

# Ennoconn Corporation

## 2019 Annual Report

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<http://www.ennoconn.com>

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# Chapter 1 Letter to Shareholders

Thanks to the joint efforts of all employees of Ennoconn Corporation, the net consolidated operating income in 2019 was NT\$81.5 billion, and the net after-tax profit was NT\$1.08 billion, with earnings per share of NT\$13.22. Compared with 2018, consolidated operating income increased by 18.2% and net after-tax profit decreased by 1.3%.

Since its listing in 2014, Ennoconn Corporation has been committed to the three-stage development strategy of "Acquisition & Diversification," "Integration," and "Transformation." Specific measures include:

**Acquisition & Diversification:** Horizontal expansion to "acquire & diversify" ODM business, vertical expansion of brand and system integration business. IPC refers to Industrial Personal Computer At this stage.

**Integration:** Building a resource integration platform and seek innovative business models to optimize the organizational structure. IPC refers to Intelligent Performing Computing at this stage.

**Transformation:** On the basis of "Acquisition & Diversification" and "Integration," smart business opportunities are created and smart products and services are developed, namely Smart Solutions. At this stage, IPC refers to Innovation Platform Connecting.

In 2019, Ennoconn Corporation adhered to the strategic objectives of "Acquisition & Diversification," "Integration," and "Transformation" and successively obtained leading technologies in specific vertical fields, such as integrated communication systems and multi-wireless smart systems, software and hardware technology of IoT rail transit. The Company also formed strategic alliances with edge layer industrial control software, system integration services, smart retail and other solution providers to build an operating model that combines virtuality and reality and integrates software and hardware. The subsidiaries of Ennoconn Corporation also provided technical support to assist system integration suppliers in providing customers with smart products and services, including smart manufacturing, smart buildings and homes, smart logistics, smart firefighting, smart retail, lotteries and gaming, etc.

Looking forward to the future, in the face of the COVID-19 pandemic and the increased tension in the international economic and trade environment, the management team and all employees will remain vigilant and attentive. We would also like to thank all shareholders for your long-term support and encouragement to the Company; we will continue to uphold the mission and responsibilities of operation and profitable growth and actively pursue maximum benefits for the Company and its shareholders.

Yours sincerely,

Chairman Chu, Fu-Chuan



# Chapter 2 Company Introduction

## I. Founding Date: July 12, 1999

## II. Formation History:

Date	Major Events
July 1999	The Company was founded and registered
February 2004	Developed the first industrial motherboard (IP-4PCI20E).
From May to October 2006	Cash capital increased to NT\$98 million and invited Portwell, Inc. for investment in business.
February 2007	Cash capital increased to NT\$200 million and invited Hon Hai Precision Industry Co., Ltd. for investment in business.
October 2007	Received orders of OEM motherboards used for POS from international renowned manufacturer A Group.
January 2008	Successfully developed POS PC system with Digipos, a renowned POS manufacturer in Europe.
March 2008	Obtained ISO 9001 Certification.
October 2008	Successfully self-developed All in One POS system (TESS).
October 2008	Successfully developed a high-level network storage system with Netgear, a renowned netcom manufacturer in US.
November 2008	Successfully developed Touch Monitor used for POS system with Digipos, a renowned POS manufacturer in Europe.
December 2008	Successfully developed Panel PC system with Digipos, a renowned POS manufacturer in Europe.
December 2008	Successfully developed low voltage, unique embedded game console control card with Japanese customer OEC.
January 2009	Received orders for ATM control system from international renowned manufacturer A Group.
November 2009	Successfully developed photo kiosks to improve experience in design for display related equipment.
September 2010	Successfully developed a low-level network storage system with Digipos, a renowned netcom manufacturer in US.
September 2010	Launched POS PC with features of easy maintenance, small size and energy saving but without fan.
April 2011	Die cast aluminum All-In-One POS with surface capacitive touch screen is favored by Digipos, an international renowned POS manufacturer in Europe.
July 2011	Cooperated the first ODM system project with renowned Japanese POS manufacturer B company.
December 2011	Developed a new generation of Intel HM65 PCH motherboard for OEC, a partner manufacturer of KONAMI (Heavyweight in the console industry) in Japan.

## Chapter 2 Company Introduction

Date	Major Events
March 2012	The Company acquired 100% equity of INNOVATIVE SYSTEMS INTEGRATION LIMITED, and indirectly fully held reinvestment business of its subsidiary in mainland China - NANJING ASIATEK INC., to expand vehicle system business.
In June 2012	Cooperate with B company, the most renowned POS manufacturer in the world, on the ODM project of main board.
August 2012	Consulted with Wincor Nixdorf, the No.1 POS brand in Europe on our self-made product All-in-One POS, and obtained the order.
November 2012	Financial Supervisory Commission (FSC) approved the public offering of the Company's shares.
December 2012	Listed in the OTC as emerging stock.
March 2014	Approved by the Taiwan Stock Exchange to list shares for trading.
From August to October 2014	Acquired 55.4% equity of Goldtek Technology Co., Ltd., a professional manufacturer of industrial hand-held device, through the subsidiary, Ennoconn International Investment Co., Ltd., by investment.
From October to December 2014	Acquired total 38.7% equity of network security equipment manufacturer Caswell Inc. by means of public acquisition, share exchange and investment through the subsidiary, Ennoconn International Investment Co., Ltd., to rapidly expand new fields and new products.
From April to July 2015	Established EnnoMech Precision (Cayman) Co., Ltd., to produce industrial computer mechanical components, provide stamping, spray painting, laser etching, shaping, polishing and other manufacturing capabilities, and exclusively serve customers with mechanical products.
October 2015	Established SyS-P Co., Ltd. to step in the global after-sales service field in POS industry.
October 2015	In line with the development trend of bank 3.0 technology, invested in Taiwan Applied Module Corporation at the end of 2015, actively stepping into the emerging industry of bank payment technology.
January 2016	Transnationally cooperated with Kontron, the industrial computer leading brand in Germany, reinvested its subsidiary with US\$57.3 million to acquire 49% equity of Kontron Canada Inc., a communication business subsidiary of Kontron. In addition to strengthen the integration and extension advantage of communication product with Kontron, with the comprehensive effect of overall integration, Ennoconn Corporation will further hand in hand to achieve growth on the global Internet security, big data and cloud communication, and grasp the opportunities on IoT application.
July 2016	Acquired 60% equity of AIS Cayman Technology Group through the investment of subsidiaries, developed man-machine interface, industry 4.0 and other related products.
August 2016	In line with the trend of the IoT market, invested 60% equity in Dexatek Technology Ltd. to build technologies related to products in the field of smart life.



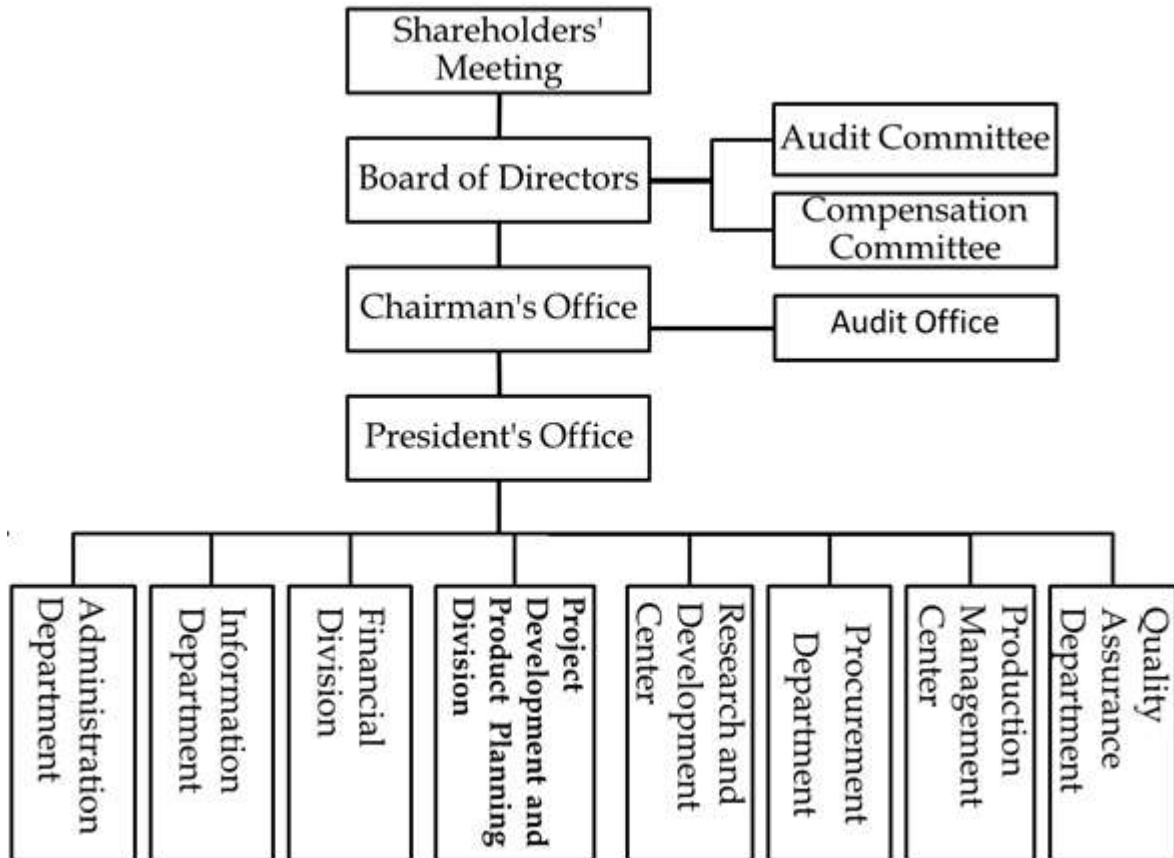
## Chapter 2 Company Introduction

Date	Major Events
October 2016	Invested in nearly 30% of the equity of "S & T AG" to become the largest single shareholder. The application and field of the main products and service of S & T include medical, communications, big data, automation, smart power grid, and energy optimization technologies, etc. with competent software research and development capabilities and customer service experiences. Through the outstanding brand of Kontron and its distribution channels, we made plans for the vertical market and industry chain, the three-way strategic alliance between Ennoconn Corporation, S & T and Kontron will further extend each other's benefits of integration of the core competence in terms of software development, hardware manufacturing, system integration, brand and distribution channel, etc., expand the market share of industrial computers together, and steadily develop a diverse multinational operation.
January 2018	Ennoconn Corporation invested 19.5% equity in DIVA Laboratories. Ltd. through the subsidiary and officially stepped in the medical industry. DIVA is a well-known manufacturer of medical displays, currently accounting for about 3% of the global market share, and of whom, major customers include Philips, GE, etc. and the products are sold in Japan, Europe, US and so on.
May 2018	Acquired about 47.15% equity of Marketch International Corp. through public acquisition. Through this strategic cooperation, Ennoconn Corporation will together with Marketch, enhance the vertical and horizontal all-round development advantages of manufacturing Internet in many aspects, such as facility equipment management, manufacturing execution management system, package plant export; combining with the core niche to accelerate the expansion of both business scale, achieve the integration benefits and enhance the competitive advantage.
June 2018	Merged and acquired Vecow Co., Ltd. through the subsidiary AIS, to expand product lines, and dig into the application fields of industrial wide temperature embedded computers, machine vision, image monitoring analysis, intelligent transportation, intelligent control, industrial automation, AGV unmanned moving vehicles and multi-port Ethernet, etc.
September 2018	Expands and distributes customer service in global gaming industry, and provides complete electromechanical integration solutions in combination with upstream and downstream supply chains.
March 2019	Through Ennoconn (Suzhou) Technology Co., Ltd. to provide Ennoconn Corporation's brand and various vertical application services, machinery equipment and plant automation, automotive assembly line control system, sewage purification system, etc. in Greater China.
January 2020	Ennoconn Corporation has invested in 70% of the equity of the smart retail solution provider "POSLAB" through its subsidiaries to enhance vertical integration capabilities of smart retail products. It will also cooperate with the system integration business group in the future to create greater business opportunities.

# Chapter 3 Corporate Governance Report

## I. Organization

### (I) Organization Chart



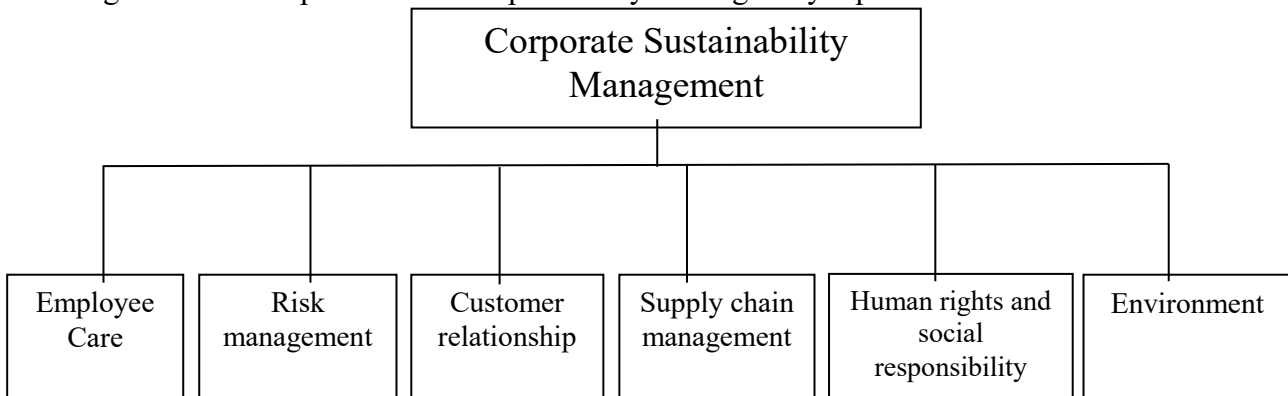
## (II) Department Functions

Department/Division	Main Responsibilities
Chairman's Office	Chairman/Chief Executive Officer (CEO): <ol style="list-style-type: none"> <li>1. Integrate the Company's resources and participate in the board of directors' decision making process to support the Company's growth.</li> <li>2. Establish, consolidate or change corporate culture.</li> <li>3. Formulate strategic directions such as corporate strategies and goals, as well as mergers and acquisitions.</li> <li>4. Set up senior management teams to achieve organizational goals</li> </ol>
President's Office	<ol style="list-style-type: none"> <li>1. Oversee the Company's operational goals, and lead all departments to implement the Company's plans.</li> <li>2. Plan the blueprint for business strategy, product planning, and technology development, as well as manage all matters related to business management of the Company.</li> </ol>
Audit Office	Responsible for audit operations and internal control assessment and implementation of the Company, as well as provide suggestions for improvement to promote effective operations.
Administration Department	<ol style="list-style-type: none"> <li>1. Responsible for establishing, implementing and improving the Company's human resources policies and various personnel management systems.</li> <li>2. Provide staff services and manage general affairs.</li> </ol>
Information Department	Responsible for planning, establishing and maintaining the Company's information systems.
Finance Division	Responsible for capital planning, accounting management, establishment and implementation of accounting policies, financial data analysis, and matters related to legal affairs of the Company.
Smart Business Office	<ol style="list-style-type: none"> <li>1. Responsible for formulating the Company's business development, product sales, customer service and operational strategies and development directions.</li> <li>2. Responsible for product planning, project initiating, research and development (R&amp;D), design, production and schedule control to the end of product life cycle.</li> <li>3. Responsible for the profit and loss of product lines, set selling prices and control costs</li> </ol>
Research and Development Center	Coordinate the Company's R&D and engineering resources, and formulate R&D development directions.
Procurement Department	Responsible for the procurement of raw materials and general materials.
Production Management Center	Responsible for manufacturing operations scheduling and supply chain operations.
Quality Assurance Department	Responsible for various quality control, learn about customers' quality requirements, and master product design and production quality.

### (III) Corporate Sustainability Management:

Upholding the philosophy of give back what you take from the society, the Company has been investing its resources for corporate social responsibility for a long time, implementing social contribution and sustainable management concepts, and establishing the Corporate Sustainability Management Committee. The unit manages six committees: employees care, risk management, customer relations, supply chain management, human rights and social responsibility and the environmental committees. Founded with a systematic strategy to improve the efficiency of corporate governance and strengthen the implementation of corporate philosophy.

The Corporate Sustainability Management Committee was established within the Ennoconn Corporation to take responsibility for the policy formulation and implementation of the sustainable management and corporate social responsibility and regularly report to the board of directors.



Committee	In charge of
Corporate Sustainability Management	1. The management and responsibility of all committees under CSR. 2. Formulate the management policies and review regulations of the committees under it. 3. Conduct cross-departmental coordination processing and data integration from various units. 4. Information disclosure, promotion of internal control, and communication of related parties. 5. Report to the board.
Employee Care	1. Salary, welfare, hiring and promotion fairness principles. 2. Educational training of labor safety and various functional competence. 3. Friendly and safe working environment, reasonable working hours and gender equality. 4. Employee health promotion. 5. Employee recognition and communication channels with the enterprise.
Risk management	1. Operation, financial risk management and evaluation, regularly convening shareholders' meeting, legal seminars and information disclosure meetings on the operation status. 2. Operation and maintenance, formulation of various risk response procedures. 3. Major disaster response measures.
Customer relationship	1. Customer relationship maintenance and satisfaction survey. 2. Maintain quality. 3. Management of customers' confidential information.
Supply chain management	1. Establish a supply chain that meets quality, safety, environmental protection, delivery capabilities and cost control with services provided by the team. 2. Formulation of evaluation for suppliers , supplier risk

	management. 3. Supplier complaint channel.
Human rights and social responsibility	1. Corporate social welfare activities, strategic goal formulation. 2. Promotion of social participation from the inside out, convene and execute public welfare activities. 3. Establish a working environment that is in line with human rights and eliminates illegal activities.
Environment	1. Integrate internal environmental and health policies. 2. Green manufacturing orientation.

## II. Information of Directors, President, Vice President, Assistant President and Heads of Departments and Branches:

### (I) Directors:

April 25, 2020 Unit: Shares; %

Title	Name	Gender	Nationality or place of registration	First-time Election Date	Election Date	Term	Shares held Share Held		Current Shares Held		Shares currently held by spouse and minor children		Shares held in the name of others		Main working experience (education) background	Concurrent positions in the Company and other companies	Other managerial officer, director or supervisor who is a spouse or relative within the second degree of kinship		
							Number of Shares	Percentage of shares ratio Ratio	Number of Shares	Percentage of shares ratio Ratio	Number of Shares	Percentage of shares ratio Ratio	Number of Shares	Shareholding percentage			Title	Name	Relationship
Chairman	Chu, Fu-Chuan	Male	Republic of China	2012.10.04	2019.06.28	3 years	790,787	0.95%	800,787	0.96%	0	0%	0	0%	Bachelor of Electronic Engineering, St. John's and St. Mary's Institute of Technology Senior Assistant Vice President, Hon Hai Precision Industry Co., Ltd.	Chairman and CEO of the Company Chairman, Caswell Inc. Chairman, Goldtek Technology Co., Ltd. Chairman, Dexatek Technology Ltd. Chairman, Ennoconn (Suzhou) Technology Co., Ltd. Chairman, POSLAB Chairman, AIS Cayman Technology Group Director, Ennoconn International Investment Co., Ltd Director, Marketch International Corporation Director, EnnoMech Precision Co., Ltd. Director, Vecow Co., Ltd. Director, S&T AG Director, ENGA Technology Co., Ltd.	None	None	None
Director	Chu, Cheng-ching	Male	Republic of China	2019.06.28	2019.06.28	3 years	0	0%	0	0%	0	0%	0	0%	Master's degree in mechanical engineering, National Cheng Kung University	Chief Procurement Officer, Hon Hai Precision Industry Co., Ltd.	None	None	None
Director	Bao Shin International Investments Co., Ltd.	-	Republic of China	2007.03.12	2019.06.28	3 years	29,074,437	34.79%	29,074,437	34.79%	0	0%	0	0%	-	Vice President of Business Management, Hon Hai Precision Industry Co., Ltd. Chairman, Ennoconn International Investment Co., Ltd Chairman, EnnoMech Precision Co., Ltd. Chairman, EnnoMech Precision (Cayman) Co., Ltd. Chairman, Ennoconn Investment Holdings Co., Ltd Chairman, Ennoconn (Foshan) Investment Co., Ltd. Chairman, Huan-En Investment Ltd. Director, Marketch International Corporation Director, Goldtek Technology Co., Ltd. Director, Caswell Inc. Director, Innovative Systems Integration Ltd. Director, Shijun International Investment Co., Ltd. Director, Ennoconn (Suzhou) Technology Co., Ltd. Director, ENGA Technology Co., Ltd.	None	None	None
	Representative: Lou, Chao-Tsung	Male	Republic of China	2011.11.29	2019.06.28	3 years	176,071	0.21%	176,071	0.21%	1,196	0.00%	0	0%	Bachelor of Industrial Engineering and Management, Feng Chia University Engineering Management, Nan Ya Plastics Corporation		None	None	None
Director	Bao Shin International Investments Co., Ltd.	-	Republic of China	2007.03.12	2019.06.28	3 years	29,074,437	34.79%	29,074,437	34.79%	0	0%	0	0%	-	Vice President of Business Development Department, Foxconn Industrial Internet Co., Ltd.	None	None	None
	Representative: Teng Chia-Lin	Male	Republic of China	2019.06.28	2019.06.28	3 years	0	0%	0	0%	0	0%	0	0%	Master of Electrical Engineering, University of Bridgeport, Connecticut, USA		None	None	None
Independent Director	Fang, Wen-Chang	Male	Republic of China	2013.01.22	2019.06.28	3 years	0	0%	0	0%	0	0%	0	0%	PhD in Computer Science, Northwestern University, USA Director, Graduate Institute of Information Management, National Taipei University Director, Graduate Institute of Business Administration, National Taipei University Department Chair, Department of Business Administration, National Taipei University Director, E-Business Research Center, National Taipei University Dean, College of Business, National Taipei University	Professor, Department of Business Administration, College of Business, National Taipei University Director, Taipei Jingwen High School Director, Da-Yeh University Independent Director, Remuneration Committee Member and Audit Committee Member, Caswell Inc.	None	None	None
Independent Director	Su, Yu-Hui	Female	Republic of China	2017.05.18	2019.06.28	3 years	0	0%	0	0%	0	0%	0	0%	PhD in Business Administration, National Taiwan University Chair, Department of Accounting, Soochow University Adjunct Professor, Department of Accounting, National Taiwan University Director, Taiwan Accounting Association	Professor, Department of Accounting, Soochow University Director and Remuneration Committee Member, In Win Development Inc. Independent Director and Audit Committee Member, Makalot Industrial Co., Ltd.	None	None	None

Title	Name	Gender	Nationality or place of registration	First-time Election Date	Election Date	Term	Shares held Share Held		Current Shares Held		Shares currently held by spouse and minor children		Shares held in the name of others		Main working experience (education) background	Concurrent positions in the Company and other companies	Other managerial officer, director or supervisor who is a spouse or relative within the second degree of kinship		
							Number of Shares	Percentage of shares ratio Ratio	Number of Shares	Percentage of shares ratio Ratio	Number of Shares	Percentage of shares ratio Ratio	Number of Shares	Shareholding percentage			Title	Name	Relationship
Independent Director	Wang Chien-Min	Male	Republic of China	2019.06.28	2019.06.28	3 years	0	0%	0	0%	0	0%	0	0%	Department of Electrical Engineering, Chung Yuan Christian University MBA, University of California Los Angeles Sales Department Manager, Macronix International Co., Ltd. Senior Regional Manager, Cisco Systems Hong Ltd. President of Strategic Customer, Broadcom Corporation Asia Pacific Region President, I-Ching Semiconductor Ltd. Asia Pacific Region	CEO, Shenzhen ShuWei Ltd. Consultant, Suzhou Kuan-Ching Semiconductor Co., Ltd.	None	None	None

## 1. Major Shareholders of Institutional Shareholders

Name of institutional shareholder	Name of major shareholders
Bao Shin International Investments Co., Ltd.	Hon Hai Precision Industry Co., Ltd.

Note: Directors are institutional shareholders.

## 2. Major Shareholder of Institutional Shareholders with a Juridical Person as its Major Shareholder

Name of institutional shareholder	Name of major shareholders
Hon Hai Precision Industry Co., Ltd.	<p>Terry Guo (9.68%)</p> <p>CTBC Hosting Terry Gou Trust Treasury Account (2.89%)</p> <p>Investment account in the Singaporean government in custody for Citibank (1.85%)</p> <p>New Labor Pension Fund (1.62%)</p> <p>JPMorgan Chase Bank in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds (1.50%)</p> <p>Vanguard Emerging Markets Stock Index Fund (1.23%)</p> <p>Citibank in custody for Norwegian Central Bank Investment Account (1.21%)</p> <p>Citibank in custody for Hon Hai Precision Industry Co., Ltd. Depositary Receipts Account (1.05%)</p> <p>Standard Chartered Bank Hosting the Fidelity Puritan Trust: Fidelity Low-Priced Stocks Fund (1.03%)</p> <p>Fubon Life Insurance Co., Ltd. (1.01%)</p>

Note: The base date for shareholding is April 25, 2020.



## 3. Professional Qualifications and Independence of Directors:

Name	Qualification	together with at least five years of work experience Meets one of the following professional qualification requirements,			Status of independence										Concurrent independent director position in other publicly traded companies
		Business, legal affairs, finance, accounting, lecturer or above in colleges in related departments	Judge, prosecutor, attorney, CPA or national certified professionals	Business, legal affairs, finance, accounting or related work experience	1	2	3	4	5	6	7	8	9	10	
Chu, Fu-Chuan			✓				✓	✓	✓	✓	✓	✓	✓	✓	0
Chu, Cheng-ching			✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Bao Shin International Investments Co., Ltd. Representative: Lou, Chao-Tsung			✓				✓	✓	✓	✓	✓	✓	✓		0
Bao Shin International Investments Co., Ltd. Representative: Teng Chia-Lin			✓			✓	✓	✓	✓	✓	✓	✓	✓		0
Fang, Wen-Chang	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Su, Yu-Hui	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Wang Chien-Min			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Notes: Please tick the appropriate corresponding boxes if the directors meet any of the following conditions during the two years before being elected and during his/her term of office: ✓

- (1) Not an employee of this Company or its affiliates
- (2) Not a director or supervisor of the Company or its affiliates. (However, this does not apply, in cases where the person is an independent director of the Company, its parent company, or any subsidiary in which the Company directly or indirectly holds more than 50% of the voting shares.)
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of outstanding shares of the Company or ranking in the top ten in shareholdings.

- (4) Not a spouse, second-degree relative or third-degree relative of those listed in the above three items.
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of outstanding shares of the Company or that holds shares ranking in the top five in holdings.
- (6) Not a director, supervisor, managerial officer or a shareholder holding five percent or more of the shares of a company or institution that has a business or financial relationship with the Company.
- (7) Not a professional individual who provides services or consultation in business, legal, finance, or accounting to the Company or its any related companies, nor an owner, partner, director, supervisor, officer or spouse of a sole proprietorship, partnership, company, or institution. However, this does not apply to the members of the remuneration committee who perform their duties based on Article 7 of the Regulations Governing the Appointment and Exercise of Powers by the remuneration committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.
- (8) Not a spouse or a second-degree relative of any other director of the Company.
- (9) No violation of Article 30 of the Company Act.
- (10) Not a governmental, judicial person or its representative as defined by Article 27 of the Company Act.

#### 4. Diversity of Board Members

In accordance with Article 2 of the Company's "Code of Practice of Corporate Governance", the composition of the Board of Directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as the Company's managerial officers not exceed one-third of the total number of the Board members, and that an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

1. Basic requirements and values: Gender, age, nationality, and culture.
2. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience.

All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the entire Board of Directors shall possess the following abilities:

1. Business judgment ability.
2. Accounting and financial analysis ability.
3. Business management ability.
4. Crisis management ability.
5. Knowledge of the industry.
6. International market perspective.
7. Leadership.
8. Decision-making ability.

The current board of directors of the Company is composed of 7 directors, including 3 independent directors. The members have extensive experience and expertise in the fields of financial accounting, management and the industrial computer industry. The company composes and implements a diversity policy for board members to improve the Company's board structure. For the capabilities of board members, please refer to the following table:

Name	Ability to make judgments about operations	Ability to perform accounting and financial analysis	Ability to conduct business management	Ability to conduct crisis management	Industry Knowledge	International Market perspective	Leadership Capacity	Decision-making Capacity
Chu, Fu-Chuan	V		V	V	V	V	V	V
Lou, Chao-Tsung	V	V	V	V	V	V	V	V
Chu, Cheng-ching	V		V		V	V	V	
Teng Chia-Lin	V		V		V	V	V	
Fang, Wen-Chang				V	V			
Su, Yu-Hui		V		V		V		
Wang Chien-Min			V		V	V		

The Company also attaches importance to the gender equality of the board members. The target ratio of female directors is set at 25% or more. Currently, 1 of the 7 directors is a female director, account for 14%. Diversification status among the Board members is as follows:

Core projects of diversity  Name of Directors	Basic Composition									Industry experience				Professional capabilities			
	Nationality	Gender	Also Serve as An Employee of the Company	Age			Term of Independent Director			Industrial Computers	Computer and Peripheral Equipment	Network Communication	Financial Accounting and Finance	Business Management	Finance and accounting	Information technology	Risk management
				51 to 55	56 to 60	Over 60	Under 3 years	3 to 9 years	Over 9 years								
Chu, Fu-Chuan	Republic of China	Male	V		V					V	V			V		V	V
Lou, Chao-Tsung	Republic of China	Male		V						V	V			V	V		V
Chu, Cheng-ching	Republic of China	Male			V						V			V		V	
Teng Chia-Lin	Republic of China	Male		V							V			V		V	
Fang, Wen-Chang	Republic of China	Male			V			V				V				V	V
Su, Yu-Hui	Republic of China	Female		V				V					V		V		V
Wang Chien-Min	Republic of China	Male		V			V				V	V		V		V	

## 5. Performance Evaluation of Board of Directors and its Connection with Compensation and Remuneration:

The company has established the "Board Performance Evaluation Method" since December 26, 2012, and regularly executes the self-performance evaluation of board members every year. The evaluation indicators include compliance with relevant laws and regulations, the degree of participation in the Company's operations, and compliance with the avoidance of conflict of interests for directors and the number of hours of participation in advanced studies for the director each year.

The Board of Directors of the Company approved the amendments to the "Board Performance Evaluation Method" on August 13, 2019, which stipulates that the board of directors should perform performance evaluations for the board of directors, board members, remuneration committee and audit committee at least once a year. The internal evaluation shall be conducted at the end of each year of the current year's performance in accordance with this method. The average results of the evaluation of the board of directors and the functional committee in 2019 were above 95 points, and such were reported to the board of directors on March 31, 2020.

The Company's evaluation items for the performance evaluation of the board of directors, remuneration committee and functional committees include the following five major dimensions:

- (1) Their degree of participation in the Company's operations.
- (2) Improvement in the quality of decision making by the Board of Directors.
- (3) The composition and structure of the Board of Directors.
- (4) The election of the Directors and their continuing professional education.
- (5) Internal control.

The measurement for the performance evaluation item of directors includes the following items:

- (1) Their grasp of the Company's goals and missions.
- (2) Their recognition of Director's duties.
- (3) Their degree of participation in the Company's operations.
- (4) Their management of internal relationships and communication.
- (5) Their professionalism and continuing professional education.
- (6) Internal control.

The evaluation is carried out by the Finance Department, using an internal questionnaire, according to the operation and participation of the board of directors, the remuneration committee and the audit committee, the directors evaluate the operations of the board of directors and the functional committees and the directors conduct self-evaluation. The results of the above performance evaluation will be used as a reference for selecting or nominating directors, and the performance evaluation results of directors and functional committee members will be used as a reference for determining their individual remuneration.

The company has completed the performance evaluation of the directors, remuneration committee and audit committee in the first quarter of 109, and will report on the evaluation results and the direction for continuous improvement for the next year.

According to Article 20 of the Company's Articles of Incorporation, remuneration paid to the Company's directors may not exceed 2% of the Company's profit in the current year. Reasonable remuneration shall be allocated by taking into consideration the Company's operational results and the directors' contributions to the Company's performance. The procedures for determining remuneration are based on the results of performance evaluation of directors. In addition to taking into consideration the Company's overall operational performance, future business risks and development trends of the industry, reasonable remuneration shall also be allocated in reference to the director's performance achievement rate and contributions to the Company's performance. The relevant performance appraisal and the reasonableness of remuneration allocated shall be reviewed by the remuneration committee and the board of directors, and the remuneration system shall be reviewed in due course depending on the actual operating conditions and the relevant laws and regulations, so as to strike a balance between sustainable management and risk control in the Company.

6. The succession plan and status of implementation of the board members and important management level formulated by the Company:

(1)Members of Board of Directors:

1. Succession plan:

Diversity should be considered for the members of the board of directors, taking the scale of the Company, the shareholdings status of major shareholders and the actual operational needs into consideration; in addition to the knowledge and academic experience of the directors, the ratio of independent directors should also be taken into consideration.

2. Status of implementation:

Through the participation of high-level managerial officers in various forums, seminars, etc., seek potential candidates from the talents of the industry or through their connections and evaluate the candidates' competence.

(2)Important management levels:

1. Succession plan:

The company's succession plan first conducts a prudent assessment of the current status of the organization, the characteristics of the positions and the organization, and the future strategic direction of the Company to determine the talents in line with the strategic direction and the future development of the organization and draft succession plans of senior management accordingly.

The company will provide diverse training for senior management, including training with curriculum, leadership training, marketing war capabilities, cross-functional management capabilities and change management capabilities, and draft career development plans for senior management, increase their leadership capabilities by rotation for different positions, sending them overseas, etc. to increase job development opportunities and enhance leadership skills.

The company will regularly review the performance of senior management to assess the suitability of successors.

2. Status of implementation:

Since 2019, we have reviewed the succession status of the Company's senior management every year, based on the results of the review to discuss with the chairman to adjust the succession plan, and at the same time, we attempt to find external talents to join the Company, as necessary.

(II) Information on President, Vice President, Assistant President and Heads of Departments and Branches

April 25, 2020 Unit: Shares; %

Title	Nationality	Name	Gender	Date Elected (Appointed) Date	Share Held		Shares held by spouse and minor children		Shares held in the name of others		Main working experience (education) background	Concurrent positions currently held in other companies	Managerial officer who is a spouse or relative within the second degree of kinship			Status of employee stock warrant obtained by managerial officer
					Number of Shares	Percentage of shares ratio Ratio	Number of Shares	Percentage of shares ratio Ratio	Number of Shares	Shareholding percentage			Title	Name	Relationship	
CEO	Republic of China	Chu, Fu- Chuan	Male	2011.06.11	800,787	0.96%	0	0%	0	0%	Bachelor of Electronic Engineering, St. John's and St. Mary's Institute of Technology Senior Assistant Vice President, Hon Hai Precision Industry Co., Ltd.	Chairman and CEO of the Company Chairman, Caswell Inc. Chairman, Goldtek Technology Co., Ltd. Chairman, Dexatek Technology Ltd. Chairman, Ennoconn (Suzhou) Technology Co., Ltd. Chairman, POSLAB Chairman, AIS Cayman Technology Group Director, Ennoconn International Investment Co., Ltd Director, Marketch International Corporation Director, EnnoMech Precision Co., Ltd. Director, Vecow Co., Ltd. Director, S&T AG Director, ENGA Technology Co., Ltd.	None	None	None	None
President	Republic of China	Tsai Neng- Chi	Male	2019.12.19	0	0%	0	0%	0	0%	MBA of University on the West Coast of America President, American Industrial Systems Inc.	President of the Company Chairman, American Industrial Systems Inc. Chairman, Vecow Co., Ltd. Director, AIS Cayman Technology Group	None	None	None	None
Research and Development Center	Republic of China	Chang Sheng- Hsiung	Male	2019.12.16	0	0%	0	0%	0	0%	Department of Electrical Engineering, Lee-Ming Institute of Technology Research manager, ADLINK Technology Inc.	None	None	None	None	None
Chief Financial Officer	Republic of China	Wu, You- Mei	Female	2018.08.13	11,000	0.01%	0	0%	0	0%	Master of Financial Management, National Chengchi University University of Reading ,U.K.MSc International Securities Investment and Banking Director, Securities and Futures Bureau, Financial Supervisory Commission	Representative of Juristic Person Director, Marketch International Corp. Supervisor, Ennoconn International Investment Co., Ltd	None	None	None	None

(III) Remuneration Paid to Directors (Including Independent Directors), President and Vice President, in the Most Recent Year

1. Remuneration for Directors (Including Independent Directors):

As of December 31, 2019 Unit: NT\$ 000

Title	Name	Director's remuneration								Proportion of the sum of A, B, C and D to net income after tax (%) (Note 7)		Remuneration paid to concurrent employees								Proportion of the sum of A, B, C, D, E, F and G to net income after tax (%)		Whether remuneration was received from other companies invested in other than the subsidiaries (A)
		(Note 3)		Severance pay and pension (B) (Note 4)		Remuneration of Directors (C) (Note 5)		Business execution Allowances (D) (Note 6)				Salary, Bonus and Special Allowance (E) (Note 8)		Retirement Pension (F) (Note 3)		Employee's compensation (G) (Note 9)						
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company		All companies in the consolidated financial statements		The Company	All companies in the consolidated financial statements	
Amount of Amount	Amount of shares															Amount of Amount	Amount of shares					
Chairman	Chu, Fu-Chuan (Note 1)	0	0	0	0	3,060	3,460	2,370	3,360	0.50	0.63	20,262	20,262	108	108	12,000	0	12,000	0	3.50	3.63	0
Director	Chu Cheng-Ching (Note 1)																					
Director	Bao Shin International Investments Co., Ltd.																					
Director	Bao Shin International Investments Co., Ltd. Representative of Juristic Person: Lou, Chao-Tsung (Note 1)																					
Director	Bao Shin International Investments Co., Ltd. Representative of Juristic Person: Teng Chia-Lin (Note 1)																					
Director	Representative of Baoxin International Investments Ltd.: Deng, Chin-Tai (Note 2)																					
Director	Liu Ying-Kuang (Note 2)																					
Independent Director	Fang Wen-Chang (Note 1)																					
Independent Director	Su Yu-Hui (Note 1)																					
Independent Director	Wang Chien-Ming (Note 1)																					
Independent Director	Huang Chun-Lang																					



Range of Remuneration

Range of remuneration paid to directors	Name of Directors			
	Sum of the first four items (A+B+C+D)		Sum of the first seven items (A+B+C+D+E+F+G)	
	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements
Under NT\$2,000,000	Chu Fu-Chuan, Chu Cheng-Ching, Bao Shin International Investment Co., Ltd., Teng Chia-Lin, Deng Chin-Tai, Lou Chao-Tsung, Liu Ying-Kuang, Huang Chun-Lang, Fang Wen-Chang, Su Yu-Hui, Wang Chien-Ming	Chu Fu-Chuan, Chu Cheng-Ching, Bao Shin International Investment Co., Ltd., Teng Chia-Lin, Deng Chin-Tai, Lou Chao-Tsung, Liu Ying-Kuang, Huang Chun-Lang, Fang Wen-Chang, Su Yu-Hui, Wang Chien-Ming	Chu Cheng-Ching, Bao Shin International Investment Co., Ltd., Teng Chia-Lin, Lou Chao-Tsung, Liu Ying-Kuang, Huang Chun-Lang, Fang Wen-Chang, Su Yu-Hui, Wang Chien-Ming	Chu Cheng-Ching, Bao Shin International Investment Co., Ltd., Teng Chia-Lin, Lou Chao-Tsung, Liu Ying-Kuang, Huang Chun-Lang, Fang Wen-Chang, Su Yu-Hui, Wang Chien-Ming
NT\$2,000,000 (inclusive) to NT\$5,000,000 (exclusive)			Deng, Chin-Tai	Deng, Chin-Tai
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)				
NT\$10,000,000 (inclusive) to NT\$15,000,000 (exclusive)				
NT\$15,000,000 (inclusive) to NT\$30,000,000 (exclusive)			Chu, Fu-Chuan	Chu, Fu-Chuan
NT\$30,000,000 (inclusive) to NT\$50,000,000 (exclusive)				
NT\$50,000,000 (inclusive) to NT\$100,000,000 (exclusive)				
NT\$100,000,000 and above				
Total	11 Persons (including 2 Juristic Person Directors)	11 Persons (including 2 Juristic Person Directors)	11 Persons (including 2 Juristic Person Directors)	11 Persons (including 2 Juristic Person Directors)

Note 1: The Company conducted a full re-election of directors at the annual shareholders' meeting on June 28, 2019. There are 7 new directors, namely director Chu Fu-Chuan, director Chu Cheng-Ching, juristic person director Bao Shin International Investment Co., Ltd. taking 2 seats (representatives of the juristic person are respectively Teng Chia-Lin and Lou Chao-Tsung), independent director Fang Wen-Chang, independent director Su Yu-Hui, independent director Wang Chien-Ming.

Note 2: The Company conducted a full re-election of directors at the annual shareholders' meeting on June 28, 2019. The terms of office terminate for former representative of the juristic person director, Bao Shin International Investment Co., Ltd., Deng Chin-Tai, former director Liu Ying-Kuang and former independent director Huang Chun-Lang after the election.

Note 3: It refers to remuneration paid to directors in 2019 (including salaries, job-related allowances, severance pay, various bonuses and performance bonus).

Note 4: It refers to the amount contributed and paid in 2019 in accordance with the law.

Note 5: On March 31, 2020, the Company's Board of Directors resolved the distribution of remuneration for directors.

Note 6: It refers to business execution fees paid to directors in 2019 (including remuneration paid to representative of legal person director assigned by subsidiaries of the Company, such as transport fee, special expenses, various allowances, accommodation, and provision of physical items such as vehicles).

Note 7: Net income after tax refers to net income after tax listed in the individual financial statements in 2019.

Note 8: It refers to salary, job-related allowances, severance pay, various bonuses, performance bonus, transport fee, special allowances, various allowances, accommodation and provision of physical items such as vehicles received by directors serving concurrently as employees (including president, vice presidents, other managerial officers and employees). Salary expenses recognized under IFRS 2 - “Share-based Payment”, including employee stock warrant, new restricted employee shares, and participation in subscription of stocks in cash capital increase, shall also be included in the calculation of remuneration.

Note 9: It refers to employee rewards (including shares and cash) received by directors serving concurrently as employees (including presidents, vice presidents, other managerial officers and employees), where the proposed allocation of employee rewards was approved by the Board of Directors on March 31, 2020.

2. Remuneration paid to President and Vice President:

As of December 31, 2019 Unit: NT\$ 000

Title	Name	Salary (A) (Note 3)		Severance pay and pension (B) (Note 4)		Bonuses and Allowances (C) (Note 5)		Employee’s remuneration (D) (Note 6)				Proportion of the sum of A, B, C and D to net income after tax (%) (Note 7)		Is there any remuneration received from other invested businesses other than subsidiaries
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company		All companies in the consolidated financial statements		The Company.	All companies in the consolidated financial statements	
								Amount of Amount	Stock Amount	Amount of Amount	Stock Amount			
CEO	Chu, Fu-Chuan	9,771	9,771	308	308	15,977	15,977	12,000	0	12,000	0	3.55	3.55	0
President	Tsai Neng-Chi (Note 1)													
President	Deng, Chin-Tai (Note 1)													
Executive Vice President	Shih Chun-Hao (Note 2)													
Business Division Vice President	Kuo, Chia-Chi													

## Range of Remuneration

Range of Remuneration Paid to President and Vice President	Name of President and Vice President	
	The Company	All invested businesses
Under NT\$2,000,000	Tsai Neng-Chi (Note 1)	Tsai Neng-Chi (Note 1)
NT\$2,000,000 (inclusive) to NT\$5,000,000 (exclusive)	Tsai Neng-Chi (Note 1), Shih Chun-Hao (Note 2), Kuo, Chia-Chi	Tsai Neng-Chi (Note 1), Shih Chun-Hao (Note 2), Kuo, Chia-Chi
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)		
NT\$10,000,000 (inclusive) to NT\$15,000,000 (exclusive)		
NT\$15,000,000 (inclusive) to NT\$30,000,000 (exclusive)	Chu, Fu-Chuan	Chu, Fu-Chuan
NT\$30,000,000 (inclusive) to NT\$50,000,000 (exclusive)		
NT\$50,000,000 (inclusive) to NT\$100,000,000 (exclusive)		
NT\$100,000,000 and above		
Total	5 people	5 people

Note 1: The company was dismissed managerial officer Deng Chin-Tai by the resolution of the board of directors on December 19, 2019. At the same time, Tsai Neng-Chi was appointed as the new president of the Company.

Note 2: The company dismissed managerial officer Kuo, Chia-Chi by resolution of the board of directors on September 26, 2019.

Note 3: It refers to salaries, job-related allowances and severance pay received by president and vice presidents in 2019.

Note 4: It refers to the amount contributed and paid in 2019 in accordance with the law.

Note 5: It refers to various bonuses, performance bonus, transport fee, special allowances, various allowances, accommodation, provision of physical items such as vehicles, and other remunerations received by president and vice presidents in 2019. Salary expenses recognized pursuant to IFRS 2 "Share-based Payment", including employee stock options, restricted stock award shares, and share subscription at capital increase by cash shall be included as remuneration.

Note 6: On March 31, 2020, the proposed allocation of employee rewards was approved by the Board of Directors.

Note 7: Net income after tax refers to net income after tax listed in the individual financial statements in 2019.

3. Name of Managerial Officers to which Employee Rewards are Distributed, and Distribution of Employee Rewards:

Unit: NT\$ thousands

Title	Name	Stock Amount	Amount	Total	Proportion of total amount to net income after tax (%)
CEO	Chu, Fu-Chuan	0	12,000	12,000	1.11
President	Tsai Neng-Chi (Note 1)				
President	Deng, Chin-Tai				
Executive Vice President	Shih Chun-Hao (Note 2)				
Vice President, Business Division	Kuo, Chia-Chi				
Senior Assistant President, Research and Development Center	Chen, Hung-Hsiang				
Assistant President, Research and Development Center	Chang Sheng-Hsiung (Note 3)				
Chief Financial Officer	Wu, You-Mei				

Note 1: The company was dismissed managerial officer Deng Chin-Tai by the resolution of the board of directors on December 19, 2019. At the same time, Tsai Neng-Chi was appointed as the new president of the Company.

Note 2: The company dismissed managerial officer Kuo, Chia-Chi by resolution of the board of directors on September 26, 2019.

Note 3: Chang Sheng-Hsiung assumed the position of assistant president of the Company's Research and Development Center on December 16, 2019.

(IV) Analysis on proportion of compensation paid to directors, president and vice presidents by the Company and all companies in the consolidated financial statements to net income after tax in the two most recent years; description of policies, standards and portfolios of compensation payments; procedures for determining remuneration and correlation of remuneration with business performance and future risks:

1. Analysis on proportion of compensation paid to directors, president and vice presidents by the Company and all companies in the consolidated financial statements to net income after tax in the two most recent years:

Year Title	2019		2018	
	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements
Total amount of remuneration paid to directors, president and vice presidents	3.55%	3.55%	4.04%	4.15%

2. Policies, standards and portfolios of compensation payments; procedures for determining remuneration and correlation of remuneration with business performance and future risks:

- (1) The remuneration received by the directors of the Company is determined in accordance with the Company's Articles of Association. The board drafts and submits the proposal for the distribution of the remuneration for the directors to the shareholders' meeting. The remuneration of directors and managerial officers shall be paid after deliberation by the remuneration committee and approval of the board of directors.

The compensation for managerial officers of the Company is mainly divided into salary, bonus and employee remuneration. Salary and bonus are deliberated by the remuneration committee before submitted to the board of directors for approval. Employee remuneration is based on the Company's operating conditions and appropriated in accordance with the ratios specified in the Company's Articles of Association, which is subject to the resolution of the board of directors before being reported to the shareholders' meeting.

- (2) The Company has purchased liability insurance for directors. Besides, no litigation cases were received. In the future, directors are less likely to assume responsibilities, obligations or liabilities.

### III. Implementation of Corporate Governance

#### (I) Information on the Operation of Board of Directors:

Eight meetings were held by the Board of Directors in 2019, with their attendances shown as follows:

Title	Name	Attendance in person	Attendance by Proxy Number of times	Percentage of attendance in person (%)	Remarks
Chairman	Chu, Fu-Chuan	8/8	0	100%	Note 1
Director	Chu, Cheng-ching	5/5	0	100%	Note 1
Director	Bao Shin International Investments Co., Ltd. Representative: Lou, Chao-Tsung	8/8	0	100%	Note 1
Director	Bao Shin International Investments Co., Ltd. Representative: Teng Chia-Lin	4/5	1	80%	Note 1
Director	Bao Shin International Investments Co., Ltd. Representative: Deng, Chin-Tai	7/7	0	100%	Note 2
Director	Liu, Yin-Kuang	2/3	1	67%	Note 2
Independent Director	Fang, Wen-Chang	7/8	1	88%	Note 1
Independent Director	Su, Yu-Hui	7/8	1	88%	Note 1
Independent Director	Wang Chien-Min	3/3	0	100%	Note 1
Independent Director	Huang, Jiun-Lang	3/3	0	100%	Note 2

Note 1: The Company conducted a full re-election of directors at the annual shareholders' meeting on June 28, 2019. There are 7 new directors, namely director Chu Fu-Chuan, director Chu Cheng-Ching, juristic person director Bao Shin International Investment Co., Ltd. taking 2 seats (representatives of the juristic person are respectively Teng Chia-Lin and Lou Chao-Tsung), independent director Fang Wen-Chang, independent director Su Yu-Hui, independent director Wang Chien-Ming.

Note 2: The Company conducted a full re-election of directors at the annual shareholders' meeting on June 28, 2019. The terms of office terminate for former representative of the juristic person director, Bao Shin International Investment Co., Ltd., Deng Chin-Tai, former director Liu Ying-Kuang and former independent director Huang Chun-Lang after the election.

Other required disclosure:

I. State the Board Meeting's date, session, proposal contents, all Independent Directors' opinions and the Company's actions in response to the opinions if any of the following occurred:

(I) The items relating to Article 14-3 of the Securities and Exchange Act are listed as follows:

## Chapter 3 Corporate Governance Report

Date convened	Important resolution	Independent directors' opinions	The Company's actions in response to independent directors' opinions
January 22, 2019 26th meeting of the 8th board of directors	<ol style="list-style-type: none"> <li>(1) Approved the distribution of year-end performance bonus for managerial officers in 2018.</li> <li>(2) Approved the proposal for capital increase and share subscription for managerial officers for the Company .</li> <li>(3) Approved the Company's 2019 business plan.</li> <li>(4) Approved the amendment of the Company's "Procedures for Acquisition or Disposal of Assets".</li> <li>(5) Approved the proposal to amend the Company's "Corporate Governance Best Practice Principles".</li> <li>(6) Approved the proposal of the allocation of audit service fees for the appointment Deloitte &amp; Touche.</li> <li>(7) Approved the assessment of independence status of CPAs commissioned by the Company.</li> <li>(8) Approved the withdrawal of the purchase of AIS 2018 the 1st proposal to increase capital in cash via subsidiary EIH.</li> <li>(9) Approved the application for short-term line of credit from banks.</li> </ol>	Unanimously approved by all directors present (including independent directors)	No dissenting or qualified opinion from independent directors
March 29, 2019 27th meeting of the 8th board of directors	<ol style="list-style-type: none"> <li>(1) Approved the Company's 2018 business report.</li> <li>(2) Approved the Company's 2018 individual and consolidated financial statements.</li> <li>(3) Approved the Company's 2018 directors' and employees' reward distribution plan.</li> <li>(4) Approved the Company's 2018 profit distribution plan.</li> <li>(5) Approved extension for the Company's engagement in capital increase for Innovative Systems Integration Ltd.</li> <li>(6) Approved the amendment of the Company's "Articles of Incorporation".</li> <li>(7) Approved the proposal of the amendment to the Company's "Operation Procedures of Capital Loan to Others"</li> <li>(8) Approved the proposal of the amendments to the Company's "Endorsement/Guarantee Operating Procedures".</li> <li>(9) Approved the proposal of the formulation of the Company's "Standard Operating Procedures for Directors' Request".</li> <li>(10) Approved the Company's 2018 "Evaluation of Internal Control System Effectiveness" and "Statement of Internal Control System".</li> <li>(11) Approved the re-election of the Company's directors (including independent directors).</li> <li>(12) Approved the convening of the 2019 annual shareholders' meeting.</li> <li>(13) Approved the application for short-term line of credit from banks.</li> </ol>	Unanimously approved by all directors present (including independent directors)	No dissenting or qualified opinion from independent directors
May 13, 2019 28th meeting of the 8th board of directors	<ol style="list-style-type: none"> <li>(1) Approved the report on the implementation of cash capital increase and the issuance of the third domestic unsecured convertible corporate bonds by the Company and changes in the capital utilization plan in 2019.</li> <li>(2) Approved the list of candidates for nomination of directors and independent directors.</li> </ol>	Unanimously approved by all directors present (including independent directors)	No dissenting or qualified opinion from independent directors

## Chapter 3 Corporate Governance Report

	(3) Approved the removal of non-compete restriction against newly elected directors and their representatives.		
June 28, 2019 The 1st meeting of the 9th-term board of directors	(1) Passed the proposal to recommend and elect the chairman of the board. (2) Approve the appointment of the fourth remuneration committee of the Company.	Unanimously approved by all directors present (including independent directors)	No dissenting or qualified opinion from independent directors
August 13, 2019 The 2nd meeting of the 9th-term board of directors	(1) Approved the Company's 2018 director reward distribution plan. (2) Approved of the amendments to the "Property Management Regulations" and "Real Estate, Plant and Equipment Recycling". (3) Approved of the amendments to the "Audit Committee's Articles of Association". (4) Approved of the amendment to the "Regulations Governing the Evaluation of the Performance of the Board of Directors" (5) Approved the application for short-term line of credit from banks.	Unanimously approved by all directors present (including independent directors)	No dissenting or qualified opinion from independent directors
September 29, 2019 The 3rd meeting of the 9th-term board of directors	(1) Approved of the plans to establish Huan-En Investment Ltd. through the subsidiary Innovative Systems Integration Ltd. (2) Approved the 2019 salary adjustment plan for managerial officers. (3) Approved of the proposal to dismiss a managerial officer. (4) Approved the application for short-term line of credit from banks.	Unanimously approved by all directors present (including independent directors)	No dissenting or qualified opinion from independent directors
November 13, 2019 The 4th meeting of the 9th-term board of directors.	(1) Approved the investment in POSLAB through Huan-En Investment Ltd. (2) Approved the Company's proposal to engage in capital increase for the Company's subsidiary Ennoconn International Investment Co., Ltd. (3) Approved of the disposal of common shares of Winmate Inc. through the subsidiary Ennoconn International Investment Co., Ltd. (4) Approved the proposal of the allocation of audit service fees for the appointment Deloitte & Touche. (5) Approved the assessment of independence status of CPAs commissioned by the Company. (6) Approved the proposal to draft the Company's 2019 audit plan. (7) Approved of the amendments to the "Regulations for the First Repurchase of Company Stock and Transfer to Employees". (8) Approved the 2018 managerial officer's employee remuneration distribution plan. (9) Approved the application for short-term line of credit from banks.	Unanimously approved by all directors present (including independent directors)	No dissenting or qualified opinion from independent directors
December 19, 2019 The 5th meeting of the 9th-term board of directors	(1) Approved the alteration of personnel for president. (2) Approved the Company's 2020 business plan. (3) Approved the application for short-term line of credit from banks.	Unanimously approved by all directors present (including independent directors)	No dissenting or qualified opinion from independent directors

(II) In addition to the preceding matters, other proposals of the Board of Directors on which independent directors have dissenting opinions or qualified opinions, and that are documented or issued through written



statements: Such proposals were implemented by the Company in accordance with Article 14-5 of the Securities and Exchange Act. There was no dissenting opinion or qualified opinion from independent directors as mentioned above.

II. When directors recuse themselves for being a stakeholder in certain proposals, the name of the directors, the content of the proposals, reasons for recusal and participation in voting shall be stated:

Board of Directors Date	Name of Directors	Proposal content	Avoidance of Conflict of Interest Reason	Participation in Vote Resolutions
January 22, 2019 The 26th meeting of the 8th-term board of directors	Chu, Fu-Chuan, Deng, Chin-Tai	(1) Discussion regarding the distribution of year-end performance bonus for managerial officers in 2018 (2) Discuss the proposal for capital increase and share subscription for managerial officers	Recusal due to conflict of interests	The person recused himself and did not participate in discussion and voting.
August 13, 2019 The 2nd meeting of the 9th-term board of directors	Chu, Fu-Chuan, Lou Chao-Tsung, Teng Chia-Lin, Fang Wen-Chang, Su Yu-Hui	Discussion regarding the Company's 2018 director remuneration distribution plan.	Recusal due to conflict of interests	The person recused himself and did not participate in discussion and voting.
November 13, 2019 The 4th meeting of the 9th-term board of directors.	Chu, Fu-Chuan	Discuss the 2018 managerial officer's employee remuneration distribution plan.	Recusal due to conflict of interests	The person recused himself and did not participate in discussion and voting.

III. Targets for strengthening the functions of Board of Directors in the current year and the most recent year (e.g., establishing audit committee, enhancing information disclosure, etc.), and relevant implementation assessment: The Company has established the remuneration committee and the audit committee to assist directors in fulfilling their supervisory duties.

## (II) Operation of Audit Committee:

## 1. Information on the Operation of Audit Committee:

Seven meetings were held by the audit committee in 2019, with the attendance of independent directors listed as follows:

Title	Name	Attendance in person (Note)	Attendance by Proxy Number of times	Percentage of attendance in person (%)	Remarks
Independent Director	Su, Yu-Hui	7/7	0	100%	Note 1
Independent Director	Fang, Wen-Chang	7/7	0	100%	Note 1
Independent Director	Wang Chien-Min	4/4	0	100%	Note 1
Independent Director	Huang, Jiun-Lang	3/3	0	100%	Note 2
<p>Note 1: The company conducted a full re-election of directors at the annual shareholders' meeting on June 28, 2019. There are 3 newly elected independent directors, namely Fang, Wen-Chang, Su, Yu-Hui, and Wang Chien-Min. All independent directors made up the audit committee and all members elected Su Yu-Hui as the convener of the 3rd-term audit committee.</p> <p>Note 2: The Company conducted a full re-election of directors at the annual shareholders' meeting on June 28, 2019. The terms of office terminate for former independent director and member of the audit committee, Huang Chun-Lang, after the election.</p> <p>Other required disclosure:</p> <p>I. When one of the following situations occurred to the operations of the audit committee, state the date, period, proposal contents and resolutions of the audit committee, and the Company's actions in response to the opinions of the audit committee. (I) Matters specified in Article 14-5 of Securities and Exchange Act: Approved by the audit committee and proposed to the board of directors.</p>					

Date convened	Important resolution	Voting results by the audit committee	The Company's actions in response to opinions from the audit committee
January 22, 2019 24th meeting of the 2nd-term audit committee	(1) Approved the submission of the 2018 audit report and audit tracking report. (2) Approved the amendment of the Company's "Procedures for Acquisition or Disposal of Assets". (3) Approved the application for short-term line of credit from banks. (4) Approved audit service fees for Deloitte & Touche. (5) Approved the assessment of independence status of CPAs commissioned by the Company. (6) Approved the withdrawal of the purchase of AIS 2018 the 1st proposal to increase capital in cash via subsidiary EIH.	Unanimously approved by all members present	No dissenting or qualified opinion from members
March 29, 2019 25th meeting of the 2nd-term audit committee	(1) Approved the submission of the 2019 audit report and audit tracking report. (2) Approved the Company's 2018 business report. (3) Approved the Company's 2018 individual and consolidated financial statements. (4) Approved the Company's 2018 profit distribution plan. (5) Approved extension for the Company's engagement in capital increase for Innovative Systems Integration Ltd. (6) Approved the proposal of the amendment to the Company's "Operation Procedures of Capital Loan to Others" (7) Approved the proposal of the amendments to the Company's "Endorsement/Guarantee Operating Procedures". (8) Approved the Company's 2018 "Evaluation of Internal Control System Effectiveness" and "Statement of Internal Control System".	Unanimously approved by all members present	No dissenting or qualified opinion from members
May 13, 2019 26th meeting of the 2nd-term audit committee	Approved the submission of the 2019 audit report and audit tracking report.	Unanimously approved by all members present	No dissenting or qualified opinion from members
August 13, 2019 1st meeting of the 3rd-term audit committee	(1) Approved the second quarter of 2019 consolidated financial statements of the Company and subsidiaries. (2) Approved the submission of the 2019 audit report and audit tracking report. (3) Approved of the amendments to the "Property	Unanimously approved by all members present	No dissenting or qualified opinion from members

	<p>Management Regulations" and "Real Estate, Plant and Equipment Recycling".</p> <p>(4) Approved of the amendments to the "Audit Committee's Articles of Association".</p> <p>(5) Approved of the amendment to the "Regulations Governing the Evaluation of the Performance of the Board of Directors"</p> <p>(6) Approved the application for short-term line of credit from banks.</p>		
September 26, 2019 2nd meeting of the 3rd-term audit committee	<p>(1) Approved of the plans to establish Huan-En Investment Ltd. through the subsidiary Innovative Systems Integration Ltd.</p> <p>(2) Approved the application for short-term line of credit from banks.</p>	Unanimously approved by all members present	No dissenting or qualified opinion from members
November 13, 2019 3rd meeting of the 3rd-term audit committee	<p>(1) Approved the submission of the 2019 audit report and audit tracking report.</p> <p>(2) Approved the investment in POSLAB through Huan-En Investment Ltd.</p> <p>(3) Approved the Company's proposal to engage in capital increase for the Company's subsidiary Ennoconn International Investment Co., Ltd.</p> <p>(4) Approved of the disposal of common shares of Winmate Inc. through the subsidiary Ennoconn International Investment Co., Ltd.</p> <p>(5) Approved the proposal of the allocation of audit service fees for the appointment Deloitte &amp; Touche.</p> <p>(6) Approved the assessment of independence status of CPAs commissioned by the Company.</p> <p>(7) Approved the proposal to draft the Company's 2019 audit plan.</p> <p>(8) Approved the application for short-term line of credit from banks.</p>	Unanimously approved by all members present	No dissenting or qualified opinion from members
December 19, 2019 4th meeting of the 3rd-term audit committee	<p>(1) Approved the submission of the 2019 audit report.</p> <p>(2) Approved the application for short-term line of credit from banks.</p>	Unanimously approved by all members present	No dissenting or qualified opinion from members

(II) Except for the matters set forth previously, other resolutions adopted with the approval of two-thirds or more of all directors, that have not been approved by the audit committee: The company will execute the above resolutions adopted with the approval of two-thirds or more of all directors, that have not been approved by the audit committee in accordance with Article 14-5 of the Securities Exchange Law.

II. With regard to the recusal of independent directors from voting due to conflict of interests, the name of independent directors, the content of proposals, reasons for recusal due to conflict of interests and participation in voting shall be stated: None.

III. Communication between independent directors, Head of Internal Audit and CPAs (including important matters, methods and results of the Company's finances and operations):

Smooth channels of communication between independent directors and the Head of Internal Audit and CPAs are available, and consistent conclusions are reached between them:

- (I) Communication with CPAs: Independent directors will communicate the content of significant investments, financing matters or financial statements before they are issued.

Date	Key communication points	Results
March 29, 2019	(1) CPAs explained the content of the 2018 consolidated financial statements after audit, major audit findings (including adjustment of entries and significant deficiencies in internal control systems), and the content of related audit report. (2) CPAs explained, discussed and communicated all the questions raised by participants. (3) CPAs explained the key audit items in the audit report for the 2018 consolidated financial statements.	Report to Board of Directors after approval upon review
May 13, 2019	(1) CPAs explained the content of the first quarter of 2019 consolidated financial statements after review, and related review report. (2) CPAs explained, discussed and communicated all the questions raised by participants.	Report to Board of Directors after approval upon review
August 13, 2019	(1) CPAs explained the content of the second quarter of 2019 consolidated financial statements after review, and related review report. (2) CPAs explained, discussed and communicated all the questions raised by participants.	Report to Board of Directors after approval upon review
November 13, 2019	(1) The independent directors and CPAs learned and discussed about the financial statements for the first three quarters of 2019. (2) CPAs explained, discussed and communicated all the questions raised by participants.	Report to Board of Directors after approval upon review
December 31, 2019	(1) The independent directors and accountants discuss the status of inventory checks at the end of the period and the necessary verification procedures implemented. (2) CPAs explained, discussed and communicated all the questions raised by participants.	The accountant has responded to the comments and suggestions made by the independent directors.

Date	Key communication points	Results
March 30, 2020	(1) CPAs explained the content of the 2019 consolidated financial statements after audit, major audit findings (including adjustment of entries and significant deficiencies in internal control systems), and the content of related audit report. (2) CPAs explained, discussed and communicated all the questions raised by participants. (3) CPAs explained the key audit items in the audit report for the 2019 consolidated financial statements.	Report to Board of Directors after approval upon review

(II) Communications with the Head of Internal Audit:

The communication between the independent directors of the Company and the internal audit supervisor is mainly carried out through the three following methods:

1. Discussion is conducted on important audit findings and the status on improvements made on deficiencies in the audit committee meeting and board of directors' meeting at least once each quarter.
2. Perform various audits projects or conduct further analysis on the contents of the previous audit report in accordance with the instructions of the independent directors.
3. Communicate directly by phone or email.

The key points of communication between the independent directors and the internal audit supervisor and the implementation of follow-up processing are listed below:

Date	Key communication points	Results
January.22, 2019	Submitted the Company's 2019 audit report and 2018 audit tracking report to the independent directors for review	Report submitted to the board of directors
March 29, 2019	Submitted the Company's 2019 audit report and 2018 audit tracking report to the independent directors for review	Report submitted to the board of directors
May 13, 2019	Submitted the Company's 2019 audit report and 2018 audit tracking report to the independent directors for review	Report submitted to the board of directors
August 13, 2019	Submitted the Company's 2019 audit report and audit tracking report to the independent directors for review.	Report submitted to the board of directors
November 13, 2019	Submitted the Company's 2019 audit report to the independent directors for review.	Report submitted to the board of directors
December 19, 2019	1. Submitted the Company's 2019 audit report to the independent directors for review. 2. Submitted the Company's 2020 audit plan.	Report submitted to the board of directors

December 31, 2019	Independent directors and audit supervisors visited the K11 factory and discussed the design and effectiveness of various internal controls of the current operating process and production lines.	The internal audit supervisor has responded to the comments and suggestions made by the independent directors
March 30, 2020	(1) Submitted the Company's 2018 audit report and 2017 audit tracking report to the independent directors for review (2) Submitted the Company's 2019 audit plan.	Report submitted to the board of directors

## 2. Key tasks of the audit committee:

The audit committee composes of 3 independent directors. The audit committee shall meet at least once every quarter and is responsible for the fair presentation of financial statements, appointing or dismissing accountants and auditing their independence status or performance, implementing the Company's internal control, overseeing the compliance with relevant laws and regulations, managing existing or potential corporate risks, etc. Its main duties are as follows:

- (1) Adoption or amendment of internal control systems in accordance with Article 14-1 of the Securities Exchange Act.
- (2) Assessment of the effectiveness of the internal control system
- (3) Adoption or amendment of procedures for acquisition or disposal of assets, engaging in derivative trading, lending funds to others, and making endorsements or providing guarantees pursuant to Article 36-1 of the Securities and Exchange Act.
- (4) Items that involve the director's own interests.
- (5) Major assets or derivatives transactions.
- (6) Significant loaning of funds, providing endorsements/guarantees.
- (7) Raising, issuing or privately placing equity-type securities.
- (8) Appointment, dismissal, and compensation of CPAs.
- (9) Appointment and dismissal of finance manager, accounting manager, and head of internal audit.
- (10) Annual and semi-annual financial reports.
- (11) Other major items required by the Company or the competent authority.

(III) Difference between the Implementation of Corporate Governance and the Corporate Governance Best Practice Principles for TWSE or TPEX Listed Companies and Reasons:

Assessment item	Status of implementation			Difference from the Corporate Governance Practice Principles for TWSE or TPEX Listed Companies and related reasons
	Yes	No	Description	
I. Does the Company set and disclose corporate governance code of practice according to corporate governance practice principles for TWSE or TPEX Listed companies?	V		In order to establish a good corporate governance system, the Company has set a corporate governance code of practice, for the protection of shareholders' rights, to strengthen the functions of the BOD, respect the interests of stakeholders, enhance the transparency of information and relevant rules. Detailed information can be found on the official website of the Company.	No material difference
II. Equity structure and shareholder rights				
(I) Has the Company set internal operating procedures to deal with shareholder proposals, doubts, disputes and litigation matters, and does it implement these in accordance with its procedures?	V		(I) The Company has designated a spokesperson and a deputy spokesperson, and established an investor relations mailbox. Shareholders' suggestions, doubts and disputes are handled by the spokesperson or deputy spokesperson and the Company's share transfer agency.	No material difference
(II) Does the Company have a list of those who ultimately control the major shareholders of the Company?	V		(II) The Company has a list of major shareholders and who ultimately controls them, and regularly discloses changes in insider ownership every month in accordance with the law, thereby truly keeping abreast of information regarding major shareholders.	
(III) How does the Company establish its risk management mechanism and firewalls involving related enterprises?	V		(III) The Company has established the "Procedures for Transactions with Related Persons of Specific Companies and Group Companies" and the "Regulations Governing Monitoring of Subsidiaries" to clearly specify the management of personnel and assets with affiliated companies, and conducts effective risk control through the implementation of internal control and internal audit systems.	
(IV) Has the Company set internal standards to prohibit the use of undisclosed insider information to trade securities on the market?	V		(IV) The Company has established the "Procedures for Prevention of Insider Trading" to specify the operating procedures for maintaining the confidentiality of significant internal information, and regularly promotes the concept in which undisclosed information that is not made public may not be used to trade the Company's securities	
III. Organization and responsibilities of the Board of Directors				
(I) Does the Board of Directors set and implement a diversity policy?	V		(I) According to the Company's "Corporate Governance Best Practice Principles", members of the Board of Directors shall take into consideration the concept of diversity, and establish diversity policies with regard to its operations, mode of operation and development, including basic conditions and values: gender and age, and professional knowledge and skills: professional background, professional skills and industry experience. Members of the Company's Board of Directors are diverse, with science, engineering and finance-related background and industry experience to implement diversity policies, thereby establishing a sound structure of the Board of Directors.	No material difference
(II) Has the Company establish other functional committees besides the remuneration committee and audit committee?	V		(II) In addition to establishing the remuneration committee and audit committee, the Company will develop the relevant regulations where necessary in the future. Each department is responsible for the remaining corporate governance operations according to its duties and responsibilities. In the future, the Company will establish various functional committees in accordance with the relevant laws and regulations, and in line with the need of the Company's actual development.	
(III) Has the Company set performance assessment rules and methods for the Board of Directors and does it perform this evaluation every year?	V		(III) The board of directors of the Company approved the "Regulations Governing the Evaluation of the Performance of the Board of Directors" on August 13, 2019, stipulating that the board of directors should perform at least one performance evaluation of the board of	



Assessment item	Status of implementation			Difference from the Corporate Governance Practice Principles for TWSE or TPEX Listed Companies and related reasons
	Yes	No	Description	
(IV) Does regularly evaluate the independence of CPAs?	V		directors or directors, the remuneration committee and the audit committee every year. The internal evaluation results for the year 2019 have been reported to the board of the Company on March 31, 2020. (IV) The audit committee and the board of directors assess the independence status of CPAs every year in accordance with the Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No. 10 and Article 47 of the Certified Public Accountant Act. CPAs are not related to the Company and the directors, while no circumstances that may affect the independence of CPAs have been found.	No material difference
IV. Does the TWSE or TPEX listed company have a dedicated unit/staff member in charge of the Company's corporate governance affairs (including but not limited to providing information required for director/supervisor's operations, convening board/shareholder meetings in compliance with the law, apply for/change company registry, and producing meeting minutes of Board/Shareholders' meetings)?	V		The Company has designated full-time personnel in charge of coordinating corporate governance-related affairs. The share affairs unit is responsible for implementing various corporate governance-related affairs, including handling matters related to Board meetings and shareholders' meetings, preparing minutes of Board meetings and shareholders' meetings, handling company change registration, regularly inspecting and amending the Company's Corporate Governance Best Practice Principles and related regulations, providing the directors and members of the audit committee with information required for carrying out the relevant operations, and regularly arranging continuing education and training courses for directors, as well as regularly reports the implementation of corporate governance to the Board of Directors every year.	No material difference
V. Does the Company establish communication channels and dedicate a section for stakeholder on its website to respond to important issues of corporate social responsibility concerns?	V		The Company has designated a spokesperson and a deputy spokesperson, and has set up a stakeholder relations mailbox on the official website of the Company as a channel of communication. The Company not only provides appropriate responses to important corporate social responsibility (CSR) issues of concern, but also regularly discloses financial and business information on the Market Observation Post System (MOPS) and the official website of the Company. The Company immediately releases important news regarding events that may affect stakeholders.	No material difference
VI. Has the Company appointed a professional stock affairs agency for shareholders affairs?	V		The Company has appointed Grand Fortune Securities Co., Ltd. as its share transfer agency to handle shares-related matters on its behalf.	No material difference
VII. Information disclosure (I) Does the Company set up website to disclose financial operations and corporate governance information? (II) Has the Company adopted other measures (such as an English website, a designated person responsible for the collection and disclosure of information, implementation of the spokesman system, the legal entities announcements uploaded to website, etc.) to disclose information?	V V		(I) The Company has set up an investors section on its official website to disclose information regarding its finances, business and corporate governance. (II) The Company has set up its website in both Chinese and English to provide the relevant information to shareholders and stakeholders for reference. Besides, the Company is able to disclose major news that may affect shareholders and stakeholders in a timely manner. The Company has also set up a spokesperson system to provide shareholders and stakeholders with the necessary consulting services.	No material difference
VIII. Does the Company have other important information for better understanding the Company's corporate governance system (including but not limited to interests and rights of employees, care for employees, relation with investors, relation with suppliers, relation with interested parties, continuing education for directors and supervisors, execution of risk management policies and risk measuring standards, execution of customer	V		(I) Employee rights and interests: Adhering to the concept of "labor and management as one", the Company focuses on rational and humane management to build smooth communication channels, maintain good labor-management relationships, jointly create productivity, share profits, and protect the legal rights and interests of employees in accordance with the Labor Standards Act. (II) Employee care: The Company has established the Employee Welfare Committee, which	

Assessment item	Status of implementation			Difference from the Corporate Governance Practice Principles for TWSE or TPEx Listed Companies and related reasons
	Yes	No	Description	
policies, liability insurance for the Company’s directors and supervisors)?			<p>handles various employee welfare matters, and is committed to talent training by actively encouraging employees to participate in various training courses. The Company conducts labor-management meetings from time to time, and has set up suggestion boxes, in order to learn about the thoughts of both parties, with a view to creating a win-win situation for both parties.</p> <p>(III) Investor relations: The Company convenes shareholders' meetings every year in accordance with the Company Act and the relevant regulations, and provide shareholders with the opportunity to raise questions or submit proposals. Besides, the Company has set up a spokesperson system to deal with matters related to shareholder suggestions, doubts and disputes. The Company also handles matters related to the announcement and declaration of related information in accordance with the regulations set forth by the competent authority to promptly provide information that may affect shareholders' decision-making.</p> <p>(IV) Supplier relations: The Company maintains smooth communication channels with banks, employees, consumers and suppliers to ensure good relationships with them.</p> <p>(V) Stakeholder rights: The Company has designated a spokesperson and a deputy spokesperson to communicate directly with stakeholders, thus respecting and maintaining the legal rights and interests of stakeholders.</p> <p>(VI) Continuing education for directors and supervisors: Directors of the Company possess professional background in the relevant industries and practical experience in business management. The Company provides the directors with corporate governance-related courses from time to time.</p> <p>(VII) Implementation of risk management policies and risk measurement standards: The Company establishes various internal regulations and systems in accordance with the law to conduct various risk management and assessments.</p> <p>(VIII) Implementation of customer policies: The Company maintains smooth communication channels with customers to ensure good relationships with them.</p> <p>(IX) the Company has purchased liability insurance for directors and independent directors to enhance the protection of shareholder rights and interests.</p>	<p>No material difference</p> <p>No material difference</p>
<p>IX. Specify the measures adopted by the Company to improve the items listed in the corporate governance review result from Taiwan Stock Exchange's Corporate Governance Center and the improvement plans for items yet to be improved.</p> <p>The company's 2019 "Corporate Governance Review" results are within the top 6% to 20% of the companies evaluated, mainly because the following items were not scored, explanation is as bellows: External evaluation of board performance: In addition to the annual board performance self-evaluation, the Company plans to Invite professional organizations to conduct external performance evaluations in the future.</p>				

(IV) Organization, Responsibilities and Operation of the Remuneration Committee:

1. Information on members of the Remuneration Committee

Title	Qualification  Name	together with at least five years of work experience			Status of independence								Number of other public companies in which the individual concurrently serves as a member of the remuneration committee	Remarks
		Meets one of the following professional qualification requirements,			1	2	3	4	5	6	7	8		
		Business, legal affairs, finance, accounting, lecturer or above in colleges in related departments	Judge, prosecutor, attorney, CPA or national certified professionals	Business, legal affairs, finance, accounting or related work experience										
Independent Director	Fang,Wen-Chang	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	0	-
Independent Director	Su, Yu-Hui	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	-
Independent Director	Wang Chien-Min			✓	✓	✓	✓	✓	✓	✓	✓	✓	0	-

Note 1: Please tick the boxes if the members comply with the following conditions from two years before being elected and appointed, and during his/her tenure in office:✓

- ( 1 ) Not an employee of this Company or its affiliates
- ( 2 ) Not a director or supervisor of the Company or its affiliates. However, this does not apply, in cases where the person is an independent director of the Company, its parent company, or any subsidiary in which the Company directly or indirectly holds more than 50% of the voting shares.
- ( 3 ) Not a natural-person shareholder who holds shares, together with those held by the person’s spouse, minor children, or held by the person under others’ names, in an aggregate amount of one percent or more of the total number of outstanding shares of the Company or ranking in the top ten in shareholdings.
- ( 4 ) Not a spouse, second-degree relative or third-degree relative of those listed in the above three items.
- ( 5 ) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of outstanding shares of the Company or that holds shares ranking in the top five in holdings.
- ( 6 ) Not a director, supervisor, managerial officer or a shareholder holding five percent or more of the shares of a company or institution that has a business or financial relationship with the Company.
- ( 7 ) Not a professional individual who provides services or consultation in business, legal, finance, or accounting to the Company or its any related companies, nor an owner, partner, director, supervisor, officer or spouse of a sole proprietorship, partnership, company, or institution.
- ( 8 ) No violation of Article 30 of the Company Act.

2. Information on the operation of remuneration committee:

(1) The Company's remuneration committee consists of three members.

(2) Term of office of this period: June 28, 2019 to June 27, 2022. The salary and remuneration committee has held five meetings in 2019. The qualifications and attendance of members are as follows:

Title	Name	Attendance in person	Attendance by proxy	Percentage of attendance in person (%)	Remarks
Convener	Fang, Wen-Chang	5/5	0	100%	Note 1
Member	Su, Yu-Hui	5/5	0	100%	Note 1
Member	Wang Chien-Min	3/3	0	100%	Note 1
Member	Huang, Jiun-Lang	2/2	0	100%	Note 2
Note 1: The company conducted a full re-election of directors at the annual shareholders' meeting on June 28, 2019. There are 3 newly elected independent directors, namely Fang, Wen-Chang, Su, Yu-Hui, and Wang Chien-Min. The board of directors appointed all 3 independent directors to compose the 4th-term remuneration committee and all members elected Fang Wen-Chang as the convener of the 4th-term remuneration committee.					
Note 2: The Company conducted a full re-election of directors at the annual shareholders' meeting on June 28, 2019. The terms of office terminate for former independent director and member of the remuneration committee, Huang Chun-Lang, after the election.					
Other required disclosure:					
I. I. If the Board of Directors does not adopt or amend the recommendations made by the audit committee, the date and session of the Board of Directors' meeting, resolutions, voting results and handling of opinions from the remuneration committee by the Company shall be disclosed (if the compensation and remuneration approved by the Board of Directors is better than that recommended by the remuneration committee, the differences and related reasons shall be stated):					
Date convened		Important resolution		Voting results	The Company's actions in response to opinions from the remuneration committee
January 22, 2019 11th meeting of the 3rd-term remuneration committee		(1) Discussion regarding the distribution of year-end performance bonus for managerial officers in 2018 (2) Discuss the proposal for capital increase and share subscription for managerial officers for the Company.		Unanimously approved by all members present	No dissenting or qualified opinion from members
March 29, 2019 12th meeting of the 3rd-term remuneration committee		Discussed the Company's 2018 directors' and employees' reward distribution plan.		Unanimously approved by all members present	No dissenting or qualified opinion from members
August 13, 2019 1st meeting of the 4th-term remuneration committee		The Company's 2018 Directors' Reward Distribution Plan.		Unanimously approved by all members present	No dissenting or qualified opinion from members
September 26, 2019 2nd meeting of the 4th-term remuneration committee		Discussed the 2019 salary adjustment plan for managerial officers.		Unanimously approved by all members present	No dissenting or qualified opinion from members
November 13, 2019 3rd meeting of the 4th-term remuneration committee		Discussed the 2018 managerial officer's employee remuneration distribution plan.		Unanimously approved by all members present	No dissenting or qualified opinion from members
II. If members of the remuneration committee has any dissenting opinion or qualified opinion on the resolutions of the remuneration committee, where such opinions are documented or issued through written statements, the date and session of the meeting of the remuneration committee, resolutions, all the members' opinions and handling of these opinions shall be stated: None.					

3. Responsibilities of the Remuneration Committee:

The remuneration committee shall exercise the due care of a good administrator by faithfully performing the following duties and responsibilities, and submit its recommendations to the Board of Directors for deliberation:

I. Establish and regularly review the policies, systems, standards and structure for performance evaluation, compensation and remuneration of directors and managerial officers.

II. Regularly evaluate and formulate the compensation and remuneration of directors and managerial officers.

(V) Performance of Social Responsibilities:

Assessment item	Status of implementation			Difference from the Corporate Social Responsibility Best Practice Principles for TWSE or TPEx Listed Companies and related reasons
	Yes	No	Description	
I. Implementing corporate governance				
(I) Does the Company work out its corporate social responsibility policy and check the results of the implementation?	V		(I) In order to effectively manage and implement operations such as corporate governance and ethical corporate management, the Company has continuously formulated management regulations, such as "Corporate Social Responsibility Best Practice Principles", "Corporate Governance Best Practice Principles", "Ethical Corporate Management Best Practice Principles", and "Code of Ethical Conduct", which have been approved by the Board of Directors. Based on assignment of responsibilities, each functional unit launches the relevant measures in line with company policies, and regularly reviews the performance of each operation every half a year. Each functional unit will also pay close attention to the relevant international initiatives and regulations, and reviews at all time whether it is necessary to update the relevant management regulations and operating procedures.	No material difference
(II) Does the Company conduct CSR education and training on a regular basis?	V		(II) The Company regularly conduct corporate ethics training for employees. New employees are given an employee handbook during their first day of work in order to clearly communicate employee rights and obligations to them and ensure that employees understand the spirit of social responsibility. On September 4, 2012, the Company has established the "Code of Ethical Conduct" and "Procedures for Ethical Corporate Management and Guidelines for Conduct". In addition, the rewards and disciplinary system for the relevant employees is stipulated in the "Work Rules", "Regulations Governing Performance Evaluation" and personnel-related regulations to motivate employees so that employees understand the spirit of social responsibility and grow together with the Company.	
(III) Does the Company set up exclusively (or concurrently) dedicated units to promote corporate social responsibility, and authorize high level managers to handle and report to the Board of Directors?	V		(III) Each functional unit implements CSR-related operations based on assignment of responsibilities. Through the annual performance evaluation system, the supervisors of each responsible unit evaluates and reviews the relevant implementation effectiveness during the period, and regularly formulates future development goals and implementation contents, which will be executed upon approval by the President. The President's Office is responsible for compiling and preparing CSR reports. The responsibilities of the Board of Directors include assessing the Company's performance on economic, environmental and social issues. Senior management must report the Company's operational status and other important issues in order to maintain good interaction and communication.	
(IV) Has the Company set up reasonable salary compensation policies, combining employee performance evaluations with corporate social responsibility policy, and establishing a clear and effective system of reward and discipline?	V		(IV) The Company's Articles of Incorporation stipulates that if it posts a profit in a particular year, the Company shall not contribute less than 2% of its profit as employee rewards. Besides, with regard to the reward and disciplinary system for employees, the Company has established the "Regulations Governing Compensation Management", "Work Rules", "Regulations Governing Performance Evaluation" and personnel-related regulations to motivate employees so that employees understand the spirit of social responsibility and grow together with the Company.	
II. Developing sustainable environment				
(I) Does the Company endeavor to utilize all resources more efficiently and uses renewable materials which have a low impact on the environment?	V		(I) The Company has been carrying out measures for resource recycling and waste sorting for many years. Various disposed items are handed over to qualified recycling plants for subsequent processing. For packaging materials, the Company also uses recycled materials as much as possible to reduce their impact on environmental load. The Company also advocates energy conservation in daily operations to improve energy efficiency. The Company promotes green general affairs in daily life to reduce the impact of disposable waste on the earth's environment.	No material difference
(II) Does the Company establish proper environment management systems based on its industrial features?	V		(II) The Company has appointed fire safety management personnel to regularly carry out fire safety inspection on offices and public safety inspection on buildings. The Company has appointed a labor safety supervisor who is responsible for planning, implementing and examining safety and health management in order to carry out and achieve the goal of safety and health management.	
(III) Does the Company monitor the impact of climate change on its operations, and establish company strategies to save energy and reduce the emission of carbon and greenhouse gas?	V		(III) The Company strictly carries out energy conservation and carbon reduction measures by turning off lights and controlling air-conditioner temperature settings in order to reduce energy waste.	
III. Protecting social public interests				
(I) Does the Company establish proper management methods and procedures in accordance with the relevant regulations and the international conventions on human rights?	V		(I) The Company fully complies with the Labor Standards Act and related labor regulations, and truly converses them into the Company's labor management regulations for compliance by the management team and employees, so as to safeguard the legitimate rights and interests of employees.	No material difference

Assessment item	Status of implementation			Difference from the Corporate Social Responsibility Best Practice Principles for TWSE or TPEx Listed Companies and related reasons
	Yes	No	Description	
			<p>In order to fulfill its corporate social responsibilities and implement human rights protection, Ennoconn Corporation respects and supports internationally recognized human rights norms and principles, including the "Universal Declaration of Human Rights", "The United Nations Global Compact" and the ILO "Declaration on Fundamental Principles and Rights at Work", abide by local laws and regulations, and formulate human rights policies in accordance with the "United Nations Guiding Principles on Business and Human Rights" to prevent violations of human rights, and provide reasonable and dignified treatment to the employees of the Company.</p> <p>This policy applies to all staff of Ennoconn Corporation.</p> <p>※ Implementation directive and specific management plan:</p> <p>1. Follow relevant laws and regulations to provide a safe and healthy workplace:</p> <p>(1)The Company has appointed fire safety management personnel and carry out fire safety inspection on offices and public safety inspection on buildings at least once a year. On March 15, 2019, a professional fire protection engineering company has been entrusted to carry out fire safety inspections, equipment maintenance and fault reporting.</p> <p>(2)The Company has appointed a labor safety supervisor who is responsible for planning, implementing and examining safety and health management in order to carry out and achieve the goal of safety and health management. Educational training on labor safety and hygiene is conducted on the first day of employment.</p> <p>(3)Fire drills are conducted at least once a year. On December 19, 2019, company-wide fire safety and grouping training has been implemented. During the training, actual operation of AED equipment were carried out.</p> <p>(4)The company also cooperates with the health examination center, and the employees may arrange time for physical examination every year.</p> <p>2. The Company is committed to maintaining a workplace which is free of violence, harassment and intimidation, as well as respect the privacy and dignity of employees:</p> <p>The company has set up measures to prevent sexual harassment in the workplace, complaint and disciplinary measures, promotion of gender equality and prevention sexual harassment are conducted at least once every quarter during the training for new employees.</p> <p>3. The Company does not hire child labor:</p> <p>According to the Company's interview procedure, candidates must fill out the personal basic information form and submit identification documents to confirm their true age when they apply. Children are not admissible.</p> <p>4. The Company prohibits forced labor:</p> <p>The company strictly abides by the provisions of the Labor Standards Act and implement one mandatory day off and one flexible rest day. Staff must apply in advance to work overtime and be approved by the supervisor to prevent forced labor.</p> <p>5. The Company eliminates unlawful discrimination and reasonably ensure equal opportunity in employment and promotion:</p> <p>The company has established workplace sexual harassment prevention measures, complaints and disciplinary measures, promotion of gender discrimination prevention regulations is conducted at least once every quarter during the training for new employees.</p>	No material difference
(II) Has the Company set up an employee complaint mechanism and proceed with care?	V		(II) The Company has established employee complaint channels which are handled by dedicated personnel.	
(III) Does the Company provide a safe and healthy working environment for its employees and organize training on safety and health on a regular basis?	V		(III) The Company cares about every staff and formulates the "Code of Occupational Health and Safety Practice" to maintain safety and hygiene of Ennoconn Corporation's workplace and ensure the employees' safety and property and the safety of the workplace. In addition, the Company will	

Assessment item	Status of implementation			Difference from the Corporate Social Responsibility Best Practice Principles for TWSE or TPEx Listed Companies and related reasons
	Yes	No	Description	
(IV) Does the Company establish regular communication mechanisms for employees, and inform employees of the operation changes that may have significant impact on employees in a reasonable way?			<p>continue to enhance the ability of its staff in recognizing hazards in the office and the factory, and promote a safe workplace culture, so that everyone can work safely in a safe work environment.</p> <p>Protection measures for the work environment and employees' personal safety:</p> <ol style="list-style-type: none"> <li>1. Set up a complete fire protection system in accordance with the fire regulations, including the sprinkler system, emergency escape system, emergency lighting, etc.</li> <li>2. Maintenance and inspection of equipment: Fire inspections are carried out annually, regular maintenance and inspection of various equipment such as air conditioners and fire-fighting equipment, etc. On March 15, 2019, a professional fire protection engineering company has been entrusted to carry out fire safety inspections, equipment maintenance and fault reporting.</li> <li>3. Regularly conduct the disinfection of the environment. → Educational training on labor safety and hygiene is conducted on the first day of employment.</li> <li>4. The company cooperates with the health examination center, and the employees may arrange time for physical examination every year.</li> <li>5. Establish a fire protection plan, establish a fire-defense group training plan and personnel training, plan emergency escape routes, promotion of escape procedures and formulate memorable slogans, and regularly send staff to undergo first-aid training courses. On December 19, 2019, company-wide fire safety and grouping training has been implemented. During the training, actual operation of AED equipment were carried out.</li> </ol> <p>(IV) Adhering to the concept of "labor and management as one", the Company regularly convenes labor-management meetings, establishes smooth communication channels, and maintain good labor-management relationships. The Company also regularly organizes routine staff meetings every month to provide updates on the Company's operational status and enable exchanges and sharing among employees, with a view to creating a stable and heartwarming working environment.</p>	No material difference
(V) Has the Company established an effective competency development career training program for employees?	V		(V) In order to enhance employees' job skills, enable employees to quickly adapt to the work environment, improve the quality of products and services, and enhance the overall competitiveness of the organization, the Company has launched the education and training program through a systematic training blueprint so that employees can grow together with the Company, as well as to enhance employees' self-skills and diversify their career development.	
(VI) Has the Company set up consumer protection policies and reporting procedures regarding R&D, procurement, production, operations and service processes?	V		(VI) With regard to consumer rights and interests, the Company offers product liability insurance for products sold, in order to safeguard consumer rights and interests, and has set up a channel of communication on its official website so as to establish direct contact and communication with stakeholders.	
(VII) Is the Company in compliance with relevant laws and regulations as well as international standards when it comes to marketing and labeling of products and services?	V		(VII) The Company treats its customers by upholding the concept of integrity and honesty, and is customer-oriented by offers the technologies, rigorous production, excellent quality and high-quality services needed by customers.	
(VIII) Does the Company assess the past records of suppliers in terms of its impact on the environment or society before signing the contract?	V		(VIII) When establishing relationship with a new supplier, the Company will pay attention to whether the new supplier has any record of affecting the environment and the society in the past. In addition, suppliers are required to jointly meet green environmental protection requirements according to the Company's policies, and to be committed to complying with the environmental protection specifications for products, so as to enhance CSR.	
(IX) Does the Company, in its contract with its major suppliers, include clause such as that the Company may terminate the contract any time when the supplier is found violate its social responsibilities, and when such violation has significant impact on the environment and society?	V		(IX) The Company involved in the industry of industrial computers. Since the production process is relatively simple, unlike the food processing or chemical industry, which may have food safety, labor safety or material hygiene issues that demands strict regulations for supplier, there is no concern that the relevant suppliers may have environmental pollution issues.	
	V		<p>Based on contracts signed between the Company and its major suppliers, the Company may immediately stop, terminate and revoke trading relationship with a supplier if the supplier violates the provisions of the relevant laws and regulations or letter of understanding.</p> <p>Summary of the Company's management regulations for suppliers are as follow:</p> <ol style="list-style-type: none"> <li>1. The company has specified restrictions on substances being used in products and items which the suppliers should cooperate with.</li> <li>2. The company incorporates the supplier's promotion of environmental protection activities (such as the formulation of environmental protection policies and targets, the efforts made for environmental protection in the production process, environmental protection education for employees, and whether environmental protection related penalties are received, etc.) into the</li> </ol>	

Assessment item	Status of implementation			Difference from the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and related reasons
	Yes	No	Description	
			regular suppliers' evaluation (once every six months). The evaluation on written material is based on the ISO certification documents, "Supplier Evaluation Report Form" and "Green Supplier Evaluation Form" provided by the suppliers, on-site evaluations of the supplier are conducted as necessary. 3. Suppliers with an evaluation grade of B or higher can be included in the "Qualified Suppliers List", however, those with a B evaluation grading of shall submit corrective measures completed for non-compliance items. 4. Comprehensive evaluation shall be conducted on the main raw material suppliers with business ties to the Company on the quality, timeliness and cost of delivery, the technology used, etc. each quarter, or when contracts signed with customer hold such requirements as a sufficient condition.	No material difference
IV. Enhancing information disclosure (I) Does the Company disclose relevant critical and reliable information on CSR on its website and MOPS?	V		(－) The Company discloses the implementation of CSR via its official website and annual report, MOPS and the media in a timely manner.	No material difference
5. If the Company establishes its Corporate Social Responsibility Best Practice Principles based on the “Listed Companies Corporate Social Responsibility Code of Practice” , please state the difference between its operation and the principles: The Company established Corporate Social Responsibility Best Practice Principles. No material difference exist in the overall implementation of the former with “Listed Companies Corporate Social Responsibility Code of Practice”.				
VI. Other important information that facilitates the understanding of the implementation of CSR: (1) The Company has been carrying out measures for resource recycling and waste sorting for many years. Besides, the Company advocates energy conservation in daily operations, and strictly implements energy conservation, carbon reduction and water conservation measures by turning off lights and controlling air conditioner temperature settings, in order to reduce energy waste. (2) The Company has appointed fire safety management personnel to regularly carry out fire safety inspection on offices and public safety inspection on buildings. The Company has appointed a labor safety supervisor who is responsible for planning, implementing and examining safety and health management in order to carry out and achieve the goal of safety and health management. (3) The Company promotes charity and good deeds internally, and makes donations to disadvantaged groups from time to time. Furthermore, the Company has set up receipt boxes in its offices to collect donation of receipts, and invites public welfare groups to perform in the Company's large events. (4) The Company has established a spokesperson system to collect investors' suggestions, deal with their doubts, and resolve disputes among them. The Company maintains smooth communication channels with various stakeholders, including banks, employees, consumers and suppliers, while respecting and safeguarding their legitimate rights and interests, in order to maintain good relationships with them. (5) In March 2019, Ennoconn Corporation and Syin-Lu Social Welfare Foundation participated in the 7th "Good Day Walk Together" hiking activity in support of people with disabilities to leave of their homes and connect with society and people, learn to understand and respect each other, and create a friendly and inclusive living environment. It also allows the general public to understand them better and accept them. (6) In October 2019, Ennoconn Corporation participated in the Beach Clean-up activity organized by the Environmental Protection Department, New Taipei City Government in Xialiao Beach, Wanli District, planned with the concept of "give what you take from society", allowing all staff of Ennoconn Corporation and their families to engage in environmental protection activities themselves, make a contribution to the sustainable survival of the earth, and also use this activity to allow the participants to understand that not "picking up" is not enough, we must also "reduce". (7) In 2019, we contacted the Taiwan Fund for Children and Families Center in New Taipei City and sponsored a scholarship of NT\$60,000 for students from rural areas. A total of 25 elementary and junior high school students will receive the scholarship. Encourage the students receiving the scholarship to work hard so that they can successfully complete their education; and the Company irregularly promotes various social welfare and caring activities, such as: the Company organizes a blood donation campaign to save lives, donate materials to disadvantaged groups (Andrew Food Bank (disadvantaged families), Yu-Cheng Social Welfare Foundation (disability welfare), Boyo Social Welfare Foundation - Puli Center (children and teenager education), Mother Chang's Home for Stray Animals (animal protection)), "Plant a tree and harvest a greenery; give a bit of love and uphold a ray of hope".				
VII. Descriptions shall be provided if the Company's CSR report complies with verification standards of relevant certification bodies: None.				





Assessment item	Status of implementation			Difference from the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies and related reasons
	Yes	No	Description	
(V) Does the Company regularly hold internal and external training related to ethical corporate management?	V		(V) The Company promotes the principle of ethical corporate management in various meetings from time to time, so that its colleagues implement ethical corporate management-related norms internally and externally. Starting from 2019, the importance of the Ethical Corporate Management Best Practice Principles and the Code of Conduct will be regularly promoted during the training for new employees every quarter. The most recently, the principle and the code have been taught during training for new employees on December 16, 2019. A total of 2 people participated.	No material difference
III. Implementation of the Company's whistleblowing system (I) Has the Company established a specific whistleblowing and reward system, set up convenient whistleblowing channels and designated appropriate personnel to handle investigations against wrongdoers? (II) Has the Company established standard operating procedures for investigating reported cases and related confidentiality mechanisms? (III) Has the Company set up protection for whistleblowers to prevent them from being subjected to inappropriate measures as a result of reporting such incidents?	V  V V		When the Company discovers or receives a report regarding an employee's involvement in unethical conduct, the Company will immediately request the employee to stop the relevant conduct if it is confirmed that the employee has violated the relevant laws and regulations or the Company's ethical corporate management policies and regulations, and will appropriately deal with the case. If necessary, the Company seek compensation for damages through legal proceedings to maintain the reputation and interests of the Company. In addition, the Company will pay special attention to the confidentiality of whistleblowers to avoid improper treatment when dealing with related matters.	No material difference
IV. Enhancing information disclosure (I) Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and MOPS?	V		(I) The Company discloses ethical corporate management-related information via MOPS and the media in a timely manner.	No material difference
V. If the Company has established its own Ethical Corporate Management Best Practice Principles in accordance with the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies, state the differences between these principles and its implementation: The Company has established the "Procedures for Ethical Corporate Management and Guidelines for Conduct". There was no major difference between its implementation and "Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies".				
VI. Other important information that facilitates the understanding of the implementation of ethical corporate management: None.				

(VII) If the Company has Stipulated Best Practices for Corporate Governance and Other Relevant Bylaws, the Means to Search for these Bylaws shall be Disclosed:

The Company has established the Corporate Governance Best Practice Principles. Refer to "Implementation of corporate governance" in "III. Corporate Governance Report" for details regarding the implementation of corporate governance in the Company. The Company has established the Rules of Procedures of the Shareholders' Meeting, Procedure for Meetings of Board of Directors, audit committee Organizational Rules, Remuneration Committee Organizational Rules, Corporate Governance Best Practice Principles, Corporate Social Responsibility Best Practice Principles, Ethical Corporate Management Best Practice Principles, Code of Ethical Conduct, Rules for Election of Directors, Operation Procedures of Capital Loan to Others, Endorsement/Guarantee Operating Procedures, Procedures for Acquisition and Disposal of Assets, Procedures for Engagement in Derivatives Trading, management of financial and non-financial information, Procedure for Management of Subsidiaries and Prevention of Insider Trade, etc., for relevant information and content, please visit the Company's website.

(VIII) Other Material Information that can Enhance the Understanding of the State of Corporate Governance at the Company:

1. The Company has established the "Procedures for Prevention of Insider Trading", and announced the procedures to its managerial officers and employees.
2. The Company's newly elected directors will be given a handbook prepared by the Company when taking office. The handbook contains various laws and regulations (including the procedures for prevention of insider trading as mentioned in the preceding paragraph) and the relevant precautionary matters with which newly elected directors should comply.

(IX) Implementation of Internal Control System

1. Statement of internal control system

Ennoconn Corporation  
Statement of Internal Controls

Date: March 31, 2020

According to the examination on internal control system done by the Company itself in 2019, we hereby states as follows:

- I. The Company's Board of Directors and management team understand their responsibilities of developing, implementing and maintaining the Company's internal control system, and such a system has been established. The objectives of this system are to meet various goals including achieving operational benefits and efficiency (including profitability, performance, as well as asset and safety protection), and ensuring the reliability, timeliness, transparency and regulatory compliance of reporting, thereby providing reasonable assurance.
- II. An internal control system has inherent constraints. No matter how comprehensive its design may be, an effective internal control system is only capable of providing adequate assurance for achieving the abovementioned objectives. In addition, the effectiveness of the internal control system may change with the environment and under different situations. Nevertheless, the Company's internal control systems are equipped with self-monitoring mechanisms, thereby allowing the Company to take immediate remedial actions in response to any identified deficiency.
- III. The Company determines whether or not the design and implementation of its internal control system is effective according to the items for determining the effectiveness of internal control systems as stated in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). The items for the determination of internal control systems adopted in the Regulations has identified five key components based on management control processes: (1) control environment, (2) risk assessment, (3) control operations, (4) information and communication, and (5) monitoring operations. Each component includes a number of items. Refer to the Regulations for details regarding the abovementioned items.
- IV. The Company has adopted the items for determining internal control systems in order to evaluate the effectiveness of its internal control system design and implementation.
- V. Based on the findings of such evaluation, the Company believes that, on December 31, 2019, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
- VI. This Statement is a significant part of the Company's annual report and prospectus available to the general public. If it contains false information or omits any material content, the Company is in violation of Article 20, Article 32, Article 171 and Article 174 set forth in the Taiwan's Security and Exchange Act.
- VII. This Statement has been approved by the board of directors in their meeting held on March 31, 2020, with none of the seven attending Directors expressing dissenting opinions, and the remainder all affirming the contents of this Statement.

Ennoconn Corporation



Chairman: Chu, Fu-Chuan



President: Tsai Neng-Chi



2. Where CPAs are commissioned to audit the Company's internal control systems, the audit report prepared by the CPAs shall be disclosed: None.

(X) Penalties Imposed on the Company and its Internal Staff, Penalties Imposed on its Internal Staff by the Company for Violation of Internal Control Regulations, Major Deficiencies and Status of Improvements made in the Most Recent Fiscal Year up to the Printing Date of this Annual Report: None.

(XI) Significant Resolutions Made during Shareholders and Board of Directors' Meetings and Implementation Status in the Most Recent Fiscal Year up to the Printing Date of this Annual Report:

Type of meeting	Date convened	Important resolution
Board of Directors	January.22, 2019	(1) Approved the distribution of year-end performance bonus for managerial officers in 2018. (2) Approved the proposal for capital increase and share subscription for managerial officers for the Company . (3) Approved the Company's 2019 business plan. (4) Approved the amendment of the Company's "Procedures for Acquisition or Disposal of Assets". (5) Approved the proposal to amend the Company's "Corporate Governance Best Practice Principles". (6) Approved the proposal of the allocation of audit service fees for the appointment Deloitte & Touche. (7) Approved the assessment of independence status of CPAs commissioned by the Company. (8) Approved the withdrawal of the purchase of AIS 2018 the 1st proposal to increase capital in cash via subsidiary EIH. (9) Approved the application for short-term line of credit from banks.
Board of Directors	March 29, 2019	(1) Approved the Company's 2018 business report. (2) Approved the Company's 2018 individual and consolidated financial statements. (3) Approved the Company's 2018 directors' and employees' reward distribution plan. (4) Approved the Company's 2018 profit distribution plan. (5) Approved extension for the Company's engagement in capital increase for Innovative Systems Integration Ltd. (6) Approved the amendment of the Company's "Articles of Incorporation". (7) Approved the proposal of the amendment to the Company's "Operation Procedures of Capital Loan to Others" (8) Approved the proposal of the amendments to the Company's "Endorsement/Guarantee Operating Procedures". (9) Approved the proposal of the formulation of the Company's "Standard Operating Procedures for Directors' Request". (10) Approved the Company's 2018 "Evaluation of Internal Control System Effectiveness" and "Statement of Internal Control System". (11) Approved the re-election of the Company's directors (including independent directors). (12) Approved the convening of the 2019 annual shareholders' meeting. (13) Approved the application for short-term line of credit from banks.

## Chapter 3 Corporate Governance Report

Type of meeting	Date convened	Important resolution
Board of Directors	May 13, 2019	<ol style="list-style-type: none"> <li>(1) Approved the report on the implementation of cash capital increase and the issuance of the third domestic unsecured convertible corporate bonds by the Company and changes in the capital utilization plan in 2019.</li> <li>(2) Approved the list of candidates for nomination of directors and independent directors.</li> <li>(3) Approved the removal of non-compete restriction against newly elected directors and their representatives.</li> </ol>
Board of Directors	June 28, 2019	<ol style="list-style-type: none"> <li>(1) Passed the proposal to recommend and elect the chairman of the board.</li> <li>(2) Approve the appointment of the fourth remuneration committee of the Company.</li> </ol>
Board of Directors	August 13, 2019	<ol style="list-style-type: none"> <li>(1) Approved the Company's 2018 director reward distribution plan.</li> <li>(2) Approved of the amendments to the "Property Management Regulations" and "Real Estate, Plant and Equipment Recycling".</li> <li>(3) Approved of the amendments to the "Audit Committee's Articles of Association".</li> <li>(4) Approved of the amendment to the "Regulations Governing the Evaluation of the Performance of the Board of Directors"</li> <li>(5) Approved the application for short-term line of credit from banks.</li> </ol>
Board of Directors	September 26, 2019	<ol style="list-style-type: none"> <li>(1) Approved of the plans to establish Huan-En Investment Ltd. through the subsidiary Innovative Systems Integration Ltd.</li> <li>(2) Approved the 2019 salary adjustment plan for managerial officers.</li> <li>(3) Approved of the proposal to dismiss a managerial officer.</li> <li>(4) Approved the application for short-term line of credit from banks.</li> </ol>
Board of Directors	November 13, 2019	<ol style="list-style-type: none"> <li>(1) Approved the investment in POSLAB through Huan-En Investment Ltd.</li> <li>(2) Approved the Company's proposal to engage in capital increase for the Company's subsidiary Ennoconn International Investment Co., Ltd.</li> <li>(3) Approved of the disposal of common shares of Winmate Inc. through the subsidiary Ennoconn International Investment Co., Ltd.</li> <li>(4) Approved the proposal of the allocation of audit service fees for the appointment Deloitte &amp; Touche.</li> <li>(5) Approved the assessment of independence status of CPAs commissioned by the Company.</li> <li>(6) Approved the proposal to draft the Company's 2019 audit plan.</li> <li>(7) Approved of the amendments to the "Regulations for the First Repurchase of Company Stock and Transfer to Employees".</li> <li>(8) Approved the 2018 managerial officer's employee remuneration distribution plan.</li> <li>(9) Approved the application for short-term line of credit from banks.</li> </ol>
Board of Directors	December 19, 2019	<ol style="list-style-type: none"> <li>(1) Approved the alteration of personnel for president.</li> <li>(2) Approved the Company's 2020 business plan.</li> <li>(3) Approved the application for short-term line of credit from banks.</li> </ol>
Board of Directors	March 31, 2020	<ol style="list-style-type: none"> <li>(1) Approved the Company's 2019 business report.</li> <li>(2) Approved the Company's 2019 individual and consolidated financial statements.</li> <li>(3) Approved the Company's 2019 directors' and employees' remuneration distribution plan.</li> </ol>

## Chapter 3 Corporate Governance Report

Type of meeting	Date convened	Important resolution												
		<p>(4) Approved the Company's 2019 profit distribution plan.</p> <p>(5) Approved capital increase by retained earnings plan.</p> <p>(6) Approved the amendment of the Company's "Articles of Incorporation".</p> <p>(7) Approved the amendment of the Company's "Procedures for Acquisition or Disposal of Assets".</p> <p>(8) Approved the convening of the 2019 annual shareholders' meeting.</p> <p>(9) Approved the Company's "Evaluation of Internal Control System Effectiveness" and "Statement of Internal Control System" in 2019.</p> <p>(10) Approved the "Procurement and Payment Cycle" plan.</p> <p>(11) Approved of the amendments to the "Regulation Governing the Procedures for Preparation of Financial Statements".</p> <p>(12) Approved the removal of non-compete restriction against president.</p> <p>(13) Approved of increased investment in AIS Cayman Technology Group through subsidiary, Ennoconn Investment Holdings Co., Ltd.</p> <p>(14) Approved the Company's proposal to engage in capital increase for the Company's subsidiary Ennoconn Investment Holdings Co., Ltd.</p> <p>(15) Approved the application for short-term line of credit from banks.</p>												
Shareholders' Meeting	June 28, 2019	<p>(1) Adopted the 2018 business report, individual and consolidated financial statements. Status of implementation: The resolution was passed, and the relevant contents were recorded in the minutes of the shareholders' meeting.</p> <p>(2) Adopted the 2018 profit distribution plan. Status of implementation: Resolution passed. For the profit distribution plan this year the amount of cash dividend distributed is NT\$7 per share, and the total cash dividend distributed is NT \$ 580,436,304, which was issued on August 3, 2019.</p> <p>(3) Approved the amendment of the Company's "Articles of Incorporation". Status of implementation: The resolution was passed; the Company had subsequently applied for changes to the registration of the Company.</p> <p>(4) Approved the amendment of the Company's "Procedures for Acquisition or Disposal of Assets". Status of implementation: The resolution was passed; the Company had announced the information on MOPS.</p> <p>(5) Approved the proposal of the amendment to the Company's "Operation Procedures of Capital Loan to Others" Status of implementation: The resolution was passed; the Company had announced the information on MOPS.</p> <p>(6) Approved the proposal of the amendments to the Company's "Endorsement/Guarantee Operating Procedures". Status of implementation: The resolution was passed; the Company had announced the information on MOPS.</p> <p>(7) Seven directors were re-elected (including three independent directors). Implementation: The list of elected directors and the number of elected votes are as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Elected type</th><th>Name</th><th>Number of Elected Votes</th></tr> </thead> <tbody> <tr> <td>Director</td><td>Chu, Fu-Chuan</td><td>51,839,920</td></tr> <tr> <td>Director</td><td>Chu, Cheng-ching</td><td>44,640,526</td></tr> <tr> <td>Director</td><td>Bao Shin International</td><td>42,199,682</td></tr> </tbody> </table>	Elected type	Name	Number of Elected Votes	Director	Chu, Fu-Chuan	51,839,920	Director	Chu, Cheng-ching	44,640,526	Director	Bao Shin International	42,199,682
Elected type	Name	Number of Elected Votes												
Director	Chu, Fu-Chuan	51,839,920												
Director	Chu, Cheng-ching	44,640,526												
Director	Bao Shin International	42,199,682												

Type of meeting	Date convened	Important resolution		
			Investment Co., Ltd. Representative: Teng Chia-Lin	
		Director	Bao Shin International Investment Co., Ltd. Representative: Lou, Chao-Tsung	42,198,685
		Independent Director	Su, Yu-Hui	40,640,091
		Independent Director	Fang, Wen-Chang	40,602,797
		Independent Director	Wang Chien-Min	40,597,515
		(8) Approved the removal of non-compete restriction against directors. Status of implementation: Resolution of the removal of non-compete restriction against newly elected directors, Chu Fu-Chuan, Chu Cheng-Ching, Bao Shin International Investment Co., Ltd. and its representatives (Teng Chia-Lin and Lou Chao-Tsung), Fang Wen-Chang, Su Yu-Hui and Wang Chien-Ming has passed. Relevant information had been announced in the MOPS.		

(XII) Dissenting Opinions or Qualified Opinions on Resolutions Passed by the Board of Directors that are Made by Directors and Supervisors, and are Documented or Issued through Written Statements, in the Most Recent Year up to the Printing Date of this Annual Report: None.

(XIII) Summary of Resignation and Dismissal of the Company's Chairman, President, Accounting Manager, Financial Manager, Internal Auditors, and R&D Supervisor in the Most Recent Year up to the Printing Date of this Annual Report:

April 30, 2020

Title	Name	Date appointed	Date dismissed	Reason for resignation or dismissal
President	Deng, Chin-Tai	MARCH 6, 2018	December 19, 2019	Dismissal of the board of directors
Research and Development Officer	Chen, Hung-Hsiang	February 22, 2018	January.30, 2020	Position adjustment

## IV. Information on Accountants' Fees

### (I) Range of CPA Fees:

Name of Accounting firm	Name of CPA		Audit period	Remarks
Deloitte & Touche Taiwan Accounting Firm	Yang Ching- Ting	Liu, Shui- En	January 1, 2019~December 31, 2019	-

Range of amount		Fee item	Audit fee	Non-audit fee	Total
1	Under NT\$2,000			✓	
2	NT\$2,000 (inclusive) to NT\$4,000		✓		✓
3	NT\$4,000(inclusive) to NT\$6,000				
4	NT\$6,000 (inclusive) to NT\$8,000				
5	NT\$8,000 (inclusive) to NT\$10,000				
6	Over NT\$10,000 (inclusive)				

Unit: NT\$ thousands

Audit Fees	Non-audit fee					Remarks
	System Design	Business Registered	Human Resources	Others	Subtotal	
2,550	0	80	0	75	155	Non-audit fee - Others (1) Transfer pricing report (2) Other professional service reports

(II) If the non-audit fees paid to the CPAs, their accounting firm and affiliated companies of their accounting firm exceed one-fourth of the audit fees paid to them, the amount of audit and non-audit fees, and the content of non-audit services shall be disclosed: None.

(III) Where the accounting firm was replaced, and the audit fees in the year when the replacement was made was less than that in the previous year before replacement, the amount of audit fees paid before replacement and reasons for paying this amount shall be disclosed: None.

(IV) If the audit fees were reduced by 15% and above compared to the previous year, the amount and percentage of decrease in audit fees, as well as the reason for such decrease shall be disclosed: None.



## V. Change of Independent Auditors

The certified public accountant of the financial statements of the Company in 2019, cooperates with internal adjustments of Deloitte & Touche, changed from CPAs, Liu Shui-En and Yang, Ching-Chen to CPAs, Yang Ching-Ting and Liu Shui-En. No changes to the accounting firm in 2019.

## VI. The Company's Chairman, President, or Any Managerial Officer in Charge of Finance or Accounting Matters Has in the Most Recent Year Held a Position at the Accounting Firm of its CPA or at an Affiliated Enterprise: None.

## VII. Transfer & Pledge of Stock Equity by Directors, Supervisors, Managerial Officers and Holders of 10% or More of Company Shares in the Most Recent Fiscal Year and up to the Date of this Annual Report Printed:

(I) Equity transfer or changes to equity pledge of directors, managerial officers, and shareholders holding more than ten percent (10%) of company shares:

Title	Name	2019		Up to April 31, 2019	
		Shares Held Additional (reduction)	Shares pledged Additional (reduction)	Shares Held Additional (reduction)	Shares pledged Additional (reduction)
Chairman & CEO	Chu, Fu-Chuan (Note 1)	86,814	0	10,000	600,000
Director	Chu Cheng-Ching (Note 1)	0	0	0	0
Representative of juristic person director/Major Shareholder	Baoxin International Investments Ltd. (Note 1)	1,707,760	0	0	0
Director	Representative of Baoxin International Investments Ltd.: Lou, Chao-Tsung (Note 1)	10,341	0	0	0
Director	Representative of Baoxin International Investments Ltd.: Teng Chia-Lin (Note 1)	0	0	0	0
Chairman and President	Representative of Baoxin International Investments Ltd.: Deng, Chin-Tai (Notes 2 & 3)	0	0	Not applicable	Not applicable
Director	Liu Ying-Kuang (Note 2)	0	0	Not applicable	Not applicable
Independent Director	Fang Wen-Chang (Note 1)	0	0	0	0
Independent Director	Su Yu-Hui (Note 1)	0	0	0	0
Independent Director	Wang Chien-Ming (Note 1)	0	0	0	0
Independent Director	Huang Chun-Lang	0	0	Not applicable	Not applicable
President	Tsai Neng-Chi (Note 3)	0	0	0	0
Executive Vice President	Shih Chun-Hao (Note 4)	0	0	Not applicable	Not applicable
Business Division Vice President	Kuo, Chia-Chi	0	0	0	0

Title	Name	2019		Up to April 31, 2019	
		Shares Held Additional (reduction)	Shares pledged Additional (reduction)	Shares Held Additional (reduction)	Shares pledged Additional (reduction)
Senior Manager, Research and Development Center	Chen, Hung-Hsiang	10,062	0	Not applicable	Not applicable
Assistant President, Research and Development Center	Chang Sheng-Hsiung (Note 5)	0	0	0	0
Chief Financial Officer	Wu, You-Mei	10,000	-	1,000	0

Note 1: The Company conducted a full re-election of directors at the annual shareholders' meeting on June 28, 2019. There are 7 new directors, namely director Chu Fu-Chuan, director Chu Cheng-Ching, juristic person director Bao Shin International Investment Co., Ltd. taking 2 seats (representatives of the juristic person are respectively Teng Chia-Lin and Lou Chao-Tsung), independent director Fang Wen-Chang, independent director Su Yu-Hui, independent director Wang Chien-Ming.

Note 2: The Company conducted a full re-election of directors at the annual shareholders' meeting on June 28, 2019. The terms of office terminate for former representative of the juristic person director, Bao Shin International Investment Co., Ltd., Deng Chin-Tai, former director Liu Ying-Kuang and former independent director Huang Chun-Lang after the election.

Note 3: The company was dismissed managerial officer Deng Chin-Tai by the resolution of the board of directors on December 19, 2019. At the same time, Tsai Neng-Chi was appointed as the new president of the Company.

Note 4: The company dismissed managerial officer Kuo, Chia-Chi by resolution of the board of directors on September 26, 2019.

Note 5: Chang Sheng-Hsiung assumed the position of assistant president of the Company's Research and Development Center on December 16, 2019.

(II) Directors, managerial officers and shareholders with 10% of shareholding trading with related parties: None

(III) Information of the counterpart of equity pledge by the Company's directors, managerial officers and/or persons holding over 10% of the Company's shares: None

## VIII. Information on the Relationship among the Top Ten Shareholders

April 25, 2020 Unit: Shares; %

NAME (NOTE 1)	SHARES HELD BY THE PERSON SHARE HELD		SHARES HELD BY SPOUSE AND MINOR CHILDREN		SHARES HELD THROUGH OTHER PARTIES		Title or name and relationship of top 10 largest shareholders who are related parties or each other's spouses and relatives within the second degree of kinship		REMARKS
	Number of Shares	Percentage of shares ratio Ratio	Number of Shares	Percentage of shares ratio Ratio	Number of Shares	Percentage of shares ratio Ratio	Name (OR NAME)	Relationship	
Bao Shin International Investment Co., Ltd.	29,074,437	34.79%	0	0	0	0	Hyield Venture Capital Co., Ltd.	Same ultimate parent company	None
Representative of Bao Shin International Investments Co., Ltd.: Huang, Chiu-Lien	0	0.00%	0	0	0	0	None	None	None
Fubon Life Insurance Co., Ltd.	4,715,145	5.64%	0	0	0	0	None	None	None
Representative of Fubon Life Insurance Co., Ltd.: Tsai, Ming-Hsing	0	0.00%	0	0	0	0	None	None	None
Hong Yang Venture Capital Co., Ltd.	1,808,180	2.16%	0	0	0	0	Bao Shin International Investments Co., Ltd.	Same ultimate parent company	None
Representative of Hyield Venture Capital Co., Ltd.: Huang, De-Cai	0	0.00%	0	0	0	0	None	None	None
Developed International Explore Fund under JP Morgan Chase Bank N.A. Taipei Branch	1,221,763	1.46%	0	0	0	0	None	None	None
New labor pension fund	1,151,310	1.38%	0	0	0	0	None	None	None
Vanguard Emerging Markets Stock Index Fund under JP Morgan Chase Bank N.A. Taipei Branch	966,660	1.16%	0	0	0	0	None	None	None
Schroder International Selection Fund Global Smaller Companies under JP Morgan Chase Bank N.A. Taipei Branch	952,919	1.14%	0	0	0	0	None	None	None
Chu, Fu-Chuan	800,787	0.96%	0	0	0	0	None	None	None
Vanguard Emerging Markets Stock Index Fund under JP Morgan Chase Bank N.A. Taipei Branch	748,021	0.90%	0	0	0	0	None	None	None
Old labor pension fund	693,142	0.83%	0	0	0	0	None	None	None

Note 1: All the 10 largest shareholders shall be listed. For institutional shareholders, the title of the institutional shareholder as well as the name of their representative shall be indicated.

# IX. The Total Number of Shares and Total Equity Stake Held in Any Single Enterprise by the Company, its Directors and Supervisors, Managerial Officers, and Any Companies Controlled either Directly or Indirectly by the Company

December 31, 2019

Unit: shares; %

Invested business	Investment by the Company		Directors, supervisors, managerial officers and investment of directly or indirectly controlled businesses		Combined investments	
	Number of Shares	Shareholdings (%)	Number of Shares	Shareholdings (%)	Number of Shares	Shareholdings (%)
INNOVATIVE SYSTEMS INTEGRATION LIMITED	518,216,530	100.00%	-	-	518,216,530	100.00%
Ennoconn International Investment Co., Ltd.	711,735,000	100.00%	-	-	711,735,000	100.00%
Caswell Inc.	20,000,000	29.49%	3,250,000	4.79%	23,250,000	34.28%
Ennoconn Investment Holdings Co., Ltd.	239,360,000	100.00%	-	-	239,360,000	100.00%
ENGA Technology Co., Ltd.	-	-	3,500,000	100.00%	3,500,000	100.00%
Tenglijia Holdings Limited	-	-	500,000	100.00%	500,000	100.00%
AIS Cayman Technology	-	-	2,460,000	60.00%	2,460,000	60.00%
S&T AG	-	-	17,585,008	26.93%	17,585,008	26.93%
AIS	-	-	1,500,000	100.00%	1,500,000	100.00%
Vecow Co., Ltd.	-	-	20,000,000	100.00%	20,000,000	100.00%
Goldtek Technology Co., Ltd.	-	-	17,022,831	56.74%	17,022,831	56.74%
EnnoMech Precision (Cayman) Co., Ltd.	-	-	13,800,000	100.00%	13,800,000	100.00%
SyS-P Co., Ltd.	-	-	-	100.00%	-	100.00%
Ennowyse Corporation	-	-	8,400,000	100.00%	8,400,000	100.00%
Thecus Technology Corp.	-	-	10,200,000	60.00%	10,200,000	60.00%
Dexatek Technology Ltd.	-	-	12,600,000	60.00%	12,600,000	60.00%
Servtech Corporation	-	-	400,000	7.23%	400,000	7.23%
Marketch International Corp.	-	-	83,468,613	44.69%	83,468,613	44.69%

Invested business	Investment by the Company		Directors, supervisors, managerial officers and investment of directly or indirectly controlled businesses		Combined investments	
	Number of Shares	Shareholdings (%)	Number of Shares	Shareholdings (%)	Number of Shares	Shareholdings (%)
DIVA Laboratories. Ltd.	-	-	14,500,000	20.13%	14,500,000	20.13%
HighAim Technology INC.	-	-	3,302,618	66.05%	3,302,618	66.05%
DOMINATE UNITED ENTERPRISE LTD.	-	-	2,100,000	100.00%	2,100,000	100.00%
EnnoMech Precision Co., Ltd.	-	-	1,000,000	100.00%	1,000,000	100.00%
FUNOLOGY INVESTMENT INC.	-	-	1,000	100.00%	1,000	100.00%
ANDRIX INTERNATIONAL LIMITED	-	-	900	100.00%	900	100.00%
CASO Inc.	-	-	2,000	99.00%	2,000	99.00%
Caswell International Investment Co., Ltd.	-	-	3,206,000	100.00%	3,206,000	100.00%
Caswell Americas,Inc	-	-	3,000,000	100.00%	3,000,000	100.00%
APLIGO	-	-	13,000	52.00%	13,000	52.00%
Hawkeye Tech Co., Ltd.	-	-	5,400,000	40.00%	5,400,000	40.00%
Thecus NL B.V.	-	-	2,600,000	100.00%	2,600,000	100.00%
Tecas USA.,Inc.	-	-	750,000,000	100.00%	750,000,000	100.00%
Thecus Technology Corp. (Delaware)	-	-	-	100.00%	-	100.00%
Keenest Electronic Corp.	-	-	17,000,000	100.00%	17,000,000	100.00%
Sunlit Industry Co., Ltd.	-	-	7,500,000	40.30%	7,500,000	40.30%
Tai Ron Precision Casting Corporation	-	-	7,500,000	50.00%	7,500,000	50.00%
SYS-P Corp	-	-	-	-	-	-
Servtech Corporation	-	-	1,125,000	20.34%	1,125,000	20.34%
Marketech Integrated Pte. Ltd.	-	-	9,235,678	100.00%	9,235,678	100.00%
Market Go Profits Ltd.	-	-	40,069,104	100.00%	40,069,104	100.00%
MIC-Tech Global Corp.	-	-	131,560	100.00%	131,560	100.00%
Headquarter International Ltd.	-	-	1,289,367	100.00%	1,289,367	100.00%
Tiger United Finance Ltd.	-	-	1,410,367	100.00%	1,410,367	100.00%
Marketech Engineering Pte. Ltd.	-	-	894,987	100.00%	894,987	100.00%

Invested business	Investment by the Company		Directors, supervisors, managerial officers and investment of directly or indirectly controlled businesses		Combined investments	
	Number of Shares	Shareholdings (%)	Number of Shares	Shareholdings (%)	Number of Shares	Shareholdings (%)
Marketch Integrated Manufacturing Company Limited	-	-	1,535,600	100.00%	1,535,600	100.00%
MIC-Tech Viet Nam Co., Ltd.	-	-	-	100.00%	-	100.00%
Marketch Co., Ltd.	-	-	-	100.00%	-	100.00%
eZoom Information, Inc.	-	-	20,000,000	100.00%	20,000,000	100.00%
PT Marketch International Indonesia	-	-	1,199,000	99.92%	1,199,000	99.92%
Glory Technology Service Inc.	-	-	5,510,305	29.24%	5,510,305	29.24%
Hua Shuan Technology, Inc.	-	-	200,000	20.00%	200,000	20.00%
ADAT Technology Co., Ltd.	-	-	2,000,000	29.41%	2,000,000	29.41%
Smart Health Corp.	-	-	150,000	42.86%	150,000	42.86%
Marketch Netherlands B.V.	-	-	600,000	100.00%	600,000	100.00%
Marketch International Sdn. Bhd.	-	-	12,242,750	100.00%	12,242,750	100.00%
Market International Corporation USA	-	-	750,000	100.00%	750,000	100.00%
MIC-Tech Ventures Asia Pacific Inc.	-	-	39,966,604	100.00%	39,966,604	100.00%
Marketch Integrated Construction Co., Ltd.	-	-	63,500	97.69%	63,500	97.69%
Rusky H.K. Limited	-	-	833,000	100.00%	833,000	100.00%
Frontken MIC Co. Limited	-	-	2,337,608	100.00%	2,337,608	100.00%
Ruixuan International Co., Ltd.	-	-	5,400,000	60.00%	5,400,000	60.00%
Leader Fortune Enterprise Co., Ltd.	-	-	303,000	31.43%	303,000	31.43%
Fortune Blessing Co., Limited.	-	-	500,000	27.78%	500,000	27.78%
PT Marketch International Indonesia	-	-	1,000	0.08%	1,000	0.08%
S&T CZ s.r.o., Czech Republic	-	-	49,500,000	99.00%	49,500,000	99.00%
S&T Plus s.r.o., Czech Republic	-	-	9,900,000	99.00%	9,900,000	99.00%
S&T Services Polska Sp.z.o.o., Poland	-	-	2,120	100.00%	2,120	100.00%
S&T Crna Gora d.o.o., Montenegro	-	-	25,000	100.00%	25,000	100.00%

Invested business	Investment by the Company		Directors, supervisors, managerial officers and investment of directly or indirectly controlled businesses		Combined investments	
	Number of Shares	Shareholdings (%)	Number of Shares	Shareholdings (%)	Number of Shares	Shareholdings (%)
S&T Bulgaria e.o.o.d., Bulgaria	-	-	13,126	100.00%	13,126	100.00%
S&T Poland Sp.z.o.z., Poland	-	-	26,974	100.00%	26,974	100.00%
S&T Services s.r.o., Slovakia	-	-	9,818	1.00%	9,818	1.00%
S&T Slovenija d.d., Slovenia	-	-	31,410	100.00%	31,410	100.00%
S&T Hrvatska d.o.o., Croatia	-	-	221,300	100.00%	221,300	100.00%
S&T Macedonia d.o.o.e.l., Macedonia	-	-	568,000	100.00%	568,000	100.00%
S&T CEE Holding s.r.o., Slovakia	-	-	1,881,565	100.00%	1,881,565	100.00%
S&T Plus s.r.o., Czech Republic	-	-	100,000	1.00%	100,000	1.00%
S&T CZ s.r.o., Czech Republic	-	-	500,000	1.00%	500,000	1.00%
S&T Romania S.R.L., Romania	-	-	2,461	31.00%	2,461	31.00%
S&T Serbia d.o.o., Serbia	-	-	8,786	100.00%	8,786	100.00%
S&T Albania Sh.p.k., Albania	-	-	100	100.00%	100	100.00%
S&T Mold srl., Moldova	-	-	578,898	51.00%	578,898	51.00%
S&T Consulting Hungary Kft., Hungary	-	-	100,000	100.00%	100,000	100.00%
S&T Deutschland GmbH, Germany	-	-	25,000	100.00%	25,000	100.00%
Computer Betting Company GmbH, Austria	-	-	36,336	100.00%	36,336	100.00%
SecureGUARD GmbH, Austria	-	-	92,460	69.00%	92,460	69.00%
Dorobet Ltd., Malta	-	-	198,000	99.00%	198,000	99.00%
S&T Smart Energy GmbH, Austria	-	-	36,000	100.00%	36,000	100.00%
Amanox Solutions AG; Switzerland	-	-	105,000	100.00%	105,000	100.00%
Hamcos IT Service GmbH, Germany	-	-	98,000	49.00%	98,000	49.00%
Kontron Austria GmbH, Austria (原 S&T Electronics and Payment Systems GmbH)	-	-	32,702	90.00%	32,702	90.00%
S&T SME Distribution GmbH (原 NES OE Vertriebs-GmbH), Austria	-	-	17,850	51.00%	17,850	51.00%

Invested business	Investment by the Company		Directors, supervisors, managerial officers and investment of directly or indirectly controlled businesses		Combined investments	
	Number of Shares	Shareholdings (%)	Number of Shares	Shareholdings (%)	Number of Shares	Shareholdings (%)
S&T Services GmbH, Austria	-	-	35,000	100.00%	35,000	100.00%
S&T Technologies GmbH, Austria	-	-	35,000	100.00%	35,000	100.00%
Linforge Technologies GmbH, Austria	-	-	35,000	100.00%	35,000	100.00%
GADA GROUP ROMANIA SRL, Romania	-	-	105,000	100.00%	105,000	100.00%
S&T Services Bel LLC	-	-	113,267	100.00%	113,267	100.00%
Kontron S&T AG, Germany	-	-	58,651,441	97.00%	58,651,441	97.00%
Affair OOO, Russia	-	-	4,800,000	48.00%	4,800,000	48.00%
funworld gmbh, Austria	-	-	40,000	40.00%	40,000	40.00%
Kontron Transportation Austria AG	-	-	10,000,000	100.00%	10,000,000	100.00%
Kontron Transportation North America Inc.	-	-	1,000	100.00%	1,000	100.00%
Kontron Transportation Belgium NV	-	-	11,318,887	99.00%	11,318,887	99.00%
BASS Systems S.R.L.	-	-	1,504,500	51.00%	1,504,500	51.00%
Kapsch CarrierCom Romania S.R.L.	-	-	93	31.00%	93	31.00%
AIS Automation Dresden GmbH	-	-	51,000	100.00%	51,000	100.00%
SteuDaTecc System- und Netzwerktechnik GmbH	-	-	-	-	-	-
XTRO AG, Germany	-	-	50,000	100.00%	50,000	100.00%
S&T Romania S.R.L., Romania	-	-	5,460	69.00%	5,460	69.00%
STS Sportwetten GmbH, Austria	-	-	36,400	100.00%	36,400	100.00%
S&T Slovakia s.r.o., Slovakia	-	-	1,659,696	100.00%	1,659,696	100.00%
Kapsch CarrierCom Romania S.R.L	-	-	207	69.00%	207	69.00%
S&T Services Kft., Hungary	-	-	268,000	100.00%	268,000	100.00%
Kontron Asia Inc., Taiwan	-	-	13,000	100.00%	13,000	100.00%
KONTRON EUROPE GMBH	-	-	23,600,000	100.00%	23,600,000	100.00%
KONTRON AMERICA INC.	-	-	2,036,040	100.00%	2,036,040	100.00%



Invested business	Investment by the Company		Directors, supervisors, managerial officers and investment of directly or indirectly controlled businesses		Combined investments	
	Number of Shares	Shareholdings (%)	Number of Shares	Shareholdings (%)	Number of Shares	Shareholdings (%)
KONTRON CANADA INC.	-	-	50,000,200	100.00%	50,000,200	100.00%
KONTRON ASIA PACIFIC DESIGN SDN. BHD.	-	-	44,581,102	100.00%	44,581,102	100.00%
KONTRON (BEIJING) TECHNOLOGY CO. LTD.	-	-	15,398,961	100.00%	15,398,961	100.00%
Kontron Austria GmbH, Austria (原 S&T Electronics and Payment Systems GmbH)	-	-	3,634	10.00%	3,634	10.00%
Kontron Electronics GmbH, Germany	-	-	102,150	100.00%	102,150	100.00%
Kontron Modular Computers S.A.S.	-	-	344,503	100.00%	344,503	100.00%
Kontron Technology A/S	-	-	-	100.00%	-	100.00%
Kontron UK Ltd.	-	-	172,550	100.00%	172,550	100.00%
Kontron ECT design s.r.o.	-	-	500,000	100.00%	500,000	100.00%
Kontron Austria Electronics GmbH, Austria	-	-	-	-	-	-
Kontron Holding Austria GmbH, Austria	-	-	35,000	100.00%	35,000	100.00%
Kontron Austria Electronics GmbH, Austria	-	-	-	-	-	-
Kontron Electronics AG, Switzerland	-	-	1,000	100.00%	1,000	100.00%
S&T PilsCom s.r.o.	-	-	-	-	-	-
S&T Services s.r.o., Slovakia	-	-	-	-	-	-
RTSoft Project OOO, Russia	-	-	372,500	75.00%	372,500	75.00%
S&T IT Technologie srl., Moldova	-	-	50,000	100.00%	50,000	100.00%
S&T Carrier Business	-	-	-	-	-	-
S&T ICB d.o.o.e.l.	-	-	-	-	-	-
Epro electronic GmbH	-	-	25,000	100.00%	25,000	100.00%
Kapsch CarrierCom Saudi Arabia LLC	-	-	25,000	5.00%	25,000	5.00%
Kapsch CarrierCom Sp. z o.o.	-	-	100,000	100.00%	100,000	100.00%
Kapsch CarrierCom Espana, S.L.U.	-	-	250,000	100.00%	250,000	100.00%

Invested business	Investment by the Company		Directors, supervisors, managerial officers and investment of directly or indirectly controlled businesses		Combined investments	
	Number of Shares	Shareholdings (%)	Number of Shares	Shareholdings (%)	Number of Shares	Shareholdings (%)
Kapsch CarrierCom - Unipessoal LDA Co., Ltd	-	-	5,000	100.00%	5,000	100.00%
Kapsch CarrierCom Taiwan Co., Ltd	-	-	50,000,000	100.00%	50,000,000	100.00%
Kontron Transportation s.r.o.	-	-	30,400,000	100.00%	30,400,000	100.00%
Kontron Transportation Hungary Kft.	-	-	67,000,000	100.00%	67,000,000	100.00%
Kapsch CarrierCom Saudi Arabia LLC	-	-	475,000	95.00%	475,000	95.00%
Kapsch CarrierCom Deutschland GmbH	-	-	25,000	100.00%	25,000	100.00%
Kapsch (Beijing) Information and communication Technology Co., Ltd	-	-	1,000,000	100.00%	1,000,000	100.00%
Kapsch CarrierCom France SAS	-	-	8,600,000	100.00%	8,600,000	100.00%
Kapsch CarrierCom UK Ltd.	-	-	415,950	100.00%	415,950	100.00%
AP Trans NV	-	-	375,000	100.00%	375,000	100.00%
Nanjing Asiatek Inc.	-	-	-	100.00%	-	100.00%
Shenzhen Asiatek Inc.	-	-	-	70.00%	-	70.00%
Shenzhen xiangxing Technology Co., Ltd.	-	-	-	20.00%	-	20.00%
Ennoconn (Foshan) Investment Co., Ltd.	-	-	-	100.00%	-	100.00%
Beijing Caswell Ltd.	-	-	-	82.00%	-	82.00%
HighAim Technology Inc.	-	-	-	66.05%	-	66.05%
HiaiM Ltd.	-	-	-	66.05%	-	66.05%
Shenzhen HighAim Technology Inc.	-	-	-	66.05%	-	66.05%
EnnoMech Precision (Shenzhen) Co., Ltd.	-	-	-	100.00%	-	100.00%
Goldtek Technology (Shenzhen) Co., Ltd.	-	-	-	100.00%	-	100.00%
Rirong (Shenzhen) Co., Ltd.	-	-	-	40.30%	-	40.30%
Tairuon (Shenzhen) Co., Ltd.	-	-	-	20.15%	-	20.15%
Ennoconn (Suzhou) Technology Co., Ltd.	-	-	-	100.00%	-	100.00%

Invested business	Investment by the Company		Directors, supervisors, managerial officers and investment of directly or indirectly controlled businesses		Combined investments	
	Number of Shares	Shareholdings (%)	Number of Shares	Shareholdings (%)	Number of Shares	Shareholdings (%)
Kunshan Ennoconn Intelligent Technology Co., Ltd.	-	-	-	100.00%	-	100.00%
MIC-Tech (Wuxi) Co., Ltd.	-	-	-	44.67%	-	44.67%
MIC-TECH (SHANGHAI) CORP., LTD.	-	-	-	44.67%	-	44.67%
Fuzhou Jiwei System Technology Co., Ltd.	-	-	-	44.67%	-	44.67%
Shanghai Maohua Electronic Engineering Technology Co., Ltd.	-	-	-	38.86%	-	38.86%
Shanghai Jiwei Electronic System Engineering Co., Ltd.	-	-	-	44.67%	-	44.67%
Wuxi Hanhua Electronic Technology Co., Ltd.	-	-	-	21.89%	-	21.89%
Shanghai Chenggao Mechanical and Electrical Engineering Design Co., Ltd.	-	-	-	44.67%	-	44.67%
Wuxi Qianjin Semiconductor Technology Co., Ltd.	-	-	-	44.67%	-	44.67%
Nantong Jianrui Photoelectric Technology Co., Ltd.	-	-	-	26.80%	-	26.80%
MIC-TECH CHINA TRADING (SHANGHAI) CO., LTD.	-	-	-	44.67%	-	44.67%
Shanghai Jimao Trading Co., Ltd.	-	-	-	14.04%	-	14.04%
Nanjing U-GYM Technology Corp.	-	-	-	12.41%	-	12.41%

# Chapter 4 Company Shares and Fund Raising

## I. Capital and Shares

### (I) Capital Formation:

Unit: Shares; NT\$

Year	Issued Price	Authorized Capital		Paid-in Capital		Remarks		
		Number of Shares	Amount	Number of Shares	Amount	Share capital Source of Capital	Property other than Cash Offset by the Number of Shares	Others
July 12, 1999 (Note 1)	10	4,000,000	40,000,000	1,000,000	10,000,000	Capital stock at establishment	-	-
October 25, 1999 (Note 2)	10	4,000,000	40,000,000	4,000,000	40,000,000	Capital increase by 30,000,000 in cash	-	-
January 15, 2001 (Note 3)	10	10,000,000	100,000,000	10,000,000	100,000,000	Capital increase by 60,000,000 in cash	-	-
May 25, 2005 (Note 4)	20 10	10,000,000	100,000,000	4,000,000	40,000,000	Capital contributions by claims of 20,000,000 Capital reduction of 80,000,000	-	-
June 24, 2005 (Note 5)	20	10,000,000	100,000,000	5,000,000	50,000,000	Cash capital increase by 10,000,000 in cash	-	-
May 11, 2006 (Note 6)	10 10 10	60,000,000	600,000,000	14,000,000	140,000,000	Cash capital increase by 70,000,000 in cash Capital increase from earnings 18,489,850 Capital increase by employee bonus 1,510,150	-	-
October 4, 2006 (Note 7)	10	60,000,000	600,000,000	16,800,000	168,000,000	Cash capital increase by 28,000,000 in cash	-	-
March 6, 2008 (Note 8)	12.5	60,000,000	600,000,000	36,800,000	368,000,000	Cash capital increase by 200,000,000 in cash	-	-
June 22, 2007 (Note 9)	10	60,000,000	600,000,000	37,793,600	377,936,000	Capital increase from earnings 9,936,000	-	-
August 21, 2008 (Note 10)	10 10	60,000,000	600,000,000	40,040,000	400,400,000	Capital increase from earnings by 19,136,000 Capital increase by employee bonus 3,328,000	-	-
August 25, 2009 (Note 11)	10 12.26	60,000,000	600,000,000	41,675,111	416,751,110	Capital increase from earnings by 14,014,000 Capital increase by employee bonus 2,337,110	-	-

## Chapter 4 Company Shares and Fund Raising

Year	Issued Price	Authorized Capital		Paid-in Capital		Remarks		
		Number of Shares	Amount	Number of Shares	Amount	Share capital Source of Capital	Property other than Cash Offset by the Number of Shares	Others
August.13, 2010 (Note 12)	10 13.58	60,000,000	600,000,000	46,185,340	461,853,400	Capital increase from earnings by 38,757,860 Capital increase by employee bonus 6,344,430	-	-
September26, 2011 (Note 13)	10 14.24	60,000,000	600,000,000	47,409,788	474,097,880	Capital increase from earnings by 11,084,480 Capital increase by employee bonus 1,160,000	-	-
September17, 2012 (Note 14)	25 10 13.96	60,000,000	600,000,000	53,945,984	539,459,840	Cash capital increase by 50,000,000 in cash Capital increase from earnings 9,481,960 Capital increase by employee bonus 5,880,000	-	-
July 17, 2013 (Note 15)	10 42.42	100,000,000	1,000,000,000	60,450,341	604,503,410	Capital increase from earnings 60,635,280 Capital increase by employee bonus 4,408,290	-	-
April 16, 2014 (Note 16)	128	100,000,000	1,000,000,000	66,530,341	665,303,410	Cash capital increase by 60,800,000 in cash	-	-
January 21, 2015 (Note 17)	236	100,000,000	1,000,000,000	68,680,341	686,803,410	Exchange of shares 21,500,000	Exchange for CASwell Inc. shares 8,600 thousand shares	-
November 30, 2015 (Note 18)	10	100,000,000	1,000,000,000	68,875,760	688,757,600	Converted 1,954,190 in the first domestic convertible corporate bonds	-	-
February 15, 2016 (Note 19)	10	100,000,000	1,000,000,000	69,728,698	697,286,980	Converted 8,529,380 in the first domestic convertible corporate bonds	-	-
May 19, 2016 (Note 20)	10	100,000,000	1,000,000,000	70,495,867	704,958,670	Converted 7,671,690 in the first domestic convertible corporate bonds	-	-
August.11, 2016 (Note 21)	388	100,000,000	1,000,000,000	74,995,867	749,958,670	Capital increase by 45,000,000 in cash	-	-
August.29, 2016 (Note 22)	10	100,000,000	1,000,000,000	75,618,210	756,182,100	Converted 6,223,430 in the first domestic convertible corporate bonds	-	-

## Chapter 4 Company Shares and Fund Raising

Year	Issued Price	Authorized Capital		Paid-in Capital		Remarks		
		Number of Shares	Amount	Number of Shares	Amount	Share capital Source of Capital	Property other than Cash Offset by the Number of Shares	Others
November 22, 2016 (Note 23)	10	100,000,000	1,000,000,000	76,152,738	761,527,380	Converted in the first and second domestic convertible corporate bonds 5,345,280	-	-
February 6, 2017 (Note 24)	10	100,000,000	1,000,000,000	76,300,802	763,008,020	Converted in the first and second domestic convertible corporate bonds 1,480,640	-	-
May 31, 2017 (Note 25)	10	100,000,000	1,000,000,000	76,388,434	763,884,340	Converted in the first and second domestic convertible corporate bonds 87,632	-	-
August 7, 2017 (Note 26)	10	100,000,000	1,000,000,000	76,398,052	763,980,520	Converted in the first and second domestic convertible corporate bonds 9,618	-	-
December 7, 2017 (Note 27)	10	100,000,000	1,000,000,000	76,527,598	765,275,980	Converted in the first and second domestic convertible corporate bonds 139,546	-	-
February 1, 2018 (Note 28)	10	100,000,000	1,000,000,000	76,528,811	765,288,110	Converted in the second domestic convertible corporate bonds 1,213	-	-
May 24, 2018 (Note 29)	10	100,000,000	1,000,000,000	77,365,249	773,652,490	Converted in the second domestic convertible corporate bonds and first overseas domestic convertible corporate bonds 836,438	-	-
March 13, 2019	10	100,000,000	1,000,000,000	83,574,472	835,744,720	Capital increase by 60,000,000 in cash	-	-

Note 1: The Economic Affairs Bureau of Taipei City Government Approval Letter No. Shang-Er—88328790 issued on September 16, 1999

Note 2: The Economic Affairs Bureau of Taipei City Government Approval Letter No. Shang-Er—88347702 issued on October 25, 1999

Note 3: The Ministry of Economic Affairs Approval Letter No. (090)-Shang—0900100965 issued on January 15, 2001

Note 4: The Ministry of Economic Affairs Approval Letter No. Shou-Zhong—09432172260 issued on May 25, 2005

Note 5: The Ministry of Economic Affairs Approval Letter No. Shou-Zhong—09432336280 issued on June 24, 2005

Note 6: The Ministry of Economic Affairs Approval Letter No. Shou-Zhong—09532165220 issued on May 11, 2006

Note 7: The Ministry of Economic Affairs Approval Letter No. Shou-Zhong—09532926230 issued on October 04, 2006

Note 8: The Ministry of Economic Affairs Approval Letter No. Shou-Zhong—09631769360 issued on March 06, 2007

Note 9: The Ministry of Economic Affairs Approval Letter No. Shou-Zhong—09632312080 issued on June 22, 2007

Note 10: The Economic Development Bureau of Taipei County Government Official Letter No. Jing-Deng—0973049365 issued on August 21, 2008

Note 11: The Ministry of Economic Affairs Official Letter No. Shou-Zhong—09832930520 issued on August 25, 2009

## Chapter 4 Company Shares and Fund Raising

- Note 12: The Taipei County Government Official Letter No. Jing-Deng—0993148047 issued on August 13, 2010
- Note 13: The New Taipei City Government Official Letter No. Jing-Deng—1005059538 issued on September 26, 2011
- Note 14: The Ministry of Economic Affairs Official Letter No. Shou-Shang—10101192660 issued on September 27, 2012
- Note 15: The Ministry of Economic Affairs Official Letter No. Shou-Shang—10201140690 issued on July 17, 2013
- Note 16: The Ministry of Economic Affairs Official Letter No. Shou-Shang—10301065980 issued on April 16, 2014
- Note 17: The Ministry of Economic Affairs Official Letter No. Shou-Shang—10401002010 issued on January 21, 2015
- Note 18: The Ministry of Economic Affairs Official Letter No. Shou-Shang—10401247880 issued on November 30, 2015
- Note 19: The Ministry of Economic Affairs Official Letter No. Shou-Shang—10501027780 issued on February 15, 2016
- Note 20: The Ministry of Economic Affairs Official Letter No. Shou-Shang—10501104050 issued on May 19, 2016
- Note 21: The Ministry of Economic Affairs Official Letter No. Shou-Shang—10501193160 issued on August 11, 2016
- Note 22: The Ministry of Economic Affairs Official Letter No. Shou-Shang—10501209510 issued on August 29, 2016
- Note 23: The Ministry of Economic Affairs Official Letter No. Shou-Shang—10501266500 issued on November 22, 2016
- Note 24: The Ministry of Economic Affairs Official Letter No. Shou-Shang—10601014510 issued on February 6, 2017
- Note 25: The Ministry of Economic Affairs Official Letter No. Shou-Shang—10601069670 issued on May 31, 2017
- Note 26: The Ministry of Economic Affairs Official Letter No. Shou-Shang—10601112420 issued on August 7, 2017
- Note 27: The Ministry of Economic Affairs Official Letter No. Shou-Shang—10601164100 issued on December 7, 2017
- Note 28: The Ministry of Economic Affairs Official Letter No. Shou-Shang—10701012860 issued on February 1, 2018
- Note 29: The Ministry of Economic Affairs Official Letter No. Shou-Shang—10701057310 issued on May 24, 2018
- Note 30: The Ministry of Economic Affairs Official Letter No. Shou-Shang—10801036000 issued on April 3, 2019

### (II) Types of Shares Issued:

April 25, 2020; Unit: Shares

Shares Type	Authorized Capital			Remarks
	Outstanding Shares	Non-issued Shares	Total	
Common Shares	83,574,472	166,425,528	250,000,000	Listed Stocks (Outstanding shares include 655,000 treasury shares)

**II. Composition of Shareholders:**

April 25, 2020; Unit: Shares

Shareholder Structure Quantity	Government Agencies	Financial Institutions	Other Institutions	Foreign Institutions & Individuals	Individuals	Treasury Shares	Total
Number of individuals	5	5	64	111	10,270	1	10,456
Shares Held	2,291,877	5,008,998	33,165,863	9,165,292	33,287,442	655,000	83,574,472
Shareholdings (%)	2.74%	5.99%	39.68%	10.97%	39.83%	0.78%	100.00%



**III. Distribution Profile of Share Ownership:**

April 25, 2020; Unit: Shares

Shares	Number of Shareholders	Shares Held	Shareholdings (%)
1-999	1,445	208,587	0.25%
1,000-5,000	7,757	13,601,267	16.27%
5,001-10,000	685	5,176,307	6.19%
10,001-15,000	221	2,747,768	3.29%
15,001-20,000	114	2,041,350	2.44%
20,001-30,000	70	1,710,529	2.05%
30,001-40,000	48	1,710,014	2.05%
40,001-50,000	27	1,231,012	1.47%
50,001-100,000	36	2,579,023	3.09%
100,001-200,000	23	3,251,759	3.89%
200,001-400,000	11	2,843,038	3.40%
400,001-600,000	8	3,686,454	4.41%
600,001-800,000	3	2,096,163	2.51%
800,001-1,000,000	3	2,720,366	3.26%
1,000,001 or above	5	37,970,835	45.43%
Total	10,456	83,574,472	100.00%

**IV. List of Major Shareholders**

April 25, 2020; Unit: Shares

Name of Major Shareholders	Shares	Shares Held	Shareholdings (%)
Bao Shin International Investment Co., Ltd.		29,074,437	34.79%
Fubon Life Insurance Co., Ltd.		4,715,145	5.64%
Hong Yang Venture Capital Co., Ltd.		1,808,180	2.16%
Developed International Explore Fund under JP Morgan Chase Bank N.A. Taipei Branch		1,221,763	1.46%
New labor pension fund		1,151,310	1.38%
Vanguard Emerging Markets Stock Index Fund under JP Morgan Chase Bank N.A. Taipei Branch		966,660	1.16%
Schroder International Selection Fund Global Smaller Companies under JP Morgan Chase Bank N.A. Taipei Branch		952,919	1.14%
Chu, Fu-Chuan		800,787	0.96%
Vanguard Emerging Markets Stock Index Fund under JP Morgan Chase Bank N.A. Taipei Branch		748,021	0.90%
Old labor pension fund		693,142	0.83%

## V. Market Price, Net Value, Earnings Per Share, Dividends and Related Information for the Most Recent Two Fiscal Years

Unit: NT\$; thousand share

Item \ Year		2018	2019	2020 As of April 30
Market Price Per Share	Highest	536.00	312.00	257.50
	Lowest	189.00	199.50	119.50
	Average	377.42	240.46	204.98
Equity Per Share	Before distribution	85.15	98.36	Note 3
	After distribution	77.66	-	
Earnings per share	Weighted Average Shares	76,686	81,742	
	Earnings per share	14.27 (Note 2)	13.22	
Earnings Per Share (EPS) (DPS)	Cash Dividends	7.00	4.00 (Note 1)	
	Stock Grants	Stock Dividends from Retained Earnings	1.00 (Note 1)	
		Stock Dividends from Capital Reserve	- (Note 1)	
	Accumulated Undistributed Dividends		-	
			-	
Return Analysis	Price-earning ratio		26.45	
	Price-dividend ratio		53.92	
	Cash Dividend Yield		1.85%	

Note 1: Distribution of earnings for 2019 has been approved by the Board of Directors but not been approved by the annual shareholders' meeting.

Note 2: It has been restated and audited by the CPA in 2018.

Note 3: No relevant financial information shall be disclosed.

## VI. The Company's Dividend Policy and Implementation Status

### (I) Dividend Policy

Article 20 of the Company's Articles of Incorporation:

If the Company has a profit for the year, it shall set aside no less than 2% of the total profit for employee bonus. The Board of Directors shall decide to distribute the bonus in shares or cash; the persons who receive the bonus shall include employees of subsidiary companies who meet certain conditions, and relevant measures shall be decided by the authorized Board of Directors. If the Company earns the aforementioned profit, the Board of Directors shall set aside no more than 2% of the total profit for Director bonus. Proposals for the distribution of employee bonus as well as Director bonus shall be submitted to the shareholder's meeting.

## Chapter 4 Company Shares and Fund Raising

However, if the Company has accumulated losses, an amount of compensation shall be set aside for the amount of losses before distributing employee and Director bonuses in accordance with the aforementioned percentages.

Article 12-1 of the Articles of Incorporation:

If it is "net profit for the current period" in the Company's annual final accounts, the profit shall be distributed in the following order:

- (1) Set aside an amount to make up losses.
- (2) Set aside 10% as statutory reserve. However, in case the said reserve has already reached the total amount of the paid-in capital, the Company may not be subject to this provision.
- (3) Appropriate or reverse an amount as special capital reserve in accordance with law.
- (4) In the case of "net profit for the current period in the final accounts," after the amounts specified in subparagraphs (1) to (3) above are deducted, the remaining amount, the accumulated undistributed earnings at the beginning of the period, and the undistributed earnings at the end of the period are adjusted; the Board of Directors shall put forward a distribution proposal for the distributable earnings and submit it to the shareholders' meeting for approval.

The Company is currently in the growth stage and will be expanded in line with business development in the future. The distribution of earnings shall be based on the Company's future capital expenditure budgets and capital requirements, and the Board of Directors shall put forward a distribution proposal, and the distribution shall only be executed after the resolution of the shareholders' meeting. However, not less than 10% of the dividends to be distributed in the current year shall be distributed in cash.

The ratio for the distribution of stock dividends of the Company shall be no less than 40% of the aggregated distributable earnings for distribution in principle.

### (II) Distribution of Proposed Dividends at the Shareholders' Meeting

The Company's board of directors passed the proposal for earnings distribution for 2019 on March 31, 2020 (has not been approved at the shareholders' meeting via resolution yet).

- (1) Cash dividends in the earnings distribution: 4 (NT\$/share).
- (2) Stock dividends in the earnings distribution: 1 (NT\$/share).
- (3) Cash from legal capital reserve and capital surplus to be distributed: 0 (NT\$/share).
- (4) The total amount of cash (dividends) distributed to shareholders: NT\$331,677,888.
- (5) The total amount of stock (dividends) distributed to shareholders: NT\$82,919,480.

### (III) When There is a Material Change in the Expected Dividend Policy, It Shall be Stated: As of the publication date of the annual report, the Company has no plan to change the dividend policy.

## VII. Effect upon Business Performance and Earnings Per Share of any Stock Dividend Distribution Proposed or Adopted at the Most Recent Shareholders' Meeting

Item		Year	2020
Beginning paid-in Capital(NT\$)			835,744,720
Dividend Distribution (Note1)	Cash dividend per share(NT\$)		4
	Stock dividend per share for capital increase from retained earnings(Share)		0.1
	Stock dividend per share for capital increase from capital reserve(Share)		-
Business Performance Variation	Operating profit		N/A (Note2)
	Year-on-year increase/decrease(%) of operating profit		
	Net profit after tax		
	Year-on-year increase / decrease (%) of net profit after tax		
	Earnings per share		
	Year-on-year increase / decrease of earnings per share		
	Average return over investment (annualized)		
Pro forma earnings per share and its P/E ratio	If cash dividend is distributed instead of capital increase from retained earnings	Pro forma earnings per share (NTD)	N/A (Note2)
		Pro forma average return over investment (annualized)	
	If no capital increase from capital reserve	Pro forma earnings per share (NTD)	
		Pro forma average return over investment (annualized)	
	If no capital reserve and cash dividend is distributed instead of capital increase from retained earnings	Pro forma earnings per share (NTD)	
		Pro forma average return over investment (annualized)	

Note 1: Pending resolution by 2020 Annual General Shareholders' Meeting.

Note 2: Ennoconn is not required to disclose its 2020 financial forecast pursuant to "Regulations Governing the Publication of Financial Forecasts of Public Companies."

## VIII. Employee Stock Bonus and Remuneration of Directors and Supervisors

- (I) The Percentage and Scope of Employee Bonus and Director bonus as Set Out in the Company's Articles of Incorporation: Refer to 6-(1) for details.
- (II) Accounting Treatment for the Basis for Estimating the Employees Bonus and Director Bonus for the Current Period, the Basis for the Calculation of the

## Chapter 4 Company Shares and Fund Raising

Number of Shares Distributed to the Employees as the Bonus and the Actual Distribution, and for any Difference between the Actual Number Distributed and the Estimated Number:

- (1) The basis for estimating the amount of employees' and Directors' bonuses for the current period: Please refer to the above-mentioned 6-(1) for information regarding the dividend policy.
- (2) The basis for calculating the number of shares to be distributed to employees as the bonus for the current period: None.
- (3) Accounting treatment for difference between the actual number distributed and the estimated figures: It is considered as a change in accounting estimates and is included in profit or loss in the actual year for distribution.

### (III) Information on Distribution of Bonuses Approved by the Board of Directors:

- (1) The amount of employee bonus and Director bonus in cash or shares, if there is any difference between the above-mentioned amount and estimated amount of recognized expenses for the current fiscal year, the amount and reasons of, as well as response to the said difference shall be disclosed:

The Company's annual earnings distribution for 2019 was approved by the board of directors on March 31, 2020. The Company's distribution of the bonus to employees in cash for 2018 totaled NT\$36,726,422, accounting for 3.31% of the profit in the final accounts of 2019; the distribution of the bonus to director reached NT\$3,060,000, accounting for 0.28% of the profit in the final accounts of 2019. The estimated bonus to employees in cash was NT\$36,726,422 and to directors was NT\$3,060,000 in the year of 2019, which were estimated in accordance with 3.31% and 0.28%, respectively, of the pre-tax profit as stated in the dividend policy of 6-(1); there is no discrepancy between the annual amount and estimated amount.

- (2) The proportion of the amount of employee bonus in the form of shares to the net income after taxes and the total amount of employee bonus for the current fiscal year:

The Company's dividends for 2019 were all distributed to employees in cash and not in form of stock.

### (IV) If There is Any Difference between the Actual Amount of Bonus Distributed to Employees and Directors (Including Number and Dollar Amount of Shares Distributed, as well as Share Price) and the Recognized Amount of the Bonuses to Employees and Directors in the Previous Fiscal Year, the Amount and Reasons of, as well as Response to the Said Difference shall be Stated:

In the 2018 annual earnings distribution of the Company, the distribution of employee bonus and Director bonus is as follows.

2018	Financial statements Recognized amount	Approved by the board Actual amount distributed	Differences	Reasons for the differences
Bonus to employees in cash	33,818,800	33,818,800	0	None
Director's Remuneration	3,060,000	3,060,000	0	
Total	36,878,800	36,878,800	0	

**IX. Share Repurchases: None.**

## X. Issuance of Corporate Bonds

### (I) Domestic and Overseas Corporate Bonds:

Type of corporate bond	The 2nd Issuance of Domestic Unsecured Convertible Corporate Bonds	The 3rd Issuance of Domestic Unsecured Convertible Corporate Bonds	The 1st Issuance of Overseas Unsecured Convertible Corporate Bonds
Date of issuance	May 13, 2016	February 26, 2019	March 10, 2017
Par Value	NT\$100,000 each	NT\$100,000 each	US\$200,000 per each
Place of issuance and transaction	Taipei Exchange	Taipei Exchange	Singapore Exchange Ltd.
Issued Price	Issued by par value	Issued by 100.2% of par value	Issued by par value
Total	NT\$1,800,000,000	NT\$6,000,000,000	US\$200,000,000 For the conversion of corporate bonds, a fixed exchange rate at 1: 31.653 for US to NTD was adopted for repayment, reverse repurchase, and redemption of bonds
Interest rate	Coupon rate 0%	Coupon rate 0%	Coupon rate 0%
Term	5 year; issued on May 13, 2016; expiration date: May 13, 2021	5 years; issued on February 26, 2019; expiration date: February 26, 2024	5 years; issued on March 10, 2017; expiration date: March 10, 2022
Guarantee Agency	Not applicable	Not applicable	Not applicable
Consignee	Bank SinoPac	Bank SinoPac	Citicorp International Limited
Underwriting Institution	KGI Securities Co., Ltd.	Yuanta Securities Co., Ltd.	Foreign Underwriting Host: KGI Asia Limited Domestic Underwriter for Submission: KGI Securities Co., Ltd.
Certified Attorney	Handsome Attorneys-at-law: Attorney Chui, Ya-Wen	Handsome Attorneys-at-law: Attorney Chui, Ya-Wen	Lee and Li Attorneys-at-law: Attorney Sung, Tien-Hsiang
CPA	Deloitte & Touche CPAs, Yang, Ching-Ting and Yang, Ching-Chen	Deloitte & Touche CPAs, Liu, Shui-En and Yang, Ching-Chen	Deloitte & Touche CPAs, Liu, Shui-En and Yang, Ching-Chen
Repayment Method	Except for the conversion of the convertible corporate bonds by the bondholders into the Company's ordinary shares in accordance with	Except for the conversion of the corporate bonds by the bondholders into the Company's ordinary shares in accordance with Article 10	1. Except for the redemption and buy-back and cancellation of the bonds or the exercise of the conversion right by the bondholders, on the

Type of corporate bond	The 2nd Issuance of Domestic Unsecured Convertible Corporate Bonds	The 3rd Issuance of Domestic Unsecured Convertible Corporate Bonds	The 1st Issuance of Overseas Unsecured Convertible Corporate Bonds
	Article 10 of the regulations, or early redemption by the Company in accordance with Article 18 of the regulations, or buyback and cancellation of the bonds by securities firms, or the exercise of the right of reverse repurchase by the bondholders in accordance with Article 19, the Company repays the bonds held by the bondholders in cash in lump sum upon the maturity of the bonds based on the par value of the bonds.	of the regulations, or early redemption by the Company in accordance with Article 17 of the regulations, or buyback and cancellation of the bonds by securities firms, or the exercise of the right of reverse repurchase by the bondholders in accordance with Article 18, the Company repays the bonds held by the bondholders in cash in lump sum upon the maturity of the bonds based on the par value of the bonds.	maturity date of the bonds, the issuing company will repay the bonds in full according to the par value of the bonds plus the annual interest rate of 1.25% for the earning rate (hereinafter referred to as the "redemption price"). 2. The redemption price upon maturity will be converted into New Taiwan dollar at a fixed exchange rate, and the amount in New Taiwan dollar will be converted into US dollar at the exchange rate at that time (1:31.653 as indicated by Taipei Forex Inc. at 11:00 a.m.).
Outstanding amount	NT\$1,210,600,000	NT\$6,000,000,000	US\$42,100,000
Redemption or Early Repayment Settlement Clause	1. Where the bonds have been issued from the following day after the second month of issuance (July 14, 2016) to the 40th day before the expiration date (April 3, 2021), where the closing price of the Company's ordinary shares on Taipei Exchange exceeds 30% or more of the conversion price of the convertible bonds at that time for 30 consecutive business days, the Company may, within 30 business days thereafter, mail the bondholders (those on the list of creditors five business days before the mailing of the "bond recalling notice" shall prevail; the investors who subsequently acquire the bonds through trading or other reasons shall be notified through public announcement) the "bond recalling notice" by registered mail 30 days before the	1. Where the bonds have been issued from the following day after the third month of issuance (May 27, 2019) to the 40th day before the expiration date (January 17, 2024), if the closing price of the Company's ordinary shares at the Taiwan Stock Exchange Corporation (TWSE) exceeds 30% or more of the conversion price of the convertible bonds at that time for 30 (inclusive) consecutive business days, mail the bondholders (those on the list of creditors five business days before the mailing of the "bond recalling notice" shall prevail; the investors who subsequently acquire the convertible corporate bonds through trading or other reasons shall be notified through public announcement) the "bond recalling notice" by registered mail	1. After two years from the issuance of the bonds, for 20 trading days out of 30 consecutive business days, where, after converted into the amount in the US dollar at the real-time exchange rate, the closing price of the issuing company's ordinary shares on the Taiwan Stock Exchange reaches 130% or more of the amount of the early redemption price multiplied by the conversion price (at a fixed exchange rate of 1:31.653 agreed up on the price determination date) at that time and divided by the par value, the issuing company may redeem all or part of the bonds at the early redemption price (as defined below). 2. Where over 90% of the bonds are redeemed, converted, and bought back and canceled, the issuing company may redeem the bonds still in



Type of corporate bond	The 2nd Issuance of Domestic Unsecured Convertible Corporate Bonds	The 3rd Issuance of Domestic Unsecured Convertible Corporate Bonds	The 1st Issuance of Overseas Unsecured Convertible Corporate Bonds
	<p>recalling date (the said period starts from the date of the mailing the notice, and the expiration date of the said period is the base date for recalling the bonds, and the said period shall not be termination period of converting the convertible corporate bonds), while sending Taipei Exchange an official letter for making public announcement; within five business days after the base date of recalling the bonds, the bondholders' convertible corporate bonds shall be redeemed in cash based on the par value of the bonds.</p> <p>2. Where the bonds have been issued from the following day after the second month of issuance (July 14, 2016) to the 40th day before the expiration date (April 3, 2021), where the balance of the circulating bonds is less than 10% of the total original monetary amount of the issued bonds, the Company may mail the bondholders (those on the list of creditors five business days before the mailing of the "bond redemption notice" shall prevail; the investors who subsequently acquire the bonds through trading or other reasons shall be notified through public announcement) the "bond recalling notice" by registered mail 30 days before the recalling date (the said period starts from the date of the mailing the notice, and the expiration date of the said period is</p>	<p>30 days before the recalling date (the said period starts from the date of the mailing the notice, and the expiration date of the said period is the base date of recalling the bonds, and the said period shall not be the termination period of conversion as stated in Article 9), while sending Taipei Exchange an official letter for making public announcement; within five business days after the base date of recalling the bonds, the bondholders' convertible corporate bonds shall be redeemed in cash based on the par value of the bonds.</p> <p>2. Where the bonds have been issued from the following day after the third month of issuance (May 27, 2019) to the 40th day before the expiration date (January 17, 2024), if the balance of the circulating bonds is less than 10% of the total original monetary amount of issued bonds, the Company may, at any time thereafter, mail the bondholders (those on the list of creditors five business days before the mailing of the "bond recalling notice" shall prevail; the investors who subsequently acquire the convertible corporate bonds through trading or other reasons shall be notified through public announcement) the "bond recalling notice" by registered mail 30 days before the recalling date (the said period starts from the date of the mailing the</p>	<p>circulation at the issuing company's early redemption price.</p> <p>3. In the case of the changes in the taxation laws of the Republic of China, the issuing company's tax burden increases due to the issuance of the bonds after the issuance date and needs to pay additional fees or bears a higher cost, the issuing company may redeem all of the bonds early at the early redemption price in accordance with the brokerage contract. Where a bondholder does not participate in the redemption, the bondholder shall not request the issuing company to pay additional taxes or fees.</p> <p>4. The early redemption price will all be converted into New Taiwan dollar at the fixed exchange rate of 1:31.653 (based on the fixing displayed by Taipei Forex Inc. at 11:00 a.m.). The amount in the New Taiwan dollar will be converted into the amount in the US dollar at the real-time exchange rate for redemption.</p> <p>The "early redemption price" refers to the price of each bond calculated by the par value of the bond plus the earning rate. The earning rate is a rate calculated by applying a compound interest rate of 1.25% per annum from the date when an investor purchases bonds till the early redemption date.</p>

Type of corporate bond		The 2nd Issuance of Domestic Unsecured Convertible Corporate Bonds	The 3rd Issuance of Domestic Unsecured Convertible Corporate Bonds	The 1st Issuance of Overseas Unsecured Convertible Corporate Bonds
		<p>the base date of recalling the bonds, and the said period shall not be the termination period of converting this convertible corporate bond), while sending Taipei Exchange an official letter for making public announcement; within five business days after the base date of recalling the bonds, the bondholders' convertible corporate bonds shall be redeemed in cash based on the par value of the bonds.</p> <p>3. Where a bondholder fails to respond to the Company's stock affairs agency in writing before the base date stated in the "redemption notice" (effective upon delivery of the notice; in the case of mailing, the postmark date shall prevail), the Company shall redeem the convertible corporate bonds held by the bondholder in cash based on the nominal amount.</p>	<p>notice, and the expiration date of the said period is the base date of recalling the bonds, and the said period shall not be the termination period of conversion as stated in Article 9), while sending Taipei Exchange an official letter for making public announcement; within five business days after the base date of recalling the bonds, the bondholders' convertible corporate bonds shall be redeemed in cash based on the par value of the bonds.</p> <p>3. Where a bondholder fails to respond to the Company's stock affairs agency in writing before the base date stated in the "bond recalling notice" (effective upon delivery of the notice; in the case of mailing, the postmark date shall prevail), the Company shall recall the convertible corporate bonds held by the bondholder in cash based on the par value.</p>	
Restrictive Covenants		None	None	The bond shall not be directly raised, sold, or delivered within the territory of the Republic of China.
Names of Credit Rating Agency, Evaluation Date, and Rating Result of Corporate Bond		Not applicable	Not applicable	Not applicable
Other Rights	Amount of Ordinary Shares,	As of April 30, 2020, 5,894 bonds had been converted with the nominal amount of NT\$100,000 each, and the monetary amount	As of April 30, 2020, zero bond had been converted.	As of April 30, 2020, 15 bonds had been converted with the nominal amount of US\$200,000 each, and the monetary amount of

Type of corporate bond		The 2nd Issuance of Domestic Unsecured Convertible Corporate Bonds	The 3rd Issuance of Domestic Unsecured Convertible Corporate Bonds	The 1st Issuance of Overseas Unsecured Convertible Corporate Bonds
	Overseas Depositary Receipts, or Other Securities through Conversion (Swap or Subscription)	of the converted bonds is NT\$589,400,000. The accumulated number of ordinary shares through conversion is 1,414,262.		the converted bonds is US\$3,000,000. The accumulated number of ordinary shares through conversion is 200,460. As of March 10, 2019, the bondholders had exercised the put option US\$154,900,000 in principal amount and the outstanding amount is US\$42,100,000.
	Issuance and Conversion (Swap or Subscription) Methods	See Appendix I below	See Appendix II below	See Appendix III below
Potential Dilution of Equity and Impact on Shareholders' Equity		If the remaining convertible corporate bonds are entirely converted into ordinary shares based on the current conversion price, the Company must issue 3,060,936 common shares, the dilution ratio of the shareholders' equity is approximately 3.53%, so its dilution effect on the original shareholders' equity is still limited.	If the remaining convertible corporate bonds are entirely converted into ordinary shares based on the current conversion price, the Company must issue 22,413,149 common shares, the dilution ratio of the shareholders' equity is approximately 21.15%. The Company raised funds in the form of cash capital increase and conversion of corporate bonds in 2019, which will effectively reduce and delay the dilution of equity. In view of the impact on the existing shareholders' equity, raising funds through borrowing from banks may not increase the share capital immediately, but the cost of capital is relatively high, and it may erode the Company's profit easily, while only increasing the Company's liabilities after the fundraising;	If the remaining convertible corporate bonds are entirely converted into ordinary shares based on the current conversion price, the Company must issue 2,730,720 common shares, the dilution ratio of the shareholders' equity is approximately 3.16%, so its dilution effect on the original shareholders' equity is still limited.

Type of corporate bond	The 2nd Issuance of Domestic Unsecured Convertible Corporate Bonds	The 3rd Issuance of Domestic Unsecured Convertible Corporate Bonds	The 1st Issuance of Overseas Unsecured Convertible Corporate Bonds
		also the net value cannot be raised immediately, which has limited effect on the sustainable operations. However, the issuance of new shares and conversion of corporate bonds through cash capital increase can increase the Company's net value per share. Although the conversion of corporate bonds will increase the Company's liabilities before the conversion, when the corporate bonds are being converted into ordinary shares, in addition to reducing liabilities, it will increase the shareholders' equity, which will in turn increase the net value per share. Therefore, it will better protect the existing shareholders' equity in the long run.	
Transfer Agent	Not applicable	Not applicable	Not applicable

(II) The Convertible Bonds Issued by the Company that can be Converted into Ordinary Shares, Overseas Depositary Receipts, or Other Marketable Securities are Listed in the Table Below:

Type of corporate bond		The 2nd Issuance of Domestic Unsecured Convertible Corporate Bonds			The 3rd Issuance of Domestic Unsecured Convertible Corporate Bonds			The 1st Issuance of Overseas Unsecured Convertible Corporate Bonds		
Item	Year	2018	2019	Current Year to April 30, 2020	2018	2019	Current Year to April 30, 2020	2018	2019	Current Year to April 30, 2020
	Market price of the convertible corporate bonds (NTD)	Highest	Lowest	Average	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Conversion Price		129.00	103.00	104.45	Not applicable	110.60	109.45	123.65	106.06	105.27
		102.40	93.50	99.90	Not applicable	102.00	93.00	103.51	100.89	100.82
		114.72	102.72	102.74	Not applicable	106.91	103.50	111.75	104.29	103.05
Conversion Price		412.20	383.50	383.50	Not applicable	259.60	259.60	463.94	445.20	445.20
Conversion price on the date of issuance and during the period of issuance		Issued on May 13, 2016; the conversion price during issuance was NT\$435.			Issued on February 26, 2019; the conversion price during issuance was NT\$272.8.			Issued on March 10, 2017; the conversion price during issuance was NT\$488.		
Method for Performing Conversion Obligations		Issuance of new shares			Issuance of new shares			Issuance of new shares		

- XI. Preferred Shares: None.**
- XII. Global Depository Receipts (GDR): None.**
- XIII. Subscription of Warrants for Employees: None.**
- XIV. Name of managerial officers holding warrants for employees and top ten employees in terms of subscription of warrants, and the acquisition status: None.**
- XV. Subscription of New Shares for Employee Restricted Stocks: None.**
- XVI. Name of Managerial Officers Holding the New Shares for Employee Restricted Stocks and Top Ten Employees in terms of Subscription of the New Share, and the Acquisition Status: None.**
- XVII. Issuance of New Shares due to Acquisition of Shares of Another Company: None.**
- XVIII. Implementation of Fund Usage Plan:**

- (I) The Second Issuance of Domestic Unsecured Convertible Corporate Bonds in May 2016:

The funds raised for the second issuance of the domestic unsecured convertible corporate bonds by the Company were completed in May 2016; the funds raised was NT\$1.8 billion. As of the second quarter of 2016, the Company has completed the investment in Ennoconn Investment Holdings Co., Ltd. as planned and obtained 49% equity of KCI indirectly through the Company. Because of the consideration for timeliness, some of the sources of the funds were originally from a bank loan for the investment. After completing the second fundraising for the domestic unsecured convertible corporate bond funds, NT\$1.3 billion out of NT\$1.8 billion raised was used to repay the bank loan, which was completed according to the fund utilization plan.

- (II) First Issuance of Overseas Unsecured Convertible Corporate Bonds in March 2017:

The Company's first fundraising for the overseas unsecured convertible corporate bonds was completed in March 2017; the funds raised were US\$200 million (equivalent to around NT\$6,330,600,000), which were used in procuring materials and finished goods in the foreign currency. After the fundraising was completed in March, 2017, due to the impact of international economic situations, such as the raising inflation pressure driven by the U.S. in response to the demand and the Fed interest rate hike, the credit borrowing rate in US dollar terms has risen sharply. In order to effectively use the funds to reduce the Company's capital cost, it was approved by the Board of Directors via resolution on June 9, 2017, to adjust the fund utilization plan. In addition to the procurements of materials and finished goods in the foreign currency, a portion of the funds were adjusted, as indicated in the fund utilization plan, to invest in Ennoconn Investment Holdings Co.,Ltd. to obtain the equity of S&T AG, which was completed according to the fund utilization plan.

- (III) The Third Issuance of Domestic Unsecured Convertible Corporate Bonds in February 2019:

## Chapter 4 Company Shares and Fund Raising

The Company's third fundraising for the domestic unsecured convertible corporate bonds was completed in February 2019; the funds raised were US\$6,012,000,000. As of the first quarter of 2019, the funds were used for the repayment of the funds used for the repayment of the principal and interest, generated when the bondholders holding the first issued overseas unsecured convertible corporate bonds exercised their right of reverse repurchase, which was completed as planned. Since not all the bondholders holding the first issued overseas unsecured convertible corporate bonds exercised the right of reverse repurchase, the Company's repayment of the principal and interest generated from the exercising the right of reverse repurchase by the bondholders decreased. After deducting the repayment of the principal and interest generated from the exercising the right of reverse repurchase by the bondholders of the second issued domestic unsecured convertible corporate bond holders in the second quarter of 2019, a revised fund utilization plan had be submitted to the board of directors' meeting, dated on May 13, 2019 to apply the remaining funds toward repaying the bank loan to improve the financial structure and save the interest expense.

Ennoconn Corporation

The Methods for the Second Issuance and Conversion of Domestic Unsecured Convertible Corporate Bonds

I. Name of bond:

Ennoconn Corporation (hereinafter referred to as "the Company"); the second issuance of domestic unsecured convertible corporate bonds (hereinafter referred to as "the convertible corporate bonds").

II. Issuance date:

On May 13, 2016 (hereinafter referred to as the "issuance date").

III. Total amount of issuance:

The par value of each of the convertible corporate bonds is NT\$100,000; the convertible corporate bonds are issued by 100% of the par value; the total number of the issued bonds is 18,000, and the total maximum amount of issuance is NT\$1.8 billion.

IV. Issuance period:

The issuance period is five years; the bonds were issued on May 13, 2016, and will expire on May 13, 2021 (hereinafter referred to as the "expiration date").

V. Coupon rate of the bonds:

The coupon rate is 0% per annum.

VI. Date and methods of repayment:

Except for the conversion of the convertible corporate bonds by the bondholders into the Company's ordinary shares in accordance with Article 10 of the regulations, or early redemption by the Company in accordance with Article 18 of the regulations, or buyback and cancellation of the bonds by securities firms, or the exercise of the right of reverse repurchase by the bondholders in accordance with Article 19, the Company repays the bonds held by the bondholders in cash in lump sum upon the maturity of the bonds based on the par value of the bonds.

VII. Guarantee status:

The convertible corporate bonds are unsecured bonds. However, where the convertible corporate bonds are issued, the Company issues or privately offers other secured corporate bonds with equity warrants or secured corporate bonds; then, the convertible corporate bonds shall also be set at the same level of claims or collateral as the secured corporate bonds with equity warrants or the secured corporate bonds.

VIII. Target for conversion:

The Company's ordinary shares; the Company will fulfill its conversion obligations by issuing new shares.

IX. Period of conversion:

The bondholders may, from the following day after two months from the date of issuance of the convertible corporate bond (July 13, 2016) to the expiration date (May 13, 2021), except



for (1) when the ownership transfer of ordinary shares are terminated from transferring by law, (2) from 15 days prior to the date of the termination of the ownership transfer of the Company's stock dividends, cash dividends, or cash capital increase subscription to the base date of the distribution of rights, or (3) from the date of the capital reduction to one day before the start of the trading day of the capital reduction for issuance of new shares, file a request to the Company's stock affairs agency through trading securities firms, while informing the Taiwan Depository & Clearing Corporation (hereinafter referred to as "TDCC"), to convert the convertible corporate bonds held into the Company's ordinary shares in accordance with the provisions of Articles 10, 11, 13, and 15 of the regulations.

### X. Procedure for filing a request for conversion:

#### (I) The bondholders shall conduct the conversion via book-entry operations through TDCC.

A bondholder shall fill in the "The Application Form for Conversion/Redemption/Reverse Repurchase of Convertible Corporate Bonds via Book Entry Operations" (indicating conversion) at the original trading securities firm; then the said securities firm shall file an application to TDCC; after TDCC accepts the application, it will notify the Company's stock affairs agency electronically; the conversion takes effect upon delivery, and it does not allow for application for cancellation; the conversion procedures will be completed within five business days after delivery, directly transferring the Company's ordinary shares to the bondholder's TDCC account.

#### (II) Where overseas ethnic Chinese and foreign nationals apply for conversion of the convertible corporate bonds into the Company's ordinary shares, it shall all be handled through book-entry operations by TDCC.

### XI. Conversion price and adjustment:

#### (I) Methods of determining the conversion price

With May 5, 2016 as the base date of determining the conversion price, a simple arithmetic mean of the closing prices of the Company's ordinary shares on the business day one day, three days, and five days, respectively, prior to the base date (exclusive) is chosen as the benchmark price, and then the benchmark price is multiplied by the convertible premium rate of 105.07%, which is the conversion price of the convertible corporate bonds (rounding the number to one decimal place). Where there is an event of ex-rights or ex-dividends before the base date of determining the conversion price, the sampled closing price used to calculate the conversion price shall be calculated as the price after ex-rights or ex-dividends; the conversion price after being determined shall be subject to the ex-rights or ex-dividends and adjusted according to the conversion price adjustment formula before the issuance date. In accordance with the method above, the conversion price is set at NT\$435 per bond.

#### (II) Adjustment of the conversion price

1. After the issuance of the convertible corporate bonds, except for the issuance (or private placement) of various marketable securities with common stock conversion rights or stock options in exchange for ordinary shares, or the issuance of new shares

## Chapter 4 Company Shares and Fund Raising

through capitalization of employee bonus, where the Company's issued (or privately offered) shares increase (including but not limited to cash capital increase through public offering and issuance or private placement, capitalization of retained earnings, capitalization of capital surplus, issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies, stock split, and cash capital increase for the issuance of overseas depositary receipts), the Company shall adjust the conversion price of the convertible corporate bonds in accordance with the following formula (rounding the number to one decimal place; the numbers above one decimal place will not be adjusted), while sending Taipei Exchange (hereinafter referred to as "Taipei Exchange") an official letter for mailing public announcement; it will be adjusted on the base date of the ex-rights for issuance of new shares (Note 1) (if there are contributions to shares, it shall be adjusted after the full contributions are collected).

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 \text{Number of issued shares + number of newly issued or privately} \\
 \text{offered shares}
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Note 1: In the case of the stock split, it is the base date of the split; in the case of capital increase through mergers or acquisitions, it shall be adjusted on the base date of mergers or acquisitions; in the case of capital increase through bookbuilding or cash capital increase for the issuance of overseas depositary receipts, without the base date of ex-rights, it shall be adjusted after the full contributions are collected; in the case of cash capital increase through private placement, it shall be adjusted upon the delivery of privately offered marketable securities. Where the price of issuance of new shares is changed after the base date of the ex-rights for the issuance of new shares through cash capital increase, it shall be re-adjusted based on the price of the new shares. Where the adjusted conversion price is lower than the original adjusted conversion price announced before the base date of the ex-rights, an official letter shall be sent to Taipei Exchange for making public announcement for such an adjustment.

Note 2: The number of issued shares refers to the total number of issued shares of common stocks (including the issuance of shares through public offering and issuance and private placement) minus the number of treasury shares that have been bought back by the Company but have not been cancelled or transferred.

Note 3: If the contributions per share are stock dividends or stock split, the amount

## Chapter 4 Company Shares and Fund Raising

of contributions is zero. In the case of issuance of new shares with capital increase from mergers, the contributions per share are the net value per share multiplied by the share conversion ratio based on the Company's most recent eliminated financial statements certified or verified by the CPA before the base date of mergers. In the case of issuance of new shares through acquisitions of shares of other companies, the contributions per share are the net value per share multiplied by the share conversion ratio based on the companies' most recent financial statements certified or verified by the CPA.

Note 4: The real-time price per share shall be determined based on a simple arithmetic mean of the closing prices of the Company's ordinary shares on the business day one day, three days, and five days, respectively, prior to the base date of ex-rights, price determination, stock split, or private placement of marketable securities.

2. After the issuance of the convertible corporate bonds, if the ratio of the cash dividends of the Company's ordinary shares to the real-time price per share exceeds 1.5%, the conversion price shall be reduced on the base date of ex-dividends at the ratio of the real-time price per share (rounding the number to one decimal place; the numbers above one decimal place will not be adjusted); an official letter shall be sent to Taipei Exchange for making public announcement for such an adjustment. The provision for the conversion price reduction does not apply to the requests for conversion filed before the base date of ex-dividends (exclusive). The adjustment formula is as follows:  
Conversion price after reduction = the conversion price before reduction (1 - the ratio of cash dividends of ordinary shares to the real-time price (Note) per share)

A simple arithmetic mean of the closing prices of the Company's ordinary shares on the business day one day, three days, and five days, respectively, prior to the date of announcing ex-dividends and the termination of the ownership transfer of cash dividends is chosen as the real-time price per share.

3. After the issuance of the convertible corporate bonds, where the Company publicly re-offers and re-issues (or privately offers) various marketable securities with common stock conversion rights or stock options at a conversion or subscription price lower than the real-time price per share (Note 1), the Company shall adjust the conversion price of the convertible corporate bonds according to the formula below (rounding the number to one decimal place; the numbers above one decimal place will not be adjusted); an official letter shall be sent to Taipei Exchange for making public announcement for such an adjustment; it shall be adjusted upon the date of the issuance of the aforementioned securities or stock options or upon the delivery of the privately offered marketable securities.

## Chapter 4 Company Shares and Fund Raising

				The conversion or subscription price of newly issued (or privately offered) marketable securities with common stock conversion rights or stock options	Number of shares that can be converted or subscribed for newly issued (or privately offered) marketable securities with common stock conversion rights or stock options
Conversion	Conversion	Number of	+		
price after	price before	shares (Note			
adjustment	adjustment	2)	×		

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Real-time price per share

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Number of issued shares + number of shares that can be converted or subscribed  
for newly issued (or privately offered) marketable securities with common stock  
conversion rights or stock options

Note 1: A simple arithmetic mean of the closing prices of the Company's ordinary shares on the business day one day, three days, and five days, respectively, prior to the base date of price determination of public re-offering and re-issuance (or private placement) of various marketable securities with common stock conversion rights or stock options or the date of delivery of privately offered marketable securities is chosen as the real-time price.

Note 2: The number of issued shares refers to the number of issued shares of common stocks through public offering and issuance and private placement, minus the number of treasury shares that have been bought back by the Company but have not been cancelled or transferred. If the re-issuance (or private placement) of various marketable securities with common stock conversion rights or stock options is funded by treasury shares, the number of issued shares in the adjustment formula shall deduct the number of the shares that can be converted or subscribed for newly issued (or privately offered) marketable securities

If the number of ordinary shares is reduced due to the capital reduction conducted through means other than the Company's cancellation of treasury shares after the issuance of the convertible corporate bonds, the conversion price shall be calculated based on the formula below and adjusted on the base date of capital reduction, while an official letter shall be sent to Taipei Exchange for making public announcement for such an adjustment.

(1) Where capital is reduced to make up losses:

Conversion price after adjustment =

Conversion price before adjustment (number of ordinary shares issued before capital reduction (Note)/number of ordinary shares issued after capital reduction) ×

### (2) During cash capital reduction:

Conversion price after adjustment =

(conversion price before adjustment - cash refund per share) (number of ordinary shares issued before capital reduction/the number of ordinary shares issued after capital reduction)×

Note: The number of issued shares shall include the number of shares through public issuance and private placement and minus the number of treasury shares that have been bought back by the Company but not cancelled or transferred.

### XII. Listing and termination of listing of the convertible corporate bonds

The convertible corporate bonds shall be applied to Taipei Exchange for listing for trading before the date of issuance, and the listing shall be terminated when the whole number is converted into ordinary shares or when all the shares are bought back or repaid by the Company. The matters above are announced by the Company with the approval of Taipei Exchange.

### XII. Listing of new shares after conversion:

Where the convertible corporate bonds are converted into the Company's ordinary shares, the converted ordinary shares are listed and traded on the Taiwan Stock Exchange upon the date of delivery. The matters above are announced by the Company with the approval of the Taiwan Stock Exchange Corporation.

### XIV. Changes of registration of share capital:

The Company shall publicly announce the number of shares converted from the convertible corporate bonds in the last quarter within 15 days after the end of each quarter. The Company shall apply for changes of registration of share capital at the competent authority in charge of business registration at least once a quarter.

### XV. Handling of the insufficient amount for one share at the time of conversion:

When being converted into the Company's ordinary shares, if there is an insufficient amount for one share, the Company will pay in cash to make it up (rounding the number to the nearest integer).

### XVI. The ownership of annual cash dividends and stock dividends via conversion:

#### (I) Cash dividends

1. Where a bondholder of the convertible corporate bonds files a request for conversion between the first day of January of the current year and 15 business days (exclusive) before the Company handles the termination of transfer of ownership of stock dividends with the Taiwan Stock Exchange in the current year, the bondholder may participate in the resolution of the annual shareholders' meeting in the current year regarding the annual stock dividend distribution for the last year.
2. From 15 business days (inclusive) before the Company handles the termination of transfer of ownership of stock dividends with the Taiwan Stock Exchange in the current year to the base date of ex-rights (inclusive) for stock dividends, the convertible corporate bonds shall stop converting.

3. Where a bondholder of the convertible corporate bonds files a request for conversion between the base date of ex-dividends for cash dividends for the current year and December 31 of the current year (inclusive), the bondholder shall not participate in the resolution of the annual shareholders' meeting in the current year regarding the annual cash dividend distribution for the last year but may participate in the annual shareholders' meeting in the following year regarding the annual cash dividend distribution for the current year.

### (II) Stock dividends

1. Where a bondholder of the convertible corporate bonds files a request for conversion between the first day of January of the current year and 15 business days (exclusive) before the Company handles the termination of transfer of ownership of stock dividends with the Taiwan Stock Exchange in the current year, the bondholder may participate in the resolution of the annual shareholders' meeting in the current year regarding the annual stock dividend distribution for the last year.
2. From 15 business days (inclusive) before the Company handles the termination of transfer of ownership of stock dividends with the Taiwan Stock Exchange in the current year to the base date of ex-rights (inclusive) for stock dividends, the convertible corporate bonds shall stop converting.
3. Where a bondholder of the convertible corporate bonds files a request for conversion between the base date of ex-dividends for stock dividends for the current year and December 31 of the current year (inclusive), the bondholder shall not participate in the resolution of the annual shareholders' meeting in the current year regarding the annual stock dividend distribution for the last year but may participate in the annual shareholders' meeting in the following year regarding the stock cash dividend distribution for the current year.

### XVII. Rights and obligations after conversion:

The creditor's rights and obligations after obtaining the ordinary shares via conversion are the same as the original ordinary shares issued by the Company.

### XVIII. The Company's redemption right to the bonds

- (I) Where the bonds have been issued from the following day after the second month of issuance (July 14, 2016) to the 40th day before the expiration date (April 3, 2021), where the closing price of the Company's ordinary shares on Taipei Exchange exceeds 30% (inclusive) or more of the conversion price of the convertible bonds at that time for 30 consecutive business days, the Company may, within 30 business days thereafter, mail the bondholders (those on the list of creditors five business days before the mailing of the "bond recalling notice" shall prevail; the investors who subsequently acquire the bonds through trading or other reasons shall be notified through public announcement) the "bond recalling notice" by registered mail 30 days before the date of recalling the bonds (the said period starts from the date of the mailing the notice, and the expiration date of the said

## Chapter 4 Company Shares and Fund Raising

period is the base date of recalling the bonds, and the said period shall not be the termination period of converting the convertible corporate bonds), while sending Taipei Exchange an official letter for making public announcement; within five business days after the base date of recalling the bonds, the bondholders' convertible corporate bonds shall be redeemed in cash based on the par value of the bonds.

- (II) Where the bonds have been issued from the following day after the second month of issuance (July 14, 2016) to the 40th day before the expiration date (April 3, 2021), if the balance of the circulating bonds is less than 10% of the total original monetary amount of the issued bonds, the Company may mail the bondholders (those on the list of creditors five business days before the mailing of the "bond recalling notice" shall prevail; the investors who subsequently acquire the bonds through trading or other reasons shall be notified through public announcement) the "bond recalling notice" by registered mail 30 days before the date of recalling the bonds (the said period starts from the date of the mailing the notice, and the expiration date of the said period is the base date of recalling the bonds, and the said period shall not be the termination period for converting the convertible corporate bonds), while sending Taipei Exchange an official letter for making public announcement; within five business days after the base date of recalling the bonds, the bondholders' convertible corporate bonds shall be redeemed in cash based on the par value of the bonds.
- (III) Where a bondholder fails to respond to the Company's stock affairs agency in writing before the base date stated in the "recalling notice" (effective upon delivery of the notice; in the case of mailing, the postmark date shall prevail), the Company shall redeem the convertible corporate bonds held by the bondholder in cash based on the par value.

### XIX. The bondholder's rights to reverse repurchase:

The date of May 13, 2019 (the mark of three years after issuance) is the base date for the bondholders of the bonds to reverse repurchase the bonds. The Company shall mail the bondholders (those on the list of creditors five business days before the mailing of the "notice of exercising of the right to reverse repurchase" shall prevail; the investors who subsequently acquire the bonds through trading or other reasons shall be notified through public announcement) "notice of exercising of the right to reverse repurchase" by registered mail before April 3, 2019 (40 days before the base date of reverse repurchase), while sending Taipei Exchange an official letter for making public announcement of the exercising of the right to reverse repurchase by the bondholders; the bondholders may notify the Company's stock affairs agency in writing 40 days before the base date of reverse repurchase (effective upon delivery of the notice; in the case of mailing, the postmark date shall prevail) of requiring the Company to redeem the bonds held in cash based on the par value of the bonds plus the accrued premiums; the accrued premiums upon the mark of three years after issuance are 103.0301% of the par value of the bonds (the actual earning are 1%). After the Company accepts a request for reverse repurchase, it shall redeem the bonds in cash within five business days after the base date of reverse repurchase. The date above may be postponed to the next

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business day if the Taiwan Stock Exchange is closed on the date.

- XX. All the convertible corporate bonds recalled (including those purchased at the securities firms) redeemed, or converted by the Company will be canceled and may not be sold or issued, and the conversion rights attached thereto will be eliminated.
- XXI. The convertible corporate bonds and converted ordinary shares are all registered. The transfer, registration of changes, pledges, or lost reporting, shall be handled in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies" and the relevant provisions of the Company Act. Taxation matters are handled in accordance with the tax laws of the time.
- XXII. Bank SinoPac is the creditors' consignee of the convertible corporate bonds and exercises the power of auditing and supervises the matters related to the Company's issuance of the convertible corporate bonds on behalf of the creditors' interests. Where the creditors holding the convertible corporate bonds, regardless of subscription at the time of issuance or purchase in the middle of the process, agree on the terms of the brokerage contract between the Company and its consignee, the consignee's rights and obligations, and the methods of issuance and conversion, and grant the consignee full authority within the scope of consignee's responsibility, the said authorization shall not be revoked in the middle of the process; as for the content of the brokerage contract, the creditors may make inquiries at the Company or the consignee's business office at any time during business hours.
- XXIII. The repayment of the principal for and conversion of the convertible corporate bonds are handled by the Company's stock affairs agency.
- XXIV. The convertible corporate bonds shall not be issued in the physical form in accordance with the provisions of Article 8 of the Securities and Exchange Act.
- XXV. Where the matters are not specified in the regulations regarding the issuance and conversion of the convertible corporate bonds, relevant laws and regulations shall prevail.



Ennoconn Corporation

The Methods for the Third Issuance and Conversion of Domestic Unsecured Convertible Corporate Bonds

I. Name of bond

Ennoconn Corporation (hereinafter referred to as "the Company"); the third issuance of domestic unsecured convertible corporate bonds (hereinafter referred to as "the convertible corporate bonds").

II. Issuance date

On February 26, 2019 (hereinafter referred to as the "issuance date").

III. Total amount of issuance and par value per bond

The par value of each of the convertible corporate bonds is NT\$100,000, and 60,000 of the bonds have been issued; the total par value of issuance is NT\$6,000,000,000 based on 100.2% of the par value.

IV. Issuance period

The issuance period is five years; the bonds were issued on February 26, 2019, and will expire on February 26, 2024 (hereinafter referred to as the "expiration date").

V. Coupon rate of the bonds:

The coupon rate is 0% per annum.

VI. Date and methods of repayment:

Except for the conversion of the convertible corporate bonds by the holders into the Company's ordinary shares in accordance with Article 10 of the regulations, or the exercise of the right of reverse repurchase in accordance with Article 18 of the regulations, or early redemption by the Company in accordance with Article 17 of the regulations, or buyback and cancellation of the bonds by securities firms, the Company repays the bonds held by the bondholders in cash in lump sum upon the maturity of the bonds based on the par value of the bonds.

VII. Guarantee status

The convertible corporate bonds are unsecured bonds. However, where the convertible corporate bonds are issued, the Company re-issues or privately offers other secured corporate bonds with equity warrants or convertible corporate bonds; then, the convertible corporate bonds shall also be set at the same level of claims or collateral as the secured corporate bonds with equity warrants or the convertible corporate bonds.

### VIII. Target for conversion

The Company's ordinary shares will issued by the Company in the form of new shares to fulfill its conversion obligation. The new shares issued will be distributed through the book-entry operations and will not be printed in the physical form.

### IX. Period of conversion

The bondholders may, from the following day after three months from the date of issuance of the convertible corporate bond (May 27, 2019) to the expiration date (February 26, 2024), except for (1) when the ownership transfer of ordinary shares are terminated by law, (2) from 15 days prior to the date of the termination of the ownership transfer of the Company's stock dividends, cash dividends, or capital increase subscription to the base date of the distribution of rights, or (3) from the date of the capital reduction to one day before the start of the trading day of the capital reduction for issuance of new shares, file a request to the Company's stock affairs agency through trading securities firms, while informing the Taiwan Depository & Clearing Corporation (hereinafter referred to as "TDCC"), to convert the convertible corporate bonds held into the Company's ordinary shares in accordance with the provisions of Articles 10, 11, 13, and 15 of the regulations.

### X. Procedure for filing a request for conversion:

#### (I) The bondholders shall conduct the conversion via book-entry operations through TDCC.

A bondholder shall fill in the "The Application Form for Conversion/Redemption/Reverse Repurchase of Convertible Corporate Bonds via Book Entry Operations" (indicating conversion) with the passbook in which the bonds are listed at the original trading securities firm; then the said securities firm shall file an application to TDCC; after TDCC accepts the application, it will send the form to the Company's stock affairs agency; the conversion takes effect upon the delivery of the form at the Company's stock affairs agency, and it does not allow for application for cancellation; the conversion procedures will be completed by the Company's stock affairs agency within five business days after delivery, directly transferring the Company's ordinary shares to the bondholder's TDCC account.

#### (II) Where overseas ethnic Chinese and foreign nationals apply for conversion of the convertible corporate bonds into the Company's ordinary shares, it shall all be handled through book-entry operations by TDCC.

### XI. Conversion price and adjustment

#### (I) Methods of determining the conversion price

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With February 18, 2019 as the base date of determining the conversion price of the convertible corporate bonds, a simple arithmetic mean of the closing prices of the Company's ordinary shares on the business day one day, three days, and five days, respectively, prior to the base date (exclusive) is chosen as the benchmark price, and then the benchmark price is multiplied by the convertible premium rate of 110%, which is the conversion price of the convertible corporate bonds (rounding the number to one decimal place). Where there is an event of ex-rights or ex-dividends before the base date of determining the conversion price, the sampled closing price used to calculate the conversion price shall be calculated as the price after ex-rights or ex-dividends; the conversion price after being determined shall be subject to the ex-rights or ex-dividends and adjusted according to the conversion price adjustment formula before the issuance date. In accordance with the method above, the conversion price is set at NT\$272.8 per bond.

### (II) Adjustment of the conversion price

1. After the issuance of the convertible corporate bonds, except for the issuance (or private placement) of various marketable securities with common stock conversion rights or stock options in exchange for ordinary shares, or the issuance of new shares through capitalization of employee bonus, where the Company's issued (or privately offered) shares increase (including but not limited to cash capital increase through public offering and issuance or private placement, capitalization of retained earnings, capitalization of capital surplus, issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies, stock split, and cash capital increase for the issuance of overseas depositary receipts), the Company shall adjust the conversion price of the convertible corporate bonds in accordance with the following formula (rounding the number to one decimal place; the numbers above one decimal place will not be adjusted), while sending Taipei Exchange (hereinafter referred to as "Taipei Exchange") an official letter for mailing public announcement; it will be adjusted on the base date of the ex-rights for issuance of new shares (Note 1) (if there are contributions to shares, it shall be adjusted after the full contributions are collected).

$$\begin{array}{c} \text{After} \\ \text{adjustment} \\ \text{Conversion} \\ \text{Price} \end{array} = \begin{array}{c} \text{Conversion price} \\ \text{before adjustment} \end{array} \times \frac{\begin{array}{c} \text{Number of issued} \\ \text{shares (Note 2) +} \\ \text{Contributions per share (Note 3) x number of newly} \\ \text{issued or privately offered shares} \end{array}}{\begin{array}{c} \text{Real-time price per share (Note 4)} \\ \text{Number of issued shares + number of newly issued or privately offered} \\ \text{shares} \end{array}}$$

Note 1: In the case of the stock split, it will be adjusted on the base date of the stock split; in the case of capital increase through mergers or acquisitions, it shall be adjusted on the base date of mergers or acquisitions; in the case of capital increase through bookbuilding or cash capital increase for the

## Chapter 4 Company Shares and Fund Raising

issuance of overseas depositary receipts, without the base date of ex-rights, it shall be adjusted after the full contributions are collected; in the case of cash capital increase through private placement, it shall be adjusted upon the delivery of privately offered marketable securities. Where the price of issuance of new shares is changed after the base date of the ex-rights for the issuance of new shares through cash capital increase, it shall be re-adjusted based on the price of the new shares. Where the adjusted conversion price is lower than the original adjusted conversion price announced before the base date of the ex-rights, an official letter shall be sent to Taipei Exchange for making public announcement for such an adjustment.

Note 2: The number of issued shares refers to the total number of issued shares of common stocks (including the issuance of shares through public offering and issuance and private placement) minus the number of treasury shares that have been bought back by the Company but have not been cancelled or transferred.

Note 3: If the contributions per share are stock dividends or stock split, the amount of contributions is zero. In the case of issuance of new shares with capital increase from mergers, the contributions per share are the net value per share multiplied by the share conversion ratio based on the Company's most recent eliminated financial statements certified or verified by the CPA before the base date of mergers. In the case of issuance of new shares through acquisitions of shares of other companies, the contributions per share are the net value per share multiplied by the share conversion ratio based on the companies' most recent financial statements certified or verified by the CPA.

Note 4: The real-time price per share shall be determined based on a simple arithmetic mean of the closing prices of the Company's ordinary shares on the business day one day, three days, and five days, respectively, prior to the base date of ex-rights, price determination, stock split, or private placement of marketable securities.

2. After the issuance of the convertible corporate bonds, where the Company publicly re-offers and re-issues (or privately offers) various marketable securities with common stock conversion rights or stock options at a conversion or subscription price lower than the real-time price per share (Note 1), the Company shall adjust the conversion price of the convertible corporate bonds according to the formula below (rounding the number to one decimal place; the numbers above one decimal place will not be adjusted); an official letter shall be sent to Taipei Exchange for making public announcement for such an

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adjustment; it shall be adjusted upon the date of the issuance of the aforementioned securities or stock options or upon the delivery of the privately offered marketable securities

$$\begin{array}{rcl}
 \text{After adjustment Conversion Price} & = & \text{Conversion price before adjustment} \times \frac{\text{Number of issued shares (Note 2) + } \frac{\text{The conversion or subscription price of newly issued (or privately offered) marketable securities or stock options}}{\text{Real-time price per share (Note 1)}}}{\text{Number of issued shares + number of shares that can be converted or subscribed for newly issued (or privately offered) marketable securities or stock options}} \\
 & & \times \text{Number of shares that can be converted or subscribed for newly issued (or privately offered) marketable securities or stock options}
 \end{array}$$

Note 1: A simple arithmetic mean of the closing prices of the Company's ordinary shares on the business day one day, three days, and five days, respectively, prior to the base date of price determination of public re-offering and re-issuance (or private placement) of various marketable securities with common stock conversion rights or stock options or the date of delivery of privately offered marketable securities is chosen as the real-time price. If there is an event of ex-rights or ex-dividends before the base date of determining the conversion price, the sampled closing price used to calculate the conversion price shall be calculated as the price after ex-rights or ex-dividends first.

Note 2: The number of issued shares shall include the number of issued shares through public offering and issuance and private placement, minus the number of treasury shares that have been bought back by the Company but have not been cancelled or transferred. Where the re-issuance (or private placement) of various marketable securities with common stock conversion rights or stock options is funded by treasury shares, the number of issued shares in the adjustment formula shall deduct the number of the shares that can be converted or subscribed for newly issued (or privately offered) marketable securities

3. Where the number of ordinary shares is reduced due to the capital reduction conducted through means other than the Company's cancellation of treasury shares after the issuance of the convertible corporate bonds, the conversion price shall be calculated based on the formula below (rounding the number to one decimal place) and adjusted on the base date of capital reduction, while an official letter shall be sent to Taipei Exchange for making public announcement for such an adjustment.

(1) Where capital is reduced to make up losses:

Conversion price after adjustment =

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Conversion price before adjustment (number of issued ordinary shares before capital reduction (Note)/number of issued ordinary shares after capital reduction)

(2) During cash capital reduction:

Conversion price after adjustment =

(Conversion price before adjustment- cash refund per share) × (number of issued ordinary shares before capital reduction (Note)/number of issued ordinary shares after capital reduction)

Note: The number of issued shares shall include the number of shares through public issuance and private placement and minus the number of treasury shares that have been bought back by the Company but not cancelled or transferred.

### (3) Adjustment of conversion during ex-dividends

After the issuance of the convertible corporate bonds, if the ratio of the cash dividends of the Company's ordinary shares to the real-time price per share exceeds 1.5%, the conversion price shall be reduced on the base date of ex-dividends at the ratio of the real-time price per share (rounding the number to one decimal place; the numbers above one decimal place will not be adjusted); an official letter shall be sent to Taipei Exchange for making public announcement for such an adjustment. The provision for the conversion price reduction does not apply to the requests for conversion filed before the base date of ex-dividends (exclusive). The adjustment formula is as follows:

Conversion price after reduction = the conversion price before reduction (1 - the ratio of cash dividends of ordinary shares to the real-time price per share)

Note: A simple arithmetic mean of the closing prices of the Company's ordinary shares on the business day one day, three days, and five days, respectively, prior to the date of announcing ex-dividends and the termination of the ownership transfer of cash dividends is chosen as the real-time price per share.

## XII. Listing and termination of listing of the convertible corporate bonds

The convertible corporate bonds shall be applied to Taipei Exchange for listing for trading before the date of issuance, and the listing shall be terminated when the whole number is converted into ordinary shares or when all the shares are bought back or repaid by the Company. The matters above are announced by the Company with the approval of Taipei Exchange.

## XIII. Listing of new shares after conversion

Where the convertible corporate bonds are converted into the Company's ordinary shares, the converted ordinary shares are listed and traded on the Taiwan Stock Exchange upon the date of delivery. The matters above are announced by the

Company with the approval of the Taiwan Stock Exchange Corporation. The Company's ordinary shares are not issued in the physical form, and the converted ordinary shares are listed and traded on the Taiwan Stock Exchange in the non-physical form from the date of delivery.

### XIV. Changes of registration of share capital:

The Company shall publicly announce the number of ordinary shares converted from the convertible corporate bonds in the last quarter within 15 days after the end of each quarter. The Company shall apply for changes of registration of share capital at the competent authority in charge of business registration at least once a quarter.

### XV. Handling of the insufficient amount for one share at the time of conversion:

When being converted into the Company's ordinary shares, if there is an insufficient amount for one share, the Company will pay in cash to make it up (rounding the number to the nearest integer).

### XVI. Rights and obligations after conversion

The creditor's rights and obligations after obtaining the ordinary shares after filing a request for conversion are the same as the original ordinary shares issued by the Company.

### XVII. The Company's redemption rights to the bonds

(I) Where the bonds have been issued from the following day after the third month of issuance (May 27, 2019) to the 40th day before the expiration date (January 17, 2024), where the closing price of the Company's ordinary shares at Taipei Exchange exceeds 30% (inclusive) or more of the conversion price of the convertible bonds at that time for 30 consecutive business days, the Company may, within 30 business days thereafter, mail the bondholders (those on the list of creditors five business days before the mailing shall prevail; the investors who subsequently acquire the bonds through trading or other reasons shall be notified through public announcement) the "bond recalling notice" by registered mail 30 days before the date of recalling the bonds (the said period starts from the date of the mailing the notice, and the expiration date of the said period is the base date of recalling the bonds, and the said period shall not be the termination period of converting the convertible corporate bonds), while sending Taipei Exchange an official letter for making public announcement; within five business days after the base date of recalling the bonds, the bondholders' convertible corporate bonds shall be redeemed in cash based on the par value of the bonds.

(II) Where the bonds have been issued from the following day after the second month of issuance (May 27, 2019) to the 40th day before the expiration date (January 17, 2024), if the balance of the circulating bonds is less than 10% of the total original

monetary amount of the issued bonds, the Company may mail the bondholders (those on the list of creditors five business days before the mailing shall prevail; the investors who subsequently acquire the bonds through trading or other reasons shall be notified through public announcement) the "bond recalling notice" by registered mail 30 days before the date of recalling the bonds (the said period starts from the date of the mailing the notice, and the expiration date of the said period is the base date of recalling the bonds, and the said period shall not be the termination period for converting the convertible corporate bonds), while sending Taipei Exchange an official letter for making public announcement; within five business days after the base date of recalling the bonds, the bondholders' convertible corporate bonds shall be redeemed in cash based on the par value of the bonds.

- (III) Where a bondholder fails to respond to the Company's stock affairs agency in writing before the base date stated in the "bond recalling notice," the Company shall redeem the convertible corporate bonds held by the bondholder in cash based on the par value within five business days after the base date of recalling the bonds.

### XVIII. The Bondholder's rights to reverse repurchase:

The mark of three years after issuance (February 26, 2022) is the base date for the bondholders of the bonds to reverse repurchase the bonds early, which shall be handled in accordance with the method below:

The Company shall mail the bondholders (those on the list of bondholders five business days before the mailing of the "notice of exercising of the right to reverse repurchase" shall prevail; the investors who subsequently acquire the bonds through trading or other reasons shall be notified through public announcement) "notice of exercising of the right to reverse repurchase" by registered mail before 30 days before the base date of reverse repurchase of the convertible corporate bonds (January 27, 2022), while sending Taipei Exchange an official letter for making public announcement of the exercising of the right to reverse repurchase by the bondholders; the bondholders may notify the Company's stock affairs agency in writing within 30 days after the announcement (effective upon delivery of the notice; in the case of mailing, the postmark date shall prevail; the notice shall not be returned; the end-date of this 30-day period shall be the base date of reverse repurchase) of requiring the Company to redeem the convertible corporate bonds held in cash based on the par value of the convertible corporate bonds plus the accrued premiums; the accrued premiums upon the mark of three years after issuance are 1.5075% of the par value of the bonds (the annual earning rate is 0.5%). After the Company accepts the request, it shall redeem the convertible corporate bonds in cash within five business days after the base date of reverse repurchase. The date above may be postponed to the next business day if the Taiwan Stock Exchange is closed on the date.



XIX. The ownership of annual cash dividends and stock dividends via conversion:

(I) Cash dividends

1. Where a bondholder of the convertible corporate bonds files a request for conversion between the beginning of the current year and 15 business days (exclusive) before the Company terminates the transfer of ownership of cash dividends in the current year, the converted ordinary shares may participate in the resolution of the annual shareholders' meeting of the current year regarding the annual cash dividend distribution for the last year.
2. From 15 business days (inclusive) before the Company terminates the transfer of ownership of cash dividends in the current year to the base date of ex-rights (inclusive) for cash dividends, the convertible corporate bonds shall stop converting.
3. Where a bondholder files a request for conversion between the following date of the base date of ex-dividends for cash dividends for the current year and December 31 of the current year (inclusive), the bondholder shall not participate in the resolution of the annual shareholders' meeting of the current year regarding the annual cash dividend distribution for the last year but may participate in the annual shareholders' meeting in the following year regarding the annual cash dividend distribution for the current year.

(II) Stock dividends

1. Where a bondholder files a request for conversion between the period between January 1st of each year to 15 business days (exclusive) before the Company terminates the transfer of ownership of stock dividends in the current year, the bondholder may participate in the resolution of the annual shareholders' meeting in the current year regarding the annual stock dividend distribution for the last year.
2. From 15 business days (inclusive) before the Company terminates the transfer of ownership of stock dividends in the current year to the base date of ex-rights (inclusive) for stock dividends, the convertible corporate bonds shall stop converting.
3. Where a bondholder of the convertible corporate bonds files a request for conversion between the following date of the base date of ex-dividends for stock dividends in the current year to December 31 of the current year (inclusive), the bondholder shall not participate in the resolution of the annual shareholders' meeting in the current year regarding the annual stock dividend distribution for the last year but may participate in the annual shareholders' meeting in the following year regarding the stock cash dividend distribution for the current year.

## Chapter 4 Company Shares and Fund Raising

- XX. All the convertible corporate bonds recovered (including those brought back by the securities firms) redeemed, or converted by the Company will be canceled and may not be sold or issued, and the conversion rights attached thereto will be eliminated.
- XXI. The convertible corporate bonds and converted ordinary shares are all registered. The transfer, registration of changes, pledges, or lost reporting, shall be handled in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies" and the relevant provisions of the Company Act. Taxation matters are handled in accordance with the tax laws of the time.
- XXII. Bank SinoPac is the creditors' consignee of the convertible corporate bonds and exercises the power of auditing and supervises the matters related to the Company's issuance of the convertible corporate bonds on behalf of the creditors' interests. Where the creditors holding the convertible corporate bonds, regardless of subscription at the time of issuance or purchase in the middle of the process, agree on the terms of the brokerage contract between the Company and its consignee, the consignee's rights and obligations, and the methods of issuance and conversion, and grant the consignee full authority within the scope of consignee's responsibility, the said authorization shall not be revoked in the middle of the process; as for the content of the brokerage contract, the creditors may make inquiries at the Company or the consignee's business office at any time during business hours.
- XXIII. The repayment of the principal for and conversion of the convertible corporate bonds are handled by the Company's stock affairs agency.
- XXIV. The convertible corporate bonds shall not be issued in the physical form in accordance with the provisions of Article 8 of the Securities and Exchange Act.
- XXV. Where the matters are not specified in the regulations regarding the issuance and conversion of the convertible corporate bonds, relevant laws and regulations shall prevail.

Ennoconn Corporation

The Methods for the First Issuance and Conversion of Overseas Unsecured Convertible Corporate Bonds

I. Name of issuing company

Ennoconn Corporation (hereinafter referred to as "Ennoconn Corporation" or "issuing company")

II. Purpose of issuance

The purpose of raising funds through the unsecured convertible corporate bonds this time (hereinafter referred to as "the bonds") is to meet the foreign currency needs for the procurement of materials required during operations and manufactured goods.

3. Total amount

The total amount of overseas unsecured convertible corporate bonds issued this time is capped at US\$200,000,000 (including oversubscription).

The convertible corporate bonds will be repaid, reverse repurchased, and redeemed at a fixed exchange rate of NT\$1: US\$31.653. The fixed exchange rate refers to the exchange rate of the New Taiwan dollar against the US dollar, which is based on the fixing displayed by Taipei Forex Inc. at 11:00 a.m. on the date of setting the pricing (hereinafter referred to as the "fixed exchange rate").

IV. Method for issuance

The bonds are issued outside the Republic of China and handled in accordance with the laws and regulations of the country where the bonds are sold and international market practices. All the bonds will be publicly available.

V. Type, par value, and issued price of the corporate bond

The bonds are registered unsecured convertible corporate bonds. The par value of each of the convertible corporate bonds is US\$200,000; the convertible corporate bonds are issued by 100% of the par value.

VI. Issuance date

March 10, 2017

VII. Maturity date

March 10, 2022.

VIII. Place of listing

The bonds will be listed on the Singapore Exchange Limited

IX. Coupon rate of the bonds

The coupon rate of the bonds is tentatively set at an annual interest rate of 0%.

X. Repayment of bonds upon maturity

(I) Except for the bonds that have been redeemed, bought back, and canceled or the exercise of the conversion right by the bondholders, on the maturity date of the bonds, the issuing Company shall repay the bonds in full according to the par value of the bonds plus the yield rate, which is 1.25% of annual interest rate (hereinafter referred to as the "redemption price").

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- (II) The redemption price upon maturity will be converted into New Taiwan dollar at the fixed exchange rate (1:31.653 in the fixing displayed by Taipei Forex Inc. at 11:00 a.m.), and the amount in the New Taiwan dollar will be converted into US dollar at the real-time exchange rate.

### XI. The bondholders' rights to reverse repurchase

- (I) Except for the following circumstances, the bondholders may not require the issuing company to redeem all or part of the bonds they hold before the maturity date.

1. Except for the bonds that have been redeemed, bought back and cancelled, or the exercise of the conversion right by bondholders, the bondholders may request the issuing company to redeem part or all of the bonds they hold based on the par value of the bonds plus the interest premiums at an annual interest rate of 1.25% (hereinafter referred to as "the early redemption price for bondholders").
2. Where the trading of the issuing company's ordinary shares is terminated on the Taiwan Stock Exchange, the bondholders may require the issuing company to redeem all or part of the bonds they hold at the early redemption price for bondholders.
3. In the case of changes of control in the issuing company as defined in the brokerage contract, the bondholders may require the issuing company to redeem all or part of the bonds they hold at the early redemption price for bondholders.

- (II) Where the bondholders exercise the above-mentioned rights of reverse repurchase, and the issuing company accepts a bondholder's request for reverse repurchase, the both shall act in accordance with the procedures stipulated in this bond brokerage contract. The early redemption price of the bonds will be paid in cash by the issuing company on the payment date as set out in the brokerage contract.

- (III) The early redemption price will all be converted into New Taiwan dollar at the fixed exchange rate (1:31.653 based on the fixing displayed by Taipei Forex Inc. at 11:00 a.m.). The amount in the New Taiwan dollar will be converted into the amount in the US dollar at the real-time exchange rate for redemption.

### XII. The issuing company's rights to early redemption

The issuing company may redeem the bonds early in the following circumstances.

- (I) After two years from the issuance of the bonds, for 20 trading days out of 30 consecutive business days, where, after converted into the amount in the US dollar at the real-time exchange rate, the closing price of the issuing company's ordinary shares on the Taiwan Stock Exchange reaches 130% or more of the amount of the early redemption price multiplied by the conversion price (at a fixed exchange rate of 1:31.653 agreed up on the price determination date) at that time and divided by the par value, the issuing company may redeem all or part of the bonds at the early redemption price (as defined below).
- (II) Where over 90% of the bonds are redeemed, converted, and bought back and canceled, the issuing company may redeem the bonds still in circulation at the issuing company's early redemption price.
- (III) In the case of the changes in the taxation laws of the Republic of China, the issuing

## Chapter 4 Company Shares and Fund Raising

company's tax burden increases due to the issuance of the bonds after the issuance date and needs to pay additional fees or bears a higher cost, the issuing company may redeem all of the bonds early at the early redemption price in accordance with the brokerage contract. Where a bondholder does not participate in the redemption, the bondholder shall not request the issuing company to pay additional taxes or fees.

- (IV) The early redemption price will all be converted into New Taiwan dollar at the fixed exchange rate of 1:31.653 (based on the fixing displayed by Taipei Forex Inc. at 11:00 a.m.). The amount in the New Taiwan dollar will be converted into the amount in the US dollar at the real-time exchange rate for redemption.

The "early redemption price" refers to the price of each bond calculated by the par value of the bond plus the earning rate. The earning rate is a rate calculated by applying a compound interest rate of 1.25% per annum from the date when an investor purchases bonds till the early redemption date.

### XIII. Conversion

#### (I) Target for conversion

The bondholders may apply for the conversion of the bonds into the issuing company's newly issued ordinary shares at the conversion price during the conversion period (as defined below).

#### (II) Procedure for conversion

Where the bondholders request conversion, they shall prepare the relevant documents or certificates required by the laws of the Republic of China, as well as the conversion notice set out in the brokerage contract, and submit an application for conversion to the issuing company via an overseas conversion agent.

In accordance with the current laws of the Republic of China, where the issuing company's bondholders apply for conversion of the bonds into the issuing company's newly issued ordinary shares, the issuing company shall, within five business days after receiving the conversion notice, delivered the ordinary shares by means of book-entry operations through TDCC. Where the bondholders who requested the conversion has not opened a TDCC account in accordance with the laws of the Republic of China, the issuing company will deliver the ordinary shares by means of book-entry operations after the bondholders complete the relevant account opening procedures. Where there are any changes in the aforementioned laws of the Republic of China regarding conversion, the amended laws shall prevail.

The business day referred to in the preceding paragraph is the day the Taiwan Stock Exchange is open.

#### (III) Period of conversion

Except for the bonds that have been redeemed and bought back and cancelled, exercise of the conversion right by bondholders, and the termination period of ownership transfer as set out in the brokerage contract (as defined below), from the following day of the 30th day of the issuance of the bonds to the 10th day before the expiration date, the bondholders

## Chapter 4 Company Shares and Fund Raising

may, in accordance with the relevant laws and provisions set out in the brokerage contract, request the issuing company to convert the bonds into the issuing company's newly issued ordinary shares.

The current laws and regulations governing the termination period for ownership transfer are as follows:

1. Within 60 days before the interim shareholders' meeting, within 30 days before the interim shareholders' meeting, or other termination periods for ownership transfer by law.
2. In the case of handling stock dividends, cash dividends, or cash capital increase, it shall be from 15 business days before the issuing company's termination date of transfer of stock dividends, termination date of transfer of cash dividends, or termination date of cash capital increase subscription until the base date of the distribution of rights.
3. Where the issuing company conducts capital reduction, it shall be from the base date of the capital reduction conducted by the issuing company to one day before the trading day of the capital reduction in exchange for new shares.
4. Where there are changes in laws and regulations of R.O.C governing the termination date of ownership transfer, it shall be conducted in accordance with amended laws and regulations

### (IV) Conversion price

The conversion price of the bonds is NT\$488, which is 113.75% of the reference price of NT\$429 (as defined below), and the conversion price is rounded to two decimal place. The reference price refers to the closing price of the issuing company's common stock on the price determination date of Taiwan Stock Exchange, or a simple arithmetic mean of the closing prices of the common stock one business day, three business days, and five business days prior to the price determination date.

### (V) Number of ordinary shares converted

With the bond principal multiplied by the fixed exchange rate agreed upon on the price determination date as the numerator, the conversion price at the time of request for conversion is used as the denominator to calculate the number of the bonds that can be converted into the issuing company's ordinary shares. Where there is less than one share, after the issuing company deducts the expenses incurred by the exchange and other processing fees, if there is any remaining amount, it shall pay an amount in the US dollar (at a fixed exchange rate agreed on price determination date) to make up the balance to US\$1 (to the nearest integer) .

### (VI) Adjustment of the conversion price

After the issuance of the bonds, the conversion price shall be adjusted in accordance with the terms below and provisions set out in the brokerage contract:

1. (a) After the issuance of the bonds, except for the issuance of various marketable securities with common stock conversion rights or stock options in exchange for

## Chapter 4 Company Shares and Fund Raising

ordinary shares, or the issuance of new shares through capitalization of employee bonus (including but not limited to issuance of new shares as employee remuneration and issuance of restricted employee shares), where the Company's issued (or privately offered) shares increase (including but not limited to cash capital increase, capitalization of retained earnings, capitalization of capital surplus, stock split, issuance of various marketable securities with conversion rights or stock options, capital increase through acquisitions of shares of other companies, capital increase through mergers, and cash capital increase for the issuance of overseas depositary receipts), and the new share subscription price or issuance price is lower than the real-time price per share (the definition of the real-time price per share is subject to the brokerage contract), the conversion price shall be adjusted in accordance with the formula below (rounding the number to two decimal place; the numbers above two decimal place will not be adjusted), and it shall be adjusted on the base date of the ex-rights for the issuance of new shares (Note 1).

Where the price of issuance of new shares is changed after the base date of the ex-rights for the issuance of new shares through cash capital increase, it shall be re-adjusted based on the updated issuance price of the new shares in accordance with the formula below. Where the adjusted conversion price is lower than the original adjusted conversion price announced before the base date of the ex-rights, public announcement shall be made again.

Conversion price after adjustment = conversion price before adjustment  $\times$  adjustment coefficient

Adjustment coefficient =  $[\text{ENS} + (\text{NNS} \times \text{PNI}) / \text{P}] / [\text{ENS} + \text{NNS}] \times$

Of which, ENS= number of issued shares (Note 2)

NNS= number of newly issued shares

PNI=Issuance price of new share (Note 3)

P= real-time price per share on the base date (as defined in the brokerage contract)

Note 1: In the case of capital increase through mergers, it shall be adjusted on the base date of mergers; in the case of capital increase through acquisitions, it shall be adjusted on the base date of acquisitions; in the case of privately offered ordinary shares, it shall be adjusted upon the delivery date of privately offered marketable securities. In the case of capital increase through bookbuilding or cash capital increase for the issuance of overseas depositary receipts, without the base date of ex-rights, it shall be adjusted on the date when the issuance is completed.

Note 2: The number of issued shares refers to the total number of issued shares of common stocks through issuance and private placement minus the number of treasury shares that have been bought back by the Company but have not been cancelled or transferred.

Note 3: If the issuance price of new shares is stock dividend or stock split, the issuance price of new shares is zero. In the case of capital increase through

## Chapter 4 Company Shares and Fund Raising

mergers or acquisitions of shares of other companies, the issuance price of new shares is the net value per share multiplied by the share conversion ratio based on the Company's most recent eliminated financial statements certified or verified by the CPA before the base date of mergers or acquisitions.

(b) After the issuance of the bonds, where the issuing company publicly re-offers and re-issues (or privately offers) various marketable securities with common stock conversion rights or stock options at a conversion or subscription price lower than the real-time price per share (the real-time price per share is as defined in the brokerage contract), the issuing company shall adjust the conversion price of the bonds according to the formula below (rounding the number to two decimal place; the numbers above two decimal place will not be adjusted); it shall be adjusted upon the date of the issuance date of the said securities or stock options or upon the delivery date of the privately offered marketable securities:

Conversion price after adjustment = conversion price before adjustment × adjustment coefficient

Adjustment coefficient =  $[ENS + (NNO \cdot PNO) / P] / [ENS + NNO]$  ×

ENS = number of issued shares (Note 1)

NNO = number of newly issued marketable securities or stock options that can converted or subscribed

PNO = conversion or subscription price of newly issued marketable securities or stock options

P = real-time price per share on the base date (as defined in the brokerage contract)

Note 1: The number of issued shares refers to the number of issued shares of common stocks through issuance and private placement minus the number of treasury shares that have been bought back by the Company but have not been cancelled or transferred. Where the public re-offering and re-issuance (or private offering) of various marketable securities with common stock conversion rights or stock options are supported by treasury shares, the formula shall be adjusted as the number of issued shares minus the number of newly issued (or privately offered) marketable securities that can converted or subscribed.

2. When the issuing company implements capital reduction through treasury shares, the conversion price will not be adjusted.

If the number of ordinary shares is reduced due to the capital reduction conducted through means other than the issuing company's cancellation of treasury stock after the issuance of the bonds, the conversion price shall be calculated based on the following formula and adjusted on the base date of the capital reduction:

$$\begin{array}{l} \text{After} \\ \text{adjustment} \\ \text{Conversion} \\ \text{Price} \end{array} = \frac{\text{Conversion price before adjustment} \times \text{number of issued ordinary shares before capital reduction}}{\text{Number of issued ordinary shares after capital reduction}}$$



## Chapter 4 Company Shares and Fund Raising

3. After the issuance of the bonds, where the issuing company distributes cash dividends or other forms of cash of ordinary shares to the shareholders, the issuing company shall adjust the conversion price (rounding the number to two decimal place; the numbers above two decimal place will not be adjusted) according to the formula below in line with the provisions of the brokerage contract (the adjustment method of the conversion price is detailed in the brokerage contract).

Conversion price after reduction = the conversion price before reduction (1 - the ratio of cash dividends of ordinary shares to the real-time price per share)

The definition of real-time price per share shall be in line with the definition in the brokerage contract.

(VII) The ownership of annual dividends and bonuses regarding conversion:

The bondholders shall not enjoy the issuing company's dividends before the conversion; after the conversion, the holders of the ordinary shares shall have the same right to enjoy the dividends according to law as the shareholders of the issuing company's ordinary shares.

(VIII) Restrictions on the identity for conversion

In accordance with the current laws of R.O.C, investors in mainland China who have the rights to exercise the conversion rights are limited to qualified domestic institutional investors (QDII) approved by the competent authorities in the mainland China and/or investors in mainland China who have obtained the approval of the Investment Review Committee of the Ministry of Economic Affairs of R.O.C; the said investors may exercise the conversion rights within the limits prescribed or approved by the relevant competent authorities in accordance with the relevant procedures and laws and are subject to the relevant laws and regulations. Where there are changes in the aforementioned laws and regulations regarding the investments in securities in Taiwan by investors from mainland China, the procedure shall be handled in accordance with the amended laws and regulations.

### XIV. The cancellation of bonds

Where the bonds are bought back by the issuing company (including bought back by the secondary market), redeemed early, repaid when due, or converted or reverse repurchased by bondholders, they shall be canceled and will not be issued any more.

### XV. Restrictions on sales

The bond shall not be directly raised, sold, or delivered within the territory of the Republic of China.

### XVI. Taxation

(I) Withholding income tax

In according with the laws of R.O.C, bond interest and call premiums (if any) obtained by the bondholders who do not have a for-profit institution at a fixed location within the territory of R.O.C and who are not residents of R.O.C shall be subject to a withholding tax of 15%.

## Chapter 4 Company Shares and Fund Raising

- (II) Securities transaction tax: In according with the laws of R.O.C, stockholders are required to pay a securities transaction tax of 0.3% of the transaction amount upon the sales of shares.
- (III) Where there are any changes in relevant tax laws of R.O.C, it shall be handled in accordance with the then regulations.
- (IV) As for the underwriting fees paid by the issuing company to the foreign underwriter, relevant tax shall be paid by the foreign underwriter in accordance with the laws of R.O.C.

### XVII. Choice of law

The issuance, management and disposal of the bonds shall be handled in accordance with the foreign laws and regulations agreed upon by the issuing company and the foreign underwriting host. However, the approval of issuing the bonds and exercise of the conversion rights of the bonds shall be in accordance with the laws of R.O.C and governed by the laws of R.O.C.

### XVIII. Addition to terms of issuance

The changes in and amendments to the provisions of the regulations shall be jointly discussed by the issuing company and the foreign underwriting host based on the market conditions and laws and take effect after the approval of the competent authority.

### XIX. Underwriting agency and other relevant institutions

Foreign Underwriting Host: KGI Asia Limited

Domestic Underwriter for Submission: KGI Securities Co., Ltd.

Consignee: Citicorp International Limited

Principal and interest repaying agent and conversion institution: Citibank, N.A., London Branch

# Chapter 5 Operational Highlights

## I. Business Activities

### (I) Business Activities

#### 1. Business Scope

##### (1) Major Content of Business Activities

1. F118010 Wholesale of Computer Software
2. F218010 Retail Sale of Computer Software
3. F401010 International Trade
4. F401021 Restrained Telecom Radio Frequency Equipments and Materials Import
5. CC01080 Electronic Parts and Components Manufacturing
6. CC01110 Computers and Computing Peripheral Equipments Manufacturing
7. CC01120 Data Storage Media Manufacturing and Duplicating
8. I301010 Software Design Services
9. I301020 Data Processing Services
10. I301030 Digital Information Supply Services

##### (2) Operational Proportion:

Unit: NT\$ thousands

Product \ Year	2018		2019	
	Net operating revenue	Proportion (%)	Net operating revenue	Proportion (%)
Industrial computer Sales of hardware and software	68,945,964	99.98	81,505,342	100.00
After-sales services	16,495	0.02	874	0.00
Total	68,962,459	100.00	81,506,216	100.00

##### (3) Current Commodities (Services) of the Company:

- A. Smart industrial monitoring
- B. Smart retailing
- C. Smart gaming
- D. Smart home
- E. Smart City

- F. Intelligent transportation
- G. Intelligent medical
- H. Smart power grid
- I. Industrial network security
- J. Industrial computer
- K. Embedded computer
- L. Edge computing system
- M. OEM
- N. ODM
- O. JDM
- P. Global supply chain

(4) New Products (Services) Planned to Develop:

- A. Industrial embedded motherboards and modules
- B. Industrial embedded computer system
- C. Industrial embedded box PC
- D. Industrial 5G computing platform
- E. Industrial 4K / 8K display
- F. Industrial Tablet
- G. Artificial intelligence (AI) computer
- H. Edge computing computer
- I. Telecommunication system
- J. Medical computer
- K. Industrial ethernet computer
- L. Industrial network security computer
- M. Embedded software development tools
- N. Optical imaging system

2. Industry Overview:

(1) Status and Development of the Industry:

The Company and its subsidiaries are professional R&D and design manufacturers for Industrial PC (IPC), also known as "industrial computer", the main products are industrial computer embedded boards and modules, embedded computer system, embedded box PC, industrial 5G computing platform and 4K/8K displays, which are mainly applied in smart industrial monitoring, smart retail, smart gaming, smart home and intelligent transportation. In 2015, the Company acquired equity of Caswell Inc. and stepped into the field of network communication security, with main

sales downstream of the international renowned industrial computer manufacturers. Herein to analyze the current industrial situation of the main products of the Company and its subsidiaries:

After a long period of development, the industrial computer industry has reached a certain maturity, with complete industrial structure, abundant module supply chain, mass production management experience and a small number of diverse capabilities. At present, industrial computer manufacturers are moving towards manufacturing products with high added value, focusing on enhancing their design capabilities and strengthening their core technologies of research and development. In addition, the extensive application of the Internet and the advent of the digital era of computers have created new business opportunities, new layouts and new markets. With the promotion of new technology and the rapid expansion of its application, the field of application expands from simple factory automation to various industries and daily life, such as safety products, monitoring products, traffic control, business transaction system, medical care equipment, etc. Under the continuous development of the original application market and the continuous expansion of the new application field, the product categories tend to be diversified, and the overall market size will continue to expand and grow.

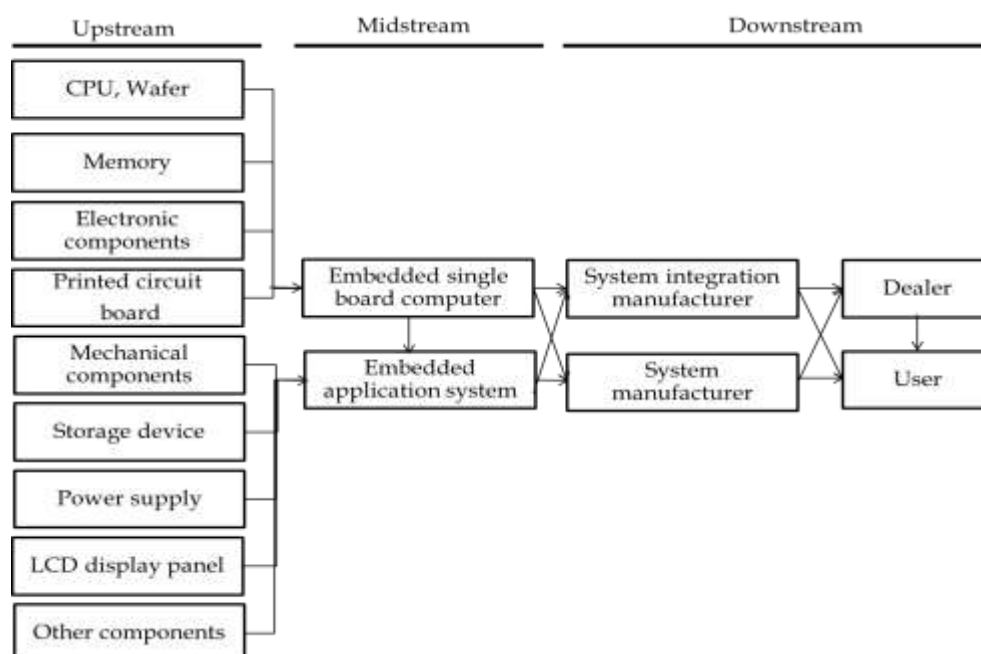
In recent years, The application field of industrial computer products continues to expand, including medical, aerospace, communication, robot automation equipment, smart power grid and the internet of things (IoT) have developed application products, which will become the growth momentum of overall output value of domestic industrial computer in the future. Among them, robot automation equipment and IoT products are widely used, and the future shipment growth is the most promising.

The characteristics of the industrial computer industry have always been that the orders are mostly customized, and the orders are few and varied. Therefore, PC or EMS factories are not easy to enter the industrial computer industry, as a result that the industrial computer manufacturers with high flexibility and customization can maintain the blue ocean market of niche industrial computer products.

According to the forecast of Gartner, an international research and advisory company, the total number of users of mobile phones, tablets and PCs will reach 7.3 billion by 2020, while the number of IOT devices will increase significantly to 26 billion surpassing the above-mentioned network devices, which will generate more than US\$300 billion in marginal revenue. The Gartner report further stated that US\$166 billion will be invested in various IoT industries by 2020, with transportation, retail, warehousing, healthcare and manufacturing industries as the major industries. IoT is an innovative concept, but formed by the integration of three traditional industries, including the automation industry, telecommunications industry and computer industry. The Company and its subsidiaries are "professional vertical integration manufacturers

of industrial computers", starting from the interactive end products, focusing on four big emerging product line of big data, IoT, IoV, and robot. With the demand from POS machines upgraded to near field communication (NFC) payment technology because of Apple Pay recently, shows great potential in its future development.

### (2) The Relevance of Upstream, Midstream and Downstream Industry

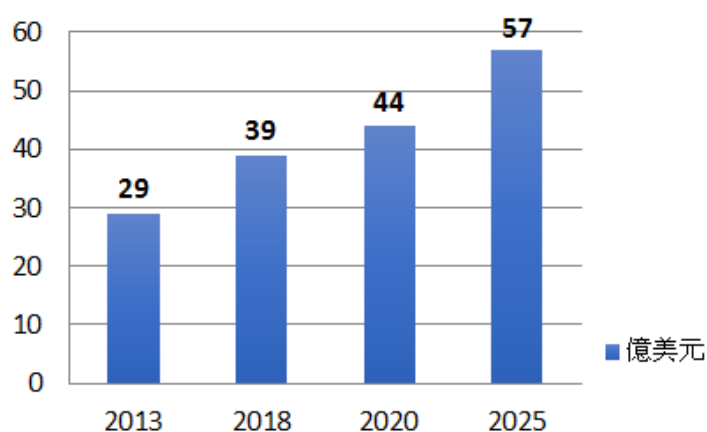


### (3) Development Trends of Product

A. Industrial control (IA) is the main driving force for the development of the IPC industry

According to IHS statistics, the scale of global industrial computer industry reached US \$ 3.9 billion in 2018, and the market size will reach US \$ 5.7 billion in 2025. The average growth rate in the past five years is about 6%. The growth rate is moderate and it is a long-term profitable industry.

**Global Industrial Computer Market Size, 2013-2025**



Source: IHS; SinoPac Securities Investment Service

Among the industrial computer industry, the industrial monitoring application (IA) takes up the highest proportion, about 51%, with a compound annual growth rate of + 5 ~ 15%. This is also the main field of long-term development for Ennoconn Corporation.

In recent years, the global manufacturing industry has introduced various types of information technology, such as cloud computing, IoT, Big Data, artificial intelligence, etc., to improve manufacturing efficiency and achieve manufacturing precision, while reducing costs. From intelligent manufacturing production line to the establishment of intelligent factories, by-products such as automation, networking and intelligentization has become competitive business opportunities.

Ennoconn Corporation integrates the resources of internal and external resources business groups to facilitate a complete plan in smart manufacturing. In addition to efforts in the four fields of high-tech equipment materials sales, automated supply systems, integrated systems, and customized equipment R&D and manufacturing, the Company invested in factory monitoring systems, ServCore and other solution applications that can facilitate remote monitoring of the factory via computer or phone to remotely monitor the production status of machinery and equipment, automatically generate reports, solve existing problems through data analysis, provide energy saving and carbon reduction solutions and equipment status monitoring services to enhance the degree of factory automation.

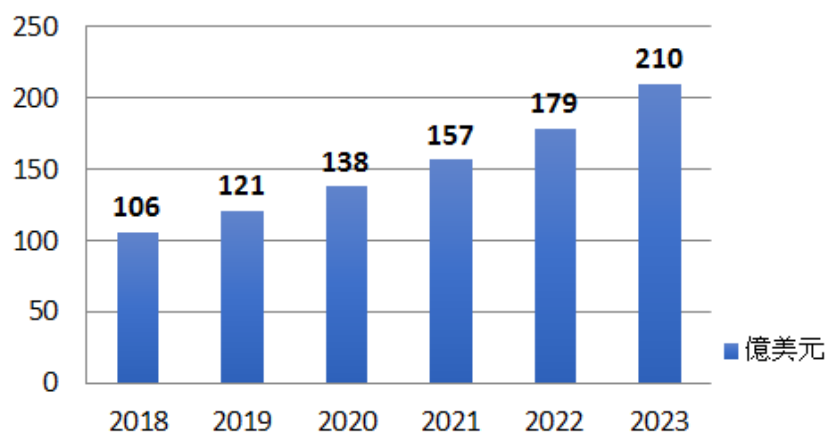
### B. The demand for edge computing applications has increased

Edge computing is a product of the era of the IoT. Its function is an extra layer of edge terminal of edge computing connecting the traditional cloud and devices. This is a computing unit near the source of the data, including gateways, routers and various relevant devices, machines, equipment and systems of the bottom layer; the edge computing computer directly captures, filters and processes the huge amount of data transmitted by multiple devices to processes the information in real time, and respond to the devices without uploading all data to the cloud to reduce time delay and data transmission costs.

With the recent development of key technologies such as the most popular artificial intelligence (AI) and 5G, under the tide of this era, edge computing and related product applications attracted huge interests, and the actual usage demand has increased greatly. The cloud service giants AWS, Microsoft, Google, as well as major firms in servers, network equipment and mainframe have started to invested in this product application; according to bcc Research statistics, in 2018, the global market size for edge computing computers is 10.6 billion US dollars, the scale of which will reach 21 billion US dollars in 2023, with an average annual compound growth of

14.2%, and stable growth in the long term. In response to this market growth, Ennoconn Corporation will develop series of high, medium, and low edge computing products to satisfy the demand of various applications.

### 2018-2023 Global Edge Computing Computer Market Size

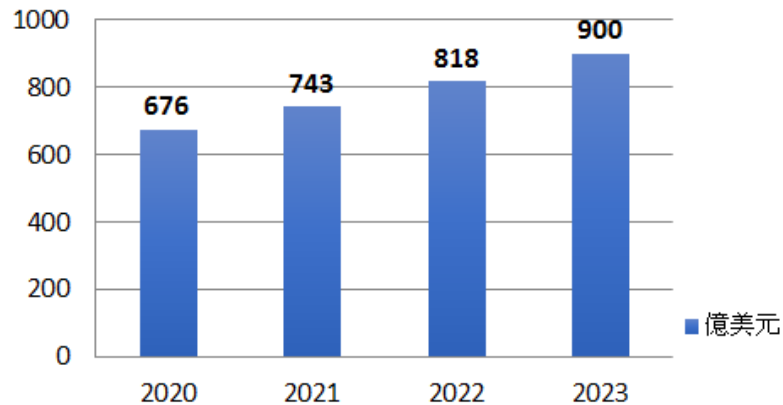


Source: bcc Research

#### C. Increasing demand in the gaming market

Gaming is another engine driving the continuous growth of industrial computers. Benefiting from the recovery of the European and American markets and the lifting of restrictions on the gaming industry in Singapore, the gaming industry has attracted great interest in various countries in the world in recent years. It is expected that the gaming and lottery business will become a tool in promoting tourism-related industries and stimulate economic growth. It has once again become a focal point in the market. According to a survey conducted by MarketWatch, an international research consultancy, the compound annual growth rate of the global gaming market is about CAGR 10%, reaching a scale of US\$90 billion by 2023.



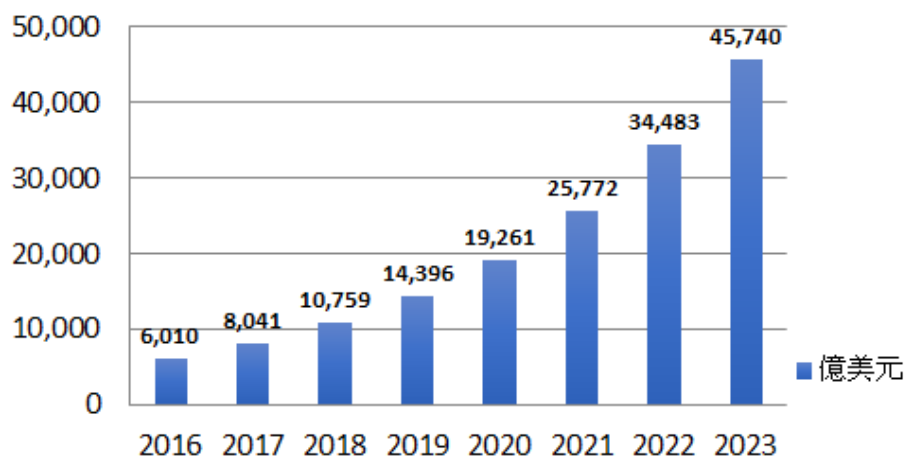
**Global gaming market size from 2020 to 2023**

**Source: MarketWatch**

In addition to the sales of hardware machines, firmware for internal control, monitoring systems, even electronic display board set up in the tourist areas around casinos and restaurants, multimedia information stations, and needs for POS could all be the business opportunities for IPC industry.

Point of Sales (POS) manufacturers benefit from the rise of global mobile payment

With the demand of mobile payment in recent years, consumers have gradually formed the habit of paying through hand-held devices, and mobile payment is rapidly popularizing and developing. According to a survey by the international research consultancy Allied Market Research, the global mobile payment overall market, services and transaction amount will grow from US\$610 billion in 2016 to approximately US\$4,574 billion in 2023, with an annual compound rate of approximately 33.8%.

**Global mobile payment market size, 2016-2023**

**Source: Allied Market Research**

## Chapter 5 Operational Highlights

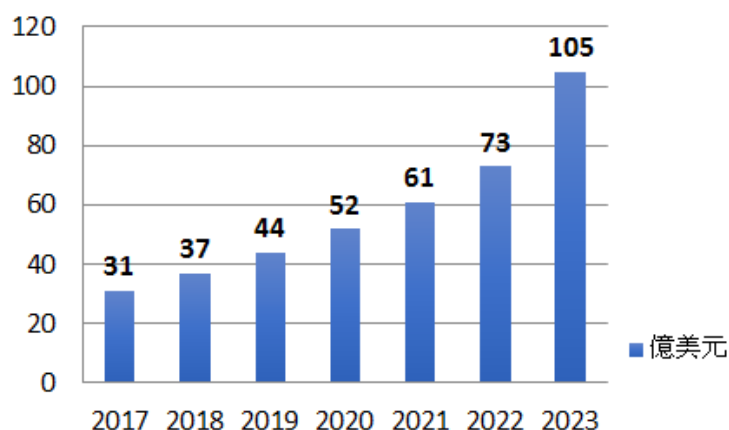
The best-known mobile payment services, Apple Pay, Samsung Pay, Google Wallet, EasyCard and store-issued stored-value cards, all use near field communication (NFC) payment technology. To use NFC payment technology, consumers need to have a smart phone with an NFC chip built into it, merchants must also replace the MPOS (Mobile Point of Sale) or other POS systems that support NFC transaction function. Only after that can consumers enjoy mobile payment services.

Mobile POS machines (MPOS) have the advantage of portability, allowing store personnel to settle accounts for customers anytime and anywhere, and making it convenient for customers to spend money on special occasions such as planes or trains. This advantage is expected to bring obvious business opportunities for MPOS-related industries. Greg Buzek, President of global research consultancy IHL Group, said that the use of mobile POS devices in some areas is rapidly changing the style and features of retail and receiving customers, particularly for mall retailers, and predicted that the number of mobile POS devices in department stores, clothing stores and shoe stores would grow quickly every year. In response to the rapidly changing consumer service landscape, the products have developed from PC-based POS terminals to handheld POS that integrates wireless transmission, multi-function all-in-one Touch POS that integrates host and touch screen, mobile POS(mobile point-of-sale management system) and information service system (kiosk).

### E. Laser Projector has become an important display application

The laser projector uses advanced laser display technology to efficiently convert the high-energy laser beam into an image that can be viewed directly, so that the audience can enjoy the brilliant colors and dynamic pictures brought by the laser. The current mainstream projectors use DLP and 3LCD. Among them, 3LCD is projecting from an LCD panel of red, green and blue, which is projected through a magnifying lens and a reflector. DLP on the other hand works by projecting light through a color wheel rotating in high speed and mixing the colors. And finally, projection through a prism.

The characteristic of the laser projector is that it has a long working life, and the screen brightness will not be dimmed due to long hours of working; the color spectrum is wide, about twice that of ordinary projectors; the overall performance of the laser projector is very good, relevant products have been launched and applied in real life. For example in education, enterprise, medical, building, retailing, entertainment, hotel, family use, etc.

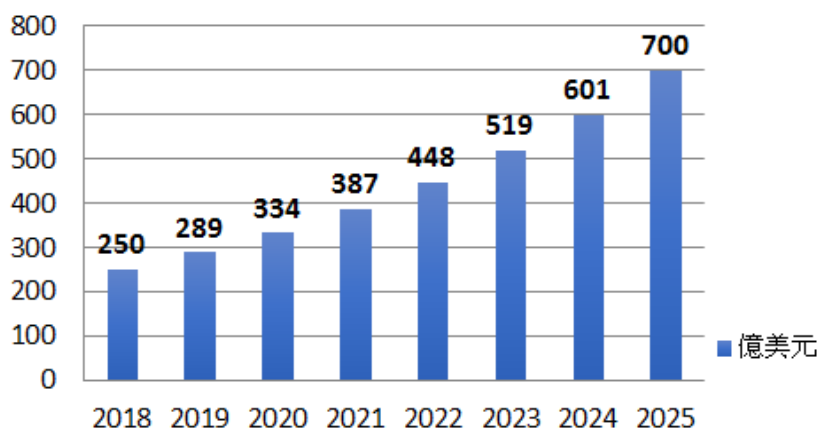
**Global Laser Projector Market Size, 2017-2023**

**Source: Marketandmarkets**

According to a survey conducted by Marketandmarkets, an international research consultancy, the global laser projector market size was US\$3.15 billion in 2017, and it will reach US\$10.53 billion in 2023, with a compound annual growth rate GAGR of about 18.2%. It is a rapidly growing industry. As more and more companies invest in laser applications, the future development of laser projectors will definitely be beyond expectation.

#### F. Industrial Ethernet develops rapidly with the application of IoT

According to the statistics of Global Market Insight statistics, the global industrial ethernet market size was US\$25 billion in 2018, and it will reach US\$70 billion by 2025, with an average annual compound growth rate of 15.8% and stable growth in the long terms.

**Global Industrial Ethernet Market Size, 2018-2025**

**Source: Global Market Insight**

Industrial Ethernet (IE) is the Ethernet used in an industrial environment, and its protocol provides certainty and real-time control. Industrial Ethernet protocols include EtherCAT, EtherNet / IP, PROFINET, POWERLINK, SERCOS III, CC-Link IE, and Modbus TCP, and use durable connectors with extended temperature switch to achieve automation or process under extreme temperatures, humidity, and vibration.

As Industrial Internet of Things (IIoT) quickly became widely popular in the manufacturing industry, improving the efficiency of the production processes and supply chains, it is driving the growth of the Industrial Ethernet market, and the trend of industrial technology development is also moving towards smart factories. After all the factory equipment adopts Ethernet as the communication protocol standard, the information communication between all levels can be completely seamless, so that the factory equipment and computers can all be connected to achieve real-time control, monitoring, management and other goals to enhance the overall competitiveness of the enterprise; this growing industry is also the key product line that Ennoconn Corporation focuses on.

#### (4) Competition Situation:

Since the successful independent research and development of industrial motherboards in 2004, the Company and its subsidiaries have stepped into the industrial computer industry and continuously expanded the application field of products. Vertical applications field of industrial computer is quite diversified with the cost is quite high and most of which have an oligopolistic competition structure.

In recent years, the Company and its subsidiaries are positioned as professional industrial computer R & D and design manufacturers, focusing on the development of large system integration brands in Europe, America and Japan in various fields of smart industrial monitoring, smart retailing, smart gaming, smart home and intelligent transportation, and expanding to emerging markets such as China and South America with our customers. Compared with the industry, the growth of our consolidated turnover is far superior to others sampled from the industry, showing the positive benefits of the business expansions of the Company and its subsidiaries and the acquisition of Caswell Inc. in 2014, which focuses on network communication security products. The Company and its subsidiaries integrate the existing product lines, expand the diversity of industrial computer products, actively layout the IoT platform from cloud, system to terminal devices to strengthen the competitiveness in existing fields. As a result, the growth potential is more superior than the sampling listed OTC peer companies.

### 3. Research and Development

#### (1) Technical Level of Business:

In the future, the application of 5G combined with big data and related AI fields will become more and more extensive. IoT products such as sensors and big data analysis of AI will become more and more popular. The research and development strategy begins with interactive terminal products and focuses on emerging products such as smart industrial monitoring, smart retailing, smart gaming, smart home and intelligent transportation.

In the field of interface for smart industrial monitoring, Ennoconn Corporation continues to introduce durable, high-brightness touch screens that can withstand wide temperature ranges, that are compatible with production equipment units such as programmable controllers (PLC), frequency converter, servo motor and reduces from major brands. Using an intuitive operation interface to easily operate the production machine and instantly grasp various production information and machine conditions. Applying the industrial firewall technology, NAS and other industrial computer products technology developed by the Company and its subsidiaries, the research and development will go from the industrial computer system with strong specification to deeply into the field of industrial communication. Such as from industrial server to the development of industrial intelligent gateway, and various information used to collect all kinds of traditional instrument, digital instrument, sensors, servomotor and production machines of factories, by the big data analysis, and combined with the IT/ERP information system, can achieve intelligent production, equipment predictive maintenance, which is an important cornerstone for realizing industry 4.0 smart factory.

Utilize the research and design of the field of intelligent transportation in industrial monitoring mainframes in rail transportation and navigation, the Company continues to explore various IPx waterproof and dustproof designs, and develop industrial monitoring mainframes and panel PCs that comply with marine power supply develop color correction software for panels that complies with certification specifications for industrial applications, and designs that comply with the DNV association specifications and that can pass the rigorous tests such as EMC / Safety and complies with power requirements to help customers launch products more quickly.

In 2018, the Company focused on medical bedside care computer, including bedside terminal, cloud platform and care device, integrating personal medical information, communication, entertainment, medical process and other targets to focus on. The ability to design based on ARM structure has won the recognition of medical equipment manufacturers. The Company has received orders of its medical oxyhydrogen machines, and has completed the design verification and started shipping.

In 2019, the Company collaborated with medical device firms and developed the

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hand-held ultra sound tablet which is in compliance with the EN60601 standard, the software and hardware design for the integration of the chip and its interface has been developed. The product is currently at the stage of sample testing by the client.

In terms of smart retailing, the X86 computers are mainly applied in retail counter machines (POS), interactive multimedia machines (kiosk), automatic control equipments, ATMs, lottery machines, electronic billboards, medical care equipments, network storage equipments, etc. The Company and its subsidiaries cooperate with Intel to pursue the development opportunity of new industry and new market. Using a new generation of Intel S and U series CPUs, standardized design, integrated motherboard and system, combined with embedded storage memory and multi-mode embedded wireless transmission, the Company provides a different General SBC development platform, as different product for different vertical markets which can accelerate and improve the efficiency of the development schedule for derived machines and product development of system products to provide the most suitable customized module design, and become devices or equipment used in various industries.

In addition to x86 computers, last year the Company also started to focus on the design of the AIO POS machines on the Android platform, and aims to design a thinner and lighter POS machine and integrate the related peripheral devices and softwares commonly used in POS to help customers expand more diversified product lines.

In terms of smart gaming products, the Company continues to cooperate with gaming machine firms to provide controllers with different Intel CPU core platforms to meet customer needs for different applications, and the Company is committed to explore the possibilities of software development and providing more enhanced Boot Security firmware design to assist customers through GLI certification.

In the aspect of AI, the Company cooperates with Intel OpenVINO (Open Visual Inference & Neural network Optimization) to develop relevant POS applications, combining the big data analysis technology to enable customers to transform the image data collected by edge and internet of things devices into the information with commercial value easier, such as face recognition, customer recognition, and the promotion and broadcasting of corresponding advertisements. At the same time, the Company also carries out planning of AMD chip products to seize the gaming entertainment market of multi-screen, 4K in Japan and US.

Intelligent industry of internet is another main focus to be promoted. Develop software and hardware technology and products of core layer, connect all kinds of industrial machines, collect data with sensors and gateways, analyze data with FII, make intelligent judgment on Cloud, and finally enable edge equipment to achieve the ultimate goal of cost reduction, storage reduction, quality improvement and efficiency

enhancement.

(2) R&D Personnel and their Educational Background:

The educational background distribution of the Company's R&D department is as follows:

Unit: people

Year Educational Background	2017	2018	2019
Doctor	1	4	5
Master	1,304	1,439	1392
College	886	1,001	1052
High School (Inclusive) or Below	698	747	742

(3) R&D Expenses and Technologies or Products Successfully Developed in Recent Years:

A. R&D expenses invested:

Unit: NT\$ thousand; %

Year	2018	2019
R&D Expenses (A)	5,876,650	7,788,264
Operating Income (B)	68,962,459	81,506,216
R&D Expenses as a Proportion of Operating Income (A)/(B)	8.52%	9.56%

B. Technologies or products successfully developed:

Year	Name or Project of Product and Technology
2011	<ol style="list-style-type: none"> <li>1. Launched the all-in-one POS system, equipped with the touch screen of 15 " surface capacitance, integrated peripherals of POS, customer display (VFD), fingerprint sensor, 2D barcode scanner and so on. The concise and neat appearance completely attracts the attention of important customers.</li> <li>2. Developed the motherboard of Bedside Terminals which is suitable for the medical care industry.</li> <li>3. The vehicle-mounted system of Intel Atom platform is developed, which not only suits the harsh environment with wide temperature, but also integrates wireless communication modules such as GPS, GSM and Bluetooth, and its power supply design also overcame the problem of surge and voltage drop of vehicle power supply.</li> <li>4. Launched Intel HM65 platform embedded motherboard with flexible design which enables user to choose to use Intel built-in drawing unit or independent AMD Radeon E4690 high order drawing chip, to meet the needs of different game consoles.</li> </ol>
2012	<ol style="list-style-type: none"> <li>1. A small fanless embedded system designed by the Intel Cedar Trail platform, has won orders from European digital electronic billboard customers due to its feature of playing 1080p high resolution video and rich control interfaces for peripheral devices.</li> <li>2. 10.1 " wide screen fanless aluminum die casting data capture system with unique cable fixed structure design to solve the problem of loss of important data caused by careless cable pulling</li> </ol>

Year	Name or Project of Product and Technology
2012	<p>in the factory. This system also retains the Mini PCIe slot, so that WiFi or 3G module can be added and the data collected by the front end can be transmitted to the back end in a wireless way for analysis and control.</p> <p>3. The embedded motherboard designed with Intel Ivy Bridge CPU and Q77 high-speed chip set, supports digital video interface DisplayPort and native USB 3.0 port, and caters to the needs of multimedia playback and high-speed data access for kiosk devices.</p>
2013	<p>1. Applying the Intel H61 platform to develop the mid-level POS motherboard which supports Intel Core i7 &amp; i5 processor, the special architecture and design of its MCU equipped with BIOS can not only record the abnormal actions of the system, but also save users from the trouble of resetting when upgrading the BIOS.</p> <p>2. The new onboard computer using two satellite navigation systems of GPS and Beidou, can integrate emergency buttons, instant call, instant dispatch, fuel sensing and other peripherals to meet the needs of various motorcades.</p> <p>3. Developed all-in-one and tower-type POS system, adopting strategic product of Intel Haswell, Bay Trail &amp; Freescale iMX and other platforms (x86 &amp; ARM).</p> <p>4. In response to the demand of multi-screen application, developed the Mini-ITX motherboard using Intel Q87 platform to provide three independent display interfaces of VGA, HDMI &amp; DisplayPort. In addition to supporting advanced processors, 35W power consumption processors and LVDS display interface facilitate the integration of small embedded LCD systems.</p>
2014	<p>1. The strategic products of all-in-one and tower-type POS system adopting Intel Haswell, Bay Trail &amp; Freescale i.MX and other related products have been developed, among which the strategic products led by Android POS are the most important breakthrough.</p> <p>2. Developed 3.5 " SBC for harsh industrial environment and COM express control motherboard adopting Intel Broadwell.</p> <p>3. Developed industrial workstations for the communications industry.</p> <p>4. A small fanless embedded system designed with the Intel Bay Trail platform, has won orders from European digital electronic billboard customers due to its feature of playing 1080p high resolution videos and rich control interfaces for peripheral devices.</p> <p>5. ARM Base low power netcom system: ARM Base Marvell SoC platform, 5 GbE RJ45, support Wifi module and SATA HDD solution at the same time, provide enterprise branch offices with the best VPN specification solutions.</p> <p>6. 320G Throughput solution: advanced X86 system and 72-core Tilera netcom acceleration module integration platforms, which provide high-end enterprise users a complete solution platform for network bandwidth in the coming big data era, and 320G line speed efficiency.</p> <p>7. The Rangeley SoC micro server system was developed to provide entry network security appliances with high network encapsulation efficiency requirements: adopting Intel Rangeley integrated network acceleration chip with the advantages of high network encapsulation acceleration efficiency and low cost, which is very suitable for micro network security management platform.</p> <p>8. 1U high-competitive server with basic network port specifications: Intel Bay trail SoC integrated chip is adopted to provide threshold products with basic specifications of basic netcom security equipment, which is highly competitive in terms of cost.</p> <p>9. Researched and developed 2S CPU high-end server system to provide data center, cloud computing and high-end network security appliances with high efficiency requirements: adopting Intel Haswell-EP platform with high power and high efficiency which can support maximum to 240G Throughput, multi-functional integrated front-end network card replacement module design High-performance x86 Network Security Appliance Powered by Dual Intel "Haswell-EP" E5-2600 v3 CPU.</p>



Year	Name or Project of Product and Technology
2014	<p>10.Researched and developed 1S CPU high-end Xeon Server System 1U High Performance x86 Network Appliance for Enterprise Firewall, UTM and IPS: single core Intel® Haswell-EP E5-2600 v3 CPU 4IC module slots up to 32 LAN ports Supports Intel® 1G/10G/40G Network Controllers.</p> <p>11.Researched and developed 80GbE with modular Ethernet card for data center and network security appliances: adopting Intel's latest Fortville controller to develop the exclusive and efficient network card for Caswell Inc., improve the highest bandwidth of the external network of the single network port of Caswell Inc.'s products and support 2x QSFP 40G Transceiver 、QSFP.</p> <p>12.Researched and developed the IoT integrated desktop system applicable for intelligent gateway: adopting IoT integrated network chip GX210UA of AMD's latest generation to develop the network control and management equipment applicable for the end point of wireless network.</p> <p>13.Researched and developed integrated smart thermal solutions: for high-order multi-module PCIe connection network port equipment, 1U/2U system requires solutions of high frequency and wide width, resulting that the overall thermal solution needed to be monitored comprehensively.</p> <p>14.Researched and developed intelligent LED display solutions: for higher-order systems, operators need more convenient display information to effectively monitor the overall hardware health status of higher-order systems.</p> <p>15.All-flash array computing platform (COS-I900): All-flash array computing platform with 36-core network multi-core chips can store the maximum storage capacity (48TB) in 1U limited space.</p> <p>16.Deep programmable network virtualization software definition platform (COS-J500): deep programmable network virtualization software definition platform with 72-core network multi-core chips.</p> <p>17.Researched and developed network encryption and decryption acceleration card (for TCP offload, IP forwarding, etc.): adopting the CPU of Tiler 72-core structure, developed network encryption and decryption acceleration card with 80G network bandwidth and double-slot PCIe slot volume to improve the performance of traditional CPU processing TCP and IP forwarding..</p> <p>18.Developed electronic watches and personal physiological monitoring system applied for electronic watches</p>
2015	<p>1. Launched ADE-6091: ADE-6091 adopts new generation Intel ATOM Braswell CPU with USB3.0 Type C connector to greatly improve the information transmission speed of Cloud and perception system.</p> <p>2. ADE-6082/NSB-3011: developed Intel's sixth generation Skylake high-end processor motherboard applied to industrial control, electronic display board and a large number of high-speed computing needs in the information industry.</p> <p>3. Launched the CAF-1010 model: fanless network processing system Rangeley, focusing on network security application system of industrial specifications.</p> <p>4. Launched a series of Atom™ processor C2000 network security system: on the basis of low-power Silvermont microarchitecture, extend the expansion capacity of the Intel® architecture to small high-density communications and intelligent system. This product line offers a range of multi-core processing capabilities (from dual-core to eight-core) and has advanced I/O and accelerated integration capabilities to provide extensible and single-chip systems (SoC). On the basis of 22nm process technology, equipped with 3D tri-gate transistors to provide optimal per-watt performance and solutions for applications with thermal limitations such as entry-level to mid-level branch routers, security devices, network access, communication servers,</p>

Year	Name or Project of Product and Technology
2015	<p>small base stations, control layer processing, and storage applications, etc.</p> <p>5. Launched Ivy Bridge-EP 2U network server grade platform Intel ® Xeon® processor E5-2600 v2 series products: based on Intel® microarchitecture (formerly known as Ivy Bridge), adopting 22nm process technology, and the processor performance and power consumption have made significant progress compared with the previous generation of Intel ® Xeon® processor E5-2600 series of products. This is the first Intel® Xeon® processors series product which can extend the life cycle support, providing 10 core core/single slot and 20 core/double slot configuration. The platform meets a wide range of large-scale communication application requirements in terms of performance, I/O, memory, and acceleration capabilities, such as advanced security devices and blades, enterprise routers, and wireless infrastructure solutions. Equipped with Intel® Data Plane development kits, encapsulation processing speed of the platform can be improved to handle the increasing rate of network traffic data and related control and signal transmission requirements.</p> <p>6. CAR-3050 fourth generation Intel® Core™ processor formerly known as Glen Forest (Haswell Mobile + Cave Creek): adopting the fourth generation of Intel® Core™ processors by Intel® microarchitecture(code Haswell) as the foundation, with industry-leading 22nm process technology and 3D three gate transistors, make with meticulous care and achieve perfection. With introduction of Intel® advanced vector extension instruction set processor 2.0, the mathematical treatment, encoding, decoding and highly efficient computing and other performances can be effectively improved. This platform is designed to provide solutions for applications with heat dissipation limitations, such as mid-level security equipment, branch routers, network access, media and communication server, error correction coding (ECC), Intel® ultra multi-threaded technology Intel® QuickAssist technology.</p> <p>7. NIP-83xx network card series: adopting new generation Intel Fortville high-speed network controller, developed high density 2x10, 4x10 and 2x40 GbE module Ethernet card, PCIe x8 Gen3 I/F and compatible CASwell all organic frame network security product line.</p> <p>8. Launched all-new AMI IPMI server solution: for network security-related applications, obtained the complete source code of AMI, and set up complete IPMI functions related to network applications.</p> <p>9. Dual BIOS: for whole series system, conducted complete Dual BIOS functional design, including independent design for special network security system requirements through remote BMC updates, damage recovery, etc.</p> <p>10. Cad-0245 first IoT gateway solution: for IoT network security-related applications, developed the Company's first product line applied to IoT gateway field.</p> <p>11. In-one POS system, equipped with the touch screen of 15 " surface capacitance, integrated peripherals of POS, customer display (VFD), fingerprint sensor, 2D barcode scanner and so on. The concise and neat appearance completely attracts the attention of important customers.</p> <p>12. Developed the motherboard of Bedside Terminals which is suitable for the medical care industry.</p> <p>13. The vehicle-mounted system of Intel Atom platform is developed, which not only suits the harsh environment with wide temperature, but also integrates wireless communication modules such as GPS, GSM and Bluetooth, and its power supply design also overcame the problem of surge and voltage drop of vehicle power supply.</p> <p>14. Launched Intel HM65 platform embedded motherboard with flexible design which enables user to choose to use Intel built-in drawing unit or independent AMD Radeon E4690 high order drawing chip, to meet the needs of different game consoles.</p>
2016	<p>1. Launched the AMD APU Merin Falcon platform embedded motherboard which can flexibly meet the medium and low order demand of different game softwares, and provide the most cost-effective console controller choice for the first and second largest game manufacturers in</p>

Year	Name or Project of Product and Technology
	<p>Japan.</p> <ol style="list-style-type: none"> <li>2. Provide Japanese customers with high, medium and low order All-In-One POS system, equipped with the touch screen of 15 " surface capacitance, integrated peripherals of POS, customer display (VFD), fingerprint sensor, 2D barcode scanner and so on. The concise and neat appearance received great attention from the market in 2017.</li> <li>3. Cooperated with slot machine vendors on system projects for gaming machines to provide its slot machines whole series display modules and computing core modules.</li> <li>4. Cooperated with strategic partners to develop new forms of mobile payment terminals for the demands of the largest acquiring bank in South America.</li> <li>5. Completed the development of MQTT/Restful IoT intelligent gateway controller and data collector and provided intelligent management of system assembly production line and timely processing industrialization 4.0 program selection.</li> </ol>
2017	<ol style="list-style-type: none"> <li>1. Launched Intel Apollo Lake platform embedded motherboard, which can meet the application requirements of medium and low-order POS, Kiosk and Gateway.</li> <li>2. Provide European customers with high and medium order all-in-one wide-screen POS system, equipped with the touch screen of 18.5 " surface capacitance, integrated peripherals of POS, the second customer display (2nd Display)and Fiscal Module, etc. The atmosphere appearance received great attention from the market.</li> <li>3. Cooperated with gaming machine manufacturers on system projects for gaming machines to meet the demand of different machine bidding.</li> <li>4. Continuously cooperated with slot machine vendors on system projects for gaming machines to provide its slot machines with more computing core modules in different forms and architectures.</li> <li>5. Completed the development of the control board adopting Intel® Kaby Lake processors COM express, applied to various industrial environment.</li> </ol>
2018	<ol style="list-style-type: none"> <li>1. Launched the Intel CoffeeLake - S platform standard motherboard, which can meet the application requirements of medium and low order POS, Kiosk and entertainment darts machines.</li> <li>2. Provided european and American customers with high, medium and low order all-in-one wide-screen POS system, combining with USB Type-C and equipped with the touch screen of 15.6 " surface capacitance, integrated peripherals of POS and the second customer display (2nd Display) etc. to lead the trend of product technology in the market.</li> <li>3. Launched Intel Braswell platform embedded HMI products, providing hardware demand for equipment management and product testing for factory production line of intelligent manufacturing.</li> <li>4. Cooperated with medical equipment customers for special projects and completed the development of the medical oxyhydrogen machine with ARM Cortex A53/Linux architecture.</li> <li>5. Continuously cooperated with gaming machine equipment manufacturers on system projects for gaming machines to meet the needs of innovative Player Track System visual computing Machine and provide its slot machines with more computing core modules and wireless charging module in different forms and architectures.</li> <li>6. Developed handheld mobile payment devices and improved the certification of the whole financial security transaction technology.</li> <li>7. Launched products of Intel OpenVINO in Kiosk and POS products, participated in Intel solution exhibition, and promoted application opportunities of the industry.</li> </ol>
2019	<ol style="list-style-type: none"> <li>1. Introduced standard motherboard compatible with AMD 4 display integrated single SOC chip, successfully tapped into the market of gaming and entertainment machine manufacturers, with its high-performance in dynamic display of audio and video.</li> <li>2. Continue to expand the application of the Coffee lake platform in gaming and entertainment</li> </ol>

Year	Name or Project of Product and Technology
	<p>machines with Intel, and improve the application of USB device management, MCU device control to provide different types of system integration applications, and successfully tapped into the market of dart machines and other game machine manufacturers.</p> <ol style="list-style-type: none"> <li>3. Continue to strengthen cooperation with gaming customers, and develop firmware in Boot Security and different core module functions to meet different needs of customers.</li> <li>4. The Company collaborated with medical device firms and developed the hand-held ultra sound tablet which is in compliance with the EN60601 standard, and develop various firmware to assist client in integrating various needs.</li> <li>5. Launched the navigation fixed mainframe with Intel Coffee lake platform, and in-depth research and development into the strict maritime EMI / EMC, safety and power requirements, to solve voltage fluctuations and related insulation issues, in order to comply with relevant DNV and various test specifications and certification requirements, etc., to provide customers with diversified product selection.</li> <li>6. Developed the ECDIS color correction software to meet the certification specifications for the panel for industrial applications, to ensure that the sea chart and information can be accurately displayed on the LCD screen under different brightness conditions, at the same time, integrating the communication protocols used for the control of devices on the boats.</li> <li>7. Developed Intel Apollo Lake entry-level POS to provide customers with a more complete product line.</li> <li>8. Developed USB SR Pro packaged software tools, combined with hardware design, and used on industrial computers to provide device detection and reset functions, to reduce the need of personnel on-site maintenance</li> <li>9. Developed integrated Intel SOC single chip, combined with customer's robotic products integrating machine vision to provide AOI detection applications, and design industrial grade insulation PSE module system, providing four sets of POE interfaces for camera use. At the same time develop light source control firmware, providing various parameters coupled with high wattage light source control module, to provide better LED light adjustment function,</li> </ol>

#### 4. Long Term and Short Term Business Development Plan :

##### (I) Short Term Development Plan :

##### A. Marketing strategy

- (A) Enhance the regional market development and depth, and actively expand the cooperation and exchange with professional system integration manufacturers in the targeting market.
- (B) Expand the cooperation of new product lines with existing customers, actively promote the integration of high value-added system products and product ecological chain, so as to improve the overall turnover and profit, deepen the cooperation with customers and increase loyalty.
- (C) Target customers in niche markets will be aimed at for in-depth business development, and exclusive application seminars will be arranged according to their respective vertical application markets to enhance our professional competence and visibility.
- (D) Layout IIoT solutions and complete ecosystem in China and emerging markets, integrate brand, product and technology portfolio and combining with the real economy of relevant target industries in the region to establish successful demonstration sites.

##### B. Production, R&D and product development direction

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- (A) Actively introduce and cultivate R&D and project management talents to extend the technical field and accelerate the product development speed.
- (B) Purchase R & D equipment, especially system analysis and institutional integration related R & D verification equipment, in order to respond to the increasing demand for smart industrial monitoring, smart retailing, smart gaming, smart home and intelligent transportation.
- (C) Cultivate software R & D talents for RISC & MCU product development, and recruit industrial communication related protocol (including IoT) and big data talents to enhance R & D capability and software and firmware R & D capabilities
- (D) In combination with marketing objectives, expand and accelerate key product R&D, key technology development and collection, combination and integration of intelligent production of self-owned technology and core technology products of strategic partners in the related field of industrial internet of things.

### C. Operation management policy

- (A) Enhance quality control system, continuously improve product quality, strengthen customer service.
- (B) Make good use of information management system to improve the Company's operating performance.
- (C) Enhance internal work quality and innovation ability.

## (2) Long Term Development Plan:

### A. Marketing strategy

- (A) Actively seek cooperation opportunities with large-scale industrial computer customers in Europe, America, China and Japan.
- (B) Dedication in targeting the vertical application market, cultivating professional and technical ability and being familiar with industrial application and demand, integrating the expertise and advantages of each subsidiary, and striving for new business opportunities.
- (C) Strengthen the integration of application ecological chain to provide customers with diversified application development.
- (D) Integrate the global production bases to provide customers with the global production planning services.
- (E) Build on Taiwan, layout in China and looking at the world; Provide strong, effective and complete integration of software and hardware applications and smart vertical solutions.
- (F) Collaborate with brands to jointly develop industrial application products to assist the expansion into niche markets.

### B. Production, R&D and product development direction

- (A) Deepen into the vertical market application environment, research, collect and utilize user experience to develop differentiated products and services.
- (B) Based on the development of the smart vertical field integrated with the architecture of cloud computing and internet of things, ally with manufacturers with key technologies and components to create novel products and services and create diversified applications for different vertical markets.
- (C) Establish multiple cooperation platforms for key strategic partners; introduce flexible hardware production and rapid field application solution

modular of target industry .

### C. Operation management policy

- (A) Vertically integrate technology and manufacturing capabilities to provide customers with all-round services. And actively integrate the global production bases, improve global production and remote backup capacity for customers.
- (B) Adjust organizational structure and establish management system for profit center
- (C) Through the domestic and foreign capital market financing, further create globalization territory for the enterprise .
- (D) Cultivate the Company's corporate culture and international outlook, and cultivate excellent professionals through job rotation to improve the competitive advantages.
- (E) Integrate the group's technology in various fields, develop ecological chain applications.
- (F) Establish communication and organizational structure for rapid strategies and executions across multiple time zones and nationalities.

## II. Production and Sales Status:

### 1. Market Analysis:

#### (1) Sales Region of Major Commodities:

Unit: NT\$ thousands

Year Region		2018		2019	
		Amount	%	Amount	%
Domestic sales		7,374,241	10.69	11,450,052	14.05
Export sales	Asia	14,414,684	20.90	19,512,520	23.94
	America	14,296,991	20.73	13,729,808	16.85
	Europe	31,832,534	46.16	34,166,343	41.91
	Others	1,044,009	1.52	2,647,493	3.25
Total		68,962,459	100.00	81,506,216	100.00

#### (2) Market Share:

Since successful self-development of industrial motherboards in 2004, the Company and its subsidiaries have continuously expanded the product application fields and have successfully expanded its business with the positioning of "professional industrial computer R&D and design manufacturer" in recent years, occupying a place in the industrial computer industry. Over the years, the Company and its subsidiaries have cooperated with large-scale companies in Europe and the United States to conduct research and development. The products have not only penetrated into mature markets in Europe, the United States, Japan and other countries, but also made remarkable achievements in important emerging markets, such as China and South America. Due to

the wide range of industrial computer applications, there are no statistics to show the market share of the Company and its subsidiaries in the industrial computer market in Taiwan. However, the Company and its subsidiaries mainly transact with leading manufacturers in POS, ATM, industrial control, network communication, game console, gaming and other industrial computer applications. For example, the Company has become the world's largest ATM brand factory and the top three POS brand factory A group's most important board cards and controllers supplier. It is speculated that the Company and its subsidiaries should have a certain market share in related application fields. With the continuous business expansion of the Company and its subsidiaries, the overall operation and market share should be able to grow steadily.

### (3) Future Supply and Demand Situation and Growth of the Market:

Demand for POS industry will continue to grow steadily. According to the forecast from Transparency market research, a research institution, global POS demand will continue to grow at a compound annual growth rate of 11.5% from 2017 to 2025. Considering the convenience trait of POS, the growth of mobile POS will be more remarkable in the future.

In terms of ATM market, although the north American market has become saturated at present and due to the low base period in emerging countries, the penetration rate of smart mobile devices is low and the growth rate is relatively good, among which ATM is the one with largest demand potential. The latest report from Allied Market Research (AMR) in December 2014 showed that, the global ATM market will grow at a compound annual rate of 7.6% from 2014 and 2020, and the size of the global ATM market will climb to nearly US\$22 billion in 2020. The ATM market has become saturated in Europe and the United States, and it is expected that in the next few years, the growth of the Asia-Pacific regions, the middle east and Africa will be significantly faster than other regions.

At present, it has become a trend for international brand manufactures to focus on terminal sales and outsource design and production. Taking group A as an example, most of its POS products are complete machines outsourced, while ATM sets its own complete machine assembly bases in neighboring regions of important markets due to transportation cost considerations. However, the manufacturing of most of its motherboards, controllers and other important components have been outsourced, which shows that relevant business opportunities are still booming.

Due to the market's recognition of self-service technology, the demand for kiosks continues to grow steadily. According to the forecast from the survey institution, Persistence market research, the global demand for interactive and self-service kiosks will continuously grow at a compound annual growth rate of 9.7% from 2017 to 2025.

### (4) Competition Niche:

A. Actively innovate to find different growth models

It has taken average industrial computer supplier more than a decade to reach its current size in Taiwan, and if it follows its model, there is little chance of catching up or exceeding its achievements in a few years. Therefore, the Company and its subsidiaries constantly try to establish core competitiveness with different products, services and business models, and at the same time accelerate the expansion of the scale. This belief enables the members of each functional unit to not stick to the existing workflow, and thus can be adjusted and improved according to the strategic directions of the Company and its subsidiaries.

### B. Mastery of R&D technology and efficiency of project management

New product development and service construction have always been the core competitiveness of the Company and its subsidiaries. Compared with other industrial computer companies on the product design with various standard specifications, the Company and its subsidiaries emphasize more importance to the needs of the industry. Because of focusing, the application environment can be better understood, and besides attracting opportunities for advanced industrial cooperation, it also builds a higher competitive threshold. Apart from technology, the time and quality of development are also important. Project management personnel not only have a good knowledge of products and design, but also are familiar with a wide range of fields such as material preparation, production, industrial knowledge and customer communication, etc. The experience accumulated in the past few years in ODM/JDM and the cultivation of talents will be an important opportunity for future development.

### C. Build better products with heavyweight customers, and the cooperation partnership became an edge tool of word-of-mouth marketing

The main customers of the Company and its subsidiaries are world-renowned leading brands, and their requirements for products and services are much higher than those of ordinary companies. Since the Company and its subsidiaries are able to meet customers' expectations in terms of R&D technology, quality control and project management efficiency, the cooperation relationship between companies becomes closer. Given the stability of industrial computers, it is hard for competitors to beat the competition .

### D. Invest resources in digitalization, automation, and knowledge management

MIS and software personnel are also important supports for the development of the Company and its subsidiaries. In addition to purchasing packages of software to directly use its functions, the interface between the systems or the inadequacies are improved by MIS and software personnel to achieve a seamless flow of information. The expertise of the software personnel also extends to the automation of factory production, and the reduction in judgment and use of personnel, which reduce both the probability of error and the cost of production.



### E. A management team with rich background

The management team of the Company comes from industrial computers and world-class companies with relevant management experience in products of HMLV (High Mix, Low Volume) or LMHV (Low Mix, High Volume). In the face of industries with different growth strength, this cross-industry combination helps to meet customers' needs beyond product development.

### F. Flexible service mode and nearly a complete solution deepen the level of cooperation with customers

From the core board cards, embedded systems to the complete machines including many imaging devices, from simple product designs, manufacturing to supply chain and service system created for customers without subsequent worries, Ennoconn Corporation increases the customer's adhesion to us with multi-level product capabilities and a wide range of ecological chain partners.

## (5) Advantages, Disadvantages and Countermeasures of the Development Prospect:

### Advantages:

#### (A) Industry model transfer allows that the laggards to have the opportunity to grow rapidly

The rise of the Apple brand has led to new thinking about products and services. In the past, the industrial computer industry in Taiwan, just like the PC industry, focused only on the research and development of hardware. Companies that are able to build new business models and products also have the opportunity to emerge. In order to bring the concept of "ODM" into the first-level brand manufacturers, the Company and its subsidiaries focus on establishing a good cooperative relationship with large-scale industrial computer brand system integration manufacturers through the innovative business model, and strive for cooperation opportunities of other brand manufacturers in the future through the successful experience.

#### (B) Outstanding R&D, production management and business team

The management team of the Company and its subsidiaries have strong capabilities in industrial computer R&D, business development and project management, and possess years of experience in consumer electronics. Therefore, the Company and its subsidiaries have a solid production management ability compared with other peers, and we can take the product as the main axis, continuously invest resources in the research and development technology, management and market development, and assist the factories to adjust the production process and product quality to meet customers' demand, so as to find a different path from other industrial computer manufacturers.

#### (C) Customer of high quality and stability

The main sales customers of the Company and its subsidiaries are international famous brands in various application fields. With stable and well-established operations and a global sales presence, customers are less vulnerable to major fluctuations in individual markets or business cycles. In addition, the Company also maintains a good communication bridge with customers, so as to grasp their demand for products, earn their recognition, and contribute to the steady growth of the Company and its subsidiaries' revenue.

#### (D) Integrated R&D function

The research and development center of the Company and its subsidiaries have complete division of labor. Besides complete software, hardware and firmware research and development, the Company also has system integration, verification,

power supply design, circuit layout and safety inspection, etc. In addition, the research and development team will have regular meetings to communicate with each other about the work progress, so as to effectively meet the needs of customers for products and follow-up maintenance and update, and set up a dedicated team for key customers, so as to provide customers with complete services.

- (E) A booming communication industry and the internet of things are driving the industrial computer revolution

With the emphasis on the internet of everything (IoE) in industry 4.0, various terminal devices, controllers and sensor elements are becoming increasingly intelligent and capable of autonomous computing. The design concepts of industrial computer have also been repositioned in line with the industry 4.0 trend. With the advent of the era of the Internet of things, all terminal devices will have the ability of sensing, data collection and computing in the future. In view of this, the demand of industrial computers will be transformed from the original core computing demand to energy-saving, lightweight and convenient functions, and more monitoring and preventive maintenance capabilities will be integrated to reduce the loss caused by abnormal conditions. Therefore, the integration of application capabilities of the Company's technologies in energy saving, automatic control, cloud computing and IoT related sensing are bound to provide our customers with more comprehensive and complete services and help them increase their profits.

- (F) Demand is growing rapidly in emerging markets

China's transformation from a place of production with cheap labor into a hotly contested emerging market for the rest of the world, coupled with its government's continued push for infrastructure, has given Taiwanese manufacturers the geographical and linguistic advantages to compete for orders for their products and services. In addition, with the success of the large-scale brand manufacturers located in South America, Eastern Europe and other emerging markets, which are expected to continue to drive the demand for industrial computer-related products and the increase of people's consumption capacity, also increase the demand for POS and ATM shipments.

- (G) The demand for kiosks in developed countries continues to grow

Due to the rising labor costs, the demand for interactive and self-service kiosks will continue to increase. Through the efforts of R&D and business teams, the Company has developed rather competitive products and reached several world-class customers, which will greatly contribute to the future performance.

### Disadvantages:

- (A) The sales quotation is mainly in US dollar, and there are potential risks in exchange rate fluctuation.

#### Countermeasures:

- Keep an eye on currency movements to adjust product costs and prices.
- For the transactions of purchases and sales, which are mainly denominated in US dollars, the overall impact on exchange rate fluctuations can achieve the effect of balance between receivables and payables.

- (B) China-US trade war leads to demand for overseas production bases by North American customers

#### Countermeasures:

- Actively integrate the global production bases, improve global production and remote backup capacity for customers.

(C)The COVID-19 outbreak casts uncertainty over the world economy leading to conservative investments

Countermeasures:

- Work with suppliers and customers to manage production and sales and reduce idle inventory.
- Invest in industries that are less affected by the economic recession, develop new product lines and expand revenue sources through diversified investment strategic alliances.

(D) Customers are international famous large-scale companies, the negotiation ability is low and sales of goods are concentrated

Countermeasures:

- Maintain good relationship with customers
- Actively develop new customers, and has gradually diversified customers.

(E)The market is crowded with competitors.

Countermeasures:

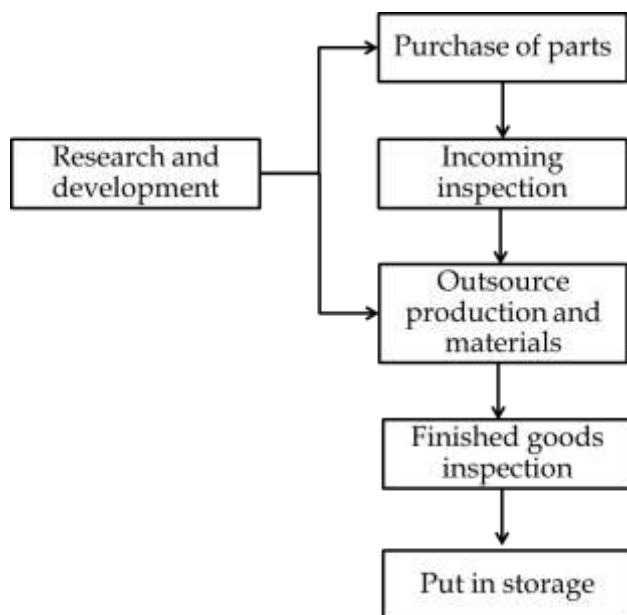
- The Company and its subsidiaries have innovated business models, are ahead of potential competitors, and have established a solid relationship with large-scale industrial computer brand customers. The industrial computer brand companies value the stability of suppliers, and is not easy to change manufacturers. The Company and its subsidiaries not only strengthen the existing achievements, but also continue to expand the leading edge of progress.

## 2. Major applications and production process of the main products

### (1) Main Uses of Major Products:

Major Products	Main Uses
Embedded board cards for industrial computers	Integrate computing, memory, storage, and multiple transmission or expansion interfaces according to system requirements or industry specifications. Through the integration of the system and the addition of extended modules, become the device or equipment applied in various industries. Its applications are – industrial embedded computer systems, industrial embedded box PCs, industrial 5G computing platforms, industrial 4K / 8K displays, industrial tablet computers, artificial intelligence (AI) computers, edge computing computers, telecommunications systems, medical computers, industrial ethernet computers, industrial network security computers, embedded software development tools, optical imaging systems, etc.
System/Registration system	In order to meet the application requirements, the industrial computer board cards and other related components such as LCD screens, touch screens, card readers, printers, motion control cards, GPS modules and GSM modules are integrated into one system. Because of the higher degree of integration, the system focuses more on a single application and is closer to the market and users.
Network information security	Ensure smooth network connectivity, control access to and from all network encapsulation, and integrate communications and computer equipments. Its applications include network security servers, firewalls, virtual private networks, antivirus application servers, integrated threat application servers, intrusion detection and prevention servers, enterprise network voice servers, etc.

## (2) Manufacturing Process of Major Products:



## 3. Supply Status of Main Raw Materials:

Name of raw material	Supply status
Power supply	Good
Graphics processor	Good
Basic output/input system	Good
Liquid crystal display	Good
Integrated circuit	Good

## 4. Names of the Customers who are Accounted for more than 10% of the Total Amount of Goods Purchased (Sold) in any of the Most Recent Two Years and the Amount and Proportion of such Goods Purchased (Sold), and the Reasons for the Increase or Decrease shall be Stated:

## (1) Information of major suppliers in the most recent two years:

Unit: NT\$ thousands

Item	2018				2019			
	Name	Amount	Percentage of annual net purchases (%)	Relationship	Name	Amount	Percentage of annual net purchases (%)	Relationship
1	Hon Hai Precision Industry Co., Ltd.	7,038,364	11.79%	Ultimate parent company	Hon Hai Precision Industry Co., Ltd.	4,916,160	7.52%	Ultimate parent company
2	Others	52,682,633	88.21%	-	Others	60,478,258	92.48%	-
	Net purchases	59,720,997	100.00%	-	Net purchases	65,394,418	100.00%	-

Reasons for increase or decrease:

## Chapter 5 Operational Highlights

Due to the continuous growth of the Company and its subsidiaries' revenue in the year of 2019, the amount of purchase increased relatively, and the purchase concentration could get more favorable prices. Meanwhile, the Company also added new corresponding suppliers and increased the proportion of other suppliers.

(2) Information of major sales customers in the most recent two years:

Unit: NT\$ thousands

Item	2018				2019			
	Name	Amount	Proportion to net sales of goods for the entire year (%)	Relationship	Name	Amount	Proportion to net sales of goods for the entire year (%)	Relationship
1	D Company	6,904,385	10.01%	None	D Company	6,102,358	7.49%	None
2	F Company	3,053,247	4.43%	None	F Company	3,416,766	4.19%	None
3	Others	59,004,827	85.56%	-	Others	71,987,092	88.32%	-
	Net sales	68,962,459	100.00%	-	Net sales	81,506,216	100.00%	-

Note: since the Company and the customers have signed a confidentiality agreement, the names of the parties shall be denoted by code names.

Reasons for increase or decrease:

Due to the change of new customers' new product introduction and existing customers' demand for products, the change of the proportion during the period is normal and is caused by the increase of the merger of subsidiaries.

### 5. Table of Production Quantity and Changes of the Most Recent Two Years

Unit: Pcs; NT\$ thousand

Volume and Value Major commodities (or department)	Year of production	2018			2019		
		Capacity	Yield	Output value	Capacity	Yield	Output value
Industrial computer software and hardware sales		400,121	1,989,781	4,171,273	267,581,944	73,047,017	5,835,763
Total		400,121	1,989,781	4,171,273	267,581,944	73,047,017	5,835,763

Reasons for increase or decrease:

The overall increase in production capacity, yield and output value in the year of 2019 was due to market trends and changes in customer demand, as well as the increase of the merger of subsidiaries.

## 6. Sales Volume of the Most Recent Two Years:

Unit: Pcs; NT\$ thousand

Sales volume  Major commodities	Year	2018				2019			
		Domestic sales		Export sales		Domestic sales		Export sales	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Industrial computer Sales of hardware and software		14,551,349	7,374,028	21,629,386	61,571,723	7,921,587	11,450,023	167,758,400	70,050,319
After-sales services		0	213	0	16,495	0	29	0	845
Total		14,551,349	7,374,241	21,629,386	61,588,218	7,921,587	11,450,052	167,758,400	70,056,164

Reasons for increase or decrease:

The change differences of sales volume and sales value in the year of 2019 was due to market trends and changes in customer demand, as well as the increase of the merger of subsidiaries.

### III. Information of Employees in the Most Recent Two Fiscal Years and up to the Date of this Annual Report Printed

Unit: people; %

Year		2018	2019	April 30, 2020
Number of Employees	Administrative	1,104	1,192	1,211
	Sales & Marketing	1,166	1,258	1,261
	Technical Support	5,071	5,581	5,693
	Total	7,341	8,031	8,165
Average Age		36.34	41.05	41.13
Average Length of Service		5.50	10.07	10.12
Education Distribution	Doctor	0.82%	0.83%	0.85%
	Master	22.90%	24.06%	23.65%
	College	42.56%	43.31%	43.10%
	High School	21.83%	22.26%	22.50%
	Below High School	13.57%	9.54%	9.90%

Note: It is compiled with the latest information of the consolidated subsidiaries except S&T AG.

## IV. Information on Environmental Protection Costs

All of the Company's assembly and testing are commissioned to the processing plant, and the business operated by the Company's subsidiaries does not cause pollution. The factory affairs, process system planning and the integration of services are all high-tech industrial design, planning, construction and installation. The waste produced during construction or assembly are sorted and commissioned for disposal by qualified professional waste treatment firms in accordance with government regulations and owner regulations. In addition, regarding the raw materials that need to be scrapped during the production process are commissioned for disposal by qualified professional waste treatment firms; air, water, waste, poison and noise are all in compliance and passed inspections of local governmental agencies and will not cause harm to the environment, thus does not cause any pollution, hence the Company has no relevant environmental protection cost.

1. Where, according to the law, a permit for the establishment of a pollution facility or a permit for the discharge of pollution is required, or a pollution control fee is required to be paid, or a dedicated environmental protection unit is required to be set up, the circumstances of the application, payment or establishment: Not applicable.
2. List the investment, use and potential benefits of the Company's main investment in equipment for the prevention and control of environmental pollution: Not applicable.
3. During the Company's improvement of environmental pollution in the most recent fiscal year and up to the date of this Annual Report printed, if there is any pollution dispute, the Company shall explain its handling process: Not applicable.
4. In the most recent fiscal year and up to the date of this Annual Report printed, the Company's loss (including compensation) for environmental pollution, total of punishment, and the future countermeasures (including improvements) and possible expenditures (including the estimated amount of possible loss, punishment and compensation without taking countermeasures. If it is impossible to reasonably estimate, the fact shall be stated) shall be disclosed: Not applicable.
5. The impact of current pollution situation and its improvement on the Company's earnings, competitive position and capital expenditure and the expected major environmental capital expenditure in the next two years: Not applicable.

## V. Labor Relations

- (I) The Company's various employee welfare measures, advanced study, training, pension system and its implementation status, as well as agreements between labor and management and various employee rights and interests management measures.
- (I) Employee welfare measures, advanced study, training, pension system and its implementation status:



## Chapter 5 Operational Highlights

- A. Labor insurance and national health insurance: as of the date of registration, employees of the Company shall be legally covered by the Company with labor insurance and national health insurance.
- B. Group insurance: from the date of registration, the group insurance shall be fully paid by the Company. The Company also provides "family expenses". The spouses and children of employees are entitled to part of the group insurance that is fully paid by the Company.

- C. Employee retirement system and its implementation state:

- (A) Old system: according to the provisions of the labor standards law, the Company has formulated the "Organizational Rules of the Labor Retirement Reserve Supervision Committee", among which, the employees who arrived before June 30, 2005 can choose to adopt the old system or the new system. The Company shall pay 2% of the monthly salary to the special bank account in Taiwan for the old system pension, which shall be supervised and managed by the labor retirement reserve supervision committee of the Company.
  - (B) New system: The Company shall, in accordance with the provisions of the "Labor Pension Ordinance", allocate 6% of the total salary to the retirement reserve on a monthly basis for employees who have arrived from July 1, 2005 and those who choose to join the new system under the old system.

- D. Further education and training

The Company is committed to personnel training and actively encourage employees to participate in various training courses, internal training courses for the exchange and inheritance of professional knowledge to enhance employee work efficiency, external training courses according to The Company's business and work needs to apply for external education and training.

- E. Employee welfare committee

The Company has set up a staff welfare committee, and the staff enjoys the maternity allowance, wedding gift, funeral consolation payment, birthday gift, staff hospitalization consolation purchase allowance, health check allowance, and irregular staff dinner party.

- F. Club activities

The Company is a happy working environment and care for the physical and mental health of colleagues, provide badminton club, yoga club, basketball club for employees to choose.

- (2) Agreements between labor and management and various employee rights and interests protection measures

## Chapter 5 Operational Highlights

The Company and its subsidiaries adhere to the concept of "integration of labor and capital", focusing on rationalized and humanized management, establishing smooth communication channels, maintaining good relations between labor and capital, jointly creating productivity, sharing profits, and establishing stable and harmonious labor and capital relations.

- (II) List the losses suffered by the Company as a result of labor disputes in the most recent year and up to the date of the printing of the annual report, and of the estimated amount and countermeasures that may occur at present and in the future, if it is impossible to reasonably estimate, the facts that cannot be reasonably estimated shall be stated: None.

### VI. Important Contracts:

Starting and ending dates of the contract nature	Party	Commencement Date	Major Content	Restrictive Covenants
Contract for work	Hon Hai Precision Industry Co., Ltd.	From April 1, 2007 to the date when either party terminates the contract in accordance with the terms of the contract.	Outsourcing processing	None
Sales contract	A Company	From November 24, 2009 to the date when either party terminates the contract in accordance with the terms of the contract.	Sales of products	None
Sales contract	E Company	1 year from January 1, 2013, and will be automatically renewed for another year upon expiration	Sales of products	None
Distribution service contract	American Portwell Technology, Inc	From February 17, 2014 to the date when either party terminates the contract in accordance with the terms of the contract.	Rights and obligations related to distribution services	None
Distribution service contract	F Company	From February 26, 2014 to the date when either party terminates the contract in accordance with the terms of the contract.	Rights and obligations related to distribution services	None
Distribution service contract	G Company	From March 20, 2014 to the date when either party terminates the contract in accordance with the terms of the contract.	Rights and obligations related to distribution services	None
Distribution service contract	H Company	From September 1, 2017 to the date when either party terminates the contract in accordance with the terms of the contract.	Rights and obligations related to distribution services	None

## Chapter 5 Operational Highlights

Starting and ending dates of the contract nature	Party	Commencement Date	Major Content	Restrictive Covenants
Business contract	I Company	From November 30, 2014 to the date when either party terminates the contract in accordance with the terms of the contract.	Sales, service and other related rights and obligations	None
Loan contract	Shi-Hu Branch of Land Bank of Taiwan	From January 5, 2018 to January 5, 2019	Comprehensive financing (including working capital, export working capital and development of domestic long-term letters of credit)	None
Loan contract	Sung Nan Office of Mega International Commercial Bank	From July 11, 2017 to July 10, 2018	Loan for purchase of materials, loan for export, loan for working capital and performance guarantee	None
Loan contract	Hsi Hu Branch of Hua Nan Bank	From October 02, 2017 to October 2, 2018	Short-term loans, new Taiwan dollar forward domestic L/C, import forward L/C loans	None
Contract for work	Hon Hai Precision Industry Co., Ltd.	From December 7, 2016 to the date when either party terminates the contract in accordance with the terms of the contract.	Outsourcing processing	None
Contract for work	ASMedia Technology Inc.	From December 29, 2015 to the date when either party terminates the contract in accordance with the terms of the contract.	Commissioned design and development	None
Sales contract	J Company	From March 17, 2016 to the date when either party terminates the contract in accordance with the terms of the contract.	Sales of products	None
Sales contract	K Company	From March 24, 2016 to the date when either party terminates the contract in accordance with the terms of the contract.	Sales of products	None

## Chapter 5 Operational Highlights

Starting and ending dates of the contract nature	Party	Commencement Date	Major Content	Restrictive Covenants
Sales contract	D Company	From October 8, 2014 to the date when either party terminates the contract in accordance with the terms of the contract	Sales of products	None
Contract for work	Lineup embellish	October 1, 2016-September 30, 2017	Commissioned test certification	None
Sales contract	L Company	From September 12, 2016 to the date when either party terminates the contract in accordance with the terms of the contract.	Sales of products	None
Sales contract	M Company	From September 28, 2017 to the date when either party terminates the contract in accordance with the terms of the contract.	Sales of products	None
Sales and purchase contract	N Company, O Company	From February 1, 2017 to the date when either party terminates the contract in accordance with the terms of the contract.	Sales of products	None
Sales contract	N Company	From March 17, 2016 to the date when either party terminates the contract in accordance with the terms of the contract.	Sales of products	None
Sales contract	Company T	From March 24, 2016 to the date when either party terminates the contract in accordance with the terms of the contract.	Sales of products	None
Sales contract	B Company	From October 8, 2014 to the date when either party terminates the contract in accordance with the terms of the contract	Sales of products	None
Sales contract	Company P	From September 12, 2016 to the date when either party terminates the contract in accordance with the terms of the contract.	Sales of products	None
Procurement contracts	A Company	From April 9, 2018 to April 10, 2023	Trading of raw materials	None

## Chapter 5 Operational Highlights

Starting and ending dates of the contract nature	Party	Commencement Date	Major Content	Restrictive Covenants
Purchase and sales contract	E Company	From April 1, 2018 to the date when either party terminates the contract in accordance with the terms of the contract.	Sales of products	None
Procurement contracts	L Company	From July 18, 2018 to July 19, 2023	Trading of raw materials	None
Purchase and sales contract	L Company	From June 28, 2018 to the date when either party terminates the contract in accordance with the terms of the contract.	Sales of products	None
Procurement contracts	U Company	From September 13, 2018 to September 14, 2023	Trading of raw materials	None
Procurement contracts	D Company	From September 13, 2018 to September 14, 2023	Trading of raw materials	None
Procurement contracts	Company S	From September 14, 2018 to September 15, 2023	Trading of raw materials	None
Procurement contracts	J Company	From September 13, 2018 to September 14, 2023	Trading of raw materials	None
Procurement contracts	H Company	From April 28, 2018 to April 29, 2023	Trading of raw materials	None
Procurement contracts	C Company	From September 13, 2018 to September 14, 2023	Trading of raw materials	None
Procurement contracts	T Company	From September 14, 2018 to September 15, 2023	Trading of raw materials	None
Procurement contracts	A Company	From September 13, 2018 to September 14, 2023	Trading of raw materials	None
Procurement contracts	L Company	From September 13, 2018 to September 14, 2023	Trading of raw materials	None
Procurement contracts	T Company	From September 13, 2018 to September 14, 2023	Trading of raw materials	None
Procurement contracts	P Company	From September 13, 2018 to September 14, 2023	Trading of raw materials	None
OEM	A Company	From September 27, 2018 to September 28, 2020	OEM	None
OEM	S Company	From September 5, 2018 to September 6, 2020	OEM	None

## Chapter 5 Operational Highlights

Starting and ending dates of the contract nature	Party	Commencement Date	Major Content	Restrictive Covenants
Purchase and sales contract	D Company	From May 10, 2019 to the date when either party terminates the contract in accordance with the terms of the contract.	Sales of products	None
Purchase and sales contract	Company S	From September 1, 2019 to the date when either party terminates the contract in accordance with the terms of the contract.	Sales of products	None
Purchase and sales contract	Company P	From September 18, 2019 to the date when either party terminates the contract in accordance with the terms of the contract.	Sales of products	None
Purchase and sales contract	C Company	From August 23, 2019 to the date when either party terminates the contract in accordance with the terms of the contract.	Sales of products	None
Purchase and sales contract	C Company	From October 15, 2019 to the date when either party terminates the contract in accordance with the terms of the contract.	Sales of products	None
Engineering contract	S Company	From December 16, 2019 to January 22, 2020	Laboratory renovation	None
Purchase and sales contract	K Company	From April 12, 2019 to the date when either party terminates the contract in accordance with the terms of the contract.	Sales of products	None
Purchase and sales contract	A Company	From April 16, 2019 to the date when either party terminates the contract in accordance with the terms of the contract.	Sales of products	None
Purchase and sales contract	T Company	From April 10, 2019 to the date when either party terminates the contract in accordance with the terms of the contract.	Sales of products	None
OEM	F Company	From November 14, 2019 to the date when either party terminates the contract in accordance with the terms of the contract.	OEM	None
Purchase and sales contract	G Company	From April 1, 2018 to the date when either party terminates the contract in accordance with the terms of the contract.	Sales of products	None

## Chapter 5 Operational Highlights

Starting and ending dates of the contract nature	Party	Commencement Date	Major Content	Restrictive Covenants
Purchase and sales contract	E Company	From May 15, 2019 to the date when either party terminates the contract in accordance with the terms of the contract.	Sales of products	None
Purchase and sales contract	E Company	From May 21, 2018 to the date when either party terminates the contract in accordance with the terms of the contract.	Sales of products	None
Purchase and sales contract	K Company	From May 1, 2019 to the date when either party terminates the contract in accordance with the terms of the contract.	Sales of products	None
Purchase and sales contract	Y Company	From June 1, 2019 to the date when either party terminates the contract in accordance with the terms of the contract.	Sales of products	None
Purchase and sales contract	A Company	From April 16, 2019 to the date when either party terminates the contract in accordance with the terms of the contract.	Sales of products	None
Purchase and sales contract	T Company	From April 1, 2018 to the date when either party terminates the contract in accordance with the terms of the contract.	Sales of products	None
Purchase and sales contract	K Company	From April 1, 2018 to the date when either party terminates the contract in accordance with the terms of the contract.	Sales of products	None
Distributor Agreement	A Company	From February 16, 1998, unconditionally renewed without termination date subject to objections	Chemical machinery grinding brushes	Restricted to Taiwan and China region
Distributor Agreement	B Company	Effective from January 18, 2012, the validity period is five years. If neither of the parties produced a written statement to terminate the contract three months prior to the termination date, the contract will be automatically extended every year.	Gas materials for semiconductor production process	Restricted to Taiwan region

## Chapter 5 Operational Highlights

Starting and ending dates of the contract nature	Party	Commencement Date	Major Content	Restrictive Covenants
Distributor Agreement	C Company	Effective from October 5, 2016, the validity period is one year. Notification to the other party in writing 92 days before the termination date. If the contract is renewed, it will be automatically extended.	Mask writing, defect repair, defect inspection	Restricted to Taiwan and China region
Distributor Agreement	D Company	From November 16, 2012, this contract will be automatically extended for one year after the termination of this contract.	Damping platform	Restricted to Taiwan region

Note: Since the Company and the customer have signed a confidentiality agreement, the names of the parties shall be denoted by code names.



## Chapter 6 Financial Standing

### I. Five-Year Financial Summary, and the Names of the Certified Public Accountants and the Their Audit Opinion Shall Be Specified

#### (1) Concise Balance Sheet - IFRS

##### 1. Consolidated Financial Statement

Unit: NT\$ thousands

Item	Year	Financial data for the most recent five years (Note 2)				
		2015	2016	2017 (After restatement)	2018 (After restatement)	2019
Current assets		6,175,108	8,738,727	30,314,456	48,142,885	56,286,990
Property, plant and equipment		592,430	989,277	2,200,551	4,686,418	4,848,647
Intangible assets		862,639	1,016,372	15,658,560	18,474,968	20,776,225
Other assets		165,525	4,802,390	2,358,064	3,744,080	7,106,898
Total assets		7,795,702	15,546,766	50,531,631	75,048,351	89,018,760
Current liabilities	Before distribution	2,853,139	6,126,440	17,539,365	45,172,659	42,144,099
	After distribution	3,480,697	6,889,448	18,222,229	45,753,095	Note 3
Non-current liabilities		480,367	1,519,110	12,480,732	3,976,514	18,948,044
Total liabilities	Before distribution	3,333,506	7,645,550	30,020,097	49,149,173	61,092,143
	After distribution	3,961,064	8,408,558	30,702,961	49,729,609	Note 3
Equity attributable to owners of parent company		3,167,201	5,965,057	6,752,193	6,605,147	8,220,524
Share capital		697,287	763,008	765,288	775,745	835,745
Capital surplus		1,483,731	3,899,883	5,050,172	4,728,440	6,339,752
Retained earnings Earnings	Before distribution	992,494	1,343,202	1,666,006	1,721,462	2,131,373
	After distribution	364,936	580,194	983,142	1,141,026	Note 3
Other equity		(6,311)	(41,036)	(495,665)	(384,452)	(850,114)
Treasury shares		-	-	(233,608)	(236,048)	(236,232)
Non-controlling equity		1,294,995	1,936,159	13,759,341	19,294,031	19,706,093
Equity Total	Before distribution	4,462,196	7,901,216	20,511,534	25,899,178	27,926,617
	After distribution	3,834,638	7,138,208	19,828,670	25,318,742	Note 3

Note 1: The Company has adopted the International Financial Reporting Standards since 2013.

Note 2: Financial information from 2015 to 2019 has been audited and certified by CPAs.

Note 3: Proposal has not yet been submitted to the Shareholders' Meeting

## 2. Individual Financial Statement

Unit: NT\$ thousands

Item \ Year		Financial data for the most recent five years (Note)				
		2015	2016	2017 (After restatement)	2018 (After restatement)	2019
Current assets		2,741,645	2,698,000	3,568,984	1,836,654	1,291,199
Property, plant and equipment		558,241	555,470	544,645	531,697	522,447
Intangible assets		850	2,891	2,715	1,724	1,533
Other assets		1,615,027	7,352,839	11,817,204	17,812,286	18,789,781
Total assets		4,915,763	10,609,200	15,933,548	20,182,361	20,604,960
Current liabilities	Before distribution	1,268,631	3,128,683	1,591,930	13,576,384	5,267,974
	After distribution	1,896,189	3,891,691	2,274,794	14,156,820	Note 3
Non-current liabilities		479,931	1,515,460	7,589,425	830	7,116,462
Total liabilities	Before distribution	1,748,562	4,644,143	9,181,355	13,577,214	12,384,436
	After distribution	2,376,120	5,407,151	9,864,219	14,157,650	Note 3
Equity attributable to owners of parent company		3,167,201	5,965,057	6,752,193	6,605,147	8,220,524
Share capital		697,287	763,008	765,288	775,745	835,745
Capital surplus		1,483,731	3,899,883	5,050,172	4,728,440	6,339,752
Retained earnings Earnings	Before distribution	992,494	1,343,202	1,666,006	1,721,462	2,131,373
	After distribution	364,936	580,194	983,142	1,141,026	Note 3
Other equity		(6,311)	(41,036)	(495,665)	(384,452)	(850,114)
Treasury shares		-	-	(233,608)	(236,048)	(236,232)
Non-controlling equity		-	-	-	-	-
Equity Total	Before distribution	3,167,201	5,965,057	6,752,193	6,605,147	8,220,524
	After distribution	2,539,643	5,202,049	6,069,329	6,024,711	Note 3

Note 1: The Company has adopted the International Financial Reporting Standards since 2013.

Note 2: Financial information from 2015 to 2019 has been audited and certified by CPAs.

Note 3: Proposal has not yet been submitted to the Shareholders' Meeting

## (2) Concise Statement of Comprehensive Income - IFRS

## 1. Consolidated Financial Statement

Unit: NT\$ thousands (except earnings per share)

Item \ Year	Financial data for the most recent five years (Note)				
	2015	2016	2017 (After restatement)	2018 (After restatement)	2019
Operating Revenue	11,056,658	14,471,649	34,904,064	68,962,459	81,506,216
Gross profit	2,016,550	2,866,575	7,728,581	15,263,910	18,752,645
Net operating income (loss)	1,187,064	1,558,541	1,743,252	2,910,093	3,377,347
Non-operating income and expenses	122,870	137,520	486,943	707,548	434,609
Pretax profit	1,309,934	1,696,061	2,230,195	3,617,641	3,811,956
Net Income for continuing operations	1,075,660	1,388,727	1,820,943	2,838,819	3,026,308
Loss from discontinuing operations	-	-	-	-	-
Net income (loss)	1,075,660	1,388,727	1,820,943	2,838,819	3,026,308
Other comprehensive income for current period (net value after tax)	(46,082)	(57,173)	(285,883)	191,385	(1,037,607)
Total comprehensive income (loss)	1,029,578	1,331,554	1,535,060	3,030,204	1,988,701
Profit attributable to owners of parent company	865,701	1,022,743	1,083,247	1,094,298	1,080,242
Profit attributable to non- controlling interests	209,959	365,984	737,696	1,744,521	1,946,066
Comprehensive income (loss) attributable to owners of the parent company	845,076	987,936	631,183	1,182,455	595,713
Comprehensive income (loss) attributable to non- controlling interests	184,502	343,618	903,877	1,847,749	1,392,988
Earnings per share	12.57	14.01	14.28	14.27	13.22

Note 1: The Company has adopted the International Financial Reporting Standards since 2013.

Note 2: Financial information from 2015 to 2019 has been audited and certified by CPAs.

## 2. Individual Financial Statement

Unit: NT\$ thousands (except earnings per share)

Item \ Year	Financial data for the most 5 recent fiscal years				
	2015	2016	2017 (After restatement)	2018 (After restatement)	2019
Operating Revenue	6,018,321	5,872,486	6,914,022	4,256,456	3,188,103
Gross profit	1,017,367	1,059,349	867,615	543,435	433,431
Net operating income (loss)	764,649	733,207	504,198	205,335	114,722
Non-operating income and expenses	237,663	422,289	622,125	891,018	954,530
Pretax profit	1,002,312	1,155,496	1,126,323	1,096,353	1,069,252
Net Income for continuing operations	865,701	1,022,743	1,083,247	1,094,298	1,080,242
Loss from discontinuing operations	-	-	-	-	-
Net income (loss)	865,701	1,022,743	1,083,247	1,094,298	1,080,242
Other comprehensive income for current period (net value after tax)	(20,625)	(34,807)	(452,064)	88,157	(484,529)
Total comprehensive income (loss)	845,076	987,936	631,183	1,182,455	595,713
Profit attributable to owners of parent company	865,701	1,022,743	1,083,247	1,094,298	1,080,242
Profit attributable to non-controlling interests	-	-	-	-	-
Comprehensive income (loss) attributable to owners of the parent company	845,076	987,936	631,183	1,182,455	595,713
Comprehensive income (loss) attributable to non-controlling interests	-	-	-	-	-
Earnings per share	12.57	14.01	14.28	14.27	13.22

Note 1: The Company has adopted the International Financial Reporting Standards since 2013.

Note 2: Financial information from 2015 to 2019 has been audited and certified by CPAs.

## (III) Names of CPAs and Their Opinions for Most Recent 5-Years

Year	Accounting Firm	Name of CPA	Auditor's Opinion
2015	Deloitte & Touche	Yang, Ching-Ting, Yang, Ching-Chen	Modified unqualified opinion
2016	Deloitte & Touche	Liu Shui-En, Yang, Ching-Chen	Unqualified opinion (Emphasis or other matters)
2017	Deloitte & Touche	Liu Shui-En, Yang, Ching-Chen	Unqualified opinion (Emphasis or other matters)
2018	Deloitte & Touche	Liu Shui-En, Yang, Ching-Chen	Unqualified opinion (Emphasis or other matters)
2019	Deloitte & Touche	Yang Ching-Ting, Liu Shui-En	Unqualified opinion (Emphasis or other matters)

## II. Most Recent 5-Year Financial Analysis

Financial Analysis for the Last Five Years and Reasons for Various Financial Ratios Changes in the Last Two Years

### (1) Consolidated Financial Analysis – Based on IFRS

Item (Note 2)		Year	Most Recent 5-Year Financial Analysis				
			2015 (Note 1)	2016 (Note 1)	2017 (Note 1) (After restatement)	2018 (Note 1) (After restatement)	2019 (Note 1)
Capital structure %	Debt ratio		42.76	49.18	59.41	65.49	68.63
	Long-term fund to property, plant, and equipment ratio		834.29	956.33	1,499.27	637.50	966.76
Liquidity (%)	Current ratio		216.43	143.59	172.84	106.58	133.56
	Quick ratio		167.86	108.31	134.38	77.81	101.07
	Times interest earned (times)		127.75	44.18	8.23	8.46	7.64
Operation performance	Average collection turnover (times)		4.95	4.55	4.58	4.77	4.57
	Days sales outstanding		74	80	80	76	80
	Average inventory turnover (times)		7.41	6.72	6.74	6.09	5.32
	Average payment turnover (times)		5.50	4.81	4.48	5.04	4.38
	Average inventory turnover days		49	54	54	60	69
	Property, plant and equipment turnover (times)		34.42	18.30	21.88	20.03	17.10
	Total assets turnover (times)		1.70	1.24	1.06	1.10	0.99
Profitability	Return on total assets (%)		16.64	12.18	6.29	5.14	4.25
	Return on equity (%)		26.73	22.47	12.82	12.23	11.24
	Pre-tax income to paid-in capital ratio (%) (Note 7)		187.86	222.29	291.42	466.34	456.11
	Net margin (%)		9.73	9.60	5.22	4.12	3.71
	Earnings per share (NT\$)		12.57	14.01	14.28	14.27	13.22
Cash flow	Cash flow ratio (%)		46.89	11.00	17.97	7.81	12.44
	Cash flow adequacy ratio (%)		68.00	28.68	49.68	42.63	61.23
	Cash flow reinvestment ratio (%)		19.66	-2.07	12.41	18.23	14.28
Degree of leverage	Operating leverage		1.55	1.72	4.05	5.48	5.22
	Financial leverage		1.01	1.03	1.21	1.20	1.20
Reasons for changes in financial ratios for the past two years. (analysis is not required when the changes are less than 20%).							
<ol style="list-style-type: none"> <li>1. Long-term fund to property, plant and equipment ratio increased due to increase in long-term liabilities to facilitate the need for future expansion in 2019.</li> <li>2. The increase in current ratio and quick ratio was because the repayments of the current liabilities in 2019.</li> <li>3. The increase in cash flow ratio was because the increase in profit, thus the operating cash increased and the repayments of current liabilities lead to a decrease in current liabilities.</li> <li>4. Cash flow adequacy ratio increased due to the increase in profit in 2019 leading to the increase in operating cash.</li> <li>5. The decrease in cash flow reinvestment ratio was caused by the increase in profit and the increase in cash dividend distributed.</li> </ol>							

Note 1: Financial information from 2015 to 2019 have been audited and certified by CPAs.

Note 2: Please refer to Note 2 below for the calculation formulas for financial analysis.

## (II) Individual Financial Analysis - IFRS

Item (Note 2)		Year	Most Recent 5-Year Financial Analysis				
			2015 (Note 1)	2016 (Note 1)	2017 (Note 1) (After restatement)	2018 (Note 1) (After restatement)	2019 (Note 1)
Capital structure %	Debt ratio		35.57	43.77	57.62	67.21	60.10
	Long-term fund to property, plant, and equipment ratio		653.33	1,353.98	2,633.20	1,245.85	2,935.61
Liquidity (%)	Current ratio		216.11	87.36	224.19	13.53	24.51
	Quick ratio		186.28	72.75	192.82	9.05	21.54
	Times interest earned (times)		98.41	38.77	7.36	6.04	6.72
Operation performance	Average collection turnover (times)		4.64	5.25	4.84	3.88	4.14
	Days sales outstanding		79	69	75	94	88
	Average inventory turnover (times)		12.41	11.27	10.81	5.50	5.62
	Average payment turnover (times)		5.69	5.72	4.43	4.38	4.94
	Average inventory turnover days		29	32	34	66	65
	Property, plant and equipment turnover (times)		20.89	10.55	12.57	7.91	6.05
	Total assets turnover (times)		1.43	0.76	0.52	0.24	0.16
Profitability	Return on total assets (%)		20.70	13.5	9.27	7.02	6.03
	Return on equity (%)		31.02	22.4	17.04	16.36	14.55
	Pre-tax income to paid-in capital ratio (%) (Note 7)		143.74	151.44	147.18	141.33	127.94
	Net margin (%)		14.38	17.42	15.67	25.71	33.88
	Earnings per share (NT\$)		12.57	14.01	14.28	14.27	13.22
Cash flow	Cash flow ratio (%)		64.97	7.73	57.71	10.89	6.91
	Cash flow adequacy ratio (%)		60.09	60.39	70.09	17.97	19.16
	Cash flow reinvestment ratio (%)		11.23	(5.16)	1.08	12.02	(1.41)
Degree of leverage	Operating leverage		1.30	1.35	1.70	2.21	3.33
	Financial leverage		1.00	1.04	1.54	(17.11)	(1.59)
Reasons for changes in financial ratios for the past two years. (analysis is not required when the changes are less than 20%).							
<ol style="list-style-type: none"> <li>Long-term fund to property, plant and equipment ratio increased due to increase in long-term liabilities to facilitate the need for future expansion in 2019.</li> <li>The increase in current ratio and quick ratio was because the repayments of the current liabilities in 2019.</li> <li>Property, plant and equipment turnover decreased due to changes in customer demands in 2019 leading to a relative decrease in revenue.</li> <li>Total asset turnover decreased due to changes in customer demands in 2019 leading to a relative decrease in revenue.</li> <li>The increase in net margin was generated by increased profit.</li> <li>The decrease in cash flow ratio was due to the decrease in operating cash.</li> <li>The decrease in cash flow reinvestment ratio was due to the decrease in operating cash.</li> <li>The increased operating leverage was due to the slight decrease in operating profit.</li> <li>The increase in financial leverage was due to the repayments of current liabilities and the decrease in interest expenditure.</li> </ol>							

Note 1: Financial information from 2015 to 2019 have been audited and certified by CPAs.

Note 2: The calculation formulas for financial analysis are as follow:

1. Capital structure
  - (1) Debt Ratio = Total Liabilities / Total Assets.
  - (2) Long-term capital as a proportion of PP&E = (Total equities + Non-current liabilities)/ Net value of PP&E.
2. Liquidity analysis
  - (1) Current Ratio = Current Assets / Current Liabilities.
  - (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities.
  - (3) Times Interest Earned = Earnings before Interest and Taxes / Interest Expenses.
3. Operation performance
  - (1) Receivables turnover rate (including bills receivable resulting from accounts receivable and business operations) = Net sales/Average accounts receivable in various periods (including bills receivable resulting from accounts receivable and business operations).
  - (2) Days Sales Outstanding = 365 / Average Collection Turnover.
  - (3) Inventory Turnover Rate = Cost of Sales / Average Inventory.
  - (4) Payables turnover rate (including bills payable resulting from accounts payable and business operations) = Cost of sales/Average accounts payable in various periods (including bills payable resulting from accounts payable and business operations).
  - (5) Average Inventory Turnover Days = 365 / Average Inventory Turnover.
  - (6) Property, Plant, and Equipment Turnover Rate = Net Sales / Average Net Property, Plant, and Equipment.
  - (7) Total Asset Turnover = Net Sales / Average Total Assets.
4. Profitability
  - (1) Return on Total Assets = (Net Income + Interest Expenses\*(1 - Effective Tax Rate))/Average Total Assets.
  - (2) Return on Equity = Net Income / Average Shareholders' Equity.
  - (3) Net Margin = Net Income / Net Sales
  - (4) Earnings Per Share = (Net Income Attributable to Shareholders of the Parent Company - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding. (Note 5)
5. Cash flow
  - (1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities.
  - (2) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend
  - (3) Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital). (Note 6)
6. Leverage:
  - (1) Operating leverage = (Net operating revenue - Variable operating cost and expense) / Operating income (Note 7).
  - (2) Degree of Financial Leverage (DFL) = Operating profit/(Operating profit - Interest expenditures).



### III. Audit Committee's Review Report

Ennoconn Corporation

#### Audit Committee's Review Report

The Board of Directors has prepared the Company's 2019 Business Report, Financial Statements, and proposal for allocation of earnings. The CPA firm of Deloitte & Touche was retained to audit Ennoconn Corporation's Financial Statements and has issued an audit report relating to the Financial Statements. The business report, financial statements, and earnings allocation proposal have been reviewed and determined to be correct and accurate by the audit committee members of the Company. According to article 14-4 of the Securities and Exchange Act and article 219 of the Company Act, we hereby submit this report.

Sincerely,

2020 Annual Shareholders' Meeting of Ennoconn Corporation

Ennoconn Corporation

Convener of the Audit Committee: Su Yu-Hui



March 31, 2020

**IV. Consolidated Financial Statements with Subsidiaries Audited by CPAs** Please refer to page 210 to 323.

**V. Financial Statements for the Most Recent Year:** Please refer to page 324 to 412.

**VI. Financial Difficulties of the Company and its Affiliated Companies in the Most Recent Year up to the Date of this Annual Report Printed: None.**

# Chapter 7 Review and Analysis of the Company's Financial Position and Financial Performance and Risk

## I. Financial Position

(I) International Financial Reporting Standards - Consolidated Financial Statements:

Unit: NT\$ thousands

Year Item	December 31, 2018 (After restatement)	December 31, 2019	Difference	
			Amount	%
Current assets	48,142,885	56,286,990	8,144,105	16.92%
Property, plant and equipment	4,686,418	4,848,647	162,229	3.46%
Intangible assets	18,474,968	20,776,225	2,301,257	12.46%
Other assets	3,744,080	7,106,898	3,362,818	89.82%
Total assets	75,048,351	89,018,760	13,970,409	18.62%
Current liabilities	45,172,659	42,144,099	(3,028,560)	(6.70%)
Non-current liabilities	3,976,514	18,948,044	14,971,530	376.50%
Total liabilities	49,149,173	61,092,143	11,942,970	24.30%
Common stock	775,745	835,745	60,000	7.73%
Capital surplus	4,728,440	6,339,752	1,611,312	34.08%
Retained earnings	1,721,462	2,131,373	409,911	23.81%
Other equity	(384,452)	(850,114)	(465,662)	(121.12%)
Non-controlling equity	19,294,031	19,706,093	412,062	2.14%
Total shareholders' equity	25,899,178	27,926,617	2,027,439	7.83%
<p>Analysis of changes in percentage and the impact and the future response measures (description will be given only if the increase/decrease in ratio reaches 20% or exceeds NT\$ 10 million):</p> <ol style="list-style-type: none"> <li>1. Increase in other assets: Mainly due to the impact of the newly added subsidiaries in 2019.</li> <li>2. Increase in non-current liabilities: Mainly due to the increase in long-term loans.</li> <li>3. Increase in total liabilities: Mainly due to increased long-term loans.</li> <li>4. Increase in capital surplus: Mainly due to the appropriation of statutory reserve and the recognition of changes in the equity of subsidiaries.</li> <li>5. Increase in retained earnings: Due to the continued increase in profits.</li> <li>6. Decrease in other equity: Due to the impact of exchange rates leading to changes in other equity.</li> </ol>				

## (II) International Financial Reporting Standards - Individual Financial Statements:

Unit: NT\$ thousands

Year Item	December 31, 2018 (After restatement)	December 31, 2019	Difference	
			Amount	%
Current assets	1,836,654	1,291,199	(545,455)	(29.70%)
Investment using equity method	17,741,779	18,679,156	937,377	5.28%
Property, plant and equipment	531,697	522,447	(9,250)	(1.74%)
Intangible assets	1,724	1,533	(191)	(11.08%)
Other assets	70,507	110,625	40,118	56.90%
Total assets	20,182,361	20,604,960	422,599	2.09%
Current liabilities	13,576,384	5,267,974	(8,308,410)	(61.20%)
Non-current liabilities	830	7,116,462	7,115,632	857,305.06%
Total liabilities	13,577,214	12,384,436	(1,192,778)	(8.79%)
Common stock	775,745	835,745	60,000	7.73%
Capital surplus	4,728,440	6,339,752	1,611,312	34.08%
Retained earnings	1,721,462	2,131,373	409,911	23.81%
Other equity	(384,452)	(850,114)	(465,662)	(121.12%)
Total shareholders' equity	6,605,147	8,220,524	1,612,377	24.46%

Analysis of changes in percentage and the impact and the future response measures (description will be given only if the increase/decrease in ratio reaches 20% or exceeds NT\$ 10 million):

1. Decrease in current assets: Due to decreases in current revenue and a corresponding decrease in current assets.
2. Increase in other assets: Due to the increase in deferred income tax assets.
3. Decrease in current liabilities: Due to the repayments of current liabilities.
4. Increase in non-current liabilities: Due to issuance of corporate bonds.
5. Increase in capital surplus: Mainly due to the appropriation of statutory reserve and the recognition of changes in the equity of subsidiaries.
6. Increase in retained earnings: Due to the continued increase in profits.
7. Decrease in other equity: Due to the impact of exchange rates leading to changes in other equity.
8. Increase in total shareholders' equity: Due to continued profits.

## II. Financial Performance:

### (I) Comparative Analysis of Financial Performance

#### 1. International Financial Reporting Standards - Consolidated Financial Statements

Unit: NT\$ thousands

Project \ Year	2018 (After restatement)	2019	Increases (decreases)	Change percentage (%)
Net operating revenue	68,962,459	81,506,216	12,543,757	18.19%
Operating Costs	53,698,549	62,753,571	9,055,022	16.86%
Gross profit	15,263,910	18,752,645	3,488,735	22.86%
Operating expenses	12,353,817	15,375,298	3,021,481	24.46%
Operating profit	2,910,093	3,377,347	467,254	16.06%
Non-operating income and expenses	707,548	434,609	(272,939)	(38.58%)
Pretax profit	3,617,641	3,811,956	194,315	5.37%
Income tax expenses	778,822	785,648	6,826	0.88%
Net income	2,838,819	3,026,308	187,489	6.60%
Other comprehensive income (loss)	191,385	(1,037,607)	(1,228,992)	(642.16%)
Total comprehensive income (loss)	3,030,204	1,988,701	(1,041,503)	(34.37%)

Analysis of changes in percentage (for the change of more than 20% between the previous and current periods, and the amount of change amounted to NT\$ 10 million):

1. Increase in net operating revenue, operating costs and gross profit: Due to the addition of subsidiaries in 2019, and the continuous growth of customers and sales of models.
2. Increase in operating expenses: Due to addition of the consolidated subsidiary companies in 2019 and the Company's revenue growth, the operating expenses increased .
3. Decrease in non-operating income and expenses: Due to exchange rate fluctuations, resulting in exchange losses.
4. Decrease in other comprehensive income (loss): Mainly due to the impact of addition of overseas subsidiaries and impact of exchange rate in 2019, resulting in the change in other comprehensive income (loss).
5. Decrease in total comprehensive income (loss) for the period: Mainly affected by the fluctuations in other comprehensive income (loss) of 2019.

## 2. International Financial Reporting Standards - Individual Financial Statements

Unit: NT\$ thousands

Project \ Year	2018 (After restatement)	2019	Increases (decreases)	Change percentage (%)
Net operating revenue	4,256,456	3,188,103	(1,068,353)	(25.10%)
Operating Costs	3,713,021	2,754,672	(958,349)	(25.81%)
Gross profit	543,435	433,431	(110,004)	(20.24%)
Operating expenses	338,100	318,709	(19,391)	(5.74%)
Operating profit	205,335	114,722	(90,613)	(44.13%)
Non-operating income and expenses	891,018	954,530	63,512	7.13%
Pretax profit	1,096,353	1,069,252	(27,101)	(2.47%)
Income tax expense (gains)	2,055	(10,990)	(13,045)	(634.79%)
Net income	1,094,298	1,080,242	(14,056)	(1.28%)
Other comprehensive income (loss)	88,157	(484,529)	(572,686)	(649.62%)
Total comprehensive income (loss)	1,182,455	595,713	(586,742)	(49.62%)
<p>Analysis of changes in percentage (for the change of more than 20% between the previous and current periods, and the amount of change amounted to NT\$ 10 million):</p> <ol style="list-style-type: none"> <li>1. Decrease in operating revenue, operating costs and gross profit: Due mainly to decrease in customer demand in 2019, resulting in the decrease in operating revenue and operating costs.</li> <li>2. Decrease in operating profit: Due to the decrease in gross profit margin.</li> <li>3. Decrease in income tax expenses: Due to the decrease in current income tax and adjustment of deferred income tax.</li> <li>4. Decrease in other comprehensive income (loss): Mainly due to the impact of exchange rate fluctuations on the subsidiaries under equity method, resulting in changes of other comprehensive income and loss.</li> <li>5. Decrease in total comprehensive income (loss) for the period: Mainly affected by the fluctuations in other comprehensive income (loss) of 2019.</li> </ol>				

## (II) The Expected Sales and its Basis, and Possible Impacts on the Company's Future Financial Operations and Response Plans for the Upcoming Year:

The Company did not make any forecast in 2019. Therefore, it does not intend to disclose the possible impact of the expected sales volume on the Company's future financial business and its response plan.

### III. Analysis of Cash Flow

#### (1) Analysis of Changes in Consolidated Annual Cash Flow for the Most Recent Year:

Item \ Year	2018 (After restatement)	2019	Increase (decrease) in ratio (%)
Cash flow ratio (%)	7.81	12.44	59.28%
Cash flow adequacy ratio (%)	42.63	61.23	43.63%
Cash flow reinvestment ratio (%)	18.23	14.28	(21.67%)
Analysis of changes in cash flow:			
1. The increase in cash flow ratio was due to the repayments of current liabilities in 2019.			
2. Cash flow adequacy ratio increased due to the increase in profit in 2019 leading to the increase in operating cash.			
3. The decrease in cash flow reinvestment ratio was caused by the increase in profit and the increase in cash dividend distributed.			

#### (II) Improvement Plans for Liquidity Shortage: No cash shortage.

#### (III) Cash liquidity analysis for the coming fiscal year (individual)

Unit: NT\$ thousands

Cash beginning balance (Note)	Expected throughout the year Operating activities Net cash flow	Expected throughout the year Net Cash flow from Investing and Financing Activities	Cash ending balance/(shortage)	Plan for cash ending balance shortage	
				Investment plans	Financial plan
341,659	312,651	31,911	653,570	Not applicable	
1. Analysis of changes in cash flows in the coming year:					
(1) Operating activities: The Company and its subsidiaries expect business scale to continue to grow, and thus contribute net cash inflow from operating activities.					
(2) Investment activities: Collection of dividend from subsidiaries leads to net cash inflow in investment activities.					
(3) Financing activities: this mainly involved issuing of cash dividends, which resulted in a net cash outflow in financing activities.					
2. Remedial measures and liquidity analysis for expected cash inadequacy: Not applicable.					

Note: Cash at the beginning of the period include cash and cash equivalents, bond investments with no active market - current bank time deposits

#### **IV. Impact of Major Capital Expenditures on Financial Operations During The Most Recent Year**

No major capital expenditure was incurred for the year 2019.

#### **V. The Main Reasons, Improvement Plan and Investment Plan for the Upcoming Fiscal Year of the Most Recent Annual Reinvestment Policy and its Profit or Loss 124**

##### **(I) Investment Policy for the Most Recent Year:**

In accordance with the "Guidelines for the Processing of Acquisition or Disposal of Assets by Public Issuing Companies" stipulated by the competent authorities, the Company has formulated the "Procedures for Acquisition or Disposal of Assets", which serves as the basis for the Company's reinvestment undertakings to grasp the relevant business and financial conditions. In order to enhance the supervision and management of the reinvestment companies, the Company has also formulated "Measures for Subsidiary Monitoring and Management" in its internal control system to stipulate relevant norms for information disclosure, finance, business, inventory and financial management. The Company also regularly carries out audit operations and establishes relevant operational risk mechanisms to maximize the effectiveness of the Company's reinvestment undertakings.

##### **(II) Main Causes for Profits or Losses and Improvement Plans for Investments for the Most Recent Year**

The Company's investment income accounted for using equity method in 2019 was NT\$1,327,642,000. This was mainly due to the good operating conditions of companies invested by the Company and the strategic cooperation.

##### **(III) Investment Plans for the Coming Year:**

The Company will carefully evaluate the investment plans in a long-term strategic way to respond to future market demand and strengthen its competitiveness.

#### **VI. Risk**

##### **(I) Risk Factors**

1. Impact of interest rates and exchange rate fluctuations, as well as inflation on the Company's profit and loss, as well as future response measures:

- (1) Interest rate: If the interest rate increases/decreases by 0.5%, the net pre-tax profit of the Company and its subsidiaries in 2019 will decrease/increase by NT\$ 27,058,000 under all other variables unchanged, mainly because of the net position of bank deposits and loans with variable interest rates of the Company and its



subsidiaries.

Interest rate: If the interest rate increases/decreases by 0.5%, the net pre-tax profit of the Company and its subsidiaries in 2018 will decrease/increase by NT\$ 37,219,000 under all other variables unchanged, mainly because of the net position of bank deposits and loans with variable interest rates of the Company and its subsidiaries.

In recent years, the change of domestic interest rate is still stable, which has no significant impact on the gains/losses of the Company and its subsidiaries.

Therefore, the impact on the gains/loss of the Company and its subsidiaries is limited. However, the Company and its subsidiaries still take relevant measures to cope with market fluctuations, such as keeping up-to-date information on interest rate changes by financial units and keeping close contact with banks to obtain more favorable loan interest rates to minimize the impact of interest rate changes on the Company and its subsidiaries.

(2) Exchange rate: The Company and its subsidiaries mainly pay for imports and sales in US dollars, which causes exchange rate risk. The principle of the Company is to avoid risks naturally, that is to say, the effect of exchange rate fluctuation is balanced between account receivables and payables, so as to reduce exchange rate risk; and the Company and subsidiaries have special personnel to pay close attention to exchange rate information and changes in the international economic situation at any time, and carefully judge the trend of exchange rate fluctuation; and we will make appropriate use of foreign currency short-term borrowing, FX / interest rate swap and forward contracts to engage in foreign exchange hedging. However, such instruments cannot completely exclude the impact of exchange rate changes.

(3) Inflation: The Company and its subsidiaries are always aware of the global political and economic changes and market price fluctuations, maintain good interaction with suppliers and customers, and adjust purchasing and sales strategies in a timely manner. Therefore, the Company and its subsidiaries should be able to cope with the impact of economic changes such as inflation and avoid major threats to their operations.

2. Policies on high risk, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives trading, main reasons for the profits or losses generated thereby, and future response measures to be undertaken.

(1) The Company and its subsidiaries did not engage in high-risk and highly leveraged investments.

(2) The Company and its subsidiaries engage in fund lending; endorsement guarantees

and derivative product trading in accordance with the procedures adopted by the board of directors and the shareholders' meeting.

3. Future R&D plans and estimated expenses

R&D is an important foundation for the development of the Company and subsidiaries. Besides continuing to cultivate the existing POS market and ATM market equipment, the Company and subsidiaries also continue to invest part of the resources in other markets, such as industrial control, fleet management, network communication security, medical care, smart home, etc. Technologically related directions include wireless transmission (including GSM, GPS, WiFi, Bluetooth, etc.), mobile equipment, RISC or MCU-based dedicated machines, etc. Hardware development in the past has achieved the advantage of sharing benefits in a highly divided market, but it has resulted in a lack of product differentiation. In order to win in the competitive environment, R & D will move towards basic research and professional fields, such as 5G, AI, IoT, blockchain, and image computing, to build a higher competitive threshold. The amount of R&D expenditure is expected to be approximately 9% of the total revenue in 2020.

4. Changes to local and overseas policies and laws that impact the Company's financial operations and response measures

The management and operation of the Company and its subsidiaries abide by the relevant laws and regulations at home and abroad. The relevant units can always pay attention to the important policy and legal changes, and coordinate with the adjustment of the Company's internal system and business activities to ensure smooth operation of the Company. Therefore, the Company and its subsidiaries can immediately grasp and effectively respond to the important policy and legal changes at home and abroad.

5. Impact of changes in technology and industry on the Company's finance and business, and response measures

The Company and its subsidiaries have been working in the industry for many years, and continue to invest a lot of resources in the development of new technologies, so we have a place in the industry's design capabilities. In addition, the management team of the Company and its subsidiaries always observe the future technological trend, adjust the Company's business strategy appropriately and expand new business to effectively control the impact of the overall economic environment and industrial changes on the financial business of the Company and its subsidiaries.

6. Changes to corporate image that impact the Company's risk management and response measures

The Company and its subsidiaries attach great importance to the social responsibilities of the enterprise and actively participate in various public welfare

activities to establish good corporate image. In addition, the implementation of the spokesperson mechanism and the suggestions made by people from all walks of life and shareholders are handled by dedicated personnel in order to maintain the credibility and image of the Company and its subsidiaries.

#### 7. Expected benefits and possible risks of mergers and response measures

As of the date of publication of the annual report, in consideration of the Company's long-term development strategy and in order to improve its competitive advantage and operating performance, in accordance with relevant laws and regulations, engage in cash exchange of the shares with the other shareholders of Taiwan Applied Module Corporation via Ennoconn International Investment Co., Ltd. in which the Company holds 100% of the shareholding and obtain 40% of the outstanding common stock of Taiwan Applied Module Corporation, achieving the acquisition of 100% of the shareholdings of Taiwan Applied Module Corporation.

As the China-US trade war rages on, the Chinese market strategy shifts to in China for China, therefore, the Company will invest in continue to explore the IPC market in China via investment in Chinese companies to quickly cooperate with China's local smart manufacturing strategies and further develop the industrial IoT, big data, entertainment, medical and other application products. Therefore, on September 26, 2019, the board of directors resolved to invest in Huan-En Investment Ltd. through INNOVATIVE SYSTEMS INTEGRATION LIMITED., a 100%-held investee of the Company.

In addition, in view of the rapid growth of business opportunities in the smart retailing market, the Company is optimistic about the intelligent operating platform related systems developed by POSLAB which will help the Company expand new smart retailing business opportunities. On November 13, 2018, the board of directors passed a resolution permitting Ennoconn International Investment Co., Ltd., a 100% -owned reinvestment company, to acquire about 70% of POSLAB's equity in the hope of enhancing the capability of product vertical integration to create more business opportunities and jointly expand the business of industrial computers.

The aforementioned equity transaction has been in compliance with relevant laws and the relevant regulations stipulated in the Company's "Procedures for Acquisition and Disposal of Assets". The Company and its subsidiaries shall comply with relevant regulations in the internal control system to reduce the possible negative effects of such equity transaction.

#### 8. Expected benefits and risks relating to plant expansion and response measures:

The Company purchased the factory building in 2014 by the resolution of the board of directors and completed the transfer and relocation in January 2015. It is expected that the overall management efficiency will be improved, the communication among

departments will be strengthened, and the vertical and horizontal integration benefits will be achieved without any significant risks. The expected benefits can be obtained by referring to the Company's Prospectus of 2016 cash capital increase with issuance of new shares and the second domestic unsecured convertible corporate bonds in the statement of III, I, (3), 2, (2). As of the printing date of this annual report, there are no other plans for expansion of the factory.

9. Risks caused by concentration of purchases and sales, and response measures

(1) Purchases: The production of the Company and its subsidiaries is mainly carried out in the mode of OEM. The source of raw materials is not only partly self-purchased, but also provided by OEM. Therefore, the purchase of raw materials from the processing plant is concentrated. However, industrial products are required to be very stable and durable, so their processing technology is more rigorous than general consumer electronic products. Cooperative manufacturers must possess certain professional level conditions before they can be approved by the Company and customers. Therefore, the selection of processing plants should be carefully considered. However, in addition to continuing cooperation with existing processing plants, the Company has actively sought and evaluated the possibility of cooperation with other substitutes in order to diversify the risk of centralization of purchases. In addition, the Company and its subsidiaries usually establish good cooperative relations with domestic and foreign suppliers, and the Company has appointed dedicated personnel to regularly evaluate suppliers and make regular inquiries for important materials to ensure the stability of supply quality and ensure that there is no doubt of supply shortage.

(2) Sales: The operating mode of the Company and subsidiaries is ODM oriented. With excellent R&D and design capabilities, we can quickly provide customized products to meet customer needs. Therefore, the Company and its subsidiaries mainly sell to large international factories and distribute in Europe, America, Asia and other places around the world. The two sides have close trade and cooperation and have good relations. In addition to continuous strong customer base, the Company and its subsidiaries also actively expand new customer sources to diversify the risks of sales concentration.

10. Impact and risks resulted from major equity transfer or replacement of Directors, supervisors, or shareholders holding more than 10% of the Company's shares, and response measures

As of the date of publication of this annual report, the Company's Directors, supervisors, or shareholders holding more than 10% of shares have no significant share transfer or replacement.

11. Impact and risks related to any changes in management control in the Company, and response measures

As of the date of this annual report, the Company has not changed its operating rights.

12. Litigation or non-litigation events

- (1) Where the Company has decided or is still in the affiliated litigation, non-litigation or administrative litigation in the last two years and up to the date of publication of the annual report, and the result may have a significant impact on shareholders' rights and interests or securities prices, it shall disclose the facts of the dispute, the amount of the subject matter, the date of commencement of the litigation, the main litigants involved and the current handling situation: None.
- (2) Where the Directors, supervisors, vice presidents, substantive responsible persons, major shareholders and affiliated companies with a shareholding ratio of more than 10% have decided major litigation, non-litigation or administrative litigation events that have been confirmed or are still affiliated in the last two years and up to the date of publication of annual report, and the results may have a significant impact on shareholders' rights and interests or securities prices: None.
- (3) Involvement of the Company's Director, supervisor, managerial officer, or shareholders holding more than 10% of the Company's shares in affairs specified in Article 157 of the Securities Exchange Act and the Company's current handling status in the most recent two years up to the publication date of this Annual Report: None.

13. Other important risks and response measures: None.

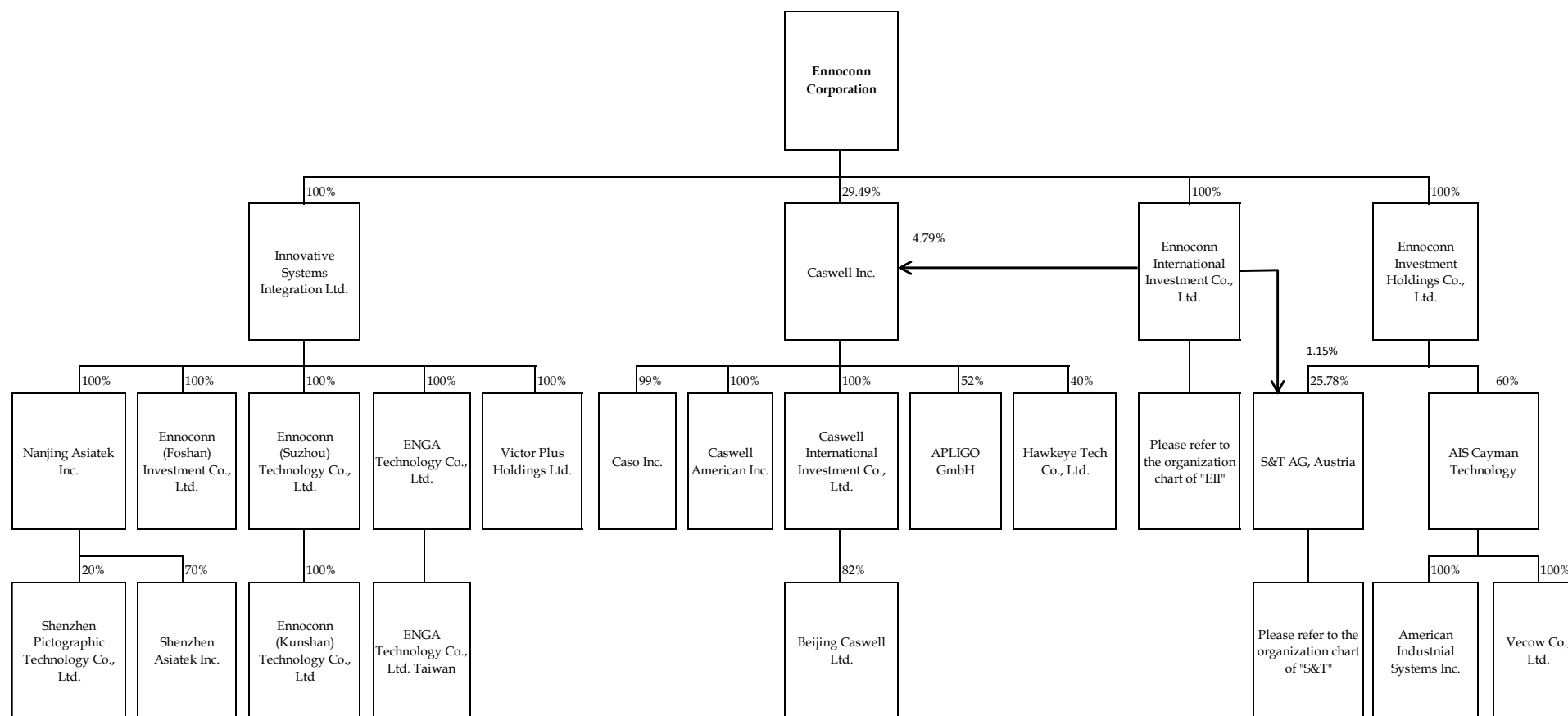
## **VII. Other Important Matters**

# Chapter 8 Special Notes

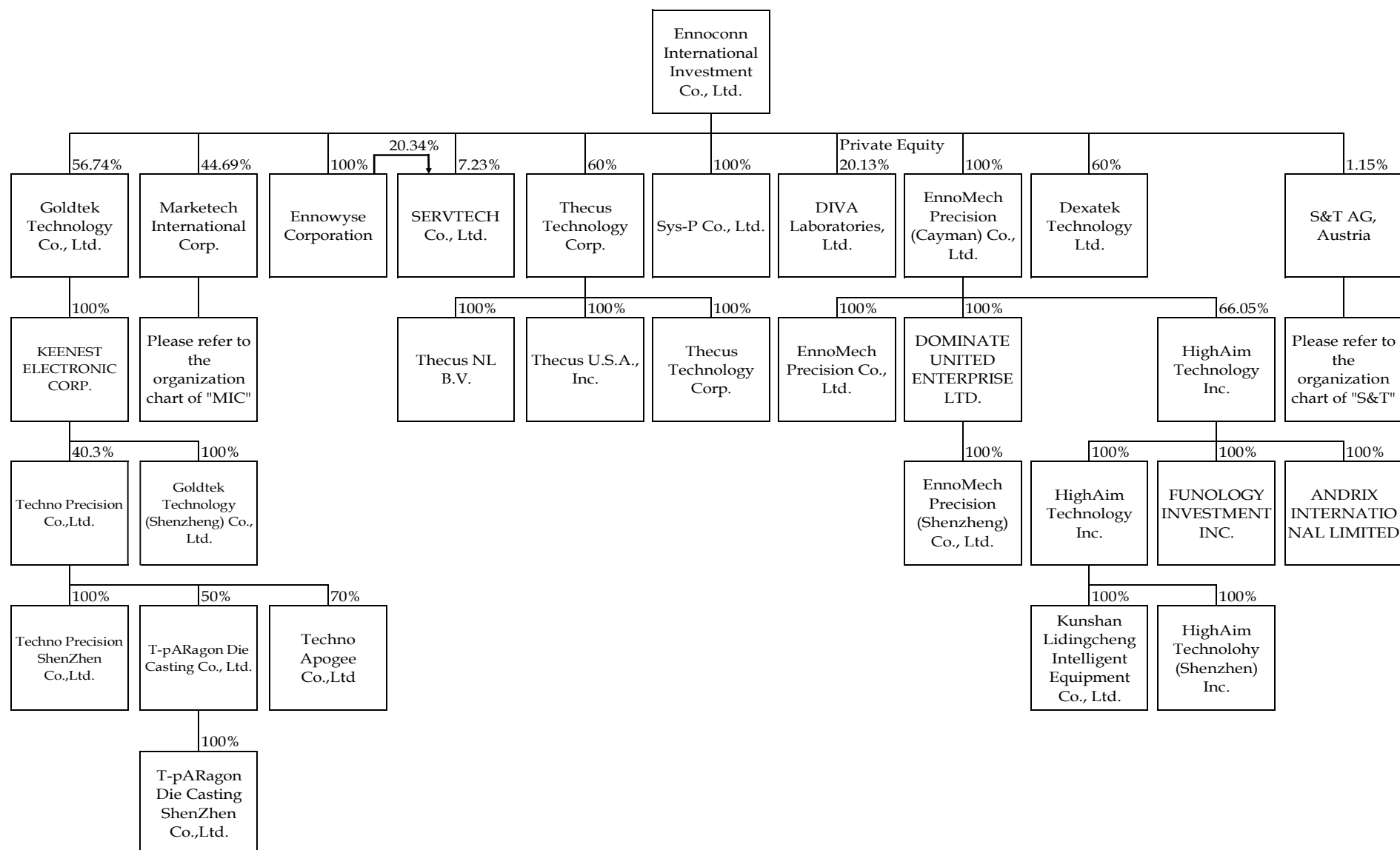
## I. Subsidiary Information

### (I) Consolidated business report of subsidiaries

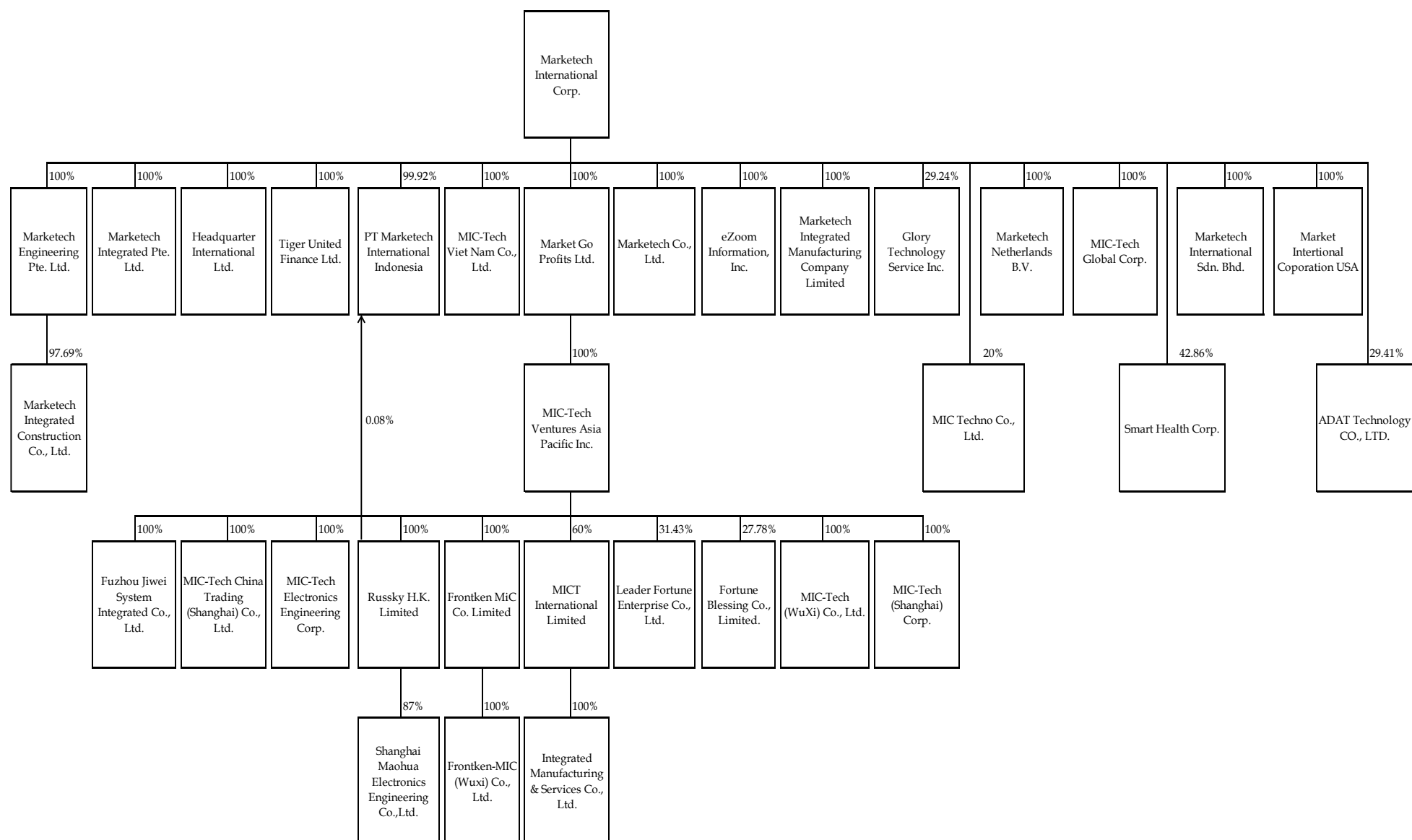
#### 1. Organization Chart of Subsidiaries



Organization chart of Ennoconn

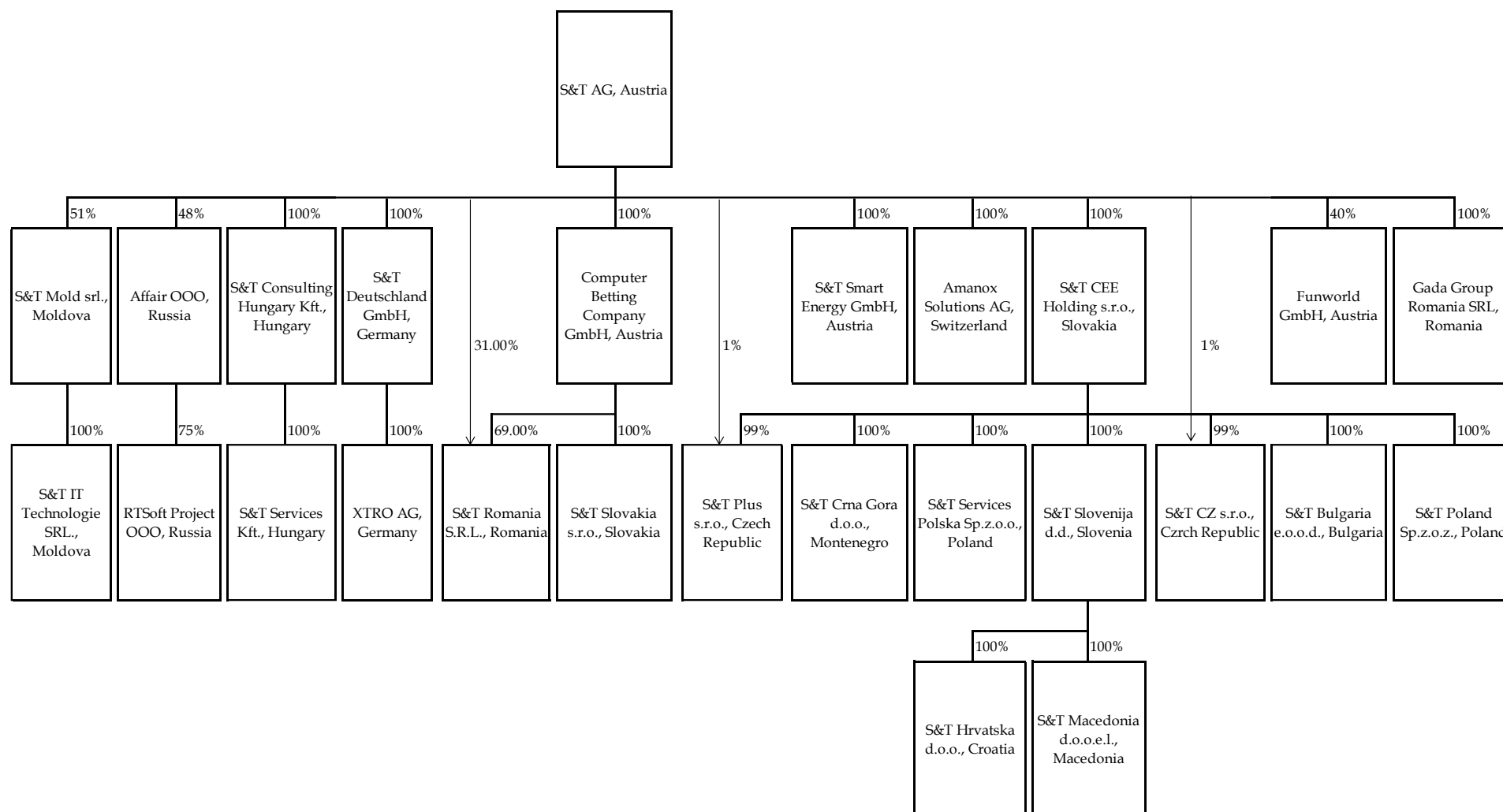


Organization chart of Marketch International Corp.

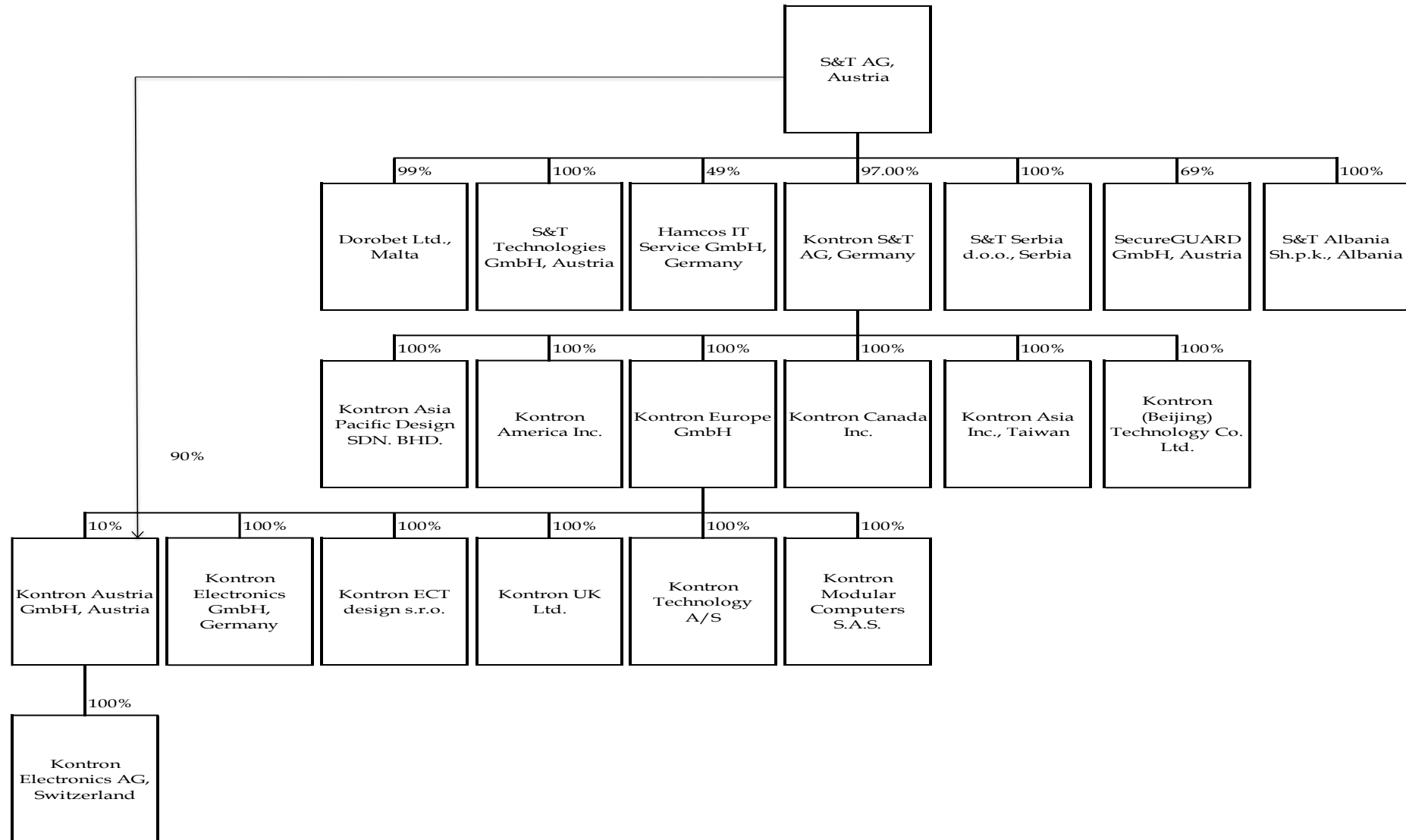




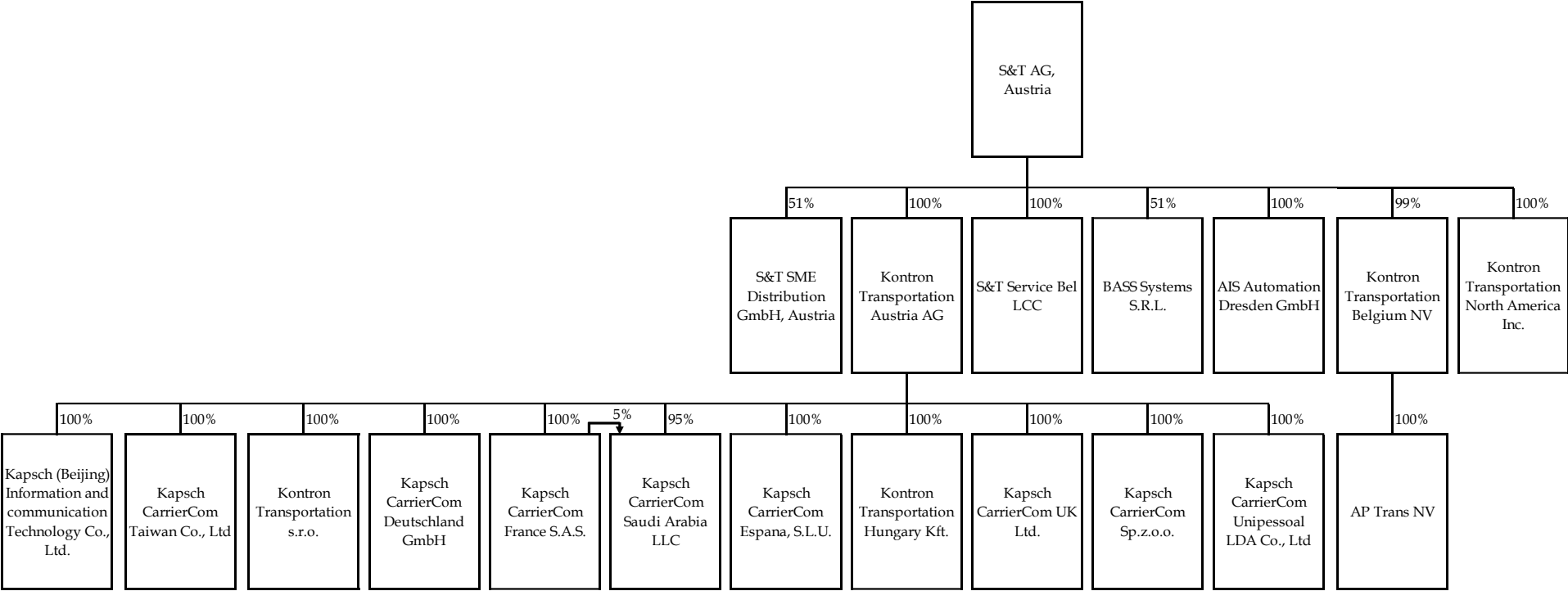
S&amp;T organization chart-1



S&amp;T organization chart-2



S&T organization chart-3



## 2. Basic Information of Affiliated Enterprises

December 31, 2019

Unit: NT\$ thousands

Company Name	Founding Date	Address	Paid-in Capital	Main Business or Production Items
INNOVATIVE SYSTEMS INTEGRATION LIMITED	2001.08.31	Suite 1222, 12F, Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong	HKD\$361,609	Professional Investment
Ennoconn International Investment Co., Ltd.	2014.05.13	6F, No.10, Jiankang Road, Zhonghe District, New Taipei City	NTD\$7,026,350	Professional Investment
Caswell Inc.	2007.04.19	8F, No. 242, Bo'ai Street, Shulin District, New Taipei City, 238	NTD\$680,356	Electronic components, computer and peripheral equipment manufacturing, electronic materials wholesale and information software services
Ennoconn Investment Holdings Co., Ltd.	2015.11.16	2nd Floor, Building B, SNPF PLAZA, Savalalo, Apia, Samoa	USD\$239,360	Professional Investment
ENGA Technology Co., Ltd.	2017.07.25	Suite 1222, 12F, Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong	HKD\$27,394	Wholesale, manufacturing, service and import and export of hardware and software for industrial computers and industrial control systems
Tenglijia Holdings Limited	2018.04.25	Suite 1, Commercial House One, Eden Island, Republic of Seychelles.	-	Import and export trading
AIS Cayman Technology	2016.05.06	Fourth Floor, One Capital Place, P. O. Box 847, Grand Cayman KY1-1103, Cayman Islands	USD\$6,563	Professional Investment
S&T AG	1999.12.28	Industriezeile 35, A-4021 Linz, Austria	EUR\$66,089	Information system software and hardware integration services
AIS	2005.10.31	1768 McGaw Avenue, Irvine, CA 92614, USA	USD\$1,500	Operator interface terminal and industrial automation visualization system
Vecow Co., Ltd.	2006.02.20	12F, No.111, Zhongcheng Rd., Tucheng Dist., New Taipei City 236, Taiwan	NTD\$50,000	Computer vision systems and machine vision systems for industrial automation
Goldtek Technology Co., Ltd.	2003.08.06	16F, No.166, Jianyi Road, Zhonghe District, New Taipei City	NTD\$300,000	Telecommunications control of radio frequency equipment input and information software wholesale and retail
EnnoMech Precision (Cayman) Co., Ltd.	2015.07.21	Floor 4, Willow House, Cricket Square, PO Box 2804, Grand Cayman KYI-1112, Cayman Island	USD\$13,800	Professional Investment
SyS-P Co., Ltd.	2015.11.05	6F, No.10, Jiankang Road, Zhonghe District, New Taipei City	NTD\$30,000	International trade, information software wholesale and service

Company Name	Founding Date	Address	Paid-in Capital	Main Business or Production Items
Ennowyse Corporation	2011.11.17	3F, No.10, Jiankang Road, Zhonghe District, New Taipei City	NTD\$84,000	Product research, design and sales of mobile payment, electronic signature and information security
Thecus Technology Corp.	2004.10.26	16F.-6, No.81, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City, Taiwan	NTD\$170,000	Electronic components, computer and peripheral equipment manufacturing, electronic materials wholesale and information software services
Dexatek Technology Ltd.	2003.07.31	16F.-1, No.81, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City, Taiwan	NTD\$210,000	Multimedia product development and design manufacturing business
Marketch International Corp.	1988.12.27	6F., No.3-2, Yuanqu St., Nangang Dist., Taipei City, Taiwan	NTD\$1,855,913	High-tech industry facility and process system planning and integration services
HighAim Technology INC.	2006.09.28	Portcullis Chambers, P.O. Box 1225, Apia, Samoa.	USD\$5,000	Professional Investment
DOMINATE UNITED ENTERPRISE LTD.	2015.01.05	2nd Floor, Building B, SNPF Plaza, Savalalo, Apia, Samoa	USD\$2,100	Professional Investment
EnnoMech Precision Co., Ltd.	2015.04.23	6F, No.10, Jiankang Road, Zhonghe District, New Taipei City	NTD\$10,000	Electronic components, computer and peripheral equipment manufacturing, electronic materials wholesale and information software services
FUNOLOGY INVESTMENT INC.	2009.06.23	TMF Chambers, P.O. Box 3269, Apia, Samoa	USD\$1	Import and export trading
ANDRIX INTERNATIONAL LIMITED	2012.10.17	201 Rogers Office Building, Edwin Wallace Rey Drive, George Hill, Anguilla, B.W.I	USD\$1	Import and export trading
CASO Inc.	2014.08.01	6th Floor, Kokuda National Building, Kanda, 2-10, Kanda, Chiyoda-ku, Tokyo, Japan	JPY\$95,000	Network machines and computer peripherals and other imports and sales
Caswell International Investment Co., Ltd.	2015.06.11	TMF Chambers, P.O. Box 3269, Apia, Samoa	USD\$3,206	Overseas investment
Caswell Americas, Inc	2017.01.10	4011 Clipper Ct, Fremont, CA 94538	USD\$3,000	Sale netcom products
Apligo GmbH	1999.06.04	Building 5112/4 Werner-von-Siemens-Str. 2-6 76646 Bruchsal Germany	EUR\$25	Hub and SI Service
Hawkeye Tech Co., Ltd.	2011.11.02	13F.-5, No. 736, Zhongzheng Rd., Zhonghe Dist., New Taipei City	NTD\$135,000	Design and manufacturing of computers, network and computing equipment
Thecus NL B.V.	2009.10.15	Marinus Dammeweg 7, 5928 PW VENLO, Netherlands	EUR\$260	Network storage device
Tecas USA., Inc.	2007.09.17	1768 McGaw Avenue, Irvine, CA 92614	USD\$750	Network storage device
Keenest Electronic Corp.	2016.01.04	2F, Buliding B, SNPF Plaza, Savalalo	USD\$12,000	Professional Investment
Sunlit Industry Co., Ltd.	1994.10.27	Room 5, 12th Floor, Wah Yiu Industrial Centre, 30-32 Au Pui Wan Street, Fo Tan, Sha	HKD\$139,992	Metal stamping and casting

Company Name	Founding Date	Address	Paid-in Capital	Main Business or Production Items
		Tin, N.T., Hong Kong.		
T-PARAGON METAL (SZ) LTD.	2012.06.27	No. 3 Factory, No. 10, Longshan Industrial Park, Nanwan Residential District, Longgang Qu, Shenzhen Shi, Guangdong Sheng	HKD\$23,000	Stamping/assembly
Tai Ron Precision Casting Corporation	2004.01.04	Room 5, 12th Floor, Wah Yiu Industrial Centre, 30-32 Au Pui Wan Street, Fo Tan, Sha Tin, N.T., Hong Kong.	HKD\$15,000	Finance/Logistics
Tairoun Products Co., Ltd. (Thailand)	2019.09.16	Nong Kham, Si Racha District, Chon Buri 20230, Thailand	฿60,998	Metal stamping and casting
SYS-P Corp	2016.02.23	Room 415, 4th Floor, Building A, Tianhui Building, Yousong Road, Longhua Street, Longhua New District, Shenzhen, China	USD\$15	International trade, information software wholesale and service
S&T CZ s.r.o., Czech Republic	1991.12.18	Na Strži 1702/65, 140 00, Praha, Czech Republic	EUR\$1,593	IT server
S&T Plus s.r.o., Czech Republic	1998.10.14	Novodvorská 994/138, 142 21, Praha, Czech Republic	EUR\$280	Manufacturing and marketing of industrial computers
S&T Services Polska Sp.z.o.o., Poland	2001.07.25	Postępu 21 D, 02-676, Warsaw, Polska	EUR\$313	IT server
S&T Crna Gora d.o.o., Montenegro	2002.08.08	Bulevar revolucije 5, 81000, Podgorica, Montenegro	EUR\$25	IT server
S&T Bulgaria e.o.o.d., Bulgaria	2007.12.17	7 Iskarsko shosse bul. Trade center Europe, build. 6, fl. 3, 1528, Sofia, Bulgaria	EUR\$579	Manufacturing and marketing of industrial computers
S&T Poland Sp.z.o.z., Poland	2002.03.19	Postępu 21 D, 02-676, Warsaw, Polska	EUR\$3,108	IT server
S&T Services s.r.o., Slovakia	1994.05.05	Mlynské nivy 71, 821 09, Bratislava, Slovakia	EUR\$982	IT server
S&T Slovenija d.d., Slovenia	1991.01.30	Leskoškova cesta 6, 1000, Ljubljana, Slovenia	EUR\$1,311	IT server
S&T Hrvatska d.o.o., Croatia	1995.11.04	Borongajska cesta 81a, 10000, Zagreb, Croatia	EUR\$29	IT server
S&T Macedonia d.o.o.e.l., Macedonia	2007.05.09	Ankarska 31, 1000, Skopje, Macedonia	EUR\$9	IT server
S&T Romania S.R.L., Romania	1994.01.31	10 Montreal Square, WTCB SA, Main Building, 3rd floor, 11469, Bucharest, Romania	EUR\$2,451	IT server
S&T Serbia d.o.o., Serbia	1996.01.31	Djordja Stanojevica 14/III, 11070,	EUR\$49	IT server

Company Name	Founding Date	Address	Paid-in Capital	Main Business or Production Items
		Belgrade, Serbia		
S&T Albania Sh.p.k., Albania	2005.01.11	Ibrahim Rugova, No. 5, Sky Tower 11/1, 1000, Tirana, Albania	EUR\$282	IT server
S&T Mold srl., Moldova	1995.11.23	Serghei Lazo 40, 2004, Chisinau, Moldova	EUR\$206	IT server
S&T Consulting Hungary Kft., Hungary	1999.01.06	14, Puskás Tivadar street, 1119, Budapest, Hungary	EUR\$398	IT server
S&T Deutschland GmbH, Germany	2005.03.07	Am Flugplatz 35, D-56743, Mendig, Germany	EUR\$25	IT server
Computer Betting Company GmbH, Austria	1999.02.03	Füchselbachstraße 7, A-4060, Leonding, Austria	EUR\$36	Manufacturing and marketing of industrial computers
SecureGUARD GmbH, Austria	2000.02.02	Industriezeile 35, A-4021 Linz, Austria	EUR\$134	Manufacturing and marketing of industrial computers
S&T embedded GmbH, Germany	2004.08.21	Gutenbergstraße 2, D-85737, Ismaning, Germany	EUR\$102	Manufacturing and marketing of industrial computers
S&T CEE Holding s.r.o., Slovakia	2004.08.21	Mlynské nivy 71, 821 09, Bratislava, Slovakia	EUR\$1,882	IT server
Dorobet Ltd., Malta	2005.08.02	Atrium, Paxton Court, Mensija Road, STJ1965, St. Julians, Malta	EUR\$200	Manufacturing and marketing of industrial computers
S&T Smart Energy GmbH, Austria	2004.10.13	Industriezeile 35/4 , A-4020 Linz, Austria	EUR\$36	Manufacturing and marketing of industrial computers
Amanox Solutions AG, Switzerland	2011.03.14	Falkenplatz 11, CH-3012, Bern, Switzerland	EUR\$96	IT server
Hamcos IT Service GmbH, Germany	1998.09.23	Dornierstr. 4, D-88367, Hohentengen, Germany	EUR\$200	IT server
Kontron Austria GmbH, Austria(original S&T Electronics and Payment Systems GmbH, Austria)	1990.11.15	Freistädterstr. 38, A-4029 Engerwitzdorf, Austria	EUR\$36	Manufacturing and marketing of industrial computers
S&T SME Distribution GmbH, Austria	2015.12.18	Industriezeile 35, A-4020 Linz, Austria	EUR\$35	Manufacturing and marketing of industrial computers
S&T Services GmbH, Austria	2016.11.28	Brehmstraße 10, A-1110 Vienna, Austria	EUR\$35	IT server
S&T Technologies GmbH, Austria	2010.12.10	ndustriezeile 35, A-4021 Linz, Austria	EUR\$35	IT server
Linforge Technologies GmbH, Austria	2001.11.19	Brehmstraße 10, A-1110 Vienna, Austria	EUR\$35	IT server

Company Name	Founding Date	Address	Paid-in Capital	Main Business or Production Items
GADA GROUP ROMANIA SRL, Romania	1996.11.07	241A, Barbu Vacarescu, 20285, Bucharest, Romania	EUR\$282	Manufacturing and marketing of industrial computers
Affair OOO, Russia	2002.06.25	Nikitinskaya str. 3, 105037, Moscow, Russia	EUR\$208	Manufacturing and marketing of industrial computers
S&T Services Bel LCC, BLR	2008.07.18	Fabritsius str. 9a, office 15, 220007, Minsk, Belarus	EUR\$113	IT server
S&T Asia Inc., Taiwan	2013.08.16	5F., No. 415, Ti-Ding Blvd., Sec. 2 Neihu District, 144, Taipei City Government, Taiwan	EUR\$365	Manufacturing and marketing of industrial computers
SteuDaTecc System-und Netzwerktechnik GmbH	2000.05.16	Ludwig Erhardt Straße 1b, 56746 Kempenich, Germany	EUR\$25	IT server
XTRO AG, Germany	2005.03.07	Gutenbergstrasse 2, D-85737 Ismaning, Germany	EUR\$50	IT server
STS Sportwetten GmbH, Austria	1993.07.27	Füchselbachstraße 7, A-4060 Leonding, Austria	EUR\$36	Manufacturing and marketing of industrial computers
S&T Slovakia s.r.o., Slovakia	1993.05.13	Mlynské nivy 71, 821 09, Bratislava, Slovakia	EUR\$1,660	IT server
S&T Services Kft., Hungary	2011.10.27	Puskás Tivadar street 14, H-2040, Budapest, Hungary	EUR\$880	IT server
KONTRON AMERICA INC.	1999.12.06	9477 Waples Street, Suite 150, San Diego, California, 92121, Delaware, USA	EUR\$2,048	Communication products
KONTRON CANADA INC.	2002.01.01	4555, Ambroise-Lafortune, J7H 0A4, Boisbriand, Canada	EUR\$21,516	Communication products
KONTRON ASIA PACIFIC DESIGN SDN. BHD.	2008.06.09	Plot 554, Lorong Perusahaan 4, Prai Free Trade Zone, 13600, Penang, Malaysia	EUR\$9,354	Manufacturing and marketing of industrial computers
KONTRON (BEIJING) TECHNOLOGY CO. LTD.	2000.01.25	1~2F, 10 Building, No.8 Liangshuihe 2nd Street, Economical & Technological Development Zone, 100176, Beijing, China	EUR\$1,988	Manufacturing and marketing of industrial computers
KONTRON EUROPE GMBH	1962.09.03	Lise-Meitner-Straße 3-5, D-86156 Augsburg, Germany	EUR\$23,600	Manufacturing and marketing of industrial computers
Kontron S&T AG, Germany	2016.08.26	Lise-Meitner-Straße 3-5, D-86156 Augsburg, Germany	EUR\$61,251	Manufacturing and marketing of industrial computers
Kontron ECT design s.r.o.	2000.01.20	Teslova 1120/1, 301 00 Pilsen 1, Czech Republic	EUR\$20	Manufacturing and marketing of industrial computers



Company Name	Founding Date	Address	Paid-in Capital	Main Business or Production Items
Kontron UK Ltd.	1996.05.28	Appledram Barns, P20 7EQ, Chichester, United Kindom	EUR\$197	Manufacturing and marketing of industrial computers
Kontron Modular Computers S.A.S.	1986.12.31	150, rue M.Berthelot - ZI Toulon-Est - BP244, 83078, Toulon, France	EUR\$5,140	Manufacturing and marketing of industrial computers
Kontron Technology A/S	1995.02.16	Neergaardsvej 5 D, 2970, Hørsholm, Denmark	EUR\$919	Manufacturing and marketing of industrial computers
Kontron Electronics GmbH, Germany	2017.04.11	Kantstraße 10, 72663 Großbettlingen, Germany	EUR\$102	Manufacturing and marketing of industrial computers
Kontron Austria electronics GmbH, Austria	1986.10.03	Wildbichlerstraße 2e, 6341 Ebbs, Austria	EUR\$54	Manufacturing and marketing of industrial computers
Kontron Electronics AG, Switzerland	1978.03.30	Riedstrasse 1, 6343 Rotkreuz, Switzerland	EUR\$863	Manufacturing and marketing of industrial computers
Kontron Austria Holding Austria GmbH, Austria	2011.01.10	Wildbichlerstraße 2e, 6341 Ebbs, Austria	EUR\$35	Manufacturing and marketing of industrial computers
S&T PilsCom s.r.o., Czech Republic	1998.02.26	Slovanská alej 2182/30, 32600, Plzen, Czech Republic	EUR\$4	IT server
RTSoft Project OOO, Russia	2002.09.03	Nikitinskaya str., 3, 105037, Moscow, Russia	EUR\$7	Manufacturing and marketing of industrial computers
S&T IT Technologie srl., Moldova	2017.12.19	Serghei Lazo 40, 2004, Chisinau, Moldova	EUR\$2	IT server
Kapsch CarrierCom d.o.o.	2012.05.30	Borongajska cesta 81a, 10000, Zagreb, Croatia	EUR\$1,467	IT server
Kapsch DOOEL Skopje	2007.12.04	Filip 2 Makeonski Str. No 3./Floor 3, 1000, Skopje, Macedonia	EUR\$5	IT server
Marketech Integrated Pte. Ltd.	1997.07.10	86 KaKi Bukit Industrial Terrace, Singapore 416166	SGD\$9,236	Contracting of automation supply system for semiconductor industry
Market Go Profits Ltd.	2000.12.20	P.O. Box 957 Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	USD\$40,069	Engage in holding and reinvestment affairs
MIC-Tech Global Corp.	2004.10.18	RM918 Hyundai Office Bldg, 9-4 Sunae 1-dong, Bundang-gu, Seongnam-si, Gyeonggi-do, Korea	KRW\$ 657,800	General international trade
Headquarter International Ltd.	2002.12.10	P.O. Box 957 Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	USD\$1,289	Engage in holding and reinvestment affairs

Company Name	Founding Date	Address	Paid-in Capital	Main Business or Production Items
Tiger United Finance Ltd.	2002.10.09	P.O. Box 957 Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	USD\$1,410	Engage in holding and reinvestment affairs
Marketech Engineering Pte. Ltd.	2013.11.28	86 KaKi Bukit Industrial Terrace, Singapore 416166	SGD\$895	Undertaking of mechanical and electrical installation and other engineering business
Marketech Integrated Manufacturing Company Limited	2015.03.09	Lot No.B12 Tailawa Special Economic Zone A, Yangon Region, Myanmar	USD\$15,356	Design, manufacture and assembly of automated production machines and components
MIC-Tech Viet Nam Co., Ltd.	2010.01.22	7F, No 36, Hoang Cau street, O Cho Dua Ward, Dong Da District, Ha Noi City, Vietnam	USD\$1,300	Trade, installation and maintenance of all kinds of facility equipment and consumables
Marketech Co., Ltd.	2011.06.13	(R1-08-09) The EverRich, 968 3-2 St., 15 Ward, Dist 11, Ho Chi Minh City, Vietnam	USD\$1,500	Professional engineering contracting and related maintenance services
eZoom Information, Inc.	1996.11.20	6F.-3, No.3-2, Yuanqu St., Nangang Dist., Taipei City, Taiwan	NTD\$200,000	Research and development, trading and consulting services of information system software and hardware application
PT Marketech International Indonesia	2014.09.25	VIP Chamber #2, Wisma GKBI Lantai 39 Suite 3901, Jl Jend, Sudirman No 28, Kel Bendungan Hilir, Kee. Tanah Abang Jakarta Pusat	USD\$1,200	Machinery, equipment and spare parts trading business
ADAT Technology Co., Ltd.	2017.10.19	6F., No.3-2, Yuanqu St., Nangang Dist., Taipei City, Taiwan	NTD\$68,008	Research and development, application and service of information software; supply of electronic information and sale of equipment
Marketech Netherlands B.V.	2017.06.30	Luchthavenweg 81,8657 EA Eindhoven	EUR\$600	International trade businesses and technical services for machinery, equipment and components
Marketech International Sdn. Bhd.	2009.02.10	A-02-02, Capital 1 (Block A), Oasis Square, Oasis Damansara, 47301 Petaling Jaya, Selangor.	MYR\$12,243	Professional engineering contracting and related maintenance services
MIC-Tech Ventures Asia Pacific Inc.	2001.02.01	Huntlaw Building, P.O. BOX 2804, George Town, Grand Cayman, Cayman Islands	USD\$39,967	Engage in holding and reinvestment affairs
Marketech Integrated Construction Co., Ltd.	2014.04.03	67/A, Htan Tapin Street, Kamayut Township, Yangon	USD\$650	Undertaking of mechanical and electrical installation and other engineering business

Company Name	Founding Date	Address	Paid-in Capital	Main Business or Production Items
Rusky H.K. Limited	1992.12.17	Rm 1401, The Centre Mark, 287-299 Queen's Road Central, Hong Kong	USD\$833	Engage in holding and reinvestment affairs
Marketch International Corporation USA	2018.11.14	4701 WASHINGTON AVE STE L15 RACINE WI 53406-4233,USA	USD\$7,500	Professional engineering contracting and related maintenance services
Frontken MIC Co., Limited	2007.12.28	Rm 1401, The Centre Mark, 287-299 Queen's Road Central, Hong Kong	USD\$2,338	Engage in holding and reinvestment affairs
Ruixuan International Co., Ltd.	2007.12.14	AXA Centre, 151 Gloucester Road, Wan Chai, Hong Kong	USD\$9,000	Engage in holding and reinvestment affairs
Nanjing Asiatek Inc.	2005.04.13	Room 505, Block B, Building 2, Runhe Software Park, No.168, Software Avenue, Yuhuatai District, Nanjing, China	USD\$3,000	Engage in the research, development and sales of software and hardware products, and provide installation, commissioning and technical advice.
Ennoconn (Foshan) Investment Co., Ltd.	2016.12.23	Room 112, 1st Floor, Building D, Central European Center, 2 South Lingnan Road, Lecong Town, Shunde District, Foshan City	RMB\$66,207	Professional Investment
Beijing Caswell Ltd.	2003.09.23	East to the 4th Floor, Building 5, Qunying Science and Technology Park, No. 8 Shangdi Road, Haidian District, Beijing	USD\$3,800	Produce and sell network communication products
HighAim Technology Inc.	2007.07.16	No. 278, Chensong Road, Yushan Town, Kunshan City, Jiangsu Province, China	USD\$10,000	Design, research and development and production of molds, servers and communication equipment.
EnnoMech Precision (Shenzhen) Co., Ltd.	2016.02.23	Room 415, 4th Floor, Building A, Tianhui Building, Yousong Road, Longhua Street, Longhua New District, Shenzhen, China	RMB\$10,000	Machinery components
Goldtek Technology (Shenzhen) Co., Ltd.	2016.07.21	Room 1926, Longhu Junhui Fashion Apartment, Longgang District, Shenzhen	USD\$1,000	Research, design and sales of electronic products, communication equipment and spare parts, as well as after-sales service.
T-PARAGON METAL (SZ) LTD.	2012.06.27	No. 3 Factory, No. 10, Longshan Industrial Park, Nanwan Residential District, Longgang Qu, Shenzhen Shi, Guangdong Sheng	HKD\$23,000	Stamping/assembly
Tairuon (Shenzhen) Co., Ltd.	2012.06.14	Second phase factory, No. 10, Longshan Industrial Park, Nanwan Residential District, Longgang Qu, Shenzhen Shi, Guangdong Sheng	HKD\$5,000	Zinc/Aluminum Alloy Pressure Casting
Shengrong Plastic Co., Ltd. (Shenzhen)	2018.06.26	1F, No. 3 Factory, No. 10, Longshan Industrial Park, Nanwan Residential District, Longgang Qu, Shenzhen Shi, Guangdong Sheng	RMB\$8,000	Manufacturing and sales of plastic and hardware
Ennoconn (Suzhou)	2017.06.29	Room 1, No. 299, Nansong Road, Yushan	USD\$30,000	Research and development, production and sales of

Company Name	Founding Date	Address	Paid-in Capital	Main Business or Production Items
Technology Co., Ltd.		Town, Kunshan City, Jiangsu Province		industrial computers
Kunshan Ennoconn Intelligent Technology Co., Ltd.	2018.04.26	Room 3, No. 299, Nansong Road, Yushan Town, Kunshan City, Jiangsu Province	-	Intelligent technology development and hardware sales
MIC-Tech (Wuxi) Co., Ltd.	2001.05.16	No. 11, Xinxi Road, Wuxi National High-tech Industrial Development Zone, Jiangsu Province	USD\$25,500	Design, manufacture, installation and maintenance services of semiconductor components and crystal equipment dedicated devices, electronic components dedicated devices and environmental pollution prevention equipment; Assembly of special packaging equipment and refrigeration equipment; Grill assembly; Engage in the wholesale, commission agency and import and export business of the abovementioned products and their components and parts, textiles, daily necessities, chemical products and cosmetics; Leasing of its own plant; Design, manufacture, sales and installation of automatic storage equipment and accessories, automatic conveying logistics equipment and accessories, development, sales and installation of logistics deployment computer aided engineering system development.
MIC-TECH (SHANGHAI) CORP., LTD.	2001.05.24	A1-3, 1F, No. 333, Fute West 1st Rd, Great Wall Building, China (Shanghai) Pilot Free Trade Zone	USD\$8,241	Semiconductor production, semiconductor equipment maintenance, testing equipment and consumables, power generation boiler wholesale, commission agent, import and export and other related supporting business; Chemical, boiler products based warehousing, distribution business; International trade and entrepot trade; Trade between enterprises in the bonded area and trade agents; Regional business consulting service.
Fuzhou Jiwei System Technology Co., Ltd.	2003.02.27	No.B06, 3rd Floor, Longfu Electromechanical Wholesale Market, Fujian Province, No.15 Lianjiang South Road, Cangshan District, Fuzhou, Fujian, China	USD\$300	Clean room and power system equipment, piping system equipment installation and related supporting services.
Shanghai Maohua Electronic Engineering Technology Co., Ltd.	1998.04.21	Rm 707 & 708, Aly 2777, No. 36, Jinxiu East Road, China (Shanghai) Pilot Free Trade Zone	USD\$600	Design, installation, debugging and technical services of regeneration of eliminated barrel, pipeline system and relevant facilities for semiconductor manufacturing industry; equipment maintenance industry, electronics,

Company Name	Founding Date	Address	Paid-in Capital	Main Business or Production Items
				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.
Shanghai Jiwei Electronic System Engineering Co., Ltd.	2006.06.30	Rm 701 to Rm 706, Aly 2777, No. 36, Jinxiu East Road, China (Shanghai) Pilot Free Trade Zone	USD\$17,619	General contracting for construction of mechanical and electrical installation engineering, professional contracting for mechanical and electrical installation engineering, professional contracting for electronic engineering, professional contracting for chemical and petroleum equipment pipeline installation engineering, professional contracting for pipelines and providing relevant post-project warranty services and related engineering technical consulting services.
Wuxi Qianjin Semiconductor Technology Co., Ltd.	2008.10.31	No. 11, Xinxi Road, Wuxi National High-tech Industrial Development Zone, Jiangsu Province	USD\$2,308	Cleaning of special equipment for semiconductor components and integrated circuits; Parts for semiconductor devices, parts for integrated circuits and micro components, and wafer cleaning; Research and development of semiconductor cleaning technology; Refrigeration equipment assembly, installation and maintenance services; Design, manufacture, sales and installation of automatic warehousing equipment and accessories, automatic conveying logistics equipment and accessories; Logistics deployment computer aided engineering system development, sales and installation; Wholesale, commission agency, import and export business of the above-mentioned products and parts.
Nantong Jianrui Photoelectric Technology Co., Ltd.	2008.10.22	(No. 60, Group 4, Union Village) Huolong Industrial Park, Sijia Town, Haimen City, Nantong City, Jiangsu Province	USD\$7,000	Development and production of specialized equipment for solar cell production, manufacturing of key parts such as optical engines, light sources, projection screens, high-definition projection tubes and microdisplay projection equipment modules for large color projection displays, manufacturing of new electronic components, and cleaning and regeneration services, sales of its own products; mechanical

Company Name	Founding Date	Address	Paid-in Capital	Main Business or Production Items
				equipment, general production and research and development equipment, technology transfer, technical consulting, technical services; metal scrap and shredding processing (except hazardous chemicals, hazardous waste); metal materials (except steel, precious metals), ceramic products, paper products, hardware products wholesale, retail, import and export business.
MIC-TECH CHINA TRADING (SHANGHAI) CO., LTD.	2013.03.21	Room 517, 5th Floor, No. 8, Huajing Road, Waigaoqiao Free Trade Zone, Shanghai	USD\$1,500	The wholesale, commission agents, import and export and other related business of chemical products (except hazardous chemicals and precursor chemicals, special chemicals), semiconductor, test equipment and consumables, solar equipment supplies, power boilers, mechanical equipment and accessories; international trade, entrepot trade, bonded area between enterprises of trade and trade agency, trade consulting services; installation and maintenance of semiconductor equipment, automation equipment, electronic equipment and accessories.

3. Industry covered by the overall business of the affiliated enterprises:

Industry covered by the overall business of the Company and its affiliated enterprises includes the electronic industry, computer industry, manufacturing industry, trading industry, investment industry, etc.

4. The same shareholder information presumed a relationship of control or subordination: None.

## 5. Information of directors, supervisors and vice presidents of affiliated enterprises

December 31, 2019

Unit: Share; Thousands

Company Name	Title	Name or Representative	Share Held	
			Shares (or Capital Contribution)	Shareholding Ratio (%)
INNOVATIVE SYSTEMS INTEGRATION LIMITED	Director	Ennoconn Corporation - Lou,Chao-Tsung	166,221,030	100%
Ennoconn International Investment Co., Ltd.	Chairman	Ennoconn Corporation - Lou,Chao-Tsung	702,635,000	100%
	Director	Ennoconn Corporation - Chu, Fu-Chuan	702,635,000	100%
	Director	Ennoconn Corporation - Huang,Chao-Mao (Huang,Chao-Mou)	702,635,000	100%
	Supervisor	Ennoconn Corporation - Wu, Yu-Mei	702,635,000	100%
Caswell Inc.	Chairman	Ennoconn Corporation - Chu, Fu-Chuan	20,000,000	29.40%
	Vice Chairman	Hsu,Fu-Sung	449,840	0.66%
	Director	Ennoconn Corporation - Lou,Chao-Tsung	20,000,000	29.40%
	Chairman and President	Hung,Te-Fu	222,446	0.33%
	Independent Director	Shao,Chien-Hua	0	0%
	Independent Director	Huang,Wen-Chin	0	0%
	Independent Director	Fang,Wen-Chang	0	0%
Ennoconn Investment Holdings Co.,Ltd	Chairman	Ennoconn Corporation - Lou,Chao-Tsung	229,360,000	100%
ENGA Technology Co., Ltd.	Chairman	INNOVATIVE SYSTEMS INTEGRATION LIMITED - Huang,Chao-Mao (Huang,Chao-Mou)	3,500,000	100%
	Director	INNOVATIVE SYSTEMS INTEGRATION LIMITED - Chu, Fu-Chuan	3,500,000	100%
	Director	INNOVATIVE SYSTEMS INTEGRATION LIMITED - Lou,Chao-Tsung	3,500,000	100%
Tengljia Holdings Limited	Director	INNOVATIVE SYSTEMS INTEGRATION LIMITED	0	100%
AIS Cayman Technology	Chairman	FU-CHUAN CHU	0	0%
	Director	CHUN HAO SHIH	0	0%

Company Name	Title	Name or Representative	Share Held	
			Shares (or Capital Contribution)	Shareholding Ratio (%)
	Director	NEN CHI NELSON TSAY	231,000	6%
S&T AG	Directors	Hannes Niederhauser	1,162,538	1.76%
	Directors	Richard Neuwirth	41,039	0.06%
	Directors	Michael Jeske	30,000	0.05%
	Directors	Peter Sturz	8,833	0.01%
	Directors	Carlos Queiroz	0	0%
	Supervisors	Erhard F. Grossnigg	23,499	0.04%
	Supervisors	Bernhard Chwatal	0	0%
	Supervisors	Wu Hui-Feng	0	0%
	Supervisors	Chu Fu-Chuan	0	0%
	Supervisors	Lee Yu-Lung	0	0%
	Supervisors	Lee Yu-Lung	0	0%
AIS	Chairman	NEN CHI NELSON TSAY	0	0%
	Director	YUAN-LIN LEE	0	0%
	Director	JOSEPH JOHN FIJAK	0	0%
Vecow Co., Ltd.	Director	AIS-Tsai, Neng Chi	20,000,000	100%
	Director	AIS-Chu, Fu-Chuan	20,000,000	100%
	Director	AIS-Yu,Ling-Hsiao	20,000,000	100%
	Supervisor	AIS- Shih, Chun-Hao	20,000,000	100%
Goldtek Technology Co., Ltd.	Chairman	Ennoconn International Investment Co., Ltd.- Chu, Fu-Chuan	17,002,831	56.74%
	Director	Ennoconn International Investment Co., Ltd. - Lou,Chao-Tsung	17,002,831	56.74%
	Director	Liang,Hui-Pin	783,831	2.61%
	Director	Ennoconn International Investment Co., Ltd. - Tu,Tung-Sheng	17,002,831	56.74%
	Independent Director	Cheng,Wu-Shui	-	-
	Independent Director	Lai,Chun-Nien	-	-
	Independent Director	Fan,Shih-Kang	-	-
	President	Tu,Tung-Sheng	102,539	0.34%



Company Name	Title	Name or Representative	Share Held	
			Shares (or Capital Contribution)	Shareholding Ratio (%)
EnnoMech Precision (Cayman) Co., Ltd.	Chairman	Ennoconn International Investment Co., Ltd. - Lou,Chao-Tsung	13,800,000	100%
SyS-P Co., Ltd.	Director	Ennoconn International Investment Co., Ltd. - Shih, Chun-Hao	NTD 30,000	100%
Ennowyse Corporation	Chairman	Ennoconn International Investment Co., Ltd.- Huang,Chao-Mao (Huang,Chao-Mou)	5,040,000	60%
	Director	Ennoconn International Investment Co., Ltd. - Wu,Pin-Hsien	5,040,000	60%
	Director	Tsai,Ming-Hsueh	50,000	0.59%
	Supervisor	Cheng,Chien-Pang	0	0%
	President	Tsai,Ming-Hsueh	50,000	0.59%
Thecus Technology Corp.	Chairman	Ennoconn International Investment Co., Ltd.- Huang,Chao-Mao (Huang,Chao-Mou)	10,200,000	60%
	Director	Ennoconn International Investment Co., Ltd. - Hsu, Chia-Jung	10,200,000	60%
	Director	Ennoconn International Investment Co., Ltd. - Shih, Chun-Hao	10,200,000	60%
	Director	Huang,Cheng-He	0	0%
	Supervisor	Chou,Hung-Chih	10,000	0.06%
	Supervisor	Lin,Ya-Hui	10,000	0.06%
	Supervisor	Lei,Chen-Yu	7,123	0.04%
Dexatek Technology Ltd.	Chairman	Ennoconn International Investment Co., Ltd.- Chu, Fu-Chuan	12,600,000	60%
	Director	Ennoconn International Investment Co., Ltd. - Tsai,Ming-Hsueh	12,600,000	60%
	Director	Ennoconn International Investment Co., Ltd. - Chou,Hung-Chih	12,600,000	60%
	Chairman and President	Chen,Hsin-Yu	976,710	4.66%

Company Name	Title	Name or Representative	Share Held	
			Shares (or Capital Contribution)	Shareholding Ratio (%)
	Director	Fuyang Investment Co., Ltd. - Chang, Pei-Yu	3,708,676	17.66%
	Supervisor	Wu, Pin-Hsien	10,000	0.05%
	Supervisor	Lin, Ya-Hui	10,000	0.05%
	Supervisor	Hung, Lung-Peng	88,743	0.42%
Marketech International Corp.	Director	Jixuan Investment Co., Ltd. - Kao, Hsin-Ming	11,005,795	5.93%
	Director	Yiwei Investment Co., Ltd. - Lin, Yu-Yeh	6,647,112	3.58%
	Director	Ennoconn International Investment Co., Ltd. - Chu, Fu-Chuan	83,468,613	44.71%
	Director	Ennoconn International Investment Co., Ltd. - Lou, Chao-Tsung	83,468,613	44.71%
	Director	Ennoconn International Investment Co., Ltd. - Li Yu-Lung	83,468,613	44.71%
	Director	Ennoconn International Investment Co., Ltd. - Wu Yu-Mei	83,468,613	44.71%
	Independent Director	Wu, Tsung-Pao	0	0.00%
	Independent Director	Lin, Hsiao-Min	0	0.00%
	Independent Director	Wang I-Chun	0	0.00%
HighAim Technology INC.	Legal Representative and Executive Managing Director	Chung, Huan-Hsiang	101,212	0.02%
DOMINATE UNITED ENTERPRISE LTD.	Chairman	EnnoMech Precision (Cayman) Co., Ltd. - CHIH KUN JACKSON SHIH	2,100,000	100%
EnnoMech Precision Co., Ltd.	Chairman	EnnoMech Precision (Cayman) Co., Ltd. - Lou, Chao-Tsung	1,000,000	100%
	Director	EnnoMech Precision (Cayman) Co., Ltd. - Chu, Fu-Chuan	1,000,000	100%
	Director	EnnoMech Precision (Cayman) Co., Ltd. - Huang, Chao-Mao (Huang, Chao-Mou)	1,000,000	100%
	Supervisor	EnnoMech Precision (Cayman) Co., Ltd. - Huang, Ping-Hsun	1,000,000	100%

Company Name	Title	Name or Representative	Share Held	
			Shares (or Capital Contribution)	Shareholding Ratio (%)
FUNOLOGY INVESTMENT INC.	Legal Representative	HighAim Technology Inc. - Chung, Ju-Hsiang	1,000	100%
ANDRIX INTERNATIONAL LIMITED	Legal Representative	HighAim Technology Inc. - Chung,Huan-Hsiang	900	100%
CASO Inc.	Director	Caswell Inc. - Hung,Te-Fu	1,881	99%
	Director	Caswell Inc. - Yen, Chih-Chiang	1,881	99%
	Chairman and President	Takeda Kazuhiro	19	1%
Caswell International Investment Co., Ltd.	Director	Caswell Inc. - Hsu,Fu-Sung	0	100%
Caswell Americas,Inc	Chairman	Caswell Inc. - Chen,Yu-Wei	3,000,000	100%
Apligo GmbH	Chairman	Caswell Inc. - Liu I-Hsin	13,000	52%
Hawkeye Tech Co., Ltd.	Chairman	Liu Yung-Nien	0	0%
	Director	Tsao Jui-Hua	0	0%
	Director	Caswell Inc. - Hung,Te-Fu	5,400,000	40%
	Director	Caswell Inc. - Chen, Yen-Hsiang	5,400,000	40%
	Supervisor	Hsu I-Hsiang	511,000	3.79%
Thecus NL B.V.	Chairman	Thecus Technology Corp. - Sun,Pei-Chih	2600	100%
Tecas USA.,Inc.	Chairman	Thecus Technology Corp. - Li, Shih-Po	750,000	100%
Keenest Electronic Corp.	Chairman	Tu,Tung-Sheng	USD\$20,500	100%
SYS-P Corp	Director	SHIH, CHUN-HAO	50,000	100%
S&T CZ s.r.o., Czech Republic	Directors	Becka Miroslav	0	0%
	Directors	Kraus Vaclav	0	0%
	Directors	Dvorak Vojtech	0	0%
S&T Plus s.r.o., Czech Republic	Directors	Ludvik Tot	0	0%
	Directors	Kraus Václav	0	0%
S&T Services Polska Sp.z.o.o., Poland	Directors	Piotr Staszczak	0	0%
	Directors	Golebiewski Grzegorz	0	0%
S&T Crna Gora d.o.o., Montenegro	Directors	Maric Milan	0	0%
S&T Bulgaria e.o.o.d., Bulgaria	Directors	Zlati Stoychev Petrov	0	0%
	Directors	Vassil Mladenov Minev	0	0%
S&T Poland Sp.z.o.z., Poland	Directors	Piotr Staszczak	0	0%

Company Name	Title	Name or Representative	Share Held	
			Shares (or Capital Contribution)	Shareholding Ratio (%)
	Directors	Grzegorz Golebiewski	0	0%
	Directors	Maurycy Palkiewicz	0	0%
S&T Services s.r.o., Slovakia	Directors	Horovčáková Helena	0	0%
S&T Slovenija d.d., Slovenia	Directors	Berger Saso	0	0%
S&T Hrvatska d.o.o., Croatia	Directors	Vidic Bozidar	0	0%
S&T Macedonia d.o.o.e.l., Macedonia	Directors	Antovski Boro	0	0%
S&T Romania S.R.L., Romania	Directors	Macovei Nicoleta	0	0%
S&T Serbia d.o.o., Serbia	Directors	Rajko Jovanovic	0	0%
S&T Albania Sh.p.k., Albania	Directors	Prifti Kleanthi	0	0%
S&T Mold srl., Moldova	Directors	Kopanskii Alexander	0	0%
S&T Consulting Hungary Kft., Hungary	Directors	Peter Dezső Szabó	0	0%
	Directors	Kulczar Sandor	0	0%
S&T Deutschland GmbH, Germany	Directors	Schmitz Uwe	0	0%
	Directors	Plies Michael	0	0%
Computer Betting Company GmbH, Austria	Directors	Michael Jeske	0	0%
SecureGUARD GmbH, Austria	Directors	Helmut Otto	0	0%
S&T embedded GmbH, Germany	Directors	Kroupa Walter	0	0%
S&T CEE Holding s.r.o., Slovenia	Directors	Hannes Niederhauser	0	0%
	Directors	Richard Neuwirth	0	0%
	Directors	Peter Sturz	0	0%
Dorobet Ltd., Malta	Directors	Luke Bowerman	0	0%
BASS Systems S.R.L., Moldova	Directors	Popescu Onisim	0	0%
S&T Smart Energy GmbH, Austria	Directors	Johannes Zeindl	0	0%
	Directors	Engelbert Detter	0	0%
Amanox Solutions AG; Switzerland	Directors	Dini Daniel	0	0%
	Directors	Schor Martin	0	0%
	Directors	Jeske Michael	0	0%
	Directors	Neuwirth Richard	0	0%
Hamcos IT Service GmbH, Germany	Directors	Hampel Frank	0	0%

Company Name	Title	Name or Representative	Share Held	
			Shares (or Capital Contribution)	Shareholding Ratio (%)
	Directors	Jeske Michael	0	0%
Kontron Austria GmbH, Austria	Directors	Stephan Niederhauser	0	0%
	Directors	Wolfgang Vogler	0	0%
	Directors	Wolfgang Unterlerchner	0	0%
	Directors	Hannes Niederhauser	0	0%
S&T SME Distribution GmbH, Austria	Directors	Ghaith Madi	0	0%
	Directors	Egerth Harald	0	0%
Kontron Technologies GmbH, Austria (原 S&T Technologies GmbH, Austria )	Directors	Günthner Bernhard	0	0%
	Directors	Richard Neuwirth	0	0%
	Directors	Sorin Dumitrescu	0	0%
S&T MEDTECH SRL, Romania (原 GADA GROUP ROMANIA SRL, Romania )	Directors	Sinenko Olga	0	0%
Affair OOO, Russia	Directors	Kunts Oksana Mikhailovna	0	0%
S&T Services Bel LCC, Belarus	Directors	Steve Chen	0	0%
Kontron Asia Inc., Taiwan	Directors	Kevin Tseng	0	0%
	Directors	Steve Chen	0	0%
Kontron Transportation Taiwan Co., Ltd	Directors	Schmitz Uwe	0	0%
XTRO AG, Germany	Directors	Dirk Sauer	0	0%
AIS Automation Dresden GmbH, Germany	Directors	Michael Jacob	0	0%
	Directors	Horovčáková Helena	0	0%
S&T Slovakia s.r.o., Slovakia	Directors	Peter Dezső Szabó	0	0%
S&T Services Kft., Hungary	Directors	Matthias Huber	0	0%
Kontron America Inc.	Directors	Andy Mason	0	0%
	Directors	Robert Courteau	0	0%
	Directors	Thomas Ebner	0	0%
	Directors	Helmut Fischer	0	0%
	Directors	Robert Courteau	0	0%
Kontron Canada Inc.	Directors	Josyane Desbois	0	0%
	Directors	Helmut Fischer	0	0%
	Directors		0	0%

Company Name	Title	Name or Representative	Share Held	
			Shares (or Capital Contribution)	Shareholding Ratio (%)
	Directors	Matthias Huber	0	0%
Kontron Asia Pacific Design Sdn. Bhd.	Directors	Cheng Ee Kong	0	0%
	Directors	Julius Von Jagow	0	0%
	Directors	Shanmuganathan A/L Palamisa	0	0%
	Directors	Steve Chen	0	0%
Kontron Technology Beijing Co. Ltd.	Directors	Steve Chen	0	0%
Kapsch (Beijing) Information and Communication Technology Co., Ltd	Directors	Kevin Tseng	0	0%
	Directors	Helmut Fischer	0	0%
Kontron Europe GmbH, Germany	Directors	Carlos Quieroz	0	0%
	Directors	Hannes Niederhauser	0	0%
Kontron S&T AG, Germany	Directors	Richard Neuwirth	0	0%
	Directors	Helmut Fischer	0	0%
	Supervisors	Peter Sturz	0	0%
	Supervisors	Ulrich Gehrman	0	0%
	Supervisors	Valentin Trummer	0	0%
Kontron ECT design s.r.o., Czech Republic	Directors	Martin Pilar	0	0%
Kontron UK Ltd.	Directors	David Johnson	0	0%
Kontron Modular Computers S.A.S., France	Directors	Philippe Vincent	0	0%
Kontron Electronics GmbH, Germany	Directors	Wußmann Holger	0	0%
		Jochen Gimple	0	0%
Kontron Electronics Kft., Hungary	Directors	Anita Réder	0	0%
	Directors	Rolf Krawtschuk	0	0%
Kontron Electronics AG, Switzerland	Directors	Sebastian Wieland	0	0%
RTSoft Project OOO, Russia	Directors	Sinenko Olga	0	0%
S&T IT Technologie srl., Moldova	Directors	Kopanskii Alexander	0	0%
Kontron Transportation Austria AG	Directors	Bernd Eder	0	0%
	Directors	Michael Riegert	0	0%
	Supervisors	Wolfgang Breyscha	0	0%
	Supervisors	Maria Klug	0	0%

Company Name	Title	Name or Representative	Share Held	
			Shares (or Capital Contribution)	Shareholding Ratio (%)
	Supervisors	Hannes Niederhauser	0	0%
	Supervisors	Peter Sturz	0	0%
	Supervisors	Richard Neuwirth	0	0%
Kontron Transportation Sp. z o.o.	Directors	Horst Kaufmann	0	0%
Kontron Transportation España SL	Directors	Rafael Canales	0	0%
Kontron Transportion Portugal, Unipessoal LDA	Directors	Armando Xavier	0	0%
Kontron Transportation s.r.o.	Directors	Petr Vitek	0	0%
Kontron Transportation Hungary Kft.	Directors	Szandra Horvath	0	0%
Kapsch CarrierCom Saudi Arabia LLC	Directors	Philip Strydom	0	0%
	Directors	Bernd Eder	0	0%
Kontron Transportation Deutschland GmbH	Directors	Michael Riegert	0	0%
Kontron Transportation France S.A.S.	Directors	Richard Bussienne	0	0%
Kontron Transportation UK Ltd.	Directors	Bernd Eder	0	0%
Kontron Transportation North America Inc.	Directors	Bernd Eder	0	0%
	Directors	David Brandauer	0	0%
Kontron Transportation Belgium NV	Directors	Julius von Jagow	0	0%
	Directors	Jean Dubois	0	0%
AP Trans NV	Directors	Liesbet Dekegel	0	0%
	Directors	An Loosen	0	0%
Marketech Integrated Pte. Ltd.	Chairman	Kao, Hsin-Ming	SGD 9,236	100%
	Director	Lin, Yu-Yeh		
	Director	Loo Lam Huat		
Market Go Profits Ltd.	Director	Kao Hsin-Ming	USD 40,069	100%
	Director	Lin, Yu-Yeh		
MIC-Tech Global Corp.	Director	Kao, Hsin-Ming	ARW 657,800	100%
	Director	Lin, Yu-Yeh		
	Director	Pu, Chen-Hao		
	Supervisor	Li, Yi-Jung		
	President	Pu, Chen-Hao		

Company Name	Title	Name or Representative	Share Held	
			Shares (or Capital Contribution)	Shareholding Ratio (%)
Headquarter International Ltd.	Director	Kao, Hsin-Ming	USD\$1,289	100%
	Director	Lin, Yu-Yeh		
Tiger United Finance Ltd.	Director	Kao, Hsin-Ming	USD\$1,410	100%
	Director	Lin, Yu-Yeh		
Marketech Engineering Pte. Ltd.	Director	Kao, Hsin-Ming	SGD\$895	100%
	Director	Lin, Yu-Yeh		
	Director	Loo Lam Huat		
Marketech Integrated Manufacturing Company Limited	Director	Kao, Hsin-Ming	USD\$15,356	100%
	Director	Lin, Yu-Yeh		
MIC-Tech Viet Nam Co., Ltd.	President	Kao, Hsin-Ming	USD\$1,300	100%
Marketech Co., Ltd.	President	Kao, Hsin-Ming	USD\$1,500	100%
eZoom Information, Inc.	Chairman	Lin, Yu-Yeh	20,000,000	100%
	Director	Kao, Hsin-Ming		
	Director	Sung, Ping-Chung		
	Supervisor	Li, Yi-Jung		
	Supervisor	Ma, Kuo-Peng		
PT Marketech International Indonesia	Director	Kao, Hsin-Ming	USD\$1,200	100%
	Supervisor	Lin, Yu-Yeh		
ADAT Technology Co., Ltd.	Chairman	Lin, Yu-Yeh	2,000,000	29.41%
	Director	Kao, Hsin-Ming		
	Supervisor	Li, Yi-Jung		
Marketech Netherlands B.V.	Director	Kao, Hsin-Ming	EUR\$600	100%
	Director	Lin, Yu-Yeh		
	Director	Ma, Kuo-Peng		
Marketech International Sdn. Bhd.	Director	Kao, Hsin-Ming	MYR\$12,243	100%
	Director	Lin, Yu-Yeh		
	Director	Ma, Kuo-Peng		
	Director	Mohd Salleh Bin Mohamad		
	Director	Siti Zaleha Binti Mohd Salim		



Company Name	Title	Name or Representative	Share Held	
			Shares (or Capital Contribution)	Shareholding Ratio (%)
MIC-Tech Ventures Asia Pacific Inc.	Director	Kao, Hsin-Ming	USD\$39,967	100%
	Director	Lin, Yu-Yeh		
Marketch Integrated Construction Co., Ltd.	Director	Kao, Hsin-Ming	USD\$635	97.69%
	Director	Lin, Yu-Yeh		
Russky H.K. Limited	Director	Kao, Hsin-Ming	USD\$833	100%
	Director	Lin, Yu-Yeh		
Frontken MIC Co. Limited	Director	Kao, Hsin-Ming	USD\$1,013	100%
	Director	Lin, Yu-Yeh		
Marketch International Corporation USA	Director	Sung, Ping-Chung	USD\$750	100%
Ruixuan International Co., Ltd.	Director	Kao, Hsin-Ming	USD\$4,297	60%
	Director	Lin, Yu-Yeh		
Nanjing Asiatek Inc.	Legal Representative and Executive Managing Director	INNOVATIVE SYSTEMS INTEGRATION LIMITED - Hsu, Chia-Jung	USD\$3,000	100%
Ennoconn (Foshan) Investment Co., Ltd.	Legal Representative and Executive Director	INNOVATIVE SYSTEMS INTEGRATION LIMITED - Lou, Chao-Tsung	USD\$9,800	100%
Beijing Caswell Ltd.	Executive Director and President	Liu, Jen-Hao	0	0%
	Supervisor	Hsu, Fu-Sung	0	0%
HighAim Technology Inc.	Legal Representative and Executive Managing Director	HighAim Technology Inc. - Chung, Huan-Hsiang	USD\$10,000	100%
	Director	Chen, Yu-Ling		
	Director	Teng, Lai-Fu		
	Supervisor	Kao, Ming-Che		
EnnoMech Precision (Shenzheng) Co., Ltd.	Director	Shih, Chih-Kun	USD\$1,530	100%
	Director	Lu, Tien-Sung		
	Director	GABRIEL SE BEE THIAM		

Company Name	Title	Name or Representative	Share Held	
			Shares (or Capital Contribution)	Shareholding Ratio (%)
	Supervisor	Wang, Chih-Gang		
Goldtek Technology (Shenzheng) Co., Ltd.	Legal Representative	Keenest Electronic Corp. - Tu, Tung-Sheng	USD\$9,500	100%
Ennoconn (Suzhou) Technology Co., Ltd.	Legal Representative and Executive Director	Innovative Systems Integration Ltd. - Chu, Fu-Chuan	USD\$30,000	100%
	Director	Innovative Systems Integration Ltd.- Lou, Chao-Tsung		
	Director	Innovative Systems Integration Ltd. - Shih, Chun-Hao		
	Supervisor	Innovative Systems Integration Ltd.- Huang,Chao-Mao (Huang,Chao-Mou)		
	President	Deng, Chin-Tai		
Kunshan Ennoconn Intelligent Technology Co., Ltd.	Legal Representative and Executive Director	Ennoconn (Suzhou) Technology Co., Ltd.- Chu, Fu-Chuan	-	100%
MIC-Tech (Wuxi) Co., Ltd.	Chairman	Kao, Hsin-Ming	USD\$25,500	100%
	Director	Ma, Kuo-Peng		
	Director	Lin, Yu-Yeh		
	Supervisor	Li, Yi-Jung		
	President	Kao, Hsin-Ming		
MIC-TECH (SHANGHAI) CORP., LTD.	Chairman	Kao, Hsin-Ming	USD\$8,241	100%
	Director	Lin, Yu-Yeh		
	Director	Ma, Kuo-Peng		
	Supervisor	Li, Yi-Jung		
	President	Kao, Hsin-Ming		
Fuzhou Jiwei System Technology Co., Ltd.	Chairman	Kao, Hsin-Ming	USD\$300	100%
	Director	Ma, Kuo-Peng		
	Director	Lin, Yu-Yeh		

Company Name	Title	Name or Representative	Share Held	
			Shares (or Capital Contribution)	Shareholding Ratio (%)
Shanghai Maohua Electronic Engineering Technology Co., Ltd.	Chairman	Kao, Hsin-Ming	USD\$803	87%
	Director	Ma, Kuo-Peng		
	Director	Lin, Yu-Yeh		
	Supervisor	Li, Yi-Jung		
	President	Kao, Hsin-Ming		
Shanghai Jiwei Electronic System Engineering Co., Ltd.	Chairman	Kao, Hsin-Ming	USD\$17,619	100%
	Director	Ma, Kuo-Peng		
	Director	Lin, Yu-Yeh		
Wuxi Qianjin Semiconductor Technology Co., Ltd.	Chairman	Kao, Hsin-Ming	USD\$1,013	100%
	Director	Lin, Yu-Yeh		
	Director	Ma, Kuo-Peng		
	Supervisor	Li, Yi-Jung		
	President	Hou, Fu-Chia		
Nantong Jianrui Photoelectric Technology Co., Ltd.	Chairman	Kao, Hsin-Ming	USD\$4,297	60%
	Director	Li, Yi-Jung		
	Director	Yu, Cheng-Tsun		
	Supervisor	Lin, Yu-Yeh		
	President	Lin, Chih-Fu		
MIC-TECH CHINA TRADING (SHANGHAI) CO., LTD.	Chairman	Kao, Hsin-Ming	USD\$1,500	100%
	Director	Lin, Yu-Yeh		
	Director	Ma, Kuo-Peng		
	Supervisor	Li, Yi-Jung		
	President	Lin, Yu-Yeh		

## (II) Operation overview of each affiliated enterprise

December 31, 2019

Unit: Thousands of New Taiwan Dollar (NT\$1,000) or thousands of foreign currency

Company Name	Capital	Total Assets	Total Liabilities	Net Value	Operating Revenue	Operating profit (Loss)	Gain (loss) during this period (After Tax)	Earnings Per Share (After Tax)
INNOVATIVE SYSTEMS INTEGRATION LIMITED	HKD\$518,217	2,113,533	3,094	2,110,439	103,079	102,773	102,717	-
Ennoconn International Investment Co., Ltd.	7,206,350	7,955,491	1,817	7,953,674	759,183	758,201	762,295	1.08
Caswell Inc.	680,356	3,620,912	895,522	2,525,390	3,335,046	305,790	288,980	4.28
Ennoconn Investment Holdings Co., Ltd	USD\$256,345	7,650,446	74,759	7,575,687	420,140	(1,474)	398,181	-
ENGA Technology Co., Ltd.	HKD\$27,726	111,829	5,110	106,719	159	37	912	-
Tenglijia Holdings Limited	-	417,222	417,222	-	430,189	-	-	-
AIS Cayman Technology	USD\$7,350	767,025	457,585	309,440	1,270,183	125,882	92,176	-
S&T AG	EUR\$66,089	24,001,062	10,475,908	13,525,153	2,389,965	452,096	1,690,668	-
AIS	USD\$1,500	328,354	245,854	82,500	687,536	68,712	47,578	-
Vecow Co., Ltd.	50,000	431,720	245,986	185,734	609,179	62,344	46,919	8.87
Goldtek Technology Co., Ltd.	300,000	3,944,548	2,100,456	1,844,091	6,648,579	970,543	712,568	23.75
EnnoMech Precision (Cayman) Co., Ltd.	USD\$13,800	531,037	-	531,037	16,879	(194)	16,649	-
SyS-P Co., Ltd.	30,000	31,046	563	30,483	14,047	(778)	457	-
Ennowyse Corporation	84,000	47,149	277	46,872	8,075	-	(6,597)	(0.79)
Thecus Technology Corp.	170,000	89,557	77,909	11,648	3,674	(30,004)	(17,987)	(0.85)
Dexatek Technology Ltd.	210,000	565,053	274,874	290,179	550,866	58,874	47,184	2.25
Marketech International Corp.	1,868,400	19,652,878	13,814,910	5,837,968	24,182,681	819,338	703,006	3.78
HighAim Technology INC.	USD\$5,000	719,594	193,532	526,062	339,295	1,417	36,446	-
DOMINATE UNITED ENTERPRISE LTD.	USD\$2,100	64,533	-	64,533	774	(37)	972	-
EnnoMech Precision Co., Ltd.	10,000	35,160	1,837	33,323	-	(2,315)	(2,094)	(0.21)
FUNOLOGY INVESTMENT INC.	USD\$1	78,993	53,073	25,920	149,504	1,974	2,035	-
ANDRIX INTERNATIONAL LIMITED	USD\$1	51,530	40,718	10,812	107,060	1,597	1,643	-
CASO Inc.	JPY\$95,000	59,530	15,995	43,535	163,276	12,283	8,928	-

Company Name	Capital	Total Assets	Total Liabilities	Net Value	Operating Revenue	Operating profit (Loss)	Gain (loss) during this period (After Tax)	Earnings Per Share (After Tax)
Caswell International Investment Co., Ltd.	USD\$3,206	163,328	324	163,004	-	(47)	28,150	-
Caswell Americas, Inc	USD\$3,000	134,593	79,127	55,466	216,703	(10,145)	(8,715)	-
APLIGO Gmbh	EUR\$25	208,125	189,732	18,393	324,456	11,669	7,033	-
Hawkeye Tech Co., Ltd.	135,000	527,924	260,231	267,693	755,772	116,171	89,772	6.65
Thecus NL B.V.	10,845	3,530	-	3,530	22,508	(6,637)	14,408	-
Tecas USA.,Inc.	23,367	17,683	13,983	3,700	(1,995)	(2,763)	(1,427)	-
Thecus Technology Corp. (Delaware)	-	-	-	-	-	-	(16)	-
Keenest Electronic Corp.	519,515	497,980	56,926	441,054	71,510	4,996	(67,750)	-
Sunlit Industry Co., Ltd.	538,830	633,309	89,460	543,849	955,401	38,050	21,790	-
Tai Ron Precision Casting Corporation	57,735	177,725	23,117	154,608	487,157	27,296	12,488	-
SYS-P Corp	-	-	-	-	-	-	(6)	-
S&T CZ s.r.o., Czech Republic	EUR\$1,593	571,810	332,074	239,735	1,218,695	50,921	41,528	-
S&T Plus s.r.o., Czech Republic	EUR\$280	222,627	131,741	90,886	398,514	40,632	35,805	-
S&T Services Polska Sp.z.o.o., Poland	EUR\$313	412,200	345,598	66,602	724,179	21,705	15,848	-
S&T Crna Gora d.o.o., Montenegro	EUR\$25	73,868	49,041	24,827	81,563	4,813	6,437	-
S&T Bulgaria e.o.o.d., Bulgaria	EUR\$579	570,154	502,927	67,228	463,049	10,596	6,437	-
S&T Poland Sp.z.o.z., Poland	EUR\$3,108	2,200,808	1,883,359	317,448	2,388,220	168,707	128,567	-
S&T Services s.r.o., Slovakia	-	-	-	-	-	-	-	-
S&T Slovenija d.d., Slovenia	EUR\$1,311	792,505	565,072	227,434	1,257,525	42,095	59,572	-
S&T Hrvatska d.o.o., Croatia	EUR\$29	1,048,781	627,460	421,321	1,598,920	69,255	53,593	-
S&T Macedonia d.o.o.e.l., Macedonia	EUR\$9	192,222	62,974	129,248	247,052	13,997	10,265	-
S&T CEE Holding s.r.o., Slovakia	EUR\$1,660	520,888	362,180	158,708	797,382	17,230	191,834	-
S&T Romania S.R.L., Romania	EUR\$2,451	945,659	728,232	217,427	1,567,182	12,805	7,574	-
S&T Serbia d.o.o., Serbia	EUR\$49	368,259	276,013	92,247	569,029	24,676	20,260	-
S&T Albania Sh.p.k., Albania	EUR\$282	74,878	54,395	20,483	167,539	6,901	5,790	-
S&T MEDTECH SRL (former GADAGROUP ROMANIA SRL)	EUR\$282	611,708	199,335	412,374	519,041	43,259	20,052	-
S&T Mold srl., Moldova	EUR\$206	94,246	27,477	66,770	174,014	3,086	1,766	-
S&T Consulting Hungary Kft., Hungary	EUR\$398	1,882,791	1,629,208	253,582	2,717,290	67,249	45,301	-
S&T Deutschland GmbH, Germany	EUR\$25	332,446	81,664	250,782	279,505	(6,658)	(8,485)	-
Computer Betting Company GmbH,	EUR\$36	725,148	128,015	597,134	249,727	62,929	58,954	-

Company Name	Capital	Total Assets	Total Liabilities	Net Value	Operating Revenue	Operating profit (Loss)	Gain (loss) during this period (After Tax)	Earnings Per Share (After Tax)
Austria								
SecureGUARD GmbH, Austria	EUR\$134	113,768	48,857	64,911	61,035	(11,599)	(11,658)	-
Dorobet Ltd., Malta	EUR\$200	15,780	20,325	(4,545)	626	(3,720)	(4,467)	-
S&T Smart Energy GmbH, Austria	EUR\$36	194,784	106,145	88,640	227,269	8,022	(2,292)	-
Amanox Solutions AG; Switzerland	EUR\$96	273,663	81,571	192,092	490,253	44,763	34,738	-
Hamcos IT Service GmbH, Germany	EUR\$200	138,851	79,338	59,514	331,170	6,692	1,109	-
Kontron Austria GmbH, Austria (Formerly S&T Electronics and Payment Systems GmbH)	EUR\$36	842,730	507,743	334,986	1,080,240	61,732	137,586	-
S&T SME Distribution GmbH ( 原 NES OE Vertriebs-GmbH ) , Austria	EUR\$35	12,466	912	11,554	8,420	(9,054)	(8,991)	-
S&T Services GmbH, Austria	-	-	-	-	757,558	35,551	52,172	-
Kontron Technologies GmbH (former: S&T Technologies GmbH)	EUR\$35	315,989	103,875	212,114	242,210	20,303	6,651	-
Linforge Technologies GmbH, Austria	-	-	-	-	-	-	-	-
S&T Services Bel LLC	EUR\$113	53,163	23,587	29,576	62,224	11,440	9,000	-
Kontron S&T AG, Germany	EUR\$61,251	7,815,104	3,504,172	4,310,932	343,314	191,089	204,424	-
Affair OOO, Russia	EUR\$208	236,886	11,376	225,510	-	(346)	477	-
Kontron Transportation Austria AG	EUR\$10,035	4,096,038	3,141,256	954,782	1,204,032	280,736	282,732	-
Kontron Transportation North America Inc.	EUR\$1	107,186	122,180	(14,994)	66,915	(14,152)	(15,503)	-
Kontron Transportation Belgium NV	EUR\$11,323	793,115	720,596	72,519	351,947	24,838	26,916	-
BASS Systems S.R.L.	EUR\$149	1,127,455	494,185	633,270	359,979	53,119	39,518	-
AIS Automation Dresden GmbH	EUR\$51	622,621	182,671	439,950	97,476	2,654	713	-
SteuDaTecc System- und Netzwerktechnik GmbH	-	-	-	-	-	-	-	-
XTRO AG, Germany	EUR\$50	208,894	69,282	139,613	288,789	45,648	31,855	-
STS Sportwetten GmbH, Austria	-	-	-	-	2,941	285	284	-
S&T Slovakia s.r.o., Slovakia	EUR\$1,660	520,888	362,180	158,708	797,382	17,230	8,174	-
Kapsch CarrierCom Romania S.R.L	-	-	-	-	-	-	(577)	-
S&T Services Kft., Hungary	EUR\$880	167,464	74,607	92,858	77,340	20,103	17,581	-

Company Name	Capital	Total Assets	Total Liabilities	Net Value	Operating Revenue	Operating profit (Loss)	Gain (loss) during this period (After Tax)	Earnings Per Share (After Tax)
Kontron Asia Inc., Taiwan	EUR\$365	564,700	500,869	63,831	1,830,121	11,730	7,495	-
KONTRON EUROPE GMBH	EUR\$23,600	6,756,925	2,208,950	4,547,975	5,985,716	335,436	227,135	-
KONTRON AMERICA INC.	EUR\$2,048	1,786,655	1,131,369	655,286	3,340,743	22,412	(12,858)	-
KONTRON CANADA INC.	EUR\$21,516	1,724,825	403,066	1,321,759	2,158,354	86,042	72,304	-
KONTRON ASIA PACIFIC DESIGN SDN. BHD.	EUR\$9,354	81,739	193,064	(111,326)	626,347	453,994	500	-
Kontron Technology Beijing Co. Ltd.	EUR\$1,988	756,648	438,835	317,812	837,763	19,683	5,276	-
Kontron Electronics GmbH, Germany	EUR\$102	1,091,021	418,506	672,515	1,379,935	11,483	8,300	-
Kontron Modular Computers S.A.S.	EUR\$5,168	728,357	539,420	188,937	988,490	(10,393)	(17,052)	-
Kontron Technology A/S	-	-	-	-	-	(556)	(564)	-
Kontron UK Ltd.	EUR\$197	207,958	58,139	149,819	286,024	3,544	3,063	-
Kontron ECT design s.r.o.	EUR\$20	45,326	20,990	24,336	82,775	5,813	5,669	-
Kontron Austria Electronics GmbH, Austria	-	-	-	-	-	-	-	-
Kontron Holding Austria GmbH, Austria	-	-	-	-	-	-	-	-
Kontron Electronics AG, Switzerland	EUR\$863	148,374	194,868	(46,495)	426,345	(27,858)	(29,934)	-
S&T PilsCom s.r.o.	-	-	-	-	-	-	-	-
RTSoft Project OOO, Russia	EUR\$7	1,044,788	809,953	234,835	1,413,071	19,695	(7,765)	-
S&T IT Technologie srl., Moldova	EUR\$2	4,355	4,276	79	17,145	810	(437)	-
S&T Carrier Business	-	-	-	-	-	-	-	-
S&T ICB d.o.o.e.l.	-	-	-	-	-	-	-	-
Epro electronic GmbH	-	-	-	-	-	-	-	-
Kapsch CarrierCom Saudi Arabia LLC	EUR\$120	62,522	56,842	5,680	22,464	6,979	5,864	-
Kontron Transportation Sp. z o.o.(原 Kapsch CarrierCom Sp. z o.o.)	EUR\$23	145,229	145,308	(79)	31,313	(141)	(80)	-
Kontron Transportation España SL (Formerly Kapsch CarrierCom Espana, S.L.U.)	EUR\$250	309,650	283,427	26,222	67,496	28,623	27,018	-
Kontron Transportation Portugal Unipessoal LDA (原 Kapsch CarrierCom - Unipessoal LDA Co., Ltd)	EUR\$5	81,939	69,240	12,699	46,234	13,123	13,084	-

Company Name	Capital	Total Assets	Total Liabilities	Net Value	Operating Revenue	Operating profit (Loss)	Gain (loss) during this period (After Tax)	Earnings Per Share (After Tax)
Kontron Transportation Taiwan Co. Ltd. (原 Kapsch CarrierCom Taiwan Co., Ltd)	EUR\$1,420	224,217	229,565	(5,348)	10,777	(8,384)	(5,352)	-
Kontron Transportation s.r.o.	EUR\$1,178	187,145	217,992	(30,848)	294,911	3,466	6,040	-
Kontron Transportation Hungary Kft.	EUR\$207	237,341	247,178	(9,837)	65,420	(8,624)	(10,299)	-
Kontron Transportation Deutschland GmbH (原 Kapsch CarrierCom Deutschland GmbH)	EUR\$25	482,033	441,394	40,639	319,662	45,748	47,339	-
Kapsch (Beijing) Information and communication Technology Co., Ltd	EUR\$130	13,311	10,810	2,501	16,153	3,890	2,605	-
Kontron Transportation France S.A.S.(原 Kapsch CarrierCom France SAS)	EUR\$2,800	1,349,053	1,320,757	28,296	910,249	36,166	38,900	-
Kontron Transportation UK Ltd.(原 Kapsch CarrierCom UK Ltd.)	EUR\$469	307,780	294,567	13,213	407,472	14,733	13,196	-
AP Trans NV	EUR\$375	(373)	54	(428)	-	(363)	(441)	-
CES POS DOO	EUR\$0.3	12	-	12	65	(269)	(269)	-
CES POS d.o.o.	EUR\$3	7,680	-	7,680	-	(2,679)	(2,679)	-
Kontron Electronics Kft.	EUR\$9	62,646	49,639	13,006	96,151	12,603	8,745	-
Marketech Integrated Pte. Ltd.	205,771	95,432	147,483	(52,050)	89,794	(66,832)	(68,169)	-
Market Go Profits Ltd.	1,201,272	1,207,977	-	1,207,977	-	(68)	166,487	-
MIC-Tech Global Corp.	17,215	19,742	13,317	6,425	145,587	32	199	-
Headquarter International Ltd.	38,655	37,842	175	37,667	2,229	122	(275)	-
Tiger United Finance Ltd.	42,283	37,099	475	36,624	2,610	302	(293)	-
Marketech Engineering Pte. Ltd.	19,940	7,829	114	7,715	-	(211)	(18,547)	-
Marketech Integrated Manufacturing Company Limited	460,373	397,895	22,647	375,248	-	(28,813)	(30,633)	-
MIC-Tech Viet Nam Co., Ltd.	38,974	32,155	4,562	27,592	40,800	373	745	-
Marketech Co., Ltd.	44,970	9,501	6,163	3,338	9,428	(7,594)	(7,728)	-
eZoom Information, Inc.	200,000	201,475	81,341	120,134	125,899	(38,290)	(31,829)	(1.59)



Company Name	Capital	Total Assets	Total Liabilities	Net Value	Operating Revenue	Operating profit (Loss)	Gain (loss) during this period (After Tax)	Earnings Per Share (After Tax)
PT Marketech International Indonesia	35,976	35,387	11	35,376	-	(586)	(2,218)	-
ADAT Technology Co., Ltd.	68,008	14,712	7,128	7,585	6,944	(38,496)	(38,512)	(5.66)
Marketech Netherlands B.V.	20,154	11,414	2,303	9,111	2,755	(7,225)	(7,229)	-
Marketech International Sdn. Bhd.	86,103	69,570	8,280	61,291	35,927	(1,991)	(2,546)	-
Market International Corporation USA	22,485	17,980	1,099	16,881	-	(5,466)	(5,779)	-
MIC-Tech Ventures Asia Pacific Inc.	1,198,199	1,262,279	55,923	1,206,356	386,553	28,917	166,555	-
Marketech Integrated Construction Co., Ltd.	19,487	10,139	2,430	7,709	10,895	(19,007)	(18,975)	-
Russky H.K. Limited	24,973	2,831	14,388	(11,558)	-	(49)	(1,597)	-
Frontken MIC Co. Limited	70,081	5,116	-	5,116	-	-	(99)	-
Ruixuan International Co., Ltd.	269,820	84,862	-	84,862	-	(77)	(14,511)	-
Nanjing Asiatek Inc.	USD\$3,000	371,527	176,035	195,492	705,422	107,033	50,866	-
Shenzhen Asiatek Inc.	RMB\$6,250	744,177	689,662	54,514	-	-	20,853	-
Ennoconn (Foshan) Investment Co., Ltd.	RMB\$66,207	289,241	149	289,092	-	2,289	1,717	-
Ennoconn (Suzhou) Technology Co., Ltd.	USD\$30,000	1,876,944	959,188	917,756	531,413	(145,605)	49,584	-
Kunshan Ennoconn Intelligent Technology Co., Ltd.	RMB\$50,000	2,293	598	1,695	35	(393)	(405)	-
Beijing Caswell Ltd.	USD\$3,800	415,130	216,188	198,942	492,765	41,322	8,399	-
HighAim Technology Inc.	RMB\$68,062	1,402,804	930,448	472,356	2,166,964	43,392	29,700	-
HiaiM Ltd.	RMB\$1,000	30,127	24,983	5,144	6,202	614	872	-
EnnoMech Precision (ShenZheng) Co., Ltd.	RMB\$10,000	46,911	(106)	47,016	-	(319)	774	-
Goldtek Technology (ShenZheng) Co., Ltd.	179,880	169,226	12,086	157,140	34,514	(15,680)	(14,975)	-
Rirong (Shenzhen) Co., Ltd.	88,527	297,495	273,247	24,248	658,249	(38,150)	(37,796)	-
Tairuon (Shenzhen) Co., Ltd.	19,245	258,083	133,448	124,635	426,578	92,196	65,553	-
Shengrong Plastic Co., Ltd. (Shenzhen)	34,440	39,319	2,892	36,427	34,364	2,512	2,547	-
Tairoun Products Co., Ltd. (Thailand)	61,596	61,598	2	61,596	-	-	-	-
MIC-Tech (Wuxi) Co., Ltd.	764,490	422,991	386,639	36,352	588,839	11,934	(179)	-

Company Name	Capital	Total Assets	Total Liabilities	Net Value	Operating Revenue	Operating profit (Loss)	Gain (loss) during this period (After Tax)	Earnings Per Share (After Tax)
MIC-TECH (SHANGHAI) CORP., LTD.	247,065	836,285	459,954	376,331	1,429,634	67,287	39,698	-
Fuzhou Jiwei System Technology Co., Ltd.	8,994	326	1,851	(1,525)	217	(478)	(568)	-
Shanghai Maohua Electronic Engineering Technology Co., Ltd.	17,988	417,389	433,927	(16,538)	443,503	1,628	(2,646)	-
Shanghai Jiwei Electronic System Engineering Co., Ltd.	528,218	2,917,589	2,409,333	508,256	3,408,622	184,859	110,192	-
Wuxi Hanhua Electronic Technology Co., Ltd.	-	-	-	-	-	-	(122)	-
Shanghai Chenggao Mechanical and Electrical Engineering Design Co., Ltd.	-	-	-	-	-	-	(588)	-
Wuxi Qianjin Semiconductor Technology Co., Ltd.	69,194	5,096	-	5,096	-	(35)	(100)	-
Nantong Jianrui Photoelectric Technology Co., Ltd.	209,860	95,393	10,545	84,848	39,335	(14,810)	(14,495)	-
MIC-TECH CHINA TRADING (SHANGHAI) CO., LTD.	44,970	56,887	38,253	18,633	109,968	2,903	828	-

### (III) Consolidated financial statements of affiliates:

In year 2019 (from January 1 to December 31, 2019), pursuant to Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, the Company's entities that shall be included in preparing the Consolidated Financial Statements for Affiliates and the Parent-Subsidiary Consolidated Financial Statements for International Financial Reporting Standards (IFRS) 10 are the same. Moreover, the disclosure information required for the Consolidated Financial Statements for Affiliates has been fully disclosed in the aforementioned Parent-Subsidiary Consolidated Financial Statements; hence, a separate Consolidated Financial Statements for Affiliates will not be prepared.

## (IV) Affiliation Report:

## 1. Declaration

## Declaration of Consolidated Financial Statements of Subsidiaries

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In year 2019 (from January 1 to December 31, 2019), pursuant to Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, the Company's entities that shall be included in preparing the Consolidated Financial Statements for Affiliates and the Parent-Subsidiary Consolidated Financial Statements for International Financial Reporting Standards (IFRS) 10 are the same. Moreover, the disclosure information required for the Consolidated Financial Statements for Affiliates has been fully disclosed in the aforementioned Parent-Subsidiary Consolidated Financial Statements; hence, a separate Consolidated Financial Statements for Affiliates will not be prepared.

Hereby declare

Company Name: Ennoconn Corporation



Chairman: Chu, Fu-Chuan



March 31, 2020

## 2. CPAs' Opinions

2020.3.31 Chin-Shen No. 10904424

Received by: Ennoconn Corporation

Purpose: to express opinions on the declaration that there is no material discrepancy in the related information of your company's affiliation reports in 2019.

Explanation:

1. The Company's affiliation reports for the fiscal year of 2019 (from January 1, 2019 to 31 December, 2019) prepared on March 31, 2020 were declared by the Company that the reports are in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises", and the disclosed information is not materially inconsistent with the information disclosed in the notes to the financial statements of the above-mentioned period. The declaration is attached.
2. The accountant has compared the affiliation reports prepared by the Company in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises", with the notes to the Company's financial report of 2019, and no material discrepancies have been found in the above-mentioned declaration.

Deloitte & Touche

CPA Yang Ching-Ting

CPA Liu, Shui-En



3. Overview of the Relationship Between The Subordinate Company and the Controlling Company: None.
4. The Situation of Transactions:
  - (1) Purchase (Sale) of Goods: None.
  - (2) Property transactions: None.
  - (3) Financing: None.
  - (4) Asset Leasing: None.
  - (5) Other Transactions: None.
5. Endorsement and Guarantee: please refer to Attachment 2 of the 2019 consolidated financial statement of the Company.
6. Other Matters with a Significant Effect on Finances and Business: None.

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**II. The Most Recent Fiscal Year and up to the Date of this Annual Report Printed, Private Placement Securities: None**

**III. The Most Recent Fiscal Year and up to the Date of this Annual Report Printed, Subsidiary Companies Holding or Disposal of the Company's Stock List: None**

**IV. Other Supplementary Information: None.**

## **Chapter 9 Matters Affecting Shareholders' Equity or Stock Price**

Matters according to the Article 36.3.3 of the Securities and Exchange Act of Taiwan in the most recent year and up to the date of printing of this Annual Report which have significant impact to Shareholders' Equity or stock price: None.

## CPA Audit Report

To Ennoconn Corporation:

### **Audit Opinion**

We have audited the Consolidated Balance Sheets of Ennoconn Corporation and its subsidiaries (hereinafter referred to as the Ennoconn Group) as of Dec. 31, 2019, and 2018, the related Consolidated Statements of Comprehensive Income, Changes in Equity, Cash Flows, and Notes to the Consolidated 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 section of "Others"), all material aspects of the consolidated financial report above were prepared in compliance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations and Interpretation Announcements endorsed and released effective by the Financial Supervisory Commission (FSC), and are sufficient to present the consolidated financial position of the Ennoconn Group as of Dec. 31, 2019, and 2018, and its consolidated financial performance and consolidated 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 Group and fulfilled other responsibilities of the rules. Based on our audit results and the audit reports of other CPAs, we believe in having acquired sufficient and appropriate audit evidence to serve as the basis of our audit opinion.

### **Key Audit Matters**

Key audit matters refer to the most substantial issues in the audit of the 2019 consolidated financial statements of the Ennoconn Group based on our professional judgment. These matters have been covered in the process of auditing the consolidated financial statements as a whole and forming audit opinions. We do not express a separate opinion on these matters.

The key audit matters of Ennoconn Group's consolidated financial statements in 2019 are described as follows:

#### Impairment Evaluation of Goodwill

The goodwill of Ennoconn Group mainly comes from the merger and acquisition of group enterprises. On Dec. 31, 2019, the value of goodwill was NT\$13,485,947 thousand, accounting for 15.15% of the total consolidated assets. According to IAS 36 "Impairment of Assets," the management must carry out an annual impairment test. Since the process includes the assumptions such as the possible future operating cash flow and the weighted average cost of capital ratio used in estimating use-value as the evaluation of the impairment test results, which involve the subjective judgment of the management and may be subject to future market or economic conditions development due to the impact of the economic climate, the estimate is highly uncertain. Therefore, we have listed the impairment of goodwill as a key audit matter.

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

## Other Matters

Among the subsidiaries listed in the Company's consolidated financial statements, the financial statements of some subsidiaries were reviewed by other CPAs. Therefore, our opinions expressed in the consolidated financial statements, information regarding the financial statements of these subsidiaries, including the amounts and disclosures, are recognized and disclosed according to other CPAs' audit reports. The total assets of these subsidiaries as of Dec. 31, 2019, and 2018 were NT\$42,707,107 thousand and NT\$30,265,884 thousand respectively, accounting for 47.98% and 40.33% of the total consolidated assets; the net operating revenue of these subsidiaries as of Jan. 1 to Dec. 31, 2019, and 2018 were NT\$40,714,804 thousand and NT\$35,563,124 thousand respectively, accounting for 49.95% and 51.57% of the net consolidated operating revenue.

In the consolidated financial statements above, some of the financial statements of investees were audited by other CPAs under the equity method. Therefore, in our opinion expressed in the consolidated financial statements, information regarding the investment of affiliated enterprises under the equity method, and relevant disclosures are recognized and disclosed according to other CPAs' audit reports. The investment balance of these investees under the equity method on Dec. 31, 2019, and 2018 were NT\$34,430 thousand and NT\$361,903 thousand respectively, accounting for 0.04% and 0.48% of the total consolidated assets; the comprehensive income recognized under the equity method on Dec. 31, 2019, and 2018 were NT\$(5,406) thousand and NT\$9,488 thousand respectively, accounting for (0.27)% and 0.31% of the total consolidated comprehensive income.

We have also audited the individual financial statements of Ennoconn Corporation for the year of 2019 and 2018 and issued the audit report with an unqualified opinion and other items for reference.

### Responsibility of Management and Governing Bodies for the Consolidated Financial Statements

The responsibility of the management is to appropriately present consolidated 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 due to fraud or error therein.

In preparing for the consolidated financial statements, it is also the management's responsibility to assess Ennoconn Group'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 Group, or there is no practicable measure other than liquidation or termination of the business.

The governing bodies of Ennoconn Group (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 consolidated financial statements is to attain reasonable assurance as to whether the consolidated 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 consolidated 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 consolidated financial statements.

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

1. Identify and assess the risks of material misrepresentation in the consolidated financial statements due to fraud or error, design and implement proper countermeasures for the assessed risks, and attain sufficient and appropriate audit evidence as to the basis of audit opinions. For the reason that fraud may involve collusion, forgery, intentional omission, false declaration, or the override of internal control, hence 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 Group.
3. Evaluate the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by the 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 Group'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 consolidated financial statements to pay attention to the relevant disclosure of the consolidated 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 Group no longer having the ability to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of consolidated financial statements (including relevant notes), and whether the consolidated financial statements fairly represent the related transactions and events.
6. Attain sufficient and appropriate audit evidence regarding the financial information of entities within Ennoconn Group to express opinions on the consolidated 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 consolidated financial statements of Ennoconn Group 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 and Subsidiaries  
Consolidated 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)	\$ 18,339,874	21	\$ 12,456,516	17
1110	Financial assets at fair value through profit or loss - current (Notes 4 and 7)	113,653	-	90,944	-
1120	Financial assets measured at fair value through other comprehensive income - current (Notes 4 and 8)	39,160	-	40,880	-
1136	Financial assets measured at amortized cost - current (Note 4, 9 and 37)	49,484	-	4,374	-
1140	Contract assets - current (Note 4 and 26)	5,009,480	6	4,382,925	6
1150	Net notes receivable (Note 4 and 10)	161,558	-	107,095	-
1172	Net accounts receivable (Note 4, 5, 10 and 37)	15,907,220	18	15,927,435	21
1180	Accounts receivable - related parties (Note 4, 5, 10 and 36)	1,209,727	1	561,866	1
130X	Net inventory (Note 4, 5, 11 and 37)	11,544,237	13	11,171,069	15
1470	Other current assets (Note 4, 19 and 37)	3,912,597	4	3,399,781	4
11XX	Total current assets	56,286,990	63	48,142,885	64
	Non-current assets				
1510	Financial assets at fair value through profit or loss - non-current (Note 4, 7 and 21)	524,539	1	413,028	1
1520	Financial assets measured at fair value through other comprehensive income - non- current (Note 4 and 8)	328,893	-	323,342	-
1550	Investment under equity method (Note 4 and 13)	439,424	1	754,061	1
1600	Property, plant, and equipment (Note 4, 5, 14 and 37)	4,848,647	5	4,686,418	6
1755	Right-of-use assets (Note 3, 4, 15 and 37)	3,221,299	4	-	-
1805	Goodwill (Note 4, 5, 16 and 31)	13,485,947	15	10,936,255	15
1821	Other intangible assets (Note 4 and 17)	7,290,278	8	7,538,713	10
1840	Deferred income tax assets (Note 4 and 28)	1,504,865	2	1,449,285	2
1960	Advance investment payments (Note 4 and 18)	63,699	-	4,800	-
1990	Other non-current assets (Note 4, 19, 24 and 37)	1,024,179	1	799,564	1
15XX	Total non-current assets	32,731,770	37	26,905,466	36
1XXX	Total assets	\$ 89,018,760	100	\$ 75,048,351	100
	Liabilities and equity				
	Current liabilities				
2100	Short-term loans (Note 4 and 20)	\$ 10,256,786	12	\$ 9,643,490	13
2120	Financial liabilities at fair value through profit or loss - current (Note 4, 7 and 21)	24,284	-	16,609	-
2130	Contract liabilities - current (Note 4 and 26)	5,697,907	6	4,766,754	6
2150	Notes payable - non-related parties (Note 4)	951,880	1	1,044,159	1
2160	Notes payable - related parties (Note 4)	3,272	-	-	-
2170	Accounts payable (Note 4)	14,334,257	16	12,534,220	17
2180	Accounts payable - related parties (Note 4 and 36)	1,312,692	2	1,683,076	2
2200	Other payables (Note 4, 22 and 36)	5,237,789	6	5,204,574	7
2230	Current tax liabilities (Note 4)	526,362	1	594,253	1
2250	Liability reserve - current (Note 4 and 23)	1,838,832	2	998,470	1
2280	Lease liabilities - current (Note 3, 4 and 15)	980,830	1	-	-
2320	Long-term liabilities due within one year or one operating cycle (Note 4, 20 and 21)	698,509	1	8,562,224	12
2399	Other current liabilities (Note 4 and 22)	280,699	-	124,830	-
21XX	Total current liabilities	42,144,099	48	45,172,659	60
	Non-current liabilities				
2500	Financial liabilities at fair value through profit or loss - non-current (Note 4, 7 and 21)	24,718	-	-	-
2530	Bonds payable (Note 4 and 21)	7,079,439	8	-	-
2540	Long-term loans (Note 4 and 20)	7,001,332	8	1,861,575	2
2550	Liability reserve - non-current (Note 4 and 23)	698,117	1	380,856	1
2570	Deferred tax liabilities (Note 4 and 28)	469,043	-	538,584	1
2580	Lease liabilities - non-current (Note 3, 4 and 15)	2,466,745	3	-	-
2640	Net defined benefit liability - non-current (Note 4 and 24)	486,102	-	301,747	-
2670	Other non-current liabilities (Note 4 and 22)	722,548	1	893,752	1
25XX	Total non-current liabilities	18,948,044	21	3,976,514	5
2XXX	Total liabilities	61,092,143	69	49,149,173	65
	Equity attributable to owners of the Company (Note 4, 21, 25, 33 and 34)				
3110	Common stock	835,745	1	775,745	1
3200	Capital surplus	6,339,752	7	4,728,440	6
	Retained earnings				
3310	Legal capital reserve	535,830	1	425,018	-
3320	Special capital reserve	384,452	-	495,665	1
3350	Undistributed earnings	1,211,091	1	800,779	1
3300	Total retained earnings	2,131,373	2	1,721,462	2
3490	Other equity	( 850,114 )	( 1 )	( 384,452 )	-
3500	Treasury stock	( 236,232 )	-	( 236,048 )	-
31XX	Total equity attributable to owners of the Company	8,220,524	9	6,605,147	9
36XX	Non-controlling interests (Note 4, 16, 25, 31 and 32)	19,706,093	22	19,294,031	26
3XXX	Total equity	27,926,617	31	25,899,178	35
	Total liabilities and equity	\$ 89,018,760	100	\$ 75,048,351	100

The attached notes are part of this consolidated 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 and Subsidiaries  
Consolidated Statements of Comprehensive Income  
Jan. 1 to Dec. 31, 2019 and Jan. 1 to Dec. 31, 2018

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

Code		2019		2018 (audited after restatement)	
		Amount	%	Amount	%
4100	Operating revenue (Note 4, 26, 36 and 42)	\$ 81,506,216	100	\$ 68,962,459	100
5110	Operational cost (Note 11, 15, 27, and 36)	( 62,753,571 )	( 77 )	( 53,698,549 )	( 78 )
5900	Gross profit	<u>18,752,645</u>	<u>23</u>	<u>15,263,910</u>	<u>22</u>
	Operating expense (Note 15, 24 and 27)				
6100	Selling expense	( 3,378,558 )	( 4 )	( 2,939,769 )	( 4 )
6200	Administrative expense	( 4,138,693 )	( 5 )	( 3,290,798 )	( 5 )
6300	R&D expense	( 7,788,264 )	( 10 )	( 5,876,650 )	( 9 )
6450	Expected credit impairment loss	( 69,783 )	-	( 246,600 )	-
6000	Total operating expense	( <u>15,375,298</u> )	( <u>19</u> )	( <u>12,353,817</u> )	( <u>18</u> )
6900	Operating profit	<u>3,377,347</u>	<u>4</u>	<u>2,910,093</u>	<u>4</u>
	Non-operating revenue and expenses (Note 13, 21 and 27)				
7190	Other income	169,887	-	91,488	-
7020	Other gains and losses	816,760	1	1,084,124	2
7050	Financial cost	( 573,930 )	( 1 )	( 485,009 )	( 1 )
7060	Profit and loss of affiliated enterprises under equity method	<u>21,892</u>	-	<u>16,945</u>	-
7000	Total non-operating revenue and expenses	<u>434,609</u>	-	<u>707,548</u>	<u>1</u>

(continued on next page)

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Code		2019		2018	
		Amount	%	(audited after restatement) Amount	%
7900	Profit before tax	\$ 3,811,956	4	\$ 3,617,641	5
7950	Tax expense (Note 4 and 28)	( 785,648 )	( 1 )	( 778,822 )	( 1 )
8200	Net profit	<u>3,026,308</u>	<u>3</u>	<u>2,838,819</u>	<u>4</u>
	Other comprehensive income (Note 4, 24, 25 and 28)				
8310	Items not reclassified to profit or loss				
8311	Remeasurement of defined benefit plans	( 31,011 )	-	( 1,723 )	-
8316	Unrealized profit and loss of equity instrument investments measured at fair value through other comprehensive income	( 81,356 )	-	( 49,160 )	-
8320	Share of other comprehensive income from affiliated enterprises and joint venture recognized under equity method - items not reclassified to profit or loss	( 8 )	-	-	-
8349	Income tax related to items not reclassified to profit or loss	<u>16,979</u> <u>( 95,396 )</u>	<u>-</u> <u>-</u>	<u>11,966</u> <u>( 38,917 )</u>	<u>-</u> <u>-</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on the translation of financial statements of foreign operations	( 941,760 )	( 1 )	230,302	-
8370	Share of other comprehensive income from affiliated enterprises and joint venture recognized under equity method	<u>( 451 )</u> <u>( 942,211 )</u>	<u>-</u> <u>( 1 )</u>	<u>-</u> <u>230,302</u>	<u>-</u> <u>-</u>
8300	Other comprehensive income (net amount after tax)	<u>( 1,037,607 )</u>	<u>( 1 )</u>	<u>191,385</u>	<u>-</u>

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Code		2019		2018 (audited after restatement)	
		Amount	%	Amount	%
8500	Total comprehensive income (loss)	<u>\$ 1,988,701</u>	<u>2</u>	<u>\$ 3,030,204</u>	<u>4</u>
	Net profit attributable to:				
8610	Owners of the Company	\$ 1,080,242	1	\$ 1,094,298	2
8620	Non-controlling interests	<u>1,946,066</u>	<u>2</u>	<u>1,744,521</u>	<u>2</u>
8600		<u>\$ 3,026,308</u>	<u>3</u>	<u>\$ 2,838,819</u>	<u>4</u>
	Total comprehensive income attributable to:				
8710	Owners of the Company	\$ 595,713	1	\$ 1,182,455	2
8720	Non-controlling interests	<u>1,392,988</u>	<u>1</u>	<u>1,847,749</u>	<u>2</u>
8700		<u>\$ 1,988,701</u>	<u>2</u>	<u>\$ 3,030,204</u>	<u>4</u>
	Earnings per share (Note 29)				
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 consolidated 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 and Subsidiaries  
Consolidated Statements of Changes in Equity  
Jan. 1 to Dec. 31, 2019 and Jan. 1 to Dec. 31, 2018

Unit: NTS1,000

		Equity attributable to owners of the parent company												Other equity item							
		Capital surplus								Retained earnings				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	Total	Treasury stock	Grand total	Non-controlling interests	Total equity
Code		Common stock capital			Conversion premium of converted corporate bonds	Stock option for convertible corporate bonds	Changes in equity of subsidiaries	Others	Total	Legal capital reserve	Special capital reserve	Undistributed earnings	Total								
		Number of shares (1,000 shares)	Share capital	Stock issuance premium	Conversion premium of	Stock option for convertible corporate bonds	Changes in equity of subsidiaries														
A1	Balance 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	\$ 1,352,416	\$ 1,706,133	( \$ 456,250 )	( \$ 39,415 )	\$ -	( \$ 495,665 )	( \$ 233,608 )	\$ 6,792,320	\$10,981,914	\$17,774,234
A3	Impact amount of retrospective application and restatement	-	-	-	-	-	-	-	-	-	-	( 62,436 )	( 62,436 )	-	39,415	( 17,106 )	22,309	-	( 40,127 )	2,777,427	2,737,300
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 )	( 473,356 )	( 233,608 )	6,752,193	13,759,341	20,511,534
B1	Earnings allocation and distribution in 2017																				
B1	Appropriation of legal capital reserve	-	-	-	-	-	-	-	-	112,337	-	( 112,337 )	-	-	-	-	-	-	-	-	-
B3	Appropriation of special capital reserve	-	-	-	-	-	-	-	-	-	454,629	( 454,629 )	-	-	-	-	-	-	-	-	-
B5	Cash dividends of shareholders	-	-	-	-	-	-	-	-	-	-	( 682,864 )	( 682,864 )	-	-	-	-	-	( 682,864 )	-	( 682,864 )
	Subtotal	-	-	-	-	-	-	-	-	112,337	454,629	( 1,249,830 )	( 682,864 )	-	-	-	-	-	( 682,864 )	-	( 682,864 )
M7	Changes in ownership interests of subsidiaries	-	-	-	-	-	( 734,913 )	-	( 734,913 )	-	-	( 328,588 )	( 328,588 )	-	-	-	-	-	( 1,063,501 )	2,928,351	1,864,850
O1	Cash dividends to shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	( 527,998 )	( 527,998 )
D1	Net profit in 2018	-	-	-	-	-	-	-	-	-	-	1,108,117	1,108,117	-	-	-	-	-	1,108,117	1,760,760	2,868,877
D3	Other comprehensive income after tax in 2018	-	-	-	-	-	-	-	-	-	-	( 747 )	( 747 )	111,088	-	( 22,184 )	88,904	-	88,157	103,228	191,385
D5	Total comprehensive income in 2018	-	-	-	-	-	-	-	-	-	-	1,107,370	1,107,370	111,088	-	( 22,184 )	88,904	-	1,196,274	1,863,988	3,060,262
I1	Corporate bond converted into common stock	1,046	10,457	-	437,216	( 24,035 )	-	-	413,181	-	-	-	-	-	-	-	-	-	423,638	-	423,638
L1	Treasury stock repurchased	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	( 2,440 )	( 2,440 )	-	( 2,440 )
O1	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,128,721	1,128,721
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 )	( 384,452 )	( 236,048 )	6,623,300	19,152,403	25,775,703
A3	Impact amount of retrospective restatement (Note 16)	-	-	-	-	-	-	-	-	-	-	( 18,153 )	( 18,153 )	-	-	-	-	-	( 18,153 )	141,628	123,475
A5	Balance after retroactive application and 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 )	( 384,452 )	( 236,048 )	6,605,147	19,294,031	25,899,178
B1	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 to shareholders	-	-	-	-	-	-	-	-	-	-	( 580,436 )	( 580,436 )	-	-	-	-	-	( 580,436 )	-	( 580,436 )
	Subtotal	-	-	-	-	-	-	-	-	110,812	( 111,213 )	( 580,035 )	( 580,436 )	-	-	-	-	-	( 580,436 )	-	( 580,436 )
M7	Changes in ownership interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	( 71,028 )	( 71,028 )	-	-	-	-	-	( 71,028 )	832,863	761,835
O1	Cash dividends to shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	( 1,041,681 )	( 1,041,681 )
C5	Changes in other capital surplus																				
C5	Convertible bonds issued by the Company recognized as equity components	-	-	-	-	332,132	-	-	332,132	-	-	-	-	-	-	-	-	-	332,132	-	332,132
C17	The invalidation of the stock option of convertible bonds	-	-	-	-	( 249,881 )	249,881	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Subtotal	-	-	-	-	82,251	249,881	-	332,132	-	-	-	-	-	-	-	-	-	332,132	-	332,132
D1	Net profit in 2019	-	-	-	-	-	-	-	-	-	-	1,080,242	1,080,242	-	-	-	-	-	1,080,242	1,946,066	3,026,308
D3	Other comprehensive income after tax in 2019	-	-	-	-	-	-	-	-	-	-	( 19,382 )	( 19,382 )	( 432,582 )	-	( 32,565 )	( 465,147 )	-	( 484,529 )	( 553,078 )	( 1,037,607 )
D5	Comprehensive income after tax in 2019	-	-	-	-	-	-	-	-	-	-	1,060,860	1,060,860	( 432,582 )	-	( 32,565 )	( 465,147 )	-	595,713	1,392,988	1,988,701
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	-	1,339,180
L1	Repurchase/disposal of treasury stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	( 184 )	( 184 )	-	( 184 )
O1	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	( 772,108 )	( 772,108 )
Z1	Balance on 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 )	( \$ 236,232 )	\$ 8,220,524	\$19,706,093	\$27,926,617

The attached notes are part of this consolidated 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 and Subsidiaries  
Consolidated Statements of Cash Flows  
Jan. 1 to Dec. 31, 2019 and Jan. 1 to Dec. 31, 2018

Unit: NT\$1,000

Code		2019	2018 (audited after restatement)
	Cash flows from operating activities		
A10000	Profit before tax	\$ 3,811,956	\$ 3,617,641
A20010	Income expense item		
A21000	Expected credit impairment loss	69,783	246,600
A20100	Depreciation expense	1,385,468	458,367
A20200	Amortization expense	1,425,749	1,186,714
A21900	Consideration cost of the employee stock option	20,180	-
A20900	Financial cost	573,930	485,009
A22300	Profit and loss of affiliated enterprises recognized under equity method	( 21,892 )	( 16,945 )
A21200	Interest income	( 115,002 )	( 77,136 )
A21300	Dividends income	( 13,856 )	-
A23700	Inventory price loss (recovery gain)	( 209,750 )	85,937
A29900	Inventory scrap loss	301,188	26,747
A23700	Impairment loss	66,814	-
A22500	Gains on disposal of property, plant, and equipment	( 4,762 )	( 20,611 )
A20400	Net profit of financial assets or liabilities at fair value through profit or loss	( 82,009 )	( 89,284 )
A23100	Loss on the recovery of corporate bonds	187,228	-
A24100	Gains on foreign exchange	( 7,907 )	( 4,172 )
A21100	Gains on bargain purchase	( 29,913 )	( 56,174 )
A30000	Net changes in operating assets and liabilities		
A31115	Financial assets enforced at fair value through profit or loss	( 12,985 )	1,292,042
A31125	Contract assets	( 176,962 )	( 1,003,715 )
A31130	Notes receivable	( 54,463 )	56,126
A31150	Accounts receivable	942,409	( 1,665,989 )
A31200	Inventory	160,597	( 1,596,925 )
A31240	Other current assets	( 49,211 )	( 851,311 )
A32125	Contract liabilities	34,260	( 500,496 )
A32130	Notes payable	( 89,007 )	( 227,798 )
A32150	Accounts payable	430,945	555,369
A32180	Other payables	( 581,246 )	2,956,500
A32200	Liability reserve	( 1,414,505 )	( 588,760 )
A32230	Other current liabilities	110,967	43,070
A32990	Others	( 185,414 )	18,107
A33000	Cash inflow from operations	6,472,590	4,328,913
A33100	Interest received	114,417	83,524
A33200	Dividends received	13,856	-
A33300	Interest paid	( 461,439 )	( 294,763 )
A33500	Income tax paid	( 897,779 )	( 587,675 )
AAAA	Net cash inflow from operating activities	<u>5,241,645</u>	<u>3,529,999</u>

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Code		2019	2018 (audited after restatement)
	Cash flows from investment activities		
B00010	Acquisition of financial assets measured at fair value through other comprehensive income	( \$ 108,752 )	\$ -
B00020	Sale of financial assets measured at fair value through other comprehensive income	14,434	-
B00040	Acquisition of financial assets measured at amortized cost	( 45,110 )	-
B00050	Disposal of financial assets measured at amortized cost	-	65,888
B01800	Acquisition of long-term equity investment under equity method	( 17,063 )	( 641,404 )
B02000	Increase in advance investment payments	( 63,699 )	( 4,800 )
B02200	Acquisition of net cash inflow (outflow) from subsidiaries	145,550	( 4,265,980 )
B02700	Acquisition of property, plant, and equipment	( 781,652 )	( 767,835 )
B02800	Disposal of property, plant, and equipment	135,572	147,505
B04500	Acquisition of intangible assets	( 684,042 )	( 849,978 )
B03800	Decrease (increase) in refundable deposits	( 126,556 )	28,069
B06500	Decrease (increase) in other financial assets	88,860	( 229,466 )
B07100	Increase in prepayments of equipment	( 200,682 )	( 59,593 )
BBBB	Net cash outflow from investment activities	( 1,643,140 )	( 6,577,594 )
	Cash flows from financing activities		
C00100	Increase (decrease) in short-term loans	( 165,457 )	6,517,532
C01200	Issuance of convertible bonds	6,007,148	-
C01300	Repayment of corporate bonds	( 6,242,205 )	-
C01600	Long-term loans	5,884,831	1,116,673
C01700	Repayment of long-term loans	( 1,281,362 )	( 1,224,411 )
C04020	Repayment of lease principal	( 686,997 )	-
C04600	Cash capital increase	1,319,000	-
C04500	Distribution of cash dividends	( 580,436 )	( 682,864 )
C05800	Cash dividends paid to non-controlling interests	( 1,041,681 )	( 527,998 )
C05800	Changes in non-controlling interests	( 853,785 )	349,093
CCCC	Net cash flow from financing activities	2,359,056	5,548,025
DDDD	Effect of fluctuation in exchange on cash and cash equivalents	( 74,203 )	( 195,935 )
EEEE	Net increase in cash and cash equivalents	5,883,358	2,304,495
E00100	Opening balance of cash and cash equivalents of the period	12,456,516	10,152,021
E00200	Ending balance of cash and cash equivalents of the period	\$ 18,339,874	\$ 12,456,516

The attached notes are part of this consolidated 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 and Subsidiaries  
Notes to the Consolidated Financial Statements  
Jan. 1 to Dec. 31, 2019 and Jan. 1 to Dec. 31, 2018  
(Unless otherwise noted, the amount is in NT\$1,000.)

I. Company Overview

Ennoconn Corporation (hereinafter referred to as the Company) was established on Jul. 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 consolidated financial report is presented in the New Taiwan Dollars, the functional currency of the Company.

II. Approval Date and Procedures of Financial Report

The Board of Directors has approved the consolidated 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 accounting policies of the consolidated company:

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 consolidated company chooses to evaluate whether a contract signed (or changed) after Jan. 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 Consolidated 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 Consolidated Balance Sheets. The Consolidated Statements of Comprehensive Income separately presents the depreciation expenses of the right-of-use assets, and the interest expenses accrued from lease liabilities under the effective interest method. In the Consolidated Statements of Cash Flows, cash payments for the principle of lease liabilities shall be stated as financing activities, whereas cash payments for the interest shall be stated as operating activities. Before the application of IFRS 16, contracts stated as operating leases were recognized as expense on a straight-line basis, whereas lease payments paid

in advance to obtain the acquisition of right-of-use land in China are recognized as the advance lease payments. Cash flow from operating leases is stated as operating activities in the Consolidated Statements of Cash Flows. Contracts classified as financial leases are recognized as lease assets and lease payables in the Consolidated 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 consolidated 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 the financial lease 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.

On Jan. 1, 2019, the applicable interest rate interval of increased loan for the recognized lease liabilities of the consolidated company is 0.84% ~ 13%. The difference between the amount of the lease liabilities and the total future minimum lease payments of the non-cancellable operating lease on Dec. 31, 2018, is as follows:

Total future minimum lease payments of non-cancellable operating leases on Dec. 31, 2018	\$ 2,848,251
Less: Short-term lease subject to the exemption	-
Less: Low-value asset lease subject to the exemption	-
Total undiscounted amount on Jan. 1, 2019	<u>\$ 2,848,251</u>

Present value after discounted at the incremental borrowing rate of interest on Jan. 1, 2019	\$ 2,408,381
Plus: Lease payable of financial lease on Dec. 31, 2018	-
Plus: Adjustment due to different treatment of extension of lease option	<u>510,980</u>
The balance of lease liabilities on Jan. 1, 2019	<u>\$ 2,919,361</u>

The Consolidated Company as the Lessor

The adjustments of assets, liabilities, and equity item as of Jan. 1, 2019 for the first-time application of IFRS 16 are as follows:

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

	Jan. 1, 2019 Amount before restatement	Adjustment of the first-time application adjustment	Jan. 1, 2019 Amount after restatement
Advance lease payments - current	\$ 6,004	(\$ 6,004)	\$ -
Property, plant, and equipment	4,686,418	( 386,478)	4,299,940
Right-of-use assets	-	3,390,668	3,390,668
Advance lease payments - non-current	<u>78,825</u>	<u>( 78,825)</u>	<u>-</u>
Impact on assets	<u>\$ 4,771,247</u>	<u>\$ 2,919,361</u>	<u>\$ 7,690,608</u>
Lease payable - current	\$ 196,788	(\$ 196,788)	\$ -
Lease liability - current	-	818,904	818,904
Lease payable - non-current	285,996	( 285,996)	-
Lease liabilities - non-current	<u>-</u>	<u>2,583,241</u>	<u>2,583,241</u>
Impact on liabilities	<u>\$ 482,784</u>	<u>\$ 2,919,361</u>	<u>\$ 3,402,145</u>
Impact on equity	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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 outcome 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 consolidated 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 business combination beginning on Jan. 1, 2020, and acquisition of assets that occurred after the date described above during the annual reporting period.

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 consolidated financial report, the consolidated 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 Affiliated Enterprise 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 Affiliated Enterprise or Joint Venture"

The amendment provides that if the Company sells or invests assets in affiliated enterprises (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 affiliated enterprises (or joint venture), but retains material influence (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 affiliated enterprises (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 consolidated financial report, the consolidated 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 consolidated financial report is prepared following the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IFRSs accredited and issued by FSC.

(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 consolidated 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.

(III) Criteria for Distinguishing Current from Non-current Assets and Liabilities

Current assets include:

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 liabilities include:

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)

#### Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and entities (subsidiaries) controlled by the Company. The Consolidated Statements of Comprehensive Income has included the operating profit and loss of subsidiaries that are acquired or disposed of from the acquisition date or until the disposal date in the current period. The financial report of the subsidiaries has been appropriately adjusted to facilitate their accounting policies are consistent with those used by the consolidated company. At the time of preparing the consolidated financial report, all transactions, account balances, gains, and expenses among the entities have been written off. A subsidiary's total comprehensive income is attributed to the owners of the Company and non-controlling interests, even if non-controlling interests become deficit balance in the process.

Where the change in the consolidated company's ownership interest in the subsidiary does not result in the loss of control, it shall be treated as an equity transaction. The carrying amounts of the consolidated company and non-controlling interests have been adjusted to reflect the changes in their relative interests in subsidiaries. The difference between the adjusted amount of non-controlling interest and the fair value of the consideration paid or received is directly recognized as equity and attributed to the owner of the Company.

For details of subsidiaries, shareholding ratio, and operations, Please refer to Note 12, table 8, and table 9.

(V)

#### Business Combination

The business combination is handled by the acquisition method, and acquisition-related costs are listed as expenses in the current period of cost occurred and service received.

Goodwill is measured by the aggregate of the fair value of the consideration transferred, the amount of non-controlling interests of the acquiree and the fair value of the acquiree's interests previously held by the acquirer on the acquisition date over the net amount of the identifiable assets acquired and liabilities assumed on the acquisition date.

The current ownership interest in the acquiree and the right to enjoy the non-controlling interest of the acquiree's net assets in proportion at the time of liquidation is measured by the share of the recognized amount of the identifiable net assets of the acquiree.

When the consideration transferred by the consolidated company in the business combination includes the assets or liabilities arising from contingent consideration agreement, the contingent consideration is measured at fair value on the acquisition date and is part of the transfer consideration paid in exchange for the acquiree. If the change in the fair value of the contingent consideration is an

adjustment during the measurement period, the acquisition cost is retroactively adjusted, and the goodwill is relatively adjusted. The adjustment of measurement period refers to the adjustment generated during the "measurement period" (no more than one year from the acquisition date) due to the acquisition of additional information of existing facts and circumstances on the acquisition date.

The subsequent treatment of changes in the fair value of contingent consideration not adjusted during the measurement period will depend on the classification of contingent consideration. Contingent consideration is measured at fair value on the subsequent balance sheet date, and changes in fair value are recognized in profit or loss.

A business combination concluded in stages is a remeasurement of the interests of the acquiree previously held by the combining companies based on the fair value on the acquisition date. If any interest or loss is arising from there, it is recognized as profit and loss/other comprehensive income. The amount recognized in other comprehensive income before the acquisition date due to the previously held interests of the acquiree is recognized on the same basis as if the consolidated company directly disposed of its previously held interests.

If the measurement of identifiable assets acquired and liabilities assumed from business combination has not been completed, the balance sheet date shall be recognized with the provisional sum, and retroactive adjustment or additional assets or liabilities shall be recognized during the measurement period to reflect the new information about the actual facts and conditions on the acquisition date.

(VI) Foreign Currency

When preparing the individual financial report, transactions denominated in another currency (foreign currency) other than the entity'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 reconverted.

In the preparation of consolidated financial statements, 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 expense 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).

If the consolidated company disposes of all the rights and interests of the foreign operations, or disposes part of the rights and interests of the subsidiary of the foreign operations but loses control, or disposes the retained equity of the joint agreement or associates of the foreign operations as the financial assets and is disposed of under the accounting policies of the financial instruments, all

accumulated exchange differences attributable to the owners of the Company and related to the foreign operations will be reclassified to profit and loss.

If part of the disposal of a subsidiary of a foreign operation does not result in loss of control, the accumulated exchange difference shall be reattributed to the non-controlling interests of the subsidiary in proportion, and shall not be recognized as profit or loss. In the case of disposal of any other part of a foreign operation, the accumulated exchange difference is reclassified to profit or loss on a pro-rata basis.

(VII) Inventories

Inventories include raw materials, materials, 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 the monthly weighted-average method.

(VIII) Investment in the Associates

Associates refer to the enterprise in which the consolidated company has material influence but not a subsidiary.

The consolidated company adopts the equity method for investment in associates. Under the equity method, investment in associates is initially recognized at cost, and the carrying amount obtained in the future is increased or decreased with the share of profit and loss of associates and other comprehensive income and profit distribution enjoyed by the consolidated company. In addition, changes in the equity of associates are recognized according to the shareholding ratio.

The amount that the acquisition cost exceeds the net fair value share of the identifiable assets and liabilities of the associate enjoyed by the consolidated company on the acquisition date is listed 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 associate enjoyed by the consolidated company on the acquisition date exceeds the acquisition cost is listed as the current profit and loss.

When an associate issues new shares, if the consolidated company fails to subscribe by the shareholding ratio, resulting in a change in the shareholding ratio, and thus an increase or decrease in the equity net value of the investment, its increase or decrease shall be adjusted by the capital surplus - the change in the equity net value of the associate and joint venture recognized by the equity method and the investment by the equity method. However, if the ownership interests of the associate are not subscribed or acquired according to the shareholding ratio, the amount related to the associate recognized in other comprehensive income shall be reclassified according to the reduction ratio, and the basis of accounting treatment shall be the same as the basis that the associate must follow if it directly disposes of the related assets or liabilities; if the adjustment mentioned in the preceding paragraph should debit the capital surplus, the capital surplus generated by the investment under equity method is insufficient, the difference shall be debited to the retained earnings.

When the loss share of the consolidated company to the associate is equal to, or more than its equity in the associate (including the carrying amount of the investment in the associate under the equity method and other long-term equity that is substantially a part of the net investment of the consolidated company to the associate), the recognition of further loss shall be stopped. The consolidated



company recognizes extraneous losses and liabilities only to the extent of legal obligations, constructive obligations, or payments made on behalf of associates. When evaluating the impairment, the consolidated company considers the whole carrying amount (including goodwill) of the investment as a single asset, compares the recoverable amount with the carrying amount, and conducts an impairment test. The impairment loss recognized is not apportioned to any asset forming part of the investment carrying amount, including goodwill. Any reversal of impairment loss shall be recognized to the extent that the recoverable amount of the investment increases subsequently.

The consolidated company shall cease to adopt the equity method from the date when its investment ceases to be an associate, and its retained interest in the original associate shall be measured by its fair value. The difference between the fair value and the disposal price and the investment carrying amount on the date when the equity method ceases to be used shall be included in the current profit and loss. Also, the basis of the accounting treatment for all amounts recognized in other comprehensive income related to the associate is the same as the basis that the associate must follow if it directly disposes of related assets or liabilities. If the investment in an associate becomes a joint venture investment or the investment in a joint venture becomes an investment in an associate, the consolidated company continuously adopts the equity method without remeasuring the retained interest.

Gains and losses arising from countercurrent, downstream, and sidestream transactions between the consolidated company and its associates are recognized in the consolidated financial report only to the extent that they are not related to the equity interests of the consolidated company to its associates.

(IX) Property, Plant, and Equipment

Except for the self-owned land without depreciation, the rest of the property, plant, and equipment are recognized at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

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 and depreciation shall be separately provided for each material part. The consolidated company shall inspect the estimated useful life, residual value, and depreciation method at least at the end of each year, and postpone the impact of changes in accounting estimates.

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

(X) Goodwill

Goodwill acquired in a business combination is recognized as the cost of goodwill and subsequently measured at cost less accumulated impairment losses. For the purpose of the impairment test, goodwill is allocated to each cash-generating unit or group of cash-generating units (abbreviated as "CGU") that the consolidated company expects to benefit from the synergy of the merger.

Each year (and when there is any indication that the unit may have been impaired) the CGU of the amortized goodwill conducts the impairment test of the unit by comparing the carrying amount of the unit containing goodwill with its recoverable amount. If the goodwill allocated to the CGU is acquired from the

business combination of the current year, the unit shall carry out an impairment test before the end of the current year. If the recoverable amount of the CGU of the amortized goodwill is lower than its carrying amount, the impairment loss is to reduce the carrying amount of the amortized goodwill of the CGU first and then reduce the carrying amount of each asset in proportion to the carrying amount of other assets in the unit. Any impairment loss is directly recognized as current loss. The impairment loss of goodwill shall not be reversed in subsequent periods.

When disposing of operation in the CGU of the amortized goodwill, the amount of the goodwill related to the disposed of operation is the carrying amount included in the operation to determine the disposal profit and loss.

(XI) 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. Intangible assets with indefinite useful life are presented at cost less accumulated impairment loss.

2. Acquired in a Business Combination

The intangible assets acquired in a business combination are recognized at the fair value on the acquisition date and separately recognized with goodwill. The following measurement method is the same as that of the intangible assets acquired separately.

3. 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.

(XII) Impairment of Tangible and Intangible Assets (excluding goodwill) and Contract Cost-related Assets

On each balance sheet date, the consolidated 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 consolidated company shall evaluate the recoverable amount of the CGU to which the asset belongs. Shared assets are allocated to the group of minimum CGU on a reasonable and consistent basis.

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 CGU is lower than its carrying amount, the carrying amount of the asset or CGU shall be reduced to its recoverable amount, and the impairment loss shall be recognized in profit or loss. For the inventories, property, plant, and equipment and intangible assets recognized in the customer contract, the impairment shall be recognized following the provisions of inventory impairment and the above provisions. After that, the amount by which the carrying amount of contract cost-related assets exceeds the residual consideration expected to receive by providing the relevant commodities or services after deducting the directly related cost is recognized as an impairment loss. Then, the carrying amount of the contract cost-related assets is continued to include in the CGU to evaluate the impairment of the CGU.

When the impairment loss is subsequently reversed, the carrying amount of the asset or CGU or the contract cost-related assets 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 CGU or the contract cost-related assets without impairment loss recognized in the previous year, and the reversal of the impairment loss shall be recognized in profit or loss. The reversal of impairment losses is recognized in profit or loss.

(XIII) Financial Instruments

Financial assets and financial liabilities are recognized in the Consolidated Balance Sheets 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 consolidated company are financial assets at fair value through profit or loss, financial assets measured at amortized cost, and equity instrument investment measured at fair value through other comprehensive income.

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 dividends or interest generated by the financial assets), and the benefits or losses arising from the remeasurement is recognized in profit or loss. Please refer to Note 35 for the determination of fair value.

B. Financial assets measured at amortized cost

When the consolidated 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 cash equivalents, 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 circumstances, interest income is calculated by multiplying the effective interest rate by the total carrying amount of financial assets:

- 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 financial assets at amortized cost.
- b. For the financial assets that are not acquired or initiated but subsequently become credit impairment, the interest income is calculated by multiplying the effective interest rate by financial assets at amortized cost.

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.

- C. Equity instrument investment measured at fair value through other comprehensive income.

At the time of initial recognition, the consolidated company may make an irrevocable choice to measure the equity instrument investment not held for trading and not recognized by the acquirer of business combination at fair value through other comprehensive income.

Equity instrument investment measured at fair value through other comprehensive income is measured at fair value, and subsequent changes in fair value are recognized in other comprehensive income and accumulated in other equity. At the time of disposal of an investment, the accumulated profit and loss are transferred directly to the retained earnings and are not reclassified as profit and loss.

Dividends of equity instrument investments measured at fair value through other comprehensive income are recognized in profit and loss when the consolidated company's right to receive payments is established unless the dividends clearly represents the recovery of part of the investment cost.

(2) Impairment of Financial Assets and Contract Assets

On each balance sheet date, the consolidated 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 and contract assets 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 internal credit risk management, the consolidated company determines that there is internal or external information indicating that the debtor is unable to settle the debt represents that the financial assets have breached the contract.

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 consolidated 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 consolidated 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 consolidated 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.

If the transferred asset is part of a more substantial financial asset and the transferred part meets the overall recognition, the consolidated company shall apportion the previous carrying amount of the more significant financial asset to each part according to the relative fair value of the continuous recognition part and the derecognition part on the transfer date. The carrying amount allocated to the derecognition

part and the consideration received for the derecognition part shall be treated in the way of overall derecognition. Based on the relative fair value of the continuous recognition part and the derecognition part, the consolidated company apportions the accumulated profit or loss recognized in other comprehensive profit and loss to each part.

2. Equity Instruments

The debt and equity instruments issued by the consolidated 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 consolidated company are recognized at the proceeds obtained minus the direct issue costs.

Equity instruments reacquired by the consolidated company are recognized and deducted under equity. The purchase, sale, issuance, or write-off of the consolidated 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 35 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 consolidated 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 consolidated company includes forward exchange contracts and foreign currency option contracts to manage the exchange rate risk of the consolidated 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.

(XIV) Liability Reserve

The amount recognized as the liability reserve is the best estimate of the expenses needed to settle the obligation on the balance sheet date, which is based on the risk and uncertainty of the obligation. The liability reserve is measured by the discounted value of the estimated cash flow of the obligation to settle.

1. Onerous Contract

When the consolidated company expects the inevitable cost of fulfilling contractual obligations exceeds the expected economic benefits from the contract, the current obligations arising from the onerous contract shall be recognized as the liability reserve.

2. Restructuring

When the consolidated company makes a detailed and formal restructuring plan and begins to carry out or publish the main contents of the plan, it shall recognize the liability reserve for restructuring. The restructuring provision includes the direct expenditure generated from the restructuring, which is necessary for restructuring and has nothing to do with the continuous activities of the enterprise.

3. Warranty

The warranty obligation to ensure that the products conform to the agreed specifications is recognized when the revenue of relevant commodities is recognized per the management's best estimate of the expenditure required to settle the obligations of the consolidated company.

4. Contingent Liabilities Obtained from Business Combination

(Applicable objects: (1) There is a business combination in consolidated financial statements; or (2) there is an acquisition of control and absorption of merger transactions in individual financial statements or financial statements of non-public companies)

If the contingent liabilities assumed in a business combination are present obligations arising from past events and their fair value can be reliably measured, they shall be recognized at the fair value as the initial measured amount on the acquisition date. At the subsequent balance sheet date, such contingent liabilities are measured at the amortized amount. However, if it is estimated that the current obligation amount is likely to be paid, the higher of the current obligation amount and the amortized amount shall be used for subsequent measurement.

(XV) Revenue Recognition

After the performance obligations are identified in contracts with customers, the consolidated 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 consolidated 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.

3. Project Revenue

During the construction process, the property is the property construction contract controlled by the customer, and the consolidated company gradually recognizes the revenue over time. As the cost of construction is directly related to the completion of performance obligations, the consolidated company measures the completion progress based on the proportion of actual input cost to the expected total cost. The consolidated company gradually recognizes the contract assets during the construction process and reclassifies the assets to accounts receivable at the time of billing. If the construction amount received exceeds the recognized revenue, the difference is recognized as a contract liability. Retention amount withheld by customers is recognized in accordance with the contract terms to ensure that the consolidated company has completed all contractual obligations and recognized as contract assets before the completion of the obligation performance.



(XVI) Leases

2019

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

1. The Consolidated Company as a 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 Consolidated Company as a 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 Consolidated 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 consolidated 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 Consolidated Balance Sheets.

2018

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

1. The Consolidated Company as a Lessor

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

2. The Consolidated Company as a 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 recognized 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.

(XVII) 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.

(XVIII) 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 rereasurement) 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 rereasurement (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.

(XIX) Employee Share-based Payment

The share-based payment arrangement based on equity settlement refers to the employee services obtained on the granting date measured at the fair value of the equity commodity granted, recognized as the consideration cost during the acquired period, and relatively adjusted the equity. The fair value of equity commodity shall reflect the influence of the vested and non-vested conditions of the market price. The recognized consideration cost is adjusted according to the expected amount of reward that meets the service conditions and the vested conditions of the non-market price until the final recognized amount is recognized based on the acquired amount on the date of acquisition.

(XX) Income Tax

Income tax expense 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 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 consolidated 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 consolidated company expects to recover or settle 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 of the consolidated company 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 and debt instrument investments is based on the assumption of the default rate and expected loss rate of the consolidated company. The consolidated 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 10 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**  
The net realizable value of inventories is the estimated balance of the estimated selling price in the ordinary course of business after deducting the estimated cost required for completion and the estimated cost needed to complete the sale. These estimates are based on current market conditions and historical sales experience of similar products. Changes in market conditions may have a material impact on these estimates.
- (III) **Impairment of Goodwill**  
In determining whether goodwill is impaired, the use-value of the CGU allocated to goodwill must be estimated. To calculate the use-value, management should estimate the expected future cash flow from the CGU 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

	Dec. 31, 2019	Dec. 31, 2018
Cash on hand	\$ 22,593	\$ 22,488
Bank check and demand deposits	18,049,768	12,024,265
Cash equivalents		
Time deposits with original maturity less than three months	<u>267,513</u>	<u>409,763</u>
	<u>\$ 18,339,874</u>	<u>\$ 12,456,516</u>

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

	Dec. 31, 2019	Dec. 31, 2018
Demand deposits	0.001%~3.50%	0.001%~3.51%
Time deposits	0.08%~6.80%	0.14%~6.81%

## VII. Financial Assets at Fair Value through Profit or Loss

	Dec. 31, 2019	Dec. 31, 2018
Financial assets - current		
Enforced at fair value through profit or loss		
Held for trading		
Derivatives (not designated for hedging)		
- Forward exchange contract	\$ 11,260	\$ -
- Repurchase right of domestic convertible bonds	-	6
Non-derivative financial assets		
- Fund beneficiary voucher	600	-
- Oversea corporate bonds	38,490	-
- Stocks of listed (TPEX) and emerging companies	<u>63,303</u>	<u>90,938</u>
	<u>\$ 113,653</u>	<u>\$ 90,944</u>

	<u>Dec. 31, 2019</u>	<u>Dec. 31, 2018</u>
Financial assets - non-current		
Enforced at fair value through profit or loss		
Non-derivative financial assets		
- Fund beneficiary voucher	\$ 4,720	\$ -
- Listed (TPEX) stocks	14,118	9,558
- Non-listed (Non-TPEX-listed) and emerging stocks	472,658	379,824
- Oversea convertible bonds	<u>33,043</u>	<u>23,646</u>
	<u>\$524,539</u>	<u>\$413,028</u>

#### Financial liabilities – current

##### Held for trading

##### Derivatives (not designated for hedging)

- Foreign currency option contract	\$ 1,282	(\$ 245)
- Forward exchange contract	23,002	5,111
- Redemption right of domestic convertible bonds (Note 21)	-	11,743
	<u>\$ 24,284</u>	<u>\$ 16,609</u>

#### Financial liabilities - non-current

##### Held for trading

##### Derivatives (not designated for hedging)

- Redemption right of domestic convertible bonds (Note 21)	<u>\$ 24,718</u>	<u>\$ -</u>
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- (I) The foreign currency option contracts of the consolidated company that are not applicable to hedge accounting and have yet to expire are as follows:

Dec. 31, 2019

Currency	Maturity	Contractual Amount (\$1,000)
Sell USD/Buy EUR	June 2017 ~ June 2020	USD 3,000/Euro 2,670

Dec. 31, 2018

Currency	Maturity	Contractual Amount (\$1,000)
Sell USD/Buy EUR	June 2017 ~ June 2020	USD 3,000/Euro 2,620

- (II) The forward exchange contracts of the consolidated company that are not applicable to hedge accounting and have yet to expire are as follows:

Dec. 31, 2019

Currency	Maturity	Contractual Amount (\$1,000)
Sell EUR/Buy USD	January 2020 ~ March 2021	Euro 381/USD 426
Sell CHF/Buy EUR	January 2020 ~ April 2021	CHF 596/Euro 546
Sell EUR/Buy GBP	January 2020	Euro 1,633/GBP 1,400
Sell GBP/Buy EUR	February 2020	GBP 6,000/Euro 6,760

Dec. 31, 2018

Currency	Maturity	Contractual Amount (\$1,000)
Sell EUR/Buy USD	January 2019	EUR17/USD19
Sell CHF/Buy EUR	February 2019	CHF 570/Euro 504

VIII. Financial Assets Measured at Fair Value through Other Comprehensive Income  
Equity Instrument Investments

	Dec. 31, 2019	Dec. 31, 2018
<u>Current</u>		
Domestic investment		
Listed (TPEX) stocks	\$ 39,160	\$ 40,880
<u>Non-current</u>		
Domestic investment		
Non-listed (non-TPEX-listed) stocks	\$ -	\$ 10,450
Foreign investment		
Listed (TPEX) stocks	10	-
Non-listed (non-TPEX-listed) stocks	95,746	147,798
Limited partnership	233,137	165,094
	<u>\$ 328,893</u>	<u>\$ 323,342</u>

The consolidated company invests under the medium and long-term strategy and expects to make profits through long-term investment. In the opinion of the consolidated company's management, if the short-term fair value fluctuation of such investment is included in the profit and loss, it is not consistent with the aforesaid long-term investment plan, so they choose to designate such investment as measured at fair value through other comprehensive income.

IX. Financial Assets Measured at Amortized Cost

	Dec. 31, 2019	Dec. 31, 2018
<u>Current</u>		
Domestic investment		
Time deposits with an original maturity of more than 3 months	\$ 49,484	\$ 4,374

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% ~ 2.20% and 0.01% ~ 1.045% per annum. Please refer to Note 37 for information on the pledge of financial assets measured at amortized cost.

X. Notes Receivable and Accounts Receivable

	Dec. 31, 2019	Dec. 31, 2018
<u>Notes receivable – arising from operations</u>		
Measured at amortized cost		
Total carrying amount	\$ 161,558	\$ 107,095
Less: loss allowance	-	-
	<u>\$ 161,558</u>	<u>\$ 107,095</u>
<u>Accounts receivable</u>		
Measured at amortized cost		
Total carrying amount	\$ 16,894,122	\$ 16,879,854
Less: loss allowance	( 986,902 )	( 952,419 )
	<u>\$ 15,907,220</u>	<u>\$ 15,927,435</u>
Accounts receivable - related parties	<u>\$ 1,209,727</u>	<u>\$ 561,866</u>

Accounts Receivable Measured at Amortized Cost

The average credit period of the consolidated company for commodity sales is 30 to 75 days per month, and the accounts receivable shall not bear interest. The policy adopted by the consolidated 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 consolidated company will use other publicly available financial information and historical transaction records to rate major customers. The consolidated company 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 consolidated 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 consolidated 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 consolidated company cannot reasonably expect the recoverable amount, for example, if the counterparty is in the settlement, the consolidated 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 consolidated company measures the loss allowance of accounts receivable according to the reserve matrix as follows:

Dec. 31, 2019

	Not overdue	1 ~ 30 days overdue	31 ~ 150 days overdue	151 ~ 270 days overdue	271 ~ 365 days overdue	1 ~ 2 years overdue	Overdue for more than 2 years	Total
Expected credit loss rate	0.17%	0.31%	4.37%	4.16%	14.39%	54.37%	93.45%	-
Total carrying amount	\$ 13,739,587	\$ 1,058,494	\$ 1,502,342	\$ 421,657	\$ 192,385	\$ 671,643	\$ 517,741	\$ 18,103,849
Loss allowance (lifetime expected credit loss)	( 23,819 )	( 3,238 )	( 65,624 )	( 17,546 )	( 27,688 )	( 365,160 )	( 483,827 )	( 986,902 )
Amortized cost	<u>\$ 13,715,768</u>	<u>\$ 1,055,256</u>	<u>\$ 1,436,718</u>	<u>\$ 404,111</u>	<u>\$ 164,697</u>	<u>\$ 306,483</u>	<u>\$ 33,914</u>	<u>\$ 17,116,947</u>

Dec. 31, 2018

	Not overdue	1 ~ 30 days overdue	31 ~ 150 days overdue	151 ~ 270 days overdue	271 ~ 365 days overdue	1 ~ 2 years overdue	Overdue for more than 2 years	Total
Expected credit loss rate	0.23%	3.05%	3.60%	9.25%	35.09%	74.49%	100%	-
Total carrying amount	\$ 13,508,169	\$ 1,424,269	\$ 1,082,039	\$ 317,773	\$ 205,192	\$ 774,819	\$ 129,459	\$ 17,441,720
Loss allowance (lifetime expected credit loss)	( 30,876 )	( 43,504 )	( 38,993 )	( 29,400 )	( 72,007 )	( 608,180 )	( 129,459 )	( 952,419 )
Amortized cost	<u>\$ 13,477,293</u>	<u>\$ 1,380,765</u>	<u>\$ 1,043,046</u>	<u>\$ 288,373</u>	<u>\$ 133,185</u>	<u>\$ 166,639</u>	<u>\$ -</u>	<u>\$ 16,489,301</u>

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

	2019	2018
Opening balance of the year	\$ 952,419	\$ 310,585
Plus: impairment loss recognized for the year	69,783	246,600
Plus: Acquisition through business combinations	195,160	488,011
Less: Actual write-off in current period	( 228,009 )	( 19,409 )
Differences in translation of foreign currency	( 2,451 )	( 73,368 )
Ending balance of the year	<u>\$ 986,902</u>	<u>\$ 952,419</u>

Please refer to Note 37 for details of pledge information of accounts receivable.

#### XI. Inventories

	Dec. 31, 2019	Dec. 31, 2018
Raw materials	\$ 4,741,940	\$ 5,123,912
Raw materials in transit	55,406	7,124
Goods in progress	2,244,652	2,085,099
Partly-finished goods	683,481	622,847
Finished goods	2,202,332	2,123,474
Stock in hand	2,034,846	1,678,988
Less: allowance for inventory price loss	( 418,420 )	( 470,375 )
	<u>\$ 11,544,237</u>	<u>\$ 11,171,069</u>

The sales cost in 2019 includes the inventory recovery benefit of NT\$209,750 thousand (mainly caused by the disposal of the inventory with recognized price loss) and the inventory scrap loss of NT\$301,188 thousand.

The sales cost in 2018 includes the inventory price loss of NT\$85,937 thousand and the inventory scrap loss of NT\$26,747 thousand.

Please refer to Note 37 for the inventory amount pledged as collateral for loans by the consolidated company.

## XII. Subsidiaries

### (I) Subsidiaries Included in Consolidated Financial Statements

The consolidated financial report is presented as follows:

Name of investor	Name of subsidiary	Nature of business	Percentage of shareholding		Explanation
			2019 Dec. 31	2018 Dec. 31	
The Company	Hong Kong Innovative Systems Integration Limited (hereinafter referred to as HK Innovative)	Professional investment	100%	100%	
"	Ennoconn International Investment Co., Ltd. (hereinafter referred to as Ennoconn International)	Professional investment	100%	100%	
"	Ennoconn Investment Holdings Co., Ltd (hereinafter referred to as EIH)	Professional investment	100%	100%	
HK Innovative	Nanjing Asiatek Inc. (hereinafter referred to as Asiatek)	Engaged in R&D and sales of hardware and software products, and provide installation, debugging, and technical consultation.	100%	100%	
"	Ennoconn (Foshan) Investment Co., Ltd. (hereinafter referred to as Foshan Ennoconn)	Professional investment	100%	100%	
"	ENGA Technology Co., Ltd. (hereinafter referred to as Hong Kong ENGA)	Wholesale, manufacturing, service and import and export of software and hardware related to industrial computer and industrial control system	100%	100%	
"	Ennoconn (Suzhou) Technology Co., Ltd. (hereinafter referred to as Suzhou Ennoconn)	R&D, production, and sales of industrial computers	100%	100%	
"	Victor Plus Holdings Ltd. (hereinafter referred to as Victor Plus)	Import and export trading	100%	-	Note 1
"	Ennoconn Investment Co., Ltd. (hereinafter referred to as Ennoconn Investment)	Professional investment	100%	-	Note 1
Suzhou Ennoconn	Kunshan Ennoconn Intelligent Technology Co., Ltd. (hereinafter referred to as Kunshan Ennoconn)	Intelligent technology development and hardware sales	100%	-	Note 1
Asiatek	Shenzhen Asiatek Inc. Co., Ltd. (hereinafter referred to as Shenzhen Asiatek)	R&D, production and sales of electronic materials required for software and hardware products	70%	-	Note 1
Ennoconn International	Goldtek Technology Co., Ltd. (hereinafter referred to as Goldtek Technology)	Telecommunication control RF equipment input and wholesale and retail of information software	56.74%	56.74%	
Goldtek Technology	Keenest Electronic Corp. (hereinafter referred to as Keenest)	Professional investment	100%	100%	
Keenest Electronic Corp.	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	100%	100%	
"	Sunlit Precision Technology Co., Ltd. and subsidiaries (hereinafter referred to as Sunlit Precision)	Metal stamping and casting industry	40.30%	40.30%	Note 2
The Company and Ennoconn International	Caswell Inc. and subsidiaries (hereinafter referred to as Caswell)	Electronic components, computer and peripheral equipment manufacturing, electronic materials wholesale and information software services	34.28%	34.48%	Note 3

(Continued on next page)



(continued from previous page)

Name of investor	Name of subsidiary	Nature of business	Percentage of shareholding		Explanation
			2019 Dec. 31	2018 Dec. 31	
Ennoconn International	EnnoMech Precision (Cayman) Co., Ltd. (hereinafter referred to as EnnoMech Cayman)	Professional investment	100%	100%	
"	SyS-P Co., Ltd. (hereinafter referred to as SyS-P)	International trade, information software wholesale, and service	100%	100%	
"	Taiwan Applied Module Corporation (hereinafter referred to as Taiwan Applied Module)	Product research, design, and sales of mobile payment, electronic signature, information security, etc.	100%	60%	Note 4
Ennoconn International	Thecus Technology Corp. (hereinafter referred to as Thecus Technology)	Electronic components, computer and peripheral equipment manufacturing, electronic materials wholesale and information software services	60%	60%	
"	Dexatek Technology Ltd. (hereinafter referred to as Dexatek)	Multimedia product R&D and design manufacturing business	60%	60%	
"	Marketch International Corp. and subsidiaries (hereinafter referred to as Marketch)	Integrated planning and service of high-tech industry facility and process system	44.69%	45.21%	Note 5
Ennoconn International and EIH	S&T AG and subsidiaries	Information system software and hardware integration services	26.93%	26.61%	Note 6
Ennoconn Investment Holdings Co., Ltd.	AIS Cayman Technology (hereinafter referred to as AIS Cayman)	Professional investment	60%	60%	
AIS Cayman	American Industrial Systems Inc. (hereinafter referred to as AIS)	Human-machine interface and industrial 4.0 and other related products	100%	100%	
"	Vecow Co., Ltd.	Manufacturing, processing, trading, import and export of communication machinery, electronic equipment, and electronic devices	100%	100%	Note 7
EIH	Kontron Canada Inc. (hereinafter referred to as KCI)	Communication products	-	-	Note 6
EnnoMech Cayman	Dominant United Enterprise Ltd.	Professional investment	100%	100%	
"	EnnoMech Precision Co., Ltd. (hereinafter referred to as EnnoMech Precision)	Electronic components, computer and peripheral equipment manufacturing, electronic materials wholesale and information software services	100%	100%	
"	HighAim Technology Inc. (hereinafter referred to as HighAim)	Professional investment	66.05%	66.05%	
Dominant United Enterprise Ltd.	EnnoMech Precision (Shenzhen) Co., Ltd. (hereinafter referred to as EnnoMech Shenzhen)	Electronic components, computer and peripheral equipment manufacturing, electronic materials wholesale and information software services	100%	100%	
HighAim	HighAim Technology Inc.	Design, R&D, and production of various molds, servers, and communication equipment	100%	100%	
"	Andrix International Ltd.	Import and export trading	100%	100%	
"	Funology Investment Inc.	Import and export trading	100%	100%	
Thecus Technology Corp.	Thecus NL BV	Sales of network storage equipment and maintenance services	100%	100%	
"	Thecus USA, Inc.	Sales of network storage equipment and maintenance services	100%	100%	
"	Thecus Technology Corp. (Delaware)	Professional investment	100%	100%	
SyS-P Co., Ltd.	SYS-P Corp.	International trade, information software wholesale, and service	-	100%	Note 8

Note 1: Victor Plus, Kunshan Ennoconn, and Shenzhen Asiatek were established in January 2019, and Ennoconn Investment was established in October 2019 and incorporated into the consolidated financial report.

Note 2: The consolidated company obtained more than half of the directorships in January 2019, which has substantial control, so it is listed as a subsidiary (see Note 31).

- Note 3: The shareholding of the Company and Ennoconn International Investment Co., Ltd. is 33.32% and 5.41% respectively. The consolidated company has obtained the majority of voting rights of the Board of Directors of Caswell Inc. and has the ability to dominate its personnel, financial and operating decision, so it is listed as a subsidiary. In April 2018, due to the failure to subscribe to the cash capital increase according to the shareholding ratio, it resulted in a decrease of the comprehensive shareholding ratio to 34.18%. From October to December 2018, Caswell Inc. carried out the redemption rights of treasury stocks, resulting in an increase of the comprehensive shareholding ratio to 34.48%. In December 2019, due to the issuance of treasury stocks by Caswell Inc., the comprehensive shareholding ratio decreased to 34.28% (see Note 32).
- Note 4: Ennoconn International Investment Co., Ltd. increased its shareholding in Taiwan Applied Module Corp. to 100%, and completed the share transfer in August 2019 (see Note 32).
- Note 5: The consolidated company obtained 46.79% of the equity through Ennoconn International Investment Co., Ltd. in May 2018. Considering the proportion of voting rights held by other shareholders, and it is judged to have substantial control. Therefore, it was listed as a subsidiary (see Note 31). In 2018, due to the failure of subscription according to the shareholding ratio, it resulted in a decrease of shareholding ratio to 45.21%. In 2019, the shareholding ratio decreased to 44.69% (see Note 32) due to the conversion of convertible bonds of Marketech.
- Note 6: The Company is a listed company in Frankfurt, Germany, and a group holding company. Due to the decentralized ownership structure of the Company, the shareholding ratio of the consolidated company to other shareholders is material. The consolidated company is the largest shareholder and holds more than half of the directorships with substantial control power. Therefore, it is listed as a subsidiary. In October 2018, through the equity transfer, 49% equity of KCI held by EIH was transferred to S&T AG and obtained its equity, resulting in an increase in the overall shareholding ratio to 26.61%. From July to December 2018, S&T AG carried out the redemption rights of treasury stocks, resulting in an increase of the comprehensive shareholding ratio to 26.93%.
- Note 7: The consolidated company acquired 100% equity through AIS Cayman Technology in June 2018 and included it in the consolidated financial report (see Note 31).
- Note 8: The operation was terminated and the liquidation process was completed in the second quarter of 2019.

The subsidiaries listed in the above table in the consolidated financial report are prepared on the basis of the financial statements audited by the CPA during the same period.

## (II) Information of Subsidiaries with Material Non-controlling Interests

The proportion of shares and voting rights held by  
non-controlling interests

Name of subsidiary	Dec. 31, 2019	Dec. 31, 2018
Caswell Inc.	65.72%	65.52%
S&T AG	73.07%	73.39%
Marketch	55.31%	54.79%

Please refer to Table 8 for information about the main operation premises and  
registration where the Company is registered.

Name of subsidiary	Profit and loss allocated to non- controlling interests		Non-controlling interests	
	2019	2018	Dec. 31, 2019	Dec. 31, 2018
Caswell (excluding non- controlling interests of subsidiaries)	\$ 143,732	\$ 186,059	\$ 1,888,628	\$ 1,883,507
S&T AG (excluding non- controlling interests of subsidiaries)	1,039,691	932,197	12,125,572	12,514,207
Marketch (excluding non- controlling interests of subsidiaries)	<u>361,163</u>	<u>238,871</u>	<u>3,324,539</u>	<u>3,246,337</u>
	<u>\$ 1,544,586</u>	<u>\$ 1,357,127</u>	<u>\$ 17,338,739</u>	<u>\$ 17,644,051</u>

The summary financial information of the following subsidiaries is prepared  
based on the amount before the elimination of intercompany transaction:

Marketch and subsidiaries

	Dec. 31, 2019	Dec. 31, 2018
Current assets	\$ 3,645,200	\$ 3,754,081
Non-current assets	1,064,535	668,311
Current liabilities	( 1,361,281 )	( 1,320,697 )
Non-current liabilities	( 59,614 )	( 6,519 )
Equity	<u>\$ 3,288,840</u>	<u>\$ 3,095,176</u>
Equity attributable to: (Note)		
Owners of the Company	\$ 1,176,209	\$ 1,180,309
Non-controlling interests of Caswell Inc.	1,888,628	1,883,507
Non-controlling interests of the subsidiaries of Caswell Inc.	<u>224,003</u>	<u>31,360</u>
	<u>\$ 3,288,840</u>	<u>\$ 3,095,176</u>

Note: Including the interest of Ennoconn Corporation and Ennoconn  
International Investment Co., Ltd. in the joint holding of Caswell.

	2019	2018
Operating revenue	<u>\$ 4,431,795</u>	<u>\$ 4,247,762</u>
Net profit	\$ 257,728	\$ 293,038
Other comprehensive income	( 21,369)	( 1,971)
Total comprehensive income	<u>\$ 236,359</u>	<u>\$ 291,067</u>
Net profit attributable to:		
Owners of the Company	\$ 75,576	\$ 100,435
Non-controlling interests of Caswell Inc.	143,732	186,059
Non-controlling interests of the subsidiaries of Caswell Inc.	<u>38,420</u>	<u>6,544</u>
	<u>\$ 257,728</u>	<u>\$ 293,038</u>
Total comprehensive income attributable to:		
Owners of the Company	\$ 68,815	\$ 100,091
Non-controlling interests of Caswell Inc.	130,811	185,058
Non-controlling interests of the subsidiaries of Caswell Inc.	<u>36,733</u>	<u>5,918</u>
	<u>\$ 236,359</u>	<u>\$ 291,067</u>
Cash flow		
Operating activities	\$ 220,731	(\$ 5,947)
Investing activities	( 397,408)	( 22,333)
Financing activities	( 128,102)	534,069
Impact of fluctuation in exchange on cash	( 10,571)	( 2,164)
Net cash (outflow) inflow	<u>(\$ 315,350)</u>	<u>\$ 503,625</u>
Dividends paid to non-controlling interests Caswell Inc.	<u>\$ 154,638</u>	<u>\$ 158,049</u>

S&T AG, and subsidiaries

	Dec. 31, 2019	Dec. 31, 2018
Current assets	\$ 25,815,282	\$ 19,535,066
Non-current assets	22,636,419	18,123,367
Current liabilities	( 17,778,933)	( 13,476,829)
Non-current liabilities	( 10,459,297)	( 3,442,684)
Equity	<u>\$ 20,213,471</u>	<u>\$ 20,738,920</u>
Equity attributable to:		
Owners of the Company (Note)	\$ 7,672,639	\$ 7,826,755
Non-controlling interests of S&T AG	12,125,572	12,514,207
Non-controlling interests of the subsidiaries of S&T AG	415,260	397,958
	\$ 20,213,471	\$ 20,738,920

Note: Including the interest of Ennoconn International Investment Co., Ltd. and EIH in the joint holding of S&T AG.

	2019	2018
Operating revenue	<u>\$ 38,657,456</u>	<u>\$ 35,223,782</u>
Net profit	\$ 1,433,306	\$ 1,440,695
Other comprehensive income	<u>32,281</u>	<u>63,981</u>
Total comprehensive income	<u>\$ 1,465,587</u>	<u>\$ 1,504,676</u>
Net profit attributable to:		
Owners of the Company	\$ 380,254	\$ 384,961
Non-controlling interests of S&T AG	1,039,691	932,197
Non-controlling interests of the subsidiaries of S&T AG	<u>13,361</u>	<u>123,537</u>
	<u>\$ 1,433,306</u>	<u>\$ 1,440,695</u>
Total comprehensive income attributable to:		
Owners of the Company	\$ 382,523	\$ 402,267
Non-controlling interests of S&T AG	1,046,626	982,351
Non-controlling interests of the subsidiaries of S&T AG	<u>36,438</u>	<u>120,058</u>
	<u>\$ 1,465,587</u>	<u>\$ 1,504,676</u>
Cash flow		
Operating activities	\$ 2,607,326	\$ 1,070,990
Investing activities	( 1,871,700)	( 2,222,464)
Financing activities	3,946,246	( 450,356)
Impact of fluctuation in exchange on cash	<u>38,349</u>	<u>11,272</u>
Net cash inflow (outflow)	<u>\$ 4,720,221</u>	<u>( \$ 1,590,558)</u>
Dividends paid to non-controlling interests	<u>\$ 270,381</u>	<u>\$ 247,334</u>

Marketch, and subsidiaries

	Dec. 31, 2019	Dec. 31, 2018
Current assets	<u>\$ 15,635,023</u>	<u>\$ 15,268,921</u>
Non-current assets	6,442,504	5,432,027
Current liabilities	( 12,587,440)	( 12,123,395)
Non-current liabilities	<u>( 1,227,470)</u>	<u>( 367,508)</u>
Equity	<u>\$ 8,262,617</u>	<u>\$ 8,210,045</u>
Equity attributable to:		
Owners of the Company	\$ 4,900,122	\$ 4,893,140
Non-controlling interests of Marketch	3,324,539	3,246,337
Non-controlling interests of the subsidiaries of Marketch	<u>37,956</u>	<u>70,568</u>
	<u>\$ 8,262,617</u>	<u>\$ 8,210,045</u>

	2019	2018
Operating revenue	<u>\$ 24,182,681</u>	<u>\$ 15,654,188</u>
Net profit	\$ 621,027	\$ 438,095
Other comprehensive income	( 38,855 )	( 46,459 )
Total comprehensive income	<u>\$ 582,172</u>	<u>\$ 391,636</u>
Net profit attributable to:		
Owners of the Company	\$ 293,750	\$ 205,827
Non-controlling interests of Marketch	361,163	238,871
Non-controlling interests of the subsidiaries of Marketch	( 33,886 )	( 6,603 )
	<u>\$ 621,027</u>	<u>\$ 438,095</u>
Total comprehensive income attributable to:		
Owners of the Company	\$ 276,811	\$ 184,886
Non-controlling interests of Marketch	340,161	214,065
Non-controlling interests of the subsidiaries of Marketch	( 34,800 )	( 7,315 )
	<u>\$ 582,172</u>	<u>\$ 391,636</u>
Cash flow		
Operating activities	\$ 975,847	\$ 97,169
Investing activities	( 326,157 )	( 505,328 )
Financing activities	( 217,671 )	301,928
Impact of fluctuation in exchange on cash	( 26,433 )	( 38,984 )
Net cash inflow (outflow)	<u>\$ 405,586</u>	<u>( \$ 145,215 )</u>
Dividends paid to non-controlling interests	<u>\$ 306,632</u>	<u>\$ 235,461</u>

XIII. Investment Under Equity Method  
Investment in Associates

	Dec. 31, 2019	Dec. 31, 2018
Associates not Individually Significant	<u>\$ 439,424</u>	<u>\$ 754,061</u>

Summary Information on Associates not Individually Significant

	2019	2018
Shares of the consolidated company		
Net profit of the year	\$ 21,892	\$ 16,945
Other comprehensive income	( 459 )	-
Total comprehensive income	<u>\$ 21,433</u>	<u>\$ 16,945</u>

Except for Shenzhen Xiangxing Technology Co., Ltd., the shares of profit and loss and other comprehensive income enjoyed by the investment and consolidated company adopting the equity method are recognized based on the financial statements audited by the CPA in the same period of each associate. However, the management of the Company believes that the financial report of the invested company has not been audited by the CPA and would not cause a significant impact.

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

	Land owned	Buildings	Machinery	Leasehold improvement	Other equipment	Total
<b>Cost</b>						
Balance on Jan. 1, 2019	\$ 539,239	\$3,752,651	\$2,810,902	\$ 16,460	\$1,088,398	\$8,207,650
Impacts of retrospective application of IFRS 16	-	-	-	-	( 499,731 )	( 499,731 )
Balance on Jan. 1, 2019 (after restatement)	539,239	3,752,651	2,810,902	16,460	588,667	7,707,919
Addition	1,319	81,458	393,878	34,304	246,887	757,846
Reclassification	4,719	363,859	52,177	-	( 219,310 )	201,445
Acquired through business combinations	22,048	524,145	1,070,904	-	45,926	1,663,023
Disposal	( 27,996 )	( 38,879 )	( 375,101 )	( 128 )	( 37,795 )	( 479,899 )
Net exchange differences	( 6,293 )	( 77,828 )	( 96,668 )	( 1,588 )	3,919	( 178,458 )
Balance on Dec. 31, 2019	<u>\$ 533,036</u>	<u>\$4,605,406</u>	<u>\$3,856,092</u>	<u>\$ 49,048</u>	<u>\$ 628,294</u>	<u>\$9,671,876</u>
<b>Accumulated depreciation and impairment</b>						
Balance on Jan. 1, 2019	\$ -	\$1,252,316	\$1,871,879	\$ 8,074	\$ 388,963	\$3,521,232
Impacts of retrospective application of IFRS 16	-	-	-	-	( 113,253 )	( 113,253 )
Balance on Jan. 1, 2019 (after restatement)	-	1,252,316	1,871,879	8,074	275,710	3,407,979
Depreciation expense	-	177,162	369,775	5,963	68,074	620,974
Reclassification	-	2,368	8,538	-	1,553	12,459
Acquired through business combinations	-	326,393	868,011	-	43,753	1,238,157
Disposal	-	( 3,450 )	( 310,852 )	( 96 )	( 34,691 )	( 349,089 )
Net exchange differences	-	( 30,746 )	( 64,300 )	( 387 )	( 11,818 )	( 107,251 )
Balance on Dec. 31, 2019	<u>\$ -</u>	<u>\$1,724,043</u>	<u>\$2,743,051</u>	<u>\$ 13,554</u>	<u>\$ 342,581</u>	<u>\$4,823,229</u>
Net amount on Dec. 31, 2018	<u>\$ 533,036</u>	<u>\$2,881,363</u>	<u>\$1,113,041</u>	<u>\$ 35,494</u>	<u>\$ 285,713</u>	<u>\$4,848,647</u>
<b>Cost</b>						
Balance on Jan. 1, 2018	\$ 292,191	\$ 975,212	\$1,397,496	\$ 13,418	\$ 559,003	\$3,237,320
Addition	-	85,888	308,175	1,165	349,604	744,832
Reclassification	-	481,343	137,569	-	( 543,337 )	75,575
Acquired through business combinations	266,928	2,251,312	1,178,510	-	784,431	4,481,181
Disposal	( 21,961 )	( 21,366 )	( 159,030 )	-	( 35,836 )	( 238,193 )
Net exchange differences	2,081	( 19,738 )	( 51,818 )	1,877	( 25,467 )	( 93,065 )
Balance on Dec. 31, 2018	\$ 539,239	\$3,752,651	\$2,810,902	\$ 16,460	\$1,088,398	\$8,207,650
<b>Accumulated depreciation and impairment</b>						
Balance on Jan. 1, 2018	\$ -	\$ 171,854	\$ 695,944	\$ 4,360	\$ 164,611	\$1,036,769
Depreciation expense	-	87,885	276,273	3,204	91,005	458,367
Reclassification	-	2,950	( 3,545 )	-	( 2,655 )	( 3,250 )
Acquired through business combinations	-	1,005,077	959,066	-	161,634	2,125,777
Disposal	-	( 10,012 )	( 79,714 )	-	( 21,573 )	( 111,299 )
Net exchange differences	-	( 5,438 )	23,855	510	( 4,059 )	14,868
Balance on Dec. 31, 2018	\$ -	\$1,252,316	\$1,871,879	\$ 8,074	\$ 388,963	\$3,521,232
Net amount on Dec. 31, 2018	\$ 539,239	\$2,500,333	\$ 939,023	\$ 8,388	\$ 699,435	\$4,686,418

The property, plant, and equipment of the consolidated company are depreciated on a straight-line basis over the following years of useful life:

Buildings	2 ~ 55 years
Machinery	3 ~ 15 years
Leasehold improvement	2 ~ 10 years
Other equipment	1 ~ 15 years

Please refer to Note 37 for the amount of property, plant, and equipment pledged as collateral for loans.

XV. Lease Agreement  
(I) Right-of-use Assets – 2019

	Dec. 31, 2019
Carrying amount of the right-of-use asset	
Land	\$ 740,349
Houses and buildings	1,951,145
Machinery	56
Office equipment	160,051
Other equipment	<u>369,698</u>
	<u>\$ 3,221,299</u>
	<u>2019</u>
Addition of right-of-use assets (including acquisition through business combination)	<u>\$ 793,382</u>
Depreciation expense of right-of-use assets	
Land	\$ 50,687
Houses and buildings	565,675
Machinery	195
Office equipment	591
Other equipment	<u>147,346</u>
	<u>\$ 764,494</u>

The above right-of-use land in mainland China has obtained the certificate of right-of-use land. Please refer to Note 37 for the pledge information.

(II) Lease Liability – 2019

	Dec. 31, 2019
Carrying amount of lease liability	
Current	<u>\$ 980,830</u>
Non-current	<u>\$ 2,466,745</u>

The discount rate interval for lease liabilities is as follows:

	Dec. 31, 2019
Land	0.985% ~ 13%
Houses and buildings	0.84% ~ 13%
Machinery	0.985% ~ 5.5%
Office equipment	0.985% ~ 13%
Other equipment	0.84% ~ 13%

(III) Important Lease Activities and Terms

The underlying assets leased by the consolidated company include land, houses and buildings, machinery, office equipment, and other equipment. The term of the tenancy agreement is usually between 2 and 75 years.

The lease benefit of some agreements depends on changes in the local price index. Some agreements also stipulate that the consolidated company shall advance the lessor's tax and insurance expenses related to the property. These fees are usually incurred once a year.

The tenancy agreement of some equipment includes options for a lease extension or lease termination. These agreements are managed by each region. Therefore,



the individual terms and conditions agreed are different in the consolidated company. The options are exercisable only by the consolidated company and not by the lessor. If it is not reasonably sure that the optional extension of the lease term will be exercised, the benefit related to the period covered by the option shall not be included in the lease liability.

(IV) Other Leasing Information  
2019

	2019
Short-term lease expense	<u>\$ 111,772</u>
Total cash (outflow) of lease	<u>( \$ 874,953 )</u>

2018

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

	Dec. 31, 2018
No more than 1 year	\$ 695,300
1 ~ 5 years	1,522,458
More than 5 years	<u>630,493</u>
	<u>\$ 2,848,251</u>

XVI. Goodwill

	2019	2018
<u>Cost</u>		
Opening balance of the year	\$ 10,936,255	\$ 8,064,476
Acquisition through business combinations in this year (Note 31)	2,943,724	2,751,603
Net exchange differences	( <u>327,939</u> )	<u>120,176</u>
Ending balance of the year	<u>\$ 13,552,040</u>	<u>\$ 10,936,255</u>
<u>Accumulated impairment losses</u>		
Opening balance of the year	\$ -	\$ -
Impairment loss recognized in this year	66,814	-
Net exchange differences	( <u>721</u> )	<u>-</u>
Ending balance of the year	<u>\$ 66,093</u>	<u>\$ -</u>
Net amount at the end of the year	<u>\$ 13,485,947</u>	<u>\$ 10,936,255</u>

The consolidated company shall perform impairment assessment on the recoverable amount of goodwill at the end of the reporting period and takes the fair value less disposal cost or use value as the basis for calculating the recoverable amount. The relevant fair value is a Level 1 fair value measurement; the calculation of the use-value is based on the estimated cash flow of the consolidated company's financial projections for the next five years and is calculated with the annual discount rate of 10.13%.

The consolidated company assessed goodwill impairment in 2019, and the estimated recoverable amount was less than the carrying amount. Therefore, it recognized a goodwill impairment of NT\$66,814. The main reason for the impairment is that the future operation of the CGU is not as expected.

In the first quarter of 2019, the consolidated company obtained the acquisition price allocation report of Marketch on the acquisition date (May 15, 2018). According to the fair value of its intangible assets measured in the report on the acquisition date, the consolidated company has adjusted the initial accounting treatment and provisional amount since the acquisition date and restated the comparative information.

The increase (decrease) of adjustment of relevant items in the balance sheet is as follows:

	Dec. 31, 2018	Date of acquisition
Goodwill	( \$ 135,027 )	( \$ 135,027 )
Patent	\$ 18,617	\$ 20,782
Customer relations	\$ 239,885	\$ 267,778
Retained earnings	( \$ 18,153 )	\$ -
Non-controlling interests	\$ 141,628	\$ 153,533

The adjustment of related items in the comprehensive income statement is increased as follows:

	2018
Operating expenses – amortization expense	\$ 30,058

## XVII. Other Intangible Assets

	Right of trademark	Patent	Computer software	Customer relations	Others	Total
<b>Cost</b>						
Balance on Jan. 1, 2019	\$ 2,329,811	\$ 596,332	\$ 3,676,151	\$ 2,185,790	\$ 1,769,988	\$ 10,558,072
Separate acquisition	-	-	666,829	-	17,213	684,042
Acquired through business combinations	42,839	-	56,461	-	520,557	619,857
Reclassification	-	-	197	-	-	197
Disposal	( 415 )	-	( 74,264 )	-	( 25,480 )	( 100,159 )
Net exchange differences	( 25,448 )	( 1,094 )	( 100,964 )	-	( 38,816 )	( 166,322 )
Balance on Dec. 31, 2019	\$ 2,346,787	\$ 595,238	\$ 4,224,410	\$ 2,185,790	\$ 2,243,462	\$ 11,595,687
<b>Accumulated amortization and impairment</b>						
Balance on Jan. 1, 2019	\$ 402,389	\$ 230,830	\$ 1,272,675	\$ 350,070	\$ 763,395	\$ 3,019,359
Amortization expense	166,847	65,624	565,531	521,316	106,431	1,425,749
Reclassification	-	-	-	-	-	-
Acquired through business combinations	-	-	-	-	-	-
Disposal	( 410 )	-	( 53,681 )	-	( 25,480 )	( 79,571 )
Net exchange differences	( 13,669 )	( 913 )	( 12,368 )	-	( 33,178 )	( 60,128 )
Balance on Dec. 31, 2019	\$ 555,157	\$ 295,541	\$ 1,772,157	\$ 871,386	\$ 811,168	\$ 4,305,409
Net amount on Dec. 31, 2018	\$ 1,791,630	\$ 299,697	\$ 2,452,253	\$ 1,314,404	\$ 1,432,294	\$ 7,290,278
<b>Cost</b>						
Balance on Jan. 1, 2018	\$ 2,335,023	\$ 574,342	\$ 2,928,625	\$ 1,918,012	\$ 1,605,633	\$ 9,361,635
Separate acquisition	1,086	-	674,773	-	174,119	849,978
Reclassification	-	( 213 )	630	-	-	417
Acquired through business combinations	-	20,782	36,615	267,778	1,873	327,048
Disposal	-	-	( 16,687 )	-	-	( 16,687 )
Net exchange differences	( 6,298 )	1,421	52,196	-	( 11,638 )	35,681
Balance on Dec. 31, 2018	\$ 2,329,811	\$ 596,332	\$ 3,676,151	\$ 2,185,790	\$ 1,769,988	\$ 10,558,072
<b>Accumulated amortization and impairment</b>						
Balance on Jan. 1, 2018	\$ 297,488	\$ 166,052	\$ 639,058	\$ 106,888	\$ 558,066	\$ 1,767,552
Amortization expense	108,182	64,268	556,369	243,182	213,519	1,185,520
Reclassification	-	( 213 )	( 265 )	-	-	( 478 )
Acquired through business combinations	-	-	26,426	-	653	27,079
Disposal	-	-	( 14,160 )	-	-	( 14,160 )
Net exchange differences	( 3,281 )	723	65,247	-	( 8,843 )	53,846
Balance on Dec. 31, 2018	\$ 402,389	\$ 230,830	\$ 1,272,675	\$ 350,070	\$ 763,395	\$ 3,019,359
Net amount on Dec. 31, 2018	\$ 1,927,422	\$ 365,502	\$ 2,403,476	\$ 1,835,720	\$ 1,006,593	\$ 7,538,713

The above intangible assets with limited useful life are amortized based on the straight-line method over their useful lives of 3 to 10 years.

Some of the trademarks mentioned above can be extended for a statutory period at a minimum cost. The management of the consolidated company believes that the consolidated company has the intention and ability to continue to extend the useful life. The management has also conducted researches on product life cycle investigation, market, competitiveness, environmental trends, and brand expansion opportunities. The research results show that the trademark is expected to generate net cash inflows with an indefinite useful life, so it is an intangible asset with an uncertain useful life. The useful life of the trademark will not be amortized until it is determined to be limited. However,

whether there is any sign of impairment or not, the impairment test shall be carried out regularly every year.

XVIII. Advance Investment Payments

Investor	Investee	Dec. 31, 2019		Dec. 31, 2018	
		Amount	Acquired Shareholding %	Amount	Acquired Shareholding %
Marketch International Corp.	Taiwan Specialty Chemicals Corporation	\$ -	-	\$ 4,800	70
Ennoconn International Investment Co., Ltd.	Poslab Technology Corp.	62,410	70	-	-
HighAim Technology Inc.	HighAim (Shenzhen) Technology Inc.	1,289	100	-	-
		<u>\$ 63,699</u>		<u>\$ 4,800</u>	

As of the balance sheet date, the investment mentioned above has yet to complete the equity transfer or establishment registration, and the remitted amount is recorded as the advance investment payments.

XIX. Other Assets

	Dec. 31, 2019	Dec. 31, 2018
Other receivables	\$ 1,675,157	\$ 1,580,852
Current income tax assets	48,732	49,161
Advance payments	1,941,828	1,531,728
Other financial assets (Note 1)	190,385	279,245
Advance lease payment (Note 2)	-	84,829
Refundable deposits (Note 37)	203,574	77,018
Advance payment for equipment	7,137	7,900
Others	869,963	588,612
	<u>\$ 4,936,776</u>	<u>\$ 4,199,345</u>
Current	\$ 3,912,597	\$ 3,399,781
Non-current	1,024,179	799,564
	<u>\$ 4,936,776</u>	<u>\$ 4,199,345</u>

Note 1: Other financial assets are pledged demand deposits, please refer to Note 37.

Note 2: The advance lease payment is for the right-of-use land located in mainland China, and the certificate of right-of-use land has been obtained. Please refer to Note 37 for pledge information.

XX. Loans

(I) Short-term Loans

	Dec. 31, 2019	Dec. 31, 2018
<u>Secured loans (Note 37)</u>		
Bank notes	\$ 391,407	\$ 151,741
<u>Unsecured loans</u>		
Bank notes	9,865,379	9,491,749
	<u>\$ 10,256,786</u>	<u>\$ 9,643,490</u>
<u>Interest rate interval</u>		
Secured loans	0.75%~5.75%	0.75%~4.08%
Unsecured loans	0.50%~12.50%	0.88%~18.5%

## (II) Long-term Loans

	Dec. 31, 2019	Dec. 31, 2018
<u>Secured loans (Note 37)</u>		
Bank notes	\$ 1,129,091	\$ 299,361
<u>Unsecured loans</u>		
Bank notes	6,570,750	2,769,906
Less: Long-term loans due within one year	( 698,509 )	( 1,207,692 )
	<u>\$ 7,001,332</u>	<u>\$ 1,861,575</u>
<u>Interest rate interval</u>		
Secured loans	1.00%~2.75%	0.65%~2.75%
Unsecured loans	0.40%~2.20%	1.55%~6.50%

The above-mentioned secured loans are mainly pledged by self-own land and buildings, which were either due for repayment or the principal and interest on the monthly amortization with terms of maturity in June 2032. The borrowing rate is the floating interest rate. Unsecured loans are due for repayment in April 2026, with the borrowing rate of the floating interest rate.

## XXI. Convertible Bond

	Dec. 31, 2019	Dec. 31, 2018
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	1,346,977	6,172,298
Unsecured convertible bonds of subsidiaries	-	11,766
Less: Maturity or exercisable repurchase rights within one year	-	( 7,354,532 )
	<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 fifteen 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\$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 regulations on domestic 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 nominal amount of the bonds plus interest compensation (103.0301% of the nominal amount 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 the nominal amount.  
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 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: Feb. 26, 2019 - Feb. 26, 2024

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\$272.8. 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 regulations on domestic 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 nominal amount of the bonds plus interest compensation (1.5075% of the nominal amount 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 thirty 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 the nominal amount. 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 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 overseas 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 nominal amount 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 nominal amount of the bonds plus interest compensation (namely the nominal amount 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 nominal amount 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 nominal amount 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 liability 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 Dec. 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	( <u>322,635</u> )
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	( <u>90,841</u> )
Bonds payable exercised repurchase rights	( <u>4,877,162</u> )
Liability components on Dec. 31, 2019	<u>\$ 1,346,977</u>

(IV) The main conditions related to the issuance of unsecured convertible bonds of subsidiaries are as follows:

1. Total issuance amount: NT\$500,000 thousand
2. Face value: NT\$100 thousand each
3. Coupon rate: 0%
4. Effective interest rate: 1.788%
5. Duration: Aug. 22, 2016 ~ Aug. 22, 2019
6. Conversion period: From the next day of one month after the issuance date of the bonds to the maturity date, except for the suspension periods of stock transfer by the regulations or laws, the bondholders may request the Company for conversion into the common stocks of the Company. The rights and obligations of the common stocks after conversion are the same as those of the original common stocks.
7. Conversion price:  
The conversion price of the convertible bond is determined under the prescribed mode stipulated by the provisions of the conversion measures. In case of any anti-dilution provision of the Company, the subsequent conversion price shall be adjusted under the prescribed mode stipulated by the conversion measures. On the recorded date of the adoption of the measures, the conversion price shall be redetermined under the prescribed mode of the conversion measures, if it is higher than the conversion price before the reenactment of the year, it will not be adjusted.
8. Redemption right:
  - (1) Redemption at maturity: The Company will repay the principal once the issuance of the bonds expires.
  - (2) Early redemption: From the day after the issuance of this corporate bonds for one month to forty days before the maturity date, if the closing price of the Company's common stock exceeds 30% of the conversion price at that time for thirty consecutive business days or



the outstanding balance of this convertible bonds is less than 10% of the initial total nominal amount, the Company may redeem all bonds in cash at the nominal amount at any time after that.

- (3) According to the conversion measures, all redeemed, repaid, or converted corporate bonds will be written-off, and all the rights and obligations attached to the corporate bonds will be extinguished and will not be issued.

## XXII. Other Liabilities

	Dec. 31, 2019	Dec. 31, 2018
<u>Other payables - current</u>		
Salary and bonus payable	\$ 1,620,900	\$ 1,310,831
Bonus of employee payable	218,123	242,843
Bonus of directors and supervisors payable	26,451	23,999
Project and equipment payable	7,573	31,379
Payable on behalf of purchase	535,504	1,378,208
Others	<u>2,829,238</u>	<u>2,217,314</u>
	<u>\$ 5,237,789</u>	<u>\$ 5,204,574</u>
<u>Other liabilities</u>		
Provisional collection	\$ 43,981	\$ 23,140
Collection on behalf of others	52,161	23,213
Others	<u>907,105</u>	<u>972,229</u>
	<u>\$ 1,003,247</u>	<u>\$ 1,018,582</u>
Current	\$ 280,699	\$ 124,830
Non-current	<u>722,548</u>	<u>893,752</u>
	<u>\$ 1,003,247</u>	<u>\$ 1,018,582</u>

## XXIII. Liability Reserve

	Dec. 31, 2019	Dec. 31, 2018
<u>Current</u>		
Warranty (I)	\$ 181,938	\$ 191,327
Restructuring (II)	237,900	7,814
Onerous contract (III)	387,654	185,683
Others (IV)	<u>1,031,340</u>	<u>613,646</u>
	<u>\$ 1,838,832</u>	<u>\$ 998,470</u>
<u>Non-current</u>		
Warranty (I)	\$ 98,566	\$ 64,055
Onerous contract (III)	15,359	42,219
Provision for employee benefits liability (IV)	403,133	77,998
Others (V)	<u>181,059</u>	<u>196,584</u>
	<u>\$ 698,117</u>	<u>\$ 380,856</u>

	Employee benefits Liability reserve	Warranty	Onerous contract	Reconstructing	Others	Total
Balance on Jan. 1, 2019	\$ 77,998	\$ 255,382	\$ 227,902	\$ 7,814	\$ 810,230	\$ 1,379,326
Acquisition through business combinations	219,023	62,398	475,513	324,797	1,046,030	2,127,761
Addition this year	66,905	71,872	85,660	27,259	254,261	505,957
Usage this year	( 33,436 )	( 39,609 )	( 269,773 )	( 48,835 )	( 504,605 )	( 896,258 )
Reversal of unused balance this year	( 198 )	( 91,022 )	( 78,719 )	( 72,611 )	( 348,664 )	( 591,214 )
Others	( 2,860 )	30,718	( 30,718 )	-	6,758	3,898
Net exchange differences	75,701	( 9,235 )	( 6,852 )	( 524 )	( 51,611 )	7,479
Balance on Dec. 31, 2019	<u>\$ 403,133</u>	<u>\$ 280,504</u>	<u>\$ 403,013</u>	<u>\$ 237,900</u>	<u>\$ 1,212,399</u>	<u>\$ 2,536,949</u>

- (I) The provision for employee benefits liability is the payment of long-term employee benefits and layoff payments.
- (II) The warranty reserve refers to the present value of the best estimate of the future economic benefits outflow of the consolidated company due to the warranty obligation. This estimate is based on the historical experience of warranty and examines the adjustment of new raw materials, process changes, or other factors affecting product quality.
- (III) The liability reserve for the onerous contract is the present value of the existing future benefit obligation estimated under an irrevocable purchase contract.
- (IV) Restructuring refers to the liability reserve arising from mergers and acquisitions.
- (V) Other items include litigation, employee benefits without leave, etc.

#### XXIV. Post-retirement Benefit Plan

##### (I) Defined Contribution Plan

The pension system of the "Labor Pension Act" adopted by the Company and domestic subsidiaries of the consolidated 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.

The foreign subsidiaries of the consolidated company also allocate and make payments to the relevant statutory body following local laws and regulations.

##### (II) Defined Benefit Plan

1. The pension system conducted by the Company, Marketch International Corp. and Thecus Technology Corp. of the consolidated company under the domestic "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.
2. As part of the consolidated company, Kontron shall comply with relevant local laws and regulations. When the employees who participate in the retirement plan meet the conditions (such as reaching the retirement age, losing the capacity to work, etc.), pension should be calculated and paid based on their years in service and wages at the time of resignation or retirement.

The amount of defined benefit plan included in the Consolidated Balance Sheets is as follows:

	Dec. 31, 2019	Dec. 31, 2018
Present value of defined benefit obligations	\$623,550	\$431,259
Fair value of plan assets	( 138,188 )	( 130,255 )
Contribution deficit (surplus)	<u>\$485,362</u>	<u>\$301,004</u>
Net defined benefit assets (listed under other non-current assets)	( \$ 740 )	( \$ 743 )
Net defined benefit liabilities	<u>486,102</u>	<u>301,747</u>
	<u>\$485,362</u>	<u>\$301,004</u>

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	<u>\$ 107,195</u>	( \$ 3,516 )	<u>\$ 103,679</u>
Acquisition through business combinations	<u>323,149</u>	( 120,679 )	<u>202,470</u>
Service cost			
Current service cost	5,910	-	5,910
Interest expense (income)	<u>3,868</u>	( 1,684 )	<u>2,184</u>
Recognized in impairment	<u>9,778</u>	( 1,684 )	<u>8,094</u>
Return on plan assets (excluding the amount included in net interest)	-	( 3,286 )	( 3,286 )
Actuarial (gains) losses - changes in demographic assumptions	( 17 )	-	( 17 )
Actuarial (gains) losses - changes in financial assumptions	5,659	-	5,659
Actuarial (gains) losses - experience adjustments	( 633 )	-	( 633 )
Recognized in other comprehensive income	<u>5,009</u>	( 3,286 )	<u>1,723</u>
Employer contributions	<u>-</u>	( 15,168 )	( 15,168 )
Benefits paid	( 11,621 )	11,621	-
Settlements	( 647 )	2,457	1,810
Exchange differences	( 1,604 )	-	( 1,604 )
Dec. 31, 2018	<u>431,259</u>	( 130,255 )	<u>301,004</u>
Acquisition through business combinations	<u>241,942</u>	-	<u>241,942</u>
Service cost			
Current service cost	9,318	-	9,318
Interest expense (income)	<u>5,683</u>	( 1,315 )	<u>4,368</u>
Recognized in impairment	<u>15,001</u>	( 1,315 )	<u>13,686</u>

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	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities (assets)
Return on plan assets (excluding the amount included in net interest)	\$ -	(\$ 4,485)	(\$ 4,485)
Actuarial (gains) losses - changes in demographic assumptions	857	-	857
Actuarial (gains) losses - changes in financial assumptions	26,350	-	26,350
Actuarial (gains) losses - experience adjustments	<u>8,289</u>	<u>-</u>	<u>8,289</u>
Recognized in other comprehensive income	<u>35,496</u>	( <u>4,485</u> )	<u>31,011</u>
Employer contributions	<u>-</u>	( <u>8,939</u> )	( <u>8,939</u> )
Benefits paid	( <u>6,806</u> )	<u>6,806</u>	<u>-</u>
Settlements	<u>-</u>	<u>-</u>	<u>-</u>
Exchange differences	( <u>93,342</u> )	<u>-</u>	( <u>93,342</u> )
Dec. 31, 2019	<u>\$ 623,550</u>	( <u>\$ 138,188</u> )	<u>\$ 485,362</u>

The Company and the domestic subsidiaries are exposed to the following risks due to the 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, the salary increase of plan members will increase the present value of the defined benefit obligation.

The primary risk exposure of Kontron's pension plan includes future salary changes and the life span of employees participating in the plan and market interest rate fluctuations. The present value of the defined benefit obligation of the consolidated company is calculated by a qualified actuary, and the material assumptions on the measurement date are as follows:

	Dec. 31, 2019	Dec. 31, 2018
Discount rate	0.62% ~ 1.26%	1.000% ~ 3.000%
Expected increase rate of salary	0.0% ~ 3.0%	2.0% ~ 4.0%
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:

	Dec. 31, 2019	Dec. 31, 2018
Discount rate		
Increase by 0.5%	( \$ 36,670 )	( \$ 16,535 )
Decrease by 0.5%	\$ 40,635	\$ 10,777
Expected increase rate of salary		
Increase by 0.5%	\$ 20,866	\$ 10,519
Decrease by 0.5%	( \$ 19,860 )	( \$ 16,369 )

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.

	Dec. 31, 2019	Dec. 31, 2018
The expected amount of contribution within 1 year	\$ 14,926	\$ 6,009
The average maturity period of defined benefit obligations	9.8 years	17.45 years

## XXV. Equity

### (I) Share Capital Common stock

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

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

	Dec. 31, 2019	Dec. 31, 2018
<u>Used to offset loss, distribute cash, or replenish capital (1)</u>		
Stock issuance premium	\$ 3,694,775	\$ 2,415,595
Transfer of other company shares to issue new shares	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 other purposes</u>		
Stock options of convertible bonds	466,745	384,494
	<u>\$ 6,339,752</u>	<u>\$ 4,728,440</u>

1. 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.
2. 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.
3. 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 expense 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 Dividends 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. Following 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 26(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 and 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 Jun. 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 dividends per share proposed by the Board of Directors for the year 2019 as of Mar. 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 dividends	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	( \$ 345,162 )	( \$ 456,250 )
Accrued in the current year		
Translation differences of foreign operations	( 432,380 )	111,088
Share of associates adopting equity method	( 202 )	-
Other comprehensive income of the year	( 432,582 )	111,088
Ending balance of the year	( \$ 777,744 )	( \$ 345,162 )

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

	2019	2018
Opening balance of the year	( \$ 39,290 )	( \$ 17,106 )
Accrued in the current year		
Unrealized gains (losses)		
Equity instruments	( 32,565 )	( 22,184 )
Other comprehensive income of the year	( 32,565 )	( 22,184 )
Ending balance of the year	( \$ 71,855 )	( \$ 39,290 )

## (V) Non-controlling Interests

	2019	2018
Opening balance of the year	\$ 19,294,031	\$ 13,759,341
Net profit	1,946,066	1,744,521
Other comprehensive income of current period		
Exchange difference of translations of financial statements of foreign operations	( 509,380 )	119,216
Unrealized gain and loss of financial assets measured at fair value through other comprehensive income	( 33,971 )	( 17,096 )
Remeasurement of defined benefit plan	( 9,478 )	1,108
Share of associates adopting equity method	( 249 )	-
Cash dividends to shareholders of subsidiaries	( 1,041,681 )	( 527,998 )
Non-controlling interests in cash capital increase of subsidiaries	-	786,939
Acquisition of non-controlling interests in subsidiaries (Note 33)	832,863	3,086,218
Non-controlling interest transactions with subsidiaries (Note 34)	( 772,108 )	339,501
Non-controlling interests related to outstanding vested warrants held by employees of subsidiaries (Note 32)	-	2,281
Ending balance of the year	<u>\$ 19,706,093</u>	<u>\$ 19,294,031</u>

## (VI) Treasury Stock

Reason for recovery	Shares transferred to employees (1,000 shares)	Shares of parent company held by subsidiaries (1,000 shares)	Total (1,000 shares)
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>
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>

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

Name of subsidiary	Number of shares (1,000 shares)	Carrying amount	Market price
Marketch 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 dividends 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.



## XXVI. Revenue

	2019	2018
Customer contract revenue		
Commodity sales revenue	\$ 55,799,271	\$ 47,958,862
Service revenue	13,120,238	10,402,788
Construction revenue	<u>12,586,707</u>	<u>10,600,809</u>
	<u>\$ 81,506,216</u>	<u>\$ 68,962,459</u>

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.

## (I) Contract Assets and Contract Liabilities

	Dec. 31, 2019	Dec. 31, 2018
Accounts receivable (Note 10)	<u>\$ 17,116,947</u>	<u>\$ 16,489,301</u>
Contract assets		
Contract assets – construction contracts	\$ 4,095,623	\$ 4,229,541
Contract liabilities – sales contracts	760,777	59,622
Contract liabilities – service contracts	<u>153,080</u>	<u>93,762</u>
	<u>\$ 5,009,480</u>	<u>\$ 4,382,925</u>
Contract liabilities		
Contract liabilities – construction contracts	\$ 2,440,230	\$ 2,202,925
Contract liabilities – sales contracts	1,908,483	1,457,005
Contract liabilities – service contracts	604,167	29,322
Software installation service	-	1,077,502
Extended warranty service	<u>745,027</u>	<u>-</u>
Total	<u>\$ 5,697,907</u>	<u>\$ 4,766,754</u>

The change in contract assets and contract liabilities mainly comes from the difference between the time when the performance obligation is fulfilled and the time when the customer pays. Other material changes are acquisition through business combinations.

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>		
Service contract	\$ 657,127	\$ 1,087,496
Property construction	28,925	-
Commodity sales	<u>1,721,083</u>	<u>-</u>
	<u>\$ 2,407,135</u>	<u>\$ 1,087,496</u>

## (II) Breakdown Information of Customer Contract Revenue, Please refer to Note 42.

## XXVII. Net Income

## (I) Other Income

	2019	2018
Rental income	\$ 41,029	\$ 14,352
Interest income	115,002	77,136
Dividends income	<u>13,856</u>	<u>-</u>
	<u>\$ 169,887</u>	<u>\$ 91,488</u>

(II) Other Gains and Losses	2019	2018
Profit (loss) from financial assets and financial liabilities		
Financial assets enforced at fair value through profit or loss	(\$ 15,008)	\$ -
Financial liabilities held for trading	97,017	89,284
Loss on the recovery of corporate bonds	( 187,228)	-
Subsidy income	87,550	-
Net foreign currency exchange loss	( 117,782)	46,859
Proceeds from actual settlement of litigation	-	19,654
Gains on bargain purchase - acquisition of subsidiaries (Note 31)	29,913	56,174
Gains from disposal of property, plant and equipment	4,762	20,611
Impairment loss	( 66,814)	-
Others	984,350	851,542
	<u>\$ 816,760</u>	<u>\$ 1,084,124</u>
(III) Financial Costs	2019	2018
Interest on bank notes	\$348,296	\$302,883
Interest on lease liabilities	76,184	-
Imputed interests of bonds payable	149,450	182,126
	<u>\$573,930</u>	<u>\$485,009</u>
(IV) Depreciation and Amortization Expense	2019	2018
Depreciation of property, plant, and equipment	\$ 620,974	\$ 458,367
Depreciation of right-of -use assets	764,494	-
Amortization expense of intangible assets	1,425,749	1,185,520
Amortization of long-term advance lease payments	-	1,194
	<u>\$ 2,811,217</u>	<u>\$ 1,645,081</u>
Depreciation expense summary by function		
Operating cost	\$ 302,694	\$ 146,009
Operating expense	1,082,774	312,358
	<u>\$ 1,385,468</u>	<u>\$ 458,367</u>
Amortization expense summary by functions		
Operating cost	\$ 247,173	\$ 134,203
Operating expense	1,178,576	1,052,511
	<u>\$ 1,425,749</u>	<u>\$ 1,186,714</u>

(V) Employee Benefits Expense

	2019	2018
Post-retirement benefit		
Defined contribution plan	\$ 250,854	\$ 157,018
Defined benefit plan	13,686	8,094
Salary, incentive, and bonus	11,028,507	8,702,093
Other employee benefits	<u>471,381</u>	<u>285,476</u>
	<u>\$ 11,764,428</u>	<u>\$ 9,152,681</u>
Summary by function		
Operating cost	\$ 1,251,713	\$ 720,929
Operating expense	<u>10,512,715</u>	<u>8,431,752</u>
	<u>\$ 11,764,428</u>	<u>\$ 9,152,681</u>

(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

	2019	2018
Bonus of employees	3.3%	3.0%
Bonus of directors	0.3%	0.3%

Amount

	2019	2018
Bonus of employees	<u>\$ 36,726</u>	<u>\$ 33,116</u>
Bonus of directors	<u>\$ 3,060</u>	<u>\$ 3,060</u>

If there is any change in the amount after the date of issuance of the annual consolidated 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 bonuses and director bonuses in 2018 and 2017 and the recognized amount of consolidated 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 2020 and 2019, please visit to the Market Observation Post System of TWSE.

(VII) Foreign Exchange Gains and Losses

	2019	2018
Total foreign exchange gains	\$ 581,817	\$ 688,513
Total foreign exchange losses	( <u>699,599</u> )	( <u>641,654</u> )
Net (loss) gain	<u>( \$ 117,782 )</u>	<u>\$ 46,859</u>

## XXVIII. Income Tax

## (I) Income Tax Recognized in Profit and Loss

The main components of income tax expenses are as follows:

	2019	2018
Current income tax		
Incurred in the current period	\$ 996,371	\$ 816,241
Surtax on unappropriated retained earnings	17,101	34,485
Land value increment tax	328	-
Adjustment of previous years	( 27,265 )	( 4,698 )
Deferred income tax		
Incurred in the current period	( 200,887 )	( 71,369 )
Changes in tax rate	-	( 14,725 )
Income tax expense recognized in profit and loss	<u>\$ 785,648</u>	<u>\$ 778,822</u>

The adjustment of accounting income and current income tax expense is as follows

	2019	2018
Profit before tax	<u>\$ 3,811,956</u>	<u>\$ 3,617,641</u>
Income tax of profit before tax calculated at the legal tax rate	\$ 960,655	\$ 882,651
Non-deductible tax expense	442,552	303,332
Tax exempt income	( 174,480 )	( 164,262 )
Surtax on unappropriated retained earnings	17,101	34,485
Land value increment tax	328	-
Overseas profit repatriated to withholding tax	7,876	-
Unrecognized temporary differences	( 102,064 )	( 282,238 )
Investment tax credit	( 2,704 )	( 3,418 )
Effect of different tax rates on consolidated entities	( 350,765 )	27,985
Unrecognized deficit deduction	14,414	( 290 )
Adjustment of current income tax expenses of previous years in the current period	( 27,265 )	( 4,698 )
Changes in tax rate	-	( 14,725 )
Income tax expense recognized in profit and loss	<u>\$ 785,648</u>	<u>\$ 778,822</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%.

The applicable tax rate of subsidiaries in China is 25%; the tax arising from other jurisdictions is calculated according to the applicable tax rate in the respective jurisdictions.

## (II) Income Tax Recognized in Other Comprehensive Income

	2019	2018
<u>Deferred income tax</u>		
Changes in tax rate	\$ -	\$ -
Incurred in the current period		
- Unrealized gain and loss of financial assets measured at fair value through other comprehensive income	14,820	9,880
- Remeasurement of defined benefit plan	2,159	2,086
Income tax recognized in other comprehensive income	<u>\$ 16,979</u>	<u>\$ 11,966</u>

(III) Deferred Income Tax Assets and Liabilities

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

2019

	Opening balance of the year	Acquired through business combination	Recognized in profit and loss	Recognized in other comprehensive income comprehensive income	Exchange differences	Ending balance of the year
<b>Deferred income tax assets</b>						
Allowance for inventory price loss	\$ 193,025	\$ 51,021	\$ 3,440	\$ -	(\$ 6,242)	\$ 241,244
Deficit deduction	767,982	-	4,134	-	( 24,530)	747,586
Bad debt loss	41,774	-	16,922	-	( 1,865)	56,831
Liability reserve	393,512	23,595	( 144,159)	-	( 7,922)	265,026
Others	52,992	7,214	125,287	14,820	( 6,135)	194,178
	<u>\$1,449,285</u>	<u>\$ 81,830</u>	<u>\$ 5,624</u>	<u>\$ 14,820</u>	<u>(\$ 46,694)</u>	<u>\$1,504,865</u>
<b>Deferred income tax liabilities</b>						
Defined benefit retirement plan	\$ 771	\$ -	\$ 2,004	( \$ 2,159)	\$ -	\$ 616
Fiscal and tax differences	213,395	103,633	( 4,856)	-	( 3,651)	308,521
Asset revaluation	309,497	-	( 168,082)	-	( 4,493)	136,922
Others	14,921	30,505	( 22,172)	-	( 270)	22,984
	<u>\$ 538,584</u>	<u>\$ 134,138</u>	<u>(\$ 195,263)</u>	<u>( \$ 2,159)</u>	<u>(\$ 8,414)</u>	<u>\$ 469,043</u>

2018

	Opening balance of the year	Acquired through business combination	Recognized in impairment	Recognized in other comprehensive income	Exchange differences	Ending balance of the year
<b>Deferred income tax assets</b>						
Allowance for inventory price loss	\$ 148,737	\$ 13,191	\$ 37,716	\$ -	(\$ 6,619)	\$ 193,025
Deficit deduction	603,216	-	174,540	-	( 9,774)	767,982
Bad debt loss	4,757	41,774	( 4,757)	-	-	41,774
Liability reserve	441,403	36,336	( 77,475)	-	( 6,752)	393,512
Others	30,790	49,828	( 49,554)	9,880	12,048	52,992
	<u>\$1,228,903</u>	<u>\$ 141,129</u>	<u>\$ 80,470</u>	<u>\$ 9,880</u>	<u>(\$ 11,097)</u>	<u>\$1,449,285</u>
<b>Deferred income tax liabilities</b>						
Defined benefit retirement plan	\$ 616	\$ -	\$ 2,241	( \$ 2,086)	\$ -	\$ 771
Fiscal and tax differences	193,279	42,870	( 19,653)	-	( 3,101)	213,395
Asset revaluation	257,841	46,452	7,896	-	( 2,692)	309,497
Others	-	11,029	3,892	-	-	14,921
	<u>\$ 451,736</u>	<u>\$ 100,351</u>	<u>(\$ 5,624)</u>	<u>( \$ 2,086)</u>	<u>(\$ 5,793)</u>	<u>\$ 538,584</u>

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

	2019	2018
Deficit deduction	<u>\$ 30,149</u>	<u>\$ 1,362,980</u>

(V) Information on Unused Deficit Deduction

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

Balance before deduction	Final year of deduction
\$ 54,014	2022
20,938	2023
27,652	2024
38,208	2025
30,946	2026
61,492	2027
6,411	2028
28,859	2029
2,641	2034
5,132	2035
2,175	2036
6,702	2038
<u>\$ 285,170</u>	

(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\$1,834,070 thousand, and NT\$4,020,480 thousand respectively.

(VII) Verification of Income Tax

The tax collection authority has verified the declaration of business income tax settlement of the Company, Ennoconn International Investment Co., Ltd., Goldtek Technology Co., Ltd., Thecus Technology Corp., Caswell Inc., and Marketech International Corp. up to 2017.

XXIX. 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

	2019	2018
Net income attributable to owners of the Company	\$ 1,080,242	\$ 1,094,298
Impacts of potential common stock with dilution effect		
The after-tax interest of convertible bonds	119,560	145,701
Net profit used to calculate diluted earnings per share	<u>\$ 1,199,802</u>	<u>\$ 1,239,999</u>

No. of shares unit: 1,000 shares

	2019	2018
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 of the Board of Directors, the dilutive effect of such potential common stocks shall continue to be considered.

XXX. Share-based Payment Agreement

- (I) The cash capital increase case of subsidiary Caswell Inc. before the stock listing, per Article 267 of the Company Act, 15% of 1,200 thousand shares shall be reserved for employee subscription with the tentative subscription price at NT\$101 per share. Among them, the transfer of restricted stock options shall not be allowed until three months after the listing and trading of shares. In addition, the transfer of treasury stocks in 2019 shall be subscribed by employees. Caswell Inc. adopts the Black-Scholes option evaluation model to estimate the fair value of the share-based payment on the grant date. The information on employee stock options is as follows:

	2019		2018	
		Weighted average exercise price (\$)		Weighted average exercise price (\$)
Employee stock options	Unit (1,000)		Unit (1,000)	
Opening outstanding	-	\$ -	-	\$ -
Granted this period	393	85.02	999	101
Lost this period	-	-	-	-
Exercised this period	( 393 )	85.02	( 999 )	101
Ending outstanding	<u>-</u>		<u>-</u>	

In 2018, based on the fair value of the equity commodity granted by Caswell Inc. on the grant date, the salary compensation expenses are recognized as NT\$3,723 thousand and used as an addition to the capital surplus. The Company recognizes the estimated capital increase of NT\$1,442 thousand for all changes in the equity of the subsidiary based on the shareholding ratio.

(II) The subsidiary, Marketch International Corp., provides stock option plan for its supervisors and senior employees.

The share option plan of Marketch International Corp. and its subsidiary - ADAT as of Dec. 31, 2019, is as follows:

Issuing company	Type of agreement	Grant date	Grant amount (1,000 shares)	Contract period	Vested conditions
Marketch	Employee stock option plan	Sep. 11, 2015	3,956	6 years	Service for 2 ~ 4 years
Marketch - ADAT	" (Plan 1)	Apr. 1, 2019	436	6 years	Service for 0 ~ 2 years
"	" (Plan 2)	Sep. 1, 2019	314	6 years	Service for 0 ~ 2 years

The above share-based payment agreements are all share-based payment transactions with equity settlement.

1. Marketch International Corp.

All outstanding vested stock options are measured on a market price basis on the acquisition date. The option is priced by the Black-Scholes valuation model. The inputs used in the valuation model are as follows:

Type of agreement	Stock option plan
Stock value on grant date (\$)	\$ 19.60
Exercise price (\$)	\$ 19.60
Expected volatility	34.91%
Duration	4.375 years
Expected dividends yield	0%
Risk-free interest rate	0.81%
Fair value per unit (\$)	\$ 5.8326

The information on employee stock options is as follows:

	2019		2018	
		Weighted average exercise price (\$)		Weighted average exercise price (\$)
Employee stock options	Unit (1,000)		Unit (1,000)	
Opening outstanding	1,325	\$ 16.70	-	\$ -
Acquisition through business combinations	-	-	2,031	-
Granted this period	-	-	-	-
Lost this period	( 14 )	-	( 56 )	-
Exercised this period	( 763 )	15.84	( 650 )	16.70
Ending outstanding	<u>548</u>	15.70	<u>1,325</u>	16.70
Exercisable at the end of the year	<u>548</u>		<u>83</u>	

## 2. The Subsidiary of Marketch - ADAT

All outstanding vested stock options are measured on a market price basis on the acquisition date. The option is priced by the Black-Scholes valuation model. The inputs used in the valuation model are as follows:

Type of agreement	Plan I	Plan II
Stock value on grant date (\$)	\$ 10.00	\$ 10.00
exercise price (\$)	\$ 10.00	\$ 10.00
Expected volatility	47.77%	44.29%
Duration	3.550 years	3.550 years
Expected dividends yield	0%	0%
Risk-free interest rate	0.61%	0.54%
Fair value per unit (\$)	\$ 2.4727	\$ 2.7873

The information on employee stock options is as follows:

Employee stock options	2019	
	Unit (1,000)	Weighted average Exercise price (\$)
Opening outstanding	-	\$ -
Acquisition through business combinations	750	10
Granted this period	-	-
Lost this period	-	-
Exercised this period	( 201 )	10
Ending outstanding	549	10
Exercisable at the end of the year	24	

## XXXI. Business Combination

### (I) Acquisition of Subsidiaries

	Main operating activities	Date of acquisition	The proportion of acquisitions with voting rights (%)	Transfer consideration
Sunlit Precision Technology Co., Ltd. and subsidiaries (hereinafter referred to as Sunlit Precision)	Metal stamping and casting industry	2019.01.15	40.30	\$ 358,484
EPRO DE	Internet of things industry	2019.03.01	100.00	80,616
EPRO HU	Internet of things industry	2019.03.01	86.00	-
APLIGO	Sales of netcom products	2019.04.01	52.00	32,387
Kapsch (Kapsch Carrier Com and Kapsch Public Transport Com)	Internet of things industry	2019.06.01	100.00	1
XTRO Holding GmbH	Information technology services	2019.06.01	100.00	33,886
Hawkeye Tech Co., Ltd.	Computer and peripheral commodity wholesale trade	2019.07.01	40.00	405,000
BASS Systems S.R.L	Information technology services	2019.08.01	51.00	437,649
AIS Automation Dresden GmbH	Internet of things industry	2019.11.01	100.00	439,257
KCC Kapsch Group	Information technology services	2018.04.01	100.00	22,390
Active Internet Performance	Information technology services	2018.05.01	100.00	17,740



	Main operating activities	Date of acquisition	The proportion of acquisitions with voting rights (%)	Transfer consideration
Marketch International Corp. and subsidiaries (hereinafter referred to as Marketch)	High-tech industry facility and process system planning and integration services	2018.05.15	46.79	4,924,648
Vecow Co., Ltd. (hereinafter referred to as Vecow)	Manufacturing, processing, trading, import and export of communication machinery, electronic equipment, and electronic devices	2018.06.29	100.00	98,366
Exceet Group	Internet of things industry	2018.07.28	100.00	772,098
Fair Value	Information technology services	2018.08.01	100.00	29,608
Inocybe	Embedded system services	2018.08.01	100.00	152,159

The acquisition of such companies by the consolidated company is to expand the Group's business and acquire relevant development, design, and production technology.

(II) Assets Acquired and Liabilities Assumed on the Acquisition Date 2019

	Sunlit Precision	Kapsch (Kapsch Carrier Com and Kapsch Public Transport Com)	Hawkeye	Bass Systems SRL	AIS Automation Dresden GmbH	Others
<b>Current assets</b>						
Cash and cash equivalents	\$ 522,392	\$ 363,357	\$ 53,584	\$ 96,302	\$ 70,754	\$ 22,590
Notes and accounts receivable	295,758	750,063	113,204	410,196	66,415	51,633
Other receivables	14,933	66,519	2,607	271	19,946	28,889
Inventories	123,904	347,787	131,359	61,768	42,916	75,263
Prepayments	20,513	121,496	-	15,839	5,784	711
Current income tax assets	-	306,808	-	78	-	2,239
Contract assets	-	447,985	-	-	1,609	-
Others	-	2,726	39,070	11,342	-	279
<b>Non-current assets</b>						
Property, plant, and equipment	\$ 57,997	\$ 185,903	\$ 51,308	\$ 5,369	\$ 106,606	\$ 17,683
Right-of-use assets	39,463	279,174	23,196	2,565	4,677	18,560
Intangible assets	-	252,298	30,571	252,599	41,895	42,494
Deferred income tax assets	-	66,428	182	5,864	5,231	4,125
Others	-	168,720	4,989	4,995	9,709	12
<b>Current liabilities</b>						
Notes and accounts payable	( 159,628 )	( 582,578 )	( 94,419 )	( 115,974 )	( 36,093 )	( 35,772 )
Other payables	( 9,796 )	( 340,144 )	( 36,481 )	( 382,092 )	( 41,118 )	( 28,643 )
Current income tax liabilities	( 33,163 )	( 125,122 )	( 9,775 )	( 9,146 )	( 11,768 )	( 1,790 )
Lease liability	( 22,411 )	( 94,056 )	-	( 2,565 )	-	( 15,295 )
Liability reserve	-	( 1,644,911 )	-	( 45,486 )	( 19,410 )	( 2,581 )
Short-term loans	-	( 737,458 )	-	-	-	( 41,295 )
Contract liability	-	( 846,761 )	-	( 2,724 )	( 45,397 )	( 2,011 )
Others	( 21,188 )	-	( 10,018 )	-	-	( 13,351 )
<b>Non-current liabilities</b>						
Deferred income tax liabilities	-	( 68,573 )	-	( 30,436 )	( 22,627 )	( 12,502 )
Lease liability	( 17,052 )	( 185,118 )	( 23,237 )	-	( 4,677 )	( 2,121 )
Liability reserve	-	( 415,373 )	-	-	-	-
Others	-	( 249,346 )	( 27,104 )	-	( 6,231 )	( 1,352 )
	<u>\$ 811,722</u>	<u>( \$ 1,930,176 )</u>	<u>\$ 249,036</u>	<u>\$ 278,765</u>	<u>\$ 188,221</u>	<u>\$ 107,765</u>

The initial accounting treatment for the acquisition of some companies on the balance sheet date is only provisional. At the date of issuance of this consolidated financial report, the required market evaluation and other calculations have not been completed. Therefore, the tentative value is only based on the best possible estimate of the management of the consolidated company.

The fair value of the accounts receivable from these companies in the merger transaction is close to the carrying amount, and there is no expected unrecoverable amount on the acquisition date.

## 2018

	Marketech	Vecow	KCC Kapsch Group	Exceet Group	Others
<b>Current assets</b>					
Cash and cash equivalents	\$ 1,935,003	\$ 44,078	\$ 57,849	\$ 38,610	\$ 38,956
Financial assets at fair value through profit or loss – current	65,300	11,240	-	-	-
Contract assets – current	3,225,826	-	-	-	-
Notes and accounts receivable	3,670,782	45,321	218,570	305,858	8,396
Other receivables	51,648	-	-	-	-
Inventories	3,042,843	85,847	13,512	778,689	4,017
Prepayments	574,112	-	-	-	-
Others	222,901	-	-	-	-
<b>Non-current assets</b>					
Financial assets at fair value through profit or loss - non-current	301,596	-	-	-	-
Investments under equity method	52,903	-	-	-	-
Property, plant, and equipment	2,043,907	85,850	14,811	198,354	12,482
Other intangible assets	11,409	-	-	-	-
Deferred income tax assets	141,129	-	-	-	-
Long-term advance lease payments	41,068	-	-	-	-
Others	51,802	7,993	24,208	141,551	41,321
<b>Current liabilities</b>					
Short-term loans	( \$ 1,475,545 )	\$ -	\$ -	\$ -	\$ -
Contract liabilities – current	( 2,818,334 )	-	-	-	-
Notes and accounts payable	( 4,491,262 )	( 182,450 )	( 195,316 )	( 507,551 )	( 84,813 )
Other payables	( 409,218 )	-	-	-	-
Current income tax liabilities	( 146,451 )	-	-	-	-
Others	( 55,669 )	-	-	-	-
<b>Non-current liabilities</b>					
Bonds payable	( 178,442 )	-	-	-	-
Long-term loans	( 200,000 )	-	-	-	-
Net defined benefit liability	( 153,576 )	-	-	-	( 48,894 )
Deferred income tax liabilities	-	-	( 52,147 )	( 70,246 )	22,042
Others	-	-	( 2,923 )	( 110,989 )	30,373
	<u>\$ 5,503,732</u>	<u>\$ 97,879</u>	<u>\$ 78,564</u>	<u>\$ 774,276</u>	<u>\$ 23,880</u>

The initial accounting treatment for the acquisition of Marketech and Vecow is only provisional on the balance sheet date. At the date of issuance of this consolidated financial report, the required market evaluation and other calculations have not been completed. Therefore, the tentative value is only based on the best possible estimate of the management of the consolidated company.

The fair value of the accounts receivable from these companies in the merger transaction is close to the carrying amount, and there is no expected unrecoverable amount on the acquisition date.

### (III) Goodwill Arising from Acquisition (gains on bargain purchase) 2019

	Sunlit Precision	Kapsch (Kapsch Carrier Com and Kapsch Public Transport Com)	Hawkeye	Bass Systems SRL	AIS Automation Dresden GmbH	Others
Transfer consideration						
Cash	\$ -	\$ 1	\$ 405,000	\$ -	\$ 439,257	\$ 139,171
Contingent consideration	-	-	-	437,649	-	-
Equity transaction agreement	358,484	-	-	-	-	6,718
	358,484	1	405,000	437,649	439,257	145,889
Add: Non-controlling interests	535,488	-	149,422	136,595	-	11,358
Less: Fair value of identifiable net assets acquired	( 811,722 )	1,930,176	( 249,036 )	( 278,765 )	( 188,221 )	( 107,764 )
	82,250	1,930,177	305,386	295,479	251,036	49,483
Gains on bargain purchase	-	-	-	-	-	29,913
Goodwill arising from acquisition	<u>\$ 82,250</u>	<u>\$ 1,930,177</u>	<u>\$ 305,386</u>	<u>\$ 295,479</u>	<u>\$ 251,036</u>	<u>\$ 79,396</u>

The goodwill arising from the acquisition mainly comes from control premium. In addition, the consideration paid for the merger includes the expected synergies of the merger, revenue growth, and future market development. However, such benefits do not meet the recognition criteria of identifiable intangible assets, so they are not recognized separately.

	2018				
	Marketech	Vecow	KKC Kapsch	Exceet Group	Others
Transfer consideration	\$ 4,924,648	\$ 98,366	\$ 22,390	\$ 1,083,132	\$ 251,940
Add: Non-controlling interests	3,081,884	-	-	-	-
Less: Fair value of identifiable net assets acquired	( 5,792,292 )	( 97,879 )	( 78,564 )	( 774,276 )	( 23,920 )
Goodwill arising from acquisition (gains on bargain purchase)	<u>\$ 2,214,240</u>	<u>\$ 487</u>	<u>( \$ 56,174 )</u>	<u>\$ 308,856</u>	<u>\$ 228,020</u>

(IV) Acquisition of Net Cash Outflow (inflow) from Subsidiaries  
2019

	Sunlit Precision	Kapsch (Kapsch Carrier Com and Kapsch Public Transport Com)	Hawkeye	Bass Systems SRL	AIS Automation Dresden GmbH	Others
Consideration paid in cash	\$ -	\$ 1	\$ 405,000	\$ -	\$ 439,257	\$ 139,171
Cash and cash equivalents acquired	( 522,392 )	( 363,357 )	( 53,584 )	( 96,302 )	( 70,754 )	( 22,590 )
	<u>( \$ 522,392 )</u>	<u>( \$ 363,356 )</u>	<u>\$ 351,416</u>	<u>( \$ 96,302 )</u>	<u>\$ 368,503</u>	<u>\$ 116,581</u>

	2018				
	Marketech	Vecow	KKC Kapsch	Exceet Group	Others
Consideration paid in cash	\$ 4,924,648	\$ 98,366	\$ 22,390	\$ 1,083,132	\$ 251,940
Cash and cash equivalents acquired	( 1,935,003 )	( 44,078 )	( 57,849 )	( 4,630 )	( 72,936 )
	<u>\$ 2,989,645</u>	<u>\$ 54,288</u>	<u>( \$ 35,459 )</u>	<u>\$ 1,078,502</u>	<u>\$ 179,004</u>

(V) The Impact of Business Combination on Operating Results  
2019

Since the acquisition date, the operating results of the acquired company are as follows:

	Sunlit Precision	Kapsch (Kapsch Carrier Com and Kapsch Public Transport Com)	Hawkeye	Bass Systems SRL	AIS Automation Dresden GmbH	Others
Operating revenue	<u>\$ 906,204</u>	<u>\$ 2,373,247</u>	<u>\$ 420,606</u>	<u>\$ 347,883</u>	<u>\$ 94,015</u>	<u>\$ 374,374</u>
Net profit	<u>\$ 28,147</u>	<u>\$ 379,239</u>	<u>\$ 50,214</u>	<u>\$ 38,353</u>	<u>\$ 692</u>	<u>\$ 14,276</u>

2018

Since the acquisition date, the operating results of the acquired company are as follows:

	Marketech	Vecow	KKC Kapsch	Exceet Group	Others
Operating revenue	<u>\$ 15,654,188</u>	<u>\$ 397,747</u>	<u>\$ 418,091</u>	<u>\$ 972,878</u>	<u>\$ 76,411</u>
Net profit	<u>\$ 468,154</u>	<u>\$ 51,589</u>	<u>( \$ 26,208 )</u>	<u>\$ 19,301</u>	<u>( \$ 22,887 )</u>

XXXII. Equity Transactions with Non-controlling Interests

EIH increased its equity investment in S&T AG in Feb. 2018, resulting in an increase in the overall shareholding ratio of EIH and Ennoconn International from 22.33% to 24.29%. During the period from May to Sep. 2018, due to the failure to subscribe to the cash capital increase according to the shareholding ratio, resulting in a decrease of the shareholding ratio of S&T AG to 24.11%. In Oct. 2018, EIH transferred all of its 49% KCI equity to S&T AG and attained an increase in the overall shareholding ratio to 26.61%. From Jul. to Dec. 2019, S&T AG successively executed the repurchase of treasury stocks, resulting in an increase in the overall shareholding ratio to 26.93%. S&T AG increased its investment in its subsidiaries in 2019 and 2018, resulting in changes in the shareholding ratio.

In Apr. 2018, Ennoconn Technology and Ennoconn International did not subscribe to the cash capital increase of Caswell, resulting in a decrease of the shareholding ratio from 38.73% to 34.18%. In Dec. 2018, due to the execution of the repurchase of treasury stocks by Caswell, resulting in an increase in the overall shareholding ratio to 34.48%. In Dec. 2018, Caswell carried out the transfer of treasury stocks, resulting in a decrease in the

overall shareholding ratio to 34.48%.

Marketch increased its equity due to the exercise of stock options in 2019, resulting in a decrease in Ennoconn International shareholdings from 45.21% to 44.69%.

In Apr. 2019, Nanjing Asiatek did not subscribe to the cash capital increase of Shenzhen Asiatek, resulting in a decrease of the shareholding ratio from 100% to 80%. In Dec. 2019, due to the reduction of investment, the shareholding ratio decreased from 80% to 70%.

Ennoconn International increased its investment in Taiwan Applied Module Corp. in Aug. 2019, resulting in an increase of shareholding ratio from 60% to 100%.

As the above transaction does not change the control over the Company, it is regarded as an equity transaction.

2019

	Marketch	S&T AG	Nanjing Asiatek	Taiwan Applied	Caswell
Cash consideration (paid) received	\$ -	(\$ 837,979)	\$ 20,246	(\$ 24,629)	\$ -
Carrying amount of net assets of subsidiaries shall be transferred out (in) non-controlling equity based on relative equity change	( 19,685)	777,036	( 16,354)	22,650	8,461
Difference in equity transactions	( \$ 19,685)	( \$ 60,943)	\$ 3,892	( \$ 1,979)	\$ 8,461

2018

	S&T AG	The subsidiary of S&T AG	Caswell
Cash consideration paid	(\$ 445,963)	(\$ 279,479)	\$ -
Carrying amount of net assets of subsidiaries shall be transferred out (in) non-controlling equity based on relative equity change	( 645,194)	58,868	246,825
Difference in equity transactions	( \$ 1,091,157)	( \$ 220,611)	\$ 246,825

### XXXIII. Non-cash Transactions

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

### XXXIV. Capital Risk Management

Based on the characteristics of the current operating industry and the development of the Company in the future, as well as factors such as changes in the external environment, the consolidated company plans the working capital and dividends expenses needed by the consolidated company in the future, to ensure that the consolidated company can continue to operate and maintain the best capital structure, to maximize the remuneration of shareholders and improve the value of shareholders in the long run.

To maintain or adjust the capital structure, the consolidated company may adjust the amount of dividends paid to shareholders or issue new shares. Moreover, the consolidated company is not subject to other external capital requirements.

### XXXV. Financial Instruments

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

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

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

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

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

1. Fair value level

Dec. 31, 2019

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through profit or loss</u>				
Derivatives	\$ -	\$ 11,260	\$ -	\$ 11,260
Equity instrument investments				
Listed (TPEX) stocks	77,421	-	-	77,421
Non-listed (Non-TPEX-listed) and emerging stocks	-	-	472,658	472,658
Fund beneficiary voucher	600	-	4,720	5,320
Oversea corporate bonds/convertible bonds	33,043	-	38,490	71,533
Total	<u>\$ 111,064</u>	<u>\$ 11,260</u>	<u>\$ 515,868</u>	<u>\$ 638,192</u>
<u>Financial assets measured at fair value through other comprehensive income</u>				
Equity instrument investments				
Listed (TPEX) stocks	\$ 39,160	\$ -	\$ -	\$ 39,160
Non-listed (Non-TPEX-listed) and emerging stocks	-	-	328,893	328,893
Total	<u>\$ 39,160</u>	<u>\$ -</u>	<u>\$ 328,893</u>	<u>\$ 368,053</u>
<u>Financial liabilities at fair value through profit or loss</u>				
Derivatives	\$ -	\$ 49,002	\$ -	\$ 49,002

Dec. 31, 2018

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through profit or loss</u>				
Derivatives	\$ -	\$ 6	\$ -	\$ 6
Equity instrument investments				
Listed (TPEX) stocks	100,496	-	-	100,496
Non-listed (Non-TPEX-listed) and emerging stocks	-	-	379,824	379,824
Oversea convertible bonds	-	-	23,646	23,646
Total	<u>\$ 100,496</u>	<u>\$ 6</u>	<u>\$ 403,470</u>	<u>\$ 503,972</u>
<u>Financial assets measured at fair value through other comprehensive income</u>				
Equity instrument investments				
Listed (TPEX) stocks	\$ 40,880	\$ -	\$ -	\$ 40,880
Non-listed (Non-TPEX-listed) and emerging stocks	-	-	323,342	323,342
Total	<u>\$ 40,880</u>	<u>\$ -</u>	<u>\$ 323,342</u>	<u>\$ 364,222</u>
<u>Financial liabilities at fair value through profit or loss</u>				
Derivatives	\$ -	\$ 16,609	\$ -	\$ 16,609

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

2. Adjustment of financial instruments measured by Level 3 fair value  
2019

Financial assets	Measured at fair value through profit or loss			Financial assets measured at fair value through other comprehensive income Measured at fair value Financial assets	
	Derivatives	Equity instruments	Total	Equity instruments	Total
Opening balance of the year	\$ 23,646	\$ 379,824	\$ 403,470	\$ 323,342	\$ 726,812
Business combination					
Recognized in profit or loss (other gains and losses)	( 2,922 )	34,780	31,858		31,858
Recognized in other comprehensive income (unrealized gain and loss of financial assets measured at fair value through other comprehensive income)				( 84,551 )	( 84,551 )
Purchase (including transfer in of advance investment payments)	50,803	64,827	115,630	2019,752	214,871
Disposal/settlement	-	( 2,047 )	( 2,047 )	-	( 2,047 )
Differences in translation of foreign currency	6	( 6 )	-	( 9,519 )	( 9,139 )
Ending balance of the year	<u>\$ 71,533</u>	<u>\$ 477,378</u>	<u>\$ 548,911</u>	<u>\$ 328,893</u>	<u>\$ 877,804</u>
Changes in unrealized profits or losses of the year related to the assets held at the end of the year are recognized in profit or loss.	( <u>\$ 2,922</u> )	<u>\$ 34,780</u>	<u>\$ 31,858</u>	-	<u>\$ 31,858</u>

2018

Financial assets	Measured at fair value through profit or loss			Financial assets measured at fair value through other comprehensive income	
	Derivatives	Equity instruments	Total	Equity instruments	Total
Opening balance of the year	\$ -	\$ -	\$ -	\$ 291,958	\$ 291,958
Business combination	-	301,596	301,596	-	301,596
Recognized in profit or loss (other gains and losses)	-	31,431	31,431	-	31,431
Recognized in other comprehensive income (unrealized gain and loss of financial assets measured at fair value through other comprehensive income)	-	-	-	( 49,400 )	( 49,400 )
Purchase (including transfer in of advance investment payments)	23,646	51,200	74,846	75,000	149,846
Disposal/settlement	-	( 4,403 )	( 4,403 )	-	( 4,403 )
Differences in translation of foreign currency	-	-	-	5,784	5,784
Ending balance of the year	<u>\$ 23,646</u>	<u>\$ 379,824</u>	<u>\$ 403,470</u>	<u>\$ 323,342</u>	<u>\$ 726,812</u>
Changes in unrealized profits or losses of the year related to the assets held at the end of the year are recognized in profit or loss.	<u>\$ -</u>	<u>\$ 31,431</u>	<u>\$ 31,431</u>	-	<u>\$ 31,431</u>

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

Classification of financial instruments	Valuation technique and input
Derivative instruments – swap contracts, forward foreign exchange contracts, foreign currency option contracts, and interest rate swap contracts	Cash flow discount method: Estimate the future cash flow according to the observable forward exchange rate on the balance sheet date and the exchange rate stipulated in the contract, and discount them respectively at the discount rate that can reflect the credit risk of each counterpart.
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.
Private equity placement of domestic listed companies	The determination of fair value is based on the observable market price of the underlying subject and the option pricing model.

### 4. Valuation technique and the input of Level 3 fair value measurement

The domestic and overseas non-listed (OTC) equity investment adopts the income approach to calculate the present value of the expected income from holding the investment by discounting the cash flow.

#### (III) Classification of Financial Instruments

	Dec. 31, 2019	Dec. 31, 2018
<u>Financial assets</u>		
Measured at fair value through profit or loss		
Enforced at fair value through profit or loss	\$ 638,192	\$ 503,972
Financial assets measured at amortized cost (Note 1)	37,422,395	30,864,166
Financial assets measured at fair value through other comprehensive income (equity instrument investments)	368,053	364,222
<u>Financial liabilities</u>		
Fair value through loss and profit (held for trading)	49,002	16,609
Measured at amortized cost (Note 2)	45,191,313	40,536,336

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

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

### (1) Exchange Rate Risk

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

Please refer to Note 40 for the carrying amount of monetary assets and monetary liabilities denominated in non-functional currencies (including monetary items denominated in a non-functional currency in the consolidated financial statements) on the balance sheet date.

#### Sensitivity Analysis

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

The table below details the sensitivity analysis of the consolidated 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	(\$ 34,258) (i)	(\$ 31,135) (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 consolidated company without cash flow hedging.

The increase in the exchange rate sensitivity of the consolidated company in 2019 and 2018 is mainly due to the increase in net assets position in the US dollar.

### (2) Interest Rate Risk

Because the consolidated company borrows funds at both fixed and floating interest rates, interest rate risk arises.

The carrying amounts of the consolidated 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	\$ 7,354,532
Interest rate risk with cash flows		
- Financial assets	17,970,184	12,089,086
- Financial liabilities	17,956,627	12,712,757

#### 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 consolidated company's profit before tax in 2019 will decrease/increase by NT\$135 thousand, mainly due to the consolidated 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 consolidated company's profit before tax in 2018 will decrease/increase by NT\$6,237 thousand, mainly due to the consolidated company's net position of variable interest rate bank deposits and variable interest rate loans.

The decrease in the sensitivity of the consolidated company to interest rates in the current period is mainly due to the increase in bank deposits at variable interest rates.

#### (3) Other Price Risk

The consolidated company has equity price exposure arising from the holding of domestic and oversea listed stocks and funds. The consolidated company has appointed a specific team to monitor the price risk and assess when it is necessary to increase the risk hedging position.

#### Sensitivity Analysis

The following sensitivity analysis is based on the equity price exposure at the balance sheet date.

If the equity price increases/decreases by 1%, the profit and loss before tax in 2019 will increase/decrease by NT\$6,382 thousand due to the increase/decrease of the fair value of financial assets at fair value through profit or loss. In 2019, other comprehensive income before tax will increase/decrease by NT\$3,681 thousand due to the increase/decrease of the fair value of financial assets measured at fair value through other comprehensive income.

If the equity price increases/decreases by 1%, the profit and loss before tax in 2018 will increase/decrease by NT\$5,040 thousand due to the increase/decrease of the fair value of financial assets at fair value through profit or loss. In 2018, other comprehensive income before tax will increase/decrease by NT\$3,642 thousand due to the increase/decrease of the fair value of financial assets measured at fair value through other comprehensive income.

## 2. Credit Risk

Credit risk refers to the risk of financial loss of the Group caused by the counterparty's default of contractual obligations. As of the balance sheet date, the consolidated 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 consolidated company is mainly from:

- (1) The carrying amount of financial assets recognized in the Consolidated Balance Sheets.
- (2) The maximum amount that the consolidated 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 consolidated 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 consolidated 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 consolidated company's management believes that the consolidated company's credit risk has been significantly reduced.

Accounts receivable cover a large number of customers, scattered in different industries and geographical areas. Due to the large and scattered customer base, the concentration of credit risk is not high.

## 3. Liquidity Risk

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

The bank note is an important source of liquidity for the consolidated company. Please refer to the following (2) description of financing lines for the unused financing lines of the consolidated company as of Dec. 31, 2019, and 2018.

- (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 consolidated 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	\$ 22,366,253	\$ -	\$ -
Lease liabilities	452,743	580,704	3,079,284
Instruments with floating interest rates	6,580,664	4,454,843	7,113,936
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	<u>\$1,033,447</u>	<u>\$1,738,926</u>	<u>\$1,340,359</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

Dec. 31, 2018

	Within 6 months (inclusive)	Over 6 months Up to 1 year	Over 1 year
<u>Non-derivative financial liabilities</u>			
No interest-bearing liabilities	\$ 22,666,227	\$ 14,141	\$ 842
Instruments with floating interest rates	9,201,965	2,915,666	1,864,255
Instruments with fixed interest rates	7,354,532	-	-

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

For the liquidity analysis of derivative financial instruments, for the derivative instruments adopting net settlement, it is prepared based on undiscounted contract net cash inflow and outflow. For the derivative instruments adopting total settlement, it is made based on undiscounted total cash inflow and outflow. When the amount payable or receivable is not fixed, the amount disclosed is determined based on the estimated interest rate projected by the yield curve on the balance sheet date.

Dec. 31, 2019

	Within 6 months (inclusive)	Over 6 months Up to 1 year	Over 1 year
<u>Net settlement</u>			
Foreign currency option contract	\$ 1,282	\$ -	\$ -
Forward exchange contract	<u>23,002</u>	<u>-</u>	<u>-</u>
	<u>\$ 24,284</u>	<u>\$ -</u>	<u>\$ -</u>

Dec. 31, 2018

	Within 6 months (inclusive)	Over 6 months Up to 1 year	Over 1 year
<u>Net settlement</u>			
Foreign currency option contract	(\$ 245)	\$ -	\$ -
Forward exchange contract	<u>5,111</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,866</u>	<u>\$ -</u>	<u>\$ -</u>

(3) Financing line

	Dec. 31, 2019	Dec. 31, 2018
Unsecured bank notes line		
- Amount used	\$ 16,436,129	\$ 12,261,655
- Amount unused	<u>18,517,707</u>	<u>10,419,454</u>
	<u>\$ 34,953,836</u>	<u>\$ 22,681,109</u>
Secured bank notes line		
- Amount used	\$ 1,520,498	\$ 451,102
- Amount unused	<u>1,344,114</u>	<u>1,720,458</u>
	<u>\$ 2,864,612</u>	<u>\$ 2,171,560</u>

# XXXVI. Related Party Transactions

Transactions, account balances, gains and expenses between the Company and its subsidiaries (which are related parties of the Company) are eliminated in full on consolidation, so they are not disclosed in this note.

Transactions between the consolidated company and other related parties are as follows:

## (I) Name of Related Party and Relationships

Name of related party	Relationship with the consolidated company
Hon Hai Precision Industry Co., Ltd.	Associates
Hongfujin Precision Electronics (Chongqing) Co., Ltd.	Associates
Hongfujin Precision Industry (Shenzhen) Co., Ltd.	Associates
Hongfujin Precision Industry (Wuhan) Co., Ltd.	Associates
Hongfujin Precision Electronics (Henyang) Co., Ltd.	Associates
Hongfujin Precision Electronics (Zhengzhou) Co., Ltd.	Associates
Hongfujin Precision Electronics (Guizhou) Co., Ltd.	Associates
Hongfujin Precision Electronics (Guiyang) Co., Ltd.	Associates
Hongfujin Precision Electronics (Jiyuan) Co., Ltd.	Associates
Hongfujin Precision Electronics (Henyang) Co., Ltd.	Associates
Hongfusheng Precision Electronics (Yantai) Co., Ltd.	Associates
Hongfusheng Precision Electronics (Zhengzhou) Co., Ltd.	Associates
Hongfujin Precision Industry (Taiyuan) Co., Ltd.	Associates
Cloud Network Technology Singapore Pte.	Associates
Chung-Hsin Electric and Machinery Manufacturing Corp	Associates
WT Microelectronics Co., Ltd.	Associates
Macrotec Technology Corp.	Associates
Glory Technology Service Inc.	Associates
Foxconn Interconnect Technology Limited Taiwan Branch (Cayman)	Associates
Hong Kong Ennopower Information Technology Co., Ltd.	Associates
Kang Zhun Electronic Technology (Kunshan) Co., Ltd.	Associates
Shenzhen Yuzhan Precision Technology Co., Ltd.	Associates
Shenzhen Ennopower Information Technology Co., Ltd.	Associates
Shenzhen Fugui Precision Industrial Co., Ltd.	Associates
Hongqing Precision Machinery Co., Ltd.	Associates
Hongfujin Precision Electronics (Yantai) Co., Ltd.	Associates
Foxconn Precision Electronics (Taiyuan) Co., Ltd.	Associates
Foxconn (Nanjing) Software Co., Ltd.	Associates
Futaihua Industry (Shenzhen) Co., Ltd.	Associates
Futaihua Industry (Zhengzhou) Co., Ltd.	Associates
Futaihua Precision Electronics (Jiyuan) Co., Ltd.	Associates
FIH Precision Component (Beijing) Co., Ltd.	Associates
Forward Science Corporation	Associates
Hongfusheng Precision Electronics (Zhengzhou) Co., Ltd.	Associates
Hongfujin Precision Industry (Wuhan) Co., Ltd.	Associates
Hongfujin Precision Industry (Shenzhen) Co., Ltd.	Associates
Hongfujin Precision Electronics (Tianjin) Co., Ltd.	Associates
Hongfujin Precision Electronics (Chongqing) Co., Ltd.	Associates
Foxconn Brasil Industria e Comercio Ltda.	Associates
Foxconn CZ s.r.o	Associates
Macrotec Technology (Shanghai) Co. Ltd.	Associates
Tekcon Electronics Corp.	Associates
First Special Material (Shenzhen) Holding Limited	Associates
G-Tech Optoelectronics Corp.	Associates

Name of related party	Relationship with the consolidated company
Anpinda Precision Industry (Huizhou) Co., Ltd.	Associates
Chung-Hsin Electric and Machinery Manufacturing Corp. (Jiangsu)	Associates
Kunshan Fuchengke Precision Electronical Co., Ltd.	Associates
Wuhan Yuzhan Precision Technology Co., Ltd.	Associates
Henan Yuzhan Precision Technology Co., Ltd.	Associates
STS Glory Technology Corp.	Associates
Fujun Material Technology (Shenzhen) Co., Ltd.	Associates
Fuzhun Precision Electronics (Hebi) Co., Ltd.	Associates
Futaihua Precision Electronics (Jincheng) Co., Ltd.	Associates
Fuguikang Precision Electronics (Guizhou) Co., Ltd.	Associates
Ingrasys Technology Inc.	Associates
Foxconn Group Hengyang Cailun Technology Park Trade Union Committee	Associates
Fuding Precision Component (Shenzhen) Co., Ltd.	Associates
Futaijing Precision Electronics (Beijing) Co., Ltd.	Associates
Nanjing U-GYM Technology Corp.	Associates
STS Glory Technology Corp.	Associates
Flnet Co., Ltd.	Associates
Foxnum Technology Co., Ltd.	Associates
Hon Ling Technology Co., Ltd.	Associates
Foxconn Technology Group Trade Union Federation	Associates
Innolux Corporation	Associates
Hong Zhun Precision Tooling (Kunshan) Co., Ltd.	Associates
Fujin Precision Industry (Jincheng) Co., Ltd.	Associates
Chongqingshi Guanzhuo Technology Co., Ltd.	Associates
Chongqing Fugui Electronics Co., Ltd.	Associates
Socle Technology Corp.	Associates
ProbeLeader Co., Ltd.	Associates
Guizhou Funayuan Science And Technology Co., Ltd.	Associates
Hon Hai Precision Industry Co., Ltd. Hsinchu Park Branch	Associates
UER Technology (Shenzhen) Corporation	Associates
Foxconn Technology Group Trade Union Co., Ltd.	Associates
Brilliant Network & Automation Integrated System Co., Ltd.	Associates

(II) Operating Revenue			
Item	Category/name of related parties	2019	2018
Sales revenue	<u>Associates</u>		
	Futaihua Industry (Shenzhen) Co., Ltd.	\$ 353,829	\$ 1,196,932
	Hon Hai Precision Industry Co., Ltd.	417,835	589,997
	Hongfujin Precision Industry (Shenzhen) Co., Ltd.	1,228,212	831,878
	Henan Yuzhan Precision Technology Co., Ltd.	470,645	-
	Hongfusheng Precision Electronics (Zhengzhou) Co., Ltd.	726,324	319,392
	Others	154,268	37,942
	Associates	<u>543,775</u>	<u>175,855</u>
Construction revenue		<u>\$3,894,888</u>	<u>\$3,151,996</u>

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

(III) Purchase and Processing Costs

Category/name of related parties	2019	2018
Associates		
Hon Hai Precision Industry Co., Ltd.	\$ 4,916,160	\$ 7,038,364
Others	<u>282,926</u>	<u>206,973</u>
	<u>\$ 5,199,086</u>	<u>\$ 7,245,337</u>

The sales transaction price of the consolidated company to the 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>Associates</u>		
	Futaihua Industry (Shenzhen) Co., Ltd.	\$ 5,252	\$ 183,862
	Hon Hai Precision Industry Co., Ltd.	19,510	100,677
	Hongfujin Precision Industry (Shenzhen) Co., Ltd.	258,342	166,623
	Hong Kong Ennower Information Technology Co., Ltd.	126,784	104,333
	Henan Yuzhan Precision Technology Co., Ltd.	445,929	-
	Others	<u>353,910</u>	<u>6,371</u>
		<u>\$ 1,209,727</u>	<u>\$ 561,866</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 expense.

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

Item	Category/name of related parties	Dec. 31, 2019	Dec. 31, 2018
Accounts payable	<u>Associates</u>		
	Hon Hai Precision Industry Co., Ltd.	\$ 1,142,252	\$ 1,576,404
	Others	<u>170,441</u>	<u>106,672</u>
		<u>\$ 1,312,692</u>	<u>\$ 1,683,076</u>
Expense payable (account for other payable)	Associates Other payables	<u>\$ 82,135</u>	<u>\$ 213,008</u>

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

(VI) Endorsements

Endorsements/Guarantees for Others

Category/name of related parties	Dec. 31, 2019	Dec. 31, 2018
Innovative Systems Integration Limited	\$ 1,499,000	\$ -
Dexatek Technology Ltd.	304,900	254,144
Thecus Technology Corp.	200,000	100,000
HighAim Technology Inc.	419,720	706,445
HighAim Technology Inc.	\$ 194,870	\$ 92,145
The subsidiary of S&T AG	5,294,991	5,2019,896
The subsidiary of Marketech International Corp.	4,543,411	4,236,980
	<u>\$ 12,456,892</u>	<u>\$ 10,498,610</u>

(VII) Remuneration of Key Management

	2019	2018
Short-term employee benefits	\$ 275,698	\$ 228,792
Post-retirement benefits	4,804	2,455
Other long-term employee benefits	-	-
Share-based payment	-	-
	<u>\$ 280,502</u>	<u>\$ 231,247</u>

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

XXXVII. Pledged Assets

The following assets of the consolidated company are the collateral for the financing loans and the security deposit of the tariff collaterals for importing raw materials:

	Dec. 31, 2019	Dec. 31, 2018
Pledged time deposits (recognized as financial assets measured at amortized cost)	\$ 48,852	\$ 4,374
Pledged demand deposits (recognized as other financial assets)	190,385	279,245
Accounts receivable	347,586	443,601
Inventory	200	-
Land	63,316	80,728
Buildings - net amount	274,903	540,383
Right-of-use assets	40,078	-
Advance lease payments	-	84,829
Refundable deposits	124,268	68,834
Others	34,313	166,168
	<u>\$ 1,123,901</u>	<u>\$ 1,668,162</u>

XXXVIII. Significant Contingent Liabilities and Unrecognized Contract Commitments

- (I) The material commitments and contingencies of the consolidated company on the balance sheet date are the total future minimum lease payments of the consolidated company's non-cancellable operating leases. Please refer to Note 36.
- (II) As of Dec. 31, 2019, the Group has issued NT\$2,152 thousand of bills and guarantees for project performance and tariff guarantee.

XXXIX. 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.

**XL. 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 each entity of the consolidated 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>
<b>Financial assets</b>			
<u>Monetary Items</u>			
USD	\$ 206,019	29.98 (USD:NTD)	\$ 6,176,437
USD	85,365	1.1204 (USD:EUR)	2,559,244
USD	42,880	0.1433 (USD:RMB)	1,285,544
<b>Financial liabilities</b>			
<u>Monetary Items</u>			
USD	122,771	29.98 (USD:NTD)	3,680,684
USD	66,306	1.1204 (USD:EUR)	1,987,852
USD	30,915	0.1433 (USD:RMB)	926,844

Dec. 31, 2018

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<b>Financial assets</b>			
<u>Monetary Items</u>			
USD	\$ 215,814	30.715 (USD:NTD)	\$ 6,628,736
USD	70,266	1.146 (USD:EUR)	2,158,227
USD	36,431	0.145 (USD:RMB)	1,118,973
<b>Financial liabilities</b>			
<u>Monetary Items</u>			
USD	137,530	30.715 (USD:NTD)	4,224,234
USD	72,614	1.146 (USD:EUR)	2,230,352
USD	11,000	0.145 (USD:RMB)	337,865

The foreign currency exchange (loss) gains (realized and unrealized) of the consolidated company in 2019 and 2018 were NT\$(117,782) thousand and NT\$46,859 thousand respectively. Due to the variety of foreign currency transactions and functional currencies of the Group individual entities, the exchange gains and losses could not be disclosed according to the foreign currencies with material impact.

**XLI. 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 35)
  10. Others: The business relationship among parent and subsidiaries and between subsidiaries, and significant transactions and amounts. (Table 7)
  11. Investee information. (Table 8)
- (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 9)
  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 39 and Table 1, 2, 5, 6 and 7)
    - (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.

## XLII. Segment information

The information provided by the consolidated company to the key business decision-makers is for resource allocation and performance evaluation of the segments, focusing on the product types offered. In 2019 and 2018, the consolidated company mainly engaged in the manufacturing and sales of data storage, processing equipment and industrial motherboard, network communication, and factory electromechanical system services.

### (I) Revenue and Operating Results of the Segment

The consolidated company shall report the revenue and operating results of the segment as follows:

	Segment revenue		Segment profit and loss	
	2019	2018	2019	2018
Industrial computer software and hardware sales segment	\$ 12,461,064	\$ 11,585,313	\$ 1,093,622	\$ 901,978
Information system segment	42,660,568	35,223,782	1,045,318	1,100,270
Network communication production and marketing segment	4,803,355	4,575,070	343,277	373,471
Factory management system and electromechanical system service segment	24,506,593	14,912,580	730,609	493,478
Other segments	<u>5,851,036</u>	<u>5,477,284</u>	47,513	71,271
Total	90,282,616	71,774,029		
Elimination of inter department transactions	( <u>8,776,400</u> )	( <u>2,811,570</u> )		
Total	<u>\$ 81,506,216</u>	<u>\$ 68,962,459</u>		
Other income			169,887	91,488
Miscellaneous income			1,892,525	1,068,528
Interest expenses			( 573,930 )	( 485,009 )
Miscellaneous expenses			( 958,757 )	( 14,779 )
Share of profit and loss of associates under equity method			<u>21,892</u>	<u>16,945</u>
Profit before tax			<u>\$ 3,811,956</u>	<u>\$ 3,617,641</u>

Revenue reported above is generated from transactions with external customers. Segment profit and loss refer to the profit earned by each segment, excluding rental income, interest income, dividends income, profit and loss on disposal of an investment, profit and loss on the evaluation of financial assets, miscellaneous income, interest expense, impairment loss, miscellaneous expense, the share of profit and loss of associates under equity method and income tax expense. This measured amount is provided to the key business decision-makers to allocate resources to segments and assess their performance.

(II) Assets and Liabilities of the Segment

The information on assets and liabilities of the consolidated company is not provided to the business decision-makers, so the measured amount of the assets and liabilities of the segment to be disclosed is zero.

(III) Income from Main Products and Services

The income analysis of the main products and services of the consolidated company is as follows:

	2019	2018
Production and marketing of motherboard	\$ 9,505,359	\$ 11,561,874
Motherboard maintenance	929	16,700
Production and marketing of network communication	4,331,021	4,247,762
Information system software and hardware integration services	38,656,855	35,223,782
Factory management and electromechanical system service	24,182,625	14,675,155
Others	<u>4,829,427</u>	<u>3,237,186</u>
	<u>\$ 81,506,216</u>	<u>\$ 68,962,459</u>

(IV) Regional Information

The consolidated company operates mainly in three regions - Taiwan, China, and Europe.

The income from external customers of the consolidated company is classified according to the operating location and the non-current assets are listed as follows according to the location of the assets:

	Income from external customers		Non-current assets	
	2019	2018	Dec. 31, 2019	Dec. 31, 2018
Taiwan	\$ 19,813,221	\$ 29,281,632	\$ 5,878,386	\$ 4,837,084
China	12,066,709	3,850,398	417,189	485,304
Europe	39,383,396	28,280,702	7,642,628	4,993,891
Others	10,242,890	7,549,927	2,366,084	2,356,195
Total	<u>\$ 81,506,216</u>	<u>\$ 68,962,459</u>	<u>\$ 16,304,287</u>	<u>\$ 12,672,474</u>

Non-current assets do not include financial assets at fair value through profit or loss, financial assets measured at fair value through other comprehensive income, investment under equity method, goodwill, advance investment payments, refundable deposits, net defined benefit assets, and deferred income tax assets.

(V) Major Customers Information

Details of major customers accounting for more than 10% of net consolidated sales revenue in 2019 and 2018 are as follows:

Customer Name	2019		2018	
	Amount	% of operating revenue	Amount	% of operating revenue
Company A	\$ 6,102,358	7.49%	\$ 6,904,385	10.01%

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

Table 1

Unit: NT\$1,000

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	Remark
													Name	Value			
1	Caswell Inc.	Beijing Caswell Ltd.	Other 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 receivables - 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 d.o.o., Montenegro	Other receivables - 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 receivables - 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 receivables - 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 receivables - related parties	Yes	30,231	30,231	-	3	2	-	Operating turnover	-	None	-	13,208,733	13,208,733	
2	S&T AG, Austria	S& Deutschland GmbH, Germany	Other receivables - 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 receivables - 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 receivables - 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 receivables - 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 s.r.o., Slowakei	Other receivables - 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 receivables - 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 receivables - 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 receivables - 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 S.R.L., Romania	Other receivables - 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 receivables - 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 receivables - 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 receivables - 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 e.o.o.d	Other receivables - related parties	Yes	8,398	8,398	8,398	3	2	-	Operating turnover	-	None	-	13,208,733	13,208,733	

(continued on next page)

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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	Remark
													Name	Value			
2	S&T AG, Austria	Kontron America Inc.	Other receivables - 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 receivables - 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 receivables - 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 receivables - 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 receivables - related parties	Yes	21,896	-	-	0	2	-	- Operating turnover	-	None	-	-	-	
5	Kontron S&T AG	Kontron Asia Pacific Design Sdn. Bhd.	Other receivables - 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 receivables - related parties	Yes	25,193	18,475	18,475	1	2	-	- Operating turnover	-	None	-	125,371	125,371	
7	Marketch International Corp.	eZoom Information, Inc.	Other receivables - related parties	Yes	50,000	-	-	-	2	-	- Operating turnover	-	None	-	2,320,005	2,320,005	
7	Marketch International Corp.	Marketch Integrated Construction Co., Ltd.	Other receivables - 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.	Marketch Co., Ltd.	Other receivables - 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 receivables - 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 Electronics Engineering Co., Ltd.	Other receivables - 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 receivables - 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 receivables - related parties	Yes	50,369	34,439	34,439	4.785-5.0025	2	-	- Operating turnover	-	None	-	301,065	301,065	
11	Marketch Integrated Manufacturing Co., Ltd.	Marketch Integrated Construction Co., Ltd.	Other receivables - related parties	Yes	6,164	-	-	-	2	-	- Operating turnover	-	None	-	150,099	300,198	
12	AIS Cayman Technology Group	American Industrial Systems, Inc	Other receivables - 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 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	Remark
		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 d.d.	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 e.o.o.d.	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 s.r.o.	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	Remark
		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 s.r.o.	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.z.o.o.	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.z.o.o.	Subsidiary	NT\$19,400,877 (limited to 150% of the Company's net worth)	Euro 9,413 NT\$316,171	EUR NTD	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 17,000 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.p.k	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	Remark
		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)	Euro 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 MIC-Tech Electronic Engineering Corp.	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 Electronics Engineering 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/guarantee s provided by subsidiary to parent company	Endorsements/guarantees for Mainland China	Remark
		Company name	Relationship											
3	Marketech International Corp.	Special Triumph Sdn. Bhd.	A company with a 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 MIC-Tech Electronic Engineering Corp.	Shanghai Maohua Electronics Engineering Co., Ltd.	A company with a 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 MIC-Tech Electronic Engineering Corp.	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 MIC-Tech Electronic Engineering Corp.	Marketech International Corp.	Companies directly or indirectly held by the Company for more than 50% of voting rights	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 MIC-Tech Electronic Engineering Corp.	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				Remark
				No. of shares/Unit	Carrying amount	Shareholding ratio %	Fair value	
Ennoconn International Investment Co., Ltd.	Winmate Inc.  Plus: Adjustment of financial assets valuation measured at fair value through other comprehensive income	None	Financial assets measured at fair value through other comprehensive income - current	712,000	\$ 35,600  3,560  \$ 39,160	-	\$ 39,160	
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&T AG	Others	"	"	Euro 192,788	6,476	-	6,476	
S&T Slovenija d.d	Shares	"	"	Euro 7,656	258	-	258	
Diverse	Diverse	"	"	Euro 656	22	-	22	
AIS Automation Dresden	Others	"	"	Euro 302,411	10,158	-	10,158	
	Less: Adjustment of financial assets valuation measured at fair value through other comprehensive income				( 153,534 )			
Marketech International Corp.	Lasertec Corporation	"	Financial assets at fair value through profit or loss - current	40,000	\$ 328,893 \$ 61,382	-	\$ 328,893 \$ 61,382	
"	Solar Applied Materials Technology Co., Ltd.	None	"	44,078	990	-	990	
"	Aerospace Industrial Development Corporation	"	"	25,925	931	-	931	
					\$ 63,303		\$ 63,303	

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Holding company	Type and name of securities	Relationship with the issuer of securities	Ledger account	End of period				Remark
				No. of shares/Unit	Carrying amount	Shareholding ratio %	Fair value	
Marketch 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	
"	H&D Venture Capital Investment Corp.	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	
"	Mycropore Corporation	"	"	971,000	21,991	5.81	21,991	
"	STEK Co., Ltd.	"	"	333,000	23,310	6.34	23,310	
"	SumCapital Healthcare Investment Company 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.	MIC-Tech (Beijing) Environment 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				Remark
				No. of shares/Unit	Carrying amount	Shareholding ratio %	Fair value	
Marketech International Corp.	<u>Convertible bonds</u> Nitride Solutions Inc.	None	Financial assets at fair value through profit or loss - non-current	-	\$ -	-	\$ -	
"	Hallys Corporation	"	"	-	20,730	-	20,730	
	Radisen Co. Ltd.	"	"	-	12,313	-	12,313	
					<u>\$ 33,043</u>		<u>\$ 33,043</u>	
Sunlit Precision Technology 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	"	Financial assets at fair value through profit or loss - current		<u>\$ 600</u>		<u>\$ 600</u>	
Marketech International Corp.	Artificial Intelligence Fund 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 8 and 9 for information about investment in subsidiaries.

Note 3: It refers the preferred stocks held.

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

Buying/selling company	Type and name of securities	Ledger account	Transaction counterpart	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.	Stock Hawkeye Tech, Co., Ltd.	Investment under equity method	Hawkeye Tech, Co., Ltd.	Subsidiary	-	\$ -	5,400,000	\$ 405,000	-	\$ -	\$ -	\$ -	5,400,000	\$ 423,943
S&T AG, Austria	BASS Systems SRL	Investment 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 (Note 1)
"	Amanox Solutions AG	Investment 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	Euro 5,719 NT\$192,092 (Note 1)
	AIS Automation Dresden GmbH	Investment under equity method	Amanox Solutions AG	Subsidiary	-	-	51,000	Euro 13,077 NT\$439,257	-	-	-	-	51,000	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.

Note 2: All transactions related to reinvestment in this table have been written off in full when preparing consolidated financial statements.

Ennoconn Corporation and Subsidiaries  
The 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 counterpart	Relationship	Trading status				The situation and reason for the difference between the trading terms and the general trading		Notes and accounts receivable (payable)		Remark
			Purchas (sale)	Amount	Ratio of total purchase (sale)	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 expense	\$ 620,929	0.95%	Payment term of 60 days	No material difference	No material difference	\$ -	-	
Ennoconn Corporation	Kontron Europe GmbH	Subsidiary	Sale	( 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	Sale	( 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	Sale	( 138,425 )	( 0.17% )	Payment term of 90 days	No material difference	No material difference	29,831	0.17%	
Ennoconn Corporation	Victor 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 expense	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	Sale	( 224,884 )	( 0.28% )	Payment term of 90 days	No material difference	No material difference	161,925	0.95%	
Sunlit Precision Technology 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 Precision Technology 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	Sale	( 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 expense	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	Sale	( 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	Sale	( 101,750 )	( 0.12% )	Payment term of 70 days	No material difference	No material difference	( 10,392 )	( 0.06% )	
Marketch International Corp.	Hong Kong Ennopower Information Technology Co., Ltd.	Entities under the control or material influence of the key management	Sale (Note 2)	( 241,845 )	( 0.30% )	Note 1	No material difference	No material difference	126,786	0.74%	
Shanghai MIC-Tech Electronic Engineering Corp.	Shenzhenshi Ennopower Information Technology Co., Ltd.	Entities under the control or material influence of the key management	Sale (Note 2)	( 170,086 )	( 0.21% )	Note 1	No material difference	No material difference	96,919	0.57%	
Shanghai Maohua Electronics Engineering Co., Ltd.	Shenzhenshi Ennopower Information Technology Co., Ltd.	Entities under the control or material influence of the key management	Sale (Note 2)	( 130,338 )	( 0.16% )	Note 1	No material difference	No material difference	-	-	
HighAim Technology Inc.	Hongfujin Precision Industry (Shenzhen) Co., Ltd.	Associates	Sale	( 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	Sale	( 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 counterpart	Relationship	Trading status				The situation and reason for the difference between the trading terms and the general trading		Notes and accounts receivable (payable)		Remark
			Purchase (sale)	Amount	Ratio of total purchase (sale)	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	Sale	( \$ 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	Sale	( 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	Sale	( 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 expense	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 expense	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	Sale	( 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	Sale	( 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	Sale	( 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	Sale	( 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	Sale	( 83,207 )	( 0.10% )	Payment term of 90 days	No material difference	No material difference	-	-	
Suzhou Ennoconn Corporation	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% )	
Suzhou Ennoconn Corporation	Victor Plus Holdings Ltd.	Subsidiary	Sale	( 430,192 )	( 0.53% )	Payment term of 90 days	No material difference	No material difference	417,222	2.44%	
Nanjing Asiatek Inc.	Hongfujin Precision Industry (Shenzhen) Co., Ltd.	Associates	Sale	( 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	Sale	( 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	Sale	( 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	Sale	( 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.	Henan Yuzhan Precision Technology Co., Ltd.	Associates	Sale	( 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 counterpart	Relationship	Trading status				The situation and reason for the difference between the trading terms and the general trading		Notes and accounts receivable (payable)		Remark
			Purchas (sale)	Amount	Ratio of total purchase (sale)	Credit period	Unit price	Credit period	Balance	Ratio of total notes and accounts receivable (payable)	
Shenzhen Asiatek Inc.	Hongfujin Precision Industry (Shenzhen) Co., Ltd.	Associates	Sale	( \$ 284,364 )	( 0.35% )	Payment term of 90 days	No material difference	No material difference	\$ 62,220	0.36%	
Victor Plus Holdings Ltd.	Ennoconn Corporation	Parent company	Sale	( 425,288 )	( 0.52% )	Payment term of 90 days	No material difference	No material difference	339,531	1.98%	
Victor 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	Sale	( 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	Sale	( 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	Sale	( 227,398 )	( 0.34% )	Payment term of 90 days	No material difference	No material difference	102	-	
Kontron Transportation France S.A.S.	Kontron Transportation Austria AG	Associates	Sale	( 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 S.A.S.	Associates	Sale	( 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: Payment in installments according to the contract.  
Note 2: It is the amount of revenue recognized for the contracted projects from Jan. 1 to Dec. 31, 2019 according to the percentage of completion method.



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 counterpart	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 second-tier subsidiary	189,867	3.75	-	-	-	-
"	Victor Plus Holding Ltd.	Parent company to 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 s.r.o., 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 counterpart	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	263,587	-	-	-	-	-
"	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 z.o.o.	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 S.A.S.	Second-tier subsidiary to second-tier subsidiary	300,957	-	-	-	-	-

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The Company with accounts receivable	Transaction counterpart	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 GmH	"	Second-tier subsidiary to second-tier subsidiary	109,786	-	-	-	-	-
Kontron Transportation France S.A.S.	"	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  
The Business Relationship among Parent and Subsidiaries and between Subsidiaries, and Significant Transactions and Amounts  
Jan. 1 to Dec. 31, 2019

Table 7

Unit: NT\$1,000

No. (Note 1)	Name of trader	Trading counterpart	Relationship with trader	Trading status			
				Ledger account	Amount	Trading terms	Ratio of total consolidated revenue or total assets %
0	The Company	Kontron Europe GmbH, Germany	Parent company to the second-tier subsidiary	Sale	\$ 711,738	General terms and condition	0.87%
0	The Company	Kontron Europe GmbH, Germany	Parent company to the second-tier subsidiary	Accounts receivable	189,867	General terms and condition	0.21%
0	The Company	Kontron Canada Inc., Canada	Parent company to the second-tier subsidiary	Sale	486,375	General terms and condition	0.60%
0	The Company	Kontron Canada Inc., Canada	Parent company to the second-tier subsidiary	Accounts receivable	102,454	General terms and condition	0.12%
0	The Company	Kontron America Inc.	Parent company to the second-tier subsidiary	Sale	138,425	General terms and condition	0.17%
0	The Company	Kontron America Inc.	Parent company to the second-tier subsidiary	Accounts receivable	29,831	General terms and condition	0.03%
0	The Company	Victor Plus Holding Ltd.	Parent company to the second-tier subsidiary	Purchase	425,288	General terms and condition	0.65%
0	The Company	Victor Plus Holding Ltd.	Parent company to the second-tier subsidiary	Accounts payable	339,531	General terms and condition	0.56%
1	Caswell Inc.	CASO	Parent company to the second-tier subsidiary	Sale	101,750	General terms and condition	0.12%
1	Caswell Inc.	CASO	Parent company to the second-tier subsidiary	Accounts receivable	10,392	General terms and condition	0.01%
1	Caswell Inc.	Beijing Caswell Ltd.	Parent company to the second-tier subsidiary	Sale	142,802	General terms and condition	0.18%
1	Caswell Inc.	Beijing Caswell Ltd.	Parent company to the second-tier subsidiary	Accounts receivable	79,682	General terms and condition	0.09%
1	Caswell Inc.	CAI	Parent company to the second-tier subsidiary	Sale	185,275	General terms and condition	0.23%
1	Caswell Inc.	CAI	Parent company to the second-tier subsidiary	Accounts receivable	67,273	General terms and condition	0.08%
1	Caswell Inc.	APLIGO	Parent company to the second-tier subsidiary	Sale	32,331	General terms and condition	0.04%
1	Caswell Inc.	APLIGO	Parent company to the second-tier subsidiary	Accounts receivable	19,625	General terms and condition	0.02%
1	Caswell Inc.	Hawkeye Tech, Co., Ltd.	Parent company to the second-tier subsidiary	Sale	448	General terms and condition	-
1	Caswell Inc.	Hawkeye Tech, Co., Ltd.	Parent company to the second-tier subsidiary	Accounts receivable	221	General terms and condition	-
2	HighAim Technology Inc.	Andrix International Ltd.	Second-tier subsidiary to second-tier subsidiary	Purchase	107,092	General terms and condition	0.16%
2	HighAim Technology Inc.	Andrix International Ltd.	Second-tier subsidiary to second-tier subsidiary	Accounts payable	41,319	General terms and condition	0.07%
2	HighAim Technology Inc.	Funology Investment Inc.	Second-tier subsidiary to second-tier subsidiary	Purchase	149,506	General terms and condition	0.23%
2	HighAim Technology Inc.	Funology Investment Inc.	Second-tier subsidiary to second-tier subsidiary	Accounts payable	53,658	General terms and condition	0.09%
3	Funology Investment Inc.	HighAim Technology Inc.	Second-tier subsidiary to second-tier subsidiary	Purchase	147,532	General terms and condition	0.23%
3	Funology Investment Inc.	HighAim Technology Inc.	Second-tier subsidiary to second-tier subsidiary	Accounts payable	53,037	General terms and condition	0.09%
4	Andrix International Ltd.	HighAim Technology Inc.	Second-tier subsidiary to second-tier subsidiary	Purchase	105,495	General terms and condition	0.16%
4	Andrix International Ltd.	HighAim Technology Inc.	Second-tier subsidiary to second-tier subsidiary	Accounts payable	40,718	General terms and condition	0.07%
5	Goldtek Technology Co., Ltd.	Sunlit Precision Technology Co., Ltd.	Second-tier subsidiary to second-tier subsidiary	Purchase	204,704	General terms and condition	0.31%
5	Goldtek Technology Co., Ltd.	Sunlit Precision Technology Co., Ltd.	Second-tier subsidiary to second-tier subsidiary	Accounts payable	37,905	General terms and condition	0.06%
6	Sunlit Precision Technology Co., Ltd.	Techno Precision (Shenzhen) Co., Ltd.	Second-tier subsidiary to second-tier subsidiary	Sale	224,884	General terms and condition	0.28%
6	Sunlit Precision Technology Co., Ltd.	Techno Precision (Shenzhen) Co., Ltd.	Second-tier subsidiary to second-tier subsidiary	Purchase	612,886	General terms and condition	0.94%
6	Sunlit Precision Technology Co., Ltd.	Techno Precision (Shenzhen) Co., Ltd.	Second-tier subsidiary to second-tier subsidiary	Accounts receivable	161,925	General terms and condition	0.18%

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No. (Note 1)	Name of trader	Trading counterpart	Relationship with trader	Trading status			
				Ledger account	Amount	Trading terms	Ratio of total consolidated revenue or total assets %
7	Sunlit Precision Technology Co., Ltd.	T-Paragon Die Casting Co., Ltd.	Second-tier subsidiary to second-tier subsidiary	Purchase	\$ 74,908	General terms and condition	0.11%
7	Sunlit Precision Technology Co., Ltd.	T-Paragon Die Casting Co., Ltd.	Second-tier subsidiary to second-tier subsidiary	Accounts payable	17,510	General terms and condition	0.03%
8	Techno Precision (Shenzhen) Co., Ltd.	Techno Apogee Co., Ltd.	Second-tier subsidiary to second-tier subsidiary	Purchase	33,442	General terms and condition	0.05%
8	Techno Precision (Shenzhen) Co., Ltd.	Techno Apogee Co., Ltd.	Second-tier subsidiary to second-tier subsidiary	Accounts payable	7,781	General terms and condition	0.01%
9	T-Paragon Die Casting Co., Ltd.	T-Paragon Metal (Shenzhen) Co., Ltd.	Second-tier subsidiary to second-tier subsidiary	Sale	52,142	General terms and condition	0.06%
9	T-Paragon Die Casting Co., Ltd.	T-Paragon Metal (Shenzhen) Co., Ltd.	Second-tier subsidiary to second-tier subsidiary	Purchase	409,130	General terms and condition	0.63%
9	T-Paragon Die Casting Co., Ltd.	T-Paragon Metal (Shenzhen) Co., Ltd.	Second-tier subsidiary to second-tier subsidiary	Accounts payable	183,169	General terms and condition	0.30%
10	Marketech International Corp.	MIC-Tech (Shanghai) Corp., Ltd.	Second-tier subsidiary to second-tier subsidiary	Sale	27,628	General terms and condition	0.03%
10	Marketech International Corp.	Shanghai MIC-Tech Electronic Engineering Corp.	Second-tier subsidiary to second-tier subsidiary	Non-operating revenue	61,270	General terms and condition	0.08%
10	Marketech International Corp.	MIC-Tech (Shanghai) Corp., Ltd.	Second-tier subsidiary to second-tier subsidiary	Non-operating revenue	9,364	General terms and condition	0.01%
10	Marketech International Corp.	eZoom Information, Inc.	Second-tier subsidiary to second-tier subsidiary	Sale	19,890	General terms and condition	0.02%
10	Marketech International Corp.	Marketech Integrated Pte. Ltd.	Second-tier subsidiary to second-tier subsidiary	Other receivables	26,602	General terms and condition	0.02%
11	eZoom Information, Inc.	Marketech International Corp.	Second-tier subsidiary to second-tier subsidiary	Sale	34,363	General terms and condition	0.04%
12	MIC-Tech Global Corp.	Marketech International Corp.	Second-tier subsidiary to second-tier subsidiary	Sale	94,822	General terms and condition	0.12%
12	MIC-Tech Global Corp.	Marketech International Corp.	Second-tier subsidiary to second-tier subsidiary	Accounts receivable	20,272	General terms and condition	0.02%
13	Shanghai MIC-Tech Electronic Engineering Corp.	Shanghai Maohua Electronics Engineering Co., Ltd.	Second-tier subsidiary to second-tier subsidiary	Other receivables	38,744	General terms and condition	0.04%
14	Shanghai Maohua Electronics Engineering Co., Ltd.	Shanghai MIC-Tech Electronic Engineering Corp.	Second-tier subsidiary to second-tier subsidiary	Sale	26,938	General terms and condition	0.03%
14	Shanghai Maohua Electronics Engineering Co., Ltd.	Shanghai MIC-Tech Electronic Engineering Corp.	Second-tier subsidiary to second-tier subsidiary	Accounts receivable	5,381	General terms and condition	0.01%
15	MIC-Tech (Shanghai) Corp., Ltd.	Marketech International Corp.	Second-tier subsidiary to second-tier subsidiary	Accounts payable	10,439	General terms and condition	0.02%
15	MIC-Tech (Shanghai) Corp., Ltd.	MIC-Tech China Trading (Shanghai) Co., Ltd.	Second-tier subsidiary to second-tier subsidiary	Other receivables	34,439	General terms and condition	0.04%
17	Kontron Canada Inc.	Ennoconn Corporation	Second-tier subsidiary to parent company	Purchase	486,375	General terms and condition	0.74%
17	Kontron Canada Inc.	Ennoconn Corporation	Second-tier subsidiary to parent company	Accounts payable	102,454	General terms and condition	0.17%
18	Kontron Europe GmbH	Ennoconn Corporation	Second-tier subsidiary to parent company	Purchase	711,738	General terms and condition	1.09%
18	Kontron Europe GmbH	Ennoconn Corporation	Second-tier subsidiary to parent company	Accounts payable	189,867	General terms and condition	0.31%
18	Kontron Europe GmbH	Kontron Electronics GmbH	Second-tier subsidiary to second-tier subsidiary	Accounts receivable	181,333	General terms and condition	0.17%
18	Kontron Europe GmbH	Kontron S&T AG	Second-tier subsidiary to second-tier subsidiary	Accounts receivable	1,610,866	General terms and condition	1.80%
18	Kontron Europe GmbH	Kontron America Inc.	Second-tier subsidiary to second-tier subsidiary	Sale	955,100	General terms and condition	1.17%
18	Kontron Europe GmbH	Kontron America Inc.	Second-tier subsidiary to second-tier subsidiary	Accounts receivable	177,506	General terms and condition	0.20%
19	Kontron America Inc.	Kontron Technology Beijing Co. Ltd.	Second-tier subsidiary to second-tier subsidiary	Accounts receivable	150,965	General terms and condition	0.17%
19	Kontron America Inc.	Ennoconn Corporation	Second-tier subsidiary to parent company	Purchase	138,425	General terms and condition	0.17%
19	Kontron America Inc.	Ennoconn Corporation	Second-tier subsidiary to parent company	Accounts payable	29,831	General terms and condition	0.05%
20	S&T AG	S&T Romania srl.	Second-tier subsidiary to second-tier subsidiary	Accounts receivable	194,448	General terms and condition	0.22%
20	S&T AG	Kontron America Inc.	Second-tier subsidiary to second-tier subsidiary	Accounts receivable	476,226	General terms and condition	0.53%
20	S&T AG	Kontron Transportation Belgium NV	Second-tier subsidiary to second-tier subsidiary	Accounts receivable	106,451	General terms and condition	0.12%
20	S&T AG	S&T CEE Holding s.r.o.	Second-tier subsidiary to second-tier subsidiary	Accounts receivable	561,189	General terms and condition	0.63%
20	S&T AG	Kontron Europe GmbH	Second-tier subsidiary to second-tier subsidiary	Accounts receivable	588,545	General terms and condition	0.66%
20	S&T AG	Kontron Austria GmbH	Second-tier subsidiary to second-tier subsidiary	Accounts receivable	271,591	General terms and condition	0.31%

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No. (Note 1)	Name of trader	Trading counterpart	Relationship with trader	Trading status			
				Ledger account	Amount	Trading terms	Ratio of total consolidated revenue or total assets %
20	S&T AG	Kontron S&T AG	Second-tier subsidiary to second-tier subsidiary	Accounts receivable	\$ 1,837,615	General terms and condition	2.06%
20	S&T AG	Kontron Transportation Austria AG	Second-tier subsidiary to second-tier subsidiary	Accounts receivable	521,750	General terms and condition	0.59%
23	Ennoconn (Suzhou) Technology Co., Ltd.	Victor Plus Holdings Ltd.	Second-tier subsidiary to second-tier subsidiary	Sale	430,192	General terms and condition	0.53%
23	Ennoconn (Suzhou) Technology Co., Ltd.	Victor Plus Holdings Ltd.	Second-tier subsidiary to second-tier subsidiary	Accounts receivable	417,222	General terms and condition	0.47%
24	APLIGO	American Industrial Systems Inc.	Second-tier subsidiary to second-tier subsidiary	Sale	90,516	General terms and condition	0.11%
25	Nanjing Asiatek Inc.	Shenzhen Xiangxing Technology Co., Ltd.	Second-tier subsidiary to second-tier subsidiary	Purchase	341,418	General terms and condition	0.52%
25	Nanjing Asiatek Inc.	Shenzhen Xiangxing Technology Co., Ltd.	Second-tier subsidiary to second-tier subsidiary	Accounts payable	7,353	General terms and condition	0.01%
26	Kontron Transportation Austria AG	Kapsch CarrierCom Espana SLU	Second-tier subsidiary to second-tier subsidiary	Accounts receivable	256,652	General terms and condition	0.29%
26	Kontron Transportation Austria AG	Kapsch CarrierCom Sp.zo.o.	Second-tier subsidiary to second-tier subsidiary	Accounts receivable	135,010	General terms and condition	0.15%
26	Kontron Transportation Austria AG	Kapsch CarrierCom Taiwan Co., Ltd.	Second-tier subsidiary to second-tier subsidiary	Accounts receivable	231,081	General terms and condition	0.26%
26	Kontron Transportation Austria AG	Kontron Transportation Hungary kft	Second-tier subsidiary to second-tier subsidiary	Accounts receivable	120,276	General terms and condition	0.14%
26	Kontron Transportation Austria AG	Kontron Transportation France S.A.Sa	Second-tier subsidiary to second-tier subsidiary	Accounts receivable	310,096	General terms and condition	0.35%
26	Kontron Transportation Austria AG	Kontron Transportation UK Ltd.	Second-tier subsidiary to second-tier subsidiary	Accounts receivable	208,667	General terms and condition	0.23%
27	Kontron S&T AG	Kontron Asia Pacific Design Sdn Bhd	Second-tier subsidiary to second-tier subsidiary	Accounts receivable	147,524	General terms and condition	0.17%
28	AP Trans NV.	Kontron Transportation Beijing NV	Second-tier subsidiary to second-tier subsidiary	Accounts receivable	2019,578	General terms and condition	0.12%
29	Kontron Transportation France S.A.S.	Kontron Transportation Austria AG	Second-tier subsidiary to second-tier subsidiary	Accounts receivable	143,547	General terms and condition	0.16%
30	Kontron Transportation UK Ltd.	Kontron Transportation Austria AG	Second-tier subsidiary to second-tier subsidiary	Accounts receivable	272,556	General terms and condition	0.31%
31	Kontron Transportation Deutschland GmbH	Kontron Transportation Austria AG	Second-tier subsidiary to second-tier subsidiary	Accounts receivable	113,120	General terms and condition	0.13%
32	Kontron Transportation Taiwan Co. Ltd.	Kontron Transportation Austria AG	Second-tier subsidiary to second-tier subsidiary	Accounts receivable	212,950	General terms and condition	0.24%

Note 1: The business information between the parent company and the subsidiary company shall be indicated in the number column respectively, and the number shall be filled in as follows:

1. The parent company fills in 0.
2. The subsidiary company is numbered in sequence starting from Arabic numeral 1 according to the Company type.

Note 2: For the calculation of the ratio of the transaction amount to the total consolidated revenue or total assets, if it is an asset-liability account, it shall be calculated in the way that the ending balance accounts for the total consolidated assets; if it is a profit and loss account, it shall be calculated in the way that the accumulated amount at the end of the period accounts for the total consolidated revenue.

Note 3: 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 8

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		Carrying amount	Current profit and loss of the investee	Investment profit and loss recognized in the current period	Remark
				At the end of current period	At the end of last year	Number of shares	Percentage				
Ennoconn Corporation	Hong Kong 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	
Hong Kong 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	
"	Victor Plus Holdings Ltd.	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: 96,865	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	
"	Ennowyse 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 Co., Ltd.	Taiwan	Wholesale of electronic products and 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	High-tech industry facility and process system planning and integration services	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 trade	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
"	Tecas 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: - 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	Remark
				At the end of current period	At the end of last year	Number of shares	Percentage	Carrying amount			
Taiwan Applied Module Corporation Marketch International Corp.	Servtech Co., Ltd.	Taiwan	Wholesale of information software services	NTD: 28,125	NTD: 28,125	1,125,000	20.34	NTD: 25,399	NTD: (19,602 )	NTD: (3,988 )	
	Marketch Integrated Pte. Ltd.	Singapore	Contracting of the automation supply system for the semiconductor industry	NTD: 215,087	NTD: 215,087	9,235,678	100.00	NTD: (52,050 )	NTD: (68,169 )	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 )	
"	Marketch 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 )	
"	Marketch 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	NTD: 39,345	NTD: 39,345	-	100.00	NTD: 27,593	NTD: 745	NTD: 745	
"	Marketch 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 Marketch 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	R&D, 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 )	
"	Marketch 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 )	
"	Marketch 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.	MIC-Tech Ventures Asia Pacific Inc.	British Virgin Islands	Engaged in holding and reinvestment	NTD: 1,292,627	NTD: 1,277,065	39,966,604	100.00	NTD: 1,206,356	NTD: 166,555	NTD: -	
Marketch Engineering Pte Ltd.	Marketch Integrated Construction Co., Ltd.	Myanmar	Contracting of mechanical and electrical installation and other engineering business	NTD: 19,342	NTD: 8,569	63,500	97.69	NTD: 7,531	NTD: 18,975	NTD: -	
MIC-Tech Ventures Asia Pacific Inc.	Russky H.K. 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: -	
"	MICT International Limited	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: (86 )	NTD: -	
"	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: -	
Russky H.K. Limited	PT Marketch 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 CEE Holding s.r.o., Slovakia	S&T CZ s.r.o., Czech Republic	Czech Republic	IT server	EUR: 8,187	EUR: 8,187	49,500,000	99.00	EUR: 7,066	EUR: 1,200	EUR: 1,188	
"				NTD: 275,003	NTD: 288,182			NTD: 237,338	NTD: 41,528	NTD: 41,113	
"	S&T Plus s.r.o., Czech Republic	Czech Republic	Manufacturing and marketing of industrial computers	EUR: 471	EUR: 471	9,900,000	99.00	EUR: 2,679	EUR: 1,035	EUR: 1,024	
"				NTD: 15,825	NTD: 16,579			NTD: 89,977	NTD: 35,805	NTD: 35,447	
"	S & T Services Polska Sp.zoo, Poland	Poland	IT server	EUR: 2,651	EUR: 2,651	2,120	100.00	EUR: 1,783	EUR: 458	EUR: 458	
"				NTD: 89,059	NTD: 93,315			NTD: 66,602	NTD: 15,848	NTD: 15,848	
"	S&T Crna Gora d.o.o., Montenegro	Montenegro	IT server	EUR: 33	EUR: 33	25,000	100.00	EUR: 739	EUR: 118	EUR: 118	
"				NTD: 1,112	NTD: 1,162			NTD: 24,827	NTD: 6,437	NTD: 6,437	
"	S&T Bulgaria e.o.o.d., Bulgaria	Bulgaria	Manufacturing and marketing of industrial computers	EUR: 1,271	EUR: 1,271	13,126	100.00	EUR: 2,001	EUR: 186	EUR: 186	
"				NTD: 42,691	NTD: 44,739			NTD: 67,228	NTD: 6,437	NTD: 6,437	
"	S&T Poland Sp.z.o.z., Poland	Poland	IT server	EUR: 1	EUR: 1	26,974	100.00	EUR: 9,451	EUR: 3,715	EUR: 3,715	
"				NTD: 34	NTD: 35			NTD: 317,448	NTD: 128,567	NTD: 128,567	
"	S&T Services s.r.o., Slovakia	Slovakia	IT server	EUR: -	EUR: 1	9,818	1.00	EUR: -	EUR: -	EUR: -	
"				NTD: -	NTD: 35			NTD: -	NTD: -	NTD: -	
"	S&T Slovenija d.d., Slovenia	Slovenia	IT server	EUR: 15,516	EUR: 15,516	31,410	100.00	EUR: 6,771	EUR: 1,721	EUR: 1,721	
"				NTD: 521,192	NTD: 546,163			NTD: 227,434	NTD: 59,572	NTD: 59,572	
S&T Slovenija d.d., Slovenia	S&T Hrvatska d.o.o., Croatia	Croatia	IT server	EUR: 1,094	EUR: 1,094	221,300	100.00	EUR: 12,543	EUR: 1,548	EUR: 1,548	
"				NTD: 36,750	NTD: 38,509			NTD: 421,321	NTD: 53,593	NTD: 53,593	
"	S&T Macedonia d.o.o.e.l., Macedonia	Macedonia	IT server	EUR: 85	EUR: 85	568,000	100.00	EUR: 3,847	EUR: 297	EUR: 297	
"				NTD: 2,870	NTD: 2,992			NTD: 129,248	NTD: 10,265	NTD: 10,265	
S&T AG, Austria	S&T CEE Holding s.r.o., Slovakia	Slovakia	IT server	EUR: (5,345 )	EUR: (5,345 )	1,881,565	100.00	EUR: 16,219	EUR: 5,543	EUR: 5,543	
"				NTD: (179,525 )	NTD: (188,144 )			NTD: 544,811	NTD: 191,834	NTD: 191,834	
"	S&T Plus s.r.o., Czech Republic	Czech Republic	Manufacturing and marketing of industrial computers	EUR: 92	EUR: 92	100,000	1.00	EUR: 27	EUR: 1,035	EUR: 10	
"				NTD: 3,080	NTD: 3,238			NTD: 909	NTD: 35,805	NTD: 358	
"	S&T CZ s.r.o., Czech Republic	Czech Republic	IT server	EUR: 61	EUR: 61	500,000	1.00	EUR: 71	EUR: 1,200	EUR: 12	
"				NTD: 2,063	NTD: 2,147			NTD: 2,397	NTD: 41,528	NTD: 415	
"	S&T Romania S.R.L., Romania	Romania	IT server	EUR: 3,227	EUR: 3,227	2,461	31.00	EUR: 2,011	EUR: 219	EUR: 68	
"				NTD: 2019,398	NTD: 113,590			NTD: 67,555	NTD: 7,574	NTD: 2,353	
"	S&T Serbia d.o.o., Serbia	Serbia	IT server	EUR: 3,563	EUR: 3,563	8,786	100.00	EUR: 2,746	EUR: 585	EUR: 585	
"				NTD: 119,673	NTD: 125,418			NTD: 92,247	NTD: 20,260	NTD: 20,260	
"	S&T Albania Sh.p.k., Albania	Albania	IT server	EUR: 282	EUR: 282	100	100.00	EUR: 610	EUR: 167	EUR: 167	
"				NTD: 9,460	NTD: 9,926			NTD: 20,483	NTD: 5,790	NTD: 5,790	
"	S&T Mold srl., Moldova	Modova	IT server	EUR: 1,800	EUR: 1,800	578,898	51.00	EUR: 1,014	EUR: 51	EUR: 26	
"				NTD: 60,462	NTD: 63,360			NTD: 34,053	NTD: 1,766	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	Remark
				At the end of current period	At the end of last year	Number 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& 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: 52,172	EUR: 1,507 NTD: 52,172	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: 2019,245	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 S.R.L.	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& Deutschland GmbH, Germany	SteuDaTec System- und Netzwerktechnik GmbH	Germany	IT server	EUR: - NTD: -	EUR: 404 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 S.R.L., 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 s.r.o., 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 S.R.L	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	Remark
				At the end of current period	At the end of last year	Number 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: (111,326 )	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 s.r.o.	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 s.r.o., Czech Republic	S&T PilsCom s.r.o.	Czech Republic	IT server	EUR: - NTD: -	EUR: 1,874 NTD: 65,965	-	-	EUR: - NTD: -	EUR: - NTD: -	EUR: - NTD: -	Note 4
S&T Slovakia s.r.o., Slovakia	S&T Services s.r.o., 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 d.o.o., 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 d.o.o.e.l., Macedonia	S&T ICB d.o.o.e.l.	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, S.L.U.	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 s.r.o.	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	Remark
				At the end of current period	At the end of last year	Number 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	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: The intercompany profit and loss, long-term equity of the investee, and net worth of the investee have been entirely written off when preparing the consolidated financial statements.  
Note 4: Due to the adjustment of the organizational structure in 2019, S&T AG has been merged and eliminated or dissolved and liquidated.  
Note 5: 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 9

Unit: Foreign currency/NT\$1,000

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 repatriated 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 NT\$ 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 region business Nanjing Asiatek Inc. (paid-in capital: USD 2,600 thousand), and through reinvestment Hong Kong Innovation in the third region, an additional USD 400 thousand is invested in Nanjing Asiatek Inc., a mainland business.  Note 1(2)	HKD 5,000 thousand and USD 400thousand NT\$ 31,237  Note 3	-	-	HKD 5,000 thousand and USD 400 thousand NT\$ 31,237  Note 3	RMB 11,554 NT\$ 50,866	100%	RMB 11,554 NT\$ 50,866  Note 2(2)B	RMB 50,769 NT\$ 195,409	-
Shenzhen Asiatek Inc.	R&D, production and sales of electronic materials required for software and hardware products	RMB 6,250 thousand NT\$ 27,188 thousand	Reinvested by the second-tier subsidiary Nanjing Asiatek Inc.  Note 1(3)	-	-	-	-	RMB 4,663 NT\$ 20,853	70%	RMB 3,730 NT\$ 16,683	RMB 8,864 NT\$ 38,160	-
Shenzhen Xiangxing Technology Co., Ltd.	Sales of machinery and accessories and molds.	USD 1,500 thousand NT\$ 46,560	Reinvested by the second-tier subsidiary Nanjing Asiatek Inc.  Note 1(3)	-	-	-	-	RMB 12,718 NT\$ 56,875	20%	RMB 2,544 NT\$ 11,375  Note 4	RMB 8,392 NT\$ 36,126	-
Ennoconn (Foshan) Investment Co., Ltd.	Professional investment	USD 9,800 thousand NT\$ 293,804	Reinvestment through Hong Kong Innovation, a third regional subsidiary  Note 1(2)	USD 9,800 thousand NT\$ 293,804	-	-	USD 9,800 thousand NT\$ 293,804  Note 3	RMB 384 NT\$ 1,717	100%	RMB 384 NT\$ 1,717  Note 2(2)B	RMB 67,153 NT\$ 288,970	-
Beijing Caswell Ltd.	Production of electronic monitoring products and online communication products.	NT\$ 118,028	Reinvestment through Caswell International Investment Co., Ltd., the second-tier subsidiary of the third region.  Note 1(1)	NT\$ 96,783 Note 3	-	-	NT\$ 96,783 Note 3	NT\$ 8,399	82%	NT\$ 6,887 Note 2(2)A	NT\$ 149,772	-
HighAim Technology Inc.	Design, R&D, and production of various molds, servers, and communication equipment.	USD 10,000 thousand NT\$ 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 NT\$ 325,073  Note 3	-	-	USD 10,843 thousand NT\$ 325,073  Note 3	RMB 6,850 NT\$ 29,700	66.05%	RMB 4,525 NT\$ 19,617  Note 2(2)B	RMB 72,472 NT\$ 311,445	-
Kunshan Lidingcheng Intelligent Equipment Co., Ltd.	Leasing, sales, and after-sales service of intelligence, machinery equipment, and accessories.	RMB 1,000 thousand NT\$ 4,350	Reinvestment through HighAim Technology Inc., a second-tier subsidiary of the third region.  Note 1(3)	-	-	-	-	RMB 195 NT\$ 872	66.05%	RMB 129 NT\$ 576  Note 4	RMB 789 NT\$ 3,398	-
Shenzhen HighAim				-	-	-	-	-	66.05%	-	RMB 198 NT\$ 853	-
EnnoMech Precision (Shenzhen) Co., Ltd.	Mechanism parts	USD 1,530 thousand NT\$ 45,869	Reinvestment through Dominate United Enterprise Ltd. in the third region.  Note 1(2)	USD 1,530 thousand NT\$ 45,869	-	-	USD 1,530 thousand NT\$ 45,869  Note 3	RMB 176 NT\$ 774	100%	RMB 176 NT\$ 774  Note 2(2)B	RMB 10,921 NT\$ 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 NT\$ 179,880 thousand	Reinvestment through Keenest Electronic Corp. in the third region.  Note 1(2)	USD 1,000 thousand NT\$ 29,980  Note 3	USD 5,000 thousand NT\$ 149,900	-	USD 6,000 thousand NT\$ 179,880  Note 3	RMB ( 3,361 ) NT\$ ( 14,975 )	100%	RMB (3,361) NT\$ (14,975)  Note (2)2B	RMB 36,502 NT\$ 156,865	-
Techno Precision (Shenzhen) Co., Ltd.	Stamping/assembly	HKD 23,000 NT\$ 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 ) NT\$ ( 37,796 )	40.30%	RMB (3,406) NT\$ (15,232)  Note (2)2A	RMB 2,270 NT\$ 9,772	-
T-Paragon Metal (Shenzhen) Co., Ltd.	Zinc/aluminum alloy die casting	HKD 5,000 NT\$ 19,245	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 14,659 NT\$ 65,553	20.15%	RMB 2,954 NT\$ 13,209  Note (2)2A	RMB 5,834 NT\$ 25,114	-
Techno Apogee Co., Ltd.	Manufacturing and sales of plastic and hardware	RMB 8,000 NT\$ 34,400	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 569 NT\$ 2,547	28.21%	RMB 161 NT\$ 718  Note (2)2A	RMB 2,387 NT\$ 10,276	-
Ennoconn (Suzhou) Technology Co., Ltd.	R&D, production, and sales of industrial computers	USD 30,000 thousand NT\$ 899,400	Reinvestment through Hong Kong Innovation, a third regional subsidiary  Note 1(2)	USD 30,000 thousand NT\$ 899,400  Note 3	-	-	USD 30,000 thousand NT\$ 899,400  Note 3	RMB 11,206 NT\$ 49,584	100%	RMB 11,206 NT\$ 49,584  Note 2(2)B	RMB 213,077 NT\$ 916,911	-
Kunshan Ennoconn Intelligent Technology Co., Ltd.	Intelligent technology development and hardware sales	USD - NT\$ -	Reinvestment through Ennoconn (Suzhou) Technology Co., Ltd., a second-tier subsidiary of the third region  Note 1(3)	USD - NT\$ -	-	-	USD - NT\$ -	- RMB ( 91 ) - NT\$ ( 405 )	100%	RMB ( 91 ) NT\$ ( 405 )  Note 2(2)B	RMB ( 394 ) NT\$ ( 1,695 )	-

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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 repatriated 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						
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	NT\$ 764,490	Reinvesting in third-region companies through Market Go Profits Ltd., followed with reinvestment in mainland companies  Note 1(2)	NT\$ 614,590	NT\$ -	NT\$ -	NT\$ 614,590	NT\$ ( 719 )	44.67%	NT\$ ( 62 ) Note 2(2)A	NT\$ 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	NT\$ 247,065	Reinvesting in third-region companies through Market Go Profits Ltd., followed with reinvestment in mainland companies  Note 1(2)	NT\$ 14,990	NT\$ -	NT\$ -	NT\$ 14,990	NT\$ 39,698	44.67%	NT\$ 17,733 Note 2(2)A	NT\$ 168,107	-
Fuzhou MIC-Tech Electronic Engineering Corp.	Dust-free room and power system equipment, pipeline system equipment installation and related supporting services	NT\$ 8,994	Reinvesting in third-region companies through Market Go Profits Ltd., followed with reinvestment in mainland companies  Note 1(2)	NT\$ 8,994	NT\$ -	NT\$ -	NT\$ 8,994	NTD: ( 568 )	44.67%	NT\$ ( 254 ) Note 2(2)A	NT\$ ( 681 )	-
Shanghai Maohua Electronics Engineering 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.	NT\$ 17,988	Reinvesting in third-region companies through Market Go Profits Ltd., followed with reinvestment in mainland companies  Note 1(2)	NT\$ 18,078	NT\$ -	NT\$ -	NT\$ 18,078	NT\$ ( 2,646 )	38.86%	NT\$ ( 1,028 ) Note 2(2)A	NT\$ ( 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.	NT\$ 582,218	Reinvesting in third-region companies through Market Go Profits Ltd., followed with reinvestment in mainland companies  Note 1(2)	NT\$ 255,430	NT\$ -	NT\$ -	NT\$ 255,430	NT\$ 110,192	44.67%	NT\$ 49,223 Note 2(2)A	NT\$ 227,038	-

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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 repatriated 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						
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.	NT\$ 9,144	Reinvesting in third-region companies through Market Go Profits Ltd., followed with reinvestment in mainland companies Note 1(2)	NT\$ 1,469	NT\$ -	NT\$ -	NT\$ 1,469	NT\$(122)	21.89%	NT\$ ( 27 ) Note 2(2)A	NT\$ -	-
ChenGao M&E Engineering (Shanghai)Co., Ltd.	Engineering design of microelectronics product project and display device project, relevant technical and management consulting services	NT\$ 5,996	Reinvesting in third-region companies through Market Go Profits Ltd., followed with reinvestment in mainland companies Note 1(2)	NT\$ 5,996	NT\$ -	NT\$ -	NT\$ 5,996	NT\$(588)	44.67%	NT\$ ( 264 ) Note 2(2)A	NT\$ -	-
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	NT\$ 69,194	Reinvesting in third-region companies through Market Go Profits Ltd., followed with reinvestment in mainland companies Note 1(2)	NT\$ 27,678	NT\$ -	NT\$ -	NT\$ 27,678	NT\$ ( 100 )	44.67%	NT\$ ( 45 ) Note 2(2)A	NT\$ 2,276	-
Integrated Manufacturing & Services 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.	NT\$ 209,860	Reinvesting in third-region companies through Market Go Profits Ltd., followed with reinvestment in mainland companies Note 1(2)	NT\$ 80,946	NT\$ 35,976	NT\$ -	NT\$ 116,922	NT\$ ( 14,495 )	26.80%	NT\$ ( 3,885 ) Note 2(2)A	NT\$ 22,741	-
MIC-Tech China Trading (Shanghai) Co., Ltd.	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.	NT\$ 44,970	Reinvesting in third-region companies through Market Go Profits Ltd., followed with reinvestment in mainland companies Note 1(2)	NT\$ 44,970	NT\$ -	NT\$ -	NT\$ 44,970	NT\$ 828	44.67%	NT\$ 370 Note 2(2)A	NT\$ 8,323	-

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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 repatriated 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
Macrotec Technology (Shanghai) 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.	NT\$ 28,688	Reinvesting in third-region companies through Market Go Profits Ltd., followed with reinvestment in mainland companies Note 1(2)	NT\$ 9,016	NT\$ -	NT\$ -	NT\$ 9,016	NT\$ ( 86 )	14.04%	NT\$ ( 12 ) Note 2(2)A	NT\$ ( 1,995 )	-
Nanjing U-GYM Technology Corp.	R&D, design, manufacturing, sales, installation and maintenance services of semiconductor-related components, equipment and materials; semiconductor-related 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.	NT\$ 35,976	Reinvesting in third-region companies through Market Go Profits Ltd., followed with reinvestment in mainland companies Note 1(2)	NT\$ -	NT\$ 14,990	NT\$ -	NT\$ 14,990	NT\$ ( 5,007 )	12.41%	NT\$ ( 621 ) Note 2(2)A	NT\$ 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 NT\$1,246,132 (Note 3)	HKD 5,000 thousand and USD 65,746 thousand NT\$2,040,756 (Note 3)	NT\$4,932,314
Goldtek Technology Co., Ltd.	USD 6,000 thousand and HKD 80,100 thousand NT\$488,185 (Note 3)	USD 6,000 thousand and HKD 80,100 thousand NT\$488,135 (Note 3)	NT\$1,106,455
Caswell Inc.	USD 3,116 thousand NT\$93,418 (Note 3)	USD 3,116 thousand NT\$93,418 (Note 3)	NT\$1,515,234
Ennoconn International Investment Co., Ltd.	USD 12,373 thousand NT\$382,474 (Note 3)	USD 12,373 thousand NT\$382,474 (Note 3)	NT\$4,772,204
Marketech International Corp.	NT\$1,144,930 (Note 3)	NT\$1,958,202 (Note 3)	NT\$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 Dec. 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.



## **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

(continued on next page)

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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: NT\$1,000

		Capital surplus								Retained earnings				Other equity item					
		Common stock capital			Conversion premium of corporate bonds Conversion premium of Share options of	Stock option for convertible corporate bond	Changes in equity of subsidiaries Changes in ownership interests of	Others	Total	Legal capital reserve	Special capital reserve	Undistributed earnings	Total	Exchange differences on the translation of financial statements of foreign operations Exchange differences of financial statements Exchange differences	Unrealized profit and loss of available-for-sale financial assets Unrealized gain (loss)	Unrealized profit and loss of financial assets measured at fair value through other comprehensive income Comprehensive Income Based on measured at fair value Financial assets		Treasury stock	Total equity
Code		Number of shares (1,000 shares)	Share capital	Stock issuance premium													Total		
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 )	\$ -	( \$ 495,665)	( \$ 233,608)	\$ 6,792,320
A3	Impact amount of retrospective application and restatement (Note 11)	-	-	-	-	-	-	-	-	-	-	( 62,436 )	( 62,436 )	-	39,415	( 17,106 )	22,309	-	( 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 )	( 473,356 )	( 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 )	88,904	-	88,157
D5	Total comprehensive income in 2018	-	-	-	-	-	-	-	-	-	-	1,107,370	1,107,370	111,088	-	( 22,184 )	88,904	-	1,196,274
I1	Corporate 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 )	( 384,452)	( 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 )	( 384,452)	( 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)	( \$ 236,232)	\$ 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

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>

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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

	Dec. 31, 2019	Dec. 31, 2018
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:

	Dec. 31, 2019	Dec. 31, 2018
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

	Dec. 31, 2019	Dec. 31, 2018
<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:

	2019	2018
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

	Dec. 31, 2019	Dec. 31, 2018
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

	Dec. 31, 2019	Dec. 31, 2018
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 Marketch 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 Marketch 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

	Dec. 31, 2019	Dec. 31, 2018
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	1,414	10,134
	<u>\$ 166,540</u>	<u>\$ 51,604</u>
Current	\$ 161,305	\$ 50,808
Non-current	5,235	796
	<u>\$ 166,540</u>	<u>\$ 51,604</u>

XVI. Loans

Short-term Loans

	Dec. 31, 2019	Dec. 31, 2018
<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

	Dec. 31, 2019	Dec. 31, 2018
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	-	( 7,342,766 )
	<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	( <u>1,955</u> )	( <u>1,870</u> )
Net defined benefit assets	( <u>\$ 740</u> )	( <u>\$ 742</u> )

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)	12	(21)	(9)
Recognized in impairment	12	(21)	(9)
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	21	-	21
Recognized in other comprehensive income	42	(52)	(10)
Employer contributions	-	8)	(8)
Dec. 31, 2018	1,128	(1,870)	(742)
Service cost			
Current service cost	-	-	-
Interest expenses (income)	11	(19)	(8)
Recognized in impairment	11	(19)	(8)
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	29	-	29
Recognized in other comprehensive income	76	(66)	10
Employer contributions	-	-	-
Dec. 31, 2019	\$ 1,215	(\$ 1,955)	(\$ 740)

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:

	Dec. 31, 2019	Dec. 31, 2018
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:

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

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.

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

## XX. Equity

### (I) Share Capital

#### Common stock

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

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

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

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

(V) Treasury Stock

Reason for recovery	Shares transferred to employees (1,000 shares)	Shares of parent company held by subsidiaries (1,000 shares)	Total (1,000 shares)
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:

Name of Subsidiary	Number of shares (1,000 shares)	Carrying amount	Market price
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

	2019	2018
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

	2019	2018
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

	2019	2018
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

	2019	2018
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 comprehensive income</u>	<u>Ending balance of the year</u>
<u>Deferred income tax 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 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

	Opening balance of the year	Recognized in profit and loss	Recognized in other comprehensiv e income	Ending balance of the year
<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	5,733	3,568	-	9,301
	<u>\$ 35,742</u>	<u>\$ 33,969</u>	<u>\$</u>	<u>\$ 69,711</u>
<u>Deferred income tax</u>				
<u>liabilities</u>				
Defined benefit retirement plan	\$ 616	\$ -	\$ 2	\$ 618
Unrealized foreign exchange gains	-	-	-	-
	<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

	2019	2018
Loss deduction		
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:

Balance before deduction	Final year of deduction
<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	<u>\$ 7,079,439</u>	<u>\$ 7,801,080</u>	<u>\$ 7,342,766</u>	<u>\$ 7,416,674</u>

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	<u>\$ -</u>	<u>\$ 24,718</u>	<u>\$ -</u>	<u>\$ 24,718</u>

##### Dec. 31, 2018

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

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

	Dec. 31, 2019	Dec. 31, 2018
<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

	Within 6 months (inclusive)	Over 6 months up to 1 year	Over 1 year
<u>Non-derivative financial liabilities</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

<u>Name of related party</u>	<u>Relationship with the consolidated company</u>
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

<u>Item</u>	<u>Category of related party/Name</u>	<u>2019</u>	<u>2018</u>
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

<u>Related party type/name</u>	<u>2019</u>	<u>2018</u>
<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

Item	Category of related party/Name	Dec. 31, 2019	Dec. 31, 2018
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

	2019	2018
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

	2019	2018
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: NT\$1,000

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 Mazedonic n	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	Marketch Internation al Corp.	eZoom Information, Inc.	Other accounts receivable - related parties	Yes	50,000	-	-	-	2	-	Operating turnover	-	None	-	2,320,005	2,320,005	
7	Marketch Internation al Corp.	Marketch 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.	Marketch 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 Engineerin g 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 Engineerin g 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 Engineerin g 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	Marketch Integrated Manufactur ing Co., Ltd.	Marketch 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/guarantee 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/guarantee 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/guarantee 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/guarantee 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.  Plus: Adjustment of financial assets valuation measured at fair value through other comprehensive income	None	Financial assets at fair value through other comprehensive income - current	712,000	\$ 35,600  3,560  \$ 39,160	-	\$ 39,160	
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 & T AG	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  Less: Adjustment of financial assets valuation measured at fair value through other comprehensive income	"	"	Euro 302,411	10,158 ( 153,534 )	-	10,158	
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	931	-	931	
					\$ 63,303		\$ 63,303	

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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	
"	Mycropore 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.	Stock 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 Ennopower 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.	Ennopower 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.	Ennopower 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)	
Shenzheng Asiatek 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 %	C a r r y i n g   a m o u n t			
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 %	C a r r y i n g   a m o u n t			
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: -	
"	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: -	
Rusky HK Limited	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 CEE Holding sro, Slovakia	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 %	C a r r y i n g   a m o u n t			
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	NTD: 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	NTD: 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	NTD: 465 NTD: 15,616	NTD: (43) NTD: (1,497)	NTD: (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	NTD: 28,425 NTD: 954,782	NTD: 8,169 NTD: 282,732	NTD: 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 %	C a r r y i n g   a m o u n t			
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 %	C a r r y i n g   a m o u n t			
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

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 and 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 and NTD 31,2237 Note 3	-	-	HKD 5,000 thousand and USD 400 thousand and NTD 31,2237 Note 3	RMB 11,554 and NTD 50,866	100%	RMB 11,554 and NTD 50,866 Note 2(2)B	RMB 50,769 and 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 and NTD 27,188	Reinvested by the second-tier subsidiary Nanjing Asiatek Inc. Note 1(3)	-	-	-	-	RMB 4,663 and NTD 20,853	70%	RMB 3,730 and NTD 16,683	RMB 8,864 and NTD 38,160	-
Shenzhen Xiangxing Technology Co., Ltd.	Sales of machinery and accessories and molds.	USD 1,500 thousand and NTD 46,560	Reinvested by the second-tier subsidiary Nanjing Asiatek Inc. Note 1(3)	-	-	-	-	RMB 12,718 and NTD 56,875	20%	RMB 2,544 and NTD 11,375 Note 4	RMB 8,392 and NTD 36,126	-
Ennoconn (Foshan) Investment Co., Ltd.	Professional Investment	USD 9,800 thousand and NTD 293,804	Reinvestment through Hong Kong Innovation, a third regional subsidiary Note 1(2)	USD 9,800 thousand and NTD 293,804 Note 3	-	-	USD 9,800 thousand and NTD 293,804 Note 3	RMB 384 and NTD 1,717	100%	RMB 384 and NTD 1,717 Note 2(2)B	RMB 67,153 and 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	NTD 8,399	82%	NTD 6,887 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 and 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 and NTD 325,073 Note 3	-	-	USD 10,843 thousand and NTD 325,073 Note 3	RMB 6,850 and NTD 29,700	66.05%	RMB 4,525 and NTD 19,617 Note 2(2)B	RMB 72,472 and NTD 311,445	-
Kunshan Lidingcheng Intelligent Equipment Co., Ltd.	Leasing, sales, and after-sales service of intelligence, machinery equipment, and accessories.	RMB 1,000 and NTD 4,350	Reinvestment through HighAim Technology Inc., a second-tier subsidiary of the third region. Note 1(3)	-	-	-	-	RMB 195 and NTD 872	66.05%	RMB 129 and NTD 576 Note 4	RMB 789 and NTD 3,398	-
Shenzhen HighAim				-	-	-	-	-	66.05%	-	RMB 198 and NTD 853	-
EnnoMech Precision (Shenzhen) Co., Ltd.	Mechanism parts	USD 1,530 thousand and NTD 45,869	Reinvestment through Dominate United Enterprise Ltd. in the third region. Note 1(2)	USD 1,530 thousand and NTD 45,869 Note 3	-	-	USD 1,530 thousand and NTD 45,869 Note 3	RMB 176 and NTD 774	100%	RMB 176 and NTD 774 Note 2(2)B	RMB 10,921 and 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 and NTD 179,880	Re-investment through Keenest Electronic Corp. in the third region. Note 1(2)	USD 1,000 thousand and NTD 29,980 Note 3	USD 5,000 thousand and NTD 149,900	-	USD 6,000 thousand and NTD 179,880 Note 3	RMB (3,361) and NTD (14,975)	100%	RMB (3,361) and NTD (14,975) Note (2) 2B	RMB 36,502 and NTD 156,865	-
Techno Precision (Shenzhen) Co., Ltd.	Stamping/assembly	HKD 23,000 and 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) and NTD (37,796)	40.30%	RMB (3,406) and NTD (15,232) Note (2)2A	RMB 2,270 and NTD 9,772	-
T-Paragon Metal (Shenzhen) Co., Ltd.	Zinc/aluminum alloy die casting	HKD 5,000 and 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 and NTD 65,553	20.15%	RMB 2,954 and NTD 13,209 Note (2)2A	RMB 5,834 and NTD 25,114	-
Shengrong Plastic Co., Ltd. (Shenzhen)	Manufacturing and sales of plastic and hardware molds	RMB 8,000 and 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 and NTD 2,547	28.21%	RMB 161 and NTD 718 Note (2)2A	RMB 2,387 and NTD 10,276	-
Ennoconn (Suzhou) Technology Co., Ltd.	Research and development, production and sales of industrial computers	USD 30,000 thousand and NTD 899,400	Reinvestment through Hong Kong Innovation, a third regional subsidiary Note 1(2)	USD 30,000 thousand and NTD 899,400 Note 3	-	-	USD 30,000 thousand and NTD 899,400 Note 3	RMB 11,206 and NTD 49,584	100%	RMB 11,206 and NTD 49,584 Note 2(2)B	RMB 213,077 and 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)	NT\$14,990	NTD-	NTD-	NT\$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-	-

(continued on next page)

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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 3.1, 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.

**Ennoconn Corporation**

**Chairman Chu, Fu-Chuan**

April 30, 2020