dec. 31.

Basis of Audit Opinion

We have conducted our audit following the "Regulations Governing Auditing and Attestation of Financial Statements by CPAs" and Generally Accepted Auditing Standards (GAAS). Our responsibilities under these standards will be further explained in the section of "CPA's Responsibility for Auditing Individual Financial Statements." Following the code of professional ethics of accountants, the persons subject to the independence standards of our accounting firm have maintained their independence from the Ennoconn Corporation and fulfilled other responsibilities of the code. Based on our audit results and other CPAs' audit reports, we believe that we have acquired sufficient and appropriate audit evidence to serve as the basis of our audit opinion.

Key Audit Matters

Per our professional judgment, key audit matters refer to the most substantial issues to the audit of the individual financial statements of Ennoconn Corporation for the year ended Dec. 31, 2019. These matters were addressed in our audit of individual financial statements as a whole and forming our audit opinion. We do not express a separate opinion on these matters.

The key audit matters of the individual financial statements of Ennoconn Corporation for 2019 are as follows:

Recognition and Cutoff of Export Revenue

The sales transaction method of Ennoconn Corporation mainly refers to the direct delivery to the buyer after being manufactured by the processing plant at the third location in China, and the sales revenue is recognized when the relevant control of the goods is transferred (meeting the performance obligation). Due to material transaction amounts and the transaction terms of each buyer are different, meaning the control is transferred at different timing, whether the revenue is recognized in the correct period or not will have a material impact. Therefore, will such sales revenue be recognized in the appropriate period is listed as the key audit item of this year.

In response to this critical matter, we have reviewed the Company's sales revenue recognition policy, evaluated the design and implementation of internal control related to such sales revenue. To ensure the appropriateness of transferring control time points in compliance with the contract, we have also extracted samples from sales transactions around the yearend, examined the fairness of relevant documents and revenue recognition time points, and checked external shipping documents and customer sign-in documents,

Assessment of Investment Impairment Under Equity Method

The investment of Ennoconn Corporation under the equity method as of Dec. 31, 2019 is NT\$18,679,156 thousand, accounting for 90.65% of the total assets. The goodwill resulted from the M&A is material. The management has conducted an impairment evaluation test according to the International Accounting Standards (IAS) No. 36 "Impairment of Assets" and estimated the future cash flow expected from the cash-generating unit of the asset. As the calculation of future cash flows involves various assumptions and estimates, it has a high degree of uncertainty. Therefore, evaluating investment impairment under the equity method is listed as a key audit item.

Our audit procedures for this matter consist of obtaining the evaluation report on goodwill impairment from independent evaluation specialists entrusted by the management, understanding and reviewing the assumptions used in the evaluation model, including the estimation of future operating cash flows, growth rate, profit rate, discount rate, etc. and comprehensively evaluating the rationality of the above goodwill impairment.

Other Matters

In the individual financial statements above, certain financial statements of the investee were audited by other CPAs under the equity method. Therefore, our opinions on the parts related to such investees' investments under the equity method and share of profit and loss recognized are based on other CPAs' reports. As of Dec. 31, 2019, and 2018, the investment amount of the investee under the equity method was NT\$8,171,457 thousand and NT\$8,349,122 thousand respectively and accounted for 39.66% and 41.37% of total assets in that order; the comprehensive income recognized by these investees under the equity method was NT\$436,646 thousand and NT\$421,262 thousand respectively and accounted for 73.30% and 35.62% of total comprehensive income in that order.

Responsibility of Management and Governing Bodies for Individual Financial Statements

The responsibility of the management is to present individual financial statements in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and to maintain essential internal control to ensure it contains no material misstatement that may be caused by fraud or error.

In preparing for the individual financial statements, it is also management's responsibility to assess Ennoconn Corporation's ability to continue as a going concern, the disclosure of relevant matters, as well as the adoption of going concern accounting base. Unless the management intends to liquidate or cease operations of Ennoconn Corporation, or there is no practicable measure other than liquidation or termination of the business.

The governing bodies of Ennoconn Corporation (including the Audit Committee) is responsible for overseeing the financial reporting procedures.

CPA's Responsibility for Auditing Individual Financial Statements

The purpose of our audit of the individual financial statements is to attain reasonable assurance as to whether the individual financial statements as a whole contain any material misstatement that may be caused by fraud or error and to issue an audit report. Reasonable assurance is a high degree of certainty but not a guarantee that an audit conducted under the Generally Accepted Auditing Standards (GAAS) will always detect any material misstatement in the individual financial statements. Misstatements may be attributable to fraud or error. It is considered as material if the misstated individual amount or the aggregated total can be reasonably expected to affect the economic decisions made by the users of the individual financial statements.

When auditing under GAAS, we have practiced professional judgment and maintains professional suspicion. We also perform the following tasks:

1. Identify and assess the risks of material misstatements in the individual financial statements due to fraud or error; design and implement applicable countermeasures for the assessed risks, and attain sufficient and appropriate audit evidence as to the basis of audit opinions. Because fraud may involve collusion, forgery, intentional omission, false declaration, or the override of internal control, the risk of failing to detect any material misstatement caused by fraud is higher than that caused by the error.
2. Acquire the essential understanding of internal control relevant to audit to design appropriate audit procedures under the circumstances, but not to express opinions on the effectiveness of internal control of Ennoconn Corporation.
3. Evaluate the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by management.
4. Based on the audit evidence obtained, conclude on the appropriateness of the going concern accounting base adopted by the management and whether there is any material uncertainty in the events or circumstances that may cause substantial doubts about the Ennoconn Corporation's ability to continue as a going concern. If we believe that there is a material uncertainty in such events or circumstances, we shall remind the users of individual financial statements to pay attention to the relevant disclosure of the individual financial statements in the audit report. Or we shall amend the audit opinion when such disclosure is inadequate. Our conclusions are based on the audit evidence obtained as of the audit report date. However, future events or circumstances may cause Ennoconn Corporation no longer having the ability to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of individual financial statements (including relevant notes), and whether the individual financial statements fairly represent the related transactions and events.
6. Attain sufficient and appropriate audit evidence regarding the financial information of entities within Ennoconn Corporation to express opinions on the individual financial statements. We are responsible for the guidance, supervision, and implementation of the audit, as well as forming an audit opinion on Ennoconn Corporation.

The matters we communicate with the governing body include the planned audit scope and time, as well as material audit findings (including a significant lack of internal control identified during the audit).

We have also provided a declaration to the governing body, stating that the persons subject to the independence standards of our accounting firm have complied with the code of professional ethics of CPAs. We have also communicated with the governing body all relations and other matters (including relevant protective measures) that may affect the independence of the CPA.

From the matters communicated with the governing body, we determine the key audit matters for the audit of individual financial statements of Ennoconn Corporation in 2019. We have stated these matters in the audit report. Unless the law or regulation does not allow public disclosure of specific issues, or in rare circumstances, we determine not to communicate particular matters in the audit report due to the reasonable probability that the negative impact of such communication is higher than the public interest.

Deloitte & Touche
CPA Yang, Ching-ting

CPA Liu, Shui-en

Securities and Futures Commission
Approval No.
Taiwan-Finance-Securities-VI-0930128050

Securities and Futures Commission Approval No.
Taiwan-Finance-Securities-VI-0920123784

Mar. 31, 2020

Ennoconn Corporation
Individual Balance Sheets
As of Dec. 31, 2019, and 2018

Unit: NT\$1,000

Code	Assets	Dec. 31, 2019		Dec. 31, 2018 (audited after restatement)	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 4 and 6)	\$ 341,659	1	\$ 369,455	2
1136	Financial assets measured at amortized cost - current (Note 4, 8 and 30)	2,175	-	2,156	-
1172	Accounts receivable (Note 4, 5 and 9)	344,773	2	494,226	2
1180	Accounts receivable - related parties (Note 4, 5, 9 and 29)	292,403	1	317,765	2
130X	Inventory (Note 4, 5 and 10)	148,884	1	602,244	3
1470	Other current assets (Note 4, 15 and 29)	161,305	1	50,808	-
11XX	Total current assets	<u>1,291,199</u>	<u>6</u>	<u>1,836,654</u>	<u>9</u>
	Non-current assets				
1550	Investments under equity method (Note 4, 5, 11, 25 and 29)	18,679,156	91	17,741,779	88
1600	Property, plant and equipment (Note 4 and 12)	522,447	3	531,697	3
1755	Right-of-use assets (Note 4 and 13)	18,304	-	-	-
1821	Intangible assets (Notes 4 and 14)	1,533	-	1,724	-
1840	Deferred income tax assets (Notes 4 and 23)	87,086	-	69,711	-
1990	Other non-current assets (Note 4, 15 and 12)	5,235	-	796	-
15XX	Total non-current assets	<u>19,313,761</u>	<u>94</u>	<u>18,345,707</u>	<u>91</u>
1XXX	Total assets	<u>\$ 20,604,960</u>	<u>100</u>	<u>\$ 20,182,361</u>	<u>100</u>
	Liabilities and equity				
	Current liabilities				
2100	Short-term loans (Note 4 and 16)	\$ 4,620,000	23	\$ 5,330,000	27
2120	Financial liabilities at fair value through profit or loss - current (Note 4, 7 and 17)	-	-	11,743	-
2170	Accounts payable (Note 4)	54,478	-	428,058	2
2180	Accounts payable - related parties (Note 4 and 9)	344,381	2	250,121	1
2200	Other payables (Note 4, 18 and 19)	163,187	1	173,296	1
2280	Lease liabilities - current (Note 4 and 13)	6,791	-	-	-
2320	Long-term liabilities due within one year or one business cycle (Note 4 and 17)	-	-	7,342,766	36
2399	Other current liabilities (Note 4 and 18)	79,137	-	40,400	-
21XX	Total current liabilities	<u>5,267,974</u>	<u>26</u>	<u>13,576,384</u>	<u>67</u>
	Non-current liabilities				
2500	Financial liabilities at fair value through profit or loss - non-current (Note 4, 7 and 17)	24,718	-	-	-
2530	Corporate bonds payable (Note 4 and 17)	7,079,439	34	-	-
2570	Deferred tax liabilities (Note 4 and 23)	616	-	618	-
2580	Lease liabilities - non-current (Notes 4 and 13)	11,456	-	-	-
2670	Other non-current liabilities (Note 4 and 18)	233	-	212	-
25XX	Total non-current liabilities	<u>7,116,462</u>	<u>34</u>	<u>830</u>	<u>-</u>
2XXX	Total liabilities	<u>12,384,436</u>	<u>60</u>	<u>13,577,214</u>	<u>67</u>
	Equity (Note 4, 17, 20, 26 and 27)				
3110	Common stock	835,745	4	775,745	4
3200	Capital surplus	6,339,752	31	4,728,440	23
	Retained earnings				
3310	Legal capital reserve	535,830	2	425,018	2
3320	Special capital reserve	384,452	2	495,665	3
3350	Undistributed earnings	1,211,091	6	800,779	4
3300	Total retained earnings	<u>2,131,373</u>	<u>10</u>	<u>1,721,462</u>	<u>9</u>
3490	Other equity	(850,114)	(4)	(384,452)	(2)
3500	Treasury stock	(236,232)	(1)	(236,048)	(1)
3XXX	Total Equity	<u>8,220,524</u>	<u>40</u>	<u>6,605,147</u>	<u>33</u>
	Total liabilities and equity	<u>\$ 20,604,960</u>	<u>100</u>	<u>\$ 20,182,361</u>	<u>100</u>

The attached notes are part of this individual financial report.

(Please refer to Deloitte & Touche's audit report on Mar. 31, 2020.)

Chairman: Chu, Fu-chuan Manager: Tsai, Neng-chi Accounting Supervisor: Wu, Yu-mei

Ennoconn Corporation
Individual Statements of Comprehensive Income
Jan. 1 to Dec. 31, 2019 and Jan. 1 to Dec. 31, 2018

Unit: NT\$1,000

Code		2019		Earnings per share in NT\$ 2018 (audited after restatement)	
		Amount	%	Amount	%
4100	Operating revenue (Note 4, 21 and 39)	\$ 3,188,103	100	\$ 4,256,456	100
5110	Operational cost (Note 10, 22, and 29)	(2,754,672)	(86)	(3,713,021)	(87)
5900	Gross profit	433,431	14	543,435	13
5910	Unrealized gain from sales	(29,694)	(1)	(29,694)	(1)
5920	Realized gain from sales	29,694	1	29,694	1
	Operating expenses (Note 9, 19, 22 and 29)				
6100	Selling expenses	(117,232)	(4)	(113,673)	(3)
6200	Administrative expenses	(99,800)	(3)	(95,571)	(2)
6300	Research and development expenses	(119,057)	(4)	(116,798)	(3)
6450	Expected credit impairment reversed profits (losses)	17,380	1	(12,058)	-
6000	Total operating expenses	(318,709)	(10)	(338,100)	(8)
6900	Operating profit	114,722	4	205,335	5
	Non-operating income and expenses (Note 4, 11, 17 and 22)				
7010	Other income	9,078	-	13,801	-
7020	Other gains and losses	(195,266)	(6)	37,594	1
7050	Financial cost	(186,924)	(6)	(217,339)	(5)
7070	Loss and profit of subsidiaries recognized under equity method	1,327,642	42	1,056,962	25
7000	Total Non-operating income and expenses	954,530	30	891,018	21

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Code		2019		2018 (audited after restatement)	
		Amount	%	Amount	%
7900	Profit before tax	\$ 1,069,252	34	\$ 1,096,353	26
7950	Tax benefits (expenses) (Note 4 and 23)	<u>10,990</u>	-	<u>(2,055)</u>	-
8200	Net income	<u>1,080,242</u>	<u>34</u>	<u>1,094,298</u>	<u>26</u>
	Other comprehensive income (Note 4, 19, 20 and 23)				
	Items that will not be reclassified to profit or loss				
8311	Remeasurement of defined benefit plans	(10)	-	10	-
8330	Share of other comprehensive income from subsidiaries recognized under equity method	(51,939)	(2)	(22,939)	(1)
8349	Income tax related to items not reclassified	<u>2</u>	-	<u>(2)</u>	-
8310		<u>(51,947)</u>	<u>(2)</u>	<u>(22,931)</u>	<u>(1)</u>
	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on the translation of financial statements of foreign operations	(397,220)	(12)	134,264	3
8370	Share of other comprehensive income from subsidiaries recognized under equity method	(35,362)	(1)	(23,176)	-
8360		<u>(432,582)</u>	<u>(13)</u>	<u>111,088</u>	<u>3</u>
8300	Other comprehensive income (net amount after tax)	<u>(484,529)</u>	<u>(15)</u>	<u>88,157</u>	<u>2</u>
8500	Total comprehensive income (loss)	<u>\$ 595,713</u>	<u>19</u>	<u>\$ 1,182,455</u>	<u>28</u>
	Earnings per share (Note 24)				
9750	Basic	<u>\$ 13.22</u>		<u>\$ 14.27</u>	
9850	Diluted	<u>\$ 10.80</u>		<u>\$ 13.30</u>	

The attached notes are part of this individual financial report.

(Please refer to Deloitte & Touche's audit report on Mar. 31, 2020.)

Chairman: Chu, Fu-chuan Manager: Tsai, Neng-chi Accounting Supervisor: Wu, Yu-mei

Ennoconn Corporation
Individual Statements of Changes in Equity
Jan. 1 to Dec. 31, 2019 and Jan. 1 to Dec. 31, 2018

Unit: NTS1,000

Code		Common stock capital		Capital surplus				Retained earnings				Other equity item						
		Number of shares (1,000 shares)	Share capital	Stock issuance premium	Conversion premium of converted corporate bonds	Stock option for convertible corporate bond	Changes in equity of subsidiaries	Others	Total	Legal capital reserve	Special capital reserve	Undistributed earnings	Total	Exchange differences on the translation of financial statements of foreign operations	Unrealized profit and loss of available-for-sale financial assets	Unrealized profit and loss of financial assets measured at fair value through other comprehensive income	Treasury stock	Total equity
A1	Balance as of January 1, 2018	76,528	\$ 765,288	\$ 2,901,495	\$ 1,005,235	\$ 408,529	\$ 734,913	\$ -	\$ 5,050,172	\$ 312,681	\$ 41,036	\$ 1,352,416	\$ 1,706,133	(\$ 456,250)	(\$ 39,415)	\$ -	(\$ 233,608)	\$ 6,792,320
A3	Impact amount of retrospective application and restatement (Note 11)	-	-	-	-	-	-	-	-	-	-	(62,436)	(62,436)	-	39,415	(17,106)	-	(40,127)
A5	Balance after retrospective application and restatement on Jan. 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)	(233,608)	6,752,193
	Earnings allocation and distribution in 2017																	
B1	Legal capital reserve	-	-	-	-	-	-	-	-	112,337	-	(112,337)	-	-	-	-	-	-
B3	Special capital reserve	-	-	-	-	-	-	-	-	-	454,629	(454,629)	-	-	-	-	-	-
B5	Cash dividends of 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: Impact amount of changes in subsidiaries' equity recognized under 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)	-	88,157
D5	Total comprehensive income in 2018	-	-	-	-	-	-	-	-	-	-	1,107,370	1,107,370	111,088	-	(22,184)	-	1,196,274
I1	Corporate bond converted into common stock	1,046	10,457	-	437,216	(24,035)	-	-	413,181	-	-	-	-	-	-	-	-	423,638
L1	Treasury stock purchased	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,440)	(2,440)
Z1	Balance on Dec. 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)	(236,048)	6,623,300
A3	Impact amount of retrospective restatement	-	-	-	-	-	-	-	-	-	-	(18,153)	(18,153)	-	-	-	-	(18,153)
A5	Balance after retrospective restatement on Jan. 1, 2019	77,574	775,745	2,901,495	1,442,451	384,494	-	-	4,728,440	425,018	495,665	800,779	1,721,462	(345,162)	-	(39,290)	(236,048)	6,605,147
	Earnings allocation and distribution in 2018																	
B1	Legal capital reserve	-	-	-	-	-	-	-	-	110,812	-	(110,812)	-	-	-	-	-	-
B3	Special capital reserve	-	-	-	-	-	-	-	-	-	(111,213)	111,213	-	-	-	-	-	-
B5	Cash dividends of shareholders	-	-	-	-	-	-	-	-	-	-	(580,436)	(580,436)	-	-	-	-	(580,436)
	Subtotal	-	-	-	-	-	-	-	-	110,812	(111,213)	(580,035)	(580,436)	-	-	-	-	(580,436)
C5	Changes in other capital surplus: Convertible bonds issued by the Company recognized as equity components	-	-	-	-	332,132	-	-	332,132	-	-	-	-	-	-	-	-	332,132
C17	The invalidation of the stock option of convertible bonds	-	-	-	-	(249,881)	-	249,881	-	-	-	-	-	-	-	-	-	-
M7	Impact amount of changes in subsidiaries' equity recognized under equity method	-	-	-	-	-	-	-	-	-	-	(71,028)	(71,028)	-	-	-	-	(71,028)
D1	Net profit in 2019	-	-	-	-	-	-	-	-	-	-	1,080,242	1,080,242	-	-	-	-	1,080,242
D3	Other comprehensive income after tax in 2019	-	-	-	-	-	-	-	-	-	-	(19,382)	(19,382)	(432,582)	-	(32,565)	(465,147)	(484,529)
D5	Total comprehensive income in 2019	-	-	-	-	-	-	-	-	-	-	1,060,860	1,060,860	(432,582)	-	(32,565)	(465,147)	595,713
Q1	Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	515	515	-	-	(515)	(515)	-
E1	Cash capital increase	6,000	60,000	1,279,180	-	-	-	-	1,279,180	-	-	-	-	-	-	-	-	1,339,180
L1	Treasury stock purchased	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(184)	(184)
Z1	Balance as of Dec. 31, 2019	83,574	\$ 835,745	\$ 4,180,675	\$ 1,442,451	\$ 466,745	\$ -	\$ 249,881	\$ 6,339,752	\$ 535,830	\$ 384,452	\$ 1,211,091	\$ 2,131,373	(\$ 777,744)	\$ -	(\$ 72,370)	(\$ 850,114)	\$ 8,220,524

The attached notes are part of this individual financial report.
(Please refer to Deloitte & Touche's audit report on Mar. 31, 2020.)

Chairman: Chu, Fu-chuan Manager: Tsai, Neng-chi Accounting Supervisor: Wu, Yu-mei

Ennoconn Corporation
Individual Statements of Cash Flows
Jan. 1 to Dec. 31, 2019 and Jan. 1 to Dec. 31, 2018

Unit: NT\$1,000
2018
(audited after
restatement)

Code		2019	2018 (audited after restatement)
	Cash flows from operating activities		
A10000	Profit before tax	\$ 1,069,252	\$ 1,096,353
A20010	Income expenses item		
A20100	Depreciation expenses	16,269	14,450
A20200	Amortization expenses	1,341	1,785
A20300	Expected credit (reversal gain) impairment loss	(17,380)	12,058
A21900	Cost of Share-based payment consideration	20,180	-
A22400	Loss and profit of subsidiaries recognized under equity method	(1,327,642)	(1,056,962)
A21200	Interest income	(6,771)	(13,017)
A20900	Financial cost	186,924	217,339
A23700	Inventory price loss (recovery gain)	4,501	(34,475)
A20400	Net loss (profit) of financial liabilities at fair value through profit or loss	15,008	(6,728)
A22500	Gains from disposal of property, plant and equipment	-	(200)
A23100	Loss on the recovery of corporate bonds	187,228	-
A24100	Net loss on foreign exchange	15,478	745
A30000	Net changes in assets and liabilities related to operating activities		
A31115	Financial assets enforced at fair value through profit or loss	-	1,365,573
A31150	Accounts receivable	180,439	462,276
A31200	Inventory	448,859	(77,945)
A31240	Other current assets	(105,959)	13,662
A32150	Accounts payable	(274,121)	(448,074)
A32180	Other receivables	(9,568)	(23,861)
A32230	Other current liabilities	38,737	27,939
A32990	Others	(8)	(17)
A33000	Cash inflow from operations	442,767	1,550,901
A33100	Interest received	7,259	12,517
A33300	Interest paid	(73,025)	(32,590)
A33500	Income tax paid	(12,955)	(51,983)
AAAA	Net cash inflow from operating activities	<u>364,046</u>	<u>1,478,845</u>

(continued on next page)

(continued from previous page)

Code		2019	2018 (audited after restatement)
	Cash flows from investment activities		
B00040	Acquisition of financial assets measured at amortized cost	(\$ 19)	(\$ 20)
B02200	Net cash outflow from the acquisition of subsidiaries	(792,798)	(6,257,503)
B02700	Acquisition of property, plant, and equipment	(3,766)	(2,477)
B02800	Proceeds from disposal of property, plant, and equipment	-	505
B04500	Acquisition of intangible assets	(1,150)	(794)
B07600	Dividends received from subsidiaries	627,330	369,788
B07100	Decrease (increase) in prepaid equipment	(3,150)	-
B03800	Decrease (increase) in refundable deposits	(1,291)	1,466
BBBB	Net cash outflow from investment activities	(174,844)	(5,889,035)
	Cash flows from financing activities		
C00100	Increase (decrease) in short-term loans	(710,000)	5,080,000
C01200	Issuance of convertible bonds	6,007,148	-
C01300	Repayments of corporate bonds	(6,242,205)	-
C03000	Guarantee deposits received	21	-
C04020	Repayment of lease principal	(2,345)	-
C04500	Distribution of cash dividends	(580,436)	(682,864)
C04600	Cash capital increase	1,319,000	-
CCCC	Net cash inflow (outflow) from financing activities	(208,817)	4,397,136
DDDD	Effect of fluctuation in exchange on cash and cash equivalents	(8,181)	(1,322)
EEEE	Net decrease in cash and cash equivalents	(27,796)	(14,376)
E00100	Opening balance of cash and cash equivalents of the period	369,455	383,831
E00200	Ending balance of cash and cash equivalents of the period	\$ 341,659	\$ 369,455

The attached notes are part of this individual financial report.
(Please refer to Deloitte & Touche's audit report on Mar. 31, 2020.)

Chairman: Chu, Fu-chuan Manager: Tsai, Neng-chi Accounting Supervisor: Wu, Yu-mei

Ennoconn Corporation
Notes to Individual Financial Statements
Jan. 1 to Dec. 31, 2019 and Jan. 1 to Dec. 31, 2018
(Unless otherwise noted, the amount is in NT\$ thousand.)

I. Company Overview

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

The Company's initial public offering was conducted on Nov. 21, 2012. On Dec. 18 of the same year, it was traded on the OTC market of Taipei Exchange (TPEX) and listed on TWSE on Mar. 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 Report

The Board of Directors has approved the individual financial report on Mar. 31, 2020.

III. Application of Newly Issued and Revised Standards and Interpretations

(I) The amended "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations (IFRIC) and Announcement of Standing Interpretations Committee (SIC) (hereinafter referred to as "IFRSs") accredited and issued by the Financial Supervision Commission (hereinafter referred to as "FSC") are applicable for the first time.

Except for the following, the application of amended "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IFRSs accredited and issued by FSC should not cause material changes in the Company's accounting policies:

1. IFRS 16 "Leases"

IFRS 16 regulates the recognition of lease agreements, as well as lessor and lessee accounting; this will replace the relevant interpretations of IAS 17 "Leases" and IFRIC 4 "Determining Whether an Arrangement Contains a Lease." Please refer to Note 4 for related accounting policies.

Definition of "Leases"

The Company chooses to evaluate whether a contract signed (or changed) after January 1, 2019, is (or contains) a lease under IFRS 16. Contracts previously identified as a lease under IAS 17 and IFRIC 4 shall not be reevaluated and shall be handled by the transitional provisions of IFRS 16.

The Company as the Lessee

Apart from the low-value underlying asset lease and short-term lease are recognized as expenses on the straight-line basis, other leases are recognized as the right-of-use assets and lease liabilities in the Individual Balance Sheets. The Individual Statements of Comprehensive Income separately presents the depreciation expenses of the right-of-use assets, and the interest expenses of the lease liabilities under the effective interest method. In the Individual Statements of Cash Flows, the principal amount to repay the lease liabilities is expressed as financing activities, and the part to pay interest is listed as operating activities. Before the application of IFRS 16, contracts classified as operating leases were recognized as expenses on a straight-line basis. Cash flow from operating leases is expressed in 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 Sheets.

Previous operating lease agreements under IAS 17, the measurement of lease liabilities on January 1, 2019, is to discount the remaining lease payments at the lessee's incremental borrowing rate on that day, and all right-of-use assets are measured by the number of lease liabilities on that day. IAS 36 applies to all impairment assessment of the recognized right-of-use assets.

The Company also applies the following expedient practices:

- (1) A single discount rate is adopted for the lease portfolio with similar characteristics to measure lease liabilities.
- (2) Lease terms that end before Dec. 31, 2019, will be treated as short-term leases.
- (3) Initial direct cost is not included in the right-of-use asset measurement as of Jan. 1, 2019.
- (4) When measuring lease liabilities, decisions such as lease terms will be made after use.

For leases classified as financial leases under IAS 17, the carrying amount of the leased asset and the lease liability on Dec. 31, 2018, will be adopted as the carrying amount of the right-of-use asset and the lease liability on Jan. 1, 2019. The difference between the amount of lease liabilities of the Company on Jan. 1, 2019 and the total future minimum lease payments of non-cancellable operating leases on Dec. 31, 2018, is as follows:

Total future minimum lease payments of non-cancellable operating leases on Dec. 31, 2018	\$ 194
Less: Short term lease subject to the exemption	-
Less: Low-value asset lease subject to the exemption	(194)
Total undiscounted amount on Jan. 1, 2019	<u>\$ -</u>

The Company as the Lessor

There will be no adjustment to the lessor's lease at the time of transition, and IFRS 16 will apply from January 1, 2019.

The first application of IFRS 16 has no significant influence on the assets, liabilities, and equity items as of January 1, 2019.

2. IFRIC 23 "Uncertainty over Income Tax Treatments"

IFRIC 23 clarifies that when there is uncertainty over income tax treatment, the Company must assume that the tax authorities will have all relevant data available for review. If it is judged that the tax treatment declared is likely to be accepted by the tax authorities, the Company's decision on the taxable income, tax basis, unused tax loss, unused tax deduction, and tax rate must be consistent with tax treatments adopted during income tax declaration. If the tax authorities are not likely to accept the tax treatment of the declaration, the Company shall adopt the most probable amount or expected value (should adopt the method which can better predict the final result of uncertainty) for assessment. If the facts and circumstances change, the Company shall reevaluate its judgment and estimation.

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

The amendment stipulates that in case of the plan amendment, curtailment, or settlement, the current service cost and net interest in the remaining period of the year shall be determined based on the actuarial assumption used to remeasure the net defined benefit liabilities (assets) at the time of occurrence. Also, the amendment clarifies the impact of the plan amendment, curtailment, or settlement on the relevant provisions of the asset ceiling. The Company will postpone the application of the amendment mentioned above.

(II) Applicable IFRSs accredited by FSC in 2020

Newly issued, amended, and revised standards and interpretations	Effective Date Issued by IASB
Amendments to IFRS 3 "Definition of a Business"	Jan. 1, 2020 (Note 1)
Amendments to IFRS 9, IAS 39 and IFRS 7 "Reforming Interest Rate Benchmarks"	Jan. 1, 2020 (Note 2)
Amendments to IAS 1 and IAS 8 "Definition of Material"	Jan. 1, 2020 (Note 3)

Note 1. This amendment applies to the business combination that starts on the acquisition date after Jan. 1, 2020, during the annual report period and the acquisition of assets that occur after the date mentioned above.

Note 2. This amendment shall apply retrospectively for the annual period starting from Jan. 1, 2020.

Note 3. The application of this amendment is postponed for the annual period starting from Jan. 1, 2020.

1. Amendments to IFRS 3 "Definition of a Business"

The amendment clarifies that a business (activities and portfolio acquired in a business combination) should at least include the substantive process of input and processing input, and the integration of the two can significantly contribute to the ability to create output. The definition of output will focus on the commodities and services provided to customers, thus remove the form of remuneration that helps to reduce costs in the past definition of output. At the same time, the requirement that the acquirer should evaluate whether the market participants can replace the missing input and process to continue to provide output is also removed.

In addition, the amendment adds a simplified method, concentration test, to evaluate whether the acquired activities and portfolio conform to the business, which can be selected by the enterprise itself.

2. Amendments to IAS 1 and IAS 8 "Definition of Material"

This amendment does not modify the definition of materiality, but only provides a more understandable explanation. After the amendment, there is an additional explanation in the definition of materiality that the non-materiality information may obscure material information. Furthermore, IAS 1 currently uses "could influence users" as the threshold of materiality. The amended requirements will change to "could be reasonably expected to influence users" as the threshold of materiality.

Besides the above impacts, as of the date of approval of this individual financial report, the Company has continued to evaluate the effects of the amendments to other standards and interpretations on the financial position and financial performance, and associated impacts will be disclosed when the evaluation is completed.

(III) IFRSs Issued by IASB but Not Accredited and Issued by FSC

Newly issued, amended, and revised standards and interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
IFRS 17 "Insurance Contracts"	Jan. 1, 2021
Amendment to IAS 1 "Classify liabilities as current or non-current"	Jan. 1, 2022

Note 1: Unless otherwise noted, the above newly issued, amended, and revised standards and interpretations will take effect during the annual reporting period after their respective dates.

1. Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendment provides that if the Company sells or invests assets in associates (or joint ventures), or loses control of subsidiaries, but retains material influence

(or joint control) over the subsidiary and if the above assets or former subsidiaries meet the definition of "business" in IFRS 3 "business combination," the Company shall fully recognize the profits and losses arising from such transactions.

In addition, if the Company sells or invests assets in associates (or joint venture), or loses control over a subsidiary in a transaction with associates (or joint venture), but retains significant material (or joint control) over the subsidiary and if the above assets or former subsidiary do not comply with the definition of "business" in IFRS 3, the Company shall only recognize the profit and loss arising from such transactions within the scope of equity unrelated to the investors' interest in such associates (or joint ventures), namely, the profit and loss attributable to the Company's share shall be written off.

2. Amendment to IAS 1 "Classify liabilities as current or non-current"

The amendment clarifies that when determining whether the liability is classified as non-current, one shall evaluate whether the consolidated company has the right to defer the settlement period to at least 12 months after the reporting period at the end of the reporting period. If the consolidated company has the right at the end of the reporting period, whether or not the consolidated company expects to exercise the right, the liability is classified as non-current. This amendment also clarifies that if the consolidated company is required to comply with specific conditions before it has the right of the deferred settlement of liabilities, the consolidated company must comply with particular requirements on the terminal date of the reporting period, even if the lender tests whether the consolidated company complies with such terms on a later date.

The amendment provides that for the aim of liability classification, the above settlement refers to the transfer of cash, other economic resources, or equity instruments of the consolidated company to the counterparty, resulting in the elimination of liabilities. However, if the terms of liability may, at the option of the counterparty, be transferred to the equity instrument of the consolidated company, resulting in its settlement, and if the option is separately recognized in equity under IAS 32 "Financial Instruments: Presentation," the preceding terms do not affect the classification of liabilities.

Besides the impacts above, as of the date of approval of this individual financial report, the Company has continued to evaluate the effects of the amendments to other standards and interpretations on the financial position and financial performance, and associated impacts will be disclosed when the evaluation is completed.

IV. Summary of Significant Accounting Policies

(I) Statement of Compliance

This individual financial report is prepared following the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

(II) Basis of Preparation

Apart from financial instruments measured at fair value and net defined benefit liabilities recognized at the present value of defined benefit obligations less the fair value of plan assets, this individual financial report is prepared based on historical cost.

Fair value measurement is divided into Level 1 to Level 3, according to the observability and importance of relevant input values:

1. Level 1 input: Refers to the quotation (unadjusted) of the same assets or liabilities available in the active market on the measurement date.
2. Level 2 input: Refers to the observable input value of assets or liabilities directly (i.e., price) or indirectly (i.e., derived from price) in addition to the quotation of Level 1.
3. Level 3 input: Refers to the unobservable input value of assets or liabilities.

When preparing the individual financial report, the Company adopts the equity method for investments in the subsidiary. 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) Criteria for Distinguishing Current from Non-current Assets and Liabilities

Current asset includes:

1. Assets held primarily for trading purposes;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash and cash equivalents (but excluding those limited for exchange or settlement of liabilities more than 12 months after the balance sheet date).

Current liability includes:

1. Liabilities held primarily for trading purposes;
2. Liabilities due and settled within 12 months after the balance sheet date (even if long-term refinancing or rescheduling payment agreements have been completed after the balance sheet date and before the issuing date of the financial report 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. However, if the terms of liabilities may be settled by issuing equity instruments at the option of the counterparty, the classification will not be affected.

Those that are not current assets or current liabilities mentioned above are classified as non-current assets or non-current liabilities.

(IV) Foreign Currency

When preparing the financial report, transactions denominated in another currency (foreign currency) other than the Company's functional currency shall be converted into the functional currency using the exchange rate on the date of the transaction.

Monetary items denominated in foreign currencies are converted using the closing exchange rates on each balance sheet date. The exchange difference arising from the delivery of monetary items or the conversion of monetary items shall be recognized in profit or loss in the period of occurrence.

Non-monetary items denominated in foreign currencies measured at fair value are converted using the exchange rate on the date when the fair value is determined. The exchange difference is recognized as the current profit and loss. However, if the change of fair value is recognized as other comprehensive income, the exchange difference generated is recognized as other comprehensive income.

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

The assets and liabilities of foreign operations (including the country of operation or currency used of the subsidiary is different from the Company) are converted into New Taiwan Dollars at the exchange rate on each balance sheet date. The income and expenses items are converted at the average exchange rate of the current period. The resulting exchange differences are recognized in other comprehensive income (and attributed to the owners and non-controlling interests of the Company, respectively).

(V) Inventories

Inventories include raw materials, goods in progress, partly-finished goods, finished goods, and stock in hand. Inventory is measured by the lower of cost and net realizable value. When comparing cost and net realizable value, except for similar stock in hand, it is based on individual items. The net realizable value refers to the balance of the estimated selling price in normal circumstances after deducting the estimated cost required till completion and the estimated cost to complete the sale. The inventory cost is calculated by monthly weighted-average method.

(VI) Investments in Subsidiaries

The Company adopts the equity method for investments in subsidiaries; subsidiaries refer to an individual entity controlled by the Company.

Under the equity method, the investment is initially recognized at cost, and the carrying amount after the acquisition is increased or decreased with the Company's share of the subsidiary's profit and loss and other comprehensive income and earnings distribution. In addition, changes in other equity of the Company's subsidiaries are recognized according to the shareholding ratio.

Where the change of the Company's ownership interest in a subsidiary does not result in loss of control, it shall be treated as an equity transaction. The difference between

the carrying amount of the investment and the fair value of the consideration paid or received is directly recognized as equity.

The amount that the acquisition cost exceeds the net fair value share of the identifiable assets and liabilities of the subsidiary enjoyed by the Company on the acquisition date is recognized as goodwill, which is included in the carrying amount of the investment and shall not be amortized. The amount that the net fair value share of the identifiable assets and liabilities of the subsidiary enjoyed by the Company on the acquisition date exceeds the acquisition cost is recognized as the current income. When the Company evaluates the impairment, it reviews the cash-generating unit as a whole in the financial report and compares its recoverable amount and carrying amount. If the recoverable amount of the asset increases, subsequently, the reversal of impairment loss shall be recognized as profit. However, the carrying amount of the asset after the reversal of impairment loss shall not exceed the carrying amount of the asset without impairment loss recognized less amortization recognized. Impairment losses attributable to goodwill shall not be reversed in subsequent periods.

Unrealized profits and losses of downstream transactions between the Company and its subsidiaries shall be written off in the individual financial report. Gains and losses arising from upstream and side stream transactions between the Company and its subsidiaries are recognized in the individual financial report only to the extent that they are unrelated to the Company's interest in its subsidiaries.

(VII) Property, Plant, and Equipment

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

Property, plant, and equipment under construction are recognized at cost less accumulated impairment losses. Costs include professional service expenses and borrowing costs that meet the capitalization conditions. When the assets are completed and ready for use, they are classified into appropriate categories of property, plant, and equipment and begun to recognize depreciation.

Property, plant, and equipment are depreciated on a straight-line basis over their useful lives. The Company shall inspect the estimated useful life, residual value, and depreciation method at least at the end of each year, and postpone the treatment.

When derecognizing property, plant, and equipment, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss

(VIII) Intangible Assets

1. Separate Acquisition

The intangible assets with limited useful life acquired separately are measured at cost initially, and subsequently at cost less accumulated amortization and accumulated impairment loss. Intangible assets are amortized on a straight-line basis over their useful lives, and the estimated useful lives, residual values, and

amortization methods are reviewed at least at the end of each year. Also, the impact of changes in applicable accounting estimates is postponed.

2. Derecognition

When intangible assets are derecognized, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in the current profit and loss.

(IX) Impairment of Tangible and Intangible Assets

On each balance sheet date, the Company assesses whether there is any indication that tangible and intangible assets may have been impaired. If there is any indicator of impairment, the recoverable amount of the asset shall be estimated. If the recoverable amount of an individual asset cannot be determined, the Company shall evaluate the recoverable amount of the cash-generating unit to which the asset belongs. If a shared asset can be allocated to a cash-generating unit on a reasonable and consistent basis, it will be assigned to an individual cash-generating unit. Otherwise, it will be assigned to the group of the smallest cash-generating unit that can be allocated on a reasonable and consistent basis.

For intangible assets with uncertain useful life and not yet available for use, impairment test shall be conducted at least annually and when there is any indicator of impairment.

The recoverable amount is the higher of fair value less cost of sale and its use-value. If the recoverable amount of an individual asset or cash-generating unit is lower than its carrying amount, the carrying amount of the asset or cash-generating unit shall be reduced to its recoverable amount, and the impairment loss shall be recognized in profit or loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit shall increase to the revised recoverable amount. Still, the increased carrying amount shall not exceed the carrying amount (less amortization or depreciation) of the asset or cash-generating unit without impairment loss recognized in the previous year, and the reversal of the impairment loss shall be recognized in profit or loss.

(X) Financial Instruments

Financial assets and financial liabilities are recognized in the consolidated balance sheet when the consolidated company becomes a party to the contractual terms of the instrument.

When financial assets and financial liabilities are initially recognized, if financial assets or financial liabilities are not measured at fair value through profit or loss, they are measured at fair value plus transaction cost directly attributable to the acquisition or issuance of financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities measured at fair value through profit or loss are recognized as profit or loss

immediately.

1. Financial Assets

Conventional transactions of financial assets are recognized and derecognized on trade date accounting.

(1) Measurement Types

The types of financial assets held by the Company are financial assets at fair value through profit or loss and financial assets measured at amortized cost.

A. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets enforced at fair value through profit or loss and designated at fair value through profit or loss. Financial assets enforced at fair value through profit or loss include equity instrument investments not designated by the consolidated company to be measured at fair value through other comprehensive income, and debt instrument investments that are not classified as measured at amortized cost or measured at fair value through other comprehensive income.

Financial assets at fair value through profit or loss are measured at fair value, and the profit or loss (including any dividend or interest generated by the financial assets) arising from the remeasurement is recognized in profit or loss. Please refer to Note 28 for the determination of fair value.

B. Financial assets measured at amortized cost

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

A. It is held under a business model for the purpose of holding financial assets to receive contractual cash flows; and

B. The contractual terms generate cash flows on a specified date, and the cash flows are solely for principal payments and interest of outstanding principal amounts.

After the initial recognition, financial assets measured at amortized cost (including cash and equivalent cash, accounts receivable measured at amortized cost and other financial assets) are measured at the total carrying amount determined by the effective interest method minus the amortized cost of any impairment loss. Any loss and profit from foreign currency exchange are recognized in profit and loss.

Except for the following two cases, interest income shall be calculated by multiplying the effective interest rate by the total carrying amount of

financial assets from the next reporting period after credit impairment:

- A. For the acquired or initiated credit impairment financial assets, the interest income is calculated by multiplying the effective interest rate after credit adjustment by the amortized cost of the financial assets.
- B. For financial assets that are not acquired or initiated credit impairment but subsequently become credit-impaired, interest income shall be calculated by multiplying the effective interest rate by the amortized cost of financial assets from the next reporting period after credit impairment.

Credit impairment financial assets refer to the issuer's or debtor's occurrence of significant financial difficulties, default, debtor's likely application for bankruptcy or other business reorganization, or the disappearance of the active market of financial assets due to financial difficulties.

Cash equivalents include time deposits with high liquidity, which can be converted into quota cash at any time and with little risk of value change within three months from the date of acquisition. They are used to meet short-term cash commitments.

(2) Impairment of Financial Assets and Contract Assets

On each balance sheet date, the Company assesses the impairment loss of financial assets (including accounts receivable) measured by amortized cost according to the expected credit loss, debt instrument investment measured at fair value through other comprehensive income, lease receivables and contract assets.

Accounts receivable shall be recognized for a loss allowance based on lifetime expected credit losses. Other financial assets are evaluated to see whether the credit risk has increased significantly since they were initially recognized. If not, they are recognized as the loss allowance for 12-month expected credit loss. If they have increased considerably, they are recognized as the loss allowance based on lifetime expected credit loss.

Expected credit loss is a weighted average credit loss weighted by the risk of default. The 12-month expected credit loss refers to the expected credit loss caused by possible default events of the financial instrument within 12 months after the reporting date. While the lifetime expected credit loss refers to the expected credit loss caused by all possible default events of the financial instrument during the expected lifetime.

For the purpose of internal credit risk management, the Company determines that the following situations represent the default of financial assets without considering the collateral held:

- A. There is internal or external information indicating that it is impossible for the debtor to settle the debt.
- B. Overdue for more than 90 days, unless there is reasonable and valid information indicating that the deferred default basis is more appropriate.

The impairment loss of all financial assets is to reduce their carrying amount through the allowance account. But the loss allowance of debt instrument investment measured at fair value through other comprehensive income is recognized in other comprehensive income, and the carrying amount is not reduced.

(3) Derecognition of Financial Assets

The Company only derecognizes the financial assets when the contractual rights from the cash flow of the financial assets are invalid or when the financial assets have been transferred, and almost all the risks and remunerations of the ownership of the assets have been transferred to other enterprises.

If the Company neither transfers nor retains nearly all risks and remunerations of the ownership of the financial asset and retains control over the asset, it shall continue to recognize the asset within the scope of continuous participation in the asset and recognize relevant liabilities for the possible payable amount. If the Company retains almost all risks and remunerations of the ownership of the financial asset, the asset shall be continuously recognized, and the proceeds collected shall be recognized as the secured loans.

When a financial asset measured at amortized cost is derecognized as a whole, the difference between its carrying amount and the consideration received is recognized in profit or loss. When the debt instrument investment measured at fair value through other comprehensive income is derecognized as a whole, the difference between its carrying amount and the sum of the consideration received plus any accumulated profit or loss recognized in other comprehensive income is recognized in profit and loss. When the equity instrument investment measured at fair value through other comprehensive income is derecognized as a whole, the accumulated profit and loss are transferred directly to the retained earnings. They are not reclassified as profit and loss.

2. Equity Instruments

The debt and equity instruments issued by the Company are classified as financial liabilities or equity according to the essence of the contractual agreement and the definition of financial liabilities and equity instruments.

The equity instruments issued by the Company are recognized at the proceeds

obtained minus the direct issue costs.

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

3. Financial Liabilities

(1) Subsequent Measurement

All financial liabilities are measured at amortized cost using the effective interest method except:

Financial liabilities at fair value through profit or loss

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

The financial liabilities held for trading are measured at fair value, and the gains or losses (excluding any dividends or interests paid by the financial liabilities) arising from the remeasurement are recognized in profit or loss. Please refer to Note 28 for the determination of fair value.

(2) Derecognition of Financial Liabilities

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

4. Convertible Bonds

The compound financial instruments (convertible bonds) issued by the Company are classified as financial liabilities and equity at the time of initial recognition according to the essence of the contractual agreement and the definition of financial liabilities and equity instruments.

At the time of initial recognition, the fair value of the components of liabilities is estimated at the current market interest rate of similar non-convertible instruments and measured at the amortized cost calculated by the effective interest method before the exercise of conversion or maturity date. The liability component embedded in non-equity derivatives is measured at fair value.

The conversion right classified as equity is equal to the residual amount of the overall fair value of the compound instrument minus the fair value of the liability component determined separately, which is recognized as equity after deducting the impact of income tax and will not be remeasured subsequently. When the conversion right is exercised, the amount of the relevant liability components and equity will be transferred to share capital and capital surplus - issuance premium. If the conversion right of convertible bonds is not exercised on the maturity date, the amount recognized in equity will be transferred to capital surplus - issuance premium.

The transaction costs related to the issuance of convertible bonds are the liabilities (included in the carrying amount of liabilities) and equity components

(included in equity) allocated to the instrument in proportion to the total proceeds allocated.

5. Derivatives

The derivative signed by the Company include forward exchange contracts and foreign currency option contracts to manage the exchange rate risk of the Company.

Derivatives are initially recognized at fair value at contract signing and subsequently remeasured at fair value on the balance sheet date. Any gains or losses arising from subsequent measurement are directly recognized in profit or loss. However, a derivative designated as an effective hedging instrument, the timing of its recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of derivatives is positive, they are recognized as financial assets; when the fair value is negative, they are recognized as financial liabilities.

If derivatives are embedded in the asset host contract within the scope of IFRS 9 "Financial Instruments," the classification of financial assets is determined by the overall agreement. For derivative embedded in the asset host contract (i.e., embedded in the host contract of financial liability) outside the scope of IFRS 9, the derivative is regarded as a separate derivative if the embedded derivative meets the definition of a derivative, its risk and characteristics are not closely related to the risk and characteristics of the host contract, and the hybrid contract is not at fair value through profit or loss.

(XI) Revenue Recognition

After the performance obligations are identified in contracts with customers, the Company allocates the transaction price to each performance obligation and recognizes the revenue upon satisfaction of each performance obligation.

If the time interval between the transfer of commodities or services and the receipt of consideration is less than one year, the transaction price shall not be adjusted for the significant financial components of the contract.

1. Sales Revenue of Commodities

The sales revenue of commodities comes from the sales of industrial motherboards, information system integration products, and network communication products. Since the products mentioned above are delivered to the place designated by the customer according to the contract, the customer has the right to set the price and use of the commodities respectively and is mainly responsible for resale, and bears the risk of obsolete goods. The Company recognizes the revenue and accounts receivable at each point in time.

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

2. Service Revenue

Service revenue comes from product maintenance services, and related revenue is recognized when service is rendered.

(XII) Leases

2019

The Company evaluates whether the contract is (or includes) a lease on the date of establishment.

1. The Company as the Lessor

When the lease terms transfer almost all risks and remunerations attached to ownership of the asset to the lessee, it is classified as a financial lease. All other leases are classified as operating leases.

Under operating leases, lease payments after deduction of lease incentives are recognized as income on a straight-line basis over the relevant lease term. The initial direct cost incurred from the acquisition of the operating lease shall be added to the carrying amount of the underlying assets, and it shall be recognized as an expense within the lease term on a straight-line basis.

2. The Company as the Lessee

Except that the lease payments of the low-value underlying assets and short-term leases applicable to the recognition exemption are recognized as expenses on a straight-line basis during the lease term, other leases are recognized as right-of-use assets and lease liabilities on the inception of the lease.

The right-of-use asset is initially measured at cost (including the initial measured amount of the lease liability, the lease payment paid before the inception of the lease minus the lease incentive received, the initial direct cost and the estimated cost of the recovery underlying asset), and subsequently measured at cost minus the accumulated depreciation and the accumulated impairment loss, and the remeasurement of the lease liability is adjusted. The right-of-use assets are separately presented in the Individual Balance Sheets.

The right-of-use assets shall be depreciated on a straight-line basis from the inception of the lease to the end of the useful life or when the lease term expires, whichever is earlier.

The lease liability is initially measured by the present value of lease payments (including fixed payments and variable lease payments depending on the index or rate). If the implicit interest rate of a lease can be determined easily, the interest rate is used to discount the lease payment. If the interest rate cannot be determined easily, the lessee's incremental borrowing rate of interest shall be used.

Subsequently, the lease liability is measured at amortized cost basis using the effective interest method, and the interest paid is amortized over the lease term. If there is a change in future lease payments due to changes in the lease term or

in the index or rate used to determine lease payments, the Company shall remeasure the lease liabilities and adjusts the right-of-use assets accordingly. However, if the carrying amount of the right-of-use assets has been reduced to zero, the remaining remeasured amount is recognized in profit or loss. Lease liabilities are presented separately in the Individual Balance Sheets.

2018

When the lease terms transfer almost all risks and remunerations attached to ownership of the asset to the lessee, it is classified as a financial lease. All other leases are classified as operating leases.

1. The Company as the Lessor

The lease revenue from operating leases is recognized as revenue on a straight-line basis over the relevant lease term.

2. The Company as the Lessee

The financial lease takes lower of the total present value of the minimum lease payments of each period and the fair value of the leased asset on the inception of the lease as the cost to enter into the account, and at the same time recognizes the lease payment liability payable.

The implicit interest of the lease payment in each period is recognized as the current financial expenses. If it can be directly attributed to the qualified assets, it shall be capitalized.

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

(XIII) Borrowing Cost

The borrowing cost directly attributable to the acquisition, construction, or production of qualified assets is a part of the cost of the asset until almost all necessary activities for the assets to reach the intended use or sale status have been completed.

The investment income earned from the temporary investment of a specific loan before the occurrence of capital expenditure meeting the requirements shall be deducted from the borrowing cost meeting the capitalization conditions.

Except for the above, all other borrowing costs are recognized as profit and loss in the current period.

(XIV) Employee Benefits

1. Short-Term Employee Benefits

Liabilities related to short-term employee benefits are measured by the expected undiscounted amount paid in exchange for employee services.

2. Post-Retirement Benefits

It is determined that the amount of pension to be allocated to a retirement plan is recognized as an expense during the service period of the employee.

The defined benefit-cost of defined benefit retirement plan (including service

cost, net interest, and remeasurement) is calculated by the expected unit benefit method. The current service cost and the net interest of the net defined benefit liabilities (assets) are recognized as employee benefit expenses when incurred. The remeasurement (including actuarial profit and loss and plan asset remuneration after deducting interest) is recognized in other comprehensive income and included in retained earnings when incurred, and is not reclassified to profit and loss in subsequent periods.

Net defined benefit liabilities (assets) are the shortfall (surplus) of contribution in defined benefit retirement plans. The net defined benefit assets shall not exceed the present value of the refunded or reduced future contributions from the scheme.

(XV) Income Tax

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

1. Current Income Tax

The surtax on the undistributed earnings calculated under the Income Tax Act is recognized shall be recognized in the year of resolution of the shareholders' meeting.

The adjustment of the income tax payable in the previous year shall be included in the current income tax.

2. Deferred Tax

Deferred income tax is calculated based on the temporary difference between the carrying amount of the assets and liabilities recorded and the tax base for calculating the taxable income.

Deferred income tax liabilities are generally recognized for all temporary taxable differences, and deferred income tax assets are recognized when there is a high probability that taxable income will be available for the use of income tax credits generated by temporary deductible differences, loss deduction or purchase of machinery and equipment.

The temporary taxable differences related to investment subsidiaries are recognized as deferred income tax liabilities, except that the Company can control the reversal point of temporary differences, which are likely not to reverse in the foreseeable future. The temporary deductible difference related to such investment shall be recognized as deferred income tax assets only to the extent that it is likely to have enough taxable income to realize the temporary difference and it is expected to reverse in the foreseeable future.

The carrying amount of the deferred income tax assets shall be reviewed on each balance sheet date and reduced for those assets that are no longer likely to have sufficient tax income for recovery of all or part of the assets. Where the assets are not recognized as deferred income tax assets, they shall also be reviewed on each balance sheet date, and the carrying amount shall be increased in the future

when it is likely to generate taxable income for the recovery of all or part of the assets.

Deferred income tax assets and liabilities are measured by the tax rate of the current period when the expected liabilities are settled, or the assets are realized. The tax rate is based on the tax rate and tax law that have been legislated or substantively legislated on the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax consequences arising from how the Company expects to recover or pay off the carrying amount of its assets and liabilities on the balance sheet date.

3. Current and Deferred Tax

Current and deferred tax are recognized in profit or loss, however current and deferred tax related to items recognized in other comprehensive income or directly included in equity is recognized in other comprehensive income or directly included in equity, respectively.

V. Main Sources of Uncertainty in Material Accounting Judgments, Estimates, and Assumptions

When adopting accounting policies, management must make relevant judgments, estimates, and assumptions based on historical experience and other relevant factors for those who are not easy to obtain relevant information from other sources. Actual results may differ from estimates.

Management will continue to review estimates and basic assumptions. If the revision of the estimate only affects the current period, it shall be recognized in the current revised period; if the revision of the accounting estimate affects both the current period and the future period, it shall be recognized in the current revised period and the forthcoming period.

Main Sources of Uncertainty in Estimates and Assumptions

(I) Estimated Impairment of Financial Assets

The estimated impairment of accounts receivable is based on the assumption of the default rate and expected loss rate of the Company. The Company reviews historical experience, current market conditions, and forward-looking information to make assumptions and select input values for impairment evaluation. Please refer to Note 9 for important assumptions and input values. If the future actual cash flow is less than expected, there may be material impairment loss.

(II) Impairment of Inventories

Since the inventory must be valued at the lower of cost or net realizable value, the Company must use judgment and estimation to determine the net realizable value of the inventory at the terminal date of the financial reporting period.

The Company assesses the amount of inventory at the terminal date of the financial reporting period due to normal deterioration, obsolescence, or no market sales value, and write-down the inventory cost to the net realizable value. As this inventory evaluation is mainly based on product demand in a specific future period, it may be

subject to significant changes.

(III) Impairment of Goodwill Included in Investment Subsidiaries

When determining whether goodwill included in the investment subsidiary is impaired or not, the goodwill acquired from the merger shall be apportioned to the cash-generating unit expected to benefit from the overall effect of the merger on the acquisition date, and the use-value of the cash-generating unit of the amortized goodwill shall be estimated. To calculate the value in use, the management shall estimate the future cash flow expected to be generated from the cash-generating unit of the amortized goodwill, and determine the appropriate discount rate used to calculate the present value. If the actual cash flow is less than expected, there may be material impairment loss.

VI. Cash and Cash Equivalents

	<u>Dec. 31, 2019</u>	<u>Dec. 31, 2018</u>
Cash on hand	\$ 1,829	\$ 1,775
Bank check and demand deposits	180,037	104,452
Cash equivalents		
Time deposits with original maturity less than three months	<u>159,793</u>	<u>263,228</u>
	<u>\$341,659</u>	<u>\$369,455</u>

The market rate interval of bank deposits on the balance sheet date is as follows:

	<u>Dec. 31, 2019</u>	<u>Dec. 31, 2018</u>
Demand deposits	0.01%~0.60%	0.01%~0.06%
Time deposits	1.80%~2.22%	2.90%~3.20%

VII. Financial Assets at Fair Value through Profit or Loss

	<u>Dec. 31, 2019</u>	<u>Dec. 31, 2018</u>
<u>Financial liabilities - current</u>		
Held for trading		
Derivatives (not designated for hedging)		
- Domestic convertible bonds (Note 17)	<u>\$ -</u>	<u>\$ 11,743</u>
<u>Financial liabilities - non-current</u>		
Held for trading		
Derivatives (not designated for hedging)		
- Domestic convertible bonds (Note 17)	<u>\$ 24,718</u>	<u>\$ -</u>
	<u>\$ 24,718</u>	<u>\$ -</u>

VIII. Financial Assets Measured at Amortized Cost

	<u>Dec. 31, 2019</u>	<u>Dec. 31, 2018</u>
<u>Current</u>		
Domestic investment		
Time deposits with original maturity more than three months	<u>\$ 2,175</u>	<u>\$ 2,156</u>

As of Dec. 31, 2019, and 2018, the interest rate interval of time deposits with an original maturity of more than three months is 0.77% ~ 1.045% per annum.

Please refer to Note 30 for information on the pledge of financial assets measured at amortized cost.

IX. Accounts Receivable

	<u>Dec. 31, 2019</u>	<u>Dec. 31, 2018</u>
<u>Accounts Receivable</u>		
Measured at amortized cost		
Total carrying amount	\$ 380,746	\$ 547,579
Less: loss allowance	(<u>35,973</u>)	(<u>53,353</u>)
	<u>\$ 344,773</u>	<u>\$ 494,226</u>
Accounts receivable - related parties	<u>\$ 292,403</u>	<u>\$ 317,765</u>

Accounts Receivable Measured at Amortized Cost

The average credit period of the Company for commodity sales is 30 to 75 days per month, and the accounts receivable shall not bear interest. The policy adopted by the Company is to conduct transactions only with those with good credit quality ratings and to attain sufficient guarantees if necessary to mitigate the risk of financial loss due to default. The credit rating information is provided by an independent rating agency. If such information is not available, the Company will use other publicly available financial information and historical transaction records to rate major customers. This corporation continuously supervises the credit risk and the creditworthiness of the counterparty, reviews, and approves the credit line of the counterparty from time to time every year to manage the credit exposure.

The Company recognizes the loss allowance of accounts receivable according to the lifetime expected credit losses. The lifetime expected credit losses is calculated by using the reserve matrix, which examines the past default records of customers, the current financial situation, and industrial economic situation, as well as the GDP forecast and industrial outlook. As the Company's historical experience of credit loss indicates that there is no significant difference in the loss patterns of different customer groups, the reserve matrix does not further distinguish the customer groups and only set the expected credit loss rate based on the overdue days of accounts receivable.

If there is evidence that the counterparty is facing severe financial difficulties and the Company cannot reasonably expect the recoverable amount, for example, if the counterparty is in the settlement, the Company will directly write off the related receivables. Still, it will continue to pursue recovering activities, and the recovered amount will be recognized in profit and loss.

The Company measures the loss allowance of accounts receivable according to the reserve matrix as follows:

Dec. 31, 2019

	Not overdue	1 ~ 60 days overdue	61 ~ 150 days overdue	151 ~ 270 days overdue	271 ~ 365 days overdue	Overdue for more than 1 year	Total
Expected credit loss rate	0%	0%	30%	50%	75%	100%	
Total carrying amount	\$ 532,952	\$ 101,343	\$ 4,116	\$ -	\$ -	\$ 34,738	\$ 673,149
Loss allowance (lifetime expected credit loss)	-	-	(1,235)	-	-	(34,738)	(35,973)
Amortized cost	<u>\$ 532,952</u>	<u>\$ 101,343</u>	<u>\$ 2,881</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 637,176</u>

Dec. 31, 2018

	Not overdue	1 ~ 60 days overdue	61 ~ 150 days overdue	151 ~ 270 days overdue	271 ~ 365 days overdue	Overdue for more than 1 year	Total
Expected credit loss rate	0%	0%	30%	50%	75%	100%	
Total carrying amount	\$ 659,065	\$ 149,084	\$ -	\$ 1,147	\$ 13,075	\$ 42,973	\$ 865,344
Loss allowance (lifetime expected credit loss)	-	-	-	(574)	(9,806)	(42,973)	(53,353)
Amortized cost	<u>\$ 659,065</u>	<u>\$ 149,084</u>	<u>\$ -</u>	<u>\$ 573</u>	<u>\$ 3,269</u>	<u>\$ -</u>	<u>\$ 811,991</u>

The changes in loss allowance of accounts receivable are as follows:

	<u>2019</u>	<u>2018</u>
Opening balance of the year	\$ 53,353	\$ 41,295
Add: impairment loss recognized for the year	-	12,058
Less: reversal of impairment loss for the year	(17,380)	-
Ending balance of the year	<u>\$ 35,973</u>	<u>\$ 53,353</u>

X. Inventories

	<u>Dec. 31, 2019</u>	<u>Dec. 31, 2018</u>
Raw materials	\$140,798	\$594,646
Partly-finished products	9,407	5,564
Finished goods	80,869	114,380
Stock in hand	2	9
Stock in transit	34,664	-
Less: allowance for price loss	(116,856)	(112,355)
	<u>\$148,884</u>	<u>\$602,244</u>

The sales cost in 2019 and 2018 respectively include the inventory price loss (recovery benefit) of NT\$4,501 thousand and (NT\$34,475) thousand, which is mainly caused by the disposal of the inventory with recognized price loss.

XI. Investments Under Equity Method

Investments in Subsidiaries

	<u>Dec. 31, 2019</u>	<u>Dec. 31, 2018</u>
Innovative Systems Integration Ltd.	\$ 2,113,862	\$ 1,457,740
Ennoconn International Investment Co., Ltd. (Ennoconn International)	7,951,050	7,675,434
Caswell Inc. (Caswell)	1,038,557	1,042,012
Ennoconn Investment Holdings Co., Ltd (EIH)	<u>7,575,687</u>	<u>7,566,593</u>
	<u>\$ 18,679,156</u>	<u>\$ 17,741,779</u>

Name of Subsidiary	Percentage of ownership interests and voting rights	
	Dec. 31, 2019	Dec. 31, 2018
Innovative Systems Integration Limited	100%	100%
Ennoconn International Investment Co., Ltd.	100%	100%
Caswell Inc.	29.49%	29.66%
Ennoconn Investment Holdings Co., Ltd	100%	100%

Please refer to Note 33 for details of investment subsidiaries indirectly held by the Company. Ennoconn International, a subsidiary of the Company, obtained the acquisition price allocation report of Marketech International Corp. on the acquisition date (May 15, 2018) in the first quarter of 2019. According to the fair value of the intangible assets of Marketech International Corp. measured in the report on the acquisition date, adjust the initial accounting treatment and provisional amount since the acquisition date and recompile the comparative information. Please refer to Note 16 of the Company's 2019 consolidated financial report.

The increase (decrease) of items related to the Individual Balance Sheets is as follows:

	Dec. 31, 2018		
	Before restatement	Adjustment	After restatement
Investments under equity method	<u>\$17,759,932</u>	<u>(\$ 18,153)</u>	<u>\$17,741,779</u>
Capital surplus - changes in equity interest of subsidiaries (write off undistributed earnings)	<u>\$ -</u>	<u>(\$ 4,334)</u>	<u>(\$ 4,334)</u>

The increase (decrease) of items related to the Individual Statements of Comprehensive Income is as follows:

	2018		
	Before restatement	Adjustment	After restatement
Loss and profit of subsidiaries recognized under equity method	<u>\$ 1,070,781</u>	<u>(\$ 13,819)</u>	<u>\$ 1,056,962</u>

In April 2018, the Company did not subscribe to the cash capital increase equity of Caswell Inc. according to the shareholding ratio, resulting in the shareholding ratio decreased from 33.32% to 29.40%. From October to December 2018, Caswell Inc. conducted the repurchase of treasury shares, resulting in a change of shareholding ratio to 29.66%. In December 2019, Caswell Inc. transferred its treasury shares to its employees, resulting in a decrease in the shareholding ratio from 29.66% to 29.49%.

The Company has the control to get hold of the majority of the voting rights of the Board of Directors and the leading ability in personnel, financial and operating decision, so it is listed

as a subsidiary.

The share of profit and loss and other comprehensive income of subsidiaries adopting the equity method in 2019 and 2018 are recognized according to the financial report audited by the CPA in the same period of each subsidiary.

XII. Property, Plant, and Equipment

	Land owned	Buildings	Machinery	Other equipment	Total
<u>Cost</u>					
Balance as of Jan. 1, 2019	\$ 251,536	\$ 287,996	\$ 316	\$ 59,330	\$ 599,178
Additions	-	-	303	4,428	4,731
Reclassification	-	-	-	-	-
Disposal	-	-	-	-	-
Balance as of Dec. 31, 2019	<u>\$ 251,536</u>	<u>\$ 287,996</u>	<u>\$ 619</u>	<u>\$ 63,758</u>	<u>\$ 603,909</u>
<u>Accumulated depreciation and impairment</u>					
Balance as of January 1, 2019	\$ -	\$ 22,992	\$ 193	\$ 44,296	\$ 67,481
Disposal	-	-	-	-	-
Depreciation expenses	-	5,889	41	8,051	13,981
Balance as of Dec. 31, 2019	<u>\$ -</u>	<u>\$ 28,881</u>	<u>\$ 234</u>	<u>\$ 52,347</u>	<u>\$ 81,462</u>
Net amount as of Dec. 31, 2019	<u>\$ 251,536</u>	<u>\$ 259,115</u>	<u>\$ 385</u>	<u>\$ 11,411</u>	<u>\$ 522,447</u>
<u>Cost</u>					
Balance as of January 1, 2018	<u>\$ 251,536</u>	<u>\$ 287,996</u>	<u>\$ 316</u>	<u>\$ 58,394</u>	<u>\$ 598,242</u>
Additions	-	-	-	1,807	1,807
Reclassification	-	-	-	-	-
Disposal	-	-	-	(871)	(871)
Balance on Dec. 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	<u>\$ -</u>	<u>\$ 17,103</u>	<u>\$ 158</u>	<u>\$ 36,336</u>	<u>\$ 53,597</u>
Disposal	-	-	-	(566)	(566)
Depreciation expenses	-	5,889	35	8,526	14,450
Balance on Dec. 31, 2018	<u>\$ -</u>	<u>\$ 22,992</u>	<u>\$ 193</u>	<u>\$ 44,296</u>	<u>\$ 67,481</u>
Net amount on Dec. 31, 2018	<u>\$ 251,536</u>	<u>\$ 265,004</u>	<u>\$ 123</u>	<u>\$ 15,034</u>	<u>\$ 531,697</u>

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

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

XIII. Lease Agreement

(I) Right-of-use Assets

	<u>Dec. 31, 2019</u>
Carrying amount of the right-of-use asset	
Buildings	<u>\$ 18,304</u>
	<u>2019</u>
Increase in right-of-use assets	<u>\$ 20,592</u>
Depreciation expenses of right-of-use assets	
Buildings	<u>\$ 2,288</u>

(II) Lease Liability – 2019

	<u>Dec. 31, 2019</u>
Carrying amount of lease liability	
Current	<u>\$ 6,791</u>
Non-current	<u>\$ 11,456</u>

The discount rate interval of lease liabilities is as follows:

	<u>Dec. 31, 2019</u>
Buildings	0.898%

(III) Important Leasing Activities and Terms

The underlying assets leased by the Company are houses and buildings, and the term of the tenancy agreement is three years.

(IV) Other Leasing Information

2019

	<u>2019</u>
Short-term lease expenses	<u>\$ 61</u>
Total cash (outflow) of lease	<u>(\$ 2,463)</u>

2018

The total future minimum lease benefit for non-cancellable operating leases are as follows:

	<u>Dec. 31, 2018</u>
No more than 1 year	\$ 73
1 ~ 5 years	121
More than 5 years	-
	<u>\$ 194</u>

Lease benefits recognized as expenses are as follows:

	<u>2018</u>
Minimum lease benefit	<u>\$ 623</u>

XIV. Intangible Assets

	<u>Dec. 31, 2019</u>	<u>Dec. 31, 2018</u>
Computer software	<u>\$ 1,533</u>	<u>\$ 1,724</u>

The above intangible assets with limited service life are amortized based on the straight-line method according to the service life of 3 to 5 years.

XV. Other Assets

	<u>Dec. 31, 2019</u>	<u>Dec. 31, 2018</u>
Other receivables (Notes 29)	\$ 136,409	\$ 27,214
Current income tax assets	16,448	9,878
Payment in advance	10,184	3,582
Refundable deposits	1,345	54
Net defined benefit asset (Note 19)	740	742
Others	<u>1,414</u>	<u>10,134</u>
	<u>\$ 166,540</u>	<u>\$ 51,604</u>
Current	\$ 161,305	\$ 50,808
Non-current	<u>5,235</u>	<u>796</u>
	<u>\$ 166,540</u>	<u>\$ 51,604</u>

XVI. Loans

Short-term Loans

	<u>Dec. 31, 2019</u>	<u>Dec. 31, 2018</u>
<u>Unsecured Loans</u>		
Bank notes	<u>\$ 4,620,000</u>	<u>\$ 5,330,000</u>
<u>Interest Rate Interval</u>		
Bank notes	0.88%~0.90%	0.90%~1.20%

XVII. Convertible Bonds

	<u>Dec. 31, 2019</u>	<u>Dec. 31, 2018</u>
The second domestic unsecured convertible bonds	\$ 11,964	\$ 1,170,468
The third domestic unsecured convertible bonds	5,720,498	-
The first overseas unsecured convertible bonds	<u>1,346,977</u>	<u>6,172,298</u>
	7,079,439	7,342,766
Listed as the exercisable repurchase rights within one year	<u>-</u>	<u>(7,342,766)</u>
	<u>\$ 7,079,439</u>	<u>\$ -</u>

(I) To meet the needs of working capital and reinvestment, the Company issued the second domestic unsecured convertible bond on May 13, 2016. The issuance condition is as follows:

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

Except for the suspension period of conversion, the creditor may at any time request that the convertible bonds held be converted into the common stocks of the Company from the following day after two months of issuance date (Jul. 14, 2016) to the expiration date of May 13, 2021, under the regulations of the Company's corporate bonds conversion measures. Suspension period of conversion is as follows:

- (1) During the book closure period, the transfer of common stock is suspended in accordance with the law.
- (2) When the Company negotiates with TPEX for the period from 15 business days prior to the book closure of stock dividends, cash dividends, or cash capital increase until the record date of interest allocation.
- (3) From the record date of capital reduction to one day before the trading date of capital reduction.
- (4) Other suspension periods of stock transfer by law.

8. Conversion price and adjustment:

The conversion price at the time of initial issuance was set at NT\$435. In the event of an increase in the shares of the Company's issued common stock, the conversion price shall be adjusted under Article 12 of the Company's domestic regulations on issuance and conversion of unsecured convertible bonds. As of Dec. 31, 2019, the conversion price was adjusted to NT\$383.5.

9. Repurchase rights of creditors:

Thirty days prior to the issuance of corporate bonds for three years (May 13, 2019), the bondholders may, under the provisions of the conversion measures, notify the Company in writing to require the Company to redeem the convertible bonds held by them in cash based on the face value of the bonds plus interest compensation (103.0301% of the face value of the bonds for three years).

10. Redemption rights of the Company:

From the day after the issuance of corporate bonds for two months (Jul. 14, 2016) to forty days (Apr. 3, 2021) before the maturity date, if the closing price of the Company's common stock exceeds 30% of the conversion price at that time for 30 consecutive business days or the outstanding balance of the Company's convertible bonds is less than 10% of the initial total issued amount, the Company may notify the bondholders under the conversion measures and redeem all bonds in cash at face value.

The convertible bonds include liability and equity components. The equity components are expressed under equity as capital surplus - stock options. The liability components are the liabilities of embedded derivative financial products and non-derivative financial products. The fair value of the embedded derivative financial products as of Dec. 31, 2019, and 2018 is NT\$118 thousand and NT\$11,743 thousand, respectively. As of Dec. 31, 2019, the measured amount

of non-derivative financial liabilities is NT\$11,964 thousand at amortized cost, and its effective interest rate initially recognized is 1.4306%.

Issue proceeds (less transaction costs of NT\$3,395 thousand)	\$ 1,796,605
Equity components	(<u>99,172</u>)
Liability components on the date of issuance (including corporate bonds payable of NT\$1,679,592 thousand and financial liabilities at fair value through profit or loss - non-current of NT\$20,841 thousand)	1,697,433
Interest calculated at an effective interest rate of 1.4306%	58,908
Bonds payable converted into common stocks	(558,808)
Bonds payable exercised repurchase rights	(<u>1,185,451</u>)
Liability components on Dec. 31, 2019	<u>\$ 12,082</u>

(II) To meet the needs of working capital and loan repayment, the Company issued the third domestic unsecured convertible bond on Feb. 26, 2019. The issuance condition is as follows:

1. Total issuance amount: NT\$6,000,000 thousand
2. Face value: NT\$100 thousand each
3. Coupon rate: 0%
4. Effective interest rate: 1.1542%
5. Book value at issuance: NT\$5,665,424 thousand
6. Duration: 2019.02.26 ~ 2024.02.26
7. Conversion period:

Except for the suspension period of conversion, the creditor may at any time request that the convertible bonds held be converted into the common stocks of the Company from the following day after three months of issuance date (May 27, 2019) to the expiration date of Feb. 26, 2024, under the regulations of the Company's corporate bonds conversion measures. Suspension period of conversion is as follows:

- (1) During the book closure period, the transfer of common stock is suspended in accordance with the law.
 - (2) When the Company negotiates with TPEX for the period from 15 business days prior to the book closure of stock dividends, cash dividends, or cash capital increase until the record date of interest allocation.
 - (3) From the record date of capital reduction to one day before the trading date of capital reduction.
 - (4) Other suspension periods of stock transfer by law.
8. Conversion price and adjustment:

The conversion price at the time of initial issuance is set at NT\$72.8. In the event of an increase in the shares of the Company's issued common stock, the

conversion price shall be adjusted under Article 12 of the Company's domestic regulations on issuance and conversion of unsecured convertible bonds. As of Dec. 31, 2019, the conversion price was adjusted to NT\$259.6.

9. Repurchase rights of creditors:

Thirty days prior to the issuance of corporate bonds for three years (Feb. 26, 2022), the bondholders may, under the provisions of the conversion measures, notify the Company in writing to require the Company to redeem the convertible bonds held by them in cash based on the face value of the bonds plus interest compensation (1.5075% of the face value of the bonds for three years).

10. Redemption rights of the Company:

From the day after the issuance of corporate bonds for three months (May 27, 2019) to forty days (Jan. 17, 2024) before the maturity date, if the closing price of the Company's common stock exceeds 30% of the conversion price at that time for 30 consecutive business days or the outstanding balance of the Company's convertible bonds is less than 10% of the initial total issued amount, the Company may notify the bondholders under the conversion measures and redeem all bonds in cash at face value.

The convertible bonds include liability and equity components. The equity components are expressed under equity as capital surplus - stock options. The liability components are the liabilities of embedded derivative financial products and non-derivative financial products. As of Dec. 31, 2019, the fair value of the embedded derivative financial products is NT\$24,600 thousand. As of Dec. 31, 2019, the measured amount of non-derivative financial liabilities is NT\$5,720,498 thousand at amortized cost, and its effective interest rate initially recognized is 1.1542%.

Issue proceeds (less transaction costs of NT\$4,852 thousand)	\$ 6,007,148
Equity components	(<u>332,132</u>)
Liability components on the date of issuance (including corporate bonds payable of NT\$5,665,424 thousand and financial liabilities at fair value through profit or loss - non-current of NT\$9,592 thousand)	5,675,016
Interest calculated at an effective interest rate of 1.1542%	55,074
Financial commodity evaluation loss	15,008
Bonds payable converted into common stocks	-
Liability components on Dec. 31, 2019	<u>\$ 5,745,098</u>

(III) To meet the needs of working capital and reinvestment, the Company issued the first overseas unsecured convertible bonds on Mar. 10, 2017, which are declared effective by the FSC and listed on the Singapore Exchange. The issuance condition is as follows:

1. Total issuance amount: US\$200,000 thousand The fixed exchange rate of NT\$31.653 will be converted into New Taiwan Dollars equivalent to US dollars for the repayment, repurchase, and redemption of the bonds.
2. Face value: US\$200 thousand each
3. Coupon rate: 0%
4. Effective interest rate: 2.4144%
5. Book value at issuance: NT\$5,978,823 thousand
6. Duration: Mar. 10, 2017 ~ Mar. 10, 2022
7. Conversion period:

Except for the suspension period of conversion, the creditor may request at any time that the convertible bonds held be converted into the common stocks of the Company from the following day (Apr. 10, 2017) after thirty days of issuance date to ten days before (Feb. 28, 2022) the expiration date under the regulations of the Company's corporate bonds conversion measures.
8. Conversion price:

The creditors may request the Company to convert the bonds they hold into common stocks of the Company at a fixed exchange rate of NT\$31.653 to US\$1 and the conversion price of NT \$488 per share. In the event of an increase in the shares of the Company's issued common stock, the conversion price shall be adjusted under Article 13 of the Company's oversea regulations on issuance and conversion of unsecured convertible bonds. As of Dec. 31, 2019, the conversion price was adjusted to NT\$445.2.
9. Repayment upon maturity of bonds:

Unless the bonds have been redeemed, repurchased, and written-off or the bondholder has exercised the conversion right, the issuing company will repay the bonds in full on the maturity date according to the face value of the bonds plus the earning rate, the annual interest rate of 1.25%.
10. Repurchase rights of creditors:

After two years (Mar. 10, 2019) and four years (Mar. 10, 2021) of issuance of corporate bonds, the bondholders may, under the provisions of the conversion measures, notify the Company in writing to require the Company to redeem the convertible bonds held by them in cash based on the face value of the bonds plus interest compensation (namely the face value of the bonds plus the annual interest rate of 1.25%).

11. Redemption rights of the Company:

After two years (Mar. 10, 2019) of issuance of the bonds, if twenty trading days in thirty consecutive business days of the common stock of the issuing company, the closing price of the bonds on the TWSE converted to USD at the exchange rate at that time, when the total amount of the early redemption price multiplied by the conversion price at that time divided by the face value of the bonds is more than 130%, the issuing company may redeem bonds in whole or in part in advance at the calculated price of the face value of the bonds plus 1.25% of the annual interest rate. If more than 90% of the bonds have been redeemed, converted, repurchased, and written-off, the issuing company may redeem all the outstanding bonds in advance at the early redemption price of the issuing company.

The convertible bonds include liabilities and equity components. The equity components are expressed under equity as capital surplus - stock options. The liability components are the liabilities of non-derivative financial products, as of December 31, 2019, its measured amount of amortized cost is NT\$1,346,977 thousand, and the effective interest rate initially recognized is 2.4144%.

Issue proceeds (less transaction costs of NT\$29,142 thousand)	\$ 6,301,458
Equity components	(322,635)
Liability components on date of issuance	5,978,823
Interest calculated at an effective interest rate of 2.4144%	336,157
Bonds payable converted into common stocks	(90,841)
Bonds payable exercised repurchase rights	(4,877,162)
Liability components on Dec. 31, 2019	<u>\$ 1,346,977</u>

XVIII. Other Liabilities

	Dec. 31, 2019	Dec. 31, 2018
<u>Other payables - current</u>		
Salary and bonus payable	\$ 11,421	\$ 33,471
Bonus of employee payable	70,630	56,038
Bonus of directors payable	3,060	3,060
Project and equipment payable	1,091	126
Others (note 1)	<u>76,985</u>	<u>80,601</u>
	<u>\$ 163,187</u>	<u>\$ 173,296</u>
<u>Other liabilities</u>		
Contract liabilities	\$ 29,380	\$ 20,909
Collection on behalf of others	49,730	19,491
Others (Note 2)	<u>260</u>	<u>212</u>
	<u>\$ 79,370</u>	<u>\$ 40,612</u>
Current	\$ 79,137	\$ 40,400
Non-current	<u>233</u>	<u>212</u>
	<u>\$ 79,370</u>	<u>\$ 40,612</u>

Note 1. Others under other payables are mainly composed of insurance premiums, consumable expenses, maintenance fees, export fees, and labor expenses, etc.

Note 2. Others (including current and non-current) under other liabilities are mainly composed of temporary collections, other advances and guarantee deposits.

XIX. PostRetirement Benefit Plan

(I) Defined Contribution Plan

The pension system of the "Labor Pension Act" adopted by the Company is a defined contribution plan administered by the government. The pension is contributed to the individual accounts at the Bureau of Labor Insurance according to 6% of the employee's monthly salary.

(II) Defined Benefit Plan

The pension system conducted by the Company in accordance with the "Labor Standards Act" is a defined benefit retirement plan administered by the government. The payment of the employee's pension is based on the length of service and the average salary of six months before the approved retirement date. The Company contributes a pension of 2% of the total monthly salary of employees to the exclusive account deposited by the Labor Retirement Reserve Supervision Committee in the name of the Committee at the Bank of Taiwan. Before the end of the year, if the estimated balance of the exclusive account is insufficient to pay the labor who is expected to meet retirement conditions in the next year, the difference will be contributed once before the end of March of the following year. The exclusive account is administered by the Bureau of Labor Funds of the Ministry of Labor, and the Company retains no rights that may influence its investment and administration strategies.

The amount of defined benefit plans included in the Individual Balance Sheets is as follows:

	<u>Dec. 31, 2019</u>	<u>Dec. 31, 2018</u>
Present value of defined benefit obligations	\$ 1,215	\$ 1,128
Fair value of plan assets	(1,955)	(1,870)
Net defined benefit assets	(\$ 740)	(\$ 742)

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities (assets)
Jan. 1, 2018	\$ 1,074	(\$ 1,789)	(\$ 715)
Service cost			
Current service cost	-	-	-
Interest expenses (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>-</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>
Dec. 31, 2018	1,128	(1,870)	(742)
Service cost			
Current service cost	-	-	-
Interest expenses (income)	<u>11</u>	<u>(19)</u>	<u>(8)</u>
Recognized in impairment	<u>11</u>	<u>(19)</u>	<u>(8)</u>
Remeasurement			
Return on plan assets (excluding amount with net interest)	-	(66)	(66)
Actuarial (gains) losses – changes in financial assumptions	47	-	47
Actuarial (gain) losses – experience adjustments	<u>29</u>	<u>-</u>	<u>29</u>
Recognized in other comprehensive income	<u>76</u>	<u>(66)</u>	<u>10</u>
Employer contributions	<u>-</u>	<u>-</u>	<u>-</u>
Dec. 31, 2019	<u>\$ 1,215</u>	<u>(\$ 1,955)</u>	<u>(\$ 740)</u>

The Company is exposed to the following risks due to its pension system under the "Labor Standards Act":

1. Investment risk: The Bureau of Labor Funds of the Ministry of Labor separately invests the labor pension fund in domestic (foreign) equity securities, debt securities, and bank deposits through its discretion and entrusted operation provided that the income of the distribution amount of the Company's plan assets is calculated at the rate of not less than the 2-year time deposit rate of the local bank.
2. Interest rate risk: The decrease in the interest rate of government bonds will increase the present value of defined benefit obligations, but the yield on debt investment of plan assets will also increase accordingly, which will partially offset the impact on net defined benefit liabilities.
3. Salary risk: The present value of defined benefit obligations is calculated with

reference to future salaries of plan members. Therefore, salary increase of plan members will increase the present value of defined benefit obligation.

The present value of the defined benefit obligation of the Company is calculated by a qualified actuary, and the material assumptions on the measurement date are as follows:

	<u>Dec. 31, 2019</u>	<u>Dec. 31, 2018</u>
Discount rate	0.73%	1.02%
Expected increase rate of salary	3.00%	3.00%
Mortality rate	Based on 90% of the fifth life experience table of the life insurance industry in Taiwan	Based on 90% of the fifth life experience table of the life insurance industry in Taiwan
Turnover rate	0% ~ 34%	0% ~ 34%

If there are reasonable and possible changes in material actuarial assumptions while all other assumptions remain unchanged, the amount of increase (decrease) in the present value of the defined benefit obligation is as follows:

	<u>Dec. 31, 2019</u>	<u>Dec. 31, 2018</u>
Discount rate		
Increase by 0.5%	(\$ <u>78</u>)	(\$ <u>76</u>)
Decrease by 0.5%	<u>\$ 86</u>	<u>\$ 83</u>
Expected increase rate of salary		
Increase by 0.5%	<u>\$ 77</u>	<u>\$ 75</u>
Decrease by 0.5%	(<u>\$ 72</u>)	(<u>\$ 70</u>)

As actuarial assumptions may be interlinked to each other, and it is unlikely to change only a single assumption, thus the sensitivity analysis above may not reflect the actual change in the present value of defined benefit obligations.

	<u>Dec. 31, 2019</u>	<u>Dec. 31, 2018</u>
The expected amount of contribution within 1 year	<u>\$ -</u>	<u>\$ -</u>
The average maturity period of defined benefit obligations	6 years	7 years

XX. Equity

(I) Share Capital

Common stock

	<u>Dec. 31, 2019</u>	<u>Dec. 31, 2018</u>
Nominal shares (1,000 shares)	<u>250,000</u>	<u>150,000</u>
Nominal capital	<u>\$ 2,500,000</u>	<u>\$ 1,500,000</u>
Number of shares issued and paid (1,000 shares)	<u>83,574</u>	<u>77,574</u>
Issued capital	<u>\$ 835,745</u>	<u>\$ 775,745</u>

The par value of each issued common stock is NT\$10, and each share has one voting right and the right to receive dividends.

On Nov. 13, 2018, the Board of Directors resolved to issue 6,000 thousand new shares with a par value of NT\$10 per share in cash capital increase and set Feb. 25, 2019, as the record date for capital increase. The cash capital increase mentioned above has been approved and declared effective by the FSC, and the change of incorporation has been completed. The paid-in capital after the change is NT\$835,745 thousand.

In 2018, convertible bonds were converted into common stocks of NT\$10,457 thousand, and the paid-in capital after the change was NT\$775,745 thousand.

(II) Capital Surplus

	<u>Dec. 31, 2019</u>	<u>Dec. 31, 2018</u>
<u>Used to offset loss, distribute cash, or replenish capital(1)</u>		
Stock issuance premium	\$ 3,694,775	\$ 2,415,595
New shares issued by other companies	485,900	485,900
Corporate bond conversion premium	1,442,451	1,442,451
 <u>Only to offset the deficit</u>		
Recognized changes in equity ownership of subsidiaries(2)		
	-	-
Redemption of convertible bonds (invalid number of stocks subscribed) (3)	249,881	-
 <u>Not for any purpose</u>		
Stock options of convertible bonds	<u>466,745</u>	<u>384,494</u>
	<u>\$ 6,339,752</u>	<u>\$ 4,728,440</u>

- Such capital surplus may be used to offset impairment loss, or to distribute cash or to allocate capital stock when the Company has no deficit, but only to a certain ratio of paid-in capital each year.
- Such capital surplus refers to the impacts of equity transaction recognized due to changes in equity of the subsidiary when the Company has not acquired or disposed of equity of the subsidiary, or the adjustments of capital surplus recognized by the Company with the equity method.
- Such capital surplus shall not be used for any purpose other than to offset the deficit as it is caused by the redemption of convertible bonds leads to invalidation of share options.

In the first quarter of 2019, the Company has issued 6,000 new shares with a face value of NT\$10 per share through cash capital increase with the issuance premium of NT\$220 per share. After deducting the issue cost of NT\$1,000 thousand, the Company generated a capital surplus of NT\$1,260,000 thousand.

In addition, the above new shares issued by cash capital increase, of which 600 thousand shares are reserved for 10% of the shares to be subscribed by employees following the Article 267 of the Company Act. The fair value of the equity commodities given on the grant date shall be measured per IFRS 2 "Share-based Payment," and the salary expenses of NT\$20,180 thousand shall be recognized on the grant day as the capital surplus addition to the issuance premium.

(III) Retained Earnings and Dividend Policy

According to the earnings distribution policy of the Article of Incorporation of the Company, if there is "current net profit" in the final annual accounts of the Company, it shall be distributed in the following order:

1. Appropriate deficit
2. 10% appropriated as legal capital reserve, unless the accumulated legal capital reserve has reached the total capital of the Company.
3. Under laws and regulations, others to be allocated or reversed as special capital surplus.
4. After deducting the amount specified above in items 1 to 3, the "net current profit" of the final annual accounts, the Board of Directors shall prepare a distribution proposal for its distributable earnings together with the accumulated undistributed earnings at the beginning of the period and the adjustment amount of undistributed earnings of the current year, and submit it to the shareholders' meeting for resolution.

As the Company is currently at the growth stage, to cope with the business development and expansion in the future, the Board of Directors shall formulate a distribution plan in consideration of the Company's future capital expenditures budget and capital demand, and make distribution after the resolution of shareholders' meetings. However, the distribution of dividends shall be no less than 10% of the cash dividends distributed in the current year. For the bonus distribution policy of employees and directors as stipulated in the Article of Incorporation of the Company, please refer to Note 22(6) the bonus of employees and directors.

The legal capital reserve shall be contributed until its balance reaches the total paid-in share capital of the Company. Legal capital reserve may be used to offset deficit. When the Company has no loss, the part of the legal capital reserve exceeding 25% of the total paid-in capital may be distributed in cash in addition to being appropriated as share capital.

According to the letter No. Financial-Supervisory-Securities-Corporate-1010012865, 1010047490, as well as "after the adoption of International Financial Reporting Standards (IFRSs), and Q&A on the application of special surplus reserve," the Company shall set aside and reverse the special surplus reserve.

The Company held the annual shareholders' meetings on Jun. 28, 2019 and June 28, 2018, respectively, and in turn resolved and passed the following earnings

distribution plans for 2018 and 2017:

	Earnings distribution plan		Dividends per share (\$)	
	2018	2017	2018	2017
Legal capital reserve	\$ 110,812	\$ 112,337		
(Reversal) Special Capital Reserve	(111,213)	454,629		
Cash Dividends	580,436	682,864	\$ 7.00	\$ 9.00

The earnings distribution plan and dividend per share proposed by the Board of Directors for the year 2019 as of March 31, 2020, are as follows:

	Earnings distribution plan	Dividends per share (\$)
Legal capital reserve	\$ 108,024	
Special capital reserve	465,662	
Cash Dividends	331,678	\$ 4.00
Stock dividend	82,919	1.00

The earnings distribution plan for the year 2019 has yet to be resolved at the annual shareholders' meeting expected to be held on Jun. 23, 2020.

(IV) Other Equity Items

1. Exchange difference of translations of financial statements of foreign operations

	2019	2018
Opening balance of the year	<u>(\$ 345,162)</u>	<u>(\$ 456,250)</u>
Accrued in the current year		
Translation differences of foreign operations	(397,794)	134,264
Share of subsidiaries adopting equity method	<u>(34,788)</u>	<u>(23,176)</u>
Other comprehensive income of the year	<u>(432,582)</u>	<u>111,088</u>
Ending balance of the year	<u>(\$ 777,744)</u>	<u>(\$ 345,162)</u>

2. Unrealized valuation gain and loss of financial assets measured at fair value through other comprehensive income

	2019	2018
Opening balance of the year	<u>(39,290)</u>	<u>(17,106)</u>
Accrued in the current year		
Subsidiary shares accounted for using equity method	<u>(32,565)</u>	<u>(22,184)</u>
Other comprehensive income for the year	<u>(32,565)</u>	<u>(22,184)</u>
Ending balance of the year	<u>(\$ 71,855)</u>	<u>(\$ 39,290)</u>

(V) Treasury Stock

<u>Reason for recovery</u>	<u>Shares transferred to employees (1,000 shares)</u>	<u>Shares of parent company held by subsidiaries (1,000 shares)</u>	<u>Total (1,000 shares)</u>
No. of shares on Jan. 1, 2019	655	10	665
Increase this year	-	-	-
Decrease this year	-	-	-
No. of shares on Dec. 31, 2019	<u>655</u>	<u>10</u>	<u>665</u>
No. of shares on Jan. 1, 2018	655	-	655
Increase this year	-	10	10
Decrease this year	-	-	-
No. of shares on Dec. 31, 2018	<u>655</u>	<u>10</u>	<u>665</u>

The subsidiary held the Company's shares on Dec. 31, 2019. The relevant information is as follows:

<u>Name of Subsidiary</u>	<u>Number of shares (1,000 shares)</u>	<u>Carrying amount</u>	<u>Market price</u>
Marketech International Corp.	10	\$ 2,624	\$ 2,624

The treasury stocks held by the Company shall not be pledged, nor shall they enjoy the rights of dividend distribution and voting rights under the provisions of the Securities and Exchange Act. A subsidiary's holding of the Company's shares shall be treated as treasury stocks, except that it shall not participate in the Company's cash capital increase and has no voting rights, it enjoys the same rights as other shareholders.

XXI. Revenue

	<u>2019</u>	<u>2018</u>
Customer contract revenue		
Commodity sales revenue	\$ 3,187,173	\$ 4,239,756
Service revenue	<u>930</u>	<u>16,700</u>
	<u>\$ 3,188,103</u>	<u>\$ 4,256,456</u>

(I) Description of Customer Contract

The commodities above are mainly sold to major manufacturers around the world according to the product application field and sold at a fixed price stipulated in the contract.

(II) Contract Balance

	Dec. 31, 2019	Dec. 31, 2018	Jan. 1, 2018
Accounts receivable (Note 9)	<u>\$ 637,176</u>	<u>\$ 811,991</u>	<u>\$ 1,287,678</u>
Contract liabilities			
Commodity Sales	<u>\$ 29,380</u>	<u>\$ 20,909</u>	<u>\$ 3,221</u>

The change of contract liabilities mainly comes from the difference between the time when the performance obligation is fulfilled and the time when the customer pays. The amount of contract liabilities from the beginning of the year recognized as revenue in the current period is as follows:

	2019	2018
<u>Contract liabilities from the beginning of the year</u>		
Commodity Sales	<u>\$ 20,909</u>	<u>\$ 3,221</u>

(III) Breakdown of Customer Contract Revenue

Please refer to detailed statement X for revenue breakdown information.

XXII. Net Income

(I) Other Income

	2019	2018
Rental income	<u>\$ 2,307</u>	<u>\$ 784</u>
Interest income	<u>6,771</u>	<u>13,017</u>
	<u>\$ 9,078</u>	<u>\$ 13,801</u>

(II) Other Gains and Losses

	2019	2018
Profit (loss) from financial assets and financial liabilities		
Financial liabilities held for trading	(\$ 15,008)	\$ 6,728
Loss on the recovery of corporate bonds	(187,228)	-
Net foreign currency exchange (loss) profit	(21,956)	16,676
Gains from disposal of property, plant and equipment	-	200
Others	<u>28,926</u>	<u>13,990</u>
	<u>(\$195,266)</u>	<u>\$ 37,594</u>

(III) Financial Costs

	2019	2018
Interest on bank notes	<u>\$ 37,417</u>	<u>\$ 35,213</u>
Interest on lease liabilities	57	-
Imputed interests of bonds payable	<u>149,450</u>	<u>182,126</u>
	<u>\$186,924</u>	<u>\$217,339</u>

(IV) Depreciation and Amortization Expenses

	<u>2019</u>	<u>2018</u>
Depreciation of property, plant, and equipment	\$ 13,981	\$ 14,450
Depreciation of right-of-use assets	2,288	-
Amortization of intangible assets	<u>1,341</u>	<u>1,785</u>
	<u>\$ 17,610</u>	<u>\$ 16,235</u>
Depreciation expenses summary by function		
Operating cost	\$ 3,588	\$ 1,105
Operating expenses	<u>12,681</u>	<u>13,345</u>
	<u>\$ 16,269</u>	<u>\$ 14,450</u>
Amortized expenses summary by function		
Operating cost	\$ 37	\$ 68
Operating expenses	<u>1,304</u>	<u>1,717</u>
	<u>\$ 1,341</u>	<u>\$ 1,785</u>

(V) Employee Benefits Expenses

	<u>2019</u>	<u>2018</u>
Post-retirement benefit		
Defined contribution plan	\$ 8,632	\$ 8,677
Defined benefit plan	(8)	(9)
Salary, incentive, and bonus	\$227,144	\$203,314
Other employee benefits	25,490	28,050
	\$261,258	\$240,032
Summary by function		
Operating cost	\$ 22,135	\$ 18,870
Operating expenses	239,123	221,162
	\$261,258	\$240,032

(VI) Remuneration of Employees and Directors

According to the provisions of the Article of Incorporation, the Company shall allocate not less than 2% of the profit before tax for employee remuneration and not more than 2% of the profit before tax for director remuneration, before deducting the profit before tax of the distributed remuneration of employees and directors in the current year. The Board of Directors resolved the remuneration of employees and directors in 2019 and 2018 on Mar. 30, 2020 and Mar. 29, 2019, as follows:

Estimated ratio

	<u>2019</u>	<u>2018</u>
Remuneration of employees	3.3%	3.0%
Remuneration of Directors	0.3%	0.3%

Amount

	<u>2019</u>	<u>2018</u>
	<u>Cash</u>	<u>Cash</u>
Remuneration of employees	\$ 36,726	\$ 33,116
Remuneration of Directors	3,060	3,060

If there is any change in the amount after the date of issuance of the annual individual financial report, it shall be treated according to the change in accounting estimates and adjusted and recorded in the next year.

There is no difference between the actual distribution amount of employee remuneration and director remuneration in 2018 and 2017 and the recognized amount of individual financial reports in 2018 and 2017.

For information on the bonus of employees and directors as resolved by the Company's Board of Directors in 2019 and 2018, please go to the Market Observation Post System of TWSE.

(VII) Foreign Exchange Gains and Losses

	<u>2019</u>	<u>2018</u>
Total foreign exchange gains	\$ 40,021	\$ 89,965
Total foreign exchange losses	(61,977)	(73,289)
Net (loss) gain	(\$ 21,956)	\$ 16,676

XXIII. Income Tax

(I) Main Components of Income Tax (Benefit) Expenses Recognized in Profit and Loss

	<u>2019</u>	<u>2018</u>
Current income tax		
Incurred in current period	\$ 6,385	\$ 25,080
Adjustment of previous years	-	10,944
Deferred income tax		
Incurred in current period	(17,375)	(27,662)
Changes in tax rate	-	(6,307)
Income tax (benefit) expenses recognized in profit and loss	(\$ 10,990)	\$ 2,055

The adjustment of accounting income and income tax (benefit) expenses is as follows:

	<u>2019</u>	<u>2018</u>
Profit before tax	<u>\$ 1,068,478</u>	<u>\$ 1,094,298</u>
Income tax of profit before tax calculated at the legal tax rate	\$ 213,696	\$ 218,860
Items to be adjusted and reduced when determining taxable income	(145,003)	(121,813)
Surtax on unappropriated retained earnings	6,385	-
Unrecognized temporary differences	(86,068)	(99,629)
Changes in tax rate	-	(6,307)

	<u>2019</u>	<u>2018</u>
Adjustment of current income tax expenses of previous years in the current period	<u>-</u>	<u>10,944</u>
Income tax (benefit) expenses recognized in profit and loss	<u>(\$ 10,990)</u>	<u>\$ 2,055</u>

In 2018, the Income Tax Act of the R.O.C. was amended to adjust the business income tax rate from 17% to 20%. The amendment also stipulates that the tax rate applicable to the undistributed earnings in 2018 will be reduced from 10% to 5%.

(II) Income Tax Recognized in Other Comprehensive Income

	<u>2019</u>	<u>2018</u>
<u>Deferred income tax</u>		
Incurred this year		
- Remeasurement of defined benefit plan	<u>(\$ 2)</u>	<u>\$ 2</u>
Income tax recognized in other comprehensive income	<u>(\$ 2)</u>	<u>\$ 2</u>

(III) Deferred Income Tax Assets and Liabilities

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

2019

	<u>Opening balance of the year</u>	<u>Recognized in profit and loss</u>	<u>Recognized in other comprehensiv e income</u>	<u>Ending balance of the year</u>
<u>Deferred income tax</u>				
<u>assets</u>				
Unrealized interest expenses	\$ 32,000	(\$ 22,532)	\$ -	\$ 9,468
Allowance for inventory price loss	22,471	900	-	23,371
Unrealized sales loss	5,939	-	-	5,939
Loss deduction	-	39,177	-	39,177
Others	<u>9,301</u>	<u>(170)</u>	<u>-</u>	<u>9,131</u>
	<u>\$ 69,711</u>	<u>\$ 17,375</u>	<u>\$ -</u>	<u>\$ 87,086</u>
<u>Deferred income tax</u>				
<u>liabilities</u>				
Defined benefit retirement plan	\$ 618	\$ -	(\$ 2)	\$ 616
Unrealized foreign exchange gains	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 618</u>	<u>\$ -</u>	<u>(\$ 2)</u>	<u>\$ 616</u>

2018

	<u>Opening balance of the year</u>	<u>Recognized in profit and loss</u>	<u>Recognized in other comprehensiv e income</u>	<u>Ending balance of the year</u>
<u>Deferred income tax</u>				
<u>assets</u>				
Unrealized interest expenses	\$ -	\$ 32,000	\$ -	\$ 32,000
Allowance for inventory price loss	24,961	(2,490)	-	22,471
Unrealized sales loss	5,048	891	-	5,939
Others	<u>5,733</u>	<u>3,568</u>	<u>-</u>	<u>9,301</u>
	<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
Unrealized foreign exchange gains	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 616</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 618</u>

(IV) Deduction Amount of Unused Loss of Deferred Income Tax Assets not Recognized in the Individual Balance Sheets

Loss deduction	<u>2019</u>	<u>2018</u>
Due in 2029	<u>\$ 70,000</u>	<u>\$ -</u>

(V) Information on Unused Loss Deduction

As of Dec. 31, 2019, information on loss deduction is as follows:

<u>Balance before deduction</u>	<u>Final year of deduction</u>
<u>\$ 265,884</u>	118

(VI) Summary Amount of Temporary Differences Related to Investment and Unrecognized Deferred Income Tax Liabilities

As of Dec. 31, 2019, and 2018, the taxable temporary differences related to investment subsidiaries and not recognized as deferred income tax liabilities are NT\$328,621 thousand and NT\$228,553 thousand respectively.

(VII) Verification of Income Tax

The tax collection authority has verified the Company's declaration of business income tax settlement up to 2017.

XXIV. Earnings Per Share

The earnings and the weighted average number of shares of common stock used to calculate the earnings per share are as follows:

Net profit of the year

	<u>2019</u>	<u>2018</u>
Net profit of the year	\$ 1,079,468	\$ 1,094,298
Impacts of potential common stock with dilution effect:		
The after-tax interest of convertible bonds	<u>119,560</u>	<u>145,701</u>
Net profit used to calculate diluted earnings per share	<u>\$ 1,199,028</u>	<u>\$ 1,239,999</u>

No. of shares Unit: 1,000 shares

	<u>2019</u>	<u>2018</u>
The weighted average number of common stocks used to calculate basic earnings per share	81,742	76,686
Impacts of potential common stock with dilution effect:		
Convertible bonds	29,202	16,396
Bonus of Employees	<u>180</u>	<u>161</u>
The weighted average number of common stocks used to calculate diluted earnings per share	<u>111,124</u>	<u>93,243</u>

If the Company has the option to issue the employee bonus in stocks or cash when calculating the diluted earnings per share, it is assumed that the employee bonus will adopt the method of issuing stocks, and the weighted average number of outstanding shares will be included in the calculation of diluted earnings per share when the potential common stocks are diluted. When calculating the diluted earnings per share prior to the issuance of employee bonus stocks in the next annual resolution, the dilutive effect of such potential common stocks shall continue to be considered.

XXV. Acquisition of Subsidiaries - Acquisition of Control

Please refer to Note 31 of the Company's consolidated financial report for the statement of acquisition of investment subsidiaries.

XXVI. Non-cash Transactions

In 2018, the Company converted convertible bonds into equity and capital surplus, with a total impact of NT\$423,638 thousand.

XXVII. Capital Risk Management

Based on the characteristics of current operating industry and development of the Company in the future, as well as factors such as changes in the external environment, the Company has planned the demand for working capital and dividend expenditure required by the Company in the future to ensure that the Company can continue to operate and maintain the best capital structure and to maximize the remuneration of shareholders and improve the value of shareholders in the long run.

In order to maintain or adjust the capital structure, the Company may adjust the amount of

dividends paid to shareholders or issue new shares. In addition, the Company is not subject to other external capital requirements.

XXVIII. Financial Instruments

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

Except as listed in the table below, the Company's management believes that the carrying amount of financial assets and financial liabilities not measured at fair value approaches their fair value.

	Dec. 31, 2019		Dec. 31, 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
<u>Financial liabilities</u>				
Financial liabilities at amortized cost:				
- Convertible bonds	\$ 7,079,439	\$ 7,801,080	\$ 7,342,766	\$ 7,416,674

The bonds payable above are listed on the TPEX because there is a market transaction price to follow, so they are the fair value (Level 1).

(II) Fair Value Information - financial instruments measured at fair value on a recurring basis

1. Fair value levels

Dec. 31, 2019

	Level 1	Level 2	Level 3	Total
<u>Financial liabilities at fair value through profit or loss</u>				
Derivatives	\$ -	\$ 24,718	\$ -	\$ 24,718

Dec. 31, 2018

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

There was no transfer between Level 1 and Level 2 fair value measurements in 2019 and 2018.

2. Valuation technique and the input of Level 2 fair value measurement

Classification of financial instruments	Valuation technique and input
Derivatives - options to repurchase and resell of convertible bonds	With the binary tree model for convertible bonds valuation, the assessment is carried out based on the volatility of conversion price, risk-free interest rate, risk discount rate, and the number of remaining years.

(III) Classification of Financial Instruments

	<u>Dec. 31, 2019</u>	<u>Dec. 31, 2018</u>
<u>Financial assets</u>		
Financial assets measured at amortized cost (Note 1)	\$ 1,118,764	\$ 1,210,869
<u>Financial liabilities</u>		
Fair value measured through loss and profit (held for trading)	24,718	11,743
Measured at amortized cost (Note 2)	12,255,143	13,490,983

Note 1. The balance refers to financial assets measured at amortized cost, including cash and cash equivalents, debt instrument investment, notes receivable, accounts receivable, other receivables, and guarantee deposits paid.

Note 2. The balance refers to the financial liabilities measured at amortized cost, including long-term and short-term loans, accounts payable, other payables (excluding salary and bonus payable), bonds payable, and guarantee deposits and margins received.

(IV) Objectives and Policies of Financial Risk Management

The Company's main financial instruments include equity and debt instrument investment, accounts receivable, accounts payable, bonds payable, bank notes and lease liabilities. The financial management department of the Company provides services to all business units, coordinates the entry into domestic and international financial markets, and supervises and manages the financial risks related to the operation of the Company by analyzing the exposure of risk degree and extent. These risks include market risk (including exchange rate risk, interest rate risk, and other price risks), credit risk, and liquidity risk.

1. Market Risks

Due to the Company's operating activities, the main financial risks borne by the Company are fluctuation in foreign exchange risk (see (1) below) and interest rate change risk (see (2) below).

There is no change in the Company's exposure to market risks of financial instruments and how such exposure is managed and measured.

(1) Exchange Rate Risk

The Company's sales and purchase transactions are denominated in foreign currency; as a consequence, the Company is exposed to the risk of fluctuation in the exchange rate.

Please refer to Note 32 for the carrying amount of monetary assets and monetary liabilities denominated in non-functional currencies on the balance sheet date.

Sensitivity analysis

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

The table below details the sensitivity analysis of the Company when the exchange rate of the New Taiwan Dollars (the functional currency) increases and decreases by 1% for each relevant foreign currency. 1% is the sensitivity ratio used internally to report exchange rate risk to the management, and also represents the management's evaluation of the reasonable range of possible changes in foreign currency exchange rate. The sensitivity analysis only includes the outstanding foreign currency monetary items, and its conversion at the end of the period is adjusted by 1% of the fluctuation in exchange. The amount in the table below indicates the amount that will reduce the profit before tax when the New Taiwan Dollars appreciates by 1% relative to each relevant currency; when the New Taiwan Dollars depreciates by 1% relative to each corresponding foreign currency, its impact on the profit before tax will be a positive number of the same amount.

	The impact of the US dollar	
	2019	2018
Loss and Profit	(\$ 5,173) (i)	(\$ 5,092) (i)

(i) It is mainly derived from the net asset position of US dollar-denominated cash, receivables, and payables and short-term loans that are still outstanding on the balance sheet date of the Company without cash flow hedging.

There is no material difference in the sensitivity of the Company to exchange rate in the two periods.

(2) Interest Rate Risk

The Company holds bank deposits and borrowed funds at fixed and variable interest rates at the same time; therefore, there is interest rate exposure.

The carrying amounts of the Company's financial assets and financial liabilities subject to interest rate exposure on the balance sheet date are as follows:

	Dec. 31, 2019	Dec. 31, 2018
Interest rate risk with fair value		
- Financial liabilities	\$ 7,079,439	\$ 7,342,766
Interest rate risk with cash flows		
- Financial assets	342,005	369,835
- Financial liabilities	4,620,000	5,330,000

Sensitivity analysis

The following sensitivity analysis is based on the interest rate exposure of non-derivative instruments on the balance sheet date. For assets and liabilities with floating rates, the analysis assumes the outstanding amount of assets and liabilities on the balance sheet date are outstanding throughout the reporting period. The rate of change used internally in reporting interest rates to the management is the 1% increase or decrease in interest rates, which also represents the management's evaluation of the reasonable range of possible changes in interest rates.

If the interest rate increases/decreases by 1%, and all other variables remain unchanged, the Company's profit before tax in 2019 will decrease/increase by NT\$42,780 thousand, mainly due to the Company's net position of variable interest rate bank deposits and variable interest rate loans.

If the interest rate increases/decreases by 1%, and all other variables remain unchanged, the Company's profit before tax in 2018 will decrease/increase by NT\$49,602 thousand, mainly due to the Company's net position of variable interest rate bank deposits and variable interest rate loans.

The decrease in the sensitivity of the Company to interest rates in the current period is mainly due to the decrease in bank notes at variable interest rates.

2. Credit Risk

Credit risk refers to the risk of financial loss of the Company caused by the counterparty's default of contractual obligations. As of the balance sheet date, the Company's maximum credit risk exposure that may cause financial losses due to the failure of the counterparty to fulfill the obligation and the financial guarantee provided by the Company is mainly from:

- (1) The carrying amount of financial assets recognized in the Individual Balance Sheets.
- (2) The maximum amount that the Company may need to pay for providing a financial guarantee and the possibility of occurrence is not taken into account.

To mitigate credit risk, the management of the Company has assigned a special team to determine the credit line, credit approval, and other monitoring procedures to ensure that appropriate actions have been taken for the recovery of overdue receivables. In addition, the Company will review the recoverable amount of the receivables one by one on the balance sheet date to ensure that the unrecoverable receivables have been recognized with appropriate impairment loss. Accordingly, the Company's management believes that the Company's credit risk has been significantly reduced.

Except for customers whose accounts receivable of each period account for

more than 5% of the total monetary assets, the Company has no material credit exposure against any single counterparty or any group of counterparties with similar characteristics. When the counterparties are affiliated companies, the Company defines them as counterparties with similar characteristics. In the balance of accounts receivable as of Dec. 31, 2019, and 2018, the total accounts receivable of customers accounting for more than 5% of the total monetary assets are NT\$448,630 thousand and NT\$599,057 thousand respectively. Also, the credit risk concentration of the Company to other counterparties does not exceed 5% of the total monetary assets.

3. Liquidity Risk

The Company manages and maintains sufficient cash positions and cash equivalents to support operations and mitigate the impact of cash flow fluctuations. The management of the Company supervises the use of the bank's financing line and ensure compliance with the terms of the loan contract.

The bank note is an important source of liquidity for the Company. For the unused financing line of the Company, please refer to the following (2) description of the financing line.

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

The maturity analysis of the remaining contracts of non-derivative financial liabilities is based on the undiscounted cash flow (including principal and interest) of the financial liabilities on the earliest possible repayment date of the Company.

The undiscounted interest amount of the interest cash flow paid at a floating interest rate is derived from the interest rate on the balance sheet date.

Dec. 31, 2019

	Within 6 months (inclusive)	Over 6 months up to 1 year	Over 1 year
<u>Non-derivative financial liabilities</u>			
No interest- bearing liabilities	\$ 566,892	\$ -	\$ -
Lease liabilities	3,505	3,490	11,522
Instruments with floating interest rates	4,640,559	-	-
Instruments with fixed interest rates	-	-	7,079,439

Further information on the maturity analysis of lease liabilities is as follows:

	Within 1 year	1 ~ 5 years	5 ~ 10 years	10 ~ 15 years	15 ~ 20 years	over 20 years
Lease liabilities	\$ 6,995	\$ 11,522	\$ -	\$ -	\$ -	\$ -

Dec. 31, 2018

<u>Non-derivative financial liabilities</u>	<u>Within 6 months (inclusive)</u>	<u>Over 6 months up to 1 year</u>	<u>Over 1 year</u>
No interest-bearing liabilities	\$ 851,475	\$ -	\$ -
Instruments with floating interest rates	5,357,983	-	-
Instruments with fixed interest rates	7,342,766	-	-

(2) Financing line

	<u>Dec. 31, 2019</u>	<u>Dec. 31, 2018</u>
Unsecured bank notes line		
- Amount used	\$ 4,620,000	\$ 5,330,000
- Amount unused	<u>4,680,000</u>	<u>4,070,000</u>
	<u>\$ 9,300,000</u>	<u>\$ 9,400,000</u>

XXIX. Related Party Transactions

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

(I) Name of Related Party and Relationships

<u>Name of related party</u>	<u>Relationship with the consolidated company</u>
Hon Hai Precision Industry Co., Ltd.	Associates
Foxconn Interconnect Technology Limited Taiwan Branch (Cayman)	Associates
FIH Mobile Limited	Associates
Hon Ling Technology Co., Ltd.	Associates
British Cayman Islands Fu Hao Precision Technology Co., Ltd. Taiwan Branch	Associates
Yuzhan Precision Technology (Shenzhen) Co., Ltd.	Associates
Futaihua Industry (Shenzhen) Co., Ltd.	Associates
British Virgin Islands Cheng Gong Technology Co., Ltd. Taiwan Branch	Associates
Foxconn European Manufacturing Services	Associates
Vecow Co., Ltd.	Subsidiary

Name of related party	Relationship with the consolidated company
Ennoconn (Suzhou) Technology Co., Ltd.	Subsidiary
Taiwan Applied Module Corporation	Subsidiary
Caswell Inc.	Subsidiary
Marketech International Corp.	Subsidiary
Quanmax Inc.	Subsidiary
EnnoMech Precision Co., Ltd.	Subsidiary
Ennoconn International Investment Co., Ltd.	Subsidiary
ENGA Technology Co., Ltd.	Subsidiary
SyS-P Co., Ltd.	Subsidiary
Goldtek Technology Co., Ltd.	Subsidiary
CASO, Inc.	Subsidiary
Kontron Europe GmbH	Subsidiary
Kontron Canada Inc.	Subsidiary
Kontron Asia Pacific Design Sdn. Bhd.	Subsidiary
Kontron America Inc.	Subsidiary
American Industrial Systems, Inc.	Subsidiary
HighAim Technology Inc.	Subsidiary
Victor Plus Holding Ltd.	Subsidiary
S & T AG	Subsidiary
Marketech International Corp.	Subsidiary

(II) Operating Revenue

Item	Category of related party/Name	2019	2018
Sales revenue	<u>Subsidiary</u>		
	Kontron Canada Inc.	\$ 486,375	\$ 1,095,805
	Kontron Europe GmbH	711,738	704,060
	Others	<u>144,572</u>	<u>266,866</u>
		<u>1,342,685</u>	<u>2,066,731</u>
	<u>Associates</u>		
	Others	<u>11,895</u>	<u>21,627</u>
	<u>\$ 1,354,580</u>	<u>\$ 2,088,358</u>	

The sales transaction price of the Company to the related parties is determined according to the agreement of both parties, and the collection policy is the payment term of 2 months.

(III) Purchase and Processing Costs

Related party type/name	2019	2018
<u>Subsidiary</u>		
Victor Plus Holdings Ltd.	\$ 388,027	\$ -
Others	<u>1,129</u>	<u>93</u>
	<u>389,156</u>	<u>93</u>
<u>Associates</u>		
Hon Hai Precision Industry Co., Ltd.	620,805	2,125,062
Others	<u>13,416</u>	<u>7,701</u>
	<u>634,221</u>	<u>2,132,763</u>
	<u>\$ 1,023,377</u>	<u>\$ 2,132,856</u>

The transaction price of the Company's purchase from related parties is determined according to the agreement of both parties, and the payment policy is one to two months of monthly settlement.

(IV) Receivables from Related Parties (excluding loans)

Item	Related party type/name	Dec. 31, 2019	Dec. 31, 2018
Accounts receivable - related parties	<u>Subsidiary</u>		
	Kontron Canada Inc.	\$ 100,327	\$ 134,552
	Kontron Europe GmbH	169,533	150,317
	Others	<u>22,543</u>	<u>28,077</u>
		<u>292,403</u>	<u>312,946</u>
	Associates	-	4,819
		<u>\$ 292,403</u>	<u>\$ 317,765</u>
Other receivables - related parties	<u>Subsidiary</u>		
-	Goldtek Technology Co., Ltd.	\$ 3,791	\$ 1,161
	Kontron Europe GmbH	20,104	1,812
	Kontron America Inc.	2,907	2,616
	Others	<u>7,069</u>	<u>1,826</u>
		<u>33,871</u>	<u>7,415</u>
	<u>Associates</u>		
	Hon Hai Precision Industry Co., Ltd.	37,942	-
	Others	-	108
		<u>37,942</u>	<u>108</u>
		<u>\$ 71,813</u>	<u>\$ 7,523</u>

The outstanding receivables from related parties are not guaranteed. Receivables from related parties in 2019 and 2018 have not been recognized for bad debts expenses.

(V) Accounts Payable to Related Parties (excluding loans from related parties)

Item	Category of related party/Name	Dec. 31, 2019	Dec. 31, 2018
Accounts payable	<u>Subsidiary</u>		
	Victor Plus Holdings Ltd.	\$ 342,392	\$ -
	<u>Associates</u>		
	Hon Hai Precision Industry Co., Ltd.	286	238,167
	Others	<u>1,703</u>	<u>11,955</u>
		<u>1,989</u>	<u>250,121</u>
		<u>\$ 344,381</u>	<u>\$ 250,121</u>
Expenses payable (account for other payables)	Subsidiary	\$ 233	\$ 1,944
-	Associates	<u>12,768</u>	<u>14,060</u>
		<u>\$ 13,001</u>	<u>\$ 16,004</u>

The balance of the outstanding payables to related parties is not guaranteed and will be settled in cash.

(VI) Other Related Party Transactions

<u>Item</u>	<u>Category of related party/Name</u>	<u>Dec. 31, 2019</u>	<u>Dec. 31, 2018</u>
Manufacturing expenses	Associates	<u>\$ 13,245</u>	<u>\$ 21,608</u>
Operating expenses	Subsidiary	\$ 6,394	\$ 8,134
	Associates	<u>11,534</u>	<u>16,923</u>
		<u>\$ 17,928</u>	<u>\$ 25,057</u>

Capital increase to related parties

The Company's cash capital increase to Ennoconn Investment Holdings Co., Ltd. in 2018 was NT\$440,233 thousand, with a shareholding ratio of 100%.

The Company's cash capital increase to Ennoconn International Investment Co., Ltd. in 2019 and 2018 was NT\$180,000 thousand and NT\$4,960,000 thousand respectively, with a shareholding ratio of 100%.

The Company's cash capital increase to Innovative Systems Integration Limited in Hong Kong in 2019 and 2018 was NT\$612,798 thousand and NT\$857,270 thousand respectively, with a shareholding ratio of 100%.

(VII) Endorsements/Guarantees for Others

	<u>2019</u>	<u>2018</u>
Innovative Systems Integration Limited	\$ 1,499,000	\$ -
Dexatek Technology Ltd.	304,990	254,144
Thecus Technology Corp.	200,000	100,000
HighAim Technology Inc.	389,740	399,295
HighAim Technology Inc.	<u>194,870</u>	<u>92,145</u>
	<u>\$ 2,588,600</u>	<u>\$ 845,584</u>

(VIII) Remuneration of Key Management

	<u>2019</u>	<u>2018</u>
Short-term employee benefits	\$ 25,747	\$ 36,729
Post-retirement benefits	308	350
Other long-term employee benefits	-	-
Termination benefits	-	-
Share-based payment	<u>-</u>	<u>-</u>
	<u>\$ 26,055</u>	<u>\$ 37,079</u>

The Remuneration Committee determines the remuneration of directors and other key management according to the individual performance and market trends.

XXX. Pledged Assets

The following assets of the Company have been provided as a security deposit for tariff collaterals of imported raw materials:

	<u>Dec. 31, 2019</u>	<u>Dec. 31, 2018</u>
Pledged time deposits (financial assets measured at amortized cost)	<u>\$ 2,175</u>	<u>\$ 2,156</u>

XXXI. Significant Subsequent Events

- (I) The Company plans a cash capital increase of its subsidiary Ennoconn Investment Holding Co., Ltd. for an estimated total amount of US\$2,000 thousand.
- (II) The Company plans to increase the investment in ASI Cayman Technology Group through its subsidiary, Ennoconn Investment Holding Co., Ltd., for an estimated total amount of US\$6,700 thousand.

XXXII. Information on Foreign Currency Assets and Liabilities with Material Effect

The following information is summarized and expressed in foreign currencies other than the functional currency of the Company. The disclosed exchange rate refers to the exchange rate converted from such foreign currencies to the functional currency. Foreign currency assets and liabilities with material effect are as follows:

Dec. 31, 2019

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Foreign currency assets</u>			
<u>Monetary Items</u>			
US Dollar	\$ 31,884	29.98	\$ 955,893
<u>Non-monetary items</u>			
Subsidiary under equity method			
Hong Kong Dollar	549,198	3.849	2,113,862
US Dollar	252,691	29.98	7,575,687
<u>Foreign currency liabilities</u>			
<u>Monetary Items</u>			
US Dollar	14,628	29.98	438,554

Dec. 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 under equity method			
Hong Kong Dollar	371,777	3.921	1,457,740
US Dollar	246,234	30.72	7,566,593
<u>Foreign currency liabilities</u>			
<u>Monetary Items</u>			
US Dollar	23,611	30.715	725,212

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

Foreign currency	2019		2018	
	Exchange rate	Net exchange gains and losses	Exchange rate	Net exchange gains and losses
US Dollar	29.98 (USD : NTD)	(\$ 15,362)	30.715 (USD : NTD)	(\$ 770)
Others		(116)		25
		(\$ 15,478)		(\$ 745)

XXXIII. Supplementary Disclosures

- (I) Information Related to Material Transactions and (II) Information on Reinvestment
1. Loans to others. (Table 1)
 2. Endorsements/Guarantees for others (Table 2)
 3. Securities held at the end of the period (excluding investment in subsidiaries, affiliated companies, and joint ventures). (Table 3)
 4. Cumulative purchase or sale of the same securities amounted to NT\$300 million or more than 20% of the paid-in capital. (Table 4)
 5. Acquisition of real estate reached NT\$300 million or more than 20% of the paid-in capital. (None)
 6. Disposal of real estate reached NT\$300 million or more than 20% of the paid-in capital. (None)
 7. Amount of goods purchased or sold with related parties reached NT\$100 million or more than 20% of the paid-in capital. (Table 5)
 8. Receivables from related parties amounted to NT\$100 million or more than 20% of paid-in capital. (Table 6)
 9. Derivative transactions (Note 7 and 28)
 10. Investee information (Table 7)
- (II) Information on Investments in Mainland China:
1. Name of the invested company in mainland China, main business items, paid-in capital, investment method, outward and inward remittance of the fund, shareholding ratio, current profit and loss, investment profit and loss recognized, ending investment carrying amount, repatriation of investment profit and loss and investment limit in mainland China. (Table 8)
 2. The following material transactions with the mainland Chinese invested company, directly or indirectly through the third region, and their prices, payment terms, unrealized profits, and losses: (Note 29 and Table 1, 2, 5 and 6)
 - (1) Purchase amount and percentage and ending balance and percentage of related payables
 - (2) Sales amount and percentage and ending balance and percentage of related receivables.
 - (3) The amount of property transactions and the amount of profit and loss generated.
 - (4) The ending balance of the period and the purpose of bill endorsement, or

provision of collateral.

- (5) The maximum balance of financing, the ending balance of the period, the interest rate interval, and the total interest of the current period.
- (6) Other transactions that have a material effect on the current profit and loss or financial situation, such as the provision or acceptance of labor services.

Ennoconn Corporation and Subsidiaries
Loans to others
Jan. 1 to Dec. 31, 2019

Table 1

Unit: NTS1,000

No. (Note 1)	Granting company	Borrower	Transaction item	Related party or not	Maximum balance of the current period (Note 3)	Ending balance (Note 3)	Actual expenditure	Interest rate interval %	Nature of loan (Note 2)	Transaction amount	Reason for short-term financing	Allowance for bad debts recognized	Collateral		Loans limits to individual party	Total loan limit	Remarks
													Name	Value			
1	Caswell Inc.	Beijing Caswell Ltd.	Other accounts receivable - related parties	Yes	\$ 14,990	\$ 14,990	\$ 14,990	2	1	\$ 142,802	Not applicable	\$ -	None	\$ -	\$ 142,802	\$ 485,644	
1	Caswell Inc.	Apligo GmbH	Other accounts receivable - related parties	Yes	23,984	23,984	23,984	2.45	2	-	Operating turnover	-	None	-	242,822	485,644	
2	S & T AG, Austria	S & T Crna Gora doo, Montenegro	Other accounts receivable - related parties	Yes	146	146	-	3	2	-	Operating turnover	-	None	-	13,208,733	13,208,733	
2	S & T AG, Austria	Dorobet Ltd., Malta	Other accounts receivable - related parties	Yes	11,757	11,757	11,757	5	2	-	Operating turnover	-	None	-	5,283,493	5,283,493	
2	S & T AG, Austria	S & T Services Bel LLC	Other accounts receivable - related parties	Yes	21,162	21,162	12,764	3	2	-	Operating turnover	-	None	-	13,208,733	13,208,733	
2	S & T AG, Austria	S & T Serbia doo	Other accounts receivable - related parties	Yes	30,231	30,231	-	3	2	-	Operating turnover	-	None	-	13,208,733	13,208,733	
2	S & T AG, Austria	S & T Deutschland GmbH, Germany	Other accounts receivable - related parties	Yes	39,636	39,636	26,872	3	2	-	Operating turnover	-	None	-	13,208,733	13,208,733	
2	S & T AG, Austria	S & T Consulting Hungary Kft., Hungary	Other accounts receivable - related parties	Yes	56,431	49,377	42,323	3	2	-	Operating turnover	-	None	-	13,208,733	13,208,733	
2	S & T AG, Austria	S & T Slovakia sro	Other accounts receivable - related parties	Yes	50,385	50,385	-	3	2	-	Operating turnover	-	None	-	13,208,733	13,208,733	
2	S & T AG, Austria	Kontron Austria GmbH	Other accounts receivable - related parties	Yes	140,070	140,070	132,278	3	2	-	Operating turnover	-	None	-	5,283,493	5,283,493	
2	S & T AG, Austria	S & T CEE Holding sro, Slowakei	Other accounts receivable - related parties	Yes	487,055	453,465	438,350	5	2	-	Operating turnover	-	None	-	13,208,733	13,208,733	
2	S & T AG, Austria	Kontron Modular Computers SAS	Other accounts receivable - related parties	Yes	100,770	100,770	83,975	3	2	-	Operating turnover	-	None	-	5,283,493	5,283,493	
2	S & T AG, Austria	RTSoft, AO, Russia	Other accounts receivable - related parties	Yes	45,538	45,538	45,538	4	2	-	Operating turnover	-	None	-	5,283,493	5,283,493	
2	S & T AG, Austria	RTSoft, AO, Russia	Other accounts receivable - related parties	Yes	\$ 33,590	\$ 33,590	\$ 33,590	5	2	-	Operating turnover	-	None	-	5,283,493	5,283,493	
2	S & T AG, Austria	S & T Romania SRL, Romania	Other accounts receivable - related parties	Yes	307,786	297,037	172,469	3	2	-	Operating turnover	-	None	-	13,208,733	13,208,733	
2	S & T AG, Austria	Funworld gmbh, Austria	Other long-term receivables - other investments	No	12,764	12,764	11,421	3.00-4.00	2	-	Operating turnover	-	None	-	5,283,493	5,283,493	
2	S & T AG, Austria	Kontron Europe GmbH	Other accounts receivable - related parties	Yes	181,386	181,386	181,386	3	2	-	Operating turnover	-	None	-	5,283,493	5,283,493	
2	S & T AG, Austria	Kontron Electronics Kft.	Other accounts receivable - related parties	Yes	30,231	30,231	27,208	3	2	-	Operating turnover	-	None	-	5,283,493	5,283,493	
2	S & T AG, Austria	Kontron Transportation Austria AG	Other accounts receivable - related parties	Yes	839,750	839,750	497,132	3	2	-	Operating turnover	-	None	-	13,208,733	13,208,733	
2	S & T AG, Austria	S & T Bulgaria eood	Other accounts receivable - related parties	Yes	8,398	8,398	8,398	3	2	-	Operating turnover	-	None	-	13,208,733	13,208,733	

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No. (Note 1)	Granting company	Borrower	Transaction item	Related party or not	Maximum balance of current period (Note 3)	Ending balance (Note 3)	Actual expenditure	Interest rate interval %	Nature of loan (Note 2)	Transaction amount	Reason for short-term financing	Allowance for bad debts recognized	Collateral		Loans limits to individual party	Total loan limit	Remarks
													Name	Value			
2	S & T AG, Austria	Kontron America Inc.	Other accounts receivable - related parties	Yes	\$ 453,021	\$ 453,021	\$ 453,021	3	2	\$ -	Operating turnover	\$ -	None	\$ -	\$ 5,283,493	\$ 5,283,493	
2	S & T AG, Austria	Kontron electronics GmbH (DE)	Other accounts receivable - related parties	Yes	256,947	83,975	71,379	3	2	-	Operating turnover	-	None	-	5,283,493	5,283,493	
2	S & T AG, Austria	Kontron Transportation Belgium NV	Other accounts receivable - related parties	Yes	107,488	107,488	107,488	3	2	-	Operating turnover	-	None	-	13,208,733	13,208,733	
3	KONTRON EUROPE GMBH	Kontron S & T AG	Other accounts receivable - related parties	Yes	1,070,311	1,070,311	1,070,311	1.54-2.583	2	-	Operating turnover	-	None	-	4,512,432	4,512,432	
4	Kontron Technology A / S	Kontron S & T AG	Other accounts receivable - related parties	Yes	21,896	-	-	0	2	-	Operating turnover	-	None	-	-	-	
5	Kontron S & T AG	KONTRON ASIA PACIFIC DESIGN SDN. BHD.	Other accounts receivable - related parties	Yes	577,067	572,180	138,935	1.2	2	-	Operating turnover	-	None	-	4,754,326	4,754,326	
6	S & T Mazedonien	S & T AG, Austria	Other accounts receivable - related parties	Yes	25,193	18,475	18,475	1	2	-	Operating turnover	-	None	-	125,371	125,371	
7	Marketech International Corp.	eZoom Information, Inc.	Other accounts receivable - related parties	Yes	50,000	-	-	-	2	-	Operating turnover	-	None	-	2,320,005	2,320,005	
7	Marketech International Corp.	Marketech Integrated Construction Co., Ltd.	Other accounts receivable - related parties	Yes	27,808	26,382	26,382	4.616	2	-	Operating turnover	-	None	-	2,320,005	2,320,005	
8	MIC-Tech Viet Nam Co., Ltd.	Marketech Co., Ltd.	Other accounts receivable - related parties	Yes	3,660	3,510	3,510	6.250	2	-	Operating turnover	-	None	-	22,074	22,074	
9	Shanghai MIC-Tech Electronic Engineering Corp.	Fuzhou MIC-Tech Electronic Engineering Corp.	Other accounts receivable - related parties	Yes	3,206	1,722	1,722	5.0025	2	-	Operating turnover	-	None	-	406,605	406,605	
9	Shanghai MIC-Tech Electronic Engineering Corp.	Shanghai Maohua Electronic Engineering Technology Co., Ltd.	Other accounts receivable - related parties	Yes	54,959	38,744	38,744	4.785-5.0025	2	-	Operating turnover	-	None	-	203,303	406,605	
9	Shanghai MIC-Tech Electronic Engineering Corp.	MIC-Tech (Wuxi) Co., Ltd.	Other accounts receivable - related parties	Yes	64,119	-	-	-	2	-	Operating turnover	-	None	-	406,605	406,605	
10	MIC-Tech (Shanghai) Corp., Ltd.	MIC-Tech China Trading (Shanghai) Co., Ltd.	Other accounts receivable - related parties	Yes	50,369	34,439	34,439	4.785-5.0025	2	-	Operating turnover	-	None	-	301,065	301,065	
11	Marketech Integrated Manufacturing Co., Ltd.	Marketech Integrated Construction Co., Ltd.	Other accounts receivable - related parties	Yes	6,164	-	-	-	2	-	Operating turnover	-	None	-	150,099	300,198	
12	AIS Cayman Technology Group	American Industrial Systems, Inc	Other accounts receivable - related parties	Yes	29,980	29,980	29,980	3.5	2	-	Operating turnover	-	None	-	160,182	160,182	

Note 1: (1) The issuer fills in 0.

(2) The investee company is numbered in sequence starting from Arabic numeral 1 according to the company type.

Note 2: The filling method of nature of the loan is as follows:

(1) Please fill in 1 for business contacts.

(2) Please fill in 2 if there is a need for short-term financing.

Note 3: It refers to the loan amount has been approved by the Board of Directors.

Ennoconn Corporation and Subsidiaries
Endorsements/Guarantees for Others
Jan. 1 to Dec. 31, 2019

Table 2

Unit: Foreign currency/NT\$1,000

No.	Endorsement/guarantee provider name	Endorsed/guaranteed party		Limit on endorsements/guarantees provided for a single party	Maximum endorsement/guarantee balance for this period	Endorsement/guarantee closing balance	Actual expenditure	Amount of endorsements/guarantees collateralized by properties	Ratio of accumulated endorsements/guarantees to net worth in the latest financial statements (%)	Maximum endorsements/guarantees amount allowable	Endorsements/guarantees provided by parent company to subsidiary	Endorsements/guarantees provided by subsidiary to parent company	Endorsements/guarantees for Mainland China	Remarks
		Company Name	Relationship											
0	Ennoconn Corporation	Innovative Systems Integration Limited	Subsidiary	NT\$12,330,786 (limited to 150% of the Company's net worth)	NT\$899,400	NT\$899,400	NT\$2,998		11.05	NT\$16,441,048 (limited to 200% of the Company's net worth)	Y	N	Y	
0	Ennoconn Corporation	Innovative Systems Integration Limited	Subsidiary	NT\$12,330,786 (limited to 150% of the Company's net worth)	NT\$599,600	NT\$599,600	NT\$ -		7.37	NT\$16,441,048 (limited to 200% of the Company's net worth)	Y	N	Y	
0	Ennoconn Corporation	HighAim Technology Inc.	Subsidiary	NT\$12,330,786 (limited to 150% of the Company's net worth)	NT\$389,740	NT\$389,740	NT\$89,940		4.79	NT\$16,441,048 (limited to 200% of the Company's net worth)	Y	N	Y	
0	Ennoconn Corporation	HIGHAIM TECHNOLOGY INC.	Subsidiary	NT\$12,330,786 (limited to 150% of the Company's net worth)	NT\$194,870	NT\$194,870	NT\$ -		2.4	NT\$16,441,048 (limited to 200% of the Company's net worth)	Y	N	N	
0	Ennoconn Corporation	Dexatek Technology Ltd.	Subsidiary	NT\$12,330,786 (limited to 150% of the Company's net worth)	NT\$14,990	NT\$14,990	NT\$ -		0.18	NT\$16,441,048 (limited to 200% of the Company's net worth)	Y	N	N	
0	Ennoconn Corporation	Dexatek Technology Ltd.	Subsidiary	NT\$12,330,786 (limited to 150% of the Company's net worth)	NT\$290,000	NT\$290,000	NT\$60,000	-	3.56	NT\$16,441,048 (limited to 200% of the Company's net worth)	Y	N	N	
0	Ennoconn Corporation	Thecus Technology Corp.	Subsidiary	NT\$12,330,786 (limited to 150% of the Company's net worth)	NT\$200,000	NT\$200,000	NT\$75,000	-	2.46	NT\$16,441,048 (limited to 200% of the Company's net worth)	Y	N	N	
1	S & T AG, Austria	S & T Technologies GmbH	Subsidiary	NT\$19,400,877 (limited to 150% of the Company's net worth)	Euro 65 NT\$2,183	Euro 65 NT\$2,183	Euro - NT\$ -	-	0.02	NT\$25,867,836 (limited to 200% of the Company's net worth)	Y	N	N	
1	S & T AG, Austria	S & T Plus sro	Subsidiary	NT\$19,400,877 (limited to 150% of the Company's net worth)	Euro 196.5 NT\$6,600	Euro 196 NT\$6,584	Euro - NT\$ -	-	0.05	NT\$25,867,836 (limited to 200% of the Company's net worth)	Y	N	N	
1	S & T AG, Austria	Kontron Austria GmbH	Subsidiary	NT\$19,400,877 (limited to 150% of the Company's net worth)	Euro 299 NT\$10,051	Euro 250 NT\$8,398	Euro 235 NT\$7,900	-	0.07	NT\$25,867,836 (limited to 200% of the Company's net worth)	Y	N	N	
1	S & T AG, Austria	S & T Services GmbH	Subsidiary	NT\$19,400,877 (limited to 150% of the Company's net worth)	Euro 353 NT\$11,860	Euro 300 NT\$10,077	Euro - NT\$ -	-	0.08	NT\$25,867,836 (limited to 200% of the Company's net worth)	Y	N	N	
1	S & T AG, Austria	Kontron Europe GmbH	Subsidiary	NT\$19,400,877 (limited to 150% of the Company's net worth)	Euro 1,000 NT\$33,590	Euro 1,000 NT\$33,590	Euro - NT\$ -	-	0.27	NT\$25,867,836 (limited to 200% of the Company's net worth)	Y	N	N	
1	S & T AG, Austria	S & T Slovenija dd	Subsidiary	NT\$19,400,877 (limited to 150% of the Company's net worth)	Euro 2,000 NT\$67,180	Euro 1,000 NT\$33,590	Euro - NT\$ -	-	0.27	NT\$25,867,836 (limited to 200% of the Company's net worth)	Y	N	N	
1	S & T AG, Austria	S & T Bulgaria eood	Subsidiary	NT\$19,400,877 (limited to 150% of the Company's net worth)	Euro 3,037 NT\$102,013	Euro 795 NT\$26,704	Euro - NT\$ -	-	0.22	NT\$25,867,836 (limited to 200% of the Company's net worth)	Y	N	N	
1	S & T AG, Austria	S & T Slovakia sro	Subsidiary	NT\$19,400,877 (limited to 150% of the Company's net worth)	Euro 4,000 NT\$134,360	Euro 4,000 NT\$134,360	Euro 2,536 NT\$85,168	-	1.09	NT\$25,867,836 (limited to 200% of the Company's net worth)	Y	N	N	

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No.	Endorsement/guarantee provider name	Endorsed/guaranteed party		Limit on endorsements/guarantees provided for a single party	Maximum endorsement/guarantee balance for this period	Endorsement/guarantee closing balance	Actual expenditure	Amount of endorsements/guarantees collateralized by properties	Ratio of accumulated endorsements/guarantees to net worth in the latest financial statements (%)	Maximum endorsements/guarantees amount allowable	Endorsements/guarantees provided by parent company to subsidiary	Endorsements/guarantees provided by subsidiary to parent company	Endorsements/guarantees for Mainland China	Remarks
		Company Name	Relationship											
1	S & T AG, Austria	S & T Smart Energy GmbH	Subsidiary	NT\$19,400,877 (limited to 150% of the Company's net worth)	Euro 4,700 NT\$157,873	Euro 4,200 NT\$141,078	Euro - NT\$ -	\$ -	1.14	NT\$25,867,836 (limited to 200% of the Company's net worth)	Y	N	N	
1	S & T AG, Austria	diverse / Factoring CEE	Subsidiary	NT\$19,400,877 (limited to 150% of the Company's net worth)	Euro 20,000 NT\$671,800	Euro 15,000 NT\$503,850	Euro 6,099 NT\$204,881	-	4.08	NT\$25,867,836 (limited to 200% of the Company's net worth)	Y	N	N	
1	S & T AG, Austria	S & T CZ sro	Subsidiary	NT\$19,400,877 (limited to 150% of the Company's net worth)	Euro 1,768 NT\$59,400	Euro 1,764 NT\$59,256	Euro - NT\$ -	-	0.48	NT\$25,867,836 (limited to 200% of the Company's net worth)	Y	N	N	
1	S & T AG, Austria	S & T Poland Sp.zoo	Subsidiary	NT\$19,400,877 (limited to 150% of the Company's net worth)	Euro 9,413 NT\$316,171	Euro 9,374 NT\$314,874	Euro - NT\$ -	-	2.55	NT\$25,867,836 (limited to 200% of the Company's net worth)	Y	N	N	
1	S & T AG, Austria	S & T Services Poland Sp.zoo	Subsidiary	NT\$19,400,877 (limited to 150% of the Company's net worth)	Euro 9,413 NT\$316,171	Euro NT\$	Euro - NT\$ -	-	2.55	NT\$25,867,836 (limited to 200% of the Company's net worth)	Y	N	N	
1	S & T AG, Austria	Kontron Transportation Belgium NV	Subsidiary	NT\$19,400,877 (limited to 150% of the Company's net worth)	Euro 2,801 NT\$94,076	Euro 2,776 NT\$93,236	Euro - NT\$ -	-	0.07-0.76	NT\$25,867,836 (limited to 200% of the Company's net worth)	Y	N	N	
1	S & T AG, Austria	Kontron Transportation Austria AG	Subsidiary	NT\$19,400,877 (limited to 150% of the Company's net worth)	Euro 6,600 NT\$221,694	Euro 6,600 NT\$221,694	Euro 6,600 NT\$221,694	-	1.8	NT\$25,867,836 (limited to 200% of the Company's net worth)	Y	N	N	
1	S & T AG, Austria	Kontron Transportation Austria AG	Subsidiary	NT\$19,400,877 (limited to 150% of the Company's net worth)	Euro 5,000 NT\$167,950	Euro 5,000 NT\$167,950	Euro 5,000 NT\$167,950	-	1.36	NT\$25,867,836 (limited to 200% of the Company's net worth)	Y	N	N	
1	S & T AG, Austria	Kontron Transportation Austria AG	Subsidiary	NT\$19,400,877 (limited to 150% of the Company's net worth)	Euro 2,500 NT\$83,975	Euro 2,500 NT\$83,975	Euro - NT\$ -	-	0.68	NT\$25,867,836 (limited to 200% of the Company's net worth)	Y	N	N	
1	S & T AG, Austria	Kontron Transportation Anstion AG	Subsidiary	NT\$19,400,877 (limited to 150% of the Company's net worth)	Euro 17,100 NT\$574,389	Euro 15,125 NT\$508,057	Euro - NT\$ -	-	4.66	NT\$25,867,836 (limited to 200% of the Company's net worth)	Y	N	N	
1	S & T AG, Austria	Kontron Transportation Anstion AG	Subsidiary	NT\$19,400,877 (limited to 150% of the Company's net worth)	Euro 342 NT\$11,500	Euro 342 NT\$11,500	Euro - NT\$ -	-	0.09	NT\$25,867,836 (limited to 200% of the Company's net worth)	Y	N	N	
1	S & T AG, Austria	S & T Albania Sh.pk	Subsidiary	NT\$19,400,877 (limited to 150% of the Company's net worth)	Euro 300 NT\$10,077	Euro 300 NT\$10,077	Euro 66 NT\$2,222	-	0.08	NT\$25,867,836 (limited to 200% of the Company's net worth)	Y	N	N	
1	S & T AG, Austria	S & T Consulting Hungary Kft.	Subsidiary	NT\$19,400,877 (limited to 150% of the Company's net worth)	Euro 15,869 NT\$533,046	Euro 15,869 NT\$533,046	Euro 1,297 NT\$43,566	-	4.32	NT\$25,867,836 (limited to 200% of the Company's net worth)	Y	N	N	
1	S & T AG, Austria	Kontron electronics GmbH	Subsidiary	NT\$19,400,877 (limited to 150% of the Company's net worth)	Euro 300 NT\$10,077	Euro 300 NT\$10,077	Euro - NT\$ -	-	0.08	NT\$25,867,836 (limited to 200% of the Company's net worth)	Y	N	N	
1	S & T AG, Austria	Kontron America Inc	Subsidiary	NT\$19,400,877 (limited to 150% of the Company's net worth)	Euro 18,367 NT\$616,953	Euro 17,932 NT\$602,349	Euro 3,652 NT\$122,670	-	5.00	NT\$25,867,836 (limited to 200% of the Company's net worth)	Y	N	N	
1	S & T AG, Austria	Kontron S & T AG	Subsidiary	NT\$19,400,877 (limited to 150% of the Company's net worth)	Euro 8,200 NT\$275,438	Euro 4,000 NT\$134,360	Euro - NT\$ -	-	1.09	NT\$25,867,836 (limited to 200% of the Company's net worth)	Y	N	N	
1	S & T AG, Austria	S & T Romania SRL	Subsidiary	NT\$19,400,877 (limited to 150% of the Company's net worth)	Euro 2,550 NT\$85,655	Euro 2,550 NT\$85,655	Euro 50 NT\$1,680	-	0.01-0.68	NT\$25,867,836 (limited to 200% of the Company's net worth)	Y	N	N	

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No.	Endorsement/guarantee provider name	Endorsed/guaranteed party		Limit on endorsements/guarantees provided for a single party	Maximum endorsement/guarantee balance for this period	Endorsement/guarantee closing balance	Actual expenditure	Amount of endorsements/guarantees collateralized by properties	Ratio of accumulated endorsements/guarantees to net worth in the latest financial statements (%)	Maximum endorsements/guarantees amount allowable	Endorsements/guarantees provided by parent company to subsidiary	Endorsements/guarantees provided by subsidiary to parent company	Endorsements/guarantees for Mainland China	Remarks
		Company Name	Relationship											
1	S & T AG, Austria	diverse / Factoring DACH	Subsidiary	NT\$19,400,877 (limited to 150% of the Company's net worth)	Euro 14,200 NT\$476,978	Euro 13,000 NT\$436,670	Euro 7,813 NT\$262,431	\$ -	3.54	NT\$25,867,836 (limited to 200% of the Company's net worth)	Y	N	N	
1	S & T AG, Austria	ROSoft AO	Subsidiary	NT\$19,400,877 (limited to 150% of the Company's net worth)	Euro 737 NT\$24,755	Euro 737 NT\$24,755	Euro - NT\$ -	-	0.2	NT\$25,867,836 (limited to 200% of the Company's net worth)	Y	N	N	
1	S & T AG, Austria	RTSoft Project OOO	Subsidiary	NT\$19,400,877 (limited to 150% of the Company's net worth)	Euro 2,890 NT\$97,079	Euro 2,890 NT\$97,079	Euro - NT\$ -	-	0.79	NT\$25,867,836 (limited to 200% of the Company's net worth)	Y	N	N	
1	S & T AG, Austria	S & T Deutschland GmbH	Subsidiary	NT\$19,400,877 (limited to 150% of the Company's net worth)	Euro 600 NT\$20,154	Euro 400 NT\$13,436	Euro - NT\$ -	-	0.11	NT\$25,867,836 (limited to 200% of the Company's net worth)	Y	N	N	
1	S & T AG, Austria	S & T MEDTECH SRL (former GADA GROUP ROORMANIA SRL)	Subsidiary	NT\$19,400,877 (limited to 150% of the Company's net worth)	€ 4,340 NT\$145,781	Euro 4,340 NT\$145,781	Euro 2,979 NT\$100,064	-	0.18	NT\$25,867,836 (limited to 200% of the Company's net worth)	Y	N	N	
1	S & T AG, Austria	Factoring Kontron Europe / Kontron Modular Computers SAS	Subsidiary	NT\$19,400,877 (limited to 150% of the Company's net worth)	Euro 30,000 NT\$1,007,700	Euro 25,000 NT\$839,750	Euro 16,720 NT\$561,632	-	8.17	NT\$25,867,836 (limited to 200% of the Company's net worth)	Y	N	N	
2	HIGHAIM TECHNOLOGY INC.	HighAim Technology Inc.	Subsidiary	NT\$526,059 (limited to 100% of the Company's net worth)	NT\$29,980	NT\$29,980	NT\$ -	-	5.72	NT\$526,059 (limited to 100% of the Company's net worth)	Y	N	Y	
3	Marketech International Corp.	Marketech Integrated Pte Ltd.	Subsidiary	NT\$2,900,006 (limited to 50% of the Company's net worth)	NT\$36,484	NT\$17,084	NT\$5,661	-	0.30	NT\$5,800,013 (limited to 100% of the Company's net worth)	Y	N	N	
3	Marketech International Corp.	eZoom Information, Inc.	Subsidiary	NT\$2,900,006 (limited to 50% of the Company's net worth)	NT\$120,000	NT\$60,000	NT\$18,450	-	1.06	NT\$5,800,013 (limited to 100% of the Company's net worth)	Y	N	N	
3	Marketech International Corp.	Marketech International Sdn. Bhd.	Subsidiary	NT\$2,900,006 (limited to 50% of the Company's net worth)	NT\$245,720	NT\$239,840	NT\$ -	-	4.24	NT\$5,800,013 (limited to 100% of the Company's net worth)	Y	N	N	
3	Marketech International Corp.	Marketech International Corporation USA	Subsidiary	NT\$2,900,006 (limited to 50% of the Company's net worth)	NT\$125,560	NT\$119,920	NT\$ -	-	2.12	NT\$5,800,013 (limited to 100% of the Company's net worth)	Y	N	N	
3	Marketech International Corp.	MIC-Tech (Wuxi) Co., Ltd.	Subsidiary	NT\$2,900,006 (limited to 50% of the Company's net worth)	NT\$312,840	NT\$191,872	NT\$185,876	-	3.39	NT\$5,800,013 (limited to 100% of the Company's net worth)	Y	N	Y	
3	Marketech International Corp.	MIC-Tech (Shanghai) Corp., Ltd.	Subsidiary	NT\$2,900,006 (limited to 50% of the Company's net worth)	NT\$1,096,052	NT\$815,306	NT\$7,647	-	14.41	NT\$5,800,013 (limited to 100% of the Company's net worth)	Y	N	Y	
3	Marketech International Corp.	Shanghai Jiwei Electronic System Engineering Co., Ltd.	Subsidiary	NT\$2,900,006 (limited to 50% of the Company's net worth)	NT\$1,571,232	NT\$1,536,251	NT\$1,075,132	-	27.15	NT\$5,800,013 (limited to 100% of the Company's net worth)	Y	N	Y	
3	Marketech International Corp.	Shanghai Maohua Electronic Engineering Technology Co., Ltd.	Subsidiary	NT\$2,900,006 (limited to 50% of the Company's net worth)	NT\$507,461	NT\$359,319	NT\$188,099	-	6.35	NT\$5,800,013 (limited to 100% of the Company's net worth)	Y	N	Y	

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No.	Endorsement/guarantee provider name	Endorsed/guaranteed party		Limit on endorsements/guarantees provided for a single party	Maximum endorsement/guarantee balance for this period	Endorsement/guarantee closing balance	Actual expenditure	Amount of endorsements/guarantees collateralized by properties	Ratio of accumulated endorsements/guarantees to net worth in the latest financial statements (%)	Maximum endorsements/guarantees amount allowable	Endorsements/guarantees provided by parent company to subsidiary	Endorsements/guarantees provided by subsidiary to parent company	Endorsements/guarantees for Mainland China	Remarks
		Company Name	Relationship											
3	Marketech International Corp.	Special Triumph Sdn. Bhd.	A company with contractual mutual-endorsement requirement for construction contracts	NT\$2,900,006 (limited to 50% of the Company's net worth)	NT\$12,741	NT\$ -	NT\$ -	\$ -	-	NT\$5,800,013 (limited to 100% of the Company's net worth)	N	N	N	
4	Marketech Co., Ltd.	MIC-Tech Viet Nam Co., Ltd.	Companies directly or indirectly held by the Company for more than 90% of voting rights	NT\$33,380 (limited to 150% of the Company's net worth)	NT\$7,933	NT\$ -	NT\$ -	-	-	NT\$33,380 (limited to 150% of the Company's net worth)	N	N	N	
5	Shanghai Jiwei Electronic System Engineering Co., Ltd.	Shanghai Maohua Electronic Engineering Technology Co., Ltd.	A company with contractual mutual-endorsement requirement for construction contracts	NT\$1,524,768 (limited to 300% of the Company's net worth)	NT\$71,915	NT\$ -	NT\$ -	-	-	NT\$2,541,280 (limited to 500% of the Company's net worth)	N	N	Y	
5	Shanghai Jiwei Electronic System Engineering Co., Ltd.	MIC-Tech (Shanghai) Corp., Ltd.	Companies directly or indirectly held by the Company for more than 90% of voting rights	NT\$1,524,768 (limited to 300% of the Company's net worth)	NT\$110,420	NT\$103,272	NT\$103,272	-	20.10	NT\$2,541,280 (limited to 500% of the Company's net worth)	N	N	Y	
5	Shanghai Jiwei Electronic System Engineering Co., Ltd.	Marketech International Corp.	Companies that directly and indirectly hold more than 50% of the voting rights of the Company	NT\$1,524,768 (limited to 300% of the Company's net worth)	NT\$524,704	NT\$507,112	NT\$507,112	-	98.72	NT\$2,541,280 (limited to 500% of the Company's net worth)	N	Y	N	
6	MIC-Tech (Shanghai) Corp., Ltd.	Shanghai Jiwei Electronic System Engineering Co., Ltd.	Companies directly or indirectly held by the Company for more than 90% of voting rights	NT\$1,128,993 (limited to 300% of the Company's net worth)	NT\$634,511	NT\$593,435	NT\$593,435	-	158.15	NT\$1,881,665 (limited to 500% of the Company's net worth)	N	N	Y	

Note 1: The conversion rate is the spot average exchange rate of the Bank of Taiwan on Dec. 31, 2019.

Note 2: Diverse/Factoring CEE includes S&T CZ, S&C CZ+(S&T+CZ), S&T HR, S&T SK and 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

Ennoconn Corporation and Subsidiaries
Securities Held at the end of the Period
Dec. 31, 2019

Table 3 Unit: NT\$1,000

Holding company	Type and name of securities	Relationship with the issuer of securities	Ledger account	End of period				Remarks
				No. of shares/unit	Carrying amount	Shareholding percentage %	Fair value	
Ennoconn International Investment Co., Ltd.	Winmate Inc. Keenest Electronic Corp.	None	Financial assets at fair value through other comprehensive income - current	712,000	\$ 35,600	-	\$ <u>39,160</u>	
	Plus: Adjustment of financial assets valuation measured at fair value through other comprehensive income				<u>3,560</u>		\$ <u>39,160</u>	
Goldtek Technology Co., Ltd.	Cloudtalk Inc.	None	Financial assets measured at fair value through other comprehensive income - non-current	484,260	\$ 123,501	12.81	\$ -	
Sunlit Precision Technology Co., Ltd.	LINKA GROUP LIMITED	"	"	142,910	30,033	7.98	-	
Techno Precision (Shenzhen) Co., Ltd.	Miaoxin Tiancheng (Guangdong) Technology Co., Ltd.	"	"	9,408,000	67,065	16.00	67,065	
Ennoconn (Foshan) Investment Co., Ltd.	Venture Capital Investment Fund for Tech Innovation Smart Industry of Foshan City	"	"	RMB 36,902	158,796	18.57	158,796	
APLIGO	shares in Volksbank Karlsruhe	"	"	-	10	-	10	
Nanjing Asiatek Inc.	Shenzhen Execution System Technology Co., Ltd.	"	"	RMB 900	3,873	10.00	3,873	
HighAim Technology Inc.	Qingdao Bonin Fortune Access equipment Co., Ltd.	"	"	3,949,000	70,768	6.00	70,768	
S & T Hrvatska doo	Optima Telekom	"	"	Euro 105,433	3,541	-	3,541	
Kontron Austria GmbH	Others	"	"	Euro 9,038	304	-	304	
Secure Guard GmbH	Erste Immobilien Fonds	"	"	Euro 226,918	7,622	-	7,622	
S & TAG	Others	"	"	Euro 192,788	6,476	-	6,476	
S & T Slovenija dd	Shares	"	"	Euro 7,656	258	-	258	
Diverse	Diverse	"	"	Euro 656	22	-	22	
AIS Automation Dresden	Others	"	"	Euro 302,411	<u>10,158</u>	-	<u>10,158</u>	
	Less: Adjustment of financial assets valuation measured at fair value through other comprehensive income				(<u>153,534</u>)			
					\$ <u>328,893</u>		\$ <u>328,893</u>	
Marketch International Corp.	Lasertec Corporation	"	Financial assets at fair value through profit or loss - current	40,000	\$ 61,382	-	\$ 61,382	
"	Solar Applied Materials Technology Co., Ltd.	None	"	44,078	990	-	990	
"	Aerospace Industrial Development Corporation	"	"	25,925	<u>931</u>	-	<u>931</u>	
					\$ <u>63,303</u>		\$ <u>63,303</u>	

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Holding company	Type and name of securities	Relationship with the issuer of securities	Ledger account	End of period				Remarks
				No. of shares/unit	Carrying amount	Shareholding percentage %	Fair value	
Marketech International Corp.	Taiwan Colour & Imaging Technology Corporation	None	Financial assets at fair value through profit or loss - non-current	1,700,000	\$ 1,575	12.59	\$ 1,575	
"	Chung-Hsin Electric and Machinery Manufacturing Corp.	"	"	581,000	14,118	0.14	14,118	
"	Wings Global Technology Co., Ltd	"	"	750,000	14,049	18.75	14,049	
"	ProMOS Technologies Inc.	"	"	250,331	-	0.56	-	
"	Taiwan Puritic Corp.	"	"	6,191,181	202,012	10.32	202,012	
"	Sopower Technology Corp.	"	"	189,223	-	12.61	-	
"	VEEV Interactive Pte. Ltd.	"	"	840,000	-	6.32	-	
"	Taiwan Intelligent Fiber Optic Network Co., Ltd.	"	"	3,868,261	22,137	1.41	22,137	
"	Han Da Venture Capital Co., Ltd.	Entities under the control or material influence of the key management	"	499,200	2,945	6.67	2,945	
"	Civil Tech Holdings Ltd.	None	"	336,374	-	0.58	-	
"	ProbeLeader Co., Ltd.	Entities under the control or material influence of the key management	"	966,000	10,367	3.46	10,367	
"	Top Green Energy Technologies Inc.	None	"	1,111,111	-	0.89	-	
"	Chi Yuan Venture Capital Co., Ltd.	"	"	1,000,000	10,000	1.79	10,000	
"	Chun Shin Venture Capital Co., Ltd.	"	"	1,000,000	10,000	1.87	10,000	
"	Taiwan Foresight Co., Ltd.	"	"	380,000	4,589	2.24	4,589	
"	Long Time Technology Corp.	"	"	346,000	9,397	0.29	9,397	
"	Bon Dian Venture Capital Co., Ltd.	"	"	90,187	902	3.50	902	
"	Taiwan Specialty Chemicals Corporation	"	"	4,401,333	65,013	1.51	65,013	
"	Atech Totalsolution Co., Ltd.	"	"	128,000	-	0.23	-	
"	East Wind Life Sciences System Co., Ltd.	"	"	124,457	-	12.87	-	
"	Ecoland Corporation	"	"	310,715	-	13.51	-	
"	Kcashin Technology Corporation	"	"	642,500	10,000	19.01	10,000	
"	Radisen Co. Ltd	"	"	87,803	7,172	19.41	7,172	
"	Foresight Energy Technologies Co., Ltd.	"	"	1,350,000	4,057	4.09	4,057	
"	Mycopore Corporation	"	"	971,000	21,991	5.81	21,991	
"	Stek Co., Ltd.	"	"	333,000	23,310	6.34	23,310	
"	SumCapital Healthcare Investment Co., Ltd. (formerly known as Bi Yi Healthcare Investment Co., Ltd.)	Entities under the control or material influence of the key management	"	943,050	9,431	7.44	9,431	
"	Chi Yi Health Co., Ltd.	"	"	200,000	-	19.99	-	
"	Forward Science Corporation	"	"	2,000,000	19,622	10.00	19,622	
MIC-Tech (Shanghai) Corp., Ltd.	Beijing Marketech Environmental Technology Co., Ltd.	Entities under the control or material influence of the key management	"	-	-	19.00	-	
					\$ 462,687		\$ 462,687	

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Holding company	Type and name of securities	Relationship with the issuer of securities	Ledger account	End of period				Remarks
				No. of shares/unit	Carrying amount	Shareholding percentage %	Fair value	
Marketech International Corp.	<u>Stock option for convertible bond</u> Nitride Solutions Inc.	None	Financial assets at fair value through profit or loss - non-current	-	\$ -	-	\$ -	
"	HALLY'S CORPORATION	"	"	-	20,730	-	20,730	
	Radisen Co. Ltd	"	"	-	12,313	-	12,313	
					<u>\$ 33,043</u>		<u>\$ 33,043</u>	
Sunlit Industry Co., Ltd.	<u>Corporate debt</u> Guotai Junan International Holdings Limited	None	Financial assets at fair value through profit or loss - current	-	<u>\$ 38,490</u>		<u>\$ 38,490</u>	
Marketech International Corp.	<u>Preferred shares</u> Adant Technologies Inc.	None	Financial assets at fair value through profit or loss - non-current	174,520	\$ -	Note 3	\$ -	
"	Kinestral Technologies, Inc.	"	"	501,532	24,089	"	24,089	
					<u>\$ 24,089</u>		<u>\$ 24,089</u>	
HighAim Technology INC	<u>Fund beneficiary voucher</u> Megabank Overseas Fund-Global AI Artificial Intelligence Fund	"	Financial assets at fair value through profit or loss - current		<u>\$ 600</u>		<u>\$ 600</u>	
Marketech International Corp.	Vertax Growth (SG) LP	None	Financial assets at fair value through profit or loss - non-current		<u>\$ 4,720</u>	19	<u>\$ 4,720</u>	

Note 1: Regarding the abovementioned securities, three are no guarantees, pledges, or other agreed restricted users as of the end of December 2019.

Note 2: Please refer to attached Tables 7 and 8 for information about investment in subsidiaries.

Note 3: Preferred stocks.

Ennoconn Corporation and Subsidiaries
 Cumulative Purchase or Sale of the Same Securities Amounted to NT\$300 Million or More Than 20% of the Paid-in capital.
 Jan. 1 to Dec. 31, 2019

Table 4 Unit: Foreign currency/NT\$1,000

The purchasing/selling company	Type and name of securities	Ledger account	Transaction counterparty	Relationship	Beginning of period		Buy		Sell				End of period	
					No. of units or shares	Amount	No. of units or shares	Amount	No. of units or shares	Selling price	Carrying amount	Disposal profit and loss	No. of units or shares	Amount
Caswell Inc.	<u>Stock</u> Hawkeye Tech, Co., Ltd.	Investments under equity method	Yukai Technology Co., Ltd.	Subsidiary	-	\$ -	5,400,000	\$ 405,000	-	\$ -	\$ -	\$ -	5,400,000	\$ 423,943
S & T AG, Austria	BASS Systems SRL	Investments under equity method	BASS Systems SRL	Subsidiary	-	-	2,950,000	Euro 13,029 NT\$437,649	-	-	-	-	2,950,000	Euro 8,288 NT\$278,391
"	Amanox Solutions AG	Investments under equity method	Amanox Solutions AG	Subsidiary	53,760	Euro 4,856 NT\$170,931	51,240	Euro 15,578 NT\$523,262	-	-	-	-	105,000	(Note 1) Euro 5,719 NT\$192,092
	AIS Automation Dresden GmbH	Investments under equity method	Amanox Solutions AG	Subsidiary	-	-	51,000	Euro 13,077 NT\$439,257	-	-	-	-	51,000	(Note 1) Euro 13,097 NT\$439,950

Note 1: The conversion rate is the spot average rate of the Bank of Taiwan on Dec. 31, 2019.

Ennoconn Corporation and Subsidiaries
Amount of Goods Purchased or Sold with Related Parties Reached NT\$100 Million or More Than 20% of the Paid-in capital
Jan. 1 to Dec. 31, 2019

Table 5

Unit: NT\$1,000

Purchasing/selling company	Name of trading counterparty	Relationship	Trading status				The situation and reason for the difference between the trading terms and the general trading		Notes and accounts receivable (payable)		Remarks
			Purchase (sales)	Amount	Ratio of total purchase (sales)	Credit period	Unit price	Credit period	Balance	Ratio of total notes and accounts receivable (payable)	
Ennoconn Corporation	Hon Hai Precision Industry Co., Ltd.	Associates	Purchase and processing expenses	\$ 620,929	0.95%	Payment term of 60 days	No material difference	No material difference	\$ -	-	
Ennoconn Corporation	Kontron Europe GmbH	Subsidiary	Sales	(711,738	(0.87%)	Payment term of 90 days	No material difference	No material difference	189,867	1.03%	
Ennoconn Corporation	Kontron Canada Inc.	Subsidiary	Sales	(486,375	(0.60%)	Payment term of 90 days	No material difference	No material difference	102,454	0.60%	
Ennoconn Corporation	Kontron America Inc.	Subsidiary	Sales	(138,425	(0.17%)	Payment term of 90 days	No material difference	No material difference	29,831	0.17%	
Ennoconn Corporation	Vitor Plus Holdings Ltd.	Subsidiary	Purchase	425,288	0.65%	Payment term of 90 days	No material difference	No material difference	339,531	2.17%	
Goldtek Technology Co., Ltd.	Hon Hai Precision Industry Co., Ltd.	Associates	Purchase and processing expenses	2,840,826	4.34%	Payment term of 60 days	No material difference	No material difference	(711,099)	(4.54%)	
Goldtek Technology Co., Ltd.	Sunlit Precision Technology Co., Ltd.	Subsidiary	Purchase	204,704	0.31%	Payment term of 60 days	No material difference	No material difference	(37,905)	(0.24%)	
Sunlit Precision Technology Co., Ltd.	Techno Precision (Shenzhen) Co., Ltd.	Subsidiary	Sales	(224,884	(0.28%)	Payment term of 90 days	No material difference	No material difference	161,925	0.95%	
Sunlit Industry Co., Ltd.	Techno Precision (Shenzhen) Co., Ltd.	Subsidiary	Purchase	612,880	0.94%	Payment term of 60 days	No material difference	No material difference	-	-	
Sunlit Industry Co., Ltd.	T-Paragon Die Casting Co., Ltd.	Subsidiary	Purchase	74,908	0.11%	Payment term of 60 days	No material difference	No material difference	(17,510)	(0.11%)	
T-Paragon Die Casting Co., Ltd.	T-Paragon Metal (Shenzhen) Co., Ltd.	Subsidiary	Purchase	409,130	0.63%	Payment term of 60 days	No material difference	No material difference	(183,169)	(1.17%)	
Hon Hai Precision Industry Co., Ltd.	Caswell Inc.	Associates	Purchase	565,938	0.87%	Payment term of 90 days	No material difference	No material difference	(46,381)	(0.30%)	
Caswell Inc.	CAI	Parent and subsidiary company	Sales	(185,275	(0.23%)	Payment term of 90 days	No material difference	No material difference	67,273	0.39%	
CAI	Caswell Inc.	Subsidiary and parent company	Purchase and processing expenses	185,275	0.28%	Payment term of 90 days	No material difference	No material difference	(67,273)	(0.43%)	
Beijing Caswell Ltd.	Caswell Inc.	Subsidiary and parent company	Purchase	142,802	0.22%	Payment term of 90 days	No material difference	No material difference	79,682	0.51%	
Caswell Inc.	Beijing Caswell Ltd.	Parent and subsidiary company	Sales	(142,802	(0.18%)	Payment term of 90 days	No material difference	No material difference	(79,682)	(0.47%)	
CASO, Inc.	Caswell Inc.	Subsidiary and parent company	Purchase	101,750	0.16%	Payment term of 70 days	No material difference	No material difference	10,392	0.07%	
Caswell Inc.	CASO, Inc.	Parent and subsidiary company	Sales	(101,750	(0.12%)	Payment term of 70 days	No material difference	No material difference	(10,392)	(0.06%)	
Marketch International Corp.	Hong Kong Ennower Information Technology Co., Ltd.	Entities under the control or material influence of the key management	Sales (Note 2)	(241,845	(0.30%)	Note 1	No material difference	No material difference	126,786	0.74%	
Shanghai MIC-Tech Electronic Engineering Corp.	Ennower Information Technology Co., Ltd. (Shenzhen)	Entities under the control or material influence of the key management	Sales (Note 2)	(170,086	(0.21%)	Note 1	No material difference	No material difference	96,919	0.57%	
Shanghai Maohua Electronic Engineering Technology Co., Ltd.	Ennower Information Technology Co., Ltd. (Shenzhen)	Entities under the control or material influence of the key management	Sales (Note 2)	(130,338	(0.16%)	Note 1	No material difference	No material difference	-	-	
HighAim Technology Inc.	Hong Precision Industry (Shenzhen) Co., Ltd.	Associates	Sales	(411,810	(0.51%)	Payment term of 90 days	No material difference	No material difference	26,240	0.15%	
HighAim Technology Inc.	Futaihua Industry (Shenzhen) Co., Ltd.	Associates	Sales	(234,381	(0.29%)	Payment term of 90 days	No material difference	No material difference	3,966	0.02%	

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Purchasing/selling company	Name of trading counterparty	Relationship	Trading status				The situation and reason for the difference between the trading terms and the general trading		Notes and accounts receivable (payable)		Remarks
			Purchase (sales)	Amount	Ratio of total purchase (sales)	Credit period	Unit price	Credit period	Balance	Ratio of total notes and accounts receivable (payable)	
HighAim Technology Inc.	Hongfusheng Precision Electronics (Zhengzhou) Co., Ltd.	Associates	Sales	(\$ 726,324)	(0.96%)	Payment term of 90 days	No material difference	No material difference	\$ 212,459	1.24%	
HighAim Technology Inc.	FUNOLOGY INVESTMENT INC.	Subsidiary	Sales	(147,532)	(0.18%)	Payment term of 90 days	No material difference	No material difference	53,073	0.31%	
HighAim Technology Inc.	ANDRIX INTERNATIONAL LIMITED	Subsidiary	Sales	(105,495)	(0.13%)	Payment term of 90 days	No material difference	No material difference	40,718	0.24%	
Kontron Europe GmbH	Ennoconn Corporation	Parent company	Purchase and processing expenses	711,738	1.09%	Payment term of 90 days	No material difference	No material difference	(189,867)	(1.21%)	
Kontron Canada Inc.	Ennoconn Corporation	Parent company	Purchase and processing expenses	486,375	0.74%	Payment term of 90 days	No material difference	No material difference	(102,454)	(0.65%)	
Kontron America Inc.	Kontron Technology Beijing Co. Ltd.	Associates	Sales	(259,015)	(0.32%)	Payment term of 90 days	No material difference	No material difference	150,965	0.88%	
Kontron America Inc.	Kontron Europe GmbH	Subsidiary	Purchase	955,100	1.46%	Payment term of 90 days	No material difference	No material difference	(177,506)	(1.13%)	
Kontron America Inc.	Ennoconn Corporation	Parent company	Purchase	138,425	0.21%	Payment term of 90 days	No material difference	No material difference	(29,831)	(0.19%)	
Kontron Europe GmbH	Kontron America Inc.	Subsidiary	Sales	(955,100)	(1.17%)	Payment term of 90 days	No material difference	No material difference	177,506	1.04%	
Kontron Europe GmbH	RT Soft	Associates	Sales	(130,288)	(0.16%)	Payment term of 90 days	No material difference	No material difference	91,344	0.53%	
Kontron Europe GmbH	Kontron Asia Inc.	Associates	Purchase	179,284	0.22%	Payment term of 90 days	No material difference	No material difference	(17,870)	(0.11%)	
Kontron Europe GmbH	Kontron Technology Beijing Co. Ltd.	Associates	Sales	(143,617)	(0.18%)	Payment term of 90 days	No material difference	No material difference	2,717	0.02%	
Quanmax Inc.	Ennoconn (Suzhou) Technology Co., Ltd.	Associates	Sales	(83,207)	(0.10%)	Payment term of 90 days	No material difference	No material difference	-	-	
Ennoconn (Suzhou) Technology Co., Ltd.	Hon Hai Precision Industry Co., Ltd.	Associates	Purchase	517,809	0.79%	Payment term of 90 days	No material difference	No material difference	(7,020)	(0.04%)	
Ennoconn (Suzhou) Technology Co., Ltd.	Vitor Plus Holdings Ltd.	Subsidiary	Sales	(430,192)	(0.53%)	Payment term of 90 days	No material difference	No material difference	417,222	2.44%	
Nanjing Asiatek Inc.	Hong Fujin Precision Industry (Shenzhen) Co., Ltd.	Associates	Sales	(469,689)	(0.58%)	Payment term of 90 days	No material difference	No material difference	103,435	0.60%	
Nanjing Asiatek Inc.	Shenzhen Xiangxing Technology Co., Ltd.	Subsidiary	Purchase	341,418	0.52%	Payment term of 90 days	No material difference	No material difference	(7,353)	(0.05%)	
Nanjing Asiatek Inc.	Futaihua Industry (Shenzhen) Co., Ltd.	Associates	Sales	(101,019)	(0.12%)	Payment term of 90 days	No material difference	No material difference	1,278	0.01%	
HighAim Technology Inc.	Funology Investment Inc.	Subsidiary	Purchase	149,506	0.23%	Payment term of 90 days	No material difference	No material difference	(7,353)	(0.34%)	
HighAim Technology Inc.	ANDRIX INTERNATIONAL LIMITED	Subsidiary	Purchase	107,092	0.16%	Payment term of 90 days	No material difference	No material difference	(41,319)	(0.26%)	
Funology Investment Inc.	HighAim Technology Inc.	Parent company	Sales	(149,506)	(0.18%)	Payment term of 90 days	No material difference	No material difference	53,658	0.31%	
Funology Investment Inc.	HighAim Technology Inc.	Subsidiary	Purchase	147,532	0.23%	Payment term of 90 days	No material difference	No material difference	(53,037)	(0.34%)	
ANDRIX INTERNATIONAL LIMITED	HighAim Technology Inc.	Parent company	Sales	(107,092)	(0.13%)	Payment term of 90 days	No material difference	No material difference	41,319	0.24%	
ANDRIX INTERNATIONAL LIMITED	HighAim Technology Inc.	Subsidiary	Purchase	105,495	0.16%	Payment term of 90 days	No material difference	No material difference	(40,718)	(0.26%)	
Shenzhen Asiatek Inc. Co., Ltd.	Henan Yuzhan Precision Technology Co., Ltd.	Associates	Sales	(451,850)	(0.55%)	Payment term of 90 days	No material difference	No material difference	307,463	1.80%	

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Purchasing/selling company	Name of trading counterparty	Relationship	Trading status				The situation and reason for the difference between the trading terms and the general trading		Notes and accounts receivable (payable)		Remarks
			Purchase (sales)	Amount	Ratio of total purchase (sales)	Credit period	Unit price	Credit period	Balance	Ratio of total notes and accounts receivable (payable)	
Shenzhen Asiatic Inc. Co., Ltd.	Hong Precision Industry (Shenzhen) Co., Ltd.	Associates	Sales	(\$ 284,364)	(0.35%)	Payment term of 90 days	No material difference	No material difference	\$ 62,220	0.36%	
Vitor Plus Holdings Ltd.	Ennoconn Corporation	Parent company	Sales	(425,288)	(0.52%)	Payment term of 90 days	No material difference	No material difference	339,531	1.98%	
Vitor Plus Holdings Ltd.	Ennoconn (Suzhou) Technology Co., Ltd.	Parent company	Purchase	430,192	0.66%	Payment term of 90 days	No material difference	No material difference	(417,222)	(2.44%)	
S & T AG	S & T Services GmbH	Associates	Sales	(117,286)	(0.14%)	Payment term of 90 days	No material difference	No material difference	3,999	0.02%	
Kontron Austria GmbH	Kontron Electronics AG	Associates	Sales	(124,473)	(0.15%)	Payment term of 90 days	No material difference	No material difference	22,110	0.13%	
Kontron Asia Inc.	Hon Hai Precision Industry Co., Ltd.	Associates	Sales	(227,398)	(0.34%)	Payment term of 90 days	No material difference	No material difference	102	-	
Kontron Transportation France SAS	Kontron Transportation Austria AG	Associates	Sales	(236,330)	(0.29%)	Payment term of 90 days	No material difference	No material difference	143,547	0.84%	
Kontron Transportation Austria AG	Kontron Transportation France SAS	Associates	Sales	(116,731)	(0.14%)	Payment term of 90 days	No material difference	No material difference	114,486	0.67%	
S & T Croatia	Hon Hai Precision Industry Co., Ltd.	Associates	Purchase	277,803	0.42%	Payment term of 90 days	No material difference	No material difference	(242,227)	(1.55%)	

Note 1: Pay in installments according to the contract.

Note 2: It refers to the revenue recognized by the percentage of completion method for the contracted projects from Jan. 1 to Dec. 31, 2019.

Ennoconn Corporation and Subsidiaries
Receivables from Related Parties Amounted NT\$100 Million or More Than 20% of Paid-in capital
Dec. 31, 2019

Table 6

Unit: NT\$1,000

The company with accounts receivable	Transaction counterparty	Relationship	Balance of receivables from related parties	Turnover rate	Overdue receivables from related parties		Recovery amount of receivables from related parties after the period	Allowance for bad debts recognized
					Amount	Treatment		
Ennoconn Corporation	Kontron Canada Inc.	Parent company to the second-tier subsidiary	\$ 102,454	4.75	\$ -	-	\$ -	\$ -
"	Kontron Europe GmbH	Parent company to the second-tier subsidiary	189,867	3.75	-	-	-	-
"	Victor Plus Holding Ltd.	Parent company to the second-tier subsidiary	339,531	-	-	-	-	-
Ennoconn (Suzhou) Technology Co., Ltd.	Victor Plus Holding Ltd.	Second-tier subsidiary to second-tier subsidiary	417,222	-	-	-	-	-
Kontron Europe GmbH	Kontron S & T AG	Second-tier subsidiary to second-tier subsidiary	1,544,657	-	-	-	-	-
"	Kontron America Inc.	Second-tier subsidiary to second-tier subsidiary	177,506	-	-	-	-	-
"	Kontron Electronics GmbH	Second-tier subsidiary to second-tier subsidiary	175,989	-	-	-	-	-
"	S & T AG	Second-tier subsidiary to second-tier subsidiary	104,775	-	-	-	-	-
Kontron S & T AG	Kontron Asia Pacific Design Sdn. Bhd.	Second-tier subsidiary to second-tier subsidiary	143,176	-	-	-	-	-
S & T AG, Austria	S & T CEE Holding sro, Slowakei	Second-tier subsidiary to second-tier subsidiary	544,650	-	-	-	-	-
"	Kontron Europe GmbH	Second-tier subsidiary to second-tier subsidiary	571,200	-	-	-	-	-
"	S & T Romania srl	Second-tier subsidiary to second-tier subsidiary	188,717	-	-	-	-	-

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The company with accounts receivable	Transaction counterparty	Relationship	Balance of receivables from related parties	Turnover rate	Overdue receivables from related parties		Recovery amount of receivables from related parties after the period	Allowance for bad debts recognized
					Amount	Treatment		
S & T AG, Austria	Kontron Transportation Austria AG	Second-tier subsidiary to second-tier subsidiary	\$ 506,373	-	\$ -	-	\$ -	\$ -
"	Kontron Austria GmbH	Second-tier subsidiary to second-tier subsidiary	263,5	-	-	-	-	-
"	Kontron America Inc.	Second-tier subsidiary to second-tier subsidiary	462,191	-	-	-	-	-
"	Kontron S & T AG	Second-tier subsidiary to second-tier subsidiary	1,783,458	-	-	-	-	-
"	Kontron Transportation Belgium NV	Second-tier subsidiary to second-tier subsidiary	103,314	-	-	-	-	-
Kontron America Inc.	Kontron Technology Beijing Co. Ltd.	Second-tier subsidiary to second-tier subsidiary	146,516	-	-	-	-	-
AP Trans NV	Kontron Transportation Belgium NV.	Second-tier subsidiary to second-tier subsidiary	105,378	-	-	-	-	-
Kontron Transportation Austria AG	Kontron Transportation Espand SL	Second-tier subsidiary to second-tier subsidiary	249,088	-	-	-	-	-
"	Kontron Transportation Sp zoo	Second-tier subsidiary to second-tier subsidiary	131,031	-	-	-	-	-
"	Kontron Transportation Taiwan Co. Ltd.	Second-tier subsidiary to second-tier subsidiary	224,271	-	-	-	-	-
"	Kontron Transportation France SAS	Second-tier subsidiary to second-tier subsidiary	300,957	-	-	-	-	-

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The company with accounts receivable	Transaction counterparty	Relationship	Balance of receivables from related parties	Turnover rate	Overdue receivables from related parties		Recovery amount of receivables from related parties after the period	Allowance for bad debts recognized
					Amount	Treatment		
Kontron Transportation Austria AG	Kontron Transportation Hungary kft.	Second-tier subsidiary to second-tier subsidiary	\$ 116,732	-	\$ -	-	\$ -	\$ -
"	Kontron Transportation UK Ltd.	Second-tier subsidiary to second-tier subsidiary	202,517	-	-	-	-	-
Kontron Transportation UK Ltd.	Kontron Transportation Austria AG	Second-tier subsidiary to second-tier subsidiary	264,523	-	-	-	-	-
Kontron Transportation Deutschland GmbH	"	Second-tier subsidiary to second-tier subsidiary	109,786	-	-	-	-	-
Kontron Transportation France SAS	"	Second-tier subsidiary to second-tier subsidiary	139,317	-	-	-	-	-
Kontron Transportation Taiwan Co. Ltd.	"	Second-tier subsidiary to second-tier subsidiary	206,674	-	-	-	-	-
Sunlit Precision Technology Co., Ltd.	T-Paragon Metal (Shenzhen) Co., Ltd.	Second-tier subsidiary to second-tier subsidiary	161,925	-	-	-	-	-
T-Paragon Metal (Shenzhen) Co., Ltd.	T-Paragon Die Casting Co., Ltd.	Second-tier subsidiary to second-tier subsidiary	183,169	-	-	-	-	-

Note: All transactions listed in the above table have been written off when preparing the consolidated financial statements.

Ennoconn Corporation and Subsidiaries
Information about the Name, Location, etc. of the Investee
Jan. 1 to Dec. 31, 2019

Table 7

Unit: Foreign currency/NT\$1,000

Name of investor	Name of investee	Location	Main operations	Initial investment amount		Holding at the end of the period			Current profit and loss of the investee	Investment profit and loss recognized in the current period	Remarks
				At the end of current period	At the end of last year	No. of shares	Percentage %	Carrying amount			
Ennoconn Corporation	Innovative Systems Integration Limited	Hong Kong	Professional Investment	HKD: 346,329 NTD: 1,370,770	HKD: 346,329 NTD: 1,340,135	518,216,530	100.00	HKD: 548,309 NTD: 2,113,862	HKD: 26,037 NTD: 102,155	HKD: 26,037 NTD: 102,155	
"	Ennoconn International Investment Co., Ltd.	Taiwan	Professional Investment	NTD: 7,010,000	NTD: 6,830,000	711,735,000	100.00	NTD: 7,951,050	NTD: 762,295	NTD: 762,295	
"	Caswell Inc.	Taiwan	Electronic components, computer and peripheral equipment manufacturing, electronic materials wholesale and information software services	NTD: 1,031,800	NTD: 1,031,800	20,000,000	29.49	NTD: 1,038,557	NTD: 288,980	NTD: 65,011	Note 2
"	Ennoconn Investment Holdings Co., Ltd.	Samoa	Professional Investment	USD: 239,360 NTD: 7,480,118	USD: 239,360 NTD: 7,486,118	239,360,000	100.00	USD: 246,093 NTD: 7,575,687	USD: 12,909 NTD: 398,181	USD: 12,909 NTD: 398,181	
Innovative Systems Integration Limited	ENGA Technology Co., Ltd.	Hong Kong	Wholesale, manufacturing, service and import and export of software and hardware related to industrial computer and industrial control system	USD: 3,500 NTD: 104,930	USD: 3,500 NTD: 105,683	3,500,000	100.00	HKD: 27,726 NTD: 106,719	HKD: 231 NTD: 912	HKD: 231 NTD: 912	
"	Tenglijia Holdings Limited	Seychelles	Import and export trading	USD: - NTD: -	USD: - NTD: -	500,000	100.00	HKD: - NTD: -	HKD: - NTD: -	HKD: - NTD: -	"
Ennoconn Investment Holdings Co., Ltd.	AIS Cayman Technology	Cayman Islands	Professional Investment	USD: 5,535 NTD: 165,939	USD: 5,062 NTD: 155,479	2,460,000	60.00	USD: 7,568 NTD: 226,902	USD: 2,982 NTD: 92,176	USD: 1,789 NTD: 55,306	
"	S & T AG	Austria	Information system software and hardware integration services	EUR: 158,929 NTD: 5,338,425	EUR: 158,929 NTD: 5,594,301	16,835,008	25.78	EUR: 216,391 NTD: 7,265,877	EUR: 49,109 NTD: 1,690,668	EUR: 10,574 NTD: 364,056	Note 2
AIS Cayman	AIS	USA	Human-machine interface and industrial 4.0 and other related products	USD: 1,500 NTD: 44,970	USD: 1,500 NTD: 46,073	1,500,000	100.00	USD: 2,752 NTD: 82,505	USD: 1,587 NTD: 47,578	USD: 1,587 NTD: 47,578	
"	Vecow Co., Ltd.	Taiwan	Manufacturing, processing, trading, import and export of communication machinery, electronic equipment, and electronic devices	USD: 3,229 NTD: 96,805	USD: 106 NTD: 3,256	20,000,000	100.00	USD: 6,189 NTD: 185,546	USD: 1,565 NTD: 46,919	USD: 1,565 NTD: 46,919	
Ennoconn International Investment Co., Ltd.	Goldtek Technology Co., Ltd.	Taiwan	Telecommunication control RF equipment input and wholesale and retail of information software	NTD: 492,221	NTD: 492,221	17,022,831	56.74	NTD: 1,070,676	NTD: 712,568	NTD: 404,331	
"	Caswell Inc.	Taiwan	Electronic components, computer and peripheral equipment manufacturing, electronic materials wholesale and information software services	NTD: 149,500	NTD: 149,500	3,250,000	4.79	NTD: 137,652	NTD: 288,980	NTD: 10,565	Note 2
"	EnnoMech Precision (Cayman) Co., Ltd.	Cayman Islands	Professional Investment	USD: 13,800 NTD: 413,724	USD: 13,800 NTD: 423,867	13,800,000	100.00	USD: 17,713 NTD: 531,037	USD: 540 NTD: 16,649	USD: 540 NTD: 16,649	
"	SyS-P Co., Ltd.	Taiwan	International trade, information software wholesale, and service	NTD: 30,000	NTD: 30,000	-	100.00	NTD: 30,483	NTD: 457	NTD: 457	
"	Taiwan Applied Module Corporation	Taiwan	Product research, design, and sales of mobile payment, electronic signature, information security, etc.	NTD: 75,029	NTD: 50,400	8,400,000	100.00	NTD: 54,133	NTD: (6,597)	NTD: (5,681)	Note 2
"	Thecus Technology Corp.	Taiwan	Electronic components, computer and peripheral equipment manufacturing, electronic materials wholesale and information software services	NTD: 102,000	NTD: 102,000	10,200,000	60.00	NTD: 11,261	NTD: (17,987)	NTD: (11,773)	Note 2
"	Dexatek Technology Ltd.	Taiwan	Multimedia product R&D and design manufacturing business	NTD: 236,862	NTD: 236,862	12,600,000	60.00	NTD: 265,582	NTD: 47,184	NTD: 20,595	Note 2
"	S & T AG	Austria	Information system software and hardware integration services	EUR: 7,523 NTD: 252,698	EUR: 7,523 NTD: 264,810	750,000	1.15	EUR: 11,797 NTD: 415,244	EUR: 49,109 NTD: 1,690,668	EUR: 471 NTD: 16,198	Note 2
"	Servtech Corporation	Taiwan	Wholesale of information software services	NTD: 10,000	NTD: 10,000	400,000	7.23	NTD: 9,031	NTD: (19,602)	NTD: (1,418)	
"	Marketch International Corp.	Taiwan	Integrated planning and service of high-tech industry facility and process system	NTD: 4,924,648	NTD: 4,924,648	83,468,613	44.69	NTD: 4,900,122	NTD: 703,006	NTD: 293,750	Note 2
"	DIVA Laboratories. Ltd.	Taiwan	R&D, manufacturing, and sales of medical equipment and computer peripherals.	NTD: 279,850	NTD: 279,850	14,500,000	20.13	NTD: 288,243	NTD: 56,052	NTD: 11,284	
EnnoMech Precision (Cayman) Co., Ltd.	HighAim Technology INC.	Brunei	Professional Investment	USD: 10,843 NTD: 325,073	USD: 10,843 NTD: 333,043	3,302,618	66.05	USD: 11,786 NTD: 353,353	USD: 1,179 NTD: 36,446	USD: 582 NTD: 18,001	Note 2
"	DOMINATE UNITED ENTERPRISE LTD.	Samoa	Professional Investment	USD: 2,100 NTD: 62,958	USD: 2,100 NTD: 64,502	2,100,000	100.00	USD: 2,153 NTD: 64,533	USD: 31 NTD: 972	USD: 31 NTD: 972	
"	EnnoMech Precision Co., Ltd.	Taiwan	Electronic components, computer and peripheral equipment manufacturing, electronic materials wholesale and information software services	NTD: 10,000	NTD: 10,000	1,000,000	100.00	USD: 1,112 NTD: 33,323	USD: (67) NTD: (2,094)	USD: (67) NTD: (2,094)	
HighAim Technology INC.	FUNOLOGY INVESTMENT INC.	Samoa	Import and export trading	USD: 1 NTD: 31	USD: 1 NTD: 31	1,000	100.00	USD: 865 NTD: 25,920	USD: 66 NTD: 2,035	USD: 66 NTD: 2,035	
"	ANDRIX INTERNATIONAL LIMITED	Anguilla	Import and export trading	USD: 1 NTD: 31	USD: 1 NTD: 31	900	100.00	USD: 361 NTD: 10,812	USD: 53 NTD: 1,643	USD: 53 NTD: 1,643	
Caswell Inc.	CASO Inc.	Japan	Netcom product sales	NTD: 27,062	NTD: 27,062	2,000	99.00	NTD: 42,448	NTD: 8,928	NTD: 8,839	
"	Caswell International Investment Co., Ltd.	Samoa	Investment	NTD: 101,135	NTD: 101,135	3,206,000	100.00	NTD: 141,277	NTD: 28,150	NTD: 28,150	
"	Caswell Americas, Inc.	USA	Netcom product sales	NTD: 92,460	NTD: 92,460	3,000,000	100.00	NTD: 50,664	NTD: (8,715)	NTD: (8,715)	
"	APLIGO	Germany	Netcom product sales	NTD: 32,387	NTD: -	13,000	52.00	NTD: 35,339	NTD: 7,033	NTD: 4,036	
"	Hawkeye Tech, Co., Ltd.	Taiwan	Computer and peripheral commodity wholesale industry	NTD: 405,000	NTD: -	5,400,000	40.00	NTD: 423,943	NTD: 89,772	NTD: 18,943	
Thecus Technology Corp.	Thecus NL BV	Netherlands	Network storage device	NTD: 10,845	NTD: 10,845	2,600,000	100.00	NTD: 3,530	NTD: 14,408	NTD: 14,408	Note 2
"	Texas USA., Inc.	USA	Network storage device	NTD: 23,367	NTD: 23,367	750,000,000	100.00	NTD: 3,698	NTD: (1,427)	NTD: (1,430)	Note 2
"	Thecus Technology Corp. (Delaware)	USA	Professional Investment	NTD: -	NTD: 15,528	-	100.00	NTD: -	NTD: (16)	NTD: (16)	
Goldtek Technology Co., Ltd.	Keenest Electronic Corp.	Samoa	Professional Investment	USD: 17,000 NTD: 519,500	USD: 12,000 NTD: 365,040	17,000,000	100.00	USD: 14,712 NTD: 441,054	USD: (2,235) NTD: (67,750)	USD: (2,235) NTD: (67,750)	
Keenest Electronic Corp.	Sunlit Precision Technology Co., Ltd.	Hong Kong	Metal stamping and casting industry	USD: 10,212 NTD: 306,156	USD: 10,212 NTD: 306,156	7,500,000	40.30	USD: 7,921 NTD: 237,486	USD: 719 NTD: 21,790	USD: (1,921) NTD: (58,223)	
Sunlit Precision Technology Co., Ltd.	T-Paragon Die Casting Co., Ltd.	Hong Kong	Finance/Logistics	HKD: 7,500 NTD: 28,868	HKD: 7,500 NTD: 28,868	7,500,000	50.00	HKD: 20,084 NTD: 77,034	HKD: 3,165 NTD: 12,488	HKD: 1,583 NTD: 6,244	
SyS-P Co., Ltd.	SYS-P Corp	USA	International trade, information software wholesale, and service	USD: - NTD: -	USD: 15 NTD: 461	-	-	USD: (1) NTD: -	USD: (1) NTD: (6)	USD: (1) NTD: (6)	Note 5

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Name of investor	Name of investee	Location	Main operations	Initial investment amount		Holding at the end of the period			Current profit and loss of the investee	Investment profit and loss recognized in the current period	Remarks
				At the end of current period	At the end of last year	No. of shares	Percentage %	Carrying amount			
Taiwan Applied Module Corporation Marketech International Corp.	Servtech Co., Ltd. Marketech Integrated Pte. Ltd.	Taiwan Singapore	Wholesale of information software services Contracting of the automation supply system for semiconductor industry	NTD: 28,125 NTD: 215,087	NTD: 28,125 NTD: 215,087	1,125,000 9,235,678	20.34 100.00	NTD: 25,399 NTD: (52,050)	NTD: (19,602) NTD: (68,169)	NTD: (3,988) NTD: (68,169)	
"	Market Go Profits Ltd.	British Virgin Islands	Engaged in holding and reinvestment	NTD: 1,289,124	NTD: 1,282,562	40,069,104	100.00	NTD: 1,207,977	NTD: 166,487	NTD: 166,487	
"	MIC-Tech Global Corp.	South Korea	General international trade	NTD: 19,147	NTD: 19,147	131,560	100.00	NTD: 6,425	NTD: 199	NTD: 199	
"	Headquarter International Ltd.	British Virgin Islands	Engaged in holding and reinvestment	NTD: 42,475	NTD: 42,475	1,289,367	100.00	NTD: 37,667	NTD: (275)	NTD: (275)	
"	Tiger United Finance Ltd.	British Virgin Islands	Engaged in holding and reinvestment	NTD: 46,475	NTD: 46,475	1,410,367	100.00	NTD: 36,624	NTD: (293)	NTD: (293)	
"	Marketech Engineering Pte. Ltd.	Singapore	Contracting of mechanical and electrical installation and other engineering business	NTD: 20,902	NTD: 10,129	894,987	100.00	NTD: 7,715	NTD: (18,547)	NTD: (18,547)	
"	Marketech Integrated Manufacturing Company Limited	Myanmar	Design, manufacture, assembly and other services of automatic production machinery and components	NTD: 478,985	NTD: 438,298	1,535,600	100.00	NTD: 375,248	NTD: (30,633)	NTD: (30,633)	
"	MIC-Tech Viet Nam Co., Ltd.	Vietnam	Trade, installation, and maintenance of all kinds of factory mechanical equipment and peripheral consumables	NTD: 39,345	NTD: 39,345	-	100.00	NTD: 27,593	NTD: 745	NTD: 745	
"	Marketech Co., Ltd.	Vietnam	Engineering professional contracting and relevant maintenance services	NTD: 45,246	NTD: 45,246	-	100.00	NTD: 3,338	NTD: (7,728)	NTD: (7,728)	
"	eZoom Information, Inc.	Taiwan	R&D, trading, consulting and other services of information system software and hardware applications	NTD: 195,737	NTD: 195,737	20,000,000	100.00	NTD: 121,118	NTD: (31,829)	NTD: (31,829)	
"	PT Marketech International Indonesia	Indonesia	Trading of machinery equipment and spare parts	NTD: 38,042	NTD: 38,042	1,199,000	99.92	NTD: 35,344	NTD: (2,218)	NTD: (2,218)	
"	Glory Technology Service Inc.	Taiwan	Sales and installation services of information and communication equipment	NTD: 42,714	NTD: 42,714	5,510,305	29.24	NTD: 63,804	NTD: 21,629	NTD: 6,324	
"	Hua Hsuan Technology Co., Ltd.	Taiwan	Sales of panel equipment and materials	NTD: 2,000	NTD: 2,000	200,000	20.00	NTD: 1,834	NTD: (41)	NTD: (8)	
"	ADAT Technology Co., Ltd.	Taiwan	Research and development, application and service of information software; supply of electronic information and sale of equipment	NTD: 20,000	NTD: 20,000	2,000,000	29.41	NTD: 1,602	NTD: (38,512)	NTD: (38,512)	
"	Smart Health Corp.	Taiwan	Smart medical advisory services and investments	NTD: 1,500	NTD: -	150,000	42.86	NTD: 1,490	NTD: (23)	NTD: (10)	
"	Marketech Netherlands BV	Netherlands	International trade business and technical services of machinery, equipment, and components	NTD: 21,070	NTD: 10,671	600,000	100.00	NTD: 9,111	NTD: (7,229)	NTD: (7,229)	
"	Marketech International Sdn. Bhd.	Malaysia	Engineering professional contracting and relevant maintenance services	NTD: 86,103	NTD: 86,103	12,242,750	100.00	NTD: 62,433	NTD: (2,546)	NTD: (2,546)	
"	Market International Corporation USA	USA	Engineering professional contracting and relevant maintenance services	NTD: 22,485	-	750,000	100.00	NTD: 16,881	NTD: (5,779)	NTD: (5,779)	
Market Go Profits Ltd. Marketech Engineering Pte Ltd.	MIC-Tech Ventures Asia Pacific Inc. Marketech Integrated Construction Co., Ltd.	British Virgin Islands Myanmar	Engaged in holding and reinvestment Contracting of mechanical and electrical installation and other engineering business	NTD: 1,292,627 NTD: 19,342	NTD: 1,277,065 NTD: 8,569	39,966,604 63,500	100.00 97.69	NTD: 1,206,356 NTD: 7,531	NTD: 166,555 NTD: (18,975)	NTD: - NTD: -	
MIC-Tech Ventures Asia Pacific Inc.	Rusky HK Limited	Hong Kong	Engaged in holding and reinvestment	NTD: 34,551	NTD: 34,551	833,000	100.00	NTD: (11,558)	NTD: (1,597)	NTD: -	
"	Frontken MIC Co. Limited	Hong Kong	Engaged in holding and reinvestment	NTD: 31,422	NTD: 31,422	2,337,608	100.00	NTD: 5,116	NTD: (99)	NTD: -	
"	Ruixuan International Co., Ltd.	Hong Kong	Engaged in holding and reinvestment	NTD: 132,282	NTD: 132,282	5,400,000	60.00	NTD: 51,665	NTD: (14,511)	NTD: -	
"	Leader Fortune Enterprise Co., Ltd.	Samoa	Engaged in holding and reinvestment	NTD: 8,990	NTD: 8,990	303,000	31.43	NTD: (4,462)	NTD: (860)	NTD: -	
Rusky HK Limited	Fortune Blessing Co., Limited.	Hong Kong	Engaged in holding and reinvestment	NTD: 15,563	NTD: -	500,000	27.78	NTD: 13,513	NTD: (5,026)	NTD: -	
S & T CEE Holding sro, Slovakia	PT Marketech International Indonesia	Indonesia	Trading of machinery equipment and spare parts	NTD: 32	NTD: 32	1,000	0.08	NTD: 31	NTD: (1,623)	NTD: -	
"	S & T CZ sro, Czech Republic	Czech Republic	IT server	EUR: 8,187 NTD: 275,003	EUR: 8,187 NTD: 288,182	49,500,000	99.00	EUR: 7,066 NTD: 237,338	EUR: 1,200 NTD: 41,528	EUR: 1,188 NTD: 41,113	
"	S & T Plus sro, Czech Republic	Czech Republic	Manufacturing and marketing of industrial computers	EUR: 471 NTD: 15,825	EUR: 471 NTD: 16,579	9,900,000	99.00	EUR: 2,679 NTD: 89,977	EUR: 1,035 NTD: 35,805	EUR: 1,024 NTD: 35,447	
"	S & T Services Polska Sp.zoo, Poland	Poland	IT server	EUR: 2,651 NTD: 89,059	EUR: 2,651 NTD: 93,315	2,120	100.00	EUR: 1,783 NTD: 66,6022	EUR: 458 NTD: 15,848	EUR: 458 NTD: 15,848	
"	S & T Crna Gora doo, Montenegro	Montenegro	IT server	EUR: 33 NTD: 1,112	EUR: 33 NTD: 1,162	25,000	100.00	EUR: 739 NTD: 24,827	EUR: 118 NTD: 6,437	EUR: 118 NTD: 6,437	
"	S & T Bulgaria eood, Bulgaria	Bulgaria	Manufacturing and marketing of industrial computers	EUR: 1,271 NTD: 42,691	EUR: 1,271 NTD: 44,739	13,126	100.00	EUR: 2,001 NTD: 67,228	EUR: 186 NTD: 6,437	EUR: 186 NTD: 6,437	
"	S & T Poland Sp.zoz, Poland	Poland	IT server	EUR: 1 NTD: 34	EUR: 1 NTD: 35	26,974	100.00	EUR: 9,451 NTD: 317,448	EUR: 3,715 NTD: 128,567	EUR: 3,715 NTD: 128,567	
"	S & T Services sro, Slovakia	Slovakia	IT server	EUR: - NTD: -	EUR: - NTD: 35	9,818	1.00	EUR: - NTD: -	EUR: - NTD: -	EUR: - NTD: -	Note 4
"	S & T Slovenija dd, Slovenia	Slovenia	IT server	EUR: 15,516 NTD: 521,192	EUR: 15,516 NTD: 546,163	31,410	100.00	EUR: 6,771 NTD: 27,434	EUR: 1,721 NTD: 59,572	EUR: 1,721 NTD: 59,572	
S & T Slovenija dd, Slovenia	S & T Hrvatska doo, Croatia	Croatia	IT server	EUR: 1,094 NTD: 36,750	EUR: 1,094 NTD: 38,509	221,300	100.00	EUR: 12,543 NTD: 421,321	EUR: 1,548 NTD: 53,593	EUR: 1,548 NTD: 53,593	
"	S & T Macedonia dooel, Macedonia	Macedonia	IT server	EUR: 85 NTD: 2,870	EUR: 85 NTD: 2,992	568,000	100.00	EUR: 3,847 NTD: 129,248	EUR: 297 NTD: 10,265	EUR: 297 NTD: 10,265	
S & T AG, Austria	S & T CEE Holding sro, Slovakia	Slovakia	IT server	EUR: (5,345) NTD: (179,525)	EUR: (5,345) NTD: (188,144)	1,881,565	100.00	EUR: 16,219 NTD: 544,811	EUR: 5,543 NTD: 191,834	EUR: 5,543 NTD: 191,834	
"	S & T Plus sro, Czech Republic	Czech Republic	Manufacturing and marketing of industrial computers	EUR: 92 NTD: 3,080	EUR: 92 NTD: 3,238	100,000	1.00	EUR: 27 NTD: 909	EUR: 1,035 NTD: 35,805	EUR: 10 NTD: 358	
"	S & T CZ sro, Czech Republic	Czech Republic	IT server	EUR: 61 NTD: 2,063	EUR: 61 NTD: 2,147	500,000	1.00	EUR: 71 NTD: 2,397	EUR: 1,200 NTD: 41,528	EUR: 12 NTD: 415	
"	S & T Romania SRL, Romania	Romania	IT server	EUR: 3,227 NTD: 108,398	EUR: 3,227 NTD: 113,590	2,461	31.00	EUR: 2,011 NTD: 67,555	EUR: 219 NTD: 7,574	EUR: 68 NTD: 2,353	
"	S & T Serbia doo, Serbia	Serbia	IT server	EUR: 3,563 NTD: 119,673	EUR: 3,563 NTD: 125,418	8,786	100.00	EUR: 2,746 NTD: 92,247	EUR: 585 NTD: 20,260	EUR: 585 NTD: 20,260	
"	S & T Albania Sh.pk, Albania	Albania	IT server	EUR: 282 NTD: 9,460	EUR: 282 NTD: 9,926	100	100.00	EUR: 610 NTD: 20,483	EUR: 167 NTD: 5,790	EUR: 167 NTD: 5,790	
"	S & T Mold srl., Moldova	Modova	IT server	EUR: 1,800 NTD: 60,462	EUR: 1,800 NTD: 63,360	578,898	51.00	EUR: 1,014 NTD: 34,053	EUR: 51 NTD: 1,766	EUR: 26 NTD: 900	

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Name of investor	Name of investee	Location	Main operations	Initial investment amount		Holding at the end of the period			Current profit and loss of the investee	Investment profit and loss recognized in the current period	Remarks
				At the end of current period	At the end of last year	No. of shares	Percentage %	Carrying amount			
S & T AG, Austria	S & T Consulting Hungary Kft., Hungary	Hungary	IT server	EUR: 11,947 NTD: 401,288	EUR: 11,947 NTD: 420,534	100,000	100.00	EUR: 7,549 NTD: 253,582	EUR: 1,308 NTD: 45,301	EUR: 1,308 NTD: 45,301	
"	S & T Deutschland GmbH, Germany	Germany	IT server	EUR: 8,475 NTD: 284,682	EUR: 8,475 NTD: 298,327	25,000	100.00	EUR: 7,466 NTD: 250,782	EUR: (245) NTD: (8,485)	EUR: (245) NTD: (8,485)	
"	Computer Betting Company GmbH, Austria	Austria	Manufacturing and marketing of industrial computers	EUR: 37,738 NTD: 1,267,611	EUR: 37,738 NTD: 1,328,378	36,336	100.00	EUR: 17,777 NTD: 597,134	EUR: 1,703 NTD: 58,954	EUR: 1,703 NTD: 58,954	
"	SecureGUARD GmbH, Austria	Austria	Manufacturing and marketing of industrial computers	EUR: 2,371 NTD: 79,642	EUR: 2,371 NTD: 83,459	92,460	69.00	EUR: 1,148 NTD: 38,570	EUR: (337) NTD: (11,658)	EUR: (232) NTD: (8,044)	
"	Dorobet Ltd., Malta	Malta	Manufacturing and marketing of industrial computers	EUR: 101 NTD: 3,393	EUR: 101 NTD: 3,555	198,000	99.00	EUR: (134) NTD: (4,500)	EUR: (129) NTD: (4,467)	EUR: (127) NTD: (4,423)	
"	S & T Smart Energy GmbH, Austria	Austria	Manufacturing and marketing of industrial computers	EUR: 6,963 NTD: 233,885	EUR: 5,763 NTD: 202,858	36,000	100.00	EUR: 2,639 NTD: 88,640	EUR: (66) NTD: (2,292)	EUR: (66) NTD: (2,292)	
"	Amanox Solutions AG; Switzerland	Switzerland	IT server	EUR: 15,578 NTD: 523,262	EUR: 4,856 NTD: 170,931	105,000	100.00	EUR: 5,719 NTD: 192,092	EUR: 1,004 NTD: 34,738	EUR: 1,004 NTD: 34,738	
"	Hamcos IT Service GmbH, Germany	Germany	IT server	EUR: 1,802 NTD: 60,536	EUR: 1,802 NTD: 63,430	98,000	49.00	EUR: 868 NTD: 29,162	EUR: 32 NTD: 1,109	EUR: 15 NTD: 543	
"	Kontron Austria GmbH, Austria (formerly S&T Electronics and Payment Systems GmbH)	Austria	Manufacturing and marketing of industrial computers	EUR: 4,222 NTD: 141,810	EUR: 4,222 NTD: 148,614	32,702	90.00	EUR: 8,976 NTD: 301,487	EUR: 3,975 NTD: 137,586	EUR: 3,578 NTD: 123,828	
"	S&T SME Distribution GmbH (formerly NES OE Vertriebs-GmbH), Austria	Austria	Manufacturing and marketing of industrial computers	EUR: 18 NTD: 600	EUR: 18 NTD: 634	17,850	51.00	EUR: 175 NTD: 5,893	EUR: (260) NTD: (8,991)	EUR: (132) NTD: (4,586)	
"	S & T Services GmbH, Austria	Austria	IT server	EUR: - NTD: -	EUR: 10,902 NTD: 383,750	35,000	100.00	EUR: - NTD: -	EUR: 1,507 NTD: 52172	EUR: 1,507 NTD: 52172	Note 4
"	S & T Technologies GmbH, Austria	Austria	Manufacturing and marketing of industrial computers	EUR: 3,773 NTD: 126,725	EUR: 3,773 NTD: 132,810	35,000	100.00	EUR: 6,315 NTD: 212,114	EUR: 192 NTD: 6,651	EUR: 191 NTD: 6,651	
"	Linforge Technologies GmbH, Austria	Austria	IT server	EUR: - NTD: -	EUR: 1,181 NTD: 41,571	35,000	100.00	EUR: - NTD: -	EUR: - NTD: -	EUR: - NTD: -	Note 4
"	GADA GROUP ROMANIA SRL, Romania	Romania	Manufacturing and marketing of industrial computers	EUR: 11,675 NTD: 392,158	EUR: 11,675 NTD: 410,960	105,000	100.00	EUR: 12,277 NTD: 412,374	EUR: 579 NTD: 20,052	EUR: 579 NTD: 20,052	
"	S & T Services Bel LLC	Belarus	IT server	EUR: 538 NTD: 18,079	EUR: 538 NTD: 18,938	113,267	100.00	EUR: 880 NTD: 29,576	EUR: 260 NTD: 9,000	EUR: 260 NTD: 9,000	
"	Kontron S & T AG, Germany	Germany	Manufacturing and marketing of industrial computers	EUR: 200,896 NTD: 6,748,106	EUR: 191,550 NTD: 6,742,560	58,651,441	97.00	EUR: 125,401 NTD: 4,212,212	EUR: 5,906 NTD: 204,424	EUR: 5,771 NTD: 199,743	
"	Affair OOO, Russia	Russia	Manufacturing and marketing of industrial computers	EUR: 5,870 NTD: 197,173	EUR: 5,870 NTD: 206,624	4,800,000	48.00	EUR: 3,223 NTD: 108,245	EUR: 14 NTD: 477	EUR: 7 NTD: 229	
"	Funworld gmbh, Austria	Austria	Manufacturing and marketing of industrial computers	EUR: 330 NTD: 11,085	EUR: 330 NTD: 11,616	40,000	40.00	EUR: 465 NTD: 15,616	EUR: (43) NTD: (1,497)	EUR: (17) NTD: (599)	
"	Kontron Transportation Austria AG	Austria	Manufacturing and marketing of industrial computers	EUR: 10,902 NTD: 366,195	EUR: - NTD: -	10,000,000	100.00	EUR: 28,425 NTD: 954,782	EUR: 8,169 NTD: 282,732	EUR: 8,169 NTD: 282,732	
"	Kontron Transportation North America Inc.	USA	Manufacturing and marketing of industrial computers	EUR: - NTD: -	EUR: - NTD: -	1,000	100.00	EUR: (446) NTD: (14,994)	EUR: (448) NTD: (15,503)	EUR: (448) NTD: (15,503)	
"	Kontron Transportation Belgium NV	Belgium	Manufacturing and marketing of industrial computers	EUR: - NTD: -	EUR: - NTD: -	11,318,887	99.00	EUR: 2,158 NTD: 72,494	EUR: 778 NTD: 26,916	EUR: 777 NTD: 26,907	
"	BASS Systems SRL	Belgium	Manufacturing and marketing of industrial computers	EUR: 13,029 NTD: 437,649	EUR: - NTD: -	1,504,500	51.00	EUR: 8,288 NTD: 278,391	EUR: 1,142 NTD: 39,518	EUR: 582 NTD: 20,154	
"	Kapsch CarrierCom Romania SRL	Romania	Manufacturing and marketing of industrial computers	EUR: - NTD: -	EUR: - NTD: -	93	31.00	EUR: - NTD: -	EUR: (17) NTD: (577)	EUR: (5) NTD: (179)	Note 4
"	AIS Automation Dresden GmbH	Germany	Manufacturing and marketing of industrial computers	EUR: 13,077 NTD: 439,257	EUR: - NTD: -	51,000	100.00	EUR: 13,097 NTD: 439,950	EUR: 20 NTD: 713	EUR: 20 NTD: 713	
S & T Deutschland GmbH, Germany	SteuDaTec System- und Netzwerktechnik GmbH	Germany	IT server	EUR: - NTD: -	EUR: 494 NTD: 14,221	-	-	EUR: - NTD: -	EUR: - NTD: -	EUR: - NTD: -	Note 4
"	XTRO AG, Germany	Germany	IT server	EUR: 2,500 NTD: 83,975	EUR: 2,500 NTD: 88,000	50,000	100.00	EUR: 4,156 NTD: 139,613	EUR: 920 NTD: 31,855	EUR: 920 NTD: 31,855	
Computer Betting Company GmbH, Austria	S & T Romania SRL, Romania	Romania	IT server	EUR: 1,690 NTD: 56,759	EUR: 1,690 NTD: 59,488	5,460	69.00	EUR: 4,462 NTD: 149,872	EUR: 219 NTD: 7,574	EUR: 15 NTD: 5,221	
"	STS Sportwetten GmbH, Austria	Austria	Manufacturing and marketing of industrial computers	EUR: - NTD: -	EUR: 61 NTD: 2,147	36,400	100.00	EUR: - NTD: -	EUR: 8 NTD: 284	EUR: 8 NTD: 284	Note 4
"	S & T Slovakia sro, Slovakia	Slovakia	IT server	EUR: 6,971 NTD: 234,146	EUR: 6,971 NTD: 245,379	1,659,696	100.00	EUR: 4,725 NTD: 158,708	EUR: 236 NTD: 8,174	EUR: 236 NTD: 8,174	
"	Kapsch CarrierCom Romania SRL	Romania	Manufacturing and marketing of industrial computers	EUR: - NTD: -	EUR: - NTD: -	207	69.00	EUR: - NTD: -	EUR: (16) NTD: (577)	EUR: (11) NTD: (398)	Note 4
S & T Consulting Hungary Kft., Hungary	S & T Services Kft., Hungary	Hungary	IT server	EUR: 3,627 NTD: 121,842	EUR: 3,627 NTD: 127,670	268,000	100.00	EUR: 2,764 NTD: 92,858	EUR: 508 NTD: 17,581	EUR: 508 NTD: 17,581	

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Name of investor	Name of investee	Location	Main operations	Initial investment amount		Holding at the end of the period			Current profit and loss of the investee	Investment profit and loss recognized in the current period	Remarks
				At the end of current period	At the end of last year	No. of shares	Percentage %	Carrying amount			
Kontron S & T AG, Germany	Kontron Asia Inc., Taiwan	Taiwan	Manufacturing and marketing of industrial computers	EUR: 2,797 NTD: 93,955	EUR: 2,797 NTD: 98,454	13,000	100.00	EUR: 1,920 NTD: 64,507	EUR: 217 NTD: 7,495	EUR: 217 NTD: 7,495	
"	KONTRON EUROPE GMBH	Germany	Manufacturing and marketing of industrial computers	EUR: 123,910 NTD: 4,162,135	EUR: 123,910 NTD: 4,361,632	23,600,000	100.00	EUR: 135,397 NTD: 4,547,975	EUR: 6,563 NTD: 227,135	EUR: 6,563 NTD: 227,135	
"	KONTRON AMERICA INC.	USA	Communication products	EUR: 17,790 NTD: 597,575	EUR: 17,790 NTD: 626,208	2,036,040	100.00	EUR: 19,508 NTD: 655,286	EUR: (372) NTD: (12,858)	EUR: (372) NTD: (12,858)	
"	KONTRON CANADA INC.	Canada	Communication products	EUR: 60,213 NTD: 2,022,546	EUR: 60,213 NTD: 2,119,498	50,000,200	100.00	EUR: 39,350 NTD: 1,321,759	EUR: 2,089 NTD: 72,304	EUR: 2,089 NTD: 72,304	
"	KONTRON ASIA PACIFIC DESIGN SDN. BHD.	Malaysia	Manufacturing and marketing of industrial computers	EUR: 5,071 NTD: 170,345	EUR: 5,071 NTD: 178,499	44,581,102	100.00	EUR: (3,314) NTD: (11,326)	EUR: 13 NTD: 500	EUR: 13 NTD: 500	
"	KONTRON (BEIJING) TECHNOLOGY CO. LTD.	China	Manufacturing and marketing of industrial computers	EUR: 918 NTD: 30,845	EUR: 918 NTD: 32,314	15,398,961	100.00	EUR: 9,462 NTD: 317,812	EUR: 152 NTD: 5,276	EUR: 152 NTD: 5,276	
KONTRON EUROPE GMBH, Germany (formerly S&T embedded GmbH, Germany)	Kontron Austria GmbH, Austria (formerly S&T Electronics and Payment Systems GmbH)	Austria	Manufacturing and marketing of industrial computers	EUR: 71 NTD: 2,372	EUR: 71 NTD: 2,486	3,634	10.00	EUR: 997 NTD: 33,499	EUR: 3,975 NTD: 137,586	EUR: 398 NTD: 13,759	
KONTRON EUROPE GMBH	Kontron Electronics GmbH, Germany	Germany	Manufacturing and marketing of industrial computers	EUR: 19,262 NTD: 646,994	EUR: 19,262 NTD: 678,022	102,150	100.00	EUR: 20,021 NTD: 672,515	EUR: 240 NTD: 8,300	EUR: 240 NTD: 8,300	
"	Kontron Modular Computers SAS	France	Manufacturing and marketing of industrial computers	EUR: 5,158 NTD: 173,267	EUR: 5,158 NTD: 181,562	344,503	100.00	EUR: 5,625 NTD: 188,937	EUR: (493) NTD: (17,052)	EUR: (493) NTD: (17,052)	
"	Kontron Technology A / S	Denmark	Manufacturing and marketing of industrial computers	EUR: - NTD: -	EUR: - NTD: -	-	100.00	EUR: - NTD: -	EUR: (16) NTD: (564)	EUR: (16) NTD: (564)	
"	Kontron UK Ltd.	UK	Manufacturing and marketing of industrial computers	EUR: 1,712 NTD: 57,495	EUR: 1,712 NTD: 60,262	172,550	100.00	EUR: 4,460 NTD: 149,819	EUR: 86 NTD: 3,063	EUR: 86 NTD: 3,063	
"	Kontron ECT design sro	Czech Republic	Manufacturing and marketing of industrial computers	EUR: - NTD: -	EUR: - NTD: -	500,000	100.00	EUR: 725 NTD: 24,336	EUR: 164 NTD: 5,669	EUR: 164 NTD: 5,669	
Kontron Holding Austria GmbH, Austria	Kontron Austria Electronics GmbH, Austria	Austria	Manufacturing and marketing of industrial computers	EUR: - NTD: -	EUR: 7,416 NTD: 261,043	-	-	EUR: - NTD: -	EUR: - NTD: -	EUR: - NTD: -	Note 4
Kontron Austria GmbH, Austria (formerly S&T Electronics and Payment Systems GmbH)	Kontron Holding Austria GmbH, Austria	Austria	Manufacturing and marketing of industrial computers	EUR: - NTD: -	EUR: 2,484 NTD: 87,437	35,000	100.00	EUR: - NTD: -	EUR: - NTD: -	EUR: - NTD: -	Note 4
"	Kontron Austria Electronics GmbH, Austria	Austria	Manufacturing and marketing of industrial computers	EUR: - NTD: -	EUR: 17 NTD: 598	-	-	EUR: - NTD: -	EUR: - NTD: -	EUR: - NTD: -	Note 4
"	Kontron Electronics AG, Switzerland	Switzerland	Manufacturing and marketing of industrial computers	EUR: - NTD: -	EUR: - NTD: -	1,000	100.00	EUR: (1,384) NTD: (46,495)	EUR: (865) NTD: (29,934)	EUR: (865) NTD: (29,934)	
S & T CZ sro, Czech Republic	S & T PilsCom sro	Czech Republic	IT server	EUR: - NTD: -	EUR: 1,874 NTD: 65,965	-	-	EUR: - NTD: -	EUR: - NTD: -	EUR: - NTD: -	Note 4
S & T Slovakia sro, Slovakia	S & T Services sro, Slovakia	Slovakia	IT server	EUR: - NTD: -	EUR: 36 NTD: 1,284	-	-	EUR: - NTD: -	EUR: - NTD: -	EUR: - NTD: -	Note 4
Affair OOO, Russia	RTSoft Project OOO, Russia	Russia	Manufacturing and marketing of industrial computers	EUR: 6,636 NTD: 222,891	EUR: 6,636 NTD: 233,587	372,500	75.00	EUR: 5,738 NTD: 192,751	EUR: (224) NTD: (7,765)	EUR: (167) NTD: (15,785)	
S & T Mold srl., Moldova	S & T IT Technologie srl., Moldova	Modova	IT server	EUR: 2 NTD: 82	EUR: 2 NTD: 70	50,000	100.00	EUR: 2 NTD: 79	EUR: (13) NTD: (437)	EUR: (13) NTD: (437)	
S & T Hrvatska doo, Croatia	S & T Carrier Business	Croatia	IT server	EUR: - NTD: -	EUR: 744 NTD: 26,189	-	-	EUR: - NTD: -	EUR: - NTD: -	EUR: - NTD: -	Note 4
S & T Macedonia dooel, Macedonia	S & T ICB dooel	Macedonia	IT server	EUR: - NTD: -	EUR: 352 NTD: 12,390	-	-	EUR: - NTD: -	EUR: - NTD: -	EUR: - NTD: -	Note 4
Kontron Electronics GmbH, Germany	Epro electronic GmbH	Germany	Manufacturing and marketing of industrial computers	EUR: - NTD: -	EUR: - NTD: -	25,000	100.00	EUR: - NTD: -	EUR: - NTD: -	EUR: - NTD: -	Note 4
Kapsch CarrierCom France SAS	Kapsch CarrierCom Saudi Arabia LLC	Saudi Arabia	Manufacturing and marketing of industrial computers	EUR: - NTD: -	EUR: - NTD: -	25,000	5.00	EUR: 8 NTD: 284	EUR: 169 NTD: 5,864	EUR: 8 NTD: 293	
Kontron Transportation Austria AG	Kapsch CarrierCom Sp. z o.o.	Poland	Manufacturing and marketing of industrial computers	EUR: - NTD: -	EUR: - NTD: -	100,000	100.00	EUR: (2) NTD: (79)	EUR: (2) NTD: (80)	EUR: (2) NTD: (80)	
"	Kapsch CarrierCom Espana, SLU	Spain	Manufacturing and marketing of industrial computers	EUR: - NTD: -	EUR: - NTD: -	250,000	100.00	EUR: 781 NTD: 26,222	EUR: 781 NTD: 27,018	EUR: 781 NTD: 27,018	
"	Kapsch CarrierCom-Unipessoal LDA Co., Ltd	Portugal	Manufacturing and marketing of industrial computers	EUR: - NTD: -	EUR: - NTD: -	5,000	100.00	EUR: 378 NTD: 12,699	EUR: 378 NTD: 13,084	EUR: 378 NTD: 13,084	
"	Kapsch CarrierCom Taiwan Co., Ltd	Taiwan	Manufacturing and marketing of industrial computers	EUR: - NTD: -	EUR: - NTD: -	50,000,000	100.00	EUR: (159) NTD: (5,348)	EUR: (155) NTD: (5,352)	EUR: (155) NTD: (5,352)	
"	Kontron Transportation sro	Czech Republic	Manufacturing and marketing of industrial computers	EUR: - NTD: -	EUR: - NTD: -	30,400,000	100.00	EUR: 918 NTD: 30,848	EUR: 175 NTD: 6,040	EUR: 175 NTD: 6,040	

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Name of investor	Name of investee	Location	Main operations	Initial investment amount		Holding at the end of the period			Current profit and loss of the investee	Investment profit and loss recognized in the current period	Remarks
				At the end of current period	At the end of last year	No. of shares	Percentage %	Carrying amount			
Kontron Transportation Austria AG	Kontron Transportation Hungary Kft.	Poland	Manufacturing and marketing of industrial computers	EUR: - NTD: -	EUR: - NTD: -	67,000,000	100.00	EUR: (293) NTD: (9,838)	EUR: (298) NTD: (10,299)	EUR: (298) NTD: (10,299)	
"	Kapsch CarrierCom Saudi Arabia LLC	Saudi Arabia	Manufacturing and marketing of industrial computers	EUR: - NTD: -	EUR: - NTD: -	475,000	95.00	EUR: 161 NTD: 5,396	EUR: 169 NTD: 5,864	EUR: 161 NTD: 5,571	
"	Kapsch CarrierCom Deutschland GmbH	Germany	Manufacturing and marketing of industrial computers	EUR: - NTD: -	EUR: - NTD: -	25,000	100.00	EUR: 1,210 NTD: 40,639	EUR: 1,369 NTD: 47,339	EUR: 1,369 NTD: 47,379	
"	Kapsch (Beijing) Information and communication Technology Co., Ltd	China	Manufacturing and marketing of industrial computers	EUR: - NTD: -	EUR: - NTD: -	1,000,000	100.00	EUR: 75 NTD: 2,501	EUR: 75 NTD: 2,605	EUR: 75 NTD: 2,605	
"	Kapsch CarrierCom France SAS	France	Manufacturing and marketing of industrial computers	EUR: - NTD: -	EUR: - NTD: -	8,600,000	100.00	EUR: 842 NTD: 28,296	EUR: 1,124 NTD: 38,900	EUR: 1,124 NTD: 38,900	
"	Kapsch CarrierCom UK Ltd.	UK	Manufacturing and marketing of industrial computers	EUR: - NTD: -	EUR: - NTD: -	415,950	100.00	EUR: 393 NTD: 13,213	EUR: 381 NTD: 13,196	EUR: 381 NTD: 13,196	
Kontron Transportation Belgium NV	AP Trans NV	Belgium	Manufacturing and marketing of industrial computers	EUR: - NTD: -	EUR: - NTD: -	375,000	100.00	EUR: (13) NTD: (428)	EUR: (13) NTD: (441)	EUR: (13) NTD: (14)	

Note 1: It is calculated according to the investee's financial statements audited by the CPA and the investor's shareholding ratio in the same period.

Note 2: The investment profit and loss recognized in the current period includes the amortization of the difference between the investment cost and the equity net worth.

Note 3: Due to the adjustment of the organizational structure in 2019, S&T AG has been merged and eliminated or dissolved and liquidated.

Note 4: In 2019, due to the adjustment of organizational structure, Sys-P Co., Ltd. has been merged and eliminated or dissolved and liquidated.

Ennoconn Corporation and Subsidiaries
Information on Investments in Mainland China
Jan. 1 to Dec. 31, 2019

Table 8 Unit: Foreign currency/NT\$1,000
No "\$" added to this sheet

Name of the investee in mainland China	Main operations	Paid-in capital	Investment method	Accumulated investment amount remitted from Taiwan at the beginning of this period	The amount of investment remitted or recovered in this period		Accumulated investment amount remitted from Taiwan at the end of this period	Current (loss) profit of the investee	The Company's shareholding ratio of direct or indirect investment	Investment (loss) profit recognized in this period	Carrying amount of the investment at the end of the period	As of the end of the year, the investment income has been repatriated
					Remitted	Repatriated						
Nanjing Asiatek Inc.	Engaged in R&D and sales of hardware and software products, and provide installation, debugging, and technical consultation.	USD 3,000 thousand NTD 89,940	Acquired 100% equity of the third region Hong Kong Innovative Systems Integration Limited (hereinafter referred to as Hong Kong Innovation) (registered in Hong Kong) with HKD 5,000 thousand and indirectly acquired 100% equity of the mainland China region business Nanjing Asiatek Inc. (paid-in capital: USD 2,600 thousand), and through reinvestment in Hong Kong Innovation in the third region, an additional USD 400 thousand is invested in Nanjing Asiatek Inc., a mainland China business. Note 1(2)	HKD 5,000 thousand and USD 400 thousand NTD 31,2237 Note 3	-	-	HKD 5,000 thousand and USD 400 thousand NTD 31,2237 Note 3	RMB 11,554 NTD 50,866	100%	RMB 11,554 NTD 50,866 Note 2(2)B	RMB 50,769 NTD 195,409	-
Shenzheng Asiatek Inc. Co., Ltd.	Engages in R&D, production and sales of electronic materials required for hardware and software products	RMB 6,250 thousand NTD 27,188	Reinvested by the second-tier subsidiary Nanjing Asiatek Inc. Note 1(3)	-	-	-	RMB 4,663 NTD 20,853	70%	RMB 3,730 NTD 16,683	RMB 8,864 NTD 38,160	-	-
Shenzhen Xiangxing Technology Co., Ltd.	Sales of machinery and accessories and molds.	USD 1,500 thousand NTD 46,560	Reinvested by the second-tier subsidiary Nanjing Asiatek Inc. Note 1(3)	-	-	-	RMB 12,718 NTD 56,875	20%	RMB 2,544 NTD 11,375 Note 4	RMB 8,392 NTD 36,126	-	-
Ennoconn (Foshan) Investment Co., Ltd.	Professional Investment	USD 9,800 thousand NTD 293,804	Reinvestment through Hong Kong Innovation, a third regional subsidiary Note 1(2)	USD 9,800 thousand NTD 293,804 Note 3	-	-	USD 9,800 thousand NTD 293,804 Note 3	100%	RMB 384 NTD 1,717 Note 2(2)B	RMB 67,153 NTD 288,970	-	-
Beijing Caswell Ltd.	Production of electronic monitoring products and online communication products.	NTD 118,028	Reinvestment through Caswell International Investment Co., Ltd., the second-tier subsidiary of the third region. Note 1(1)	NTD 96,783 Note 3	-	-	NTD 96,783 Note 3	82%	NTD 8,399 Note 2(2)A	NTD 149,772	-	-
HighAim Technology Inc.	Design, R&D, and production of various molds, servers, and communication equipment.	USD 10,000 thousand NTD 299,800	Invest in HighAim Technology Inc. through EnnoMech Precision (Cayman) Co., Ltd., a second-tier subsidiary of the third region, and indirectly acquire the equity of its subsidiary. Note 1(2)	USD 10,843 thousand NTD 325,073 Note 3	-	-	USD 10,843 thousand NTD 325,073 Note 3	66.05%	RMB 6,850 NTD 29,700 Note 2(2)B	RMB 72,472 NTD 311,445	-	-
Kunshan Lidingcheng Intelligent Equipment Co., Ltd.	Leasing, sales, and after-sales service of intelligence, machinery equipment, and accessories.	RMB 1,000 NTD 4,350	Reinvestment through HighAim Technology Inc., a second-tier subsidiary of the third region. Note 1(3)	-	-	-	RMB 195 NTD 872	66.05%	RMB 129 NTD 576 Note 4	RMB 789 NTD 3,398	-	-
Shenzhen HighAim				-	-	-	-	66.05%	-	RMB 198 NTD 853	-	-
EnnoMech Precision (Shenzhen) Co., Ltd.	Mechanism parts	USD 1,530 thousand NTD 45,869	Reinvestment through Dominate United Enterprise Ltd. in the third region. Note 1(2)	USD 1,530 thousand NTD 45,869 Note 3	-	-	USD 1,530 thousand NTD 45,869 Note 3	100%	RMB 176 NTD 774 Note 2(2)B	RMB 10,921 NTD 46,934	-	-
Goldtek Technology (Shenzhen) Co., Ltd.	Research, design, and sales of electronic products, communication equipment, and spare parts, and after-sales service of the above products.	USD 6,000 thousand NTD 179,880	Re-investment through Keenest Electronic Corp. in the third region. Note 1(2)	USD 1,000 thousand NTD\$29,980 Note 3	USD thousand 5,000 NTD 149,900	-	USD 6,000 thousand NTD 179,880 Note 3	100%	RMB (3,361) NTD (14,975)	RMB 36,502 NTD 156,865	-	-
Techno Precision (Shenzhen) Co., Ltd.	Stamping/assembly	HKD 23,000 NTD 88,527	Indirectly acquired the equity of its subsidiaries through the investment in Hong Kong Techno Precision Co., Ltd. in the third region. Note 1(3)	-	-	-	RMB (8,452) NTD (37,796)	40.30%	RMB (3,406) NTD (15,232) Note (2)2A	RMB 2,270 NTD 9,772	-	-
T-Paragon Metal (Shenzhen) Co., Ltd.	Zinc/aluminum alloy die casting	HKD 5,000 NTD 19,245	Indirectly acquired the equity of its subsidiaries through the investment in Hong Kong Sunlit Industry Co., Ltd. in the third region. Note 1(3)	-	-	-	RMB 14,659 NTD 65,553	20.15%	RMB 2,954 NTD 13,209 Note (2)2A	RMB 5,834 NTD 25,114	-	-
Shengrong Plastic Co., Ltd. (Shenzhen)	Manufacturing and sales of plastic and hardware molds	RMB 8,000 NTD 34,400	Indirectly acquired the equity of its subsidiaries through the investment in Hong Kong Sunlit Industry Co., Ltd. in the third region. Note 1(3)	-	-	-	RMB 569 NTD 2,547	28.21%	RMB 161 NTD 718 Note (2)2A	RMB 2,387 NTD 10,276	-	-
Ennoconn (Suzhou) Technology Co., Ltd.	Research and development, production and sales of industrial computers	USD 30,000 thousand NTD 899,400	Reinvestment through Hong Kong Innovation, a third regional subsidiary Note 1(2)	USD 30,000 thousand NTD 899,400 Note 3	-	-	USD 30,000 thousand NTD 899,400 Note 3	100%	RMB 11,206 NTD 49,584 Note 2(2)B	RMB 213,077 NTD 916,911	-	-

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Name of the investee in mainland China	Main operations	Paid-in capital	Investment method	Accumulated investment amount remitted from Taiwan at the beginning of this period.	The amount of investment remitted or recovered in this period.		Accumulated investment amount remitted from Taiwan at the end of this period	Current (loss) profit of the investee	The Company's shareholding ratio of direct or indirect investment	Investment (loss) profit recognized in this period	Carrying amount of the investment at the end of the period	As of the end of the year, the investment income has been repatriated
					Remitted	Repatriated						
Kunshan Ennoconn Intelligent Technology Co., Ltd.	Intelligent technology development and hardware sales	USD-NTD-	Reinvestment through Ennoconn (Suzhou) Technology Co., Ltd., a second-tier subsidiary of the third region Note 1(3)	USD-NTD-	-	-	USD-NTD-	RMB (91) NTD (405)	100%	RMB (91) NTD (405)	RMB (394) NTD (1,695)	-
MIC-Tech (Wuxi) Co., Ltd.	Design, manufacturing, installation and repairs and maintenance services of semiconductor components and crystal special equipment, electronic components special equipment, environmental pollution prevention control equipment; assembly of packaging special equipment and refrigeration equipment; barbecue furnace assembly; wholesale, commission agency, import, and export business of the above products and their components, textiles, daily necessities, chemical products, cosmetics; lease of the self-owned plant; design, manufacturing, sales, and installation of automatic storage equipment and accessories, automatic transportation logistics equipment and accessories; R&D, sales, and installation of logistics deployment computer-aided engineering system	NTD 764,490	Through Market Go Profits Ltd. to reinvest in third-region companies and reinvest in mainland companies Note 1(2)	NTD 614,590	NTD-	NTD-	NTD-	NTD (719)	44.67%	Note 2(2)B NTD (62) Note 2(2)A	NTD 15,253	-
MIC-Tech (Shanghai) Corp., Ltd.	Semiconductor production, semiconductor equipment repairs and maintenance, testing equipment and its consumables, wholesale, commission agency, import and export and other related supporting businesses of power generation boilers; warehousing and distribution businesses mainly involving chemical and boiler products; international trade, entrepot trade; trade and trade agency between enterprises in the bonded area; business consulting services in the area	NTD 247,065	Reinvesting in the third regional company through Market Go Profits Ltd. Note 1(2)	NTD 14,990	NTD-	NTD-	NTD 14,990	NTD 39,698	44.67%	NTD 17,733 Note 2(2)A	NTD 168,107	-
Fuzhou MIC-Tech Electronic Engineering Corp.	Dust-free room and power system equipment, pipeline system equipment installation and related supporting services	NTD 8,994	Through Market Go Profits Ltd. to reinvest in third-region companies and reinvest in mainland companies Note 1(2)	NTD 8,994	NTD-	NTD-	NTD 8,994	NTD (568)	44.67%	NTD (254) Note 2(2)A	NTD (681)	-
Shanghai Maohua Electronic Engineering Technology Co., Ltd.	Design, installation, debugging and technical services of regeneration of eliminated barrel, pipeline system and relevant facilities for semiconductor manufacturing industry; equipment maintenance industry, electronics, medical equipment technical consulting, electronic products, machinery and equipment, chemical products (excluding dangerous goods), communication products, metal products, material products wholesale, commission agency (excluding auction), import and export and related supporting services for semiconductor manufacturing industry.	NTD 17,988	Through Market Go Profits Ltd. to reinvest in third-region companies and reinvest in mainland companies Note 1(2)	NTD 18,078	NTD-	NTD-	NTD 18,078	NTD (2,646)	38.86%	NTD (1,028) Note 2(2)A	NTD (6,427)	-
Shanghai MIC-Tech Electronic Engineering Corp.	General contracting of mechanical and electrical installation engineering construction, professional contracting of mechanical and electrical installation engineering, professional contracting of electronic engineering, professional contracting of chemical and petroleum equipment pipeline installation engineering, professional contracting of the pipeline, and provision of post-engineering warranty service and relevant engineering technical consulting services	NTD 582,218	Through Market Go Profits Ltd. to reinvest in third-region companies and reinvest in mainland companies Note 1(2)	NTD 255,430	NTD-	NTD-	NTD 255,430	NTD 110,192	44.67%	NTD 49,223 Note 2(2)A	NTD 227,038	-
Wuxi Hanhua Electronic Technology Co., Ltd.	Equipment installation and repairs and maintenance of semiconductor components and crystal special equipment, electronic components special equipment, environmental pollution prevention equipment; wholesale, commission agency, import, and export business of the above products; cleaning and maintenance of industrial equipment.	NTD 9,144	Through Market Go Profits Ltd. to reinvest in third-region companies and reinvest in mainland companies Note 1(2)	NTD 1,469	NTD-	NTD-	NTD 1,469	NTD (122)	21.89%	NTD (27) Note 2(2)A	NTD-	-
Shanghai Chenggao Mechanical and Electrical Engineering Design Co., Ltd.	Engineering design of microelectronics product project and display device project, relevant technical and management consulting services	NTD 5,996	Through Market Go Profits Ltd. to reinvest in third-region companies and reinvest in mainland companies Note 1(2)	NTD 5,996	NTD-	NTD-	NTD 5,996	NTD (588)	44.67%	NTD (264) Note 2(2)A	NTD-	-

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Name of the investee in mainland China	Main operations	Paid-in capital	Investment method	Accumulated investment amount remitted from Taiwan at the beginning of this period	The amount of investment remitted or recovered in this period		Accumulated investment amount remitted from Taiwan at the end of this period	Current (loss) profit of the investee	The Company's shareholding ratio of direct or indirect investment	Investment (loss) profit recognized in this period	Carrying amount of the investment at the end of the period	As of the end of the year, the investment income has been repatriated
					Remitted	Repatriated						
Frontken MIC (Wuxi) Co., Ltd.	Cleaning of special equipment for semiconductor components and integrated circuits; cleaning of parts and wafers for semiconductor special components, integrated circuits, and micro components; R&D of semiconductor cleaning technology; assembly, installation, and repairs and maintenance services of refrigeration equipment; design, manufacturing, sales, and installation of automatic storage equipment and accessories, automatic transportation logistics equipment and accessories; R&D, sales and installation of logistics deployment computer-aided engineering system; wholesale, commission agency, import & export business of the above products and their accessories	NTD 69,194	Through Market Go Profits Ltd. to reinvest in third-region companies and reinvest in mainland companies Note 1(2)	NTD 27,678	NTD-	NTD-	NTD 27,678	NTD (100)	44.67%	NTD (45) Note 2(2)A	NTD 2,276	-
Nantong Jianrui Photoelectric Technology Co., Ltd.	Development and production of special equipment for solar cell production, manufacturing of key parts such as optical engine, light source, projection screen, high-definition projection tube, and microdisplay projection equipment module for large screen color projection display, manufacturing of new electronic components, cleaning and regeneration services	NTD 209,860	Through Market Go Profits Ltd. to reinvest in third-region companies and reinvest in mainland companies Note 1(2)	NTD 80,946	NTD 35,976	NTD-	NTD 116,922	NTD (14,495)	26.80%	NTD (3,885) Note 2(2)A	NTD 22,741	-
MIC-Tech Trading Co., Ltd. (Shanghai)	Wholesale, commission agency, import & export of chemical products (excluding hazardous chemicals, precursor chemicals, and special chemicals), semiconductors, testing equipment and consumables, solar energy equipment consumables, boilers for power generation, mechanical equipment and accessories, and other related supporting businesses; international trade, entrepot trade, trade, and trade agency among enterprises in the bonded area, trade advisory services; and installation, repairs & maintenance of semiconductor equipment, automation equipment, electronic equipment, and its spare parts.	NTD 44,970	Through Market Go Profits Ltd. to reinvest in third-region companies and reinvest in mainland companies Note 1(2)	NTD 44,970	NTD-	NTD-	NTD 44,970	NTD 828	44.67%	NTD 370 Note 2(2)A	NTD 8,323	-
Shanghai Jimao Trading Co., Ltd.	Wholesale, commission agency, import & export of electronic products, food, textiles, daily necessities, cosmetics, valve switches, instruments and meters, metal products, mechanical and electrical equipment and related supporting businesses; international trade, entrepot trade, trade between enterprises in the bonded area and trade agents in the area; simple commercial processing in the bonded area; trade consulting services in the bonded area	NTD 28,688	Through Market Go Profits Ltd. to reinvest in third-region companies and reinvest in mainland companies Note 1(2)	NTD 9,016	NTD-	NTD-	NTD 9,016	NTD (86)	14.04%	NTD (12) Note 2(2)A	NTD (1,995)	-
Nanjing Fuxin Technology Co., Ltd.	R&D, design, manufacturing, sales, installation and maintenance services of semiconductor-related components, equipment and materials; R&D, technology transfer, technical consultation, technical services, supply chain management services, import & export of all kinds of commodities and technologies for self-operation and agency; property management services; park face services; accommodation services; retail of general merchandise, food and beverage; venue leasing; business management services; conference and exhibition services; warehousing services; handling and transportation agency services.	NTD 35,976	Through Market Go Profits Ltd. to reinvest in third-region companies and reinvest in mainland companies Note 1(2)	NTD-	NT\$14,990	NTD-	NT\$14,990	NTD (5,007)	12.41%	NTD (621) Note 2(2)A	NTD 3,807	-

Name of investor	The accumulated amount of investment remitted from Taiwan to the mainland at the end of the year	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs	Investment quota in mainland China in accordance with the regulations of the Investment Commission of the Ministry of Economic Affairs
Ennoconn Corporation	HKD 5,000 thousand and USD 40,146 thousand NTD 1,246,132 (Note 3)	HKD 5,000 thousand and USD 65,746 thousand NTD 2,040,756 (Note 3)	NTD 4,881,433
Goldtek Technology Co., Ltd.	USD 6,000 thousand and HKD 80,100 thousand NTD 488,185 (Note 3)	USD 6,000 thousand and HKD 80,100 thousand NTD 488,135 (Note 3)	NTD 1,106,455
Caswell Inc.	USD 3,116 thousand NTD 93,418 (Note 3)	USD 3,116 thousand NTD 93,418 (Note 3)	NTD 1,515,234
Ennoconn International Investment Co., Ltd.	USD 12,373 thousand NTD 382,474 (Note 3)	USD 12,373 thousand NTD 382,474 (Note 3)	NTD 4,772,204
Marketech International Corp.	NTD 1,144,930 (Note 3)	NTD 1,958,202 (Note 3)	NTD 3,502,781

Note 1: Investment methods can be divided into the following three types, just mark the type:

- (1) Direct investment in the mainland China.
- (2) Reinvestment in mainland China through companies in the third region (please specify the investment company in the third region).
- (3) Others.

Note 2: The column of investment profit and loss recognized in this period:

- (1) If it is in preparation and there is no investment profit or loss, it should be noted.
- (2) The recognition basis of investment profit and loss is divided into the following three types, which should be noted.
 - A. The financial statements audited by an international CPA firm that has a cooperative relationship with a CPA firm in R.O.C.
 - B. The financial statements have been audited by the parent company's CPA in Taiwan.
 - C. Others.

Note 3: The conversion rate is the spot average exchange rate of the Bank of Taiwan on December 31, 2019.

Note 4: It is a non-material associate, and its financial report has not been audited by a CPA and does not have a significant influence.

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Ennoconn Corporation
Statement of Cash and Cash Equivalents

Dec. 31, 2019

Table I

Unit: NT\$1,000 unless otherwise noted

Item	Summary	Amount
Cash on hand		<u>\$ 1,829</u>
Bank deposits		
Checks and demand deposits		6,023
Foreign currency demand deposits	Including USD 5,794 thousand, @ 29.98; JPY 448 thousand, @ 0.2760; HKD 25 thousand, @ 3.849; GBP 2 thousand, @ 39.36	174,014
Time deposits with an original maturity of less than three months	USD 5,330 thousand, @ 29.98, term December 2019 - January 2020, interest rate 1.8% ~ 2.22%	<u>159,793</u>
Subtotal		<u>339,830</u>
Total		<u>\$341,659</u>

Ennoconn Corporation
Statement of Accounts Receivable
Dec. 31, 2019

Table II

Unit: NT\$1,000

Name of client	Summary	Amount
Non-related party		
Company A	Payment for goods	\$ 178,770
Company B	Payment for goods	45,403
Company C	Payment for goods	34,738
Company D	Payment for goods	30,142
Company E	Payment for goods	27,357
Others (Note)	Payment for goods	<u>64,336</u>
Subtotal		380,746
Less: loss allowance		<u>35,973</u>
Net amount		<u>\$ 344,773</u>
Related party		
Kontron Europe GmbH	Payment for goods	\$ 169,533
Kontron Canada Inc.	Payment for goods	100,327
Kontron America Inc.	Payment for goods	<u>22,543</u>
Total		<u>\$ 292,403</u>

Note: The balance of each client does not exceed 5% of the balance of this account.

Ennoconn Corporation
Statement of Inventories
Dec. 31, 2019

Table III

Unit: NT\$1,000

Item	Cost	Net realizable value (Note)
Stock in hand	\$ 2	\$ 2
Finished goods	80,869	40,247
Semi-finished products	9,407	1,206
Raw materials	140,798	72,765
Stock in transit	34,664	34,664
Less: allowance for price loss	(<u>116,856</u>)	<u>-</u>
Total	<u>\$148,884</u>	<u>\$148,884</u>

Note: In addition to the fact that the raw materials are reasonably estimated based on the replacement cost, the net realizable value shall be evaluated based on the balance of the estimated selling price in normal circumstances after deducting the cost and selling expenses to be invested for completion.

Ennoconn Corporation
Statement of Changes in Investments Under Equity Method
Jan. 1 to Dec. 31, 2019

Table IV

Unit: NT\$1,000 unless otherwise noted

	Opening balance		Increase in the period		Decrease in the period		Investment (loss) profit (Note 1)	Conversion adjustment	Share of other comprehensive income recognized (Note 1)	Others (Note 2)	Ending balance			Equity net worth	Provision of guarantee or pledge
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount					No. of shares	Equity ratio %	Amount		
Unlisted companies															
Hong Kong Innovative Systems Integration Limited	361,608,530	\$ 1,457,740	156,608,000	\$ 612,798	-	\$ -	\$ 102,155	(\$ 62,722)	\$ -	\$ 3,891	518,216,530	100%	\$ 2,113,862	\$ 2,113,862	None
Ennoconn International Investment Co., Ltd.	702,635,000	7,675,434	9,100,000	180,000	-	-	762,295	(50,593)	(35,364)	(580,722)	711,735,000	100%	7,951,050	7,951,050	None
Caswell Inc.	20,000,000	1,042,012	-	-	-	-	65,011	(2,734)	(3,082)	(62,650)	20,000,000	29.49%	1,038,557	1,038,557	None
Ennoconn Investment Holdings Co., Ltd	239,360,000	<u>7,566,593</u>	-	<u>-</u>	-	<u>-</u>	<u>398,181</u>	(<u>316,533</u>)	(<u>13,493</u>)	(<u>59,061</u>)	239,360,000	100%	<u>7,575,687</u>	<u>7,575,687</u>	None
		<u>\$17,741,779</u>		<u>\$ 792,798</u>		<u>\$ -</u>	<u>\$ 1,327,642</u>	(<u>\$ 432,582</u>)	(<u>\$ 51,939</u>)	(<u>\$ 698,542</u>)			<u>\$18,679,156</u>	<u>\$18,679,156</u>	

Note 1: It is calculated according to the financial statements audited by the CPA of the investee company in the same period and shareholding ratio of the Company.

Note 2: It refers to the impact of changes recognized in the equity of the subsidiary (NT\$71,028 thousand), the Company's treasury stocks held by subsidiaries (NT\$184 thousand), and the dividends received from subsidiaries (NT\$627,330 thousand).

Ennoconn Corporation

Statement of Changes in Right-of-use Assets

Jan. 1 to Dec. 31, 2019

Unit: NT\$1,000 unless otherwise noted

Table V

	Opening balance	Increase in the period	Decrease in the period	Ending balance	Remarks
Land and buildings	\$ -	\$ 20,592	\$ -	\$ 20,592	

Ennoconn Corporation

Statement of Changes in Accumulated Depreciation of Right-of-use Assets

Jan. 1 to Dec. 31, 2019

Table VI

Unit: NT\$1,000 unless otherwise noted

	Opening balance	Increase in the period	Decrease in the period	Ending balance	Remarks
Land and buildings	\$ -	\$ 2,288	\$ -	\$ 2,288	

Ennoconn Corporation
Statement of Accounts Payable

Dec. 31, 2019

Table VII

Unit: NT\$1,000

Name of supplier	Summary	Amount
Non-related party		
Company A	Payment for goods	\$ 7,958
Company B	Payment for goods	3,891
Company C	Payment for goods	3,265
Company D	Payment for goods	2,735
Others (Note)	Payment for goods	<u>36,629</u>
Total		<u>\$ 54,478</u>
Related party		
Victor Plus Holdings Ltd.	Payment for goods	\$342,392
Others (Note)	Payment for goods	<u>1,989</u>
Total		<u>\$344,381</u>

Note: The balance of each supplier does not exceed 5% of the balance of this account.

Ennoconn Corporation
Statement of Short-term Loans
Dec. 31, 2019

Table VIII

Unit: NT\$1,000

Type of loans	Creditor	Ending balance	Term of the agreement	Interest rate interval (%)	Financing line	Collaterals or guarantees
Credit loan	Zhonghe Branch, First Commercial Bank	\$ 20,000	2019.12.27-2020.1.10	0.90%	\$ 500,000	None
Credit loan	Zhonghe Branch, First Commercial Bank	500,000	2019.12.31-2020.1.17	0.90%	500,000	None
Credit loan	Bank SinoPac	1,000,000	2019.12.18-2020.2.18	0.88%	1,000,000	None
Credit loan	Land Bank of Taiwan	600,000	2019.12.13-2020.1.11	0.90%	1,000,000	None
Credit loan	Liancheng Branch, E.Sun Bank	1,000,000	2019.12.13-2020.1.10	0.88%	1,000,000	None
Credit loan	Taishin International Bank	800,000	2019.12.2-2020.1.2	0.88%	800,000	None
Credit loan	Far Eastern International Bank	700,000	2019.12.13-2020.3.12	0.90%	700,000	None
Credit loan	CTBC Bank	-	2019.11.30-2020.11.30		500,000	None
Credit loan	KGI Commercial Bank	-	2019.3.14-2020.3.14		1,500,000	None
Credit loan	Hua Nan Commercial Bank	-	2019.12.7-2020.12.7		1,000,000	None
Credit loan	Mega International Commercial Bank	-	2019.8.3-2020.8.2		<u>800,000</u>	None
		<u>\$ 4,620,000</u>			<u>\$ 9,300,000</u>	

Ennoconn Corporation
Statement of Bonds Payable
Dec. 31, 2019

Unit: NT\$1,000

Table IX

Name	Trustee	Issuance date	Interest rate %	A m o u n t						Repayment method	Status of collateral
				Total issuance amount	Converted amount	Ending balance	Interest payable	Unamortized discount	Carrying amount		
The second domestic unsecured convertible bond in 2016	Bank SinoPac Co., Ltd.	2016.05.13	-	\$ 1,800,000	\$ 1,787,800	\$ 12,200	\$ -	\$ 236	\$ 11,964	See Note 17 for details	None
The third domestic unsecured convertible bond in 2019	Yuanta Securities	2019.02.26	-	6,000,000	-	6,000,000	-	279,502	5,720,498	See Note 17 for details	None
The first overseas unsecured convertible bonds in 2017	Citicorp international limited	2017.03.10	-	<u>6,330,600</u>	<u>4,998,009</u>	<u>1,332,591</u>	<u>47,340</u>	<u>32,954</u>	<u>1,346,977</u>	See Note 17 for details	None
				<u>\$14,130,600</u>	<u>\$ 6,785,809</u>	<u>\$ 7,344,791</u>	<u>\$ 47,340</u>	<u>\$ 312,692</u>	7,079,439		
Less: Listed as the exercisable repurchase rights within one year									-		
									<u>\$ 7,079,439</u>		

Ennoconn Corporation

Statement of Revenue

Jan. 1 to Dec. 31, 2019

Table X

Unit: NT\$1,000 unless otherwise noted

-

<u>Item</u>	<u>Amount</u>
Motherboard	\$ 3,262,730
Repairs and maintenance	930
Business return and allowance	(<u>75,557</u>)
Net operating revenue	<u>\$ 3,188,103</u>

Ennoconn Corporation
Statement of Operating Cost

Jan. 1 to Dec. 31, 2019

Table XI

Unit: NT\$1,000

Item	Amount
Beginning raw materials	\$ 594,646
Materials purchased in this period	1,306,332
Transfer cost and others	(405,278)
Sale of raw materials	(39,991)
Ending Raw materials (including inventory in transit)	<u>(175,462)</u>
Materials consumed in this period	1,280,247
Manufacturing expenses	<u>1,015,741</u>
Manufacturing cost	2,295,988
Beginning goods in process	<u>-</u>
Finished goods input	96,528
Ending goods in process	<u>-</u>
Manufacturing cost of finished goods	2,392,516
Beginning partly-finished goods	5,564
Partly-finished goods purchased in this period	64,970
Transfer cost and others	(10,911)
Sale of partly-finished goods	(618,480)
Ending partly-finished goods	<u>(9,407)</u>
Cost of partly-finished goods and finished goods	1,824,252
Beginning finished goods	114,380
Finished goods purchased in this period	333,091
Transfer cost and others	(3,451)
Input partly-finished goods	(96,528)
Ending finished goods	<u>(80,869)</u>
Cost of finished goods sold	<u>2,090,875</u>
Merchandise cost	
Beginning inventory	9
Commodity purchased in this period	621
Transfer cost and others	-
Ending inventory	(2)
Cost of raw materials sold	39,991
Cost of partly-finished goods sold	<u>618,480</u>
Cost of purchase and sale	659,099
Inventory price loss	4,501
Inventory scrap loss	<u>197</u>
Operating cost	<u>2,754,672</u>
Labor cost	<u>-</u>
	<u>\$ 2,754,672</u>

Ennoconn Corporation
Statement of Operating Expenses

Jan. 1 to Dec. 31, 2019

Table XII Unit: NT\$1,000 unless otherwise noted

Item	Sales and marketing expenses	Administrative expenses	R&D expenses
Salary and bonus	\$ 60,037	\$ 65,283	\$ 90,646
Traveling expenses	3,787	1,758	854
Insurance expenses	3,025	4,462	6,309
Labor service expenses	2,098	10,155	2,982
Depreciation	2,962	4,210	5,509
Consumption of raw materials and inventory	23,993	-	-
Others (Note)	<u>21,330</u>	<u>13,932</u>	<u>12,757</u>
Total	<u>\$ 117,232</u>	<u>\$ 99,800</u>	<u>\$ 119,057</u>

Note: The amount of each item does not exceed 3% of the balance of this account.

Ennoconn Corporation

Summary of Employee Benefits, Depreciation, Depletion and Amortization Expenses Incurred in the Current Period by Function

Jan. 1 to Dec. 31, 2019, and 2018

Unit: NT\$1,000

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	2019			2018		
	Part of operating cost	Part of operating expenses	Total	Part of operating cost	Part of operating expenses	Total
Employee benefits expenses (Note)						
Salary expenses	\$ 19,044	\$ 201,280	\$ 220,324	\$ 16,134	\$ 180,511	\$ 196,645
Labor insurance and National Health Insurance expense	1,338	13,991	15,329	1,122	14,422	15,544
Pension expenses	758	7,866	8,624	635	8,033	8,668
Remuneration of directors	-	6,820	6,820	-	6,669	6,669
Other employee benefits expenses	995	9,166	10,161	979	11,527	12,506
Depreciation expenses	3,588	12,681	16,269	1,105	13,345	14,450
Amortization expenses	37	1,304	1,341	68	1,717	1,785

Note 1: As of Dec. 31, 2019 and 2018, the number of employees of the Company was 179 and 186 respectively, of which the number of directors who did not concurrently serve as employees was 6 and 6 respectively.

Note 2: The average employee benefits expenses for the year was NT\$1,471. The average employee benefits expenses in the previous year was NT\$1,296.

Note 3: The average employee salary expenses for the year was NT\$1,274. The average employee salary expenses in the previous year was NT\$1,092.

Note 4: The average adjustment of employee salary expenses is 17%.