

Ennoconn Corporation

2022 Annual Report



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<http://www.ennconn.com>

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Chapter 1 Letter to Shareholders

Thanks to the collective efforts of all employees, Ennoconn Corp. reported net consolidated revenue of NT\$108.23 billion in 2022, and net income attributed to parent company was NT\$ 3.45 billion, which earnings per share of NT\$32.60. Compared to those in 2021, consolidated revenue and net income increased by 27% and 159%, respectively.

Looking back on the ever-changing industrial environment in 2022, Ennoconn Corp. adopts the operational policy and “diversified and multi-aspect operation” strategy in response to Russia-Ukraine war, global interest rate rising and inflation, energy cost hiking, including 1. product technology: “software and hardware integration”, “cloud and network integration”, 2. resource integration: “technology+products”, “manufacturing+marketing”, “investment+fundraising”, 3. the backbone development: “EPS+ESG+ESaaS” enterprise sustainable development. In addition to contributing to the Company’s high level of resilience in 2022 and delivering a positive annual growth rate of profit, they have also created opportunities for stable amplification of the Company’s revenue and profit over the next 3-5 years with prudent and profitable development.

In recent years, the Company has pushed ahead with the expansion of the parent company and optimize business structure with improving efficiency. On the one hand, the Company expands the business scope of industrial control design in different industrial markets, especially in the European and American markets. In addition to the increasing demands for products from customers such as intelligent retail, intelligent finance and lottery gaming, the order demand from industrial communication and smart home customers also keeps increasing. On the other hand, the Budapest factory in Hungary has continued to increase the demand for large intelligent interactive self-service teller kiosks, checkout kiosks, and other complete machines from major smart financial customers. The new performance has injected new vitality into the overall profitability of the group.

Ennoconn Corp. is still committed to implementing the important strategy of integrating product, market, and service operations, and decentralizing sales, supply chains, production bases, and other global layouts. With the core competitive advantages of business units in R&D, technology, and products, along with key technologies, value-added niche products, and omni-channel deployment, the Company builds an AIoT platform combining design and manufacturing service (DMS), information technology (IT), system integration (SI), and cloud service to continuously raising the competitive threshold in the industrial market. Also Ennoconn Corp continues to integrate upstream and downstream carbon footprint emissions, implement ESG, and actively expand the business of ESaaS (Enoconn Solution as a Service) open cloud platform solutions and subscription services to face new challenges, with a view to continuously increasing orders for Ennoconn Corp Group’s highly competitive and value-added differentiated products and services, not only expanding the market share performance of th Group in different industries, but also continuing to promote the overall operation of Ennoconn Corp. to a higher level in the future.

Bearing the original aspiration, the Ennoconn Corp. management team and all employees are committed to continue to shoulder heavy burdens, take up challenges, and make innovations. I sincerely thank all shareholders for your long-term support and encouragement to the Company. The management team and all employees will continue to uphold the mission and responsibility of operations and profitable growth entrusted by shareholders and actively maximize the benefits of the Company and shareholders.

Your respectfully,

Good health and good luck.

Chairman Fu-Chuan Chu



Chapter 2 Company Introduction

I. Date of Incorporation: July 12, 1999.

II. Company History:

Date	Major Events
July 1999	The Company was founded and registered
In February 2004	Developed the first industrial motherboard (IP-4PCI20E).
May to October 2006	Increased cash capital to NT\$98 million and introduced investment from Portwell, Inc.
In February 2007	Increased cash capital to NT\$200 million and introduced investment from Hon Hai Precision Industry Co., Ltd.
October 2007	Received orders of OEM motherboards for POS from the international company Group A.
In January 2008	Successfully developed POS PC system with Digipos, a major European POS manufacturer.
In March 2008	Obtained ISO 9001 Certification.
In October 2008	Successfully self-developed All in One POS system (TESS).
In October 2008	Successfully developed a high-level network storage system with Netgear, a major US manufacturer of Netcom.
In November 2008	Successfully developed Touch Monitor for POS system with Digipos, a major European POS manufacturer.
In December 2008	Successfully developed Touch Monitor for POS system with Digipos, a major European POS manufacturer.
In December 2008	Successfully developed a low-voltage, independent display embedded game console control card with Japanese customer OEC.
In January 2009	Received orders for the ATM control system from the international company Group A.
In November 2009	Successfully developed photo Kiosks to enhance the design experience of display-related equipment.
In September 2010	Successfully developed a low-level network storage system with Netgear, a major US manufacturer of Netcom.
In September 2010	Launched a small, energy-saving POS PC that is fanless and easy to maintain.
In April 2011	The aluminum die-casting All-In-One POS of the surface capacitive touch screen is favored by Digipos, a major European manufacturer.
In July 2011	Cooperated the first ODM system project with Japanese POS manufacturer Company B.
In December 2011	Developed a new generation of motherboards equipped with Intel HM65 PCH for OEC, a partner factory of KONAMI, a Japanese heavyweight gaming machine manufacturer.
In 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.

Date	Major Events
June 2012	Cooperated with the world's largest POS manufacturer Company B on the motherboard ODM project.
In August 2012	With the self-made product All-in-One POS, we contacted Wincor Nixdorf, the largest POS brand in Europe, and obtained the order.
In November 2012	Financial Supervisory Commission (FSC) approved the public offering of the Company's shares.
December 2012	Listed as an emerging stock in Taipei Exchange (TPEX).
March 2014	Approved by the Taiwan Stock Exchange (TWSE) to list the stocks for trading.
From August to October 2014	Acquired 55.4% equity of "Goldtek Technology Co., Ltd.," a professional manufacturer of industrial-standard handheld devices, through the investment of the subsidiary Ennoconn International Investment Co., Ltd.
From October to December 2014	Acquired a total of 38.7% equity in the network security equipment manufacturer "Caswell Inc." through public acquisitions, share swap, and investment through the subsidiary, Ennoconn International Investment Co., Ltd., and rapidly expanded new fields and new products.
From April to July 2015	Established "EnnoMech Precision Co., Ltd." to produce industrial computer mechanical components, providing manufacturing capabilities such as stamping, spray painting, laser etching, shaping, and polishing, the products dedicated to customer agency.
October 2015	Established "SyS-P Co., Ltd." to step into the global after-sales service field of the POS industry.
October 2015	In response to the bank's 3.0 technology development trend, invested in "Taiwan Applied Module Corporation" at the end of 2015, and actively stepped into the emerging industry of bank payment technology.
January 2016	Transnationally cooperated with Kontron, a leading German industrial computer brand, reinvested a subsidiary of US\$57.3 million to acquire 49% equity of Kontron Canada Inc., a communication business subsidiary of Kontron. In addition to strengthening the integration and extending the advantage of Ennoconn and Kontron in communication products, we will further join hands to activate the growth of global cybersecurity, big data, cloud communication, and IoT application business opportunities through comprehensive integrated synergy.
July 2016	Acquired 60% equity of "AIS Cayman Technology Group" through subsidiary investment to develop the man-machine interface, industry 4.0 and other related products.
August 2016	In response to the IoT market trend, invested 60% equity in "Dexatek Technology Ltd." to establish product-related technologies in the field of smart life.
October 2016	Invested in nearly 30% of the equity of "S&T AG" to become the largest single shareholder. S&T's main product and service application areas have expanded to medical, communications, big data, automation, smart grid, energy optimization technologies, etc., to deeply cultivate software R&D capabilities and customer service experience. Through Kontron's excellent brand and marketing channels, the industry chain layout of the vertical market is introduced. Ennoconn Corporation, S&T, and Kontron's three-way strategic alliance will further extend the

Date	Major Events
	core advantages and benefits of each other's software R&D, hardware manufacturing, system integration, brand, and distribution channel. etc., work together to expand the industrial computer market share and steadily develop a diversified global operation.
January 2018	Ennoconn Corporation invested 19.5% equity of "DIVA Laboratories. Ltd." through its subsidiary and officially entered the medical field. DIVA is a major manufacturer of medical displays, currently accounting for about 3% of the global market share. Major customers include Philips, GE, etc., and the products are sold in Japan, Europe, the US, and so on.
May 2018	Acquired approximately 47.15% equity of "Marketch International Corp." via a public acquisition. Through this strategic cooperation, Ennoconn Corporation, together with Marketch, will enhance the vertical and horizontal development advantages of manufacturing internet in multiple aspects, such as factory equipment management, manufacturing execution management system, turnkey transfer, combining with the core niche to accelerate the expansion of operation scale of both parties and bring the integration benefits into play to enhance the competitive advantage.
June 2018	Merged and acquired "Vecow Co., Ltd." through the subsidiary AIS to expand product lines, and deepen into the application fields of industrial wide temperature embedded computers, machine vision, image monitoring analysis, smart transportation, smart control, industrial automation, AGV unmanned vehicles, multiport ethernet, etc.
September 2018	Expanded and deployed global gaming industry customer services and combined upstream and downstream supply chains to provide a complete electromechanical integration program.
March 2019	Provided Ennoconn Corporation's own brand and application services, through Ennoconn (Suzhou) Technology Co., Ltd., in various vertical fields, machinery equipment, plant automation, automotive assembly line control system, sewage purification system, etc. in Greater China.
January 2020	Ennoconn Corporation invested 70% equity of "Poslab," a smart retail solution provider, through its subsidiaries to enhance the vertical integration capabilities of smart retail products. In the future, it will also cooperate with the system integration business group to create greater business opportunities.
January 2021	The Company issued new shares to increase capital as the consideration for acquiring the shares of its subsidiary AIS Cayman Technology for share swap. After the share swap, the Group holds 100% equity of AIS Cayman Technology, which can reinforce the combination of each other's strengths, improve the overall operating efficiency, jointly layout the machine vision and AI application market, and strengthen the synergy of cooperation between the two parties.
September 2021	The Company issued the first privately-offered unsecured convertible corporate bonds in domestic, with a total amount of NT\$1.5 billion, and introduced strategic investment partners, MediaTek and VIA, for long-term cooperation. By virtue of that MediaTek's chips have a high market share in smart-phones field, and provide power for more than 2 billion devices worldwide, VIA has powerful solutions for AI

Date	Major Events
	<p>application software and embedded operating system, and Ennoconn has already become the major supplier regarding industrial computer of many international cloud service providers in the world, including Google, Microsoft, Amazon, and has access channels concerning, including, retail, financial, gaming, manufacturing and other industrial markets, these three companies cooperated with each other, and Ennoconn facilitated upgrading of the design and development technologies for its industrial computer products and developed different levels of customers through vertically integrated alliance, and created a win-win-win situation based on the cooperation mode with the maximum efficiency, and they promoted the improvement of the share of Ennoconn, MediaTek and VIA in global AIoT market and jointly moved towards a new future of technology.</p>
January 2022	<p>The Company issued 4,880,000 privately-offered ordinary shares, with a total amount of NT\$1.107 billion, and introduced a strategic investment partner, Google International LLC, for long-term cooperation. From Q4 of this year, the Company will not only focus on the long-term stable growth of Ennoconn's future operating, but also will offer "3 +3 Cloud-to-Earth Integration Service" to form an international alliance based on open strategies to propose three major IOT solutions to conduct "standardization" for product design and development, "modularization" for integration of software and hardware communication, and "digitalization" for information data, and three Cloud solutions, by stages, by combining the innovative "Smart Industry and Intelligent City" business mode, such as Google Cloud, Google Workspace, Google Glass, etc. The Company will develop towards "cloud-based" computing and storage by using cloud network platform, continue to create high operational efficiency by virtue of cloud-ground cycle through "intelligent" data analysis and optimization of human-machine collaboration, provide a complete one-stop solution from IoT cloud connection, cloud access, cloud use, cloud management to cloud protection based on a flexible "service-oriented" mode to improve service functions and platform value and create usage and new revenue, so as to further form a strong ecosystem, help customers to solve the problems related to cloud-ground integration technology, security and reliability, and pro-actively grasp the opportunities in the huge industrial Metaverse (IMVS) market to officially develop towards the new era of IPC 3.0 (Innovation Platform Convergence).</p>
February 2022	<p>On February 24, 2023, the Board of Directors of ARBOR (3594) approved a private placement plan and announced the introduction of industrial computer plant Ennoconn Corp. (6414) as a strategic investor, subscribing for 16,000 privately placed shares at NT\$18.5 per share, with a total investment of NT\$296 million. ARBOR will hold 17.64% of its equity and become the largest corporate shareholder. Through this private placement, Ennoconn Corp.'s stake in ARBOR will achieve 17.64%, surpassing 6.33% currently held by Wistron, making it the largest single corporate shareholder. It's reported that Ennoconn Corp. will occupy a seat of the Board of Directors of ARBOR after this private placement.</p>

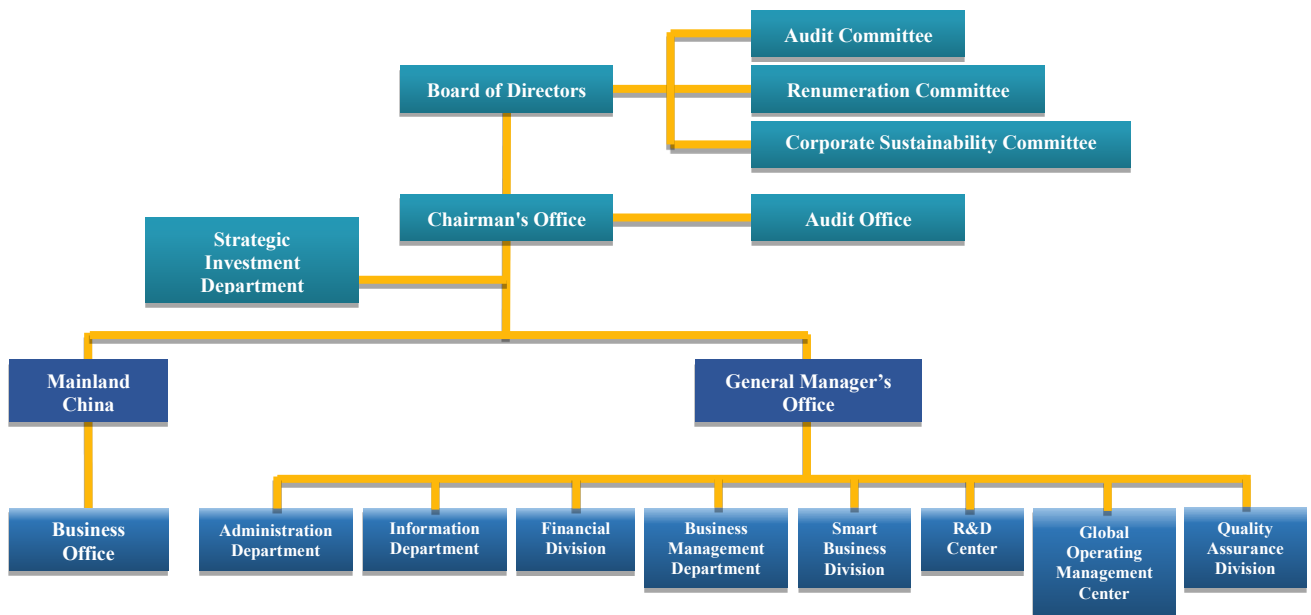
Date	Major Events
	With the increasing IPC cooperation between ARBOR and Ennoconn Corp., it accelerates the building of industrial ecosystem, and jointly expands the industrial IoT and industrial metauniverse business opportunities with different industry alliance partners such as MediaTek and Google. The comprehensive effect of “A+M+E” cooperation has gradually taken shape this year.
May 2022	Gold Rain (4503) held a shareholders’ meeting on May 31, 2023. The company introduced a strategic partner, Ennoconn International Investment Co., Ltd., a subsidiary of Ennoconn Corp., which is a listed industrial computer company. Gold Rain Enterprises Corp. mainly produces vending machines with the producing capacity for large complete machines, and has a factory in Changhua. In addition to retail customers, Ennoconn Corp. also has product applications such as gaming equipment, all of which are large machines. Coupled with the development of Ennoconn Corp.’s global layout strategy, Ennoconn Corp. grasps the opportunity to invest in Gold Rain. Both parties will have further cooperation in the future.
December 2022	Ennoconn, through its subsidiary, has acquired a 3.9% stake in FunP Co., Ltd. (Yunpei Innovation Group, hereinafter referred to as FunP). FunP's subsidiary, Sheng Yang Technology, is a leading domestic digital marketing company and has also expanded into the Martech, Google Cloud, and Southeast Asian markets in recent years. Its main clients include PChome, United Online, and KKBOX. In response to Hua Han Group's digital transformation, the two companies will work together to develop cloud-based businesses and provide integrated software and hardware solutions to customers.
March 2023	Ennoconn has invested in a 10.32% stake of privately placed common shares in Anritsu-KY (3664) through its subsidiary. Anritsu-KY provides cybersecurity-related products, and its research and development headquarters are located in Silicon Valley, USA. In response to the growing importance of enhancing cybersecurity efficiency for large customers both domestically and abroad, Hua Han Group and Anritsu-KY can collaborate on software and hardware strategies to increase the value-added of their products and expand their market share together.

Chapter 3

Corporate Governance Report

I. Organization :

(I) Organization Chart:



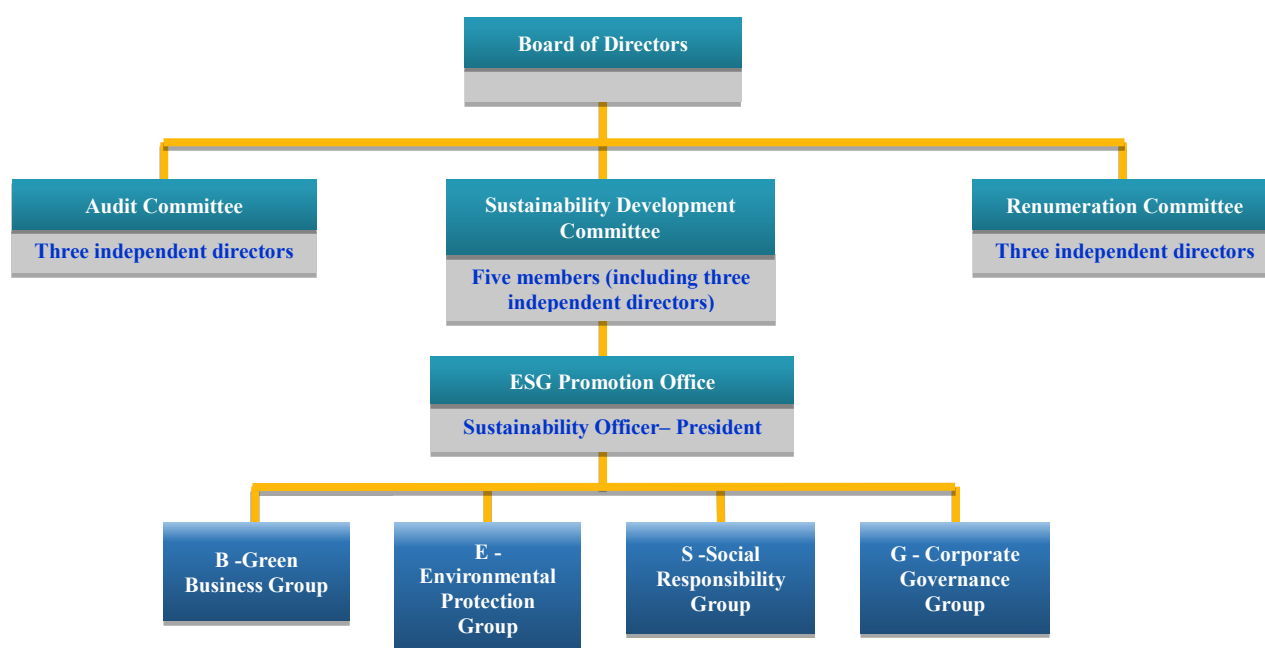
(II) Functions of Major Departments or Divisions:

Department or Division	Functions
Chairman's Office	Chairman/Chief Executive Officer (CEO): <ol style="list-style-type: none"> 1. Integrate the Company's resources and participate in the Board of Directors' decision-making process to promote the Company's growth. 2. Establish, improve or change corporate culture. 3. Formulate corporate strategies, objectives, and strategic M&A plans. 4. Create a senior management team to achieve corporate goals.
General Manager's Office	<ol style="list-style-type: none"> 1. Comprehensively supervise and manage the Company's operating objectives and lead various departments and divisions to implement the Company's policies. 2. Be responsible for business or sales strategies, product planning, and formulation of blueprint for technical development, and the Company's overall operating.
Audit Office	Be responsible for evaluation on and implementation of the Company's audit and internal control, and make suggestions on improvement to promote the Company's effective operating.
Strategic Investment Department	Be responsible for planning for various M&A and investment strategies and post-investment management according to the Company's development strategies.
Business Management Department	Be responsible for managing and tracking various operating performance and planning, and managing and reviewing various management systems.
Administration Department	<ol style="list-style-type: none"> 1. Be responsible for human resources policies, and establish, implement and improve human resources management system. 2. Provide staff services and manage affairs on an overall basis.
Information Department	Be responsible for planning for, installation and maintenance of the Company's information system.
Financial Division	Be responsible for the Company's capital planning and accounting, formulation and implementation of accounting policies, financial data analysis, and legal and financial matters.
Smart Business Division	<ol style="list-style-type: none"> 1. Be responsible for the Company's global business development, product sale, customer service, operating strategies, and establishment of development direction. 2. Be responsible for product planning, special new projects, design, R&D and production, and supervise and control products status, until the end of their service life. 3. Be responsible for the profits and losses of product line, set retail prices, and manage costs.
R&D Center	Make coordination in the Company's R&D activities and engineering resources, and formulate R&D directions.
Global Operating Management Center	Be responsible for procurement of various raw materials and components, and coordination in production plans and supply chain.
Quality Assurance Department	Be responsible for various quality control, understand each customer's requirements on quality, and supervise and control product design and quality.
Mainland China Business Officer	Be responsible for various business development planning and operating performance management for the businesses in mainland China.

(III) Corporate Sustainability Management:

Upholding the concept of giving back to the society, the Company has invested resources in corporate social responsibility for a long time, implementing the concept of giving back to the society and sustainable management. On June 23, 2022, the Board of Directors has decided to establish a “Sustainability Development Committee”, and appointed Chairman Fu-Chuan Chu, Independent Director Yu-Hui Su, Independent Director Hsin-I Chan, Independent Director Miao-Shun Wen, and President Neng-Chi Tsai as the member of the Sustainability Development Committee. A corporate governance group, environmental protection group, social responsibility group, and green business group are established in accordance with the organizational rules of the Sustainability Development Committee, and are organized in a systematic strategy to improve the efficiency of corporate governance and strengthen the implementation of the concept of sustainable business.

Ennoconn Corporation’s ESG Sustainable Development Promotion Office is responsible for sustainability management and corporate social responsibility (CSR), formulation and implementation of policies, and regularly reporting to the Board of Directors.



Duties of Sustainability Development Committee

The Committee is responsible for:

1. drafting the company’s sustainable business strategy, system, or related management policies and reviewing the Company’s sustainable report

2. planning and guiding sustainable business to align with international standards and comply with applicable regulations
3. specifying directions and goals for sustainable development
4. preparing an annual work plan for sustainable development and various resource inputs, and reviewing the promotion and implementation effectiveness
5. supervising the timeliness and correctness of information disclosure related to sustainability
6. other major issues prescribed by the Company or competent authority

II. Information on Directors, President, Vice Presidents, Associate Managers, and Heads of Departments and Branches :

(I) Directors' Information:

April 25, 2022 Unit: shares; %

Title	Name	Gender/Age	Nationality or place of registration	Date first elected	Date elected	Term	Shares held upon election		Shares held currently		Shares held by spouse & minor of shareholders		Shares held by nominees		Experience (Education)	Other position concurrently held at the Company or other companies	Executives, directors, or supervisors who are spouses or within the second degree of kinship			Remarks
							Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %			Title	Name	Relation	
Chairman	Fu-Chuan Chu	Male/61~65	Republic of China	2012.10.04	2022.06.23	3 years	1,026,726	0.96%	1,026,726	0.94%	0	0%	0	0%	Department of Electronic Engineering, St. John's University Senior Associate Manager of Hon Hai Precision Industry Co., Ltd	Chairman and CEO of the Company Chairman of Caswell Inc. Chairman of Goldtek Technology Co., Ltd. Chairman of Dexatek Technology Ltd. Director of Ennoconn (Suzhou) Technology Co., Ltd. Chairman of Poslab Chairman of AIS Cayman Technology Group Director of Ennoconn International Investment Co., Ltd. Director of Marketech International Corporation Director of EnnoMech Precision Co., Ltd. Director of Vecow Co., Ltd. Director of S&T AG Director of ENGA Technology Co., Ltd.	None	None	None	Note 1

Title	Name	Gender/Age	Nationality or place of registration	Date first elected	Date elected	Term	Shares held upon election		Shares held currently		Shares held by spouse & minor of shareholders		Shares held by nominees		Experience (Education)	Other position concurrently held at the Company or other companies	Executives, directors, or supervisors who are spouses or within the second degree of kinship			Remarks
							Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %			Shares	Shareholding %	Relation	
Director	Baoxin International Investments Ltd.	-	Republic of China	2007.03.12	2022.06.23	3 years	33,178,779	31.10%	33,178,779	30.50%	0	0%	0	0%	-	Hon Hai Precision Industry Co., Ltd. Chief Financial Officer	None	None	None	None
	Representative: Mei-Hui Hung	Female/41~50	Republic of China	2022.06.23	2022.06.23	3 years	0	0%	0	0%	0	0.00%	0	0%	Department of Business Administration, National Chengchi University Master degree		None	None	None	None
Director	Baoxin International Investments Ltd.	-	Republic of China	2007.03.12	2022.06.23	3 years	33,178,779	31.10%	33,178,779	30.50%	0	0%	0	0%	-	Hon Hai Precision Industry Co., Ltd. Associate Manager	None	None	None	None
	Representative: Chang-Wang Chang	Male/51~60	Republic of China	2022.06.23	2022.06.23	3 years	0	0%	0	0%	0	0%	0	0%	EMBA Feng Chia University		None	None	None	None

Title	Name	Gender/Age	Nationality or place of registration	Date first elected	Date elected	Term	Shares held upon election		Shares held currently		Shares held by spouse & minor of shareholders		Shares held by nominees		Experience (Education)	Other position concurrently held at the Company or other companies	Executives, directors, or supervisors who are spouses or within the second degree of kinship			Remarks
							Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %			Title	Name	Relation	
Independent Director	Yu-Hui Su	Female/51~60	Republic of China	2017.05.18	2022.06.23	3 years	0	0%	0	0%	0	0%	0	0%	PhD in Business Administration, National Taiwan University Chairperson of the Department of Accounting, Soochow University Adjunct Professor of the Department of Accounting, National Taiwan University Director of the Taiwan Accounting Association	Professor of the Department of Accounting, Soochow University Independent Director of In Win Development Inc. Independent Director of Makalot Industrial Co., Ltd Independent Director of Formosa Pharmaceuticals, Inc.	None	None	None	None
Independent Director	Hsin-I Chan	Female/41~50	Republic of China	2022.06.23	2022.06.23	3 years	0	0%	0	0%	0	0%	0	0%	Business Administration, National Taiwan University Master of Science in Financial Management, Boston University Bachelor of Accounting, Taiwan University	Independent director of Amulaire Thermal Technology, Inc. Chairman of HUANG HUEI BIOTECHBOLOGY CORP. Chairman of Victoria Investment Co., Ltd. Chairman of KEEN UNION INVESTMENT LIMITED Chairman of SHUO JEN LI HSN Corp. Chairman of WEI HAN MATERIAL TECHNOLOGY LTD Director of CHIEN HSING INFORMATION CORP. Director of Asia Pacific Anti-Additive Association Taiwan Office	None	None	None	None

Title	Name	Gender/Age	Nationality or place of registration	Date first elected	Date elected	Term	Shares held upon election		Shares held currently		Shares held by spouse & minor of shareholders		Shares held by nominees		Experience (Education)	Other position concurrently held at the Company or other companies	Executives, directors, or supervisors who are spouses or within the second degree of kinship			Remarks
							Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %			Title	Name	Relation	
Independent Director	Miao-Shun Wen	Female/51~60	Republic of China	2022.06.23	2022.06.23	3 years	0	0%	0	0%	0	0%	0	0%	MBA of Rutgers Business School Vice President of Citibank Financial Market and Securities Services Business Group	None	None	None	None	None

Note 1. Where the chairman and president or person of an equivalent rank (the highest level managerial officer) are the same one person, spouses, or relatives within the first degree of kinship, the reason, reasonableness, necessity, and future improvement measures (such as increasing the number of independent directors, that over half of directors shall not hold a concurrent position as employees or managerial officers, etc.) shall be specified.

The chairman of the Company also serves as the CEO. To enhance the operating efficiency and execution of decision-making, the Company has actively trained suitable candidates to strengthen the independence of the Board of Directors. Besides, the chairman of the Board also closely communicates with the directors on the Company's operating status and planning policies to implement corporate governance. In the future, the Company also plans to increase the number of independent directors to enhance the Board of Directors' functions and strengthen the supervision function. At present, the Company has the following specific measures:

1. The current independent directors have expertise in financial accounting and the industry, respectively, and can effectively perform their supervisory functions.
2. Every year, all directors are arranged to participate in professional director courses of external institutions such as the Securities and Futures Institute to enhance the operational effectiveness of the Board of Directors.
3. The independent directors can fully discuss and put forward suggestions in all functional committees for the reference of the Board of Directors to implement corporate governance.
4. More than half of the Board of Directors do not concurrently serve as employees or managers.

1. Major Institutional Shareholders:

Name of institutional shareholder	Major shareholders
Baoxin International Investments Ltd.	Hon Hai Precision Industry Co., Ltd.

Note: Directors are institutional shareholders.

2. Corporate shareholder's main shareholder:

Name of institutional shareholder	Major shareholders
Hon Hai Precision Industry Co., Ltd.	<p>Terry Gou (12.56%)</p> <p>Investment account in the Singaporean government in the in the custody of Citibank (2.78%)</p> <p>Labor Retirement Reserve Fund (The New Fund) (1.64%)</p> <p>Standard Chartered Trusteeship Liechtenstein Bank Investment Account (1.20%)</p> <p>Vanguard Emerging Markets Stock Index Fund (1.19%)</p> <p>PGAI Progressive International Stock Index managed by JPMorgan on a trust basis (1.14%)</p> <p>Dedicated investment account of Norges Bank managed by Citibank on a trust basis (1.06%)</p> <p>Dedicated depository receipts account of Hon Hai Precision Industry Co., Ltd. managed by Citibank on a trust basis (1.06%)</p> <p>China Trust Commercial Bank has been entrusted to safeguard the Yuanta Taiwan Top 50 ETF(0.89%)</p> <p>Standard Chartered has launched the iShares Emerging Markets ETF Investment Trust, which is held in custody by the bank. (0.82%)</p>

Note: The benchmark shareholding date is April 2, 2023.

3. Professional Qualifications of Directors and Independence of Independent Directors:

Name	Qualification	Professional qualifications and experience (Note 1)	Independence (Note 2)	Number of other public companies where the individual concurrently serves as an independent director
Fu-Chuan Chu		Chairman Fu-Chuan Chu graduated from the Department of Electronic Engineering, St. John's University, and served as the Senior Associate Manager of Hon Hai Precision Industry Co., Ltd. He has operational judgment, business and crisis management capabilities, knowledge in the industry, international market perspective, leadership and decision-making capabilities.	N/A	0
Baoxin International Investments Ltd. Representative: Mei-Hui Hung		Director Mei-Hui Hung graduated from the MBA Program of National Chengchi University. She currently serves as the Chief Financial Officer of Hon Hai Precision Industry Co., Ltd, with extensive operational determination, management skills, crisis management skills, accounting and financial analysis skills.	N/A	0
Baoxin International Investments Ltd. Representative: Chuang-Wang Chang		Director Chuang-Wang Chang graduated from EMBA Program of Feng Chia University. Currently, he is an associate manager of Hon Hai Precision Industry Co., Ltd, with extensive operational determination, management skills, crisis management skills and industrial knowledge.	N/A	0
Yu-Hui Su		Independent Director Yu-Hui Su graduated from National Taiwan University with a Ph.D. degree in Business. She served as the Chairperson of the Department of Accounting, Soochow University. She has accounting and financial analysis and crisis management capabilities, and international market perspective, and there is no situation specified in Article 30 of the Company Act occurred to her.	During the two years prior to his election and during his term of office, Independent Director Yu-Hui Su is qualified as an independent director in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	3

Name	Qualification	Professional qualifications and experience (Note 1)	Independence (Note 2)	Number of other public companies where the individual concurrently serves as an independent director
Hsin-I Chan	Hsin-I Chan, an independent director, graduated from the School of Management of Taiwan University with an MBA degree, National Taiwan University and an MSF degree from Boston University. Currently, she acts as the chairman of several companies, including Chairman of HUANG HUEI BIOTECHBOLOGY CORP and Chairman of KEEN UNION INVESTMENT LIMITED. She has extensive accounting and financial analysis skills, operational determination skills, operational management skills, and crisis management skills, and there is no situation specified in Article 30 of the Company Act occurred to him.	During the two years prior to her election and during her term of office, Independent Director Hsin-I Chan is qualified as an independent director in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	1	
Miao-Shun Wen	Independent Director Miao-Shun Wen graduated from MBA Rutgers Business School, and once served as the Vice President of Citibank Financial Market and Securities Services Business Group, with extensive accounting and financial analysis and crisis management capabilities, and international market perspective, and there is no situation specified in Article 30 of the Company Act occurred to her.	During the two years prior to her election and during her term of office, Independent Director Miao-Shun Wen is qualified as an independent director in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	0	

Note 1. Professional qualifications and experience: The professional qualifications and experience of individual directors and supervisors shall be specified. If any of them is a member of Audit Committee and have accounting or financial expertise, his/her accounting or financial background and work experience shall be specified, and it shall be specified that if any situation specified in Article 30 of the Company Act occurred to him/her.

Note 2. The independence of Independent Director shall be specified, including but not limited to that if he/she, his/her spouse, or his/her any relative within the second degree of kinship serves as the director, supervisor or employee of the Company or the Company's any related companies; number of shares in the Company held by him/her, his/her spouse, or his/her any relative within the second degree of kinship (or by his/her any nominees,) and his/her shareholding ratio; that if he/she serves as the director, supervisor or employee of any companies having specific relation with the Company (please refer to item 5-8 Article 3-1 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); amount of any remuneration received by him/her for provision of any business, legal, financial, accounting or any other services to the Company or its any related companies in the most recent 2 years.

4. Diversity and independence of the Board of Directors:

Following Article 20 of the Company's Corporate Governance Best Practice Principles, diversity should be considered in the Board of Directors' composition. It is advisable that directors concurrently serve as the Company's managerial officers not exceed one-third of the directors'

seats. An appropriate diversification policy should be formulated based on its own operation, business type, and development needs. It should include but not limited to the following two major standards:

- I. Basic requirements and values: gender, age, nationality, and culture.
- II. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills and industry experience, etc.

The members of the Board of Directors shall have the knowledge, skills, and accomplishments necessary to perform their duties. To achieve the ideal goal of corporate governance, the overall Board of Directors should have the following capabilities:

- I. Operational judgment capabilities.
- II. Accounting and financial analysis capabilities.
- III. Business management capabilities.
- IV. Crisis management capabilities.
- V. Knowledge in the industry.
- VI. International market perspective.
- VII. Leadership.
- VIII. Decision-making capabilities.

The current Board of Directors of the Company is composed of seven directors, including four independent directors. Now, due to one director absent, the Company hold a by-election to fill the vacancy at its 2023 shareholders' meeting. The members have experience and expertise in the fields of financial accounting, management, and the industrial computer industry. The Company formulates and implements a diversification policy for the Board of Directors' members to improve the Company's Board structure. Please refer to the table below for the capabilities of Board of Directors' members:

Name	Operational judgment capabilities	Ability to perform accounting and financial analysis	Business management capabilities	Crisis management capabilities	Knowledge in the industry	International market perspective	Leadership	Decision Capacity
Fu-Chuan Chu	V		V	V	V	V	V	V
Mei-Hui Hung	V	V	V	V		V	V	V
Chuang-Wang Chang	V		V	V	V	V	V	V
Yu-Hui Su		V		V		V		
Miao-Shun Wen		V				V		
Hsin-I Chan		V		V				

The Company also attaches importance to gender equality in the composition of the Board of Directors' members. The target ratio of female directors is set at 30% or more. The above goal is achieved through election at the 10th Board of Director Meeting. Currently, there are 6 directors, including 4 female directors, with a ratio of 66%. The implementation status of the diversification of the Company's Board members is summarized in the following table:

Name of Directors	Core items of diversity		Basic Composition						Experience in the Industry				Professional Capabilities				
	Nationality	Gender	Concurrently serve as the Company's employee	Age			Independent director's tenure			Industrial computer	Computer and Peripheral Equipment	Network communication	Accounting and finance	Business Management	Financial and accounting	Information Technology	Risk Management
				Under 50	51 to 55	56 to 60	61 to 65	Under 3 years	3 to 9 years								
Fu-Chuan Chu	Republic of China	Male	V			V				V	V		V		V	V	
Mei-Hui Hung	Republic of China	Female		V							V	V	V	V		V	
Chuang-Wang Chang	Republic of China	Male			V						V		V		V		
Yu-Hui Su	Republic of China	Female			V				V			V		V		V	
Miao-Shun Wen	Republic of China	Female			V			V				V		V		V	
Hsin-I Chan	Republic of China	Female		V				V				V	V	V			

5. Performance Evaluation of the Board of Directors and its Relationship with Remuneration:

The Company has established the "Performance Evaluation Measures for the Board of Directors" since Dec. 26, 2012, and regularly carried out the Board of Directors' members' self-performance evaluation every year. The evaluation indicators include compliance with relevant laws and regulations, participation in the Company's operations, compliance with

directors' interest avoidance, and the number of hours directors should participate in continuing education each year.

“Evaluation Measures for the Board of Directors” on Nov. 11, 2020, stipulating that the Board of Directors should conduct at least one performance evaluation for the Board, the Board of Directors' members, and the Functional Committee every year. The internal evaluation shall be conducted at the end of each year, and the performance evaluation of the current year shall be conducted following these measures.

The measurement items for the performance evaluation of the Company's Board of directors include the following five aspects:

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

The measurement items for the performance evaluation of Board of Directors' members include the following six aspects:

- (1) Mastery of the Company goals and tasks.
- (2) Recognition of directors' responsibilities.
- (3) The degree of participation in the Company's operations.
- (4) Their degree of participation in the Company's operations.
- (5) The management of internal relationships and communication.
- (6) Internal control.

The measurement items for the performance evaluation of the Functional Committee include the following five aspects:

- (1) The degree of participation in the Company's operations.
- (2) Recognition of the Functional Committee's responsibilities.
- (3) Improvement in the quality of the Functional Committee's decision-making.
- (4) The composition and member election of the Functional Committee.
- (5) 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 Committee and their own participation. The results of the above-mentioned performance evaluation will be used as a reference for selecting or nominating directors. The performance evaluation results of directors and the Functional Committee members will be used as a reference for determining their individual remuneration.

The Company completed the internal performance evaluation of the 2022 Board of Directors, members of the Board of Directors, and functional committees in the first quarter of 2023, and authorized the Taiwan Corporate Governance Association to conduct the external performance evaluation of the 2022 Board of Directors. The evaluation results of the internal and external performance evaluation were submitted to the Board of Directors on March 8, 2023.

External evaluator	Year	Evaluation scope	Report date	Evaluation certificate and report summary
Taiwan Corporate Governance Association	2022	Board of Directors and Functional Committee	2023.01.16	https://www.ennoconn.com/zh-tw/performance-evaluation-of-board-of-directors/

According to Article 20 of the Articles of Incorporation, the remuneration of the Company's directors may not exceed 2% of the current year's profit as the directors' remuneration of the current year. Reasonable remuneration shall be given considering the Company's operational results and its contributions to the Company's performance. The procedures for determining remuneration are based on the results of the performance evaluation of directors. In addition to referring to the Company's overall operating performance, future business risks, and development trends of the industry, it also refers to the individual's performance achievement rate and contributions to the Company's performance and gives reasonable remuneration. The relevant performance appraisal and remuneration reasonableness are reviewed by the Remuneration Committee and the Board of Directors, and the remuneration system is reviewed in due course depending on the actual operating conditions and the relevant laws and regulations to balance the Company's sustainable management and risk control.

6. The Succession Plan and Implementation Status of Board of Directors' members and Important Management Level Formulated by the Company:
 - (1) Board of Directors' members:
 1. Succession plan:

Diversity should be considered for the Board of Directors' members, taking the scale of the Company, and measure the actual operational needs in terms of the Company's business development scale and major shareholder's shareholding situation. In addition to the knowledge and academic experience that directors should possess, it is also necessary to consider the proportion of independent directors to director seats.
 2. Status of implementation:

Through senior managers' participation in various seminars, etc., to seek potential candidates from industry talents or contacts and evaluate their suitability.
 - (2) Important management levels:
 1. Succession plan:

The Company's succession plan foremost conducts a prudent assessment of the current status of the organization, the characteristics of the position and the organization, and the possible future strategic direction of the Company to determine the talents that are in line with the organization's strategic direction to develop future talents, and draw up senior management that meets the succession plan.

The Company will provide multiple kinds of training for senior management, including courses-based training, development of leadership, as well as cross-functional and change management capabilities and other training courses, and will formulate career development plans for senior management, and increase job development opportunities by virtue of secondment, dispatching, etc. to improve leadership.

The Company will regularly review the performance of senior management to assess the suitability of successors.
 2. Implementation status:

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 and adjust the succession plan. At the same time, we attempt to find external talents to join the Company as necessary.

(II) Information on President, Vice Presidents, Associate Managers, and Heads of Departments and Branches:

April 1, 2023 Unit: shares; %

Title	Nationality	Name	Gender	Elected (Appointed) Date	Shareholding		Spouse & minor shareholding		Shares held by nominees		Main experience (education)	Other position concurrently held in other companies	Managerial officers who are spouses or within the second degree of kinship			Remarks
					Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %			Title	Name	Relation	
CEO	Republic of China	Fu-Chuan Chu	Male	2011.06.11	1,026,726	0.94%	0	0%	0	0%	Department of Electronic Engineering, St. John's University Senior Associate Manager of Hon Hai Precision Industry Co., Ltd	Chairman and CEO of the Company Chairman of Caswell Inc. Chairman of Goldtek Technology Co., Ltd. Chairman of Dexatek Technology Ltd. Director of Ennoconn (Suzhou) Technology Co., Ltd. Chairman of Poslab Chairman of AIS Cayman Technology Group Director of Ennoconn International Investment Co., Ltd. Director of Marketech International Corporation Director of EnnoMech Precision Co., Ltd. Director of Vecow Co., Ltd. Director of S&T AG Director of ENGA Technology Co., Ltd.	None	None	None	Note 1 (Same as Note 1 on page 8)

Title	Nationality	Name	Gender	Elected (Appointed) Date	Shareholding		Spouse & minor shareholding		Shares held by nominees		Main experience (education)	Other position concurrently held in other companies	Managerial officers who are spouses or within the second degree of kinship			Remarks
					Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %			Relation	Name	Title	
President	Republic of China	Neng-Chi Tsai	Male	2019.12.19	35,000	0.03%	0	0%	366,726	0.34%	MBA of University on the West Coast of America President, American Industrial Systems Inc.	President of the Company Chairman of American Industrial Systems Inc. Chairman of Vecow Co., Ltd. Director of AIS Cayman Technology Group Director of Ennoconn International Investment Co., Ltd. Director of Caswell Inc. Director Poslab Technology Corporation Director of Marketech International Corporation Director of ARBOR Technology Corp.	None	None	None	Shareholding by nominees is his dedicated account managed by the bank on a trust basis

Title	Nationality	Name	Gender	Elected (Appointed) Date	Shareholding		Spouse & minor shareholding		Shares held by nominees		Main experience (education)	Other position concurrently held in other companies	Managerial officers who are spouses or within the second degree of kinship			Remarks
					Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %			Shares	Shareholding %	Relation	
President for mainland China	Republic of China	Chao-Tsung Lou	Male	2022.09.01	220,914	0.20%	1,364	0%	0	0%	Department of Business Administration, Feng Chia University Engineering Management, Nan Ya Plastics Corporation Vice President of Business Management, Hon Hai Precision Industry Co., Ltd.	Chairman of International Investment Co., Ltd. Chairman of EnnoMech Precision Co., Ltd. Chairman of EnnoMech Precision (Cayman) Co., Ltd. Chairman of Ennoconn Investment Holdings Co., Ltd. Chairman of Ennoconn (Foshan) Investment Holdings Co., Ltd. Chairman of Ennoconn Investment Co., Ltd. Director of Marketech Director of Goldtek Technology Co., Ltd. Director of Caswell Inc. Director of Innovative Systems Integration Limited Director of Shijun International Investment Co., Ltd. Chairman of Ennoconn (Suzhou) Technology Co., Ltd. Director of ENGA Technology Co., Ltd.	None	None	None	None

Title	Nationality	Name	Gender	Elected (Appointed) Date	Shareholding		Spouse & minor shareholding		Shares held by nominees		Main experience (education)	Other position concurrently held in other companies	Managerial officers who are spouses or within the second degree of kinship			Remarks
					Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %			Relation	Name	Title	
Associate Manager of R&D Center	Republic of China	Sheng-Hsiung Chang	Male	2019.12.16	8,000	0.01%	0	0%	0	0%	Department of Electrical Engineering, Lee-Ming Institute of Technology R&D Manager of ADLINK Technology Inc.	None	None	None	None	None
Chief Financial Officer	Republic of China	Tsung-Hsien Chuang	Male	2022.08.22	0	0.00%	0	0%	0	0%	New York University-MBA-Finance Accounting Department, Taiwan University Chief Financial Officer of Tatung Medical Healthcare Technologies Co., Ltd.	Supervisor of Ennoconn International Investment Co., Ltd. Director of Marketech	None	None	None	None
Associate Manager of Information Department	Republic of China	Wen-Ta Chang	Male	2021.09.01	10,000	0.01%	0	0%	0	0%	Department of Business Administration, Chung Yuan Christian University	None	None	None	None	None

Title	Nationality	Name	Gender	Elected (Appointed) Date	Shareholding		Spouse & minor shareholding		Shares held by nominees		Main experience (education)	Other position concurrently held in other companies	Managerial officers who are spouses or within the second degree of kinship			Remarks
					Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %			Shares	Shareholding %	Relation	
Director of Corporate Governance	Republic of China	Hung-Chih Chou	Male	2022.08.22	0	0.00%	0	0%	0	0%	MBA, Imperial College London Bachelor Degree, Industrial Management Department, National Taiwan University of Science and Technology IPCD/New PCEBG Senior Manager, Hon Hai Precision Industry Co., Ltd.	None	None	None	None	None

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

1. Remuneration to Directors (Including Independent Directors):

As of December 31, 2021 Unit: NT\$ thousand

Title	Name	Remuneration to directors						Ratio of total amount of A, B, C and D in net profits after tax (%) (Note 5)		Relevant remuneration received by director who concurrently serves as employee						Ratio of total amount of A, B, C, D, E, F and G in net profits after tax (%)		Remuneration received from parent company or the investee other than				
		Remuneration (A) (Note 1)		Retirement allowance (B) (Note 2)		Remuneration from distribution of earnings (C) (Note 3)				Business execution expenses (D) (Note 4)		Remuneration, money award and special expenses etc. (E) (Note 6)		Severance pay and pension (F)					Employee profit sharing from earnings distribution (G) (Note 7)			
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements					
Chairman	Fu-Chuan Chu																					
Director	Baoxin International Investments Ltd.																					
Director	Baoxin International Investments Ltd. Representative: Mei-Hui Hung																					
Director	Baoxin International Investments Ltd. Representative: Chuang-Wang Chang	0	0	0	0	1,470	0	1,225	2,165	0.08	0.11	25,009	25,000	0	0	34,443	0	34,443	0	1.80	1.83	0
Director (Note 8)	Baoxin International Investments Ltd. Corporate representative: Chao-Tsung Lou																					
Director (Note 8)	Baoxin International Investments Ltd. Corporate Representative: Chia-Lin Teng																					
Director (Note 8)	Cheng-Ching Chu																					

Title	Name	Remuneration to directors						Ratio of total amount of A, B, C and D in net profits after tax (%) (Note 5)		Relevant remuneration received by director who concurrently serves as employee						Ratio of total amount of A, B, C, D, E, F and G in net profits after tax (%)		Remuneration received from parent company or the investee other than				
		Remuneration (A) (Note 1)		Retirement allowance (B) (Note 2)		Remuneration from distribution of earnings (C) (Note 3)				Business execution expenses (D) (Note 4)		Remuneration, money award and special expenses etc. (E) (Note 6)		Severance pay and pension (F)					Employee profit sharing from earnings distribution (G) (Note 7)			
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company			All companies included in the financial statements		The Company	All companies included in the financial statements
																Cash amount	Stock amount		Cash amount	Stock amount		
Independent Director	Yu-Hui Su																					
Independent Director	Hsin-I Chan																					
Independent Director	Miao-Shun Wen	0	0	0	0	1,380	0	1,250	1,250	0.08	0.08	0	0	0	0	0	0	0	0.08	0.08	0	
Independent Director (Note 8)	Wen-Chang Fang																					
Independent Director (Note 8)	Chien-Min Wang																					

1. Please specify the payment policy, system, standards, and structure of remuneration to independent directors, and specify their relevance with the amount of remuneration based on their responsibilities, risks, work time, and other factors: Not only the results of performance evaluation on the Board of Directors is taken into account for the remuneration to the Company's independent directors, but also such remuneration is submitted to the Board of Directors for resolution, in accordance with the Company's Articles of Incorporation, based on their participation in, and the value of their contribution to, the Company's operation, with reference to the standards in the industry.

2. In addition to that disclosed in the above table, remuneration received by the Company's directors for providing services to all companies included in the financial statements (such as serving as a non-employee consultant for the Company's parent company or all companies included in the financial statement or investee, etc.) in the most recent year:
None.

Note 1. It refers the remuneration paid to directors in 2022 (including director's salary, job allowance, severance pay, various bonuses, rewards, etc.).

Note 2. It refers to the amount withdrawn and paid in 2022 in accordance with laws.

Note 3. It refers to the distribution of directors' remuneration for 2022 approved at the Company's Board of Directors' meeting on March 30, 2023 and annual Shareholders' Meeting on May 30, 2023.

Note 4. It refers to directors' related business execution fees in 2022 (including the remuneration to the representative of corporate director appointed by the Company for its subsidiary, including travel expenses, special fees, allowances, dormitories, vehicle and other material items provided, etc.)

Note 5. Net profits after tax refer to the net profits after tax specified in 2022 Individual Financial Report.

Note 6. It refers to, including, the salary, job allowance, severance pay, various bonuses, rewards, travel expenses, special fees, allowances, dormitories, vehicle and other material items provided, etc. received by the directors who concurrently serve as employees (including concurrently serving as president, vice presidents, other managerial officers, and employees) in 2022. 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 7. It refers to employee remuneration (including stock and cash) received by directors who concurrently serve as employees (including concurrently serving as president, vice presidents, other managerial officers, and employees) for 2022, the distribution of which was approved at the Company's Board of Directors' meeting on March 30, 2023.

Note 8. The Company reelected directors at the shareholders' meeting on June 23, 2022. The corporate director of Baoxin International Investments Ltd., the original representative Mr. Chao-Tsung Lou, Mr. Chia-Lin Teng, the original directors Mr. Cheng-Ching Chu, and the original independent directors, Mr. Wen-Chang Fang and Mr. Chien-Min Wang, resigned upon the expiration of their terms of office after the reelection. On June 23, 2022, after the re-election at the shareholders' meeting, a total of 7 new directors were appointed, including Mr. Fu-Chuan Chu, a director, 2 seats represented Baoxin International Investment Co., Ltd. (the legal representative Ms. Mei-Hui Hung and Mr. Chuang-Wang Chang), Ms. Yu-Hui Su, an independent director, Ms. Hsin-I Chan, and Ms. Miao-Shun Wen, an independent director. In addition, Feng-Kan Chang, an independent director, resigned due to personal reasons on the day of election.

Range of Remuneration

Range of remuneration paid to the Company's directors	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements
Less than NT\$1,000,000	Fu-Chuan Chu, Mei-Hui Hung, Chuang-Wang Chang, Chao-Tsung Lou, Chia-Lin Teng, Cheng-Ching Chu, Yu-Hui Su, Hsin-I Chan, Miao-Shun Wen, Wen-Chang Fang, Chien-Min Wang	Mei-Hui Hung, Chuang-Wang Chang, Chao-Tsung Lou, Chia-Lin Teng, Cheng-Ching Chu, Yu-Hui Su, Hsin-I, Chan, Miao-Shun Wen, Wen-Chang Fang, Chein-Min Wang	Mei-Hui Hung, Chuang-Wang Chang, Chia-Lin Teng, Cheng-Ching Chu, Yu-Hui Su, Hsin-I, Chan, Miao-Shun Wen, Wen-Chang Fang, Chein-Min Wang	Mei-Hui Hung, Chuang-Wang Chang, Chia-Lin Teng, Cheng-Ching Chu, Yu-Hui Su, Hsin-I, Chan, Miao-Shun Wen, Wen-Chang Fang, Chein-Min Wang
NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive)	Baoxin International Investments Ltd.	Fu-Chuan Chu, Baoxin International Investments Ltd.	Baoxin International Investments Ltd.	Baoxin International Investments Ltd.
NT\$2,000,000 (inclusive) to NT\$3,500,000 (exclusive)				
NT\$3,500,000 (inclusive) to NT\$5,000,000 (exclusive)				
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)			Chao-Tsung Lou	Chao-Tsung Lou
NT\$10,000,000 (inclusive) to NT\$15,000,000 (exclusive)				
NT\$15,000,000 (inclusive) to NT\$30,000,000 (exclusive)				
NT\$30,000,000 (inclusive) to NT\$50,000,000 (exclusive)				
NT\$50,000,000 (inclusive) to NT\$100,000,000 (exclusive)			Fu-Chuan Chu	Fu-Chuan Chu
NT\$100,000,000 and above				
Total	12 persons in total (including one corporate director)	12 persons in total (including one corporate director)	12 persons in total (including one corporate director)	12 persons in total (including one corporate director)

2. Remuneration to President and Vice Presidents:

As of December 31, 2022 Unit: NT\$ thousand

Title	Name	Remuneration (A) (Note 1)		Retirement allowance (B) (Note 2)		Money award and special payment etc. (C) (Note 3)		Earning distribution as dividends for personnel (D) (Note 4)				Ratio of total amount of A, B, C and D in net profits after tax (%) (Note 5)		Remuneration received from parent company or investee other than subsidiaries
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
CEO	Fu-Chuan Chu													
President	Neng-Chi Tsai	7,596	7,596	193	193	11,035	11,035	37,543	0	37,543	0	1.63	1.63	0
President for mainland China	Chao-Tsung Lou													

Range of Remuneration

Range of remuneration paid to the Company's president and vice presidents	Name of president and vice president	
	The Company	All companies included in the financial statements
Less than NT\$1,000,000		
NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive)		
NT\$2,000,000 (inclusive) to NT\$3,500,000 (exclusive)		
NT\$3,500,000 (inclusive) to NT\$5,000,000 (exclusive)		
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)	Neng-Chi Tsai, Chao-Tsung Lou	Neng-Chi Tsai, Chao-Tsung Lou
NT\$10,000,000 (inclusive) to NT\$15,000,000 (exclusive)		
NT\$15,000,000 (inclusive) to NT\$30,000,000 (exclusive)		
NT\$30,000,000 (inclusive) to NT\$50,000,000 (exclusive)	Fu-Chuan Chu	Fu-Chuan Chu
NT\$50,000,000 (inclusive) to NT\$100,000,000 (exclusive)		
NT\$100,000,000 and above		
Total	3 persons in total	3 persons in total

Note 1. The salary, job allowance and severance pay paid to president and vice presidents in 2022 shall be filled out.

Note 2. It refers to the amount withdrawn and paid in 2022 in accordance with laws.

Note 3. Various bonuses, rewards, travel expenses, special fees, allowances, dormitories, vehicle and other material items provided and other remuneration to president and vice presidents in 2022 shall be filled out 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 4. It refers to the distribution of employee compensation for 2022 approved at the Company's Board of Directors' meeting on March 30, 2023.

Note 5. Net profits after tax refer to the net profits after tax specified in 2022 Individual Financial Report.

3. Employee compensation paid to managerial officers and status of payment:

Unit: NT\$ thousand

Title	Name	Stock amount	Cash amount	Total	Ratio of total amount in net profits after tax (%)
CEO	Fu-Chuan Chu	0	39,218	39,218	1.14%
President	Neng-Chi Tsai				
President for mainland China	Chao-Tsung Lou				
Associate Manager of R&D Center	Sheng-Hsiung Chang				
Chief Financial Officer	Tsung-Hsien Chuang				
Associate Manager of Information Department	Wen-Ta Chang				
Director of Corporate Governance	Hung-Chih Chou				

(IV) Specify and compare the ratio of the total remuneration paid to the Company's directors, president and vice presidents by the Company and all the companies included in the Consolidated Financial Statements in the most recent two years in the net profits after tax specified in the Individual Financial Report, and specify the remuneration payment policies, standards, combinations, remuneration determination procedures and their relevance with business performance and future risks:

1. Analysis on the ratio of the total remuneration paid to the Company's directors, president and vice presidents by the Company and all the companies included in the Consolidated Financial Statements in the most recent two years in the net profits after tax:

Year	2021		2022	
	The Company	All the companies included in the Consolidated Financial Statements	The Company	All the companies included in the Consolidated Financial Statements
Ratio of remuneration to directors	2.04%	2.11%	1.80%	1.83%
Ratio of remuneration to president and vice presidents	1.89%	1.89%	1.63%	1.63%

2. Remuneration payment policies, standards, combinations, remuneration determination procedures and their relevance with business performance and future risks:

- (1) The remuneration received by the Company's directors is determined following the Article 16 of Company's Articles of Incorporation. The Board of Directors drafts the compensation distribution plan and submits it to the shareholders' meeting. The salary remuneration of directors and managerial officers shall be distributed after being deliberated by the Remuneration Committee and resolved by the Board of Directors. According to Article 20 of the Articles of Incorporation, the remuneration of the Company's directors may not exceed 2% of the current year's profit as the directors' remuneration of the current year. The remuneration received by the Company's directors is determined following the Company's Articles of Incorporation. The Board of Directors drafts the compensation distribution plan and submits it to the shareholders' meeting.

The remuneration for managerial officers of the Company is determined in accordance with the Company's salary regulations, and includes various work allowances and bonuses to reward employees for their hard work. The related bonuses are also based on the Company's annual operating performance, financial status, operating status, and personal work performance. According to Article 20 of the Articles of Incorporation, the remuneration of the Company's directors may not exceed 2% of the current year's profit as the directors' remuneration of the current year. The bonus for managerial officers shall be decided based on the results of the performance evaluation conducted by the Company in accordance with the "Performance Management Regulations". Employee remuneration shall be reviewed by the Salary and Remuneration Committee and the Board of Directors, and shall be reported to the Shareholders' Meeting after being resolved by the Board of Directors.

The remuneration evaluation items for the Company's directors and managerial officers include the target achievement rate, the Company's profit margin, contribution, and important aspects such as whether a moral hazard event has occurred.

The actual amount of remuneration paid to directors and managers in 2022 will be reviewed by the Remuneration Committee and submitted to the board meeting for decision.

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

III. Implementation of Corporate Governance:

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

The Company held 11 Board of Directors' meetings (A) in 2022, with the following attendance by directors:

Title	Name	Number of attendance in person (B)	Number of attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Chairman	Fu-Chuan Chu	11	0	100%	None
Director	Baoxin International Investments Ltd. Representative: Mei-Hui Hung	6	0	100%	None
Director	Baoxin International Investments Ltd. Representative: Chuan-Wang Chang	6	0	100%	None
Director	Cheng-Ching Chu	5	0	100%	Note 1
Director	Baoxin International Investments Ltd. Representative: Chao-Tsung Lou	5	0	100%	Note 1
Director	Baoxin International Investments Ltd. Representative: Chia-Lin Teng	5	0	100%	Note 1
Independent Director	Yu-Hui Su	11	0	100%	None
Independent Director	Hsin-I Chan	6	0	100%	None
Independent Director	Miao-Shun Wen	6	0	100%	None
Independent Director	Wen-Chang Fang	5	0	100%	Note 1
Independent Director	Chien-Min Wang	5	0	100%	Note 1

Note: The Company reelected directors at the shareholders' meeting on June 23, 2022. The corporate director of Baoxin International Investments Ltd., the original representative Mr. Chao-Tsung Lou, Mr. Chia-Lin Teng, the original directors Mr. Cheng-Ching Chu, and the original independent directors, Mr. Wen-Chang Fang and Mr. Chien-Min Wang, resigned upon the expiration of their terms of office after the reelection.

On June 23, 2022, after the re-election at the shareholders' meeting, a total of 7 new directors were appointed, including Mr. Fu-Chuan Chu, a director, 2 seats represented Baoxin International Investment

Co., Ltd. (the legal representative Ms. Mei-Hui Hung and Mr. Chuang-Wang Chang), Ms. Yu-Hui Su, an independent director, Ms. Hsin-I Chan, and Ms. Miao-Shun Wen, an independent director. In addition, Feng-Kan Chang, an independent director, resigned due to personal reasons on the day of election.

Other matters:

I. With regard to the implementation of the Board of Directors, if any of the following circumstances occur, the dates, session of the meetings, contents of proposals, all independent directors' opinions, and the Company's response to such opinions shall be specified:

(I) Matters referred to in Article 14-3 of the Securities and Exchange Act:

Date of meeting	Major resolution	Independent directors' opinions	The Company's response to independent directors' opinions
2022.01.04 The 16th session of the 9th Board of Directors' meeting	(1) Relevant matters such as the pricing of private placement of ordinary shares and the target subscriber.	Unanimously approved by all directors present (including independent directors)	No dissenting or qualified opinion from independent directors
2022.02.24 The 17th session of the 9th Board of Directors' meeting	(1) Approved its subsidiary Ennoconn International Investment Co., Ltd to subscribe the private placement of new shares by ARBOR Technology Corp.	Unanimously approved by all directors present (including independent directors)	No dissenting or qualified opinion from independent directors
2022.03.22 The 18th session of the 9th Board of Directors' meeting	(1) Adopted 2021 annual business report. (2) Reported the Company's 2021 Consolidated and Individual Financial Statements. (3) Adopted the total amount of directors' compensation and employee compensation paid by the Company in 2021. (4) Adopted 2021 earnings distribution plan. (5) Adopted the proposal for distributing cash from capital reserves. (6) Approved the Company's 2022 business plan. (7) Approved the Company's amendment to the Articles of Incorporation. (8) Approved amendment to the Procedure for Acquisition and Disposal of Assets. (9) Approved the proposal for change in the members (including independent directors) of the Company's 10th Board of Directors.	Unanimously approved by all directors present (including independent directors)	No dissenting or qualified opinion from independent directors

	<p>(10) Approved the proposal for convening the 2022 shareholders' meeting of the Company.</p> <p>(11) Approved the proposal for capital decrease for the Company and de-registration of the first shares repurchased by the Company.</p> <p>(12) Approved the plan for increasing capital for its subsidiary Ennoconn International Investment Co., Ltd.</p> <p>(13) Approved 2021 "Internal Control System Effectiveness Assessment" and "Statement of Internal Control System" submitted to the Company.</p> <p>(14) Approved the proposal for applying for issuance of short-term loan from nine financial institutions.</p> <p>(15) Approved the subsidiary THECUS TECHNOLOGY CORP to apply for bank loan commitments, with joint and several guarantee responsibilities borne by the Company</p> <p>(16) Approved the subsidiary HighAim Technology Inc to apply for loan commitments from three banks, with joint and several guarantee responsibilities borne by the Company.</p> <p>(17) Approved the subsidiary HIGHAIM TECHNOLOGY INC to apply for loan commitments from three banks, with joint and several guarantee responsibilities borne by the Company.</p> <p>(18) Approved the subsidiary POSLAB Technology Corp to apply for bank loan commitments, with joint and several guarantee responsibilities borne by the Company.</p> <p>(19) Approved the subsidiary ENNOCONN INTERNATIONAL INVESTMENT CO., LTD. to apply for loan commitments from two banks, with joint and several guarantee responsibilities borne by the Company.</p>		
<p>2022.03.31 The 19th session of the 9th meeting</p>	<p>(1) Approved the discussion on handling of theft of company seals, forgery of documents, and misappropriation of company assets by cashiers, and subsequent improvement measures.</p> <p>(2) Adopted 2021 annual business report.</p> <p>(3) Reported the Company's 2021 Consolidated and Individual Financial Statements.</p> <p>(4) Adopted 2021 earnings distribution plan.</p>	<p>Unanimously approved by all directors present (including independent directors)</p>	<p>No dissenting or qualified opinion from independent directors</p>

	<p>(5) Adopted the proposal for distributing cash from capital reserves.</p> <p>(6) Approved 2021 “Internal Control System Effectiveness Assessment” and “Statement of Internal Control System” submitted to the Company.</p> <p>(7) Approved the proposal for convening the 2022 shareholders’ meeting of the Company.</p>		
<p>2022.05.13 The 20th session of the 9th meeting</p>	<p>(1) Approved the Company’s consolidated financial report for the first quarter of 2022.</p> <p>(2) Approved the Company’s plan of capital increase for its subsidiary, INNOVATIVE SYSTEMS INTEGRATION LIMITED.</p> <p>(3) Approved the amendment to the Company’s “Seal Management Regulations”.</p> <p>(4) Adopted the plan for issuing unsecured convertible corporate bonds for the first private placement in Taiwan in 2021</p> <p>(5) Adopted the proposal for the Company’s private placement of ordinary shares in 2022</p> <p>(6) Adopted the proposal for the fourth unsecured convertible corporate bond offering in Taiwan in 2021.</p> <p>(7) Adopted the amendment to the Rules of Procedure for Shareholders’ Meetings.</p> <p>(8) Approved the list of candidates for the 10th session of directors and independent directors</p> <p>(9) Approved the proposal for removing the restrictions on non--competition for new directors (including independent directors) of the Company.</p> <p>(10) Approved the proposal to convene the 2022 shareholders’ meeting of the Company.</p> <p>(11) Approved the proposal for increasing NT\$200 million loan to the subsidiary Ennoconn (Suzhou) Technology Co., Ltd.</p> <p>(12) Approved CPA KPMG Taiwan to increase audit fee in 2022.</p> <p>(13) Approved the proposal for employing Deloitte to re-issue financial statements and provide audit services for the Company.</p> <p>(14) Approved the proposal for the Company to apply for loan commitments from two banks.</p>	<p>Unanimously approved by all directors present (including independent directors)</p>	<p>No dissenting or qualified opinion from independent directors</p>
<p>2022.06.23 The 1st session of the 10th meeting</p>	<p>(1) Approved the proposal to recommend and elect the Chairman of the Board.</p> <p>(2) Approved the appointment of the 5th Remuneration Committee members.</p> <p>(3) Approved the Company’s Sustainability Development Committee Charter.</p> <p>(4) Approved the appointment of the 1st Sustainability Development Committee members.</p>	<p>Unanimously approved by all directors present (including independent directors)</p>	<p>No dissenting or qualified opinion from independent directors</p>

2022.07.08 The 2nd session of the 10th meeting	<ol style="list-style-type: none"> (1) Approved the proposal for whether to re-issue the financial statements from 2017Q2 to 2021Q3. (2) Approved the proposal of endorsement guarantee for the Company's subsidiary Ennoconn Hungary kft. (3) Approved the subsidiary HighAim Technology Inc to apply for bank loan commitments, with joint and several guarantee responsibilities borne by the Company. (4) Approved the proposal for the Company to apply for bank loan commitments. 	Unanimously approved by all directors present (including independent directors)	No dissenting or qualified opinion from independent directors
2022.08.11 The 3rd session of the 10th meeting	<ol style="list-style-type: none"> (1) Approved the Company's consolidated financial report for the second quarter of 2022. (2) Approved the formulation of the Company's greenhouse gas inventory and verification schedule (3) Approved the Company's detailed distribution of directors' compensation in 2021. (4) Approved the Company's distribution of compensation to managerial officers in 2021. (5) Approved the salary adjustment plan for managerial officers. (6) Approved the amendments to the Company's Compensation Management Regulations. (7) Approved the proposal for changing financial and accounting officers. (8) Approved the proposal for changing director of corporate governance. 	Unanimously approved by all directors present (including independent directors)	No dissenting or qualified opinion from independent directors
2022.09.30 The 4th session of the 10th meeting	Approved the proposal for increasing NT\$1 billion loan to the subsidiary Ennoconn (Suzhou) Technology Co., Ltd.	Unanimously approved by all directors present (including independent directors)	No dissenting or qualified opinion from independent directors
2022.10.07 The 5th session of the 10th meeting	Approved the loan to the Company's subsidiary Ennoconn Hungary Kft at US\$25 million.	Unanimously approved by all directors present (including independent directors)	No dissenting or qualified opinion from independent directors
2022.11.10 The 6th session of the 10th meeting	<ol style="list-style-type: none"> (1) Approved the Company's consolidated financial report for the third quarter of 2022. (2) Approved the formulation of "Operating Procedures for Handling Material Insider Information" and "Corporate Governance Best Practice Principles". 	Unanimously approved by all directors present (including independent	No dissenting or qualified opinion from independent

	<p>(3) Approved the amendment to the Procedural Rules of Board Meetings and Corporate Governance Best Practice Principles.</p> <p>(4) Approved the assessment of CPA's independence.</p> <p>(5) Approved the Audit Plan for 2023.</p> <p>(6) Approved the formulation of ESG implementation goals in 2023.</p> <p>(7) Approved the proposal for the Company to apply for bank loan commitments from four financial institutions.</p> <p>(8) Approved the proposal for assumption of joint and several guarantee liability by the Company for applying for financing from banks through its subsidiary DEXATEK TECHNOLOGY LTD.</p> <p>(9) Approved the subsidiary HighAim Technology Inc to apply for bank loan commitments, with joint and several guarantee responsibilities borne by the Company.</p> <p>(10) Approved the subsidiary HIGHAIM TECHNOLOGY INC to apply for loan commitments from three banks, with joint and several guarantee responsibilities borne by the Company.</p>	directors)	directors	
<p>(II) In addition to the above, any recorded or written Board of Directors' resolutions to which independent directors have dissenting or qualified opinions: The Company has implemented in accordance with Article 14-3 of the Securities and Exchange Act, and there is no resolution to which independent directors have dissenting or qualified opinions as aforementioned.</p>				
<p>II. Regarding recusals of directors from voting on proposal due to conflicts of interests, the names of the directors, contents of proposals, reasons for recusal, and participation in voting shall be specified.</p>				
Date of the Board Meeting	Name of Directors	Contents of proposal	Reason for recusal	Participation in voting
2022.08.11	Director Fu-Chuan Chu, Director Mei-Hui Hung, Director Chuang-Wang Chang, Independent Director Yu-Hui Su	Deliberated the Company's detailed distribution of directors' compensation in 2021.	Due to personal interests	avoid from discussion and voting according to laws
2022.08.11	Director Fu-Chuan Chu	Deliberated the Company's distribution of compensation to managerial officers in 2021.	Due to personal interests	avoid from discussion and voting according to laws

2022.08.11	Director Fu-Chuan Chu	Deliberated this year's salary adjustment proposal for managerial officers	Due to personal interests	avoid from discussion and voting according to laws
<p>III. TWSE/TPEX listed companies shall disclose the information of self-evaluation (or peer evaluation) of the Board of Directors, such as evaluation cycle, period, scope, method and contents :</p>				
Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Contents of evaluation
Once a year	2022/1/1~2022/12/31	Board of Directors Board of Directors' members Functional Committee	Internal self-evaluation Self-evaluation by the Board of Directors' members	<p>(1) Performance evaluation of the Board of Directors: Participation in the Company's operation, the decision quality of the Board of Directors, composition and structure of the Board of Directors, election and continuing education of the directors, and internal control.</p> <p>(2) Performance evaluation of the Individual Board Members: mastery of the Company's goals and tasks, recognition of directors' responsibilities, participation in the Company's operation, internal relationship management and communication, the director's professional and continuing education, and internal control.</p> <p>(3) Performance evaluation of the Functional Committee: Participation in the Company's operation, recognition of the Functional Committee's responsibilities, the decision quality of the Functional Committee, composition of the Functional Committee, the election of the members, and internal control.</p>
Once per three years	2022/1/1~2022/12/31	Board of Directors Functional Committee	External review Appointed Taiwan Corporate	<p>(1) Protection and equal treatment of shareholders' rights and interests</p> <p>(2) Respect for the rights and</p>

			Governance Association to evaluate	interests of stakeholders (3) Information transparency and disclosure (4) Fulfillment of duties of the board of directors (5) Sustainable development and governance (6) Corporate governance culture
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The Company's 2022 Evaluation Report on the Performance of the Board of Directors, the Board of Directors' Members, and Functional Committees

(I) Basis: In order to implement corporate governance, improve the functions of the Company's Board of Directors, and establish performance objectives to improve the operational efficiency of the Board of Directors, 2022 performance evaluation on the Board of Directors, the Board of Directors' members, and functional committees was conducted in accordance with the Company's "Performance Evaluation Measures of the Board of Directors."

(II) Performance evaluation period: Jan. 1, 2022 to Dec. 31, 2022.

(III) Participants of self-evaluation questionnaire:

1. Self-evaluation questionnaire for the Board of Directors' members' performance evaluation: The self-evaluation questionnaire is filled out by the Company's 6 directors (including independent directors).
2. Self-evaluation questionnaire for the Board's performance evaluation: It is filled out by the Company's deliberating unit.
3. Self-evaluation questionnaire for the Board of Directors' members' performance evaluation: The self-evaluation questionnaire is filled out by the Company's three current directors (including independent directors).

(IV) Internal and external evaluation conclusion

1. Performance self-evaluation questionnaire for the Board of Directors' members (the average score was 92.5 in 2022, and the average score was 97.4 in 2021)
2. Performance self-evaluation questionnaire for the Board of Directors (the score was 97.3 in 2022, and the score was 97 in 2021)
3. Performance self-evaluation questionnaire for functional committees (the score was 91.7 in 2022, and the score was 99.2 in 2021)
4. In January 2023, the Company authorized the Taiwan Corporate Governance Association to conduct an external performance evaluation of the Board of Directors in 2022, and submitted the evaluation results of the internal and external performance evaluation to the Board of Directors on March 8 2023.

IV. The objectives of strengthening the functions of the Board of Directors in the current year and the most recent year (such as the establishment of the Audit Committee, the enhancement of information transparency, etc.) and the evaluation of their implementation: The Company has set up the Audit Committee and the Remuneration Committee and Sustainability Development Committee, and the Company regularly and from time to time discloses the operation and training status at the Market observation Post System to the investors so that the information disclosure can be real-time and transparent.

(II) Operation of Audit Committee:

1. Information on the Operation of the Audit Committee:

The Company held 10 Audit Committee's meetings (A) in 2022, with the following attendance by independent directors:

Title	Name	Number of attendance in person (B)	Number of attendance by proxy	Actual attendance rate (%) (B/A) (Note 1, Note 2)	Remarks
Independent Director	Yu-Hui Su	10	0	100%	Reelected (Note 3)
Independent Director	Hsin-I Chan	5	0	100%	Newly appointed (Note 3)
Independent Director	Miao-Shun Wen	5	0	100%	Newly appointed (Note 3)
Independent Director	Wen-Chang Fang	5	0	100%	Expiration of term of office (Note 3)
Independent Director	Chien-Min Wang	5	0	100%	Expiration of term of office (Note 3)

Note 1. If any independent director resigns before the end of the year, his/her resignation date shall be specified in the remarks column, and his/her actual attendance rate (%) shall be calculated on the basis of the number of Audit Committee's meetings held during his/her tenure and the number of his/her actual attendance in such meetings.

Note 2. If any independent director is changed before the end of the year, the new and old independent directors shall be filled in, and that he/she is the old, new or re-elected independent director and the change date shall be specified in the remarks column. His/her actual attendance rate (%) shall be calculated on the basis of the number of Audit Committee's meetings held during his/her tenure and the number of his/her actual attendance in such meetings. His/her actual attendance rate (%) shall be calculated on the basis of the number of Audit Committee's meetings held during his/her tenure and the number of his/her actual attendance in such meetings.

Note 3. The Company reelected directors at the shareholders' meeting on June 23, 2022. The corporate director of Baoxin International Investments Ltd., the original representative Mr. Chao-Tsung Lou, Mr. Chia-Lin Teng, the original directors Mr. Cheng-Ching Chu, and the original independent directors, Mr. Wen-Chang Fang and Mr. Chien-Min Wang, resigned upon the expiration of their terms of office after the reelection. On June 23, 2022, after the re-election at the shareholders' meeting, a total of 7 new directors were appointed, including Mr. Fu-Chuan Chu, a director, 2 seats represented Baoxin International Investment Co., Ltd. (the legal representative Ms. Mei-Hui Hung and Mr. Chuang-Wang Chang), Ms. Yu-Hui Su, an independent director, Ms. Hsin-I Chan, and Ms. Miao-Shun Wen, an independent director. In addition, Feng-Kan Chang, an independent director, resigned due to personal reasons on the day of election.

Other matters:

I. With regard to the operation of the Audit Committee, if any of the following circumstances occur, the dates, sessions, contents of disposals, the contents of independent director's dissenting or qualified opinions or significant suggestions, and resolution results of and at Audit Committee's meeting and the Company's response regarding such opinions shall be specified.

(I) Matters specified in Article 14-5 of Securities and Exchange Act: submitted to

the Board of Directors after they are approved by the Audit Committee.			
Date of meeting	Major resolution	Resolution of the Audit Committee	The Company's response to the Audit Committee's opinions
2022.2.24 The 14th session of the 3rd Audit Committee's meeting	(1) Approved its subsidiary Ennoconn International Investment Co., Ltd to subscribe the private placement of new shares by ARBOR Technology Corp.	Unanimously approved by all members present.	There is no dissenting or qualified opinions from independent director.
2022.3.21 The 15th session of the 3rd Audit Committee's meeting	<ul style="list-style-type: none"> (1) Adopted 2021 annual business report. (2) Reported the Company's 2021 Consolidated and Individual Financial Statements. (3) Adopted 2021 earnings distribution plan. (4) Adopted the proposal for distributing cash from capital reserves. (5) Approved the audit report for the Company's new audit. (6) Approved 2021 "Internal Control System Effectiveness Assessment" and "Statement of Internal Control System" submitted to the Company. (7) Approved the Company's amendment to the Articles of Incorporation. (8) Approved amendment to the Procedure for Acquisition and Disposal of Assets. (9) Approved the proposal for capital decrease for the Company and de-registration of the first shares repurchased by the Company. (10) Approved the proposal for capital increase in its subsidiary Ennoconn International Investment Co., Ltd. (11) Approved the Company's application for bank loan commitments from nine financial institutions. (12) Approved the proposal for assumption of joint and several guarantee liability by the Company for applying for financing from banks through its subsidiary THECUS TECHNOLOGY CORP. (13) Approved the subsidiary HighAim Technology Inc to apply for loan commitments from three banks, with joint and several guarantee responsibilities borne by the Company. (14) Approved the proposal for assumption of joint and several guarantee liability by the Company for applying for financing from banks through its subsidiary HIGHAIM TECHNOLOGY INC. (15) Approved the proposal for assumption of joint 	Unanimously approved by all members present.	There is no dissenting or qualified opinions from independent director.

	<p>and several guarantee liability by the Company for applying for financing from banks through its subsidiary Poslab Technology Corporation.</p> <p>(16) Approved the subsidiary ENNOCONN INTERNATIONAL INVESTMENT CO., LTD. to apply for loan commitments from two banks, with joint and several guarantee responsibilities borne by the Company.</p>		
<p>2022.3.30 The 16th session of the 3rd Audit Committee's meeting</p>	<p>(1) Approved the handling and subsequent improvement measures for the Company's cashier, Shih-Chiang Liao, who illegally affixed the Company's seal, forged documents, and misappropriated the Company's assets.</p> <p>(2) Adopted 2021 annual business report.</p> <p>(3) Reported the Company's 2021 Consolidated and Individual Financial Statements.</p> <p>(4) Adopted 2021 earnings distribution plan.</p> <p>(5) Adopted the proposal for distributing cash from capital reserves.</p> <p>(6) Approved 2021 "Internal Control System Effectiveness Assessment" and "Statement of Internal Control System" submitted to the Company.</p>	<p>Unanimously approved by all members present.</p>	<p>There is no dissenting or qualified opinions from independent director.</p>
<p>2022.5.13 The 17th session of the 3rd Audit Committee's meeting</p>	<p>(1) Approved the Company's consolidated financial report for the first quarter of 2022.</p> <p>(2) Approved CPA KPMG Taiwan to increase audit fee in 2022.</p> <p>(3) Approved the proposal for employing Deloitte to audit the re-issued financial statements.</p> <p>(4) Approved the Company's proposal to engage in capital increase for the Company's subsidiary Innovative Systems Integration Ltd.</p> <p>(5) Approved the amendment to the Company's "Seal Management Regulations".</p> <p>(6) Adopted the plan for issuing unsecured convertible corporate bonds for the first private placement in Taiwan in 2021</p> <p>(7) Adopted the proposal for the Company's private placement of ordinary shares in 2022</p> <p>(8) Adopted the proposal for the fourth unsecured convertible corporate bond offering in Taiwan in 2021.</p> <p>(9) Adopted the amendment to the Rules of Procedure for Shareholders' Meetings.</p> <p>(10) Approved the proposal for increasing NT\$200 million loan to the subsidiary Ennoconn (Suzhou) Technology Co., Ltd.</p> <p>(11) Approved the proposal for removing the restrictions on non-competition for new directors (including independent directors) of the Company.</p>	<p>Unanimously approved by all members present.</p>	<p>There is no dissenting or qualified opinions from independent director.</p>

	(12) Approved the proposal for submission and report of audit reports on the newly completed audits. (13) Approved the proposal for the Company to apply for loan commitments from two banks.		
2022.5.20 The 18th session of the 3rd Audit Committee's meeting	(1) Approved its subsidiary Ennoconn International Investment Co., Ltd to subscribe the private placement of new shares by GOLD RAIN ENTERPRISES CORP.	Unanimously approved by all members present.	There is no dissenting or qualified opinions from independent director.
2022.7.08 The 1st session of the 4th Audit Committee's meeting	(1) Approved the proposal for whether to re-issue the financial statements from 2017Q2 to 2021Q3. (2) Approved the proposal of endorsement guarantee for the Company's subsidiary Ennoconn Hungary kft. (3) Approved the subsidiary HighAim Technology Inc to apply for loan commitments from KGI Bank, with joint and several guarantee responsibilities borne by the Company. (4) Approved the proposal for the Company to apply for bank loan commitments.	Unanimously approved by all members present.	There is no dissenting or qualified opinions from independent director.
2022.8.10 The 2nd session of the 4th Audit Committee's meeting	(1) Approved the Company's consolidated financial report for the second quarter of 2022. (2) Approved the audit report on the completion of the Company's new audit in 2022 and the audit report on the improvement measures related to fraud cases by cashiers (3) Approved the proposal for changing financial and accounting officers.	Unanimously approved by all members present.	There is no dissenting or qualified opinions from independent director.
2022.9.30 The 3rd session of the 4th Audit Committee's meeting	(1) Approved the proposal for increasing NT\$1 billion loan to the subsidiary Ennoconn (Suzhou) Technology Co., Ltd.	Unanimously approved by all members present.	There is no dissenting or qualified opinions from independent director.
2022.10.07 The 4th session of the 4th Audit Committee's meeting	(1) Approved the loan to the Company's subsidiary Ennoconn Hungary Kft at US\$25 million.	Unanimously approved by all members present.	There is no dissenting or qualified opinions from independent director.

2022.11.09 The 5th session of the 4th Audit Committee's meeting	<ol style="list-style-type: none"> (1) Approved the Company's consolidated financial report for the third quarter of 2022. (2) Approved the audit report on the completion of the Company's new audit in 2022 and the audit report on the improvement measures related to fraud cases by cashiers (3) Approved the Audit Plan for 2023. (4) Approved the formulation of "Operating Procedures for Handling Material Insider Information" and "Corporate Governance Best Practice Principles". (5) Approved the amendment to the Procedural Rules of Board Meetings and Corporate Governance Best Practice Principles. (6) Approved the assessment of CPA's independence. (7) Approved the proposal for the Company to apply for bank loan commitments from four financial institutions. (8) Approved the proposal for assumption of joint and several guarantee liability by the Company for applying for financing from banks through its subsidiary DEXATEK TECHNOLOGY LTD. (9) Approved the subsidiary HighAim Technology Inc to apply for bank loan commitments, with joint and several guarantee responsibilities borne by the Company. (10) Approved the subsidiary HIGHAIM TECHNOLOGY INC to apply for loan commitments from three banks, with joint and several guarantee responsibilities borne by the Company. 	Unanimously approved by all members present.	There is no dissenting or qualified opinions from independent director.
2023.01.11 The 6th session of the 4th Audit Committee's meeting	<ol style="list-style-type: none"> (1) Approved the change of Head of Internal Audit. (2) Approved the amendments to Rules for Financial and Business Matters Between Corporation and Related Party Thereof. (3) Approved the proposal for the Company to apply for bank loan commitments. 	Unanimously approved by all members present.	There is no dissenting or qualified opinions from independent director.

(II) In addition to the above, any resolution not approved by the Audit Committee but approved by two thirds of all members of the Board of Directors: None.

II. Regarding recusals of independent directors from voting on proposal due to conflicts of interests, the names of the independent directors, contents of proposals, reasons for recusal, and participation in voting shall be specified: None.

III. Communications between the independent directors, the Company's chief internal auditor, and CPAs (shall include the material items, methods, and results of audits of corporate finance or operations, etc.).

The Company's independent directors have smooth communication channels with the chief internal auditor and CPAs, and they have reached a consistent conclusion:

(I) Independent communication with CPAs: If there's any significant investment or financing, or before issuance of financial reports, independent directors will communicate with CPAs on the contents first.

Date/Nature	Major points of independent communication	Results
2022.08.10 Before Audit Committee's meeting	Self-preparation of the Group's financial statements, and the Company's major difficulties in self-preparation.	Major difficulties to be overcome are as follows: 1. The consolidated group is large. In addition to manpower, the group is also necessary to rely on systems to increase efficiency, reduce processing time, and reduce the error rate of manual processing. (The system can divide preparation processes or contents into different parts for preparation step by step) 2. The schedule and quality of reports/packages provided by subsidiaries. (Requirements and supervision) 3. Report to Board of Directors after approval upon review
	The late submission of financial statements by subsidiaries has delayed the preparation of the consolidated financial statements.	To enable the members of the audit committee to review the financial statements in advance of the audit committee meeting, the Company will communicate with the subsidiaries and KPMG on the schedule for preparing the financial statements, and ask them to submit their respective financial statement to the Company within the scheduled time.
2022.11.09 Before Audit Committee's meeting	The subsidiary Kontron AG continues processing after sold its IT service.	1. As subsidiaries are required to obtain the consent of the Fair Trade Commission to sell IT business, the Company will follow up with when the Fair Trade Commission approves the transaction and the time of selling the business. 2. If it is not possible to sell the business this year, comparative information for the same period shall be provided for the preparation of financial statements.
	Does the company hold a shareholders' meeting at the end of May?	Due to the expansion of subsidiaries, the preparation of financial statements has a tight schedule.

(II) Communication with chief internal auditor:

The communication between the independent directors of the Company and the chief internal auditor is made mainly by the following four methods:

1. After each audit item is completed, it shall be delivered to independent directors for review before the end of the following month.
2. Discuss any deficiency detected in significant audits and its improvement at Audit Committee's and Board of Directors' meetings.
3. Perform various audit projects or conduct further analysis on the contents of the previous audit report following the instructions of the Independent Directors.
4. Communicate directly by phone or email.

Perform various audit projects or conduct further analysis on the contents of the previous audit report following the instructions of the Independent Directors:

Date	Major points of independent communication	Results
2022.05.13	Report on the execution results of audits in March-April 2022.	<ol style="list-style-type: none"> 1. Report on the prevention and improvement of cashier fraud case. 2. The independent directors suggest increasing manpower allocation in response to the workload of preparing financial statements. <p>Handling progress: The Finance Department has increased manpower and accelerated the preparation of consolidating financial statements.</p>
2022.08.11	Report the audit execution results from June to July 2022.	<ol style="list-style-type: none"> 1. Report the resolution of cashier fraud case. 2. The independent directors recommend strengthening supervision of subsidiaries. <p>Handling progress: Departments have coordinated plans for strengthening post-investment management.</p>
2022.11.09	Report the audit execution results from August to October 2022.	<ol style="list-style-type: none"> 1. Report the resolution of cashier fraud case. 2. The independent directors suggest for strengthening the supervision of subsidiaries. <p>Handling progress: Departments have coordinated plans for strengthening post-investment management.</p>

2023.01.13	The first communication meeting with the new auditor	<ol style="list-style-type: none"> 1. Communicate with the new auditor on the recommendations and expectations for the audit work. 2. Independent directors require to review the control of subsidiaries and affiliated enterprises. <p>Handling progress: The Audit Office coordinates with various departments to strengthen the control planning of subsidiaries and affiliated enterprises.</p>

2. Key tasks of the Audit Committee:

The Company's Audit Committee is composed of three independent directors, which meets at least once a quarter and is responsible for the fair presentation of the Company's financial statements, the selection (dismissal), independence and performance of CPAs, the effective implementation of the Company's internal control, the Company's compliance with relevant laws and regulations, as well as the management and control of the Company's existing or potential risks, etc. Its main duties are as follows. Its main duties are as follows:

- (1) Establishment or amendment of the internal control systems following Article 14-1 of the Securities and Exchange Act.
- (2) Evaluation of the effectiveness of the internal control system.
- (3) Under the provisions of Article 36-1 of the Securities and Exchange Act, stipulate or amend the procedures for handling major financial business activities involving acquisition or disposal of assets, engaging in derivative transactions, loans to other parties, and making endorsements, or providing guarantees for others.
- (4) Matters involving the director's own interests.
- (5) Major assets or derivatives transactions.
- (6) Major loans to other parties, endorsements, or guarantees provided.
- (7) The offering, issuance, or private placement of any equity-type securities.
- (8) Appointment, dismissal, and compensation of CPAs.
- (9) The appointment or discharge of a financial, accounting, or internal

audit officer.

- (10) Quarterly and annual financial reports signed or stamped by the chairman, manager, and accounting supervisor.
- (11) Other major matters stipulated by the Company or the competent authority.

Major points of Audit Committee's work in 2022

- Approved its subsidiary Ennoconn International Investment Co., Ltd to subscribe the private placement of new shares by ARBOR Technology Corp.
- Approved the Company's Internal Control System Effectiveness Assessment in 2021.
- Reported the Company's 2021 Consolidated and Individual Financial Statements.
- Adopted 2021 earnings distribution plan.
- Approved 2022 audit report submitted to the Company.
- Approved the proposal for changing financial and accounting officers.
- Approved the consolidated financial statements for the first three quarters of 2022 submitted to the Company and its subsidiaries.
- Approved the amendments to the Company's "Articles of Incorporation", "Procedure for Acquisition and Disposal of Assets", "Seal Management Regulations", "Rules of Procedure for Shareholders' Meetings", "Rules of Procedure for Board Meetings", "Corporate Governance Best Practice Principles", "Operating Procedures for Handling Material Insider Information" and "Corporate Governance Best Practice Principles".
- Approved the proposal for capital decrease for the Company and de-registration of the first shares repurchased by the Company.
- Approved the plan for increasing capital for its subsidiary Ennoconn International Investment Co., Ltd.
- Approved the discussion on handling of theft of company seals, forgery of documents, and misappropriation of company assets by cashiers, and subsequent improvement measures.
- Approved the proposal for employing Deloitte to audit the re-issued financial statements.
- Adopted the proposal for the Company's private placement of ordinary shares in 2022
- Approved the proposal for removing the restrictions on non-competition for new directors (including independent directors) of the Company.
- Approved the proposal for whether to re-issue the financial statements from 2017Q2 to 2021Q3.

3. Professional qualifications and experience of audit committee members :

Qualification Name	Professional qualifications and experience	Independence	Number of other public companies where the individual concurrently serves as an independent director
Yu-Hui Su	Independent Director Yu-Hui Su graduated from National Taiwan University with a Ph.D. degree in Business. She served as the Chairperson of the Department of Accounting, Soochow University. She has accounting and financial analysis and crisis management capabilities, and international market perspective, and there is no situation specified in Article 30 of the Company Act occurred to her.	Independent Director Yu-Hui Su, her spouse, or her any relative within the second degree of kinship holds (or holds, by any nominees,) 0 share in the Company, and she does not serve as the director, supervisor or employee of the Company, any companies having specific relation with the Company or the Company's any related companies, and she has not received any remuneration for provision of any business, legal, financial, accounting or any other services to the Company or its any related companies in the most recent 2 years.	3
Hsin-I Chan	Hsin-I Chan, an independent director, graduated from the School of Management of Taiwan University with an MBA degree, National Taiwan University and an MSF degree from Boston University. Currently, she acts as the chairman of several companies, including Chairman of HUANG HUEI BIOTECHBOLOGY CORP and Chairman of KEEN UNION INVESTMENT LIMITED. She has extensive accounting and financial analysis skills, operational determination skills, operational management skills, and crisis management skills, and there is no situation specified in Article 30 of the Company Act occurred to him.	Independent Director Hsin-I Chan, her spouse, or her any relative within the second degree of kinship holds (or holds, by any nominees,) 0 share in the Company, and she does not serve as the director, supervisor or employee of the Company, any companies having specific relation with the Company or the Company's any related companies, and she has not received any remuneration for provision of any business, legal, financial, accounting or any other services to the Company or its any related companies in the most recent 2 years	1

Qualification	Professional qualifications and experience	Independence	Number of other public companies where the individual concurrently serves as an independent director
Name			
Miao-Shun Wen	Independent Director Miao-Shun Wen graduated from MBA Rutgers Business School, and once served as the Vice President of Citibank Financial Market and Securities Services Business Group, with extensive accounting and financial analysis and crisis management capabilities, and international market perspective, and there is no situation specified in Article 30 of the Company Act occurred to her.	Independent Director Miao-Shun Wen, her spouse, or her any relative within the second degree of kinship holds (or holds, by any nominees,) 0 share in the Company, and she does not serve as the director, supervisor or employee of the Company, any companies having specific relation with the Company or the Company's any related companies, and she has not received any remuneration for provision of any business, legal, financial, accounting or any other services to the Company or its any related companies in the most recent 2 years	0

(III) Corporate Governance Implementation Status and Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof:

Item of promotion	Implementation status		Description	Deviation from the Company's Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and its reasons
	Yes	No		
I. Has the Company established its Corporate Governance Best Practice Principles based on the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and disclose it disclose its Corporate Governance Best Practice Principles?	✓		In order to establish a good corporate governance system, the Company has formulated its Corporate Governance Best Practice Principles as approved by its Board of Directors. Please visit the company's official website for the rules related to protection of shareholders' rights and interests, improvement of the Board of Directors' functions, respecting of the rights and interests of stakeholders, and improvement of information transparency, and the Company's Corporate Governance Best Practice Principles.	No significant deviation

Item of promotion	Implementation status			Deviation from the Company's Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and its reasons
	Yes	No	Description	
II. Shareholding structure & shareholders' rights				
(I) Does the Company establish internal operating procedures to deal with shareholders' suggestions, doubts, disputes, and litigations, and does the Company implement the procedures in accordance with the procedure?	✓		(I) The Company has a spokesperson and a deputy spokesperson mechanism and established an investor relations mailbox. Shareholders' suggestions, doubts, and disputes are handled by the spokesperson or deputy spokesperson and the Company's stock affairs agency in a unified manner.	None
(II) Does the company possess a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders?	✓		(II) The Company, through its stock affairs agency, has fully controlled the list of major shareholders and their ultimate owners, regularly disclosed insider shareholding changes every month according to laws and regulations and truly kept abreast of information regarding major shareholders.	None
(III) Does the Company establish and execute a risk management and firewall system within its affiliated companies?	✓		(III) The Company has established the "Trading Procedures for Specific Company Affiliates and Group Enterprises" and the "Operating Measures of Monitoring Subsidiaries" to regulate the management of personnel and assets with affiliated companies and conducts effective risk control through the implementation of internal control and internal audit systems.	None
(IV) Does the Company establish internal rules against insiders using undisclosed information to trade securities?	✓		(IV) The Company has formulated the Management Procedures for Prevention of Insider Trading to govern the procedures for confidentiality of its internal important information, and it regularly educates its managerial officers and employees that they shall not purchase or sell the Company's securities by taking advantage of any information not disclosed in the market.	None

Item of promotion	Implementation status			Deviation from the Company's Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and its reasons
	Yes	No	Description	
III.				
(I) Composition and responsibilities of the Board of Directors Has the Board of Directors formulated diversity policies and specific management objectives, and does it implement them?	✓		(I) Subject to the Company's Corporate Governance Best Practice Principles, diversity shall be taken into account for the composition of the Board of Directors, and the Board of Directors shall formulate appropriate diversity policies based on its operating, operating type and development needs, including basic conditions and values: gender, age, etc., and professional knowledge and skills: professional background and skills and experience in the industry, etc. The Company has diversified Board members with backgrounds in science and engineering, finance, and industrial work experience to implement the diversity policy, thereby establishing a sound structure of the Board of Directors.	None
(II) In addition to the legally required Remuneration Committee and Audit Committee, does the Company voluntarily establish other functional committees?	✓		(II) To improve the functions of the board of directors, strengthen corporate governance, and implement corporate social responsibility, the Company adopted the establishment of a sustainability development committee on June 23, 2022.	None
(III) Does the Company establish standards to measure the performance of the Board, implement the evaluation annually and regularly, report the results of evaluations to the Board of Directors, and make use of them as a reference for individual directors' remuneration and a nomination for renewal?	✓		(III) "Evaluation Measures for the Board of Directors" on Aug. 13, 2019, stipulating that the Board of Directors should conduct at least one performance evaluation for the Board, the Board of Directors' members, and the Functional Committee every year. In the first quarter of 2023, the Company completed the performance evaluation of the 2022 Board of Directors, Board members, Remuneration Committee, and Audit Committee. In January 2023, the Taiwan Corporate Governance Association was authorized to conduct an external evaluation of the performance of the 2022 Board of Directors and Functional	None

Item of promotion	Implementation status		Description	Deviation from the Company's Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and its reasons
	Yes	No		
			Committee of the Company, and the internal and external evaluation results were submitted to the Board of Directors on March 8, 2023.	
(IV) Does the Company regularly evaluate the independence of the CPAs?	✓		(IV) The Company evaluates the independence of CPAs at the Audit Committee's and submits the results to the Board of Directors' meetings of each year. The latest evaluation was approved by the Audit Committee on November 9, 2022, and was submitted to the Board of Directors for approval on November 11, 2022. The evaluation items and results are as follows: <ol style="list-style-type: none"> 1. The members of the audit service team and their families, other professional accountants and their families, firms, and affiliated enterprises have no significant direct or indirect financial interests with the Company. 2. The audit fees paid by the Company to CPAs are fixed amounts, not on a contingent basis. There are also no overdue public fees that affect audit independence. 3. The non-audit services provided by the accounting firm and its affiliated enterprises to the Company, including business registration, have not directly affected the important audit items, have not involved the management functions of the Company, have not made decisions on behalf of the Company, and have not affected independence. 4. The directors and managers of the Company have not given significant gifts to members of the audit service team. 5. Among the directors, managers, or personnel who have significant influence on audit cases, no personnel are retired/resigned from 	None

Item of promotion	Implementation status			Deviation from the Company's Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and its reasons
	Yes	No	Description	
			<p>the employed accounting firm within one year.</p> <p>6. The independent directors of the Company do not work for the accounting firm during the two years before and during the tenure. The remuneration committee of the Company have not been a professional who has not provided business, legal, financial, accounting, or other services or consulting services within the first two years or during their tenure.</p> <p>7. The audit service team has not been subject to or experienced intimidation by the Company, also the Company does not prevent them from keeping objectivity and clarifying professional doubts.</p>	
IV. Does a TWSE/TPEX listed company allocate a competent and appropriate number of corporate governance personnel, and designate a director of corporate governance to be responsible for matters related to corporate governance (including but not limited to providing directors and supervisors with the necessary information to perform their business, assisting directors and supervisors in complying with laws and regulations, handling matters related to meetings of the board of directors and shareholders' meetings in accordance with the law,	✓		<p>On November 11, 2021, the board of directors of the Company adopted a resolution to establish a director of corporate governance, responsible for the overall planning of corporate governance related matters, and implementing various corporate governance related matters.</p> <p>A new director of corporate governance is legally required to pursue at least 18 hours of further education within a year from the date of assuming this position. The former CFO Yu-Mei Wu served as director of corporate governance from November 11, 2021 to August 22, 2022, and during his tenure, he completed 18 hours of further education courses in 2022.</p> <p>However, the company's new corporate governance director, Associate Manager Hung-Chih Chou, took office on August 22, 2022 and completed 18 hours of continued education courses within one year in accordance with the laws.</p> <p>Director of corporate governance of the Company performs the following duties:</p> <p>(I) To handle matters related to meetings of the board of directors and shareholders' meetings in accordance with the law.</p>	None

Item of promotion	Implementation status			Deviation from the Company's Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and its reasons
	Yes	No	Description	
and preparing minutes of the board of directors and shareholders' meetings)?			(II) To supervise the preparation of minutes of the board of directors and shareholders' meetings. (III) To assist directors and supervisors in their appointment and continuing education. (IV) To provide information necessary for directors and supervisors to perform their business. (V) To assist directors and supervisors in complying with instructions. (VI) To report to the board of directors the results of inspection on whether the qualifications of independent directors during nomination, election, and tenure comply with relevant laws and regulations. (VII) To go through the procedure for changing directors. (VIII) Other matters stipulated in the Company's Articles of Incorporation or contract.	
V. Does the Company establish communication channels and build a dedicated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers) to respond to material corporate social responsibility issues in a proper manner?	✓		The Company has designated a spokesperson and a deputy spokesperson and has set up a stakeholder relations mailbox on the Company's website as a communication channel. The Company not only responds to material corporate social responsibility issues properly but also regularly discloses financial and business information on the Market Observation Post System (MOPS) and the Company's website. In response to events that may have an impact on interested parties, the Company will also release important information on time. The company regularly reports its communication with various stakeholders to the board of directors in each November. The latest report of the Company's communication with stakeholders for the year was submitted by the board of directors on November 10, 2022.	None
VI. Does the Company appoint a professional stock affairs agency to deal with shareholder affairs?	✓		The Company has appointed the stock affairs agency department of Grand Fortune Securities Co., Ltd. to handle various stock affairs of the Company on its behalf.	None

Item of promotion	Implementation status			Deviation from the Company's Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and its reasons
	Yes	No	Description	
VII.				
(I) Information disclosure Does the Company have a corporate website to disclose both the Company's financial standing and corporate governance status?	✓		(I) The Company has set up a corporate website and disclosed the Company profile, basic information, and other information on the website. The Company's financial standing and corporate governance status can also be queried through the Market Observation Post System (MOPS). Company website: (https://www.ennocn.com/)	None
(II) Does the Company have other information disclosure channels (e.g., setting up an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, and webcasting investor conferences)?	✓		(II) The Company has established its website in both of Chinese and English to provide relevant information to shareholders and stakeholders for reference, which can timely and fully disclose significant information that may affect shareholders and stakeholders, and it has established a spokesperson system to provide shareholders and stakeholders with necessary consulting.	None
(III) Does the Company publicly announce and file the annual financial reports within two months after the close of the given fiscal year and publicly announce and file the first, second, and third quarterly financial reports and the operation of each month ahead of the required deadline?		✓	(III) The Company announces and reports financial statements within the time period stipulated by laws and regulations.	It takes a long time to prepare Consolidated Financial Statements due to the large number of subsidiaries both at home and abroad.
VIII.				
Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations,	✓		1. Employee rights: 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 employees' legal rights under the Labor Standards Act. 2. Employee wellness: The Company has established the Employee Welfare Committee,	None

Item of promotion	Implementation status		Description	Deviation from the Company's Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and its reasons
	Yes	No		
stakeholder rights, directors' and supervisors' training records, implementation of risk management policies and risk evaluation measures, implementation of customer policies, and participation in liability insurance by directors and supervisors)?			<p>which handles various employee welfare matters, and is committed to talent training by actively encouraging employees to participate in various training courses, conducts labor-management meetings from time to time, and sets up suggestion boxes to learn about the thoughts of both parties, and creates a win-win situation for both parties.</p> <p>3. Investor relations: The Company convenes shareholders' meetings every year in accordance with the Company Act and the relevant regulations, and provides 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 information announcement declaration according to the regulations of the competent authority to promptly provide information that may affect shareholders' decision-making.</p>	
			<p>4. Supplier relations: The Company maintains smooth communication channels with banks, employees, consumers, and suppliers to maintain good relationships.</p> <p>5. Stakeholder rights: The Company has designated a spokesperson and a deputy spokesperson to communicate directly with stakeholders, thus respecting and maintaining the stakeholders' legal rights.</p> <p>6. Directors' and supervisors' training record: Directors of the Company all possess industry professional background and practical experience in business management. The Company also provides the directors with corporate governance-related courses from time to time.</p> <p>7. Implementation of risk management policies and risk evaluation measures: The Company establishes various internal regulations and systems by the law and conducts various risk management and evaluation.</p>	

Item of promotion	Implementation status		Description	Deviation from the Company's Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and its reasons
	Yes	No		
			<p>8. Implementation of customer policies: The Company maintains smooth communication channels with customers and maintains a good relationship.</p> <p>9. The Company has purchased liability insurance for directors and independent directors to enhance the protection of shareholder rights and interests.</p>	
IX. Please explain the improvements made in accordance with the Corporate Governance Evaluation Results released by the TWSE's Corporate Governance Center, and provide the priorities and plans for improvement with items yet to be improved.				
Improvement Made Based on the 9th Corporate Governance Evaluation Policy				
Code	Indicator item		Improvement	
2.14	Does the company have a nominating committee, a risk management committee, or a sustainability development committee that is not legally mandated, with at least three members, more than half of the members being independent directors, and more than one member possessing the professional capabilities required by the committee, and disclose the composition, responsibilities, and operations?		The Company's sustainability development committee was established on June 23, 2022, after being approved by the board of directors. The first sustainability development committee was held on October 31, and its membership, organizational structure, and responsibilities were disclosed on the company's website.	
4.4	Does the Company prepare and upload a sustainability report to the TWSE MOPS and company websites by the end of September in accordance with the GRI guidelines issued by the Global Sustainability Reporting Institute (GRI)?		On September 30, 2022, the Company completed the preparation of a sustainable report in accordance with the GRI standards and uploaded it to the TWSE MOPS and the company's website.	
4.5	Is the sustainability report prepared by the Company has been verified by a third party?		The Company's sustainability report has been audited by a third party through SGS.	
Improvement Not Made Based on the 9th Corporate Governance Evaluation Policy Which Shall be Strengthened With Priority				
1.1	Does the Company report to the shareholders' meeting on the remuneration received by directors, including the remuneration policy, individual remuneration items, and amount?		The Company will continue to communicate with directors to disclose the content and amount of their remuneration.	
1.6	Does the Company hold shareholders' meetings before the end of May?		The Company plans to hold the 2023 shareholders' meeting on May 30.	

(IV) Composition, Duties, and Operation of the Remuneration Committee:

1. Information of the Remuneration Committee Member:

Title	Qualification Name	Professional qualifications and experience (Note 2)	Independence (Note 3)	Number of other public companies where the individual concurrently serves as a remuneration committee member	Remarks
Independent Director	Yu-Hui Su	Independent Director Yu-Hui Su graduated from National Taiwan University with a Ph.D. degree in Business. She served as the Chairperson of the Department of Accounting, Soochow University. She has accounting and financial analysis and crisis management capabilities, and international market perspective, and there is no situation specified in Article 30 of the Company Act occurred to her.	During the two years prior to his election and during his term of office, Independent Director Yu-Hui Su is qualified as an independent director in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	3	Convener
Independent Director	Hsin-I Chan	Hsin-I Chan, an independent director, graduated from the School of Management of Taiwan University with an MBA degree, National Taiwan University and an MSF degree from Boston University. Currently, she acts as the chairman of several companies, including Chairman of HUANG HUEI BIOTECHBIOLOGY CORP and Chairman of KEEN UNION INVESTMENT LIMITED. She has extensive accounting and financial analysis skills, operational determination skills, operational management skills, and crisis management skills, and there is no situation specified in Article 30 of the Company Act occurred to him.	During the two years prior to her election and during her term of office, Independent Director Hsin-I Chan is qualified as an independent director in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	1	None
Independent Director	Miao-Shun Wen	Independent Director Miao-Shun Wen graduated from MBA Rutgers Business School, and once served as the Vice President of Citibank Financial Market and Securities Services Business Group, with extensive accounting and financial analysis and crisis management capabilities, and international market perspective, and there is no situation specified in Article 30 of the Company Act occurred to her.	During the two years prior to her election and during her term of office, Independent Director Miao-Shun Wen is qualified as an independent director in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	0	None

Note 1. The relevant working years, professional qualifications and experience and independence of each member of the Remuneration Committee shall be specified in the form. Independent director or other shall be filled out in the "Title" column respectively (if he/she is a convener, please add a note).

Note 2. Professional qualifications and experience: The professional qualifications and experience of individual member of Remuneration Committee shall be specified.

Note 3. Independence: The independence of Remuneration Committee's member shall be specified, including but not limited to that if he/she, his/her spouse, or his/her any relative within the second degree of kinship serves as the director, supervisor or employee of the Company or the Company's any related companies; number of shares in the Company held by him/her, his/her spouse, or his/her any relative within the second degree of kinship (or by his/her any nominees,) and his/her shareholding ratio; that if he/she serves as the director, supervisor or employee of any companies having specific relation with the Company (please refer to item 5-8 Article 6-1 of the Regulations Governing Establishment of Remuneration Committee and Exercise of Their Powers for the Companies with Listed Shares or Trading Shares in Securities Firm's Business Place); amount of any remuneration received by him/her for provision of any business, legal, financial, accounting or any other services to the Company or its any related companies in the most recent 2 years.

2. Operational Status of the Remuneration Committee:

- (1) The Company's Remuneration Committee consists of three members.
- (2) Term of office of current members: From June 23, 2022 and June 22, 2025. Remuneration Committee held 2 meetings (A) in 2022, with the qualifications of and attendance by its members as follows:

Title	Name	Number of attendance in person (B)	Number of attendance by proxy	Actual attendance rate (B/A)	Remarks
Convener	Yu-Hui Su	2	0	100%	Re-elected (Note 1)
Member	Hsin-I Chan	1	0	100%	Newly appointed (Note 1)
Member	Miao-Shun Wen	1	0	100%	Newly appointed (Note 1)
Member	Wen-Chang Fang	1	0	100%	Expiration of term of office (Note 1)
Member	Chien-Min Wang	1	0	100%	Expiration of term of office (Note 1)

Note 1. The Company reelected directors at the shareholders' meeting on June 23, 2022. The corporate director of Baoxin International Investments Ltd., the original representative Mr. Chao-Tsung Lou, Mr. Chia-Lin Teng, the original directors Mr. Cheng-Ching Chu, and the original independent directors, Mr. Wen-Chang Fang and Mr. Chien-Min Wang, resigned upon the expiration of their terms of office after the reelection.

On June 23, 2022, after the re-election at the shareholders' meeting, a total of 7 new directors were appointed, including Mr. Fu-Chuan Chu, a director, 2 seats represented Baoxin International Investment Co., Ltd. (the legal representative Ms. Mei-Hui Hung and Mr. Chuang-Wang Chang), Ms. Yu-Hui Su, an independent director, Ms. Hsin-I Chan, and Ms. Miao-Shun Wen, an independent director. In addition, Feng-Kan Chang, an independent director, resigned due to personal reasons on the day of election.

Other matters:

- I. If the Board of Directors refuses to adopt or amends a recommendation of the Remuneration Committee, the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the company's response to the Remuneration Committee's opinion (e.g., if the remuneration passed by the Board of Directors exceeds the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified) shall be specified: None.
- II. If there are resolutions of the Remuneration Committee to which members object or express reservations, and for which there is a record or declaration in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion shall be specified: None.

3. Responsibilities of the Remuneration Committee:

The Company's Remuneration Committee shall exercise the due care of an administrator with good faith, faithfully fulfill the following duties, and submit its recommendations to the Board of Directors for discussion.

- (1) Establish and regularly review directors' and managers' performance evaluation and the policies, systems, standards, and structure of remuneration.
- (2) Regularly evaluate the achievement of performance objectives of the Company's directors and managerial officers, and determine the contents and amounts of their individual salaries.

4. Review and evaluation by Remuneration Committee on the Company's salaries and remuneration in 2022:

Remuneration Committee	Contents of proposal	Resolution results	The Company's response to the Remuneration Committee's opinions
The 9th session of the 4th meeting 2022.03.21	Review on the total amount of directors' compensation and employee compensation paid by the Company in 2021.	Unanimously approved by the Remuneration Committee's all members.	Submitted to the Board of Directors and unanimously approved by all members present.
The 1st session of the 5th meeting 2022.08.10	<ol style="list-style-type: none"> 1. Review on the Company's detailed distribution of directors' compensation in 2021. 2. Review on the Company's distribution of compensation to managerial officers in 2021. 3. Review on the subscription for shares by managerial officers for the Company's capital increase in cash. 	Unanimously approved by the Remuneration Committee's all members.	Submitted to the Board of Directors and unanimously approved by all members present.

Remuneration Committee	Contents of proposal	Resolution results	The Company's response to the Remuneration Committee's opinions
	4. Deliberated the proposed amendments to the Compensation Management Regulations of the Company. 5. Adjustment to the salary of the Chief Financial Officer and Chief Accountant.		

(V) Information on the members and operation of the Sustainability Development Committee:

1. Information on the members of the Sustainability Development Committee:

Title	Name	Professional qualifications and experience
Chairman	Fu-Chuan Chu	Chairman Fu-Chuan Chu graduated from the Department of Electronic Engineering, St. John's University, and served as the Senior Associate Manager of Hon Hai Precision Industry Co., Ltd. He has operational judgment, business and crisis management capabilities, knowledge in the industry, international market perspective, leadership and decision-making capabilities.
Independent Director	Yu-Hui Su	Independent Director Yu-Hui Su graduated from National Taiwan University with a Ph.D. degree in Business. She served as the Chairperson of the Department of Accounting, Soochow University. She has accounting and financial analysis and crisis management capabilities, and international market perspective.
Independent Director	Hsin-I Chan	Hsin-I Chan, an independent director, graduated from the School of Management of Taiwan University with an MBA degree, National Taiwan University and an MSF degree from Boston University. Currently, she acts as the chairman of several companies, including Chairman of HUANG HUEI BIOTECHBOLOGY CORP and Chairman of KEEN UNION INVESTMENT LIMITED. She has extensive accounting and financial analysis skills, operational determination skills, operational management skills, and crisis management skills, and there is no situation specified in Article 30 of the Company Act occurred to him.
Independent Director	Miao-Shun Wen	Independent Director Miao-Shun Wen graduated from MBA Rutgers Business School, and once served as the Vice President of Citibank Financial Market and Securities Services Business Group, with extensive accounting and financial analysis and crisis management capabilities, and international market perspective, and there is no situation specified in Article 30 of the Company Act occurred to her.

Title	Name	Professional qualifications and experience
President	Neng-Chi Tsai	President Neng-Chi Tsai graduated from West Coast University with an MBA degree, once served as President with American Industrial Systems Inc., possessing over 20 years of marketing experience in European and American market. AIS has doubled its revenues in recent years and achieved distinctive progress. With extensive business exploration and leadership skills, Mr. Tsai became the President of the Company in 2019, responsible for business strategy, product planning, technological development and other matters.

2. Information on the operation of the Sustainability Development Committee:

- (1) The Company's Sustainability Development Committee has 5 members.
- (2) Term of office of current members: From June 23, 2022 and June 22, 2025. Sustainability Development Committee held 1 meetings (A) in 2022, with the qualifications of and attendance by its members as follows:

Title	Name	Number of attendance in person (B)	Number of attendance by proxy	Actual attendance rate (B/A)	Remarks
Convener	Fu-Chuan Chu	1	0	100%	Newly appointed (Note 1)
Member	Yu-Hui Su	1	0	100%	Newly appointed (Note 1)
Member	Hsin-I Chan	1	0	100%	Newly appointed (Note 1)
Member	Miao-Shun Wen	1	0	100%	Newly appointed (Note 1)
Member	Neng-Chi Tsai	1	0	100%	Newly appointed (Note 1)

Note 1. On June 23, 2022, the Board of Directors of the Company approved the establishment of the Sustainability Development Committee, and appointed Chairman Fu-Chuan Chu, Independent Director Yu-Hui Su, Independent Director Hsin-I Chan, Independent Director Miao-Shun Wen, and General Manager Neng-Chi Tsai as members of the Sustainability Development Committee.

3. Duties of Sustainability Development Committee:
- (1) drafting the company's sustainable business strategy, system, or related management policies and reviewing the company's sustainable report
 - (2) planning and guiding sustainable business to align with international standards and comply with applicable regulations
 - (3) specifying directions and goals for sustainable development
 - (4) preparing an annual work plan for sustainable development and various resource inputs, and reviewing the implementation effectiveness
 - (5) supervising the timeliness and correctness of information disclosure related to sustainability
 - (6) other major issues prescribed by the company or competent authority
4. Information on the operation of the Sustainability Development Committee in 2022:

Date of Sustainability Development Committee	Contents of proposal	Resolution results	Handling of opinions of the Sustainability Development Committee by the Company
2022.10.31	<ol style="list-style-type: none"> 1. Approved the formulation of ESG implementation goals in 2023. 2. Approved greenhouse gas emission targets and implementation measures in 2023. 	Unanimously approved by the Remuneration Committee's all members.	The proposal for the board of directors is approved by all directors present.

(VI) Implementation and promotion of sustainable development, and deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and its reasons:

Item of promotion	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and its reasons
	Yes	No	Description	
I. Have the company established the governance structure for promoting sustainable development, and established a full-time (or part-time) dedicated unit for promoting sustainable development, is any senior management authorized by the Board of Directors to deal with it, and does the Board of Directors supervise it?	V		To improve the function of the Board, strengthen corporate governance and implement corporate social responsibility, on June 23, 2022, the Board of Directors has decided to establish a "Sustainability Development Committee". According to the Sustainability Development Committee Charter, an environmental protection group, a social responsibility group, a corporate governance group, and a green business group are established, and they report to the board of directors at least twice a year.	No significant deviation.
II. Has the company evaluated the environmental, social, and corporate governance risks related to its operating based on the principle of materiality and established related risk management policies or strategies?	V		To effectively manage and implement operations such as corporate governance, ethical corporate management, and corporate social responsibility (CSR), the Company has continuously formulated management measures, 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. Also, each functional unit shall carry out relevant measures under the division of responsibilities and the Company's policies and regularly review the implementation performance of each operation every six months. Each functional unit will also pay close attention to the relevant international initiatives and regulations and reviews at all times whether it is necessary to	No significant deviation.

Item of promotion	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and its reasons
	Yes	No	Description	
			update the relevant management regulations and operating procedures. Please refer to point 9 of “VII. Any other important information which facilitates the understanding of promotion of sustainability development implementation” at the bottom of this table.	
III. Environmental issues				
(I) Does the Company establish environmental management systems proper to its industry’s characteristics?	V		(I) The Company is committed to the management of environment, gradually complies with ESG requirements and related laws and regulations, and adjusts its operating timely based on the characteristics of the industry.	No significant deviation.
(II) Is the company committed to improving the efficiency in using energy and does it use recycled materials with low impact on the environment?	V		(II) The Company has been taking measures for recycling and reuse of resources and classification of wastes for many years, and hands over scrapped items to qualified recycling parties for disposal. In terms of packaging materials, the Company also uses recycled materials as much as possible to reduce the impact on the environmental load and 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 significant deviation.
(III) Does the Company evaluate the potential risks and opportunities of climate change for companies now and in the future, and adopt countermeasures related to climate issues?	V		(III) Please refer to point 7 of “VII. Any other important information which facilitates the understanding of promotion of sustainability development implementation” at the bottom of this table.	No significant deviation.

Item of promotion	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and its reasons
	Yes	No	Description	
(IV) Has the Company collected statistics of emissions of greenhouse gas (GHG), the usage of water, and the total weight of waste in the most recent two years, and formulated GHG reduction, water saving, and other waste management policies?	V		(IV) Please refer to point 8 of “VII. Any other important information which facilitates the understanding of promotion of sustainability development implementation” at the bottom of this table.	No significant deviation.
IV. Social issues (I) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		(I) The Company fully complies with the Labor Standards Act and related labor regulations, and truly converts 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. 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 “Declaration on Fundamental Principles and Rights at Work” of International Labor Organization, abide by local laws and regulations, and formulate human rights policies under the “United Nations Guiding Principles on Business and Human Rights” to prevent violations of human rights, and provide reasonable and dignified treatment to the	No significant deviation.

Item of promotion	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and its reasons
	Yes	No	Description	
(II) Does the Company formulate and implement reasonable employee welfare measures (including salary, leave, and other benefits) and properly reflect the operating performance or results in employee compensation?	V		<p>employees of the Company. The “Ennoconn Corporation Human Rights Policy” applies to all employees of Ennoconn Corporation and is posted on the company’s website.</p> <p>(II) The Company regularly evaluates employee performance and compensation, and evaluates individual performance and contributions based on the Company's operating performance, departmental management performance, and performance appraisal procedures. The operating performance and results are appropriately reflected in employee compensation. According to the Articles of Incorporation, the remuneration of the Company's directors may not exceed 2% of the current year’s net profit as the directors' remuneration of the current year.</p> <p>The Company has formulated welfare measures following relevant laws and regulations and regularly evaluates performance and remuneration.</p> <p>1. A comprehensive insurance system superior to the Labor Standards Act: in addition to statutory labor and health insurance, the new system of employee retirement is allocated 6% per month to the employee retirement account, and the retirement reserve is also sufficient to cover the pension of the colleagues who adopt the old system. In addition, employees enjoy a</p>	No significant deviation.

Item of promotion	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and its reasons
	Yes	No	Description	
			<p>complete insurance system such as free group insurance, including life insurance, accident insurance, medical insurance, cancer insurance, and occupational disaster insurance. In addition, the Company also provides preferential insurance plans for dependents, enabling employees and their dependents to enjoy extensive and complete protection.</p> <p>2. Employee retirement system and its implementation status: Old system: According to the provisions of the Labor Standards Act, the Company has formulated the “Organizational Rules of the Labor Retirement Reserve Fund Supervisory Committee,” among which, the employees who took up the post before Jun. 30, 2005 can choose to adopt the old labor retirement system or the new system. The current balance of the Company’s labor retirement reserve account is sufficient to cover the retirement benefits of the old system employees. Upon the government approval, the allocation of labor pension may be suspended until August 31, 2021. New system: For employees who took up the post from Jul. 1, 2005, and employees who originally applied to the old system but opted to join the</p>	

Item of promotion	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and its reasons
	Yes	No	Description	
(III) Does the company provide a healthy and safe work environment and organize health and safety training for its employees on a regular basis?	V		<p>new system, the Company will allocate 6% of the total salary monthly to a retirement reserve and deposit it into an exclusive employee labor retirement reserve account in accordance with the provisions of the "Labor Pension Act."</p> <p>3. Health Examination Subsidy: this subsidy provides employees with a free annual health examination program. Through working with large hospitals or health examination centers, the Company takes care of the physical health of each colleagues and constantly check the physical and mental health of employees.</p> <p>(III) To implement fire fighting, notification, and evacuation training, we have set up fire management personnel and conducted self defense fire training plans and fire safety declaration inspections.</p> <p>1. The self-defense fire training program is regularly delivered in each June and December. Recently, the training for the previous and next years has been completed on June 28, 2022, and December 28, 2022, respectively.</p> <p>2. The fire safety inspection declaration is made from March to May, and the fire safety inspection has recently been completed in May, 2022. We have also set up an occupational safety and health administrator who is responsible for planning, executing, and</p>	No significant deviation.

Item of promotion	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and its reasons
	Yes	No	Description	
			<p>auditing occupational safety and health management work to implement and achieve safety and health management goals. The safety and health campaigns are provided for employees. The new and on-the-job employees are advised of the safety and health education and training, work environment improvement, and employee health promotion.</p> <ol style="list-style-type: none"> 1. The work environment assessment is conducted annually and has recently been completed in September 2022. 2. New recruits receive education and training when report for duty. On-the-job employees receive 3 hours of on-the-job education and training every three years. Recently, they completed on-the-job education and training in November 2022. 3. Courses such as health promotion are held quarterly. In addition, employees are the assets for sustainable development. Ennoconn attaches importance to staff health, and invites special medical care persons to provide employees with health management consulting. Epidemic prevention regulations - before entering the office, colleagues are required to clean and disinfect their hands and wear masks. DIY-test - The Company provides free quick test reagents for employees to test 	

Item of promotion	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and its reasons
	Yes	No	Description	
(IV) Does the Company establish effective career development and training plans for its employees?	V		<p>if they have related symptoms, and upload the test results to the reporting system. The test results must be negative before entering the Company's office. Environmental Sanitation - the office and public areas are cleaned prior to consecutive holidays. Tthe Company also provides staff with masks, protective face shields, rapid test agents and other related epidemic prevention supplies.</p> <p>(IV) In order to enhance employees' job skills, integrate employees into the working environment swiftly, 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 strengthen employees' self-skills and diversify their career development.</p>	No significant deviation.
(V) Does the Company comply with relevant laws, regulations and international guidelines regarding customer's health and safety, customer's privacy, and marketing and labeling of its products and services and has it established related consumer protection or customer interests policies and complaint procedures?	V		<p>(V) In terms of consumer rights, the Company offers product liability insurance for products sold to safeguard consumer rights and has set up communication channels on Company's website to establish direct contact and communication with stakeholders.</p>	No significant deviation.

Item of promotion	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and its reasons
	Yes	No	Description	
(VI) Does the company formulate and implement supplier management policies that require suppliers to comply with relevant regulations on environmental protection, occupational safety, and health or labor human rights?	V		(VI) When establishing a new supplier, we will pay attention to whether there is any record of a supplier's impact on the environment and society. Also, all suppliers are required to jointly meet the requirements of green environmental protection according to the Company's policies and be committed to comply with the product environmental protection specifications to enhance corporate social responsibility.	No significant deviation.
V. Has the company, by referring to internationally recognized rules or guidelines, prepared reports such as Sustainability Report to disclose its non-financial information? Has the aforementioned report obtained the assurance or guarantee opinion of the third-party verification unit? Has the aforementioned report obtained the assurance or guarantee opinion of the third-party verification unit?	V		The Company prepared 2021 sustainability report in both Chinese and English based on GRI standards, which was verified by SGS through a third party and uploaded to the TWSE MOPS and the company's official website on September 30, 2022.	No significant deviation.
VI. If the Company has established its own Sustainable Development Best Practice Principles in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please specify any difference between the said best practices and the actual activities taken by the Company: No significant difference.				
VII. Any other important information which facilitates the understanding of promotion of sustainability development implementation: (1) The specific promotion plan and implementation effectiveness of the Company's sustainable development (ESG) a. Take a new (intention-based) way bravely _ The Company made donations for support in response to the epidemic and the factors in the general environment at the end of the year. Ennoconn made donations of NT\$ 30,000 to the foundation at the end of the year, due to less funds raised from disadvantaged groups, in order to help the foundation to operate normally.				

Item of promotion	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and its reasons
	Yes	No	Description	
			<p>b. The Company contacted New Taipei City Family Support Center and provided NT\$50,000 of scholarships to the students from remote areas, and 20 students from elementary and middle schools in total received the fund. The Company encouraged the students received the scholarship to give into play the spirit of service and learning to enable the energy of love to be circulated and allow the students from poor families to study harder due to recognition of them, so that they can successfully complete their study;</p> <p>c. the Company irregularly promotes various social welfare and care activities, for example the company held “Good Blood with You” activity to encourage employees to donate blood 53 packs.</p> <p>d. The Company donated materials to disadvantaged groups in the spirit of giving back to the disadvantaged groups in the society, etc. (Double Bliss Welfare And Charity Foundation (Care for the Elderly), New Taipei City Family Resource Center for the Disabled (Family of the Disabled), Feixiang Mijing - Taiwan Lifeng Huimin Animal Care Association (Protection of Animals), with a value of NT\$50,000.</p>	
(2) Current and future potential risks and opportunities brought by climate change to the Company and countermeasures			<p>On January 11, 2023, the World Economic Forum released the “2023 Global Risk Report”, stating that among the top ten risks in the next 10 years, there are six environmental risks (i.e. “failure to mitigate climate change”, “failure of climate change adaptation”, “natural disasters and extreme weather events”, “biodiversity loss and ecosystem collapse”, “natural resource crises”, and “large-scale environmental damage incidents”). With increasing severity of environmental risks, the importance of action taken to address climate change by 2023 has been emphasized. In response to the impact of climate change on the business operation and to reveal information related to the specific greenhouse effect, the Company’s Corporate Sustainable Management Committee regularly reports to the Board of Directors to let the directors and senior management understand the impact of climate change on the Company. Since 2021, all departments of the Company have also begun to conduct business check and risk identification for climate change, including direct or indirect impacts caused by extreme climate, industry impact caused by changes in relevant laws and regulations, technology or market demand as well as analysis of risks and opportunities caused by other cultural and social aspects to the Company’s operating activities. Based on the analysis results, a risk management plan is set up as a policy of action in response to climate change and further estimates the impact of extreme climate on management costs and corporate finance.</p> <p>The Company not only regularly releases carbon emission data on its website, providing customers and stakeholders with convenient and fast access to the information they need, but also adopts a series of measures to protect the Earth through the Sustainability Development Committee. We strictly prohibit the use of harmful substances specified in global regulations in our products to avoid potential biological or environmental hazards, strengthen the awareness of all employees on energy conservation and environmental protection, improve energy efficiency, release environmental energy</p>	

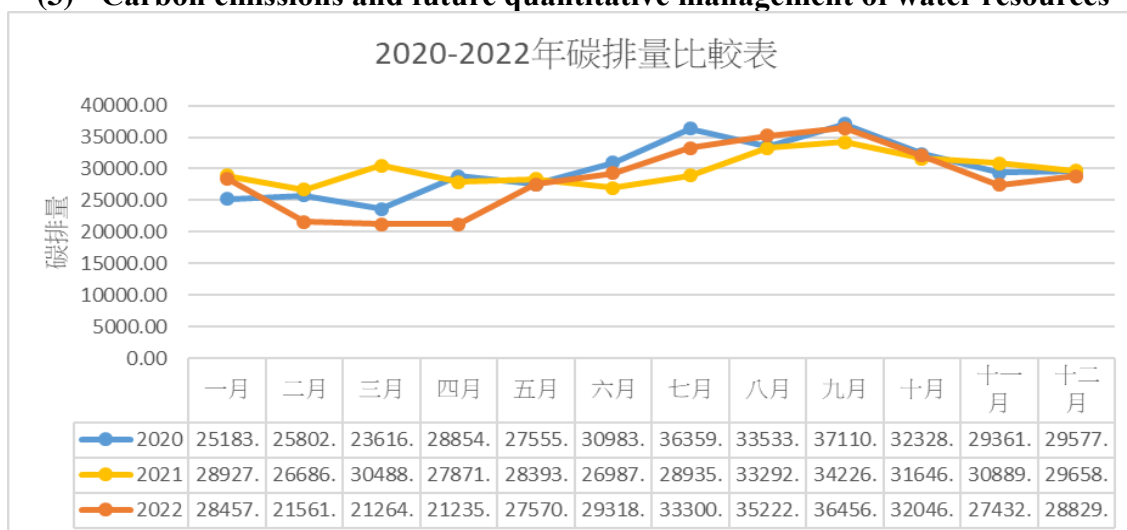
Item of promotion	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and its reasons
	Yes	No	Description	

policies, and include reducing energy costs into annual goals.

Climate change is one of the most important issues in global society at present. As a member of the global community, the Company should take the responsibility of protecting the global environment and care for climate issues in response to global environmental protection and energy-saving actions, continuously improving the supply chain and moving towards green manufacturing.

In the business development, the Company is committed to the continuous integration of IoT platforms and devices, as well as the digital transformation competition of the industrial metauniverse. The wave of digital transformation has accelerated changes in global industries. The Company's cloud services ideally align to all future intelligent platforms and applications, bring a more convenient, fast, and user-friendly operating platform, and create an efficient environment for customers and strategic partners to control energy.

(3) Carbon emissions and future quantitative management of water resources



a. Quantitative management objectives for carbon emissions

The Company's future quantified carbon emissions management goals: set targets based on 2021 to reduce carbon emissions by 30% in 2025 and 50% in 2030. The long-term strategy is to achieve net zero emissions by 2050.

b. Measures to achieve goals

Carbon reduction measures: The Company implements energy saving plans through three major aspects: air conditioning systems, electric lighting, and other electricity consumption, regularly inspecting and replacing equipment to avoid excessive energy consumption of old equipment.

Measures for water conservation: The Company implements internal water conservation, and regularly checks for water leakage in faucets and water pipes.

Item of promotion	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and its reasons										
	Yes	No	Description											
<p>c. Achieved so far</p> <p>(a) The Company's total carbon emissions in 2022 were 342,705kg, down 4.27% from 358,001kg in 2021. The total carbon emissions in 2021 was 358,001kg, down 0.63% from 360,267kg in 2020.</p> <p>(b) The Company consumed 3,653 m³ in 2022, 3,272 m³ in 2021 and 3,122 m³ in 2020.</p> <p>(c) The Company consumed 672,120 kWh in 2022, 712,160 kWh in 2021 and 716,720 kWh in 2020.</p> <p>(d) The total amount of waste of the Company in 2022 was 2,561.32 kg, 2436.13 kg in 2021 and 2518.45kg in 2020.</p> <p>The Company devotes itself to environmental protection, and it has formulated and adopted waste management measures for recycling and reuse of resources and classification of wastes for many years, and waste is disposed by qualified recycling entities. In terms of packaging materials, the Company also uses recycled materials as much as possible to reduce the impact on the environmental load and advocates energy conservation in daily operations to improve energy efficiency.</p> <p>(4) Corporate social responsibility risk assessment</p> <p>Based on the materiality principle of corporate social responsibility (CSR), the Company conducts risk assessment on relevant environmental, social, or corporate governance issues and formulates relevant risk management policies or strategies for the assessed risks as follows.</p> <table border="1"> <thead> <tr> <th>Material issue</th> <th>Risk assessment item</th> <th>Risk management policies and strategies</th> </tr> </thead> <tbody> <tr> <td>Environment</td> <td>Environmental protection and ecological conservation</td> <td>The Company has devoted itself to environmental protection, formulated waste management measures, and effectively reduces the impact of the Company's daily operations on the environment through PDCA's management cycle control. The Company strictly carries out energy-saving and carbon reduction measures and promotes green general affairs to reduce the impact of disposable waste on the earth's environment through recycling.</td> </tr> <tr> <td rowspan="2">Society</td> <td>Labor and occupational safety</td> <td rowspan="2">The Company takes care of each partner and formulates the Occupational Safety and Health Policy, Safety Commitment Letter, Occupational Safety and Health Best Practices", and four major occupational safety plans (i.e. Maternal Protection Plan, Human Induced Hazards Prevention Plan, Abnormal Workload Promoted Disease Prevention Plan, and Workplace Illegal Infringement Prevention Plan), to maintain the safety and hygiene at workplace, and ensure the safety of employees, property, and the environment. In addition, the Company will continue to strengthen the ability of colleagues to recognize hazards and popularize such knowledge in the</td> </tr> <tr> <td></td> </tr> </tbody> </table>					Material issue	Risk assessment item	Risk management policies and strategies	Environment	Environmental protection and ecological conservation	The Company has devoted itself to environmental protection, formulated waste management measures, and effectively reduces the impact of the Company's daily operations on the environment through PDCA's management cycle control. The Company strictly carries out energy-saving and carbon reduction measures and promotes green general affairs to reduce the impact of disposable waste on the earth's environment through recycling.	Society	Labor and occupational safety	The Company takes care of each partner and formulates the Occupational Safety and Health Policy, Safety Commitment Letter, Occupational Safety and Health Best Practices", and four major occupational safety plans (i.e. Maternal Protection Plan, Human Induced Hazards Prevention Plan, Abnormal Workload Promoted Disease Prevention Plan, and Workplace Illegal Infringement Prevention Plan), to maintain the safety and hygiene at workplace, and ensure the safety of employees, property, and the environment. In addition, the Company will continue to strengthen the ability of colleagues to recognize hazards and popularize such knowledge in the	
Material issue	Risk assessment item	Risk management policies and strategies												
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Item of promotion		Implementation status		Description	Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and its reasons
		Yes	No		
				office area and factory area, creating a safe workplace culture, so that every colleague can work safely in a safe workplace. In cooperation with the health examination center, employees may appoint a schedule for a physical health check on a regular basis each year.	
		Consumer rights and product safety		In terms of consumer rights, the Company offers product liability insurance for products sold to safeguard consumer rights and has set up communication channels on Company's website to establish direct contact and communication with stakeholders.	
	Corporate governance	Legal compliance		The Company has set up a dedicated corporate governance unit to regularly review and amend the Company's Management Procedures for Prevention of Insider Trading and related measures and established the "Management Procedures of the Prevention of Insider Trading" to regulate the operating procedures for confidentiality of major internal information and strengthen the promotion of not using undisclosed information to trade the Company's securities. Relevant measures are implemented by the Company's internal control system.	

(VII) Climate related information:

1. Climate related implementation

Item	Implementation status
1. Describe the oversight and governance of climate related risks and opportunities by the board of directors and management.	To improve the function of the Board, strengthen corporate governance and implement corporate social responsibility, on June 23, 2022, the Board of Directors has decided to establish a “Sustainability Development Committee”. An environmental protection group, social responsibility group, corporate governance group and green business group are established in accordance with the Sustainability Development Committee Charter. The “Sustainability Development Committee” regularly reports to the Board of Directors twice a year on the implementation results and future work plans of sustainable development, including (1) identifying sustainability issues that need to be addressed and formulating response plans, (2) goals and policy revisions for sustainability related issues, and (3) monitoring the implementation of sustainable business matters. The directors also provide professional advice to the management team when they listen to the report each year. The board of directors will review the feasibility of strategies based on the report, and provide timely suggestions to the management team.
2. Describe how the identified climate risks and opportunities affect a company's business, strategy, and finances (short, medium, and long term)	The Company assesses the risks and opportunities related to climate change to the Company in accordance with the 2016 GRI Sustainability Reporting Standards. The Company completed the relevant assessment in 2021. The transformation risk mainly refers to the increase in operating costs due to policy changes in regulations and policies, while the physical risk mainly refers to the increase in electricity consumption caused by global warming due to extreme weather, or the delay in project progress or equipment damage caused by natural disasters such as typhoons and floods. In terms of opportunities, responding to national energy policy requirements, we see the ongoing demand for green designs. In addition, climate change has caused greenhouse gas warming. With the goal of building a low-carbon economy worldwide, intelligent platform services have brought business opportunities to the Company. The Company adopts measures in response to the above related risks and opportunities. In terms of climate change risks, the Company promptly collects government policies and relevant laws and regulations to revise the schedule, assesses the impact and response plans in advance, and purchases relevant insurance for relevant equipment to avoid natural disaster losses.
3. State the financial impact of extreme weather events and transformation actions.	<p>Extreme climate events include</p> <p>I. Acute risk: single immediate climate disaster events, such as increasingly severe extreme weather events such as heat waves, drought, heavy rainfall, abnormal high temperatures or low temperatures, which may affect the safety of the working environment and health of employees</p> <p>II. Chronic risks: Long-term changes in climate patterns, such as increased probability of floods, wildfires, and heat waves due to global warming, cause enterprises to continuously increase their risk management costs</p> <ol style="list-style-type: none"> 1. resulting in production capacity decline or disruption. 2. impacting on workforce management and

Item	Implementation status
	<p>planning.</p> <ol style="list-style-type: none"> 3. increased operating costs. 4. Increased cost of infrastructure construction. <p>III. The financial impact of transformation actions.</p> <ol style="list-style-type: none"> 1. Policy and regulatory risks: Adapting climate change policies, climate related litigation, or regulatory development that changes the operating costs of enterprises. 2. Technical risk: Low carbon technology, renewable energy technology, such as the sunk cost caused by enterprises investing in renewable energy, with poor R&D results. 3. Market risk: Adjustment to the supply and demand structure, changes in the demand for products or services, such as increased awareness of carbon reduction in society, and increasing demand for low-carbon products from investors or customers. To ensure competitiveness, enterprises shall change products in line with the market demand. 4. Reputation risk: refers to the impression and evaluation of customers or the community on whether the organization is committed to low-carbon transformation.
<p>4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.</p> <p>5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and major financial impacts used should be explained.</p>	<p>The “Risk Management Policies and Procedures” formulated by the Company was adopted by the Board of Directors in 2020 is the highest guiding principle for risk management of the Company. The Company regularly assesses risks every year, and formulates risk management policies for various risks, covering management objectives, organizational structure, ownership of rights and responsibilities, and risk management procedures, and implements them to effectively identify, measure, and control various risks of the Company, and control the risks arising from business activities within an acceptable range.</p> <p>The Company is committed to integrating and managing all potential risks that may have an impact on operations and profitability, including strategic, operational, financial, and hazardous risks, in a proactive and cost-effective manner. Through the Company-wide risk management, we provide appropriate risk management for all stakeholders, based on a risk matrix to assess the frequency of risk events and the severity of the impact on the Company’s operations. We define the priority and level of risks, and adopt corresponding risk management strategies based on the risk level.</p> <p>Climate scenarios: RCP2.6, RCP4.5, RCP6.0, RCP8.5 (near future, mid century, end of century) Parameter: Product transportation cost Assumption: Taiwan natural disaster model flood module Analysis factor: prediction results of typhoon and heavy rainfall events Main financial impact: Delayed delivery and increased transportation costs due to typhoons and heavy rainfall.</p>

Item	Implementation status
6. In case of a transformation plan for managing climate related risks, please describe the plan, indicators and objectives used to identify and manage entity risks and transformation risks.	None.
7. If internal carbon pricing is used as a planning tool, the basis for pricing should be explained.	The Company has not yet used internal carbon pricing as a planning tool.
8. If you have climate related goals set, information such as the activities covered, the scope of greenhouse gas emissions, the planning schedule, and the annual progress achieved should be stated. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant goals, the source and quantity of carbon reduction credits to be offset or the quantity of renewable energy certificates (RECs) should be stated	The Company has not set climate related targets.
9. Greenhouse gas inventory	Please also fill in the following table.

2. Greenhouse Gas Inventory and Assurance

About the Company <input type="checkbox"/> Companies with a capital of over NT\$10 billion, steel industry, and cement industry <input type="checkbox"/> Companies with a capital of more than NT\$5 billion but less than NT\$10 billion <input checked="" type="checkbox"/> Companies with a capital of less than NT\$5 billion	According to the requirements of the sustainable development roadmap of TWSE/TPEX companies, at least the following shall be disclosed:	
	<input type="checkbox"/> Inventory of parent company <input type="checkbox"/> Assurance of parent company	<input type="checkbox"/> Inventory of subsidiaries in the consolidated financial statements <input type="checkbox"/> Assurance of subsidiaries in the consolidated financial statements

According to the roadmap for the sustainable development of TWSE/TPEX listed companies, the Company only needs to complete the inventory of parent company in categories 1 and 2 by 2026

Category 1 (direct greenhouse gas emissions)	Total emissions (metric tons of CO ₂ e)	Density (metric tons of CO ₂ e/million yuan) (Note 2)	Assurance agency	Assurance description (Note 3)
Parent company	8	0.0000664	None	According to the roadmap for the sustainable development of TWSE/TPEX listed companies, the Company only needs to complete the inventory of parent company in categories 1 and 2 by 2026, so it has not yet been confirmed by an assurance agency.
Subsidiary (note 1)	N.A.	N.A.		
Total	8	0.0000664		

Category 2 (indirect greenhouse gas emissions)	Total emissions (metric tons of CO2e)	Density (metric tons of CO2e/million yuan) (Note 2)	Assurance agency	Assurance description (Note 3)
Parent company	342	0.00285	None	According to the roadmap for the sustainable development of TWSE/TPEX listed companies, the Company only needs to complete the inventory of parent company in categories 1 and 2 by 2026, so it has not yet been confirmed by an assurance agency.
Subsidiary (note 1)	N.A.	N.A.		
Total	342	0.00285		
Category 3 (Other indirect emission)	N.A.	N.A.	None	According to the roadmap for the sustainable development of TWSE/TPEX listed companies, the Company only needs to complete the inventory of parent company in categories 1 and 2 by 2026, so it has not yet been confirmed by an assurance agency.

Note 1. Subsidiaries can fill in the individual reports, consolidate reports (e.g., by country or region), or merge reports.

Note 2. The intensity of greenhouse gas emissions can be calculated per unit of product/service or revenue, but at least data calculated in revenue (NT \$million) should be disclosed.

Note 3. The assurance description should summarize the content of the assurance report issued by the assurance agency and attach a complete assurance opinion to the annual report.

(VIII) The Company's Implementation of Ethical Corporate Management and Measures Adopted:

Item of promotion	Implementation status			Description	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and reasons thereof
	Yes	No			
I. Establishment of ethical corporate management policies and programs					
(I) Does the Company establish ethical corporate management policies, declare its ethical corporate management policies and procedures in its guidelines and external documents, and do the Board of Directors and management work proactively to implement their commitment to those management policies?	V			(I) The Company has formulated the Code of Ethical Conduct and the Ethical Corporate Management Best Practice Principles, as approved by the Board of Directors, specifying the matters that the Company's personnel should pay attention to upon performance of businesses.	No significant deviation
(II) Does the Company establish an assessment mechanism for the risk of unethical conduct, regularly analyze and evaluate the business activities with high-potential unethical conduct within its business scope, and formulate a scheme to prevent unethical conduct, and at least cover the precautionary measures for the acts in "Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?"	V			(II) The Company strictly complies with corporate ethics and adheres to the corporate culture of integrity and honesty to create a sustainable business environment.	
(III) Does the Company specify operation procedures, conduct guidelines, punishments for violation, and rules for appeal in the scheme for preventing unethical conduct and implement them accordingly?	V			(III) The Company regularly organizes corporate ethic education training and promotion for all employees. New employees are given a code of conduct on the day of taking office, which conveys the rights and obligations of employees. Moreover, the Company incorporates ethical corporate management into performance evaluation of employees and human resource policies and has established a clear and effective reward, punishment, and appeal system.	
II. Fulfillment of Ethical Corporate Management					
(I) Does the Company evaluate business partners' ethical records and include ethics-related clauses in the business contracts signed with the counterparties?	V			(I) Before establishing business relationship with others, the Company first assesses the legality and ethical corporate management policy of agents, suppliers, customers, and other business	

Item of promotion	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and reasons thereof
	Yes	No	Description	
(II) Does the Company establish an exclusively dedicated unit under the Board to implement ethical corporate management, and report to the Board regularly (at least once a year) regarding its ethical corporate management policy, the scheme for preventing unethical conduct, and supervision of its implementation?	V		(II) counterparty, and evaluates whether they have any records of unethical conduct in the past to ensure that their business practices are fair, transparent and will not ask for, offer or accept bribe. The Company has established Corporate Sustainability Committee to act as a dedicated unit to implement and supervise the amendment to and performance and interpretation of these procedures and conduct guidelines, as well as consulting service, notification contents and registration documents, and regularly report the implementation status to the Board of Directors each year, and the latest reporting date is March 8, 2023.	
(III) Does the Company establish policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	V		(III) In the event of a conflict of interest, employees can report to the head of the department or the president.	
(IV) Does the Company establish effective systems for both accounting and internal control to implement ethical corporate management, and does the internal audit unit draw up relevant audit plans based on evaluation results of the risk of unethical conduct, and check the compliance of the scheme for preventing unethical conduct, or entrust CPAs to carry out the audit?	V		(IV) The Company has established effective accounting and internal control systems and constantly reviews and revises them from time to time according to changes of laws and regulations and practical needs. Also, internal auditors regularly examine it to ensure that the design and implementation of the system remain effective, achieve corporate governance and risk control, and implement ethical corporate management. The Corporate Sustainability Development Committee is a dedicated unit to implement and supervise ethical corporate management-related operations and regularly reports such matters to the Board of Directors.	
(V) Does the company regularly hold internal and external educational training on ethical corporate management?	V		(V) From time to time, the Company promotes the principle of integrity management in various meetings, to ensure that colleagues implement the relevant norms of integrity management both internally and externally. The Company delivers the "Integrity Management and	

Item of promotion	Implementation status		Description	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and reasons thereof
	Yes	No		
			<p>"Insider Trading Prevention Training" course for all directors and managers at least once a year. The implementation dates in 2022 were May 12, 2022, June 28, 2022, September 27, 2022, and November 30, 2022. The total number of hours was 4, and a total of 44 people were trained. The course "Ethical Corporate Management Best Practice Principles" is provided for new employees each year. In 2022, this training was delivered on June 21 and November 22, with a total of 48 employees received 2 hours training. This training enables new employees to understand the importance of integrity operation and behavior, emphasizing the evaluation of integrity operation before establishing business relationships with customers and suppliers, and avoiding transactions with dishonest business partners. At the time of on-boarding, new employees sign the "Integrity and Intellectual Property Rights Agreement".</p> <p>To avoid internal trading and information disclosure, the Company delivers training on the Operating Procedures for Handling Material Insider Information and other regulations to all directors, managerial officers and related employees each year. On May 12, 2022, the Company delivered "Integrity Management and Insider Trading Prevention Training" course for L1 executives from various departments. The course ran for one hour and a total of 11 people were trained. On June 21 and November 22, 2022, the Company included an "Insider Trading Prevention" course into new employee training. The course lasted for a total of 2 hours, with the participation of 48 employees. On June 28, 2022, September 27, 2022, and November 30, 2022, the Company conducted a series of courses on anti-corruption for all employees, with 525</p>	

Item of promotion	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and reasons thereof
	Yes	No	Description	
			employees trained in a total of 3 hours. On December 16, 2022, the Company delivered an "Operating Procedures for Handling Material Insider Information course" for all directors, managerial officers, and employees. The course duration was 0.5 hours, with the participation of 203 employees. The total education and training hours was 101.5 hours.	
<p>III. Operation of the Company's Whistle-blowing System</p> <p>(I) Does the Company establish both a reward/whistle-blowing system and convenient whistle-blowing channels? Are appropriate personnel assigned to the accused party?</p> <p>(II) Does the Company establish standard operating procedures for the reported matters and the relevant confidential mechanism?</p> <p>(III) Does the Company provide protection to whistleblowers against receiving improper treatment?</p>	V		<p>When the Company discovers or receives a report regarding an employee's involvement in unethical conduct, the Company will immediately request the perpetrator to stop the relevant conduct if it is confirmed that the reported 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 shall seek compensation for damages through legal proceedings to maintain the reputation and interests of the Company. Additionally, the Company will pay special attention to the confidentiality of whistleblowers to avoid improper treatment when dealing with related matters.</p> <p>Please refer to item (IV) of clause VI "The Company's whistle-blowing system" in this table for other information about the whistle-blowing system.</p>	No significant deviation
<p>IV. Enhancing Disclosure of Information</p> <p>Does the Company disclose its ethical corporate management principles and the results of its implementation on the Company website and Market Observation Post System (MOPS)?</p>	V		The Company has disclosed the contents of its Ethical Corporate Management Principles and the results of its implementation on its website and Market Observation Post System (MOPS).	No significant deviation
V. If the Company has established its own ethical corporate management principles based on the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies, please describe the implementation and any deviations from the Principles: The Company has established the "Procedures for Ethical Corporate Management and Guidelines for Conduct." There was no material discrepancy between its implementation and "Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies."				
<p>VI. Other important information to facilitate a better understanding of the Company's ethical corporate management:</p> <p>(I) The Company's website, annual report, and prospectus all disclose compliance with the ethical corporate management principles.</p>				

Item of promotion	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and reasons thereof
	Yes	No	Description	
(II) The Company's Board of Directors closely implements the system of recusal due to conflicts of interest.				
(III) The Company always pays attention to the development of relevant norms of ethical corporate management at home and abroad and formulates the Company's relevant management measures.				
(IV) The Company's whistle-blowing system				
1. Whistle-blowing channels: The Company encourages internal and external personnel to report unethical conduct or misconduct. In September 2015, the Company announced and provided information on the whistle-blowing channels for internal and external personnel and stakeholders at the stakeholder area of the Company's website.				
2. Whistle-blowing system: The Company's whistle-blowing system is stipulated in Article 21 of the "Ethical Corporate Management Best Practice Principles." The content is as follows: "The company encourages internal and external personnel to report unethical conduct or misconduct. The Company has established a whistle-blowing system on the Company's website for internal and external personnel to use." The whistleblower should provide at least the following information. The whistleblower should provide at least the following information:				
(1) The whistleblower's name, ID number, address, telephone number, and e-mail where it can be reached.				
(2) The whistleblower's name or other information that shows the identity of the whistleblower.				
(3) Specific evidence available for investigation.				
The Company's relevant personnel handling the report shall make a written statement that the whistleblower's identity and the content of the report shall be kept confidential, and the Company promises to protect the whistleblower from being improperly treated due to the whistle-blowing. The Company's dedicated unit will handle it according to the following procedures:				
(1) If the case involves ordinary employees, it shall be reported to the President. If the case involves directors or senior executives, it shall be reported to independent directors.				
(2) The responsible unit of this company and the supervisors or personnel reported in the preceding paragraph shall immediately identify relevant facts, and if necessary, provide assistance from regulatory compliance or other relevant departments.				
(3) If it is confirmed that the accused has indeed violated relevant laws and regulations or the integrity management policies and regulations of this company, it shall immediately require the accused to stop relevant acts and take appropriate measures, and if necessary, request compensation for damages through legal procedures to safeguard the reputation and rights of the company.				
(4) Written documents shall be retained for the acceptance of the complaint, the investigation process, and the investigation results, and shall be retained for five years. Their retention may be done electronically. Before the expiration of the retention period, in the event of a lawsuit related to the whistleblowing content, the relevant information shall be retained until the conclusion of the litigation.				
(5) If the report is verified to be true, the relevant units of the company should be responsible for reviewing the relevant internal control systems and operating procedures, and proposing improvement measures to prevent the recurrence of the same behavior.				
(6) The competent department of the Company shall regularly report its subsequent review and improvement measures to the board of directors at least once a year, and the latest report was submitted to the board of directors on March 8, 2023.				

(IX) If the Company has Adopted Corporate Governance Best Practice Principles or Related Bylaws, the Inquiry Method shall be Disclosed:

The Company has established the Corporate Governance Best Practice Principles. For the Company's corporate governance implementation, please refer to Chapter 3 Corporate Governance Report of this Annual Report. The Company has established the Articles of Incorporation, Rules of Procedures of the Shareholders' Meeting, Regulations Governing Procedure for Board of Directors' Meetings, Operational Procedures for Making Loans to Others, Operating Procedures of Endorsements and Guarantees, Audit Committee Charter, Remuneration Committee Charter, Rules for the Scope of Duties of Independent Directors, Corporate Governance Best Practice Principles, Evaluation Measures for the Board of Directors, Sustainable Development Best Practice Principles, Rules for the Director Elections, Ethical Corporate Management Best Practice Principles, Management Procedures for Preventing Insider Trading, Procedures for Acquisition or Disposing Assets, Procedures for Transaction of Financial Derivatives, Supplier Evaluation Management Procedures, Supplier Evaluation Management Procedures - Green and Environmental Supplier Evaluation, Ennoconn Corp.'s Human Rights Policy, Workplace Sexual Harassment Prevention Regulation, Appeal and Punishment Regulation, Code of Ethical Conduct, Waste Management Regulation, Intellectual Property Management Plan, Sustainability Development Committee Charter, Operating Procedures for Handling Material Insider Information, Risk Management Policies and Procedures, Occupational Safety and Health Policies, Environmental Energy Policies, Rules for Financial and Business Matters Between Corporation and Related Party Thereof, Corporate Social Responsibility Best Practice Principles, Financial and Non-Financial Information Management, and Subsidiary Control Procedures. For related bylaws, please visit the Company's website for inquiries.

(X) Other Important Information Regarding Corporate Governance:

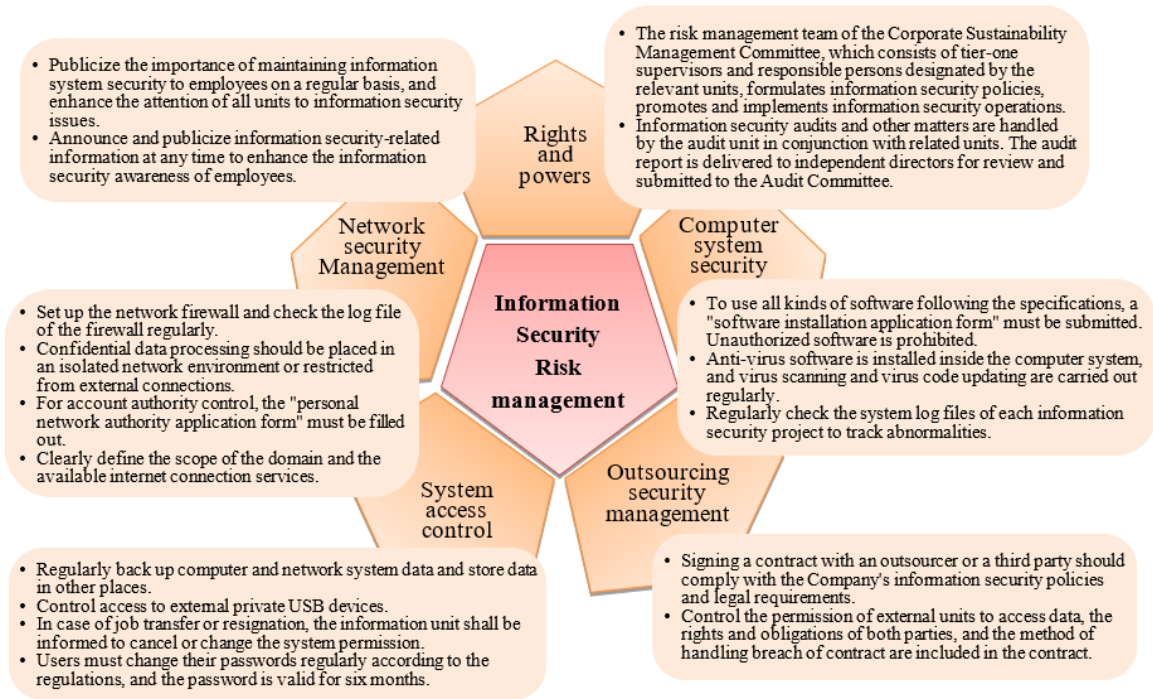
1. The Company has established the "Management Procedures for Prevention of Insider Trading" and announced the procedures to its managers and employees.
2. The Company's newly elected directors will be given the director's brochure when they take the office, which contains various laws and regulations (including the Management Procedures for Prevention of Insider Trading as mentioned in the preceding paragraph) and precautions to be taken to facilitate the new directors to comply.

3. The Company approved formulation of an intellectual property management plan associated with its operating goals at its Board of Directors' meeting on November 11, 2021. The implementation status of the Company's 2022 intellectual property management plan was reported and submitted to the Board of Directors on November 10, 2022, for reporting to the Board of Directors from five major aspects, i.e. patent management, trademark management, copyright management, business secret protection, and management resources and division of manpower.
4. On November 10, 2022, our board of directors approved the revision of the "Corporate Governance Best Practice Principles," which added a new provision stating that "Directors are prohibited from trading their stocks during a closed period of thirty days prior to the announcement of the annual financial report and fifteen days prior to the announcement of each quarterly financial report."
5. The Company's information security and risks management policy
To strengthen information security management to maintain the confidentiality, integrity, and availability of the Company's important information system, the Company will appoint one information security officer and one responsible personnel by 2023 and has formulated a number of internal information security regulations and systems to regulate the information security behavior of the Company's personnel. Regularly review whether the relevant systems are in line with the changes of the operating environment every year, and timely adjust them according to the needs to establish a safe and reliable technology industry.

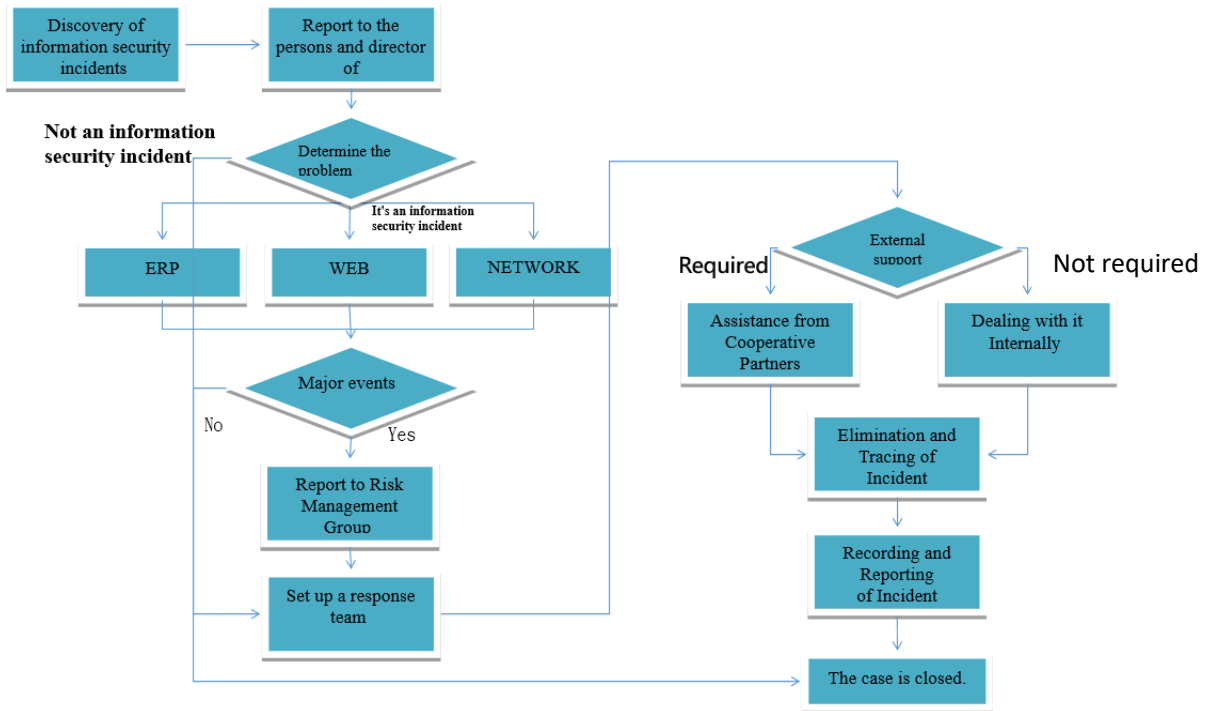
Information security policy related management specifications

Access control of programs and data	Control operation of data output and input	Control operation of data processing	Safety control of archives and equipment
Purchase, use, and maintenance control of hardware and system software	System recovery plan and test program control operation	Control operation of information security inspection	Control operation of disclosing information

Information security and risk management structure



Information Security and Risk Management Flowchart



(XI) Status of Internal Control System

1. Statement of internal control system:

Ennoconn Corporation

Statement of internal control system

Date: March 30, 2023

The Company's 2022 internal control system is stated as follows based on self-evaluation result:

- I. The Company acknowledges that the establishment, implementation, and maintenance of an internal control system is the responsibility of the Board of Directors and managers, and the Company has established an internal control system. The internal control system is designed to provide reasonable assurance for the effectiveness and efficiency of the operations (including profitability, performance, and protection of assets), reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.
- II. The internal control system has innate limitations. No matter how robust and effective the internal control system, it can only provide reasonable assurance of the achievement of the foregoing three goals. In addition, the effectiveness of the internal control system may vary due to changes in the environment and conditions. However, the internal control system of the Company has self-monitoring mechanisms in place, and the Company will take corrective action against any defects identified.
- III. The Company uses the assessment items specified in the “Regulations Governing Establishment of Internal Control Systems by Public Companies” (hereinafter referred to as the “Regulations”) to determine whether the design and implementation of the internal control system are effective. Based on the process of control, the assessment items specified in the “Regulations” divide the internal control system into five constituent elements: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communications; and 5. monitoring activities. Each constituent element includes a certain number of items. For more information on such items, please refer to the “Regulations.”
- IV. The Company has adopted the aforesaid assessment items for the internal control system to determine whether the design and implementation of the internal control system are effective.
- V. Based on the assessment results, our company believes that our internal control system (including the supervision and management of subsidiaries) as of December 31, 111 (2022) has been designed and implemented effectively. This includes understanding the effectiveness of operations and the degree to which efficiency targets have been achieved, reliable reporting, timely disclosure, transparency, compliance with relevant regulations and laws, and adherence to relevant internal control system design and execution. Our internal control system is able to reasonably ensure the achievement of the above objectives.
- VI. This statement will constitute the main content of the Company’s annual report and the prospectus and will be disclosed to the public. Any falsehood or concealment with regard to the above contents will constitute legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. It is hereby stated that this Statement has been approved at the Board of Directors’ meeting of the Company held on March 30, 2023. Among the 6 directors present, no

director had any dissenting opinion, instead, all of them agreed the contents of this Statement.

Ennoconn Corporation

Chairman: Fu-Chuan Chu



President: Neng-Chi Tsai



2. If a CPA has been hired to carry out a special audit of the internal control system, the CPA audit report shall be disclosed: None.

(XII) For the most recent year and up to the date of printing of the annual report, the company and its internal personnel have been punished in accordance with the law, and the company has imposed penalties on their internal personnel for violating the provisions of the internal control system. The main shortcomings and improvements are as follows: The company has, in accordance with the company's regulations and relevant regulations, completed the resignation operation of the employee suspected of forgery of documents and misappropriation of company assets, and imposed false detention on him. This case has been brought to judicial proceedings.

(XIII) Major Resolutions of Shareholders' Meeting and Board of Directors' meetings During the Most Recent Year up to the Publication Date of the Annual Report:

Type of meeting	Date of meeting	Major resolution
Board of Directors	2022.01.04 The 16th session of the 9th Board of Directors' meeting	(1) Relevant matters such as the pricing of private placement of ordinary shares and the target subscriber.
Board of Directors	2022.02.24 The 17th session of the 9th Board of Directors' meeting	(1) Approved its subsidiary Ennoconn International Investment Co., Ltd to subscribe the private placement of new shares by ARBOR Technology Corp.
Board of Directors	2022.03.22 The 18th session of the 9th Board of Directors' meeting	<ul style="list-style-type: none"> (1) Adopted 2021 annual business report. (2) Reported the Company's 2021 Consolidated and Individual Financial Statements. (3) Adopted the total amount of directors' compensation and employee compensation paid by the Company in 2021. (4) Adopted 2021 earnings distribution plan. (5) Adopted the proposal for distributing cash from capital reserves. (6) Approved the Company's 2022 business plan. (7) Approved the Company's amendment to the Articles of Incorporation. (8) Approved amendment to the Procedure for Acquisition and Disposal of Assets. (9) Approved the proposal for change in the members (including independent directors) of the Company's 10th Board of Directors. (10) Approved the proposal for convening the 2022 shareholders' meeting of the Company. (11) Approved the proposal for capital decrease for the Company and de-registration of the first shares repurchased by the Company. (12) Approved the plan for increasing capital for its subsidiary Ennoconn International Investment Co., Ltd. (13) Approved 2021 "Internal Control System Effectiveness Assessment" and "Statement of Internal Control System" submitted to the Company. (14) Approved the proposal for applying for issuance of short-term loan from nine financial institutions. (15) Approved the subsidiary THECUS TECHNOLOGY CORP to apply for bank loan commitments, with joint and several guarantee responsibilities borne by the Company (16) Approved the subsidiary HighAim Technology Inc to apply for loan commitments from three banks, with joint and several guarantee responsibilities borne by the Company. (17) Approved the subsidiary HIGHAIM TECHNOLOGY INC to apply for loan commitments from three banks, with joint and several guarantee responsibilities borne by the Company.

Type of meeting	Date of meeting	Major resolution
		<p>(18) Approved the subsidiary POSLAB Technology Corp to apply for bank loan commitments, with joint and several guarantee responsibilities borne by the Company.</p> <p>(19) Approved the subsidiary ENNOCONN INTERNATIONAL INVESTMENT CO., LTD. to apply for loan commitments from two banks, with joint and several guarantee responsibilities borne by the Company.</p>
Board of Directors	2022.03.31 The 19th session of the 9th meeting	<p>(1) Approved the discussion on handling of theft of company seals, forgery of documents, and misappropriation of company assets by cashiers, and subsequent improvement measures.</p> <p>(2) Adopted 2021 annual business report.</p> <p>(3) Reported the Company's 2021 Consolidated and Individual Financial Statements.</p> <p>(4) Adopted 2021 earnings distribution plan.</p> <p>(5) Adopted the proposal for distributing cash from capital reserves.</p> <p>(6) Approved 2021 "Internal Control System Effectiveness Assessment" and "Statement of Internal Control System" submitted to the Company.</p> <p>(7) Approved the proposal for convening the 2022 shareholders' meeting of the Company.</p>
Board of Directors	2022.05.13 The 20th session of the 9th meeting	<p>(1) Approved the Company's consolidated financial report for the first quarter of 2022.</p> <p>(2) Approved the Company's plan of capital increase for its subsidiary, INNOVATIVE SYSTEMS INTEGRATION LIMITED.</p> <p>(3) Approved the amendment to the Company's "Seal Management Regulations".</p> <p>(4) Approved the first private placement of unsecured convertible corporate bonds in Taiwan in 2021.</p> <p>(5) Adopted the proposal for the Company's private placement of ordinary shares in 2022</p> <p>(6) Adopted the proposal for the fourth unsecured convertible corporate bond offering in Taiwan in 2021.</p> <p>(7) Approved the amendment to Rules of Procedure for Shareholders' Meetings.</p> <p>(8) Approved the nomination of candidates for the 10th Board of Directors and independent directors of the Company.</p> <p>(9) Approved the proposal for removing non-competition for newly appointed directors (including independent directors).</p> <p>(10) Approved the convening of 2022 shareholders' meeting.</p> <p>(11) Approved new loan of NT\$200 million to Ennoconn (Suzhou) Technology Co., Ltd.</p> <p>(12) Approved CPA KPMG Taiwan to increase audit fee in 2022.</p> <p>(13) Approved the proposal for employing Deloitte to re-issue financial statements and provide audit services for the Company.</p> <p>(14) Approved the proposal for the Company to apply for loan commitments from two banks.</p>

Type of meeting	Date of meeting	Major resolution
Board of Directors	2022.06.23 The 1st session of the 10th meeting	<ol style="list-style-type: none"> (1) Approved the proposal to recommend and elect the Chairman of the Board. (2) Approved the appointment of the 5th Remuneration Committee members. (3) Approved the Company's Sustainability Development Committee Charter. (4) Approved the appointment of the 1st Sustainability Development Committee members.
Board of Directors	2022.07.08 The 2nd session of the 10th meeting	<ol style="list-style-type: none"> (1) Approved the proposal for whether to re-issue the financial statements from 2017Q2 to 2021Q3. (2) Approved the proposal of endorsement guarantee for the Company's subsidiary Ennoconn Hungary kft. (3) Approved the subsidiary HighAim Technology Inc to apply for bank loan commitments, with joint and several guarantee responsibilities borne by the Company. (4) Approved the proposal for the Company to apply for bank loan commitments.
Board of Directors	2022.08.11 The 3rd session of the 10th meeting	<ol style="list-style-type: none"> (1) Approved the Company's consolidated financial report for the second quarter of 2022. (2) Approved the formulation of the Company's greenhouse gas inventory and verification schedule (3) Approved the Company's detailed distribution of directors' compensation in 2021. (4) Approved the Company's distribution of compensation to managerial officers in 2021. (5) Approved the salary adjustment plan for managerial officers. (6) Approved the amendments to the Company's Compensation Management Regulations. (7) Approved the proposal for changing financial and accounting officers. (8) Approved the proposal for changing director of corporate governance.
Board of Directors	2022.09.30 The 4th session of the 10th meeting	Approved the proposal for increasing NT\$1 billion loan to the subsidiary Ennoconn (Suzhou) Technology Co., Ltd.
Board of Directors	2022.10.07 The 5th session of the 10th meeting	Approved the loan to the Company's subsidiary Ennoconn Hungary Kft at US\$25 million.
Board of Directors	2022.11.10 The 6th session of the 10th meeting	<ol style="list-style-type: none"> (1) Approved the Company's consolidated financial report for the third quarter of 2022. (2) Approved the formulation of "Operating Procedures for Handling Material Insider Information" and "Corporate Governance Best Practice Principles". (3) Approved the amendment to the Procedural Rules of Board Meetings and Corporate Governance Best Practice Principles. (4) Approved the assessment of CPA's independence. (5) Approved the Audit Plan for 2023. (6) Approved the formulation of ESG implementation goals in 2023.

Type of meeting	Date of meeting	Major resolution
		<p>(7) Approved the proposal for the Company to apply for bank loan commitments from four financial institutions.</p> <p>(8) Approved the proposal for assumption of joint and several guarantee liability by the Company for applying for financing from banks through its subsidiary DEXATEK TECHNOLOGY LTD.</p> <p>(9) Approved the subsidiary HighAim Technology Inc to apply for bank loan commitments, with joint and several guarantee responsibilities borne by the Company.</p> <p>(10) Approved the subsidiary HIGHAIM TECHNOLOGY INC to apply for loan commitments from three banks, with joint and several guarantee responsibilities borne by the Company.</p>
Board of Directors	2023.1.11 The 10th session of the 7th meeting	<p>(1) Adopted 2023 annual business report.</p> <p>(2) Approved the Company's Remuneration Regulations for Directors.</p> <p>(3) Approved the amendments to Rules for Financial and Business Matters Between Corporation and Related Party Thereof.</p> <p>(4) Approved the amendments to the Remuneration Committee Charter.</p> <p>(5) Approved 2022 Year-end Performance Bonus for Managerial Officers.</p> <p>(6) Approved the change of Head of Internal Audit.</p> <p>(7) Approved the proposal for the Company to apply for bank loan commitments.</p>
Extraordinary shareholders' meeting	2022.01.04	<p>(1) Approved the proposal for issuance and private offering of ordinary shares.</p> <p>Implementation progress: The resolution was passed. On January 26, 2022, the Company completed the issuance of 4,880,000 shares of its private placement common stock, totaling NT \$1,107,369,600, with the private placement target being Google International LLC.</p>
Annual Shareholders' Meeting	2022.06.23	<p>(1) Agreed 2021 financial statements and business report.</p> <p>Implementation status: The resolution was passed and the relevant resolution contents were recorded in the minutes of the shareholders' meeting.</p> <p>(2) Agreed 2021 earnings distribution plan.</p> <p>Implementation progress: The cash dividend was distributed at NT \$3 per share, totaling NT \$318,111,057, and was distributed on August 25, 2022.</p> <p>(3) Approved the proposal for cash distribution from capital reserves.</p> <p>Implementation progress: A capital reserve of NT \$424,148,076, calculated as a premium for the issuance of ordinary shares in excess of the par value, was allocated in cash. Based on the shareholders' shareholding recorded in the shareholders' register on the reference date for the distribution of cash from the capital reserve, it is estimated that NT \$4 per share will be allocated, and has been distributed on August 25, 2022.</p> <p>(4) Approved the amendment to the Articles of Incorporation.</p> <p>Implementation progress: approved.</p> <p>(5) Approved the amendments to Procedure for Acquisition and Disposal of Assets.</p>

Type of meeting	Date of meeting	Major resolution																								
		<p>Implementation progress: approved.</p> <p>(6) Approved the amendment to the Company's Rules of Procedures of the Shareholders' Meeting. Implementation progress: approved.</p> <p>(7) Reelected seven directors of the 10th board of directors (including four independent directors). Implementation progress: The list of directors elected and the number of elected votes are as follows:</p> <table border="1"> <thead> <tr> <th>Title</th> <th>Name</th> <th>Number of Elected Votes</th> </tr> </thead> <tbody> <tr> <td>Director</td> <td>Fu-Chuan Chu</td> <td>148,024,486</td> </tr> <tr> <td>Director</td> <td>Baoxin International Investments Ltd. Representative: Mei-Hui Hung</td> <td>73,894,155</td> </tr> <tr> <td>Director</td> <td>Baoxin International Investments Ltd. Representative: Chuan-Wang Chang</td> <td>73,904,211</td> </tr> <tr> <td>Independent Director</td> <td>Yu-Hui Su</td> <td>14,429,173</td> </tr> <tr> <td>Independent Director</td> <td>Hsin-I Chan</td> <td>8,126,733</td> </tr> <tr> <td>Independent Director</td> <td>Miao-Shun Wen</td> <td>8,155,846</td> </tr> <tr> <td>Independent Director</td> <td>Feng-Kan Chang</td> <td>8,113,025</td> </tr> </tbody> </table> <p>(8) Adopted the proposal for removing the non-competition restriction on newly appointed directors (including independent directors). Implementation progress: The resolution was passed to remove non-competition restriction on the newly appointed directors of the 10th board of directors (including independent directors).</p>	Title	Name	Number of Elected Votes	Director	Fu-Chuan Chu	148,024,486	Director	Baoxin International Investments Ltd. Representative: Mei-Hui Hung	73,894,155	Director	Baoxin International Investments Ltd. Representative: Chuan-Wang Chang	73,904,211	Independent Director	Yu-Hui Su	14,429,173	Independent Director	Hsin-I Chan	8,126,733	Independent Director	Miao-Shun Wen	8,155,846	Independent Director	Feng-Kan Chang	8,113,025
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Independent Director	Feng-Kan Chang	8,113,025																								

(XIV) Major contents of any recorded or written significant resolutions approved by the Board of Directors to which directors or supervisors have different opinions in the most recent year up to the publication date of the Annual Report: None.

(XV) Summary of resignation and dismissal of the Company's chairman, president, accounting supervisor, financial supervisor, chief internal auditor, corporate governance officer or R&D officer in the most recent year and up to the publication date of the Annual Report:

April 1, 2023

Title	Name	Date appointed	Date dismissed	Reason for resignation or dismissal
Chief Financial Officer	Yu-Mei Wu	2018.08.13	2022.08.22	Position adjustment
Chief Accountant	Yu-Mei Wu	2018.08.13	2022.08.22	Position adjustment
Director of Corporate Governance	Yu-Mei Wu	2021.11.11	2022.08.22	Position adjustment
Chief Internal Control Officer	Ya-Ju Lu	2018.03.16	2023.01.11	Position adjustment

IV. Information on CPA Professional Fees:

(I) Range of CPA Professional Fees:

Name of CPA firm	Name of CPA		Audit period	Audit fee	Non-audit fee	Total	Remarks
KPMG	Hui-Chih Kou	Hsin-I Kou	2022.01.01~ 2022.12.31	3,350	0	3,350	None

Note 1. If the Company changed any CPA or CPA firm in current year, audit periods shall be specified separately, the reason for the change shall be specified in the remarks column, and the audit and non-audit fees paid shall be disclosed. There should be remark to explain the content of the non-audit fees.

Please specify non-audit fees: None.

(II) When non-audit fees paid to the CPAs, to the accounting firm of the CPA, and/or to any affiliated enterprise of such accounting firm are one quarter or more of the audit fees paid thereto, the amounts of both audit and non-audit fees, as well as details of non-audit services, shall be disclosed: None.

Audit fee	Non-audit fee					Remarks
	System design	Business registration	Human resources	Others	Subtotal	
3,350	0	0	0	0	3,350	None

- (III) When the Company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts and percentage of the audit fees before and after the change and the reasons shall be disclosed: None.
- (IV) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10% or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) thereof shall be disclosed: None.

V. Information on Change to CPA:

The Company did not change the audit firm and CPAs in 2022.

VI. The Company's Chairman, President, or Any Managerial Officer in Charge of Finance or Accounting Matters Held a Position in the Accounting Firm of its CPA or in an Affiliates in the Most Recent Year :

None.

VII. Transfer & Pledge of Equity by Directors, Managerial Officers and Shareholders Holding More than 10% of the Company's Shares in the Most Recent Year and up to the Publication Date of this Annual Report:

- (I) Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests by a Director, Supervisor, Managerial Officer, or Shareholder with a Stake of More than 10%:

Title	Name	2022		By March 31, 2023	
		Number of shares held Increase (Decrease)	Number of shares pledged Increase (Decrease)	Number of shares held Increase (Decrease)	Number of shares pledged Increase (Decrease)
Chairman and CEO	Fu-Chuan Chu	0	0	0	0
Representative of juristic person director/Major Shareholder	Baoxin International Investments Ltd.	0	0	0	0

Title	Name	2022		By March 31, 2023	
		Number of shares held Increase (Decrease)	Number of shares pledged Increase (Decrease)	Number of shares held Increase (Decrease)	Number of shares pledged Increase (Decrease)
Director	Representative of Baoxin International Investments Ltd.: Mei-Hui Hung	0	0	0	0
Director	Representative of Baoxin International Investments Ltd.: Chuang-Wang Chang	0	0	0	0
Independent Director	Yu-Hui Su	0	0	0	0
Independent Director	Hsin-I Chan	0	0	0	0
Independent Director	Miao-Shun Wen	0	0	0	0
President	Neng-Chi Tsai	0	0	0	0
President for mainland China	Chao-Tsung Lou	0	0	0	0
Associate Manager of R&D Center	Sheng-Hsiung Chang	0	0	(4,000)	0
Chief Financial Officer	Tsung-Hsien Chuang	0	0	0	0
Associate Manager of Information Department	Wen-Ta Chang	0	0	0	0
Associate	Hung-Chih Chou	0	0	0	0

- (II) Directors, Managers, and Shareholders with a Stake of more than 10 percent and the Counterparty of the Equity Transfer are Affiliates: None.
- (III) Directors, Managers, and Shareholders with a Stake of more than 10 percent and the Counterparty of the Equity Pledge are Affiliates: None.

VIII. Information on Top Ten Shareholders and Their Relationships:

April 1, 2023: Unit: Share; %

NAME (NOTE 1)	SHARES HELD BY THE PERSON SHAREHOLDING		SPOUSE & MINOR SHAREHOLDING		TOTAL SHAREHOLDING BY NOMINEES		Name or relationship between or among the top 10 shareholders who are related parties or spouses and relatives within the second degree of kinship.		REMARKS
	Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %	Title (or name)	Relation	
Baoxin International Investments Ltd.	33,178,779	30.50%	0	0	0	0	Hyield Venture Capital Co., Ltd.	Same ultimate parent company	None
Baoxin International Investments Ltd. Representative: Te-Tsai Huang	0	0.00%	0	0	0	0	None	None	None
Fubon Life Insurance Co., Ltd.	6,062,000	5.57%	0	0	0	0	None	None	None
Fubon Life Insurance Co., Ltd. Representative: Ming-Hsing Tsai	0	0.00%	0	0	0	0	None	None	None
The investment account of Google International Co., Ltd. at Citibank (Taiwan)	4,880,000	4.49%	0	0	0	0	None	None	None
TransGlobe Life Insurance Inc.	3,335,168	3.07%	0	0	0	0	None	None	None
TransGlobe Life Insurance Inc. Representative: Teng-Te Peng	0	0%	0	0	0	0	None	None	None
Hung Yang Investment Co, Ltd.	2,063,433	1.90%	0	0	0	0	Baoxin International Investments 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
HSBC (Taiwan) Commercial Bank Limited has been appointed as custodian for the Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. - Securities Trading Unit's proprietary trading platform "SBL" investment fund.	1,159,000	1.07 %	0	0	0	0	None	None	None
Fu-Chuan Chu	1,026,726	0.94%	0	0	0	0	None	None	None
Standard Chartered Bank (Taiwan) Limited's Business Banking Division has been appointed as custodian for the investment fund of the Nomura Securities Co., Ltd.	971,506	0.89 %	0	0	0	0	None	None	None
SinoPac Securities Co., Ltd.	955,587	0.88 %	0	0	0	0	None	None	None
Taishin Life Insurance entrusts Taishin Investment Trust stock investment account	900,000	0.83 %	0	0	0	0	None	None	None

Note 1. Information on Top Ten Shareholders and Their Relationships.

IX. Number of Shares in the Same Investee and Total Shareholding Ratio Held by the Company, its Directors, Supervisors and Managerial Officers, and Any Companies Controlled either Directly or Indirectly by the Company:

December 31, 2022

Unit: shares; %

Investee	Investment by the Company		Investment by the Company's directors, supervisors or managerial officers or any companies directly or indirectly controlled by the Company		Total investment	
	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)
The Innovation System Integration Limited (HK)	518,216,530	100.00%	-	-	518,216,530	100.00%
Ennoconn International Investment Co., Ltd.	820,635,000	100.00%	-	-	820,635,000	100.00%
Caswell Inc.	20,000,000	27.33%	3,250,000	4.44%	23,250,000	31.77%
Ennoconn Investment Holdings Co.,Ltd	309,510,000	100.00%	-	-	309,510,000	100.00%
AIS Cayman Technology	4,028,217	37.64%	6,672,469	62.36%	10,700,686	100.00%
Ennoconn Hungary Kft.	3,000,000	100.00%			3,000,000	100.00%

Note: The Company adopts long-term investment using the equity method.

Chapter 4 Fund Raising

I. Capital and Shares:

(I) Capital Formation:

Unit: Shares; NT\$

Month/ Year	Issuance price	Authorized capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Sources of share capital	Capital increase by assets other than cash	Others
1999.07.12 (Note 1)	10	4,000,000	40,000,000	1,000,000	10,000,000	Share capital upon establishment	-	-
1999.10.25 (Note 2)	10	4,000,000	40,000,000	4,000,000	40,000,000	Cash capital increase of 30,000,000	-	-
2001.01.15 (Note 3)	10	10,000,000	100,000,000	10,000,000	100,000,000	Cash capital increase of 60,000,000	-	-
2005.05.25 (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 decrease of 80,000,000	-	-
2005.06.24 (Note 5)	20	10,000,000	100,000,000	5,000,000	50,000,000	Cash capital increase of 10,000,000	-	-
2006.05.11 (Note 6)	10 10 10	60,000,000	600,000,000	14,000,000	140,000,000	Cash capital increase of 70,000,000 Capital increase from earnings 18,489,850 Capital increase from employee bonus by 1,510,150	-	-
2006.10.04 (Note 7)	10	60,000,000	600,000,000	16,800,000	168,000,000	Cash capital increase of 28,000,000	-	-
2007.03.06 (Note 8)	12.5	60,000,000	600,000,000	36,800,000	368,000,000	Cash capital increase of 200,000,000	-	-
2007.06.22 (Note 9)	10	60,000,000	600,000,000	37,793,600	377,936,000	Capital increase from earnings 9,936,000	-	-
2008.08.21 (Note 10)	10 10	60,000,000	600,000,000	40,040,000	400,400,000	Capital increase from earnings 19,136,000 Capital increase from employee bonus by 3,328,000	-	-

Month/ Year	Issuance price	Authorized capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Sources of share capital	Capital increase by assets other than cash	Others
2009.08.25 (Note 11)	10 12.26	60,000,000	600,000,000	41,675,111	416,751,110	Capital increase from earnings 14,014,000 Capital increase from employee bonus by 2,337,110	-	-
2010.08.13 (Note 12)	10 13.58	60,000,000	600,000,000	46,185,340	461,853,400	Capital increase from earnings 38,757,860 Capital increase from employee bonus by 6,344,430	-	-
2011.09.26 (Note 13)	10 14.24	60,000,000	600,000,000	47,409,788	474,097,880	Capital increase from earnings 11,084,480 Capital increase from employee bonus by 1,160,000	-	-
2012.09.17 (Note 14)	25 10 13.96	60,000,000	600,000,000	53,945,984	539,459,840	Cash capital increase of 50,000,000 Capital increase from earnings 9,481,960 Capital increase from employee bonus by 5,880,000	-	-
2013.07.17 (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 from employee bonus by 4,408,290	-	-
2014.04.16 (Note 16)	128	100,000,000	1,000,000,000	66,530,341	665,303,410	Cash capital increase of 60,800,000	-	-
2015.01.21 (Note 17)	236	100,000,000	1,000,000,000	68,680,341	686,803,410	Share swap of 21,500,000	Share swap for Caswell Inc. 8,600 thousand shares	-

Month/ Year	Issuance price	Authorized capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Sources of share capital	Capital increase by assets other than cash	Others
2015.11.30 (Note 18)	10	100,000,000	1,000,000,000	68,875,760	688,757,600	1,954,190 converted from the first domestic convert	-	-
2016.02.15 (Note 19)	10	100,000,000	1,000,000,000	69,728,698	697,286,980	8,529,380 converted from the first domestic convert	-	-
2016.05.19 (Note 20)	10	100,000,000	1,000,000,000	70,495,867	704,958,670	7,671,690 converted from the first domestic convert	-	-
2016.08.11 (Note 21)	388	100,000,000	1,000,000,000	74,995,867	749,958,670	Cash capital increase of 45,000,000	-	-
2016.08.29 (Note 22)	10	100,000,000	1,000,000,000	75,618,210	756,182,100	6,223,430 converted from the first domestic convert	-	-
2016.11.22 (Note 23)	10	100,000,000	1,000,000,000	76,152,738	761,527,380	Converted 5,345,280 in the first and second domestic convertible corporate bonds	-	-
2017.02.06 (Note 24)	10	100,000,000	1,000,000,000	76,300,802	763,008,020	Converted 1,480,640 in the first and second domestic convertible corporate bonds	-	-
2017.05.31 (Note 25)	10	100,000,000	1,000,000,000	76,388,434	763,884,340	Converted 87,632 in the first and second domestic convertible corporate bonds	-	-
2017.08.07 (Note 26)	10	100,000,000	1,000,000,000	76,398,052	763,980,520	Converted 9,618 in the first and second domestic convertible corporate bonds	-	-
2017.12.07 (Note 27)	10	100,000,000	1,000,000,000	76,527,598	765,275,980	Converted 139,546 in the first and second domestic convertible corporate bonds	-	-
2018.02.01 (Note 28)	10	100,000,000	1,000,000,000	76,528,811	765,288,110	Converted 1,213 in the first and second domestic convertible corporate bonds	-	-

Month/ Year	Issuance price	Authorized capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Sources of share capital	Capital increase by assets other than cash	Others
2018.05.24 (Note 29)	10	100,000,000	1,000,000,000	77,365,249	773,652,490	Converted 836,438 in the second domestic convertible corporate bonds and first overseas domestic convertible corporate bonds	-	-
2019.03.13 (Note 30)	10	100,000,000	1,000,000,000	83,574,472	835,744,720	Cash capital increase of 60,000,000	-	-
2020.09.21. (Note 31)	10	250,000,000	2,500,000,000	91,866,420	918,664,200	Capital increase from earnings 8,291,948	-	-
2020.12.02. (Note 32)	10	250,000,000	2,500,000,000	93,272,019	932,720,190	1,405,599 converted from the third domestic convertible corporate bonds	-	-
2021.02.13 (Note 33)	10	250,000,000	2,500,000,000	96,812,019	968,120,190	The Company increased its capital through the issuance of 3,540,000 new shares and made a share swap with its subsidiary AIS (Cayman).		
2022.01.07 (Note 34)	10	250,000,000	2,500,000,000	101,812,019	1,018,120,190	Issuance of 5,000,000 new shares for the Company's capital increase in cash		
2022.01.19 (Note 35)	10	250,000,000	2,500,000,000	106,692,019	1,066,920,190	Issuance of 4,880,000 privately-placed ordinary shares for the Company's capital increase in cash		
2022.05.25 (Note 36)	10	250,000,000	250,000,000	106,037,019	1,060,370,190	The Company reduced capital of 655,000 shares due to cancellation of treasury shares		

Note 1. Bei Shi Jian Shang Er Zi No. 88328790 Approval Letter issued by the Department of Economic Development of Taipei City Government on Sep. 16, 1999

Note 2. Bei Shi Jian Shang Er Zi No. 88347702 Approval Letter issued by the Department of Economic Development of Taipei City Government on Oct. 25, 1999

- Note 3. Jing (090) Shang Zi No. 0900100965 Approval Letter issued by The Ministry of Economic Affairs on Jan. 15, 2001
- Note 4. Jing Shou Zhong Zi No. 09432172260 Approval Letter issued by The Ministry of Economic Affairs on May 25, 2005
- Note 5. Jing Shou Zhong Zi No. 09432336280 Approval Letter issued by The Ministry of Economic Affairs on Jun. 24, 2005
- Note 6. Jing Shou Zhong Zi No. 09532165220 Approval Letter issued by The Ministry of Economic Affairs on May 11, 2006
- Note 7. Jing Shou Zhong Zi No. 09532926230 Approval Letter issued by The Ministry of Economic Affairs on Oct. 04, 2006
- Note 8. Jing Shou Zhong Zi No. 09631769360 Approval Letter issued by The Ministry of Economic Affairs on Mar. 06, 2007
- Note 9. Jing Shou Zhong Zi No. 09632312080 Approval Letter issued by The Ministry of Economic Affairs on Jun. 22, 2007
- Note 10. Bei Jing Deng Zi No. 0973049365 Document issued by The Economic Development Department of Taipei County Government on Aug. 21, 2008
- Note 11. Jing Shou Zhong Zi No. 09832930520 Document issued by The Ministry of Economic Affairs on Aug. 25, 2009
- Note 12. Bei Fu Jing Deng Zi No. 0993148047 Document issued by The Taipei County Government on Aug. 13, 2010
- Note 13. Bei Fu Jing Deng Zi No. 1005059538 issued by The New Taipei City Government on Sep. 26, 2011
- Note 14. Jing Shou Shang Zi No. 10101192660 Document issued by The Ministry of Economic Affairs on Sep. 17, 2012
- Note 15. Jing Shou Shang Zi No. 10201140690 Document issued by The Ministry of Economic Affairs on Jul. 17, 2013
- Note 16. Jing Shou Shang Zi No. 10301065980 Document issued by The Ministry of Economic Affairs on Apr. 16, 2014
- Note 17. Jing Shou Shang Zi No. 10401002010 Document issued by The Ministry of Economic Affairs on Jan. 21, 2015
- Note 18. Jing Shou Shang Zi No. 10401247880 Document issued by The Ministry of Economic Affairs on Nov. 30, 2015
- Note 19. Jing Shou Shang Zi No. 10501027780 Document issued by The Ministry of Economic Affairs on Feb. 15, 2016
- Note 20. Jing Shou Shang Zi No. 10501104050 Document issued by The Ministry of Economic Affairs on May 19, 2016
- Note 21. Jing Shou Shang Zi No. 10501193160 Document issued by The Ministry of Economic Affairs on Aug. 11, 2016
- Note 22. Jing Shou Shang Zi No. 10501209510 Document issued by The Ministry of Economic Affairs on Aug. 29, 2016
- Note 23. Jing Shou Shang Zi No. 10501266500 Document issued by The Ministry of Economic Affairs on Nov. 22, 2016
- Note 24. Jing Shou Shang Zi No. 10601014510 Document issued by The Ministry of Economic Affairs on Feb. 6, 2017
- Note 25. Jing Shou Shang Zi No. 10601069670 Document issued by The Ministry of Economic Affairs on May 31, 2017
- Note 26. Jing Shou Shang Zi No. 10601112420 Document issued by The Ministry of Economic Affairs on Aug. 7, 2017
- Note 27. Jing Shou Shang Zi No. 10601164100 Document issued by The Ministry of Economic Affairs on Dec. 7, 2017
- Note 28. Jing Shou Shang Zi No. 10701012860 Document issued by The Ministry of Economic Affairs on Feb. 1, 2018
- Note 29. Jing Shou Shang Zi No. 10701057310 Document issued by The Ministry of Economic Affairs on May 24, 2018
- Note 30. Jing Shou Shang Zi No. 10801036000 Document issued by The Ministry of Economic Affairs on Apr. 3, 2019

- Note 31. Jing Shou Shang Zi No. 10901180310 Document issued by The Ministry of Economic Affairs on Sep. 21, 2020
- Note 32. Jing Shou Shang Zi No. 10901223000 Document issued by The Ministry of Economic Affairs on Dec. 2, 2020
- Note 33. Jing Shou Shang Zi No. 11001029270 Document issued by The Ministry of Economic Affairs on Feb. 23, 2021
- Note 34. Jing Shou Shang Zi No. 11101001020 Document issued by The Ministry of Economic Affairs on Jan. 07, 2022
- Note 35. Jing Shou Shang Zi No. 11101007710 Document issued by The Ministry of Economic Affairs on Jan. 19, 2022
- Note 36. Jing Shou Shang Zi No. 11101084530 Document issued by The Ministry of Economic Affairs on May 25, 2022

(II) Type of Shares Issued:

April 1, 2023; Unit: shares

Type of shares	Authorized capital			Remarks
	Outstanding shares	Unissued shares	Total	
Common shares	108,765,088	141,234,912	250,000,000	Outstanding shares including 4,880,000 privately placed common shares

II. Shareholder Structure:

April 1, 2023; Unit: shares

Shareholder structure	Government agencies	Financial institutions	Other institutional shareholders	Foreign institutions & natural persons	Individuals	Treasury shares	Total
Quantity							
Number of persons	2	19	89	189	12,167	0	12,466
Number of shares held	723,000	11,015,533	41,294,129	21,744,536	33,987,890	0	108,765,088
Shareholding ratio	0.67%	10.12%	37.97%	19.99%	31.25%	0	100.00%

Note: The TWSE and TPEX listed companies shall disclose the percentage of investment from Mainland; the Mainland investment herein refers to the individuals, juristic persons, organizations, other institutions from Mainland and the companies they invest into a third area which are, in accordance with Article 3 of the Measures Governing Investment Permit to the People of Mainland Area, engaged in investment in Taiwan area.

III. Distribution of Shareholding:

April 1, 2023; Unit: shares

Range of shareholding	Number of shareholders	Number of shares held	Shareholding ratio
1-999	4,433	598,924	0.55%
1,000-5,000	6,730	11,537,770	10.61%
5,001-10,000	651	4,832,397	4.44%
10,001-15,000	207	2,538,815	2.33%
15,001-20,000	110	1,988,975	1.83%
20,001-30,000	90	2,157,294	1.98%
30,001-40,000	52	1,846,092	1.70%
40,001-50,000	36	1,668,372	1.53%
50,001-100,000	71	4,925,812	4.53%
100,001-200,000	36	5,033,822	4.63%
200,001-400,000	22	5,708,924	5.25%
400,001-600,000	9	4,535,179	4.17%
600,001-800,000	5	3,499,702	3.22%
800,001-1,000,000	7	6,187,904	5.69%
Over 1,000,001	7	51,705,106	47.54%
Total	12,466	108,765,088	100.00%

Preferred shares: None.

IV. List of Major Shareholders:

April 1, 2023; Unit: shares

Name of major shareholders	Shares	Number of shares held	Shareholding ratio
Bon Shin International Investment Co., Ltd.		33,178,779	30.51%
Fubon Life Insurance Co., Ltd.		6,062,000	5.57%
Dedicated investment account of Google Inc. kept by Citibank Taiwan on an entrusted basis		4,880,000	4.49%
TransGlobe Life Insurance Inc.		3,335,168	3.07%
Hyield Venture Capital Co., Ltd.		2,063,433	1.90%
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. managed by HSBC (Taiwan) Commercial Bank Co., Ltd. on a trust basis- third-party SBL trading and investment account on a proprietary platform for securities traders		1,159,000	1.07%
Fu-Chuan Chu		1,026,726	0.94%
Mizuho Securities managed by Standard Chartered on a trust basis		971,506	0.89%
SinoPac Securities		955,587	0.88%
Taishinlife stock investment account authorized by Taishin Securities Investment Trust		900,000	0.83%

V. Market Price, Net Value and Earnings Per Share, Dividends and Related Information in the Most Recent Two Years:

Unit: NT\$; thousand shares

Item		Year	2021	2022	By March 31, 2023
Market price per share	The maximum		284.50	276	277.50
	The minimum		176.00	179	203.50
	Average		221.50	207.94	234.64
Net value per share	Before distribution		106.12	146.50	Note 2
	After distribution		98.83		
Earnings per share	Weighted average shares		95,990	105,903	
	Earnings per share		13.91	32.60	
Earnings Per Share (EPS) (DPS)	Cash dividends		7.00	15.00	
	Stock Grants	Dividends from earnings	0	0	
		Dividends from capital surplus	0	0	
	Accumulated undistributed dividends		0	0	
Return Analysis	Price/earning ratio		15.92	6.38	
	Price/dividend ratio		31.64	13.86	
	Cash dividend yield rate		3.16%	7.21%	

Note 1. Distribution of earnings for 2022 has been approved by the Board of Directors but not approved by the Shareholders' Meeting yet.

Note 2. Disclosure of relevant financial information is not required.

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

(I) The Company's Dividend Policy

Article 20 of the Company's Articles of Incorporation:

If the Company has profits in a year, it shall withdraw no less than 2% of the profits as employee compensation, which shall be issued in the form of shares or in cash by the resolution of the Board of Directors, and the issuance objects include the employees of the companies subordinated to the Company who meet certain conditions, and the Board of Directors is authorized to formulate relevant rules; The Company may withdraw no more than 2% of the said profits as directors' compensation as resolved by the Board of Directors. Employee compensation and directors' remuneration distribution proposal shall be submitted and reported to Shareholders' Meeting.

However, in case of any accumulated losses to the Company, it shall reserve certain amount for recovery of the losses, and then allocate employee compensation and directors' compensation according to the said ratio.

Article 20-1 of the Company's Articles of Incorporation:

If there are current net profits after tax specified in the Company's annual final accounts, they shall be distributed in the following order:

- (1) Recovery of losses.
- (2) 10% of such profits shall be withdrawn as statutory surplus reserve in accordance with laws, but if accumulated statutory surplus reserve reaches the Company's total capital, this provision shall not apply.
- (3) Others profits shall be withdrawn or reversed as special surplus reserve in accordance with laws and regulations.
- (4) After the amounts specified in the above-mentioned (I) to (III) are deducted from the "current net profits" set forth in the final accounts, the Board of Directors shall make a specific distribution plan for distributable earnings regarding the accumulated opening undistributed earnings and adjustment to current undistributed earnings, and submit it to the Shareholders' Meeting for resolution and distribution.

The Company authorizes the Board of Directors to approve the distribution of dividends and bonuses or the legal reserve and capital surplus stipulated in Paragraph 1, Article 241 of the Company Act, in whole or in part, in the form of cash with the consent of majority of attending directors which

represents more than two-third of all directors pursuant to Paragraph 5, Article 240 of the Company Act and report to the shareholders' meeting.

The Company is in a growth stage at present, and distribution plan shall be made by its Board of Directors for distribution of earnings based on development and expansion of its business in the future by considering the Company's future demands for capital expenditures, budgets and funds, and such distribution may be conducted after it is resolved by Shareholders' Meeting. However, in terms of distribution of dividends, no less than 10% of the dividends to be distributed in the then current year shall be distributed in cash.

In terms of the dividend distribution of the Company, it shall be not less than 40% of the accumulated earnings available for distribution in principle.

(II) The dividend distribution proposed at this Shareholders' Meeting

The 2022 earnings distribution proposal was approved by the Company's Board of Directors on March 30, 2023 (not yet resolved by the Shareholders' Meeting)

- (1) Cash dividends distributed from earnings: 15.00 (NT\$/share).
- (2) Cash dividends distributed from earnings: 0 (NT\$/share).
- (3) Cash distributed from statutory surplus reserve and capital reserve: 0 (NT\$/share).
- (4) The total amount of cash (dividends) distributed to shareholders: NT\$1,604,719,725.
- (5) The total amount of stock (dividends) distributed to shareholders: NT\$0.

(III) If it is expected that there will be material changes in the dividend policy, it shall be explained:

As of the publication date of the Annual Report, the Company has no plans to change its dividend policy.

VII. Effect on the Company's Business Performance and Earnings per Share of any Stock Dividend Distribution Proposed or Adopted at This Shareholders' Meeting:N/A.

VIII. Employee Bonus and Director Compensation:

- (I) The percentages or ranges with respect to an employee, director, and supervisor compensation, as set forth in the Company's Articles of Incorporation: Please refer to VI-(I) for details.
- (II) The basis for estimating the amount of employee and director

compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

- (1) The basis for estimating the amount of compensation to employees and directors in the current period: Please refer to the said VI-(I) Description about Dividend Policy.
- (2) The basis for calculating the number of shares of employees' compensation distributed by stocks in the current period: None.
- (3) Accounting treatment in case of any discrepancy between the actual amount of distribution and the estimated figures: It shall be deemed as changes in accounting estimation, and recorded into the profits and losses of the actual distribution year.

(III) Information on distribution of compensation approved by the Board of Directors:

- (1) The amount of compensation distributed for employees and directors in cash or stock. If there is any discrepancy between that recognized expenses and the estimated figure for the fiscal year, the discrepancy, cause, and the status of treatment shall be disclosed:

The Company's 2022 compensation to employees and directors was resolved by the Board of Directors on Mar. 30, 2023. The Company's cash compensation distributed to employees in 2022 totaled NT\$89,000,000, accounting for 2.58% of the 2022 final accounts profit; the compensation to directors totaled NT\$2,850,000, accounting for 0.08% of the 2022 final accounts profit. The estimated cash employee compensation was NT\$89,000,000, and director compensation was NT\$2,850,000 in 2022, which were respectively estimated at the pre-tax profits as stated in VI-(I) Dividend Policy and there is no discrepancy from the annual estimated amount.

- (2) Ratio of the amount of employee compensation distributed by stocks in the sum of net profits after tax of current period and total employee compensation: The Company distributed cash dividends to employees and did not distribute employees compensation by stocks, in 2022.
- (IV) The actual distribution of employee and director compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee and director compensation, the discrepancy,**

cause, and the status of treatment shall be disclosed:

In the Company's 2021 earnings distribution, the compensation distribution for employees and directors is as follows

Unit: NT\$

2021	Amount recognized in the Financial Statements	Actual distribution amount approved by the Board of Directors	Difference	Cause for difference
Employee compensation	36,000,000	36,000,000	0	None
Director compensation	3,060,000	3,060,000	0	
Total	39,060,000	39,060,000	0	

IX. The Company's Shares Brought Back by the Company (Executed and Completed):

Purpose of buyback	Shares transferred to employees
Period of buyback	2017/03/30--2017/05/08
Range of buyback price	NT\$388 to 500
Type and number of bought-back shares	1,000,000 common shares
Amount of bought-back shares	NT\$356,652,934
The ratio of bought-back shares in the shares planned to be bought back (%)	66.67%
Number of shares canceled and transferred	1,000,000 shares
Cumulative number of the Company's shares held	0 shares (The Company completed capital reduction due to cancellation of treasury stocks in May 2022)
The ratio of the cumulative number of the Company's shares held in the total number of shares issued (%)	0%

X. Issuance of Corporate Bonds:

(I) Domestic and overseas corporate bonds:

Type of corporate bonds	The third domestic unsecured convertible corporate bonds	The fourth domestic unsecured convertible corporate bonds	The first domestic privately-placed unsecured convertible corporate bonds
Issuance Date	February 26, 2019	November 16, 2021	September 2, 2021
Par Value	NT\$100,000 each	NT\$100,000 each	NT\$100,000 each
Issuance and trading place	Taipei Exchange	Taipei Exchange	N/A
Issuance price	Issued at 100.2% of par value	Issued by 100.2% of par value	Issued at par value in full
Total	NT\$6 billion	NT\$1.005 billion	NT\$1.5 billion
Interest rate	Coupon rate 0%	Coupon rate 0%	Coupon rate 0%
Term	The issuance period is five years, they were issued on February 26, 2019, and will be matured on February 26, 2024.	The issuance period is five years, they were issued on November 16, 2021, and will be matured on November 16, 2026	The issuance period is five years, they were issued on September 2, 2021, and will be matured on September 2, 2026
Guarantor institution	N/A	N/A	N/A
Trustee	Bank SinoPac Co., Ltd.	Bank SinoPac Co., Ltd.	None
Underwriter	Yuanta Securities Co., Ltd.	IBF Securities Co., Ltd.	None
Certified attorney	Ya-Wen Chiu from Handsome Attorneys-at-law	Ya-Wen Chiu from Handsome Attorneys-at-law	None
CPA	Deloitte & Touche Deloitte & Touche CPA Shui-En Liu and Ching-Chen Yang	Deloitte & Touche Shui-En Liu, Ching-Ting Yang	None
Repayment method	The Company will make repayment by lump sum in cash for the bonds held by the bonds holders based on the denomination upon maturity of such bonds, unless the convertible corporate bonds are converted into the Company's common shares by their	The Company will make repayment by lump sum in cash for the bonds held by the bonds holders based on the denomination upon maturity of such bonds, unless the convertible corporate bonds are converted into the Company's common shares by their	The Company will make repayment by lump sum in cash for the bonds held by the bonds holders based on the denomination upon maturity of such bonds, unless the convertible corporate bonds are converted into the Company's common shares by their

Type of corporate bonds	The third domestic unsecured convertible corporate bonds	The fourth domestic unsecured convertible corporate bonds	The first domestic privately-placed unsecured convertible corporate bonds
	holders according to Article 10 of these Rules, or redeemed by the Company ahead of schedule according to Article 17 of these rules, or bought back from the business place of securities firm and canceled, or their holders exercise their rights to sell them back according to Article 18.	holders according to Article 10 of these Rules, or redeemed by the Company ahead of schedule according to Article 17 of these rules, or bought back from the business place of securities firm and canceled, or their holders exercise their rights to sell them back according to Article 18.	holders according to Article 10 of these Rules, or redeemed by the Company ahead of schedule according to Article 17 of these rules, or bought back from the business place of securities firm and canceled, or their holders exercise their rights to sell them back according to Article 18.
Outstanding amount	NT\$5,150,800,000	NT\$902,500,000	NT\$1,500,000,000
Terms for redemption or early repayment	1. If, during the period from the date (May 27, 2019) immediately after it reaches three months from the issuance date of the bonds to the fortieth day (January 17, 2024) before expiration of their issuance period, the closing price of the Company's ordinary shares at TWSE exceeds more than 30% (inclusive) of the then current conversion price of the convertible corporate bonds for consecutive 30 business days, the Company may, within 30 business days thereafter, send a "Bonds Redemption Notice" with a 30-day maturity period (the said period shall be calculated from the date when the Company sends the Notice, and the expiration date of such period shall be the base date for redemption of the bonds, and the said period shall not be the stopped	1. If, during the period from the date (February 17, 2022) immediately after it reaches three months since the convertible corporate bonds have been issued to the fortieth day (October 7, 2026) before the issuance period expires, the closing price of the Company's common shares at the business place of securities firm exceeds more than 30% (inclusive) of the then current conversion price for consecutive 30 days, the Company shall, within 30 business days thereafter, send a "Bonds Redemption Notice" with a 30-day maturity period (the said period shall be calculated from the date when the Company sends the Notice, and the expiration date of such period shall be the base date for redemption of the bonds, and the said	1. If, during the period from the date (September 3, 2024) immediately after it reaches three years from the issuance date of the privately-placed convertible corporate bonds to the fortieth day (July 24, 2026) before expiration of their issuance period, the closing price of the Company's ordinary shares exceeds more than 30% (inclusive) of the then current conversion price for consecutive 30 business days, the Company may, within 30 business days thereafter, send a "Bonds Redemption Notice" with a 30-day maturity period (the said period shall be calculated from the date when the Company sends the Notice, and the expiration date of such period shall be the base date for redemption of the bonds, and the said period shall not be the stopped conversion period specified

Type of corporate bonds	The third domestic unsecured convertible corporate bonds	The fourth domestic unsecured convertible corporate bonds	The first domestic privately-placed unsecured convertible corporate bonds
	<p>conversion period specified in Article 9 of these Rules) to bonds holders (who shall subject to those specified in the Register of Bonds-holders on the fifth business day before the Notice is sent. The investors who acquire the Company’s convertible corporate bonds thereafter due to trading or other reason will be announced) by registered mail, and shall make request to TPEX for announcing exercise of redemption right by the Company, and shall redeem the convertible corporate bonds held by the bonds holders, in cash, at the par value of the bonds, within five business days after the base date for redemption of the bonds.</p> <p>2. If, during the period from the date (May 27, 2019) immediately after it reaches three months from the issuance date of the bonds to the fortieth day (January 17, 2024) before expiration of their issuance period, the remaining amount of the outstanding convertible corporate bonds is less than 10% of the originally issued total amount, the Company may, at any time thereafter, send a "Bonds Redemption Notice" with a 30-day maturity period (the said period shall be</p>	<p>period shall not be the stopped conversion period specified in Article 9 of these Rules) to bonds holders (who shall subject to those specified in the Register of Bonds-holders on the fifth business day before the “Bonds Redemption Notice” is sent. The investors who acquire the Company’s convertible corporate bonds thereafter due to trading or other reason will be announced) by registered mail, and shall make request to TPEX for announcing exercise of redemption right by the Company. For execution of the redemption request, the Company shall redeem its all outstanding convertible corporate bonds in cash at the par value of the bonds within five business days after the base date for redemption of the bonds.</p> <p>2. If, during the period from the date (February 17, 2022) immediately after it reaches three months from the issuance date of the convertible corporate bonds to the fortieth day (October 7, 2026) before expiration of their issuance period, the remaining amount of the outstanding convertible corporate bonds is less than 10% of the originally issued</p>	<p>in Article 9 of these Rules) to bonds holders by registered mail, and shall redeem all the outstanding privately-placed convertible corporate bonds in cash at the par value of the bonds within five business days after the base date for redemption of the bonds.</p> <p>2. If, during the period from the date (September 3, 2024) immediately after it reaches three years from the issuance date of the privately-placed convertible corporate bonds to the fortieth day (July 24, 2026) before expiration of their issuance period, the remaining amount of the outstanding privately-placed convertible corporate bonds is less than 10% of the originally issued total amount, the Company may, at any time thereafter, send a "Bonds Redemption Notice" with a 30-day maturity period (the said period shall be calculated from the date when the Company sends the Notice, and the expiration date of such period shall be the base date for redemption of the bonds, and the said period shall not be the stopped conversion period specified in Article 9 of these Rules) to bonds holders by registered mail, and shall redeem all the</p>

Type of corporate bonds	The third domestic unsecured convertible corporate bonds	The fourth domestic unsecured convertible corporate bonds	The first domestic privately-placed unsecured convertible corporate bonds
	<p>calculated from the date when the Company sends the Notice, and the expiration date of such period shall be the base date for redemption of the bonds, and the said period shall not be the stopped conversion period specified in Article 9 of these Rules) to bonds holders (who shall subject to those specified in the Register of Bonds-holders on the fifth business day before the "Bonds Redemption Notice" is sent. The investors who acquire the Company's convertible corporate bonds thereafter due to trading or other reason will be announced) by registered mail, and shall make request to TPEX for announcement, and shall redeem the convertible corporate bonds held by the bonds holders, in cash, at the par value of the bonds, within five business days after the base date for redemption of the bonds.</p> <p>3. If any bonds holder fails to respond to the Company's stock affairs agency in writing before the base date specified in the Bond Redemption Notice, the Company will redeem the convertible corporate bonds held by the bonds holder, in cash, at the par value, within</p>	<p>total amount, the Company may, at any time thereafter, send a "Bonds Redemption Notice" with a 30-day maturity period (the said period shall be calculated from the date when the Company sends the Notice, and the expiration date of such period shall be the base date for redemption of the bonds, and the said period shall not be the stopped conversion period specified in Article 9 of these Rules) to bonds holders (who shall subject to those specified in the Register of Bonds-holders on the fifth business day before the "Bonds Redemption Notice" is sent. The investors who acquire the Company's convertible corporate bonds thereafter due to trading or other reason will be announced) by registered mail, and shall make request to TPEX for announcing exercise of redemption right by the Company, and shall redeem the Company's all outstanding convertible corporate bonds in cash at the par value of the bonds within five business days after the base date for redemption of the bonds.</p> <p>3. If any bonds holder fails to respond to the Company's stock affairs agency in</p>	<p>outstanding privately-placed convertible corporate bonds in cash at the par value of the bonds within five business days after the base date for redemption of the bonds.</p> <p>3. If any bonds holder fails to respond to the Company's stock affairs agency in writing before the based date for redemption of bonds specified in the Bond Redemption Notice (which shall become effective immediately upon service, and shall subject the date specified in postmark if it is sent by mail), the Company will redeem all the outstanding privately placed convertible corporate bonds in cash at the par value within five business days after the base date for redemption of the bonds.</p>

Type of corporate bonds	The third domestic unsecured convertible corporate bonds	The fourth domestic unsecured convertible corporate bonds	The first domestic privately-placed unsecured convertible corporate bonds
	five business days after the base date for redemption of the bonds	writing before the based date for redemption of bonds specified in the Bond Redemption Notice (which shall become effective immediately upon service, and shall subject the date specified in postmark if it is sent by mail), the Company will redeem all the outstanding convertible corporate bonds in cash at the par value within five business days after the base date for redemption of the bonds. 4. If the Company executes redemption request, the deadline for bonds holders to request for conversion shall be the second business day after the date when the over-the-counter trading of the convertible corporate bonds is terminated.	
Restrictions	None	None	None
Name of credit rating institution, date of rating, and rating grade of corporate bonds	N/A	N/A	N/A
Other Rights Amount of converted (exchanged or subscribed) ordinary	As of March 31, 2023, 8,492 bonds have been converted with the par value of NT\$100,000 each bond, including the amount of NT\$849,200,000 converted from the bonds and 3,672,898 common shares	As of March 31, 2023, 975 bonds have been converted with the par value of NT\$100,000 each bond, including the amount of NT\$97,500,000 converted from the bonds and 460,770 common shares converted	As of March 31, 2023, 0 bonds have been converted with the par value of NT\$100,000 each bond, including the amount of NT\$0 converted from the bonds and 0 common shares converted from the

Type of corporate bonds	The third domestic unsecured convertible corporate bonds	The fourth domestic unsecured convertible corporate bonds	The first domestic privately-placed unsecured convertible corporate bonds
shares, global depositary receipts, or other securities as of the publication date of this Annual Report	converted from the bonds accumulatively.	from the bonds accumulatively.	bonds accumulatively.
Rules for issuance and conversion (exchange or subscription)	Refer to Appendix II below	Refer to Appendix III below	Refer to Appendix IV below
Possible dilution of equity and effect on existing shareholders' equity	If the remaining convertible corporate bonds are entirely converted into ordinary shares based on the current conversion price, the Company must issue 24,114,232 common shares, the dilution ratio of the shareholders' equity is approximately 18.15%, 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 4,265,122 common shares, the dilution ratio of the shareholders' equity is approximately 3.77%, 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 7,295,719 common shares, the dilution ratio of the shareholders' equity is approximately 6.29% so its dilution effect on the original shareholders' equity is still limited.
Name of the custodian of the exchange objects	N/A	N/A	N/A

(II) Those who have issued convertible corporate bonds that can be converted into ordinary shares, global depositary receipts, or other securities should be listed in the following table:

Type of corporate bonds		The third domestic unsecured convertible corporate bonds			The fourth domestic unsecured convertible corporate bonds			The first domestic privately-placed unsecured convertible corporate bonds		
Year		2021	2022	As of March 31, 2023	2021	2022	As of March 31, 2023	2020	2021	As of March 31, 2022
Market price of convertible corporate bonds (NT\$)	The maximum	120.00	127.45	122.10	124.40	132.00	123.70	N/A		
	The minimum	104.10	103.80	108.35	110.55	106.95	109.95			
	Average	112.28	110.43	112.04	120.50	115.89	113.55			
Conversion price		221.2	213.6	213.6	219.1	211.6	211.6			
Issuance date and conversion price at the time of issuance		Issued on February 26, 2019, the conversion price during the period of issuance was NT\$272.8.			They were issued on November 16, 2021, and the conversion price at the issuance time was NT\$221.1.			They were issued on September 12, 2021, and the conversion price at the issuance time was NT\$220.7.		
Method for performing conversion obligations		Issuance of new shares			Issuance of new shares			Issuance of new shares		

- XI. Issuance of Preferred Shares: None.**
- XII. Participation in Issuance of Global Depository Receipts: None.**
- XIII. Issuance of Employee Warrants: None**
- XIV. Name of Managerial Officer Holding Employee Warrants and Top Ten Employees in terms of Subscription of Warrants, and the Obtaining Status As of the Publication Date of this Annual Report: None.**
- XV. Issuance of New Shares with Restricted Employee's Rights: None.**
- XVI. Name of Managerial Officer Holding the New Shares with Restricted Employee's Rights and Top Ten Employees in terms of Subscription of Such New Share, and the Acquisition Status As of the Publication Date of this Annual Report: None.**
- XVII. Issuance of New Shares due to Acquisition or Acceptance of Transfer of Shares in Other Company: None.**
- XVIII. Implementation of Fund Usage Plan:**

- (I) Issuance of the third domestic unsecured convertible corporate bonds in February 2019:

The Company's third domestic unsecured convertible corporate bonds were completed in February 2019, and the funds raised were NT\$6,012,000 thousand. As of the first quarter of 2019, the funds were used to repay principal and interest compensation derived from the exercise of sell-back rights by the holders of the first overseas unsecured convertible corporate bonds, which was completed as planned. As the bonds holders of the first overseas unsecured convertible corporate bonds did not fully exercise the sell-back right, the Company's repayment of the principal and interest where the bonds holders exercised sell-back rights were reduced. After deducting the repayment of the principal and interest generated from exercising the sell-back right by the holders of the second domestic unsecured convertible corporate bonds holders in the second quarter of 2019, a revised fund utilization plan had been approved by the Board of Directors on May 13, 2019, and use the remaining funds to repay the bank loan to improve the

financial structure and save the interest expense.

(II) Issuance of the fourth domestic unsecured convertible corporate bonds in November 2021:

Issuance of the Company's fourth domestic unsecured convertible corporate bonds has been completed in November 2021, and NT\$1,005,000 thousand has been raised from such issuance, and such amount has been used in full for repayment of bank loan in the 4th quarter of 2021 as planned, which can save interest expenses and reduce the Company's dependence on financial institutions to improve the Company's financial structure and debt solvency.

(III) Issuance of the first domestic privately-placed unsecured convertible corporate bonds issued in September 2021:

Issuance of the Company's first domestic privately-placed unsecured convertible corporate bonds has been completed in September 2021, and NT\$1,500,000 thousand has been raised from such issuance, and such amount has been used in full for making increase in working capital in the 4th quarter of 2021 as planned to improve the Company's financial structure and debt solvency.

(IV) Issuance of common shares for cash capital increase in December 2021:

Issuance of the Company's common shares for cash capital increase in 2021 has been completed in December 2021, and NT\$975,000 thousand has been raised from such issuance, and such amount has been used in full for repayment of bank loan and making increase in working capital in the 1st quarter of 2022 as planned, including NT\$715,000 thousand used for repayment of bank loan and NT\$260,000 thousand used for making increase in working capital, which can save interest expenses and reduce the Company's dependence on financial institutions to improve the Company's financial structure and debt solvency.

(V) Issuance of privately-placed common shares for cash capital increase in January 2022:

Issuance of the Company's privately-placed common shares for cash capital increase in 2022 has been completed in January 2022, and NT\$1,107,369,600 has been raised from such issuance, and such amount has been used in full for repayment for the Company's first overseas unsecured convertible corporate bonds in the 1st quarter of 2022 as planned to improve the Company's financial structure and debt solvency.

Appendix 1

Ennoconn Corporation

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

I. Name of Bonds

The third domestic unsecured convertible corporate bonds (hereinafter referred to as “the convertible corporate bonds”) of Ennoconn Corporation (hereinafter referred to as “the Company”).

II. Issuance Date

February 26, 2019 (hereinafter referred to as the “issuance date”).

III. Total Issue Amount and Par Value

The par value of each bond is NT\$100,000, and 60,000 bonds were issued in total, and total issued par value was NT\$6,000,000 thousand only, and the bonds were issued at 100.2% of the par value.

IV. Issuance Period

The issuance period is five years, and they were issued on February 26, 2019, and will be matured on February 26, 2024 (hereinafter referred to as the “maturity date”).

V. Coupon Rate of the Bonds

The coupon rate per annum is 0%.

VI. Date and Methods of Repayment

Except for the conversion of the convertible corporate bonds by the bonds holders into the Company’s common shares under Article 10 of the regulations, or the exercise of the sellback right by the bonds holders under Article 18, or the early redemption by the Company under Article 17 of the regulations, or the repurchase and cancellation of the bonds at brokerage firms, the Company shall repay the bonds held by the bonds holders in cash in a lump sum upon the maturity of the bonds at the par value of the bonds.

VII. Guarantee Status

The convertible corporate bonds are unsecured bonds. However, after the issuance, if the Company issues or privately offers other secured corporate bonds with equity warrants or secured convertible corporate bonds, the convertible corporate

bonds shall also be set at the creditor's rights of the same grade or security property rights of the same order as the secured corporate bonds with equity warrants or secured convertible corporate bonds.

VIII. Conversion Objects

For the Company's common shares, the Company will perform the conversion obligation by issuing new shares, and the new shares will be delivered by book-entry and shall not be printed physically.

IX. Conversion Period

The bonds holders may, from the day after three months (May 27, 2019) of the issuance date of the convertible corporate bonds to the maturity date (February 26, 2024), except for (I) the period in which transfer of common shares is suspended by-laws, (II) the period from the fifteen business days before the suspension date of the ownership transfer of the Company's stock dividends, cash dividends, or cash capital increase subscription to the base date of the right distribution, or (III) from the base date of the capital decrease to the day before the start of the trading day of the capital decrease in exchange for stocks, file a request to the Company's stock affairs agency through original trading brokerage firms, while informing the Taiwan Depository & Clearing Corporation (hereinafter referred to as "TDCC"), to convert the convertible corporate bonds held into the Company's common shares under the provisions of Articles 10, 11, 13, and 15 of the regulations.

X. Procedures for Requesting a Conversion

- (I) Bonds holders shall conduct conversion via book-entry operations through TDCC.

A bonds holder shall fill in the "application form for conversion/redemption/repurchase of convertible corporate bonds via book-entry operations" (indicating conversion) at the original trading brokerage firm with the passbook in which the bonds are listed, and the trading brokerage firm shall submit the application to TDCC. After accepting the application, TDCC will send the form to the Company's stock affairs agency, and the conversion takes effect upon delivery to the Company's stock affairs agency. It is valid and cannot be revoked, and the conversion procedures shall be completed by the Company's stock affairs agency within five business days after delivery. Then the Company's common shares shall be directly transferred to the bonds holder's TDCC account.

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

XI. Conversion Price and Its Adjustment

(I) Method for determination of conversion price

With February 18, 2019, as the base date of determining the conversion price, the benchmark price shall be the simple arithmetic average of the closing price of the Company's common shares on the business day (excluding) before the base date, the three business days before, and the five business days before. Then multiply the benchmark price by the conversion premium rate of 110%, which is the basis for calculating the conversion price (rounding the number to NT dollar one decimal point) of the convertible corporate bonds. Where there is an event of ex-rights or ex-dividend before the base date of determining the conversion price, the closing price at which the conversion price is calculated after sampling shall be set as the price after ex-rights or ex-dividend. In the case of ex-rights or ex-dividend, the conversion price shall be adjusted according to the conversion price adjustment formula from the date of determination to the actual issuance date. According to the method above, the conversion price of the convertible corporate bonds is set at NT\$272.8 per share.

(II) Adjustment to conversion price

1. After the issuance of the convertible corporate bonds, except for various securities issued by the Company or private placement with common shares conversion rights or stock options in exchange for common shares, or the issuance of new shares due to employee compensation, In the event of an increase in the Company's issued or privately placed common shares, (including but not limited to cash capital increase through public offering or private placement, capital increase from earnings, capital increase from capital reserve, the issuance of new shares in connection with a company merger or the acquisition of any other companies', stock split, cash capital increase to participate in the issuance of overseas depositary receipts, etc.), the Company shall adjust the conversion price (rounding the number to NT dollar one decimal point; the numbers above one decimal point will not be adjusted) of the convertible corporate bonds according to the following formula, and send an official letter to the Taipei Exchange of R.O.C. (hereinafter

referred to as “TPEX”) to make a public announcement. It will be adjusted on the base date of the ex-rights for issuance of new shares (Note 1) (if there is an actual payment operation, it will be adjusted on the full payment day).

$$\text{Conversion price after adjustment} = \frac{\text{Conversion price before adjustment} \times \left(\frac{\text{Number of issued shares (Note 2) + \text{Payment per share (Note 3) x number of newly issued or privately offered shares}}{\text{Real-time price per share (Note 4)}} \right)}{\text{Number of issued shares + number of newly issued or privately offered shares}}$$

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 a capital increase through mergers or acquisitions, it shall be adjusted on the record ate of mergers or acquisitions; in the case of a capital increase through book building 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 payment are collected; in the case of cash capital increase through private placement, it shall be adjusted upon the delivery of privately offered securities. Where the issue price of new shares is changed after the base date of the ex-rights for the cash capital increase through the issuance of new shares, it shall be re-adjusted according to the updated issue price of 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 TPEX for making a public announcement for such an adjustment.

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

Note 3: If the payment per share is stock dividends or stock split, the amount of payment is zero. In the issuance of new shares to

increase capital in connection with a merger, the payment per share is the net value per share multiplied by the share swap ratio based on the dissolved company's most recent financial statements certified or verified by the CPA before the base date of mergers. In the issuance of new shares through acquisitions of shares of other companies, the payment per share is the net value per share multiplied by the share swap ratio based on the acquired company's 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 average of the closing prices of the Company's common shares on the business day one day, three days, and five days, respectively, before the base date of ex-rights, price determination, stock split, or private placement of securities.

2. After the issuance of the convertible corporate bonds, where the Company publicly re-offers and re-issues or privately offers various securities with common shares 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 (rounding the number to NT dollar one decimal point; the numbers above one decimal point will not be adjusted) of the convertible corporate bonds according to the formula below. An official letter shall be sent to TPEx for making a 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 securities:

$$\begin{array}{r}
 \text{Conversion price after adjustment} = \text{Conversion price before adjustment} \times \frac{\text{Number of issued shares (Note 2)} + \frac{\text{The conversion or subscription price of newly issued or privately offered securities} \times \text{Number of newly issued or privately placed securities, or number of shares that can be converted or subscribed by stocks options}}{\text{Real-time price per share (Note 1)}}}{\text{Number of issued shares} + \text{number of newly issued or privately placed securities or stocks options that can be converted or subscribed for}}
 \end{array}$$

- Note 1: The real-time price per share is calculated based on the simple arithmetic average of the closing prices of the Company's common shares one, three, and five business days before the base date of price determination of public re-offering and re-issuance or private placement of various securities with common shares conversion rights or stock options or the date of delivery of privately offered securities. If there is an event of ex-rights or ex-dividend before the base date of determining the conversion price, the closing price at which the conversion price is calculated after sampling shall be set as the price after ex-rights or ex-dividend.
- Note 2: The number of issued shares shall include the number of issued shares through public offering and private placement, minus the number of treasury shares that have been repurchased by the Company but have not been canceled or transferred. Where the re-issuance or private placement of various securities with common shares 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 securities.
3. If the number of common shares is reduced due to the capital decrease conducted through means other than the Company's cancellation of treasury shares after the issuance of the convertible corporate bonds, the conversion price (rounding the number to NT dollar one decimal point) shall be calculated based on the formula below and adjusted on the base date of capital decrease, while an official letter shall be sent to TPEX for making a public announcement for such an adjustment.

(1) In case of recovery of losses by capital decrease

$$\text{Conversion price after adjustment} = \frac{\text{Conversion price before adjustment} \times \left(\frac{\text{Conversion price before adjustment number of common shares issued before capital decrease (Note)}}{\text{Number of issued ordinary shares after capital reduction}} \right)}{\text{Number of issued ordinary shares after capital reduction}}$$

(2) In case of capital decrease in cash:

$$\text{Conversion price after adjustment} = \frac{(\text{conversion price before adjustment} - \text{cash refund per share}) \times \left(\frac{\text{Conversion price before adjustment number of common shares issued before capital decrease (Note)}}{\text{Number of issued ordinary shares after capital reduction}} \right)}{\text{Number of issued ordinary shares after capital reduction}}$$

Note: The number of issued common shares shall include the number of issued common shares and private placement and minus the number of treasury shares that have been repurchased by the Company but not canceled or transferred.

(III) Adjustment to conversion price at ex-dividends

After the issuance of the convertible corporate bonds, if the ratio of the cash dividends of the Company's common shares to the real-time price per share exceeds 1.5%, the conversion price (rounding the result to one NT\$ number immediately after decimal point; the figure before the number immediately after decimal point will not be adjusted) shall be reduced on the base date of ex-dividends at the ratio of the real-time price per share. An official letter shall be sent to TPEx for making a 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 (exclusive) of ex-dividends. The adjustment formula is as follows:

Conversion price after reduction = $\frac{\text{the conversion price before reduction} \times (1 - \text{the ratio of cash dividends of common shares issued to the real-time price per share})}{1}$

Note: The real-time price per share is calculated based on the simple arithmetic average of the closing prices of the common shares one, three, and five business days before the date of the ex-dividend announcement and the suspension of the transfer of cash dividends.

XII. Listing and Termination of Listing of the Company's convertible corporate bonds

The convertible corporate bonds shall apply to TPEX for listing and trading before the date of issuance, and the listing shall be terminated when the total number is converted into common shares or when all the shares are repurchased or repaid by the Company. The matters above are announced by the Company with the approval of TPEX.

XIII. Listing of New Shares after Conversion

Where the convertible corporate bonds are converted into the Company's common shares, the converted common shares are listed and traded on the TWSE upon the date of delivery. The matters above are announced by the Company with the approval of the TWSE. The Company's common shares are issued via non-physical form, and the converted common shares will be listed and traded on the TWSE in the non-physical form from the date of delivery.

XIV. Registration of Changes in Share Capital

The Company shall publicly announce the number of common shares converted from the convertible corporate bonds in the last quarter within fifteen days after the end of each quarter. The Company shall also apply to the competent authority of company registration to register changes in the capital at least once every quarter.

XV. Handling of the Insufficient Amount for One Share upon Conversion

When converting into the Company's common 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 NT dollar integer).

XVI. Rights and Obligations after Conversion

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

XVII. The Company's Early Redemption Right to the Convertible Corporate Bonds

- (I) If, during the period from the date (May 27, 2019) immediately after it reaches three months from the issuance date of the convertible corporate bonds to the fortieth day (January 17, 2024) before expiration of their issuance period, the closing price of the Company's common shares at TWSE exceeds more than 30% (inclusive) of the then current conversion price of the convertible corporate bonds for consecutive 30 business days, the Company may, within 30 business days thereafter, send a "Bonds Redemption Notice" with a 30-day maturity period (the said period shall be calculated from the date when the Company sends the Notice, and the expiration date of such period shall be the base date for redemption of the bonds, and the said period shall not be the stopped conversion period specified in Article 9 of these Rules) to bonds holders (who shall subject to those specified in the Register of Bonds-holders on the fifth business day before the Notice is sent. The investors who acquire the Company's convertible corporate bonds thereafter due to trading or other reason will be announced) by registered mail, and shall make request to TPEX for announcement, and shall redeem the convertible corporate bonds held by the bonds holders, in cash, at the par value of the bonds, within five business days after the base date for redemption of the bonds.
- (II) If, during the period from the date (May 27, 2019) immediately after it reaches three months from the issuance date of the convertible corporate bonds to the fortieth day (January 17, 2024) before expiration of their issuance period, the remaining amount of the outstanding convertible corporate bonds is less than 10% of the originally issued total amount, the Company may, at any time thereafter, send a "Bonds Redemption Notice" with a 30-day maturity period (the said period shall be calculated from the date when the Company sends the Notice, and the expiration date of such period shall be the base date for redemption of the bonds, and the said period shall not be the stopped conversion period specified in Article 9 of these Rules) to bonds holders (who shall subject to those specified in the Register of Bonds-holders on the fifth business day before the "Bonds Redemption Notice" is sent. The investors who acquire the Company's convertible corporate bonds thereafter due to trading or other reason will be announced) by registered mail, and shall make request to TPEX for announcement, and shall redeem the convertible corporate bonds held by the bonds holders, in

cash, at the par value of the bonds, within five business days after the base date for redemption of the bonds.

- (III) If any bonds holder fails to respond to the Company's stock affairs agency in writing before the base date specified in the Bond Redemption Notice, the Company will redeem the convertible corporate bonds held by the bonds holder, in cash, at the par value, within five business days after the base date for redemption of the bonds.

XVIII. Bonds holder's Sell-back Right

The date (February 26, 2022) when the time period from the issuance date of the convertible corporate bonds reaches three years shall be the sell-back base date for the bonds holders to sell back these bonds in an early time, and they shall be sold back according to the following principles:

The Company shall send the Notice for Exercise of Bonds Holder's Sell-back Rights to bonds holders (who shall subject to those specified in the Register of Bonds-holder on the fifth business day before the Notice for Exercise of Bonds Holder's Sell-back Rights is sent. The bonds holders who acquire the convertible corporate bonds thereafter due to trading or other reason will be announced) by registered mail at least 30 days (January 27, 2022) before the sell-back base date of the convertible corporate bonds, and shall make request to TPEX for announcing exercise of sell-back right by the bonds holders, and the bonds holders shall notify the Company's stock affairs agency in writing within 30 days after the announcement (the notice shall become effective immediately upon service, and shall subject the date specified in postmark if it is sent by mail, and shall not be canceled; and the expiration date of the period shall be the sell-back base date) to require the Company to redeem the convertible corporate bonds held by them at the par value of the bonds plus interest compensation (interest compensation shall be 1.5075% of the par value of the bonds, with an annual return rate of 0.5%, if the bonds have been held for more than three years). After the Company accepts a sell-back request, it shall redeem the convertible corporate bonds in cash within five business days after the sell-back base date. The date above may be postponed to the next business day if the TWSE is closed on the date.

XIX. Vesting of Cash Dividends and Stock Dividends during the Conversion Year

(I) Cash dividends

1. Where a bonds holder of the convertible corporate bonds files a request for conversion between January 1 of the current year and fifteen business days (exclusive) before the Company suspends the transfer of ownership of cash dividends in the current year, the converted common shares may participate in the resolution of the annual Shareholders' Meeting in the current year regarding the cash dividend distribution for the previous year.
2. From fifteen business days (inclusive) before the Company suspends the transfer of ownership of cash dividends in the current year to the base date of ex-dividends (inclusive) for cash dividends, the convertible corporate bonds shall stop converting.
3. Where a bonds holder 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 bonds holder shall not participate in the resolution of the annual Shareholders' Meeting in the current year regarding the annual cash dividend distribution for the previous 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 bonds holder files a request for conversion during the period from January 1 of the current year and fifteen business days (exclusive) before the Company suspends the transfer of ownership of stock dividends in the current year, the bonds holder may participate in the resolution of the annual Shareholders' Meeting in the current year regarding the stock dividend distribution for the previous year.
2. From fifteen business days (inclusive) before the Company suspends 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 bonds holder 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 bonds holder shall not

participate in the resolution of the annual Shareholders' Meeting in the current year regarding the annual stock dividend distribution for the previous year but may participate in the annual Shareholders' Meeting in the following year regarding the stock dividend distribution for the current year.

- XX. All the convertible corporate bonds Recalled (including those Purchased at the Brokerage 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 common shares converted from such bonds are all registered, and their transfer, registration of changes, pledge or loss shall subject to the "Regulations Governing the Administration of Shareholder Services of Public Companies" and the Company Act, and taxation matters shall be dealt with under the tax regulations at that time.
- XXII. Bank SinoPac is the Creditors' Trustee 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 bonds holder of the convertible corporate bonds, regardless of subscription at the time of issuance or purchase later, agree on the terms of the trust contract between the Company and the trustee, the trustee's rights and obligations, the issuance and the conversion method, and grant the trustee full authority of the trustee matters, the said authorization shall not be revoked halfway. As for the content of the trust contract, the bonds holder may make inquiries at the Company or the trustee's business premises at any time during business hours.
- XXIII. The Conversion and Repayment of the Principal of the Convertible Corporate Bonds are Handled by the Company's Stock Affairs Agency.
- XXIV. The Convertible Corporate Bonds are Issued in accordance with Article 8 of the Securities and Exchange Act. and no Physical Bonds are Printed.
- XXV. Any matters not specified in the Rules for Issuance and Conversion Placed Convertible Corporate Bonds shall be subject to relevant laws and regulations.

Appendix 2

Ennoconn Corporation
Rules for Issuance and Conversion of the Fourth Domestic Unsecured Convertible
Corporate Bonds

I. Name of Bonds

The 4th domestic unsecured convertible corporate bonds (hereinafter referred to as “the convertible corporate bonds”) of Ennoconn Corporation (hereinafter referred to as “the Company”).

II. Issuance Date

November 16, 2021 (hereinafter referred to as the “issuance date”).

III. Issuance Period

The issuance period is five years, and they were issued on November 16, 2021, and will be matured on November 16, 2026 (hereinafter referred to as the “maturity date”).

IV. Total Issuance Amount, Par Value and Issuance Price

The par value of each convertible corporate bond is NT\$100,000, and 10,000 convertible corporate bonds were issued in total, and total issued par value was NT\$1 billion only, and the bonds were issued at 100.5% of the par value, and the total amount actually issued was NT\$1,005,000 thousand only.

V. Coupon Rate of the Bonds

The coupon rate per annum is 0%.

VI. Date and Methods of Repayment

Subject to Article 5 of these Rules, coupon rate of the convertible corporate bonds is 0%, therefore, interest payment date and method are not required to be established. The Company will make repayment by lump sum in cash for the convertible corporate bonds held by the bonds holders at their par value within 10 business days immediately after maturity of such bonds, unless the convertible corporate bonds are converted into the Company’s common shares by their holders (hereinafter referred to as “bonds holders”) according to Article 10 of these Rules, or redeemed by the Company ahead of schedule according to Article 17 of these Rules, or bought back from the business place of securities firm and canceled by the Company, or the bonds holders exercise their sell-back rights according to Article 18 of these Rules. The date above may be postponed to the next business day if the TWSE is closed on the date.

VII. Guarantee Status

Convertible corporate bonds are unsecured bonds. However, where after the convertible corporate bonds are issued, the Company issues or privately offers other secured corporate bonds with equity warrants or secured convertible corporate bonds, the convertible corporate bonds shall also be set at the creditor's rights of the same grade or security property rights of the same order as the secured corporate bonds with equity warrants or secured convertible corporate bonds.

VIII. Conversion Objects

For the Company's common shares, the Company will perform the conversion obligation by issuing new shares, and the new shares will be delivered by book-entry and shall not be printed physically.

IX. Conversion Period

A bonds holder may make request to the Company's stock affairs agency through trading brokerage firms for converting the convertible corporate bonds held by it into the Company's common shares under Article 10, 11, 13, and 14 of these Rules, while informing Taiwan Depository & Clearing Corporation (hereinafter referred to as "TDCC"), at any time during the period from the date (February 17, 2022) immediately after it reaches three months from the issuance date of the convertible corporate bonds to their maturity date (November 16, 2026), unless no request may be made for conversion (subscription) (I) during the period in which transfer of common shares is suspended legally, or (II) during the period from the fifteenth business day before the suspension date of transfer of the Company's stock dividends, cash dividends or subscription of shares for cash capital increase to the base date for right distribution, or (III) (for conversion) during the period from the base date for the capital decrease to the day immediately before the start of the trading day for exchange of stocks for capital decrease, or (IV) during the period from the conversion suspension date for change in the par value of stocks to the date immediately before start of trading for issuance of new shares.

X. Procedures for Requesting a Conversion

(I) If a bonds holder needs to convert bonds by book-entry through TDCC, it shall fill in the "Application Form for Conversion/Redemption/Sell-back of Convertible Corporate Bonds via Book-entry Operations" (indicating conversion) at the original trading brokerage firm's place, and such trading brokerage firm shall submit the application to TDCC. After accepting the application, TDCC will notify the Company's stock affairs agency electronically, and the conversion will take effect upon service, and no application may be made for cancellation of the conversion. Conversion

procedures will be completed within five business days after the service, and then the Company's common shares will be directly transferred into the bonds holder's TDCC account.

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

XI. Conversion Price and Its Adjustment:

- (I) Method for determination of conversion price

November 8, 2021 is used as the base date for determining the conversion price, the simple arithmetic average of the closing prices of the Company's common shares on the one, three or five business days before the base date shall be used as benchmark price, and the conversion price of the convertible corporate bonds shall be calculated as follows: the benchmark price is multiplied by the conversion premium rate of 107% (rounding the result to one NT\$ number immediately after decimal point). Where there is an event of ex-rights or ex-dividend before the base date of determining the conversion price, the closing price at which the conversion price is calculated after sampling shall be set as the price after ex-rights or ex-dividend. In the case of ex-rights or ex-dividend, the conversion price shall be adjusted according to the conversion price adjustment formula specified in clause (II) of this Article from the date of determination to the actual issuance date. According to the method above, the conversion price of the convertible corporate bonds upon issuance is determined at NT\$221.1 per share.

- (II) Adjustment to conversion price

1. After the issuance of the convertible corporate bonds, except for various securities issued by the Company or private placement with common shares conversion rights or stock options in exchange for common shares, or the issuance of new shares due to employee bonus, in the event of an increase in the Company's issued or privately placed common shares, (including but not limited to cash capital increase through public offering or private placement, capital increase from earnings, capital increase from capital reserve, the issuance of new shares in connection with a company merger or the acquisition of any other companies', stock split, cash capital increase to participate in the issuance of overseas depositary receipts, etc.), the Company shall adjust the conversion price (rounding the result to one NT\$ number immediately after decimal point; the figure before the number

immediately after decimal point will not be adjusted) according to the following formula, and send an official letter to the Taipei Exchange of R.O.C. (hereinafter referred to as “TPEX”) to make a public announcement. It will be adjusted on the base date of the ex-rights for issuance of new shares (Note 1), however, if there’s increase in issued common shares due to any changes in the par value of stocks, adjustment shall be made on the base date for issuance of new shares, but if any payment is made actually, it shall be adjusted on the full payment date. If any issuance price of new shares is changed after the XR base date for issuance of new shares for cash capital increase, it shall be adjusted according to the following formula based on the updated issuance price of the new shares and the real-time price per share (the base date for the Company to determine the updated issuance price of the new shares shall be adopted as the base date for defining real-time price per share after the updating). 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 TPEX for making a public announcement for such an adjustment.

(1) Upon issuance of new shares:

$$\text{Conversion price after adjustment} = \frac{\text{Conversion price before adjustment} \times \left[\text{Number of issued shares (Note 2)} + \frac{\text{Payment per share (Note 3)} \times \text{Number of new shares issued or privately placed shares}}{\text{Real-time price per share (Note 4)}} \right]}{\text{Number of issued shares (Note 2)} + \text{number of newly issued or privately offered shares}}$$

Note 1: In case of the stock split, it shall be the base date of the split; in case of cash capital increase through book building or cash capital increase for issuance of global depository receipts, it shall be adjusted on the full stock payment day since there’s no XR base date; in case of a capital increase through a merger or acquisitions, it shall be adjusted on the base date of the merger or acquisition; in case of cash capital increase through private placement, it shall be adjusted upon the delivery of the privately-placed securities. Where the issue price of new shares is changed after the base date of the ex-rights for the cash capital increase through the issuance of new shares, it shall be re-adjusted according to the updated issue price of 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 TPEX for making a public announcement for such an adjustment. Where the issue price of new shares is changed after the base date of the ex-rights for the cash capital increase through the issuance of new shares, it shall be re-adjusted according to the updated issue

price of 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 TPEX for making a public announcement for such an adjustment.

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

Note 3: If the payment per share is stock dividends or stock split, the amount of payment is zero. In the issuance of new shares through acquisitions of shares of other companies, the payment per share is the net value per share multiplied by the share swap ratio based on the acquired company's most recent financial statements certified or verified by the CPA. In the issuance of new shares through acquisitions of shares of other companies, the payment per share is the net value per share multiplied by the share swap ratio based on the acquired company's 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 average of the closing prices of the Company's common shares on the one, three or five business days before the base date of ex-rights, price determination, stock consolidation and split, or private placement of securities.

(2) Upon change in the par value of stocks:

$$\text{Conversion price after adjustment} = \frac{\text{conversion price before adjustment}}{\left(\frac{\text{number of common shares issued before change in the par value of stocks (Note 5)}}{\text{number of common shares issued after change in the par value of stocks}} \right)}$$

Note 5: The number of issued shares refers to the total number of issued common shares (including public-offered and privately-placed shares) minus the number of treasury shares bought back by the Company but not been canceled or transferred.

2. If the Company distributes cash dividends on common shares after issuance of the convertible corporate bonds, the Company shall adjust and reduce conversion price on XR base date according to the following formula (rounding the result to one NT\$ number immediately after decimal point; the figure before the number immediately after decimal point will not be adjusted), and shall make request to TPEX by sending a letter for announcing the adjusted conversion price. The provision for the conversion price reduction does not apply to the requests for conversion filed before the base date (exclusive) of ex-dividends. The provision for the conversion price reduction does not apply to the

requests for conversion filed before the base date (exclusive) of ex-dividends. The adjustment formula is as follows:

$$\text{Conversion price after the conversion price reduction} = \frac{\text{conversion price before reduction} \times (1 - \frac{\text{the ratio of cash dividends of common shares to the real-time price (Note 6) per share}}{\text{conversion price before reduction}})}{\text{conversion price before reduction}}$$

Note 6: The real-time price per share shall be calculated at the simple arithmetic average of the closing prices of the Company’s common shares on one, three or five business days before the date of the ex-dividend announcement and the suspension of the transfer of cash dividends.

3. After the issuance of the convertible corporate bonds, where the Company publicly re-offers and re-issues or privately offers various securities with common shares conversion rights or stock options at a conversion or subscription price lower than the real-time price per share (Note 7), the Company shall adjust the conversion price (rounding the number to NT dollar one decimal point; the numbers above one decimal point will not be adjusted) of the convertible corporate bonds according to the formula below. An official letter shall be sent to TPEX for making a 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 securities:

$$\begin{aligned} & \text{Conversion price before adjustment} \times \left[\text{Number of issued shares (Note 8)} + \frac{\text{The number of common shares that may be converted or subscribed from newly issued or privately-placed securities with common shares conversion rights or stock options} \times \text{The number of common shares that may be converted or subscribed from newly issued or privately-placed securities with common shares conversion rights or stock options}}{\text{Real-time price per share (Note 7)}} \right] \\ \text{Conversion price after adjustment} &= \frac{\text{Conversion price before adjustment} \times \left[\text{Number of issued shares (Note 8)} + \frac{\text{The number of common shares that may be converted or subscribed from newly issued or privately-placed securities with common shares conversion rights or stock options} \times \text{The number of common shares that may be converted or subscribed from newly issued or privately-placed securities with common shares conversion rights or stock options}}{\text{Real-time price per share (Note 7)}} \right]}{\text{Number of issued shares (Note 8)} + \frac{\text{The number of common shares that may be converted or subscribed from newly issued or privately-placed securities with common shares conversion rights or stock options}}{\text{Real-time price per share (Note 7)}}} \end{aligned}$$

Note 7: The real-time price per share is calculated based on the simple arithmetic average of the closing prices of the Company’s common shares in the one, three, and five business days before the price determination base date for public re-offering (or private placement) of various securities with common shares conversion rights or stock options. If there is an event of ex-rights or ex-dividend before the base date of determining the conversion price, the closing price at which the conversion price is calculated after sampling shall be set as the price after ex-rights or ex-dividend.

Note 8: The number of issued shares shall include the number of issued common shares through public offering and private placement, minus the number of treasury

shares that have been repurchased by the Company but have not been canceled or transferred. Where the re-issuance or private placement of various securities with common shares 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 securities.

4. If the number of common shares is reduced due to the capital decrease conducted through means other than the Company's cancellation of treasury shares after the issuance of the convertible corporate bonds, the conversion price (rounding the number to NT dollar one decimal point) shall be calculated based on the formula below and adjusted on the base date of capital decrease, while an official letter shall be sent to TPEX for making a public announcement for such an adjustment. If the number of common shares is reduced due to the capital decrease conducted through means other than the Company's cancellation of treasury shares after the issuance of the convertible corporate bonds, the conversion price (rounding the number to NT dollar one decimal point) shall be calculated based on the formula below and adjusted on the base date of capital decrease, while an official letter shall be sent to TPEX for making a public announcement for such an adjustment.

- (1) In case of recovery of losses by capital decrease

$$\text{Conversion price after adjustment} = \text{conversion price before adjustment} \times \left(\frac{\text{Conversion price before adjustment number of common shares issued before capital decrease (Note 9)}}{\text{Number of issued ordinary shares after capital reduction}} \right)$$

- (2) In case of capital decrease in cash:

$$\text{Conversion price after adjustment} = (\text{conversion price before adjustment - cash refund per share}) \times \left(\frac{\text{Conversion price before adjustment number of common shares issued before capital decrease (Note 9)}}{\text{number of common shares issued after capital decrease}} \right)$$

(3) Upon change in the par value of stocks:

$$\text{Conversion price after adjustment} = \text{conversion price before adjustment} \left(\frac{\text{(number of common shares issued before change in the par value of stocks (Note 9))}}{\text{number of common shares issued after change in the par value of stocks}} \right)$$

Note 9: The number of issued shares refers to the total number of issued shares of common shares (including public offering and private placement) minus the number of treasury shares that have been repurchased by the Company but have not been canceled or transferred.

XII. Listing and Termination of Listing of the Company's convertible corporate bonds

The convertible corporate bonds shall apply to TPEx for listing and trading before the date of issuance, and the listing shall be terminated when the total number is converted into common shares or when all the shares are repurchased or repaid by the Company. The matters above are announced by the Company with the approval of TPEx.

XIII. Handling of the Insufficient Amount for One Share upon Conversion

Upon conversion into the Company's common shares, if there are odd lots less than one share, the Company will make repayment for them in cash (rounding the result to one NT\$ number immediately after decimal point), except for the amount to be used for offsetting the transfer service fee to be charged by TDCC.

XIV. Listing of New Shares after Conversion

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

XV. Rights and Obligations after Conversion

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

XVI. Registration of Changes in Share Capital

The Company shall publicly announce the number of shares converted from the convertible corporate bonds in the last quarter within fifteen days after the end of each quarter. The Company shall also apply to the competent authority of company registration to register changes in the capital at least once every quarter.

XVII. The Company's Redemption Right to the convertible corporate bonds

(I) If, during the period from the date (February 17, 2022) immediately after it reaches three months from the issuance date of the convertible corporate bonds to the fortieth day (October 7, 2026) before expiration of their issuance

period, the closing price of the Company's common shares at the business office of securities firm exceeds more than 30% (inclusive) of the then current conversion price for consecutive 30 business days, the Company may, within 30 business days thereafter, send a "Bonds Redemption Notice" with a 30-day maturity period (the said period shall be calculated from the date when the Company sends the Notice, and the expiration date of such period shall be the base date for redemption of the bonds, and the said period shall not be the stopped conversion period specified in Article 9 of these Rules) to bonds holders (who shall subject to those specified in the Register of Bonds-holders on the fifth business day before the "Bonds Redemption Notice" is sent. The investors who acquire the Company's convertible corporate bonds thereafter due to trading or other reason will be announced) by registered mail, and shall make request to TPEx for announcing exercise of redemption right by the Company. For execution of the redemption request, the Company shall redeem its all outstanding convertible corporate bonds in cash at the par value of the bonds within five business days after the base date for redemption of the bonds.

- (II) If, during the period from the date (February 17, 2022) immediately after it reaches three months from the issuance date of convertible corporate bonds to the 40th day (October 7, 2026) before expiration of their issuance period, the remaining amount of the outstanding convertible corporate bonds is less than 10% of the originally issued total amount, the Company may, at any time thereafter, send a "Bonds Redemption Notice" with a 30-day maturity period (the said period shall be calculated from the date when the Company sends the Notice, and the expiration date of such period shall be the base date for redemption of the bonds, and the said period shall not be the stopped conversion period specified in Article 9 of these Rules) to bonds holders (who shall subject to those specified in the Register of Bonds-holders on the fifth business day before the "Bonds Redemption Notice" is sent. The investors who acquire the Company's convertible corporate bonds thereafter due to trading or other reason will be announced) by registered mail, and shall make request to TPEx for announcing exercise of redemption right by the Company, and shall redeem all the outstanding convertible corporate bonds in cash at the par value of the bonds within five business days after the base date for redemption of the bonds.
- (III) If any bonds holder fails to respond to the Company's stock affairs agency in writing before the based date for redemption of bonds specified in the Bond Redemption Notice (which shall become effective immediately upon service,

and shall subject the date specified in postmark if it is sent by mail), the Company will redeem all the outstanding convertible corporate bonds in cash at the par value within five business days after the base date for redemption of the bonds.

- (IV) If the Company executes redemption request, the deadline for bonds holders to request for conversion shall be the second business day after the date when the over-the-counter trading of the convertible corporate bonds is terminated.

XVIII. Bonds holder's Sell-back Right

The Company shall adopt the date (November 16, 2024) when the time period from the issuance date of the convertible corporate bonds reaches three years as the sell-back base date for the bonds holders to sell back these bonds in an early time. The Company shall send the Notice for Exercise of Sell-back Rights to the convertible corporate bonds holders (who shall subject to those specified in the Register of Bonds-holder on the fifth business day before the Notice for Exercise of Sell-back Rights is sent. The bonds holders who acquire the convertible corporate bonds thereafter due to trading or other reason will be announced) by registered mail 30 days (October 17, 2024) before the sell-back base date, and shall make request to TPEX for announcing exercise of sell-back rights by the convertible corporate bonds holders, and the bonds holders shall notify the Company's stock affairs agency in writing within 30 days before the sell-back base date (the notice shall become effective immediately upon service, and shall subject the date specified in postmark if it is sent by mail, and shall not be canceled) to require the Company to redeem the convertible corporate bonds held by them, at the par value of the bonds. After the Company accepts a sell-back request, it shall redeem the convertible corporate bonds in cash within five business days after the sell-back base date. After the Company accepts a sell-back request, it shall redeem the convertible corporate bonds in cash within five business days after the sell-back base date.

The date above may be postponed to the next business day if the TWSE is closed on the date.

XIX. Early buy-back due to terminated listing of the Company's shares

If the Company's common shares stop to be listed with the approval of TWSE, the bonds holders may require the Company to redeem the convertible corporate bonds held by them, at the par value of the bonds.

XX. Vesting of dividends during conversion year

(I) Cash dividends

1. Where a bonds holder of the convertible corporate bonds files a request for conversion between January 1 of the current year and fifteen business days (exclusive) before the Company suspends the transfer of ownership of cash dividends in the current year, the converted common shares may participate in the resolution of the annual Shareholders' Meeting in the current year regarding the cash dividend distribution for the previous year.
2. From fifteen business days (inclusive) before the Company suspends the transfer of ownership of cash dividends in the current year to the base date of ex-dividends (inclusive) for cash dividends, the convertible corporate bonds shall stop converting.
3. Where a bonds holder 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 bonds holder shall not participate in the resolution of the annual Shareholders' Meeting in the current year regarding the annual stock dividend distribution for the previous year but may participate in the annual Shareholders' Meeting in the following year regarding the stock dividend distribution for the current year.

(II) Stock dividends

1. Where a bonds holder files a request for conversion during the period from January 1 of the current year and fifteen business days (exclusive) before the Company suspends the transfer of ownership of stock dividends in the current year, the converted common shares may participate in the resolution of the annual Shareholders' Meeting in the current year regarding the stock dividend distribution for the previous year.
2. From fifteen business days (inclusive) before the Company suspends the ex-right 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 bonds holder 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 bonds holder shall not participate in the resolution of the annual Shareholders' Meeting in the current year regarding the annual stock dividend distribution for the

previous year but may participate in the annual Shareholders' Meeting in the following year regarding the stock dividend distribution for the current year.

- XXI. All the convertible corporate bonds Recalled (including those Purchased at the Brokerage 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.
- XXII. The convertible corporate bonds and common shares converted from such bonds are all registered, and their transfer, registration of changes, pledge or loss shall subject to the "Regulations Governing the Administration of Shareholder Services of Public Companies" and the Company Act, and taxation matters shall be dealt with under the tax regulations at that time.
- XXIII. Bank SinoPac is the Creditors' Trustee 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 bonds holder of the convertible corporate bonds, regardless of subscription at the time of issuance or purchase later, agree on the terms of the trust contract between the Company and the trustee, the trustee's rights and obligations, the issuance and the conversion method, and grant the trustee full authority of the trustee matters, the said authorization shall not be revoked halfway. As for the content of the trust contract, the bonds holder may make inquiries at the Company or the trustee's business premises at any time during business hours.
- XXIV. The Conversion and Repayment of the Principal of the Convertible Corporate Bonds are Handled by the Company's Stock Affairs Agency.
- XXV. The Convertible Corporate Bonds are Issued in accordance with Article 8 of the Securities and Exchange Act. and no Physical Bonds are Printed
- XXVI. Any matters not specified in the Rules for Issuance and Conversion Placed Convertible Corporate Bonds shall be subject to relevant laws and regulations.

Appendix 3

Ennoconn Corporation
Rules for Issuance and Conversion of the First Domestic Privately-Placed
Unsecured Convertible Corporate Bonds

I. Name of Bonds

The first domestic privately-placed unsecured convertible corporate bonds (hereinafter referred to as “the convertible corporate bonds”) of Ennoconn Corporation (hereinafter referred to as “the Company”).

II. Issuance Date

September 2, 2021 (hereinafter referred to as the “issuance date”).

III. Issuance Period

The issuance period is five years, and they were issued on September 2, 2021, and will be matured on September 2, 2026 (hereinafter referred to as the “maturity date”).

IV. Total Issuance Amount, Par Value and Issuance Price

The par value of each convertible corporate bond is NT\$100,000 and 15,000 convertible corporate bonds were issued in total, and total issued par value was NT\$1.5 billion only, and the bonds were issued at 100% of the par value, and the total amount actually issued was NT\$1.5 billion only.

V. Coupon Rate of the Bonds

The coupon rate per annum is 0%.

VI. Date and Methods of Repayment

Subject to Article 5 of these Rules, coupon rate of the privately-placed convertible corporate bonds is 0%, therefore, interest payment date and method are not required to be established. The Company will make repayment by lump sum in cash (102.2703% of face value, with a real yield of 0.45%) for the convertible corporate bonds held by the bonds holders at their par value within 10 business days immediately after maturity of such bonds, unless the convertible corporate bonds are converted into the Company’s common shares by their holders (hereinafter referred to as “bonds holders”) according to Article 10 of these Rules, or redeemed by the Company ahead of schedule according to Article 17 of these Rules, or bought back from the business place of securities firm and canceled by the Company, or the bonds holders exercise their sell-back rights according to Article 18 of these Rules.

VII. Guarantee Status

Convertible corporate bonds are unsecured bonds.

VIII. Conversion Objects

For the Company's common shares, the Company will perform the conversion obligation by issuing new shares, and the new shares will be delivered by book-entry and shall not be printed physically.

IX. Conversion Period

A bonds holder may make request to the Company's stock affairs agency through trading brokerage firms for converting the convertible corporate bonds held by it into the Company's common shares under Article 10, 11, 13, and 14 of these Rules, while informing Taiwan Depository & Clearing Corporation (hereinafter referred to as "TDCC"), at any time during the period from the date (December 3, 2021) immediately after it reaches three months from the issuance date of the convertible corporate bonds to their maturity date (September 2, 2026), unless no request may be made for conversion (subscription) (I) during the period in which transfer of common shares is suspended legally, or (II) during the period from the fifteenth business day before the suspension date of transfer of the Company's stock dividends, cash dividends or subscription of shares for cash capital increase to the base date for right distribution, or (III) (for conversion) during the period from the base date for the capital decrease to the day immediately before the start of the trading day for exchange of stocks for capital decrease, or (IV) during the period from the conversion suspension date for change in the par value of stocks to the date immediately before start of trading for issuance of new shares.

X. Procedures for Requesting a Conversion

- (I) If the bondholder requests to convert bonds, he/she shall lodge an application and submit related documents to the original trading brokerage firm's place. The conversion will take effect upon service, and no application may be made for cancellation of the conversion. Conversion procedures will be completed within five business days after the service, and then the Company's common shares will be directly transferred into the bonds holder's TDCC account.
- (II) Where overseas ethnic Chinese and foreigners apply for conversion of the convertible corporate bonds into the Company's common shares, it shall all be handled through book-entry operations by TDCC.

XI. Conversion Price and Its Adjustment:

- (I) Method for determination of conversion price
August 11, 2021 (the pricing date) is used as the base date for determining the conversion price, the simple arithmetic average of the closing prices of

the Company's common shares on the one, three or five business days before the base date shall be used as benchmark price, or 30 business days before the pricing date, the simple arithmetic average of the daily closing price of ordinary shares deducts the ex-rights and dividends of the free allotment, and adds back the share price after capital reduction and anti-ex-rights. The higher of the two benchmark calculation prices shall be determined, and shall not be lower than 98% of the reference price as the basis for determination (rounding the result to one NT\$ number immediately after decimal point). If there is an event of ex-rights or ex-dividend before the pricing date determining the conversion price, the closing price at which the conversion price is calculated after sampling shall be set as the price after ex-rights or ex-dividend.

According to the method above, the conversion price of the convertible corporate bonds is set at NT\$220.7 per share.

(II) Adjustment to conversion price

1. After the issuance of the convertible corporate bonds, except for various securities issued by the Company with common shares conversion rights or stock options in exchange for common shares, or the issuance of new shares due to employee bonus, in the event of an increase in the Company's issued or privately placed common shares, (including but not limited to cash capital increase through public offering or private placement, capital increase from earnings, capital increase from capital reserve, the issuance of new shares in connection with a company merger or the acquisition of any other companies', stock split, cash capital increase to participate in the issuance of overseas depositary receipts, etc.), the Company shall adjust the conversion price (rounding the result to one NT\$ number immediately after decimal point; the figure before the number immediately after decimal point will not be adjusted) according to the following formula, and send an official letter to the Taipei Exchange of R.O.C. (hereinafter referred to as "TPEX") to make a public announcement. It will be adjusted on the base date of the ex-rights for issuance of new shares (Note 1). however, if there's increase in issued common shares due to any changes in the par value of stocks, adjustment shall be made on the base date for issuance of new. If any issuance price of new shares is changed after the XR base date for issuance of new shares for cash capital increase, it shall be adjusted according to the following formula based on the updated issuance price of the new shares and the real-time price per share (the base date for the

Company to determine the updated issuance price of the new shares shall be adopted as the base date for defining real-time price per share after the updating). 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 TWSE MPOS for making a public announcement for such an adjustment.

(1) Upon issuance of new shares:

$$\text{Conversion price after adjustment} = \frac{\text{Conversion price before adjustment} \times \left[\text{Number of issued shares (Note 2)} + \frac{\text{Payment per share (Note 3)} \times \text{Number of new shares issued or privately placed shares}}{\text{Real-time price per share (Note 4)}} \right]}{\text{Number of issued shares (Note 2)} + \text{number of newly issued or privately offered shares}}$$

Note 1: In case of the stock split, it shall be the base date of the split; in case of cash capital increase through book building or cash capital increase for issuance of global depositary receipts, it shall be adjusted on the full stock payment day since there's no XR base date; in case of a capital increase through a merger or acquisitions, it shall be adjusted on the base date of the merger or acquisition; in case of cash capital increase through private placement, it shall be adjusted upon the delivery of the privately-placed securities. Where the issue price of new shares is changed after the base date of the ex-rights for the cash capital increase through the issuance of new shares, it shall be re-adjusted according to the updated issue price of 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 TPEX for making a public announcement for such an adjustment. Where the issue price of new shares is changed after the base date of the ex-rights for the cash capital increase through the issuance of new shares, it shall be re-adjusted according to the updated issue price of 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 TWSE MPOS for making a public announcement for such an adjustment.

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

Note 3: If the payment per share is stock dividends or stock split, the amount of payment is zero. In the issuance of new shares through acquisitions of shares of other companies, the payment per share is the net value per share

multiplied by the share swap ratio based on the acquired company's most recent financial statements certified or verified by the CPA. In the issuance of new shares through acquisitions of shares of other companies, the payment per share is the net value per share multiplied by the share swap ratio based on the acquired company's 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 average of the closing prices of the Company's common shares on the one, three or five business days before the base date of ex-rights, price determination, stock consolidation and split, or private placement of securities.

(2) Upon change in the par value of stocks:

$$\text{Conversion price after adjustment} = \text{conversion price before adjustment} \times \left(\frac{\text{(number of common shares issued before change in the par value of stocks (Note 5))}}{\text{number of common shares issued after change in the par value of stocks}} \right)$$

Note 5: The number of issued shares refers to the total number of issued common shares (including public-offered and privately-placed shares) minus the number of treasury shares bought back by the Company but not been canceled or transferred.

2. If the Company distributes cash dividends on common shares after issuance of the convertible corporate bonds, the Company shall adjust and reduce conversion price on XR base date according to the following formula (rounding the result to one NT\$ number immediately after decimal point; the figure before the number immediately after decimal point will not be adjusted), and the adjusted conversion price shall be disclosed on TWSE MOPS. The provision for the conversion price reduction does not apply to the requests for conversion filed before the base date (exclusive) of ex-dividends. The adjustment formula is as follows:

$$\text{Conversion price after the conversion price reduction} = \text{conversion price before reduction} \times \left(1 - \frac{\text{the ratio of cash dividends of common shares to the real-time price (Note 6) per share}}{\text{conversion price before reduction}} \right)$$

Note 6: The real-time price per share shall be calculated at the simple arithmetic average of the closing prices of the Company's common shares on one, three or five business days before the date of the ex-dividend announcement and the suspension of the transfer of cash dividends.

3. After the issuance of the convertible corporate bonds, where the Company publicly re-offers and re-issues or privately offers various securities with common shares conversion rights or stock options at a conversion or subscription price lower than the real-time price per share (Note 7), the Company shall adjust the conversion price (rounding the number to NT dollar one decimal point; the numbers above one decimal point will not be adjusted) of the convertible corporate bonds according to the formula below. 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 securities and disclose it on TWSE MOPS:

$$\begin{array}{l} \text{Conversion price after} \\ \text{adjustment} \\ = \end{array} \begin{array}{l} \text{Conversion} \\ \text{price before} \\ \text{adjustment} \end{array} \times \left[\begin{array}{l} \text{Number of} \\ \text{issued} \\ \text{shares} \\ \text{(Note 8)} \end{array} + \frac{\begin{array}{l} \text{the number of} \\ \text{common shares that} \\ \text{may be converted or} \\ \text{subscribed from} \\ \text{newly issued or} \\ \text{privately-placed} \\ \text{securities with} \\ \text{common shares} \\ \text{conversion rights or} \\ \text{stock options} \end{array} \times \frac{\begin{array}{l} \text{the number of} \\ \text{common shares that} \\ \text{may be converted or} \\ \text{subscribed from} \\ \text{newly issued or} \\ \text{privately-placed} \\ \text{securities with} \\ \text{common shares} \\ \text{conversion rights or} \\ \text{stock options} \end{array}}{\text{Real-time price per share (Note 7)}} \right]$$

Number of issued shares (Note 8) + the number of common shares that may be converted or subscribed from newly issued or privately-placed securities with common shares conversion rights or stock options

Note 7: The real-time price per share is calculated based on the simple arithmetic average of the closing prices of the Company's common shares in the one, three, and five business days before the price determination base date for public re-offering (or private placement) of various securities with common shares conversion rights or stock options. If there is an event of ex-rights or ex-dividend before the base date of determining the conversion price, the closing price at which the conversion price is calculated after sampling shall be set as the price after ex-rights or ex-dividend.

Note 8: The number of issued shares shall include the number of issued common shares through public offering and private placement, minus the number of treasury shares that have been repurchased by the Company but have not been canceled or transferred. Where the re-issuance or private placement of various securities with common shares 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 securities.

4. If the number of common shares is reduced due to the capital decrease conducted through means other than the Company's cancellation of treasury shares after the issuance of the convertible corporate bonds

privately placed, the conversion price (rounding the number to NT dollar one decimal point) shall be calculated based on the formula below and adjusted on the base date of capital decrease, while an official letter shall be sent to TWSE MOPS for making a public announcement for such an adjustment.

(1) In case of recovery of losses by capital decrease

$$\text{Conversion price after adjustment} = \text{conversion price before adjustment} \times \left(\frac{\text{Conversion price before adjustment number of common shares issued before capital decrease (Note 9)}}{\text{Number of issued ordinary shares after capital reduction}} \right)$$

(2) In case of capital decrease in cash:

$$\text{Conversion price after adjustment} = \left(\text{conversion price before adjustment} - \text{cash refund per share} \right) \times \left(\frac{\text{Conversion price before adjustment number of common shares issued before capital decrease}}{\text{number of common shares issued after capital decrease}} \right)$$

(3) Upon change in the par value of stocks:

$$\text{Conversion price after adjustment} = \text{conversion price before adjustment} \times \left(\frac{\text{(number of common shares issued before change in the par value of stocks (Note 9))}}{\text{number of common shares issued after change in the par value of stocks}} \right)$$

Note 9: The number of issued shares refers to the total number of issued shares of common shares (including public offering and private placement) minus the number of treasury shares that have been repurchased by the Company but have not been canceled or transferred.

XII. Listing of the Company's convertible corporate bonds privately placed

The privately-placed convertible corporate bonds are privately-placed securities, and shall not be traded, except for the conditions specified in Article 43-8 of the Securities and Exchange Act. However, when the time period from the issuance date of the privately-placed convertible corporate bonds reaches three years, the Company shall apply to TWSE for approval on listing of such bonds in accordance with relevant laws and regulations, and apply to competent authority for public listing, and such bonds may be listed and traded in TPEX.

XIII. Listing of New Shares after Conversion

The Company's common shares (including the common shares to be issued

subsequently) converted from the privately-placed convertible corporate bonds are still privately-placed securities, and shall subject to the restrictions related to transfer specified in the Securities and Exchange Act and other relevant laws and regulations. After the time period from the delivery or issuance date of the privately-placed convertible corporate bonds reaches three years, the Company shall apply to TWSE for approval on listing of such bonds in accordance with relevant laws and regulations, and apply to competent authority for public listing, and the common shares (including the common shares to be issued subsequently) converted from such bonds may be listed and traded in TWSE.

XIV. Handling of the Insufficient Amount for One Share upon Conversion

Upon conversion into the Company's common shares, if there are odd lots less than one share, the Company will make repayment for them in cash (rounding the result to one NT\$ number immediately after decimal point), except for the amount to be used for offsetting the transfer service fee to be charged by TDCC.

XV. Rights and Obligations after Conversion

The rights and obligations to and in new shares obtained by a bonds holder after it requests for conversion shall be the same as that to and in the common shares originally issued by the Company, provided that the conversion-related common shares must meet Article 13 of these Rules.

XVI. Registration of Changes in Share Capital

The Company shall publicly announce the number of common shares converted from the convertible corporate bonds privately placed in the last quarter within fifteen days after the end of each quarter. The Company shall also apply to the competent authority of company registration to register changes in the capital at least once every quarter.

XVII. The Company's Redemption Right to the convertible corporate bonds privately placed

(I) If, during the period from the date (September 3,2024) immediately after it reaches three years from the issuance date of the privately-placed convertible corporate bonds to the 40th day (July 24,2226) before expiration of their issuance period, the closing price of the Company's common shares exceeds more than 30% (inclusive) of the then current conversion price for consecutive 30 business days, the Company may, within 30 business days thereafter, send a "Bonds Redemption Notice" with a 30-day maturity period (the said period shall be calculated from the date when the Company sends the Notice, and the expiration date of such period shall be the base date for redemption of the bonds, and the said period shall not be the stopped

conversion period specified in Article 9 of these Rules) to bonds holders by registered mail, and shall redeem all the outstanding privately-placed convertible corporate bonds in cash at the par value of the bonds within five business days after the base date for redemption of the bonds.

- (II) If, during the period from the date (September 3,2024) immediately after it reaches three years from the issuance date of the privately-placed convertible corporate bonds to the 40th day (July 24,2026) before expiration of their issuance period, the remaining amount of the outstanding privately-placed convertible corporate bonds is less than 10% of the originally issued total amount, the Company may, at any time thereafter, send a “Bonds Redemption Notice” with a 30-day maturity period (the said period shall be calculated from the date when the Company sends the Notice, and the expiration date of such period shall be the base date for redemption of the bonds, and the said period shall not be the stopped conversion period specified in Article 9 of these Rules) to bonds holders by registered mail, and shall redeem all the outstanding privately-placed convertible corporate bonds in cash at the par value of the bonds within five business days after the base date for redemption of the privately placed bonds.
- (III) If any bonds holder fails to respond to the Company’s stock affairs agency in writing before the based date for redemption of bonds specified in the Privately-Placed Bond Redemption Notice (which shall become effective immediately upon service, and shall subject the date specified in postmark if it is sent by mail), the Company will redeem all the outstanding convertible corporate bonds in cash at the par value within five business days after the base date for redemption of the bonds.

XVIII. Bonds holder’s Sell-back Right

The Company shall adopt the date (September 2, 2024) when the time period from the issuance date of the convertible corporate bonds reaches three years as the sell-back base date for the bonds holders to sell back these bonds in an early time. The Company shall send the Notice for Exercise of Sell-back Rights to the privately-placed convertible corporate bonds holders by registered mail 30 days (August 3, 2024) before the sell-back base date, and the bonds holders shall notify the Company’s stock affairs agency in writing within 30 days before the sell-back base date (the notice shall become effective immediately upon service, and shall subject the date specified in postmark if it is sent by mail, and shall not be canceled) to require the Company to redeem the privately-placed convertible corporate bonds held by them, in cash at the par value of the bonds. After the Company accepts a sell-back request, it shall redeem the privately placed convertible corporate bonds

in cash within five business days after the sell-back base date. The date above may be postponed to the next business day if the TWSE is closed on the date.

XIX. Early buy-back due to terminated listing of the Company's shares

If the Company's common shares stop to be listed with the approval of TWSE, the bonds holders may require the Company to redeem the convertible corporate bonds held by them, at the par value of the privately-placed bonds.

XX. Vesting of dividends during conversion year

(I) Cash dividends

1. Where a bonds holder of the convertible corporate bonds files a request for conversion between January 1 of the current year and fifteen business days (exclusive) before the Company suspends the transfer of ownership of cash dividends in the current year, the converted common shares may participate in the resolution of the annual Shareholders' Meeting in the current year regarding the cash dividend distribution for the previous year.
2. From fifteen business days (inclusive) before the Company suspends the transfer of ownership of cash dividends in the current year to the base date of ex-dividends (inclusive) for cash dividends, the convertible corporate bonds privately placed shall stop converting.
3. Where a bonds holder 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 bonds holder shall not participate in the resolution of the annual Shareholders' Meeting in the current year regarding the annual stock dividend distribution for the previous year but may participate in the annual Shareholders' Meeting in the following year regarding the stock dividend distribution for the current year.

(II) Stock dividends

1. Where a bonds holder files a request for conversion during the period from January 1 of the current year and fifteen business days (exclusive) before the Company suspends the transfer of ownership of stock dividends in the current year, the converted common shares may participate in the resolution of the annual Shareholders' Meeting in the current year regarding the stock dividend distribution for the previous year.
2. From fifteen business days (inclusive) before the Company suspends 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 privately placed shall stop converting.

3. Where a bonds holder 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 bonds holder shall not participate in the resolution of the annual Shareholders' Meeting in the current year regarding the annual stock dividend distribution for the previous year but may participate in the annual Shareholders' Meeting in the following year regarding the stock dividend distribution for the current year.

- XXI. All the privately-placed convertible corporate bonds redeemed, repaid or converted by the Company will be de-registered, and will no longer be sold or issued, and the conversion rights thereto will be eliminated.
- XXII. The privately-placed convertible corporate bonds and common shares converted from such bonds are all registered, and their transfer, registration of changes, pledge or loss shall subject to the "Regulations Governing the Administration of Shareholder Services of Public Companies" and the Company Act, and taxation matters shall be dealt with under the tax regulations at that time.
- XXIII. The repayment of the principal of the privately-placed convertible corporate bonds and payment of the interest accrued thereon and conversion of such bonds shall be handled by the Company's stock affairs agency.
- XXIV. The privately-placed convertible corporate bonds are issued and delivered in accordance with Article 8 of the Securities and Exchange Act, and no physical bonds are printed.
- XXV. Any matters not specified in the Rules for Issuance and Conversion Privately-Placed Convertible Corporate Bonds shall be subject to relevant laws and regulations.

Chapter 5 Business Activities

I. Business Scope:

(I) Business Scope:

1. Business Scope:

(1) Major Contents of the Company's Business

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 Electronics Components Manufacturing
6. CC01110 Computer and Peripheral Equipment 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) Operating proportion of main products:

Unit: NT\$ thousand

Year \ Product item	2021		2022	
	Net operating revenue	Proportion (%)	Net operating revenue	Proportion (%)
Industrial computer Sales of hardware and software	85,366,375	99.99%	108,227,723	99.99%
After-sales service	660	0.01%	810	0.01%
Total	85,367,035	100%	108,228,533	100%

(3) Current product (service) items of the Company

- A. Smart industrial control
- B. Smart retail
- C. Smart gaming
- D. Ground-cloud integration service
- E. Industrial metaverse product
- F. Cloud-based ESG-enabling technology

- G. Ennoconn Solution as a Service
 - H. Smart IoT
 - I. Edge IoT
 - J. Smart home
 - K. Smart City
 - L. Smart transportation
 - M. Smart medical
 - N. Smart grid
 - O. Industrial network security
 - P. Machine vision
 - Q. Industrial computer
 - R. Embedded computer
 - S. Industrial ethernet computer
 - T. Edge computing system
 - U. Optical imaging system
 - V. Original equipment manufacturer (OEM)
 - W. Original design manufacturer (ODM)
 - X. Joint design manufacturer (JDM)
 - Y. Global supply chain services
- (4) New products (services) planned to be developed:
- A. Industrial tablet PC
 - B. Industrial 5G computing platform
 - C. Industrial 4K/8K display
 - D. Artificial intelligence (AI) computer
 - E. Telecommunication system
 - F. Medical computer
 - G. Industrial network security computer
 - H. Embedded software development tools
 - I. Optical imaging system
 - J. Electric vehicle computing system
 - K. Self-driving car computing system
 - L. EV charging pile HMI system
 - M. Niche telecom market
 - N. Ennoconn Solution as a Service

2. Industry Overview:

(1) Current status and development of the industry:

The Company and its subsidiaries are complete solution providers for professional smart applications of industrial computers (Industrial PC, IPC; also known as "industrial computer"), and the overall business body is divided into three major developmental axes: design and manufacturing, brand channel, and system integration.

The Company's main products are industrial embedded motherboard and module, embedded computer system, embedded box computer, 5G computing platform, and 4K/8K display, which are used in the fields of smart industrial control, smart retail, smart gaming, network security, smart home, smart transportation, and smart city. The main sales downstream are international industrial computer brand manufacturers. Here is an analysis of the current status of the industry in which the main products of the Company and its subsidiaries are located:

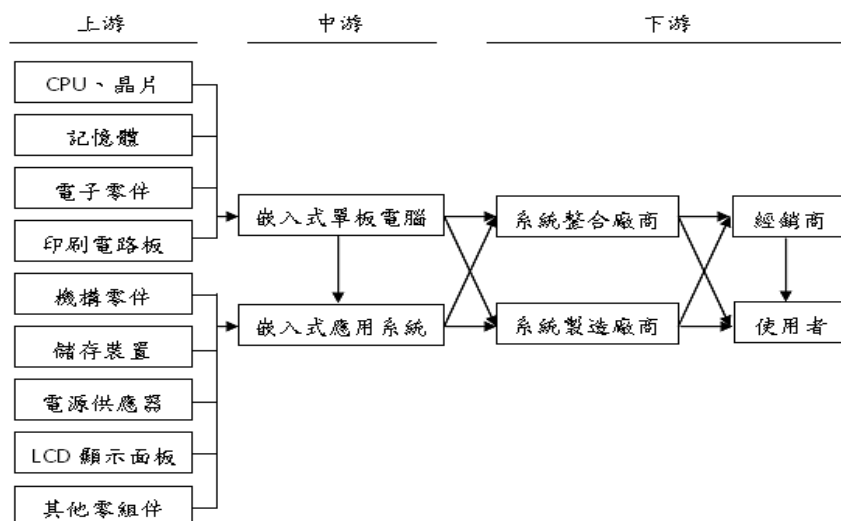
After a long development period, the industrial computer industry has reached a certain maturity, with a complete industrial structure, abundant module supply chain, SoP management experience, and a small number of diverse capabilities. At present, industrial computer manufacturers are moving towards manufacturing products with high added value, focusing on enhancing their design capabilities and strengthening their core technologies of R&D. Also, 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 and medical care devices. 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. The overall market size will keep growing.

In recent years, the applications of industrial computer products have continued to expand, including healthcare, aerospace, communications, robot automation equipment, smart grid, and the Internet of Things (IoT). Application products have been developed, which will become the growth engine for Taiwanese industrial computers in the future. Among them, robot automation equipment, IoT products, and smart application solutions have a wide range, and the future shipping 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 Statista, an international research consultancy, the global end-user expenditure on IoT solutions will be US\$418 billion in 2021 and will increase to US\$1,567 billion by 2025. In recent years, the booming and diversified development of the IoT industry has made companies in various fields competing to invest a lot of resources in the development of transportation, retail, warehousing, medical care, network security, smart solutions, and manufacturing industries. Although the IoT is an innovative concept, it is formed by integrating three traditional industries, namely the automation industry, telecommunications industry, and computer industry. The Company and its subsidiaries are "professional vertical integration manufacturers of industrial computers," focusing on four emerging product lines of big data, IoT, internet of vehicles, and robots from the perspective of interactive end products.

(2) The relevance of upstream, midstream, and downstream industries:

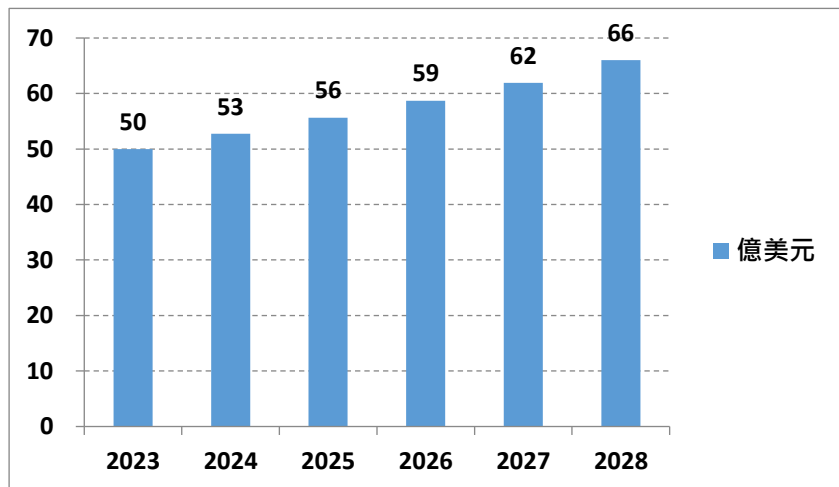


(3) Various development trends of products:

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

According to MarketsandMarkets, the industrial PC market size is expected to grow from US\$5.0 billion in 2023 to US\$6.6 billion by 2028 at a CAGR of 5.5%. This industry is a long-term niche industry with a moderate growth.

Global industrial PC market scale in 2023-2028



Source: MarketsandMarkets

Among the industrial computer market scale, industrial control (IA) accounts for the highest proportion, about 51%, with a compound annual growth rate of +5~15%, which is also the most important long-term development area for Ennoconn Corp.

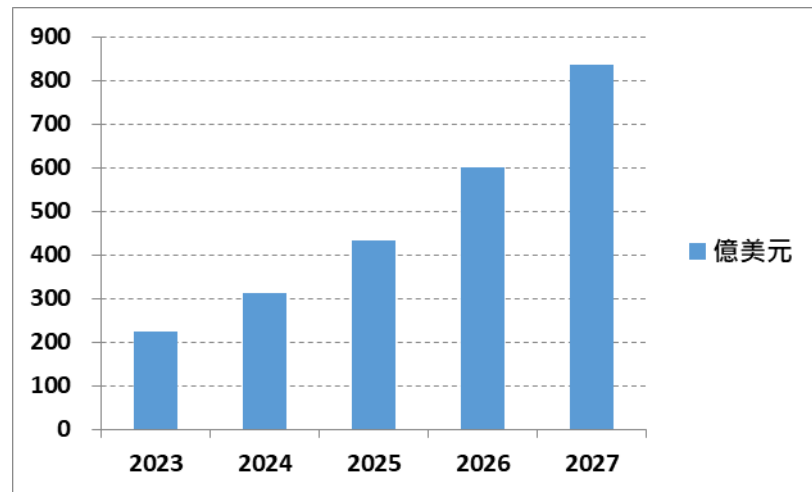
In recent years, the global manufacturing industry has introduced various information technologies, such as cloud computing, IoT, big data and AI, to improve manufacturing efficiency, enhance manufacturing accuracy and reduce costs. From the smart production line to establishing a smart factory, automation, network and smart derivative products have become business opportunities.

Ennoconn Corp. integrates the internal and external resources in business groups and has a complete layout in smart manufacturing. In addition to intensive development in the four fields of high-tech equipment and material sales, automatic supply system, integrated system, and customized equipment R&D and manufacturing, application solutions such as factory affairs monitoring system and ServCore can assist factories in monitoring the production status of machines and equipment in real-time through computers or mobile phones remotely, and automatically generate reports, solve existing problems through data analysis, and provide services such as factory energy-saving and carbon reduction programs and equipment status monitoring to improve the degree of factory automation.

B. Ground-cloud integration service

With the technological development worldwide, according to Businesswire, AIoT market will reach US\$83.6 billion by 2027.

AIoT market scale worldwide in 2023-2027



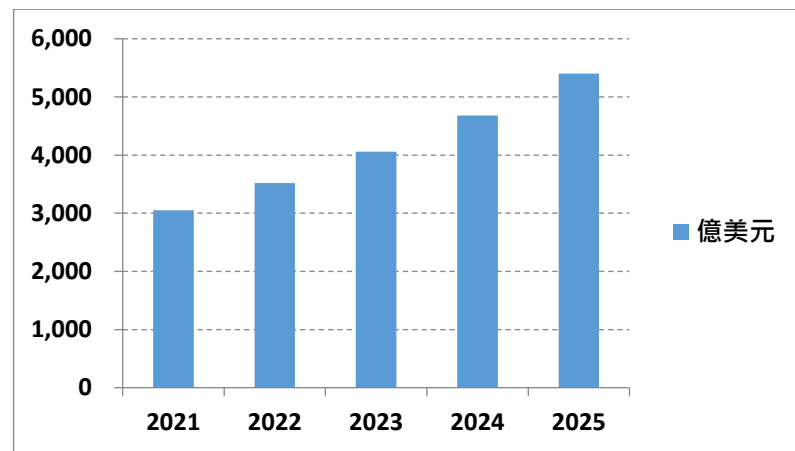
Source: businesswire

Ennoconn Corp. lies in a development stage of IPC3.0 (Innovation Platform Convergence) as planned. In line with Google Cloud, Google Workspace, API and other cloud-based technology, Ennoconn introduces an innovative business model of “smart industry and smart city”. Ennoconn Corp. has integrated the “3+3 ground-cloud integration service” international alliance, proposed three AIoT solutions for the ground end, which “standardize” product design and development, “modularize” software and hardware communication integration, “digitize” information data, and connect cloud platforms to “cloud-based” computing and storage. Through “intelligent” data analysis and optimization of human-computer collaboration, the cloud-to-ground circulation continues to improve operational efficiency, along with a flexible “service-oriented” model, providing a complete package of solutions from IoT cloud connection, cloud deployment, cloud usage, cloud management, and cloud protection, enhancing service functions, increasing usage, generating new revenues, improving the platform value, further shaping a strong ecosystem, and working together to assist customers in addressing cloud-to-ground integration technology issues such as safety and reliability.

C. Industrial metaverse product

According to TrendForce, the metaverse meets the emerging market demands for remote operations, virtual reality, and simulation operations, while intelligent manufacturing grasps this trend to accelerate the development of related technologies. The global market size is expected to increase at a 15.35% CAGR in 2021 and surpass US\$540 billion in 2025, creating a promising environment for supply chain expansion.

Global industrial metaverse market scale in 2021-2025



Source: TrendForce

Taking this business opportunity, Ennoconn Corp. has quickly integrated the industry into the metaverse international alliance. In virtue of the complementary advantages of technology and business fields, Ennoconn Corp. breaks through the limitations of the “technology and people” framework. The Company relies on its accumulated solutions for design manufacturing services (DMS), information technology (IT), system integration (SI), and cloud-based services over the years, as well as AIoT hardware and software cloud platforms, along with the global competitiveness with over 5,000 system integrators and 250,000 enterprise customers from over 59 countries, to integrate partners together to assist more customers in different industrial markets and capture more market shares in the industrial metaverse.

D. Cloud-based ESG-enabling technology

Sustainable development issues have become a consensus worldwide such as net zero emissions of greenhouse gas. The EU will impose a carbon emission tariff in 2026. According to the

2020 UNEP Report issued by the United Nations Environment Programme, the buildings and construction sector accounted for 35% of global energy consumption, and greenhouse gas emissions were up to 38% of total emissions, both higher than that of industry and transportation sectors. Ennoconn Corp. aims at energy conservation and carbon reduction opportunities in three major markets, including smart city, intelligent manufacturing, and intelligent buildings, to offer IPC 3.0 “Cloud-based ESG-enabling technology” ground-cloud integration service, promote the global green economy, transform and develop energy conservation.

Ennoconn Corp.’s “Cloud-based ESG-enabling Technology” ground-cloud integration service solutions adopt three major international ESG standards (i.e. GRI, SASB, and TCFD), providing six environmental sustainability specifications and certifications, including ISO 50001 energy management, ISO 14001 environmental management, ISO 14064 carbon inventory, ISO 14067 carbon footprint, PAS 2060 carbon neutralization, and ISO 14046 water footprint, to assist in net zero emissions and ESG report disclosure. The Company also accelerates the sustainable development of enterprises and organs by its big data and AI integration technology.

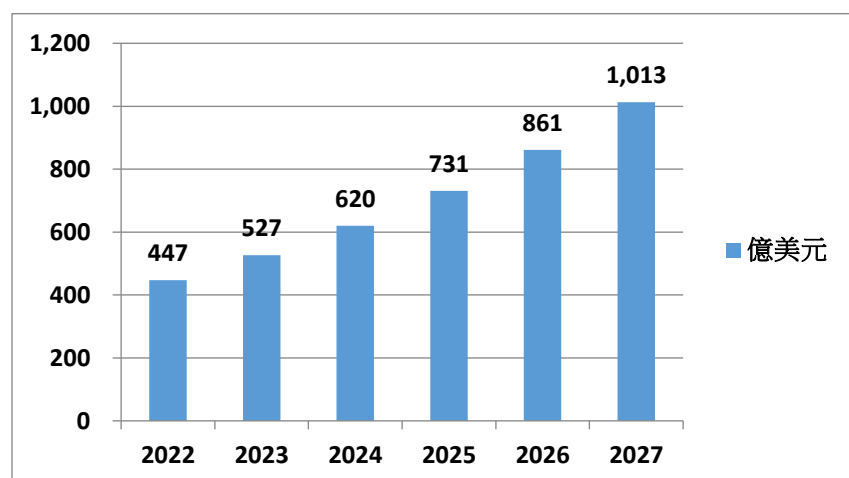
Ennoconn Corp.’s ESG technology solutions provide a complete set of Digital Twin and 3D visualization intelligent platforms, consisting of eight systems (i.e. power system, air conditioning system, lighting system, water and wastewater management system, information security system, access control system, monitoring system, and fire protection system). Ennoconn Corp. also provides the integration and construction of a hybrid cloud, including the installation and operation of Anthos Server, platform introduction and practical application, 3D visualization, Web 3.0 design and development, integration of new and old hardware devices, production planning of various software subsystems, integration and building of various communication subsystems, to promote the ESG sustainable development of enterprises towards a safer, resilient, and competitive environment, and inject new growth engines for Ennoconn Corp.’s future operations.

- E. The demand for the edge computing field use has increased significantly

Edge computing is a product of the IoT era. Its function is edge computing. In the middle of the connection between the traditional cloud and the device, there is an additional layer of computing layer edge. This is the computing unit close to the data source, including gateways, routers, and various devices, machines, equipment, and systems related to the bottom layer. The edge computing computer directly captures, filters, and processes the huge information transmitted by multiple devices, processes the information in real time, and responds to the device side 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 AI and 5G, under the tide of this era, the edge computing of this related application product has attracted more attention, and the demand for actual field use has increased greatly. The could service giants AWS, Microsoft, Google, and major firms in servers, network equipment, and the mainframe have invested in this product application. According to MarketsandMarkets, the edge computing market size was estimated to be worth US\$ 44.7 billion in 2022, is projected to reach US\$101.3 billion by 2027, growing a CAGR of 17.8% and showing a long-term stable growth. In response to this market growth, Ennoconn Corp. will develop series of high, medium, and low edge computing products to meet the demand of various fields.

2022--2027 Global Edge Computing Computer Market Size

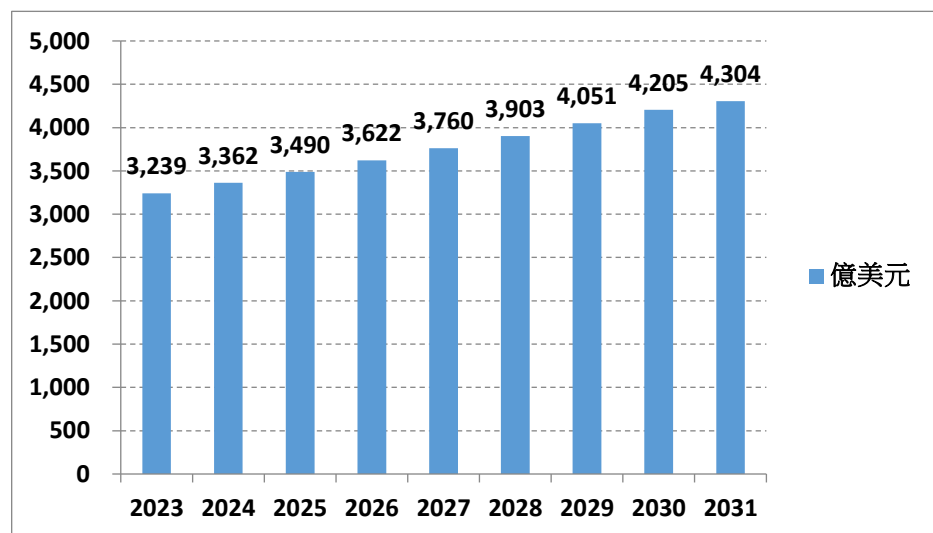


Source: MarketsandMarkets

F. Increasing demand in the gaming market

Gaming is another engine driving the continuous growth of industrial computers. 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 around 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. The gaming industry has once again become a focal point in the market. According to Allied Market Research, global gaming market size is projected to reach US\$430.4 billion by 2031 with a CAGR of 3.8%.

2023-2031 global gaming market scale



Source: Allied Market Research

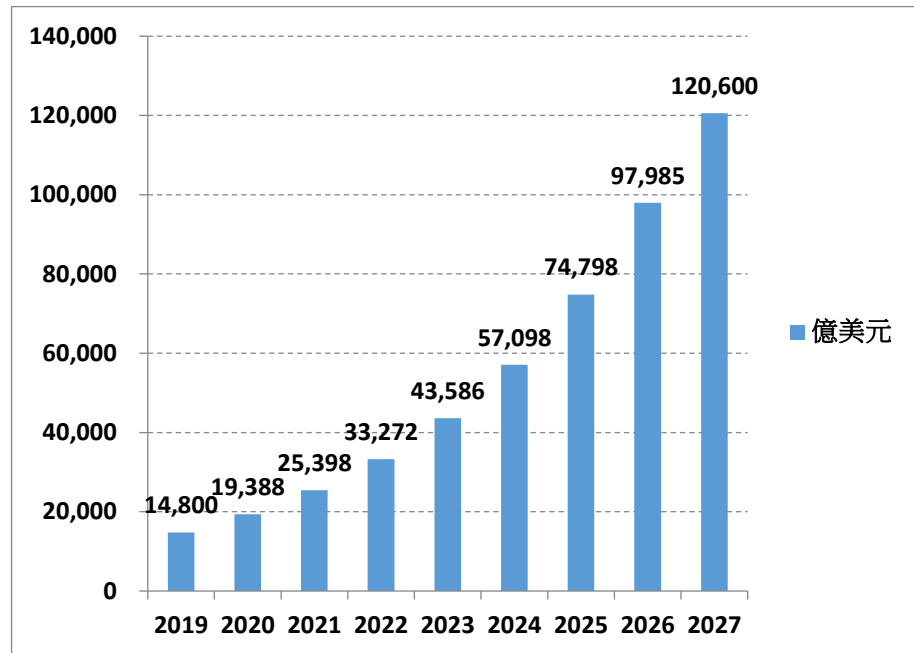
In addition to the sales of hardware machines, the firmware and monitoring system for internal control, and even the need for setting up electronic display board multimedia information station and POS in the tourist areas around casinos and the catering industry could all be important business opportunities for IPC operators.

G. The rise of global mobile payment benefits point of sales (POS) manufacturers

With the demand for mobile payment in recent years, consumers have gradually formed the habit of paying through handheld devices, and mobile payment is rapidly popularizing

and developing. According to the research survey of Allied Market Research, an international research consultancy, the total market, service, and transaction amount of global mobile payment will grow from US\$1480 billion in 2019 to US\$12,060 billion in 2027, with an annual compound rate of approximately 30.1%.

Global mobile payment market scale in 2019-2027



Source: Allied Market Research

The well-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 must first have a smartphone with a built-in NFC chip, and merchants must also replace the MPOS (Mobile Point of Sale) or other POS systems that support NFC transaction function before consumers can enjoy mobile payment services.

Mobile POS machines (MPOS) have the advantage of portability, allowing store personnel to check out customers anytime and anywhere. It is convenient for customers to spend on special occasions such as airplanes or trains. This advantage is expected to bring obvious business opportunities for MPOS-related industries. Greg Buzek, President of IHL Group, a global research consultancy, said that the use of MPOS in some areas is rapidly changing the face of retail and hospitality, particularly for

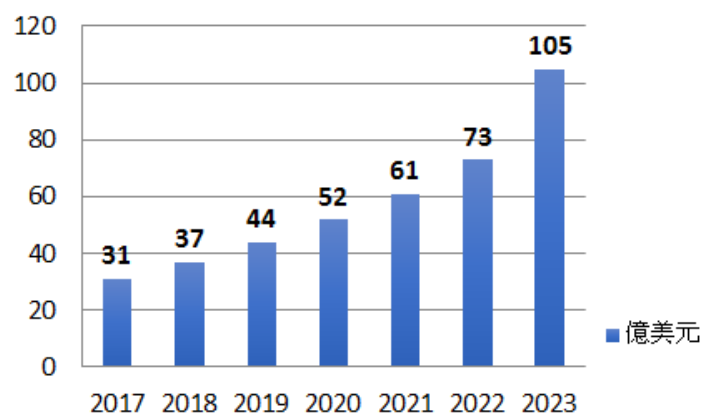
mall retailers. It is estimated that the number of MPOS used in department stores, clothing stores, and shoe stores will grow rapidly every year. In response to the rapidly changing consumer service landscape, the products have developed from PC-based POS machines to handheld POS with integrated wireless transmission, multifunctional all-in-one Touch POS with integrated host and touch screen, Mobile POS (mobile point-of-sale management system), and information service system (Kiosk).

H. Laser Projector has become an important display application

The laser projector adopts advanced laser display technology, which can efficiently convert high-energy laser beam into direct view image so that the audience can enjoy the brilliant color and dynamic picture brought by laser. At present, the mainstream projector scheme is DLP and 3LCD. Of which 3LCD is projecting from a red, green, and blue LCD panel through a magnifying lens and a reflector. Meanwhile, DLP works by rotating light through the color wheel at high speed and then mixing colors. Finally, it is transmitted through the prism and projected.

The characteristic of a laser projector is long working life, which will not cause the screen brightness to dim due to long hours of work. The gamut is wide, about twice of an ordinary projector. The overall performance of the laser projector is outstanding, and related products are already on the market and applied in real life, such as education, business, medical, buildings, retail, entertainment, hotels, and families.

Global Laser Projector Market Scale in 2017-2023



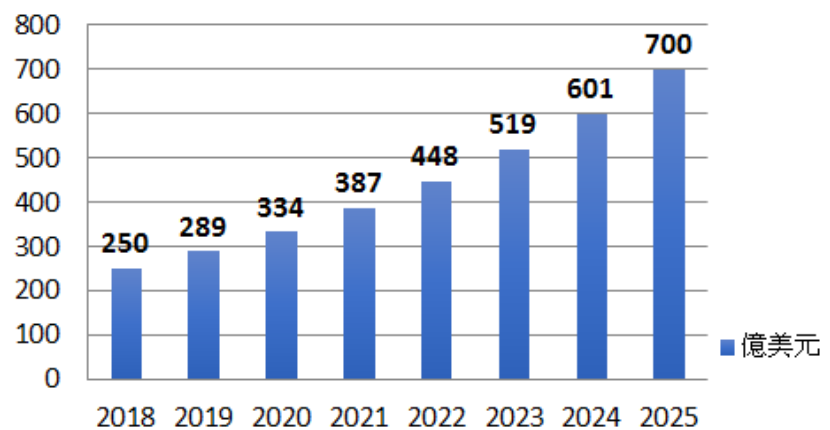
Source: Marketandmarkets

According to a research survey of Marketandmarkets, an international research consultancy, the global laser projector market scale 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 are developing laser applications, the laser projectors' future development will be promising.

I. Industrial ethernet is developing rapidly with IoT applications

According to the statistics of Global Market Insight, the global Industrial Ethernet market scale was US\$25 billion in 2018, and it will reach US\$70 billion by 2025, with an annual average compound growth of 15.8% and longterm stable growth.

Global Industrial Ethernet Market Scale in 2018-2025



Source: Global Market Insight

Industrial Ethernet (IE) is the ethernet network used in an industrial environment, and its protocol provides deterministic and real-time control. Industrial Ethernet protocols include EtherCAT, EtherNet / IP, PROFINET, POWERLINK, SERCOS III, CC-Link IE, and Modbus TCP used in conjunction with rugged connectors and extended temperature switches to implement work automation or process control in harsh environments with extreme temperature, humidity, and vibration.

With the rapid popularization of the Industrial Internet of Things (IIoT) in the manufacturing industry, improving the efficiency of the production process and supply chain is driving the growth of the Industrial Ethernet market, and the development trend of industrial technology is also moving towards the smart factory, After all the factory equipment adopts

ethernet as the communication protocol standard, the information between all levels can be fully linked, so that all the factory equipment and computers can be connected with the information to achieve the goal of real-time control, monitoring, management, etc. to enhance the overall competitiveness of the enterprise. This growing industry is also the key product line that Ennoconn Corp. focuses on.

(4) Competition Situation:

Since 2004, the Company and its subsidiaries have successfully self-developed industrial motherboards, entered the industrial computer industry, and continued to expand the application fields of products. The vertical application fields of industrial computers are quite diverse, and the cost of spanning each vertical application field is not low. Most of the application fields belong to an oligopoly competition structure.

In recent years, the Company and its subsidiaries are positioned as professional industrial computer R&D and design manufacturers, focusing on developing large-scale system integration brand manufacturers in Europe, the US, and Japan in the fields of smart industrial control, smart retail, smart gaming, smart home, and smart transportation, and expanding with customers to emerging markets such as China and South America. Compared with the same industry, the Company's consolidated turnover growth rate is far better than its competitors.

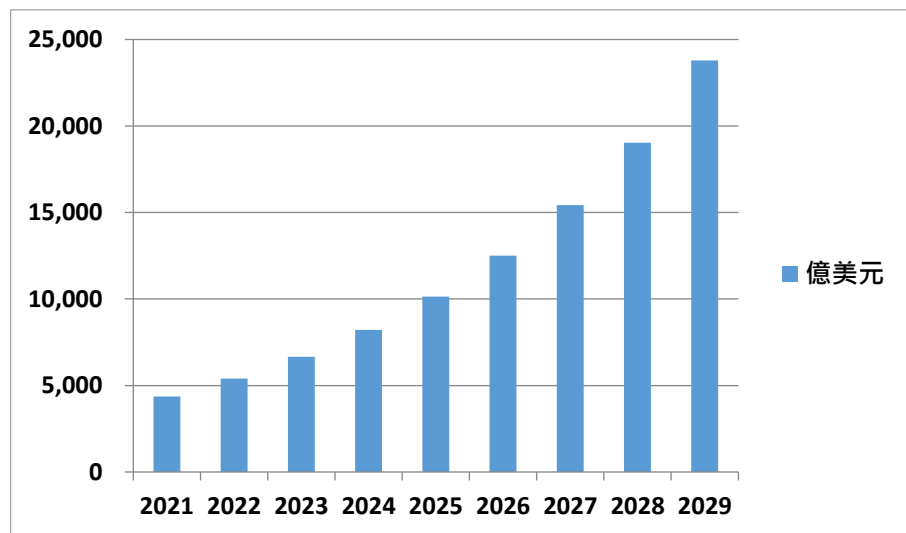
The Company and its subsidiaries focus on resource integration, the expansion of the overall manufacturing services in the customer area, the acquisition of product design and manufacturing turnkey contracts for major customers, and providing one-stop overall product service for customers. At the same time, we also develop high growth, high value, high margin products, and solutions, integrates the existing product lines, expands the diversity of industrial computer products, actively deploys IoT platforms from the cloud, systems to end devices, and improves the competitiveness in existing fields. Its growth potential is better than that of TWSE/TPEX listed companies.

(5) Transformation and upgrading:

With the sophisticated and vigorous development of technologies such as 5G transmission, cloud computing, and artificial intelligence (AI), digital transformation and intelligent upgrading have become the development goals of various industries in the next stage. The

technological revolution triggered by the IoT, software and hardware integration solutions, as well as the emergence of IoT cloud platforms, enables device manufacturers to provide global cloud-based applications in the aspect of design, simulation, maintenance, production, manufacturing and e-commerce environment, and overcome the digital gap in the face of industrial transformation. According to an international research institution, the global business scale of XaaS (Everything as a Service) has grown rapidly from an average annual compound growth of 23.4% in 2021 to a total of USD2.4 trillion in 2029. This huge demand creates a sound business development space for Ennoconn Corp. with complete solutions.

Global Everything as a Service Market Scale in 2021-2029



Source: Fortune Business Insight

Over the past 20 years, Ennoconn Corp. has continuously followed the technological process in terms of its operations, continuously integrated more strategic partners to enhance the competitiveness and operational performance. From IIoT's hardware products and services adapting to the harsh environment engineering, to rapidly expanding the market share, and vertically integrating the software and hardware required for the market, Ennoconn Corp. provides comprehensive and subscription-based ESaaS (Enoconn Solution as a Service) open hybrid cloud-based solutions. On this basis, Ennoconn Corp. integrates the upstream and downstream supply chains to create a unique all-in-one service that covers HaaS, IaaS, PaaS, and SaaS (Everything as a Service), allowing its industrial control products in combination of software and cloud services with high value-added differentiated advantages. Ennoconn Corp. will also

follow major customers' focus to continuously increase the proportion of software and cloud-based services, which will further improve the performance of Ennoconn Corp.'s three-rate performance and inject new vitality into the overall operation.

3. Technology and R&D overview

(1) Technical level of the business:

The application of 5G combined with big data and related AI fields will become more extensive. IoT products such as sensors and AI big data analysis will become more and more popular. The R&D strategy begins with interactive terminal products and focuses on emerging products such as smart industrial control, smart retail, smart gaming, smart home, smart transportation, etc.

In the field of smart industrial control man-machine interface, Ennoconn Corp. continues to introduce industrial control host with touch screen, which is wide temperature, high brightness, and long service life. It is compatible with production equipment units such as programmable logic controller (PLC), frequency converter, servo motor, and reducer of major brands. Using an intuitive operation interface, it is easy to operate the production machine and immediately grasp various production information and machine status. With the industrial firewall technology, NAS, and other industrial computer products technology developed by the Company and its subsidiaries, the R&D direction is extended from the industrial computer system with strong and solid specifications to the industrial communication field, such as industrial server to the development of industrial smart gateway, which is used to collect all kinds of traditional instruments, digital instruments, sensors, servo motors, production machines, etc. Through big data analysis, combined with IT/ERP information system, smart production, and equipment predictive maintenance can be achieved, which is an important cornerstone for the realization of industry 4.0 smart factory.

In the aspect of smart transportation, we have developed and designed industrial control mainframe for rail transit and navigation, continuously cultivated various IPx's waterproof and dustproof design, developed industrial control mainframe and Panel PC that comply with the requirements of maritime power supply and developed color correction software, which can meet the certification specifications of the panel in industrial application, and meet the DNV association specifications. Also, we have passed relevant and stringent tests on

EMC/Safety and power supply requirements to help customers launch products more quickly.

In terms of smart retail, x86 computers are mainly used in retail POS, interactive multimedia machines (Kiosk), automatic control equipment, ATM, lottery machine, electronic billboards, medical care equipment, network storage equipment, etc. The Company and its subsidiaries join hands with Intel to pursue the development opportunities of new industries and new markets. Adopting the new generation of Intel S and U Series CPU, standardized design, integrated motherboard and system, combined with embedded storage memory peripheral and multi-mode embedded wireless transmission, it provides a different development platform of General SBC. As different products in different vertical markets, it can accelerate and improve the development schedule of extension machine products and the development efficiency of system products to provide the most suitable customized module design and become the device or equipment used in various industries.

In addition to x86 computers, the Company also started to focus on the design of the AIO POS machine on the Android platform last year, designing a thinner and lighter POS machine and integrating the related peripheral software commonly used in POS to assist customers in expanding more diversified product lines.

In terms of smart gaming products, we continue to cooperate with gaming machine equipment vendors to provide different core Intel CPU platform controllers to meet the needs of customers' different applications. We are committed to deepening software and firmware development, providing more enhanced Boot Security firmware design, and supporting customers in passing GLI certification. Now we have also continued expanding cooperation from customers and continued to obtain more projects.

In terms of AI, the Company cooperates with Intel OpenVINO (Open Visual Inference & Neural network Optimization) to develop relevant POS applications. Combined with big data analysis technology, it enables customers to more easily convert the image data collected by edge and IoT devices into commercially valuable information, such as face recognition, customer recognition, and push corresponding advertisements. At the same time, we have also planned AMD chip products to seize the gaming entertainment market of multi-screen and 4K in Japan and the US.

The smart industrial internet is another key promotion work. It develops software and hardware technologies and products of the core layer, connects various industrial machines to the network, uses sensors and gateways to collect data, applies fog cerebellum to analyze data, makes a smart judgment on the cloud, and finally enables edge devices to achieve the ultimate goal of cost reduction, storage reduction, quality improvement, and efficiency improvement.

We continued to expand the development of application computers in different vertical fields with various chip factories, continued to introduce the latest Intel chip platform design, and provided Elkhart Lake, Tiger Lake, and other related latest platforms to solve customer specifications and requirements and provided the customer with the track rugged computer that complied with the EN50155 power supply specifications. We also provided total progress computers that complied with maritime association specifications such as DNV and IEC60950 for verification by related customers. In response to the changes in the COVID-19 pandemic, the R&D team has also invested corresponding resources, cooperating with MediaTek, Aspeed, and other chip manufacturers to develop video-related equipment, such as 360-degree 4K image stitching video products that combined with AI recognition, tracking, and noise reduction. Related samples and products are launched.

We continued to provide “AIoT hardware and software cloud service platform” solutions and design and manufacturing services for terminal interaction systems, standardize and modularize hardware and software integration services, and introduce cloud platform services to enable products to have cloud-based integration service capabilities. With a focus on related applications such as smart factories and smart cities, we integrated partners to assist more industrial market customers, and increase the software capabilities of hybrid clouds for existing products. We provided customers with multiple choices for edge computing, data cloud, and information security management.

In recent years, ESG issues have been widely addressed by enterprises worldwide. Currently, with regard to carbon emissions related products, we continue to develop a communication protocol product that integrates data from various sensors, which can collect data related to ground sensors, upload it to a cloud server, and convert it to be displayed on a visual dashboard, facilitating management and interpretation of data, providing a reference basis for monitoring the environment and adjusting equipment energy consumption.

4. Transformation and upgrading

According to an international research agency, the global industrial computer market size is estimated to be worth US\$6.2 billion in hardware device solutions alone by 2025. The technological revolution brought about by the IoT, hardware and software integration solutions, as well as the emergence of IoT cloud platforms, allows device manufacturers to provide global cloud application services in the development environment of design, simulation, maintenance, production, manufacturing, and e-commerce, overcome the digital gap in the face of industry transformation, and also drive the market expansion of more than 180 times up to US\$1.1 trillion, and create a sound business development space for Ennoconn Corp with complete solutions.

Over the past 20 years, Ennoconn Corp. has continuously followed the technological process in terms of its operations, continuously integrated more strategic partners to enhance the competitiveness and operational performance. From IIoT's hardware products and services adapting to the harsh environment engineering, to rapidly expanding the market share, and vertically integrating the software and hardware required for the market, Ennoconn Corp. provides comprehensive and subscription-based ESaaS (Ennoconn Solution as a Service) open hybrid cloud-based solutions. On this basis, Ennoconn Corp. integrates the upstream and downstream supply chains to create a unique all-in-one service that covers HaaS, IaaS, PaaS, and SaaS (Everything as a Service), allowing its industrial control products in combination of software and cloud services with high value-added differentiated advantages. Ennoconn Corp. will also follow major customers' focus to continuously increase the proportion of software and cloud-based services, which will further improve the performance of Ennoconn Corp.'s three-rate performance and inject new vitality into the overall operation.

(2) R&D personnel and their academic experience:

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

Unit: person

Year	2020	2021	2022
Education			
PhD	8	35	47
Master degree	1,332	1,343	939
College degree	1,600	1,501	1288
Senior high school (inclusive) or below	765	878	710

(3) R&D expenses invested in the most recent year and successfully developed technologies or products:

A. R&D expenses invested:

Unit: NT\$ thousand; %

Year	2021	2022
R&D Expenses (A)	7,397,394	7,975,853
Operating revenue (B)	85,367,035	108,228,533
Ratio of R&D Expenses in operating revenue (A)/(B)	8.67%	7.37%

B. Successfully developed technologies or products:

Year	Name item of product and technology
2011 to 2018	Omitted, please refer to the Company's previous annual reports.
2019	<ol style="list-style-type: none"> 1. Introduced AMD 4-display integrated single SOC chip standard motherboard, successfully cut into the gaming entertainment machine manufacturers, showing high-performance video dynamic display effect. 2. Kept on expanding the application of the Coffee Lake platform in gaming entertainment machines with Intel, and improved the application of USB device management and MCU device control, provided more different types of system integration applications, and successfully cut into the dart machines and other game machine console manufacturers. 3. Persisted in strengthening cooperation with gaming customers and developed firmware functions in Boot Security and different core modules to meet the different needs of customers. 4. Collaborated with medical equipment manufacturers to develop the handheld ultrasonic tablets that complied with the medical EN60601 specifications and developed various firmware to assist clients in integrating various needs. 5. Launched the marine rugged host on Intel Coffee Lake platform, and deepened the research and development capabilities of the stringent maritime EMI/EMC, Safety and power supply requirements, solved voltage fluctuations and related insulation issues to comply with relevant DNV and various test specifications and certification requirements, etc., to provide customers with diversified product selection. 6. Developed the ECDIS color correction software to meet the certification specifications for the panel in industrial applications, provided the sea chart and information could be accurately displayed on the LCD screen under different brightness conditions, at the same time, integrating the communication protocols used for the control of marine devices.

Year	Name item of product and technology
	<ol style="list-style-type: none"> 7. Developed Intel Apollo Lake entry-level POS to provide customers with a more complete product line. 8. Developed USB SR Pro package software tools, combined with hardware design to be used on industrial computers to provide device detection and reset functions, and to reduce the probability of personnel visiting the site for maintenance. 9. Developed integrated Intel SOC single chip, combined with customer's robot products integrating machine vision to provide AOI inspection applications, and designed industrial-grade insulation PSE module system, providing four sets of POE interfaces for camera use, and developed light source control firmware at the same time, providing various parameters with high wattage light source control module to offer better-LED dimming function.
2020	<ol style="list-style-type: none"> 1. Developed low-end POS machines on the Intel Whiskey Lake platform to provide customers with a diverse product layout. 2. Developed the BOX PC on the Intel Elkhart Lake platform to provide the product layout of the customer's Kitchen controller. 3. Combining video chip manufacturers with MediaTek's chips developed and designed products for 4K image-stitching and AI smart recognition of video conference applications. 4. Developed the BOX PC on the Intel Tiger Lake platform, introduced an interface that complies with the NMEA isolation design, enhanced the ECDIS color correction technology, and introduced the products of the sea chart system to provide customers with a new generation of product layout. 5. Developed the BOX PC for rail transit applications on the Intel Elkhart Lake platform, introduced a design that conforms to the onboard ignition, complied with voltage fluctuation and power isolation requirements while integrating 4G/5G modules in the same system, and increased more diverse applications to provide customers with more complete system products. 6. Developed industrial-grade Ethernet Switch products, where serial port supported real-time data transmission and receiving communication. Once the network interface expansion box was connected, the serial port immediately restored the communication status, plug and play, no complex IP settings, and easy installation and maintenance. 7. Developed Rockchip's ARM architecture CPU module board to provide more choices of SMARC Embedded architecture products. 8. Continued to strengthen the overall system capabilities of gaming products, provided system design support for hardware and software, optimized lottery machines and other mass-produced products, and launched new platform designs in

Year	Name item of product and technology
	<p>conjunction with chip manufacturers to provide customers with higher cost-performance.</p> <ol style="list-style-type: none"> 9. Developed software for Microsoft Azure Cloud applications, built Remote monitoring and Recovery mechanisms and provided customers with more options for additional product features. 10. Developed encrypted data storage technology and ECDSA digital signature technology and provided customers with encryption technology integrating hardware and software.
2021	<ol style="list-style-type: none"> 1. Developed All in One POS machine for Intel Whiskey Lake platform to provide customers with a diverse product layout. 2. Developed the BOX PC for Intel Elkhart Lake platform to provide customers with controller solutions in Kitchen application field. 3. Developed the BOX PC on the Intel Tiger Lake platform, introduced an interface that complies with the NMEA isolation design, enhanced the ECDIS color correction technology, and introduced the products of the sea chart system to provide customers with a new generation of product layout. 4. Developed the BOX PC for rail transit applications on the Intel Elkhart Lake platform, introduced a design that conforms to the onboard ignition, complied with voltage fluctuation and power isolation requirements while integrating 4G/5G modules in the same system, and increased more diverse applications to provide customers with more complete system products. 5. Developed the motherboard of lottery machine for Intel Elkhart Lake platform to provide customers with a diverse product layout. 6. Developed lottery system with a small-sized display and wireless BCR Reader for Intel Whiskey Lake platform in response to provide variable easy-to-assemble products for different fields. 7. Developed integrated Smart Projector products by combining multimedia products with cloud software services, which support different projection input sources, and combine. 8. Developed and designed products for 4K image-stitching and AI smart recognition-based video conference applications by combining video chip manufacturers with MediaTek's chips, and integrated video software and cloud collaboration software in the products. 9. Develop a FAN less All in One system based on Intel Whiskey Lake system. 10. Expanded the design of related plastic and iron parts of largesized cabinets of gaming products, and optimized, changed and continued to introduce related system components and other new design solutions, by cooperating with customers.

Year	Name item of product and technology
2022	<ol style="list-style-type: none"> <li data-bbox="628 351 1417 495">1. Developed a high-end POS motherboard in the Intel Tiger lake platform, along with I/O board and AD board modules, to provide a flexible combination in the customer's integrated system. <li data-bbox="628 501 1417 602">2. Developed the Intel ADL-P new platform in the high-end lottery terminal motherboard, providing customers with high-level product layout. <li data-bbox="628 609 1417 752">3. Developed the Intel Elkhart Lake platform, applied to the design of low-level POS terminal motherboards, and designed low consumption products meeting the needs of a new generation of mini, simple and quiet systems. <li data-bbox="628 759 1417 1014">4. Developed a new generation of video conferencing system, added a VIA module (MediaTek chip), which enables stand-alone online video conferencing without an external computer required. With Google Cloud related application software, documents can be directly processed via wireless or wired Internet access on the cloud platform for immediate conference discussions. <li data-bbox="628 1021 1417 1238">5. The EDEB platform was integrated and developed. EDA can quickly output symbols, footprints, 3D, and other data through AI-determined datasheets to accelerate layout design. The DQM platform provided related information about parts with similar specifications for designers to select, which can accelerate part selection and verification import. <li data-bbox="628 1245 1417 1346">6. Developed wireless and wired barcode readers, and obtained new patented designs of fast steering devices from Taiwan and Mainland China. <li data-bbox="628 1352 1417 1453">7. In the gaming industry, developed large-scale vending machine related products, integrated the design of software, hardware, and mechanisms, and launched a complete system. <li data-bbox="628 1460 1417 1603">8. Worked with existing customers to develop application machines related to the gaming industry, integrated and launched a complete system integrating software, hardware, and institutions. <li data-bbox="628 1610 1417 1686">9. Integrated Google Anthos software to create cross-cloud application platform products for managing hybrid clouds. <li data-bbox="628 1693 1417 1861">10. Integrated Google IoT Core with Intel and TI chip platforms, established and connected numerous IoT devices through Google Cloud platform, and centrally managed through cloud platform. The captured data was also recored and analyzed, provided IoT management solutions.

5. Long-term and short-term business development plans:

(1) Short-term development plan:

A. Marketing strategy

- (A) Enhance the development and depth of regional markets and actively expand the cooperation and exchange with professional system integrators in the targeting market.
- (B) Extend the cooperation of new product lines of existing customers, actively promote the integration of high value-added system products and product ecological chain, to enhance the overall turnover and profit, deepen the cooperation with customers and increase loyalty.
- (C) Aim at the target customers in niche markets for in-depth business development, and organize exclusive application seminars according to their respective vertical application markets to boost the certainty and visibility of our professional capabilities.
- (D) Deploy 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 a successful demonstration point.

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

- (A) Actively introduce and cultivate R&D and project management talents to extend the technical field and accelerate product development.
- (B) Purchase additional R&D equipment, especially system analysis and institutional integration-related R&D verification equipment, to react to the increasing project demand for smart industrial control, smart retail, smart gaming, smart home, and smart transportation.
- (C) Reserve software R&D talents for RISC & MCU product development, and recruit industrial communication-related protocol including experts in IoT and big data to accumulate R&D energy and R&D strength of soft and firmware.
- (D) In combination with marketing objectives, expand and accelerate key product R&D, key technology development and collection, combination and integration of smart production of its own technology and strategic partners' core technology products in the industrial Internet-related fields.

- C. Operation management policy
 - (A) Strengthen the quality control system, continuously improve product quality, reinforce customer service.
 - (B) Make good use of the information management system to advance the Company's operating performance.
 - (C) Reinforce internal work quality and innovation ability.
- (2) Long-term development plan:
 - A. Marketing strategy
 - (A) Actively strive for cooperation opportunities with large customers in the industrial computer field in Europe, the US, China, and Japan.
 - (B) Deeply cultivate the targeting vertical application market, nurture professional technical capabilities and be familiar with industrial applications and needs, integrate the expertise and advantages of each subsidiary, and strive for new business opportunities.
 - (C) Strengthen the integration of the application ecological chain and offer customers diversified application development.
 - (D) Integrate global production bases and provide customers with global production logistics services.
 - (E) Build a foundation in Taiwan, layout in China, and look to the world; provide solid, effective, and comprehensive software and hardware integration applications and smart vertical solutions.
 - (F) Work together with brand owners to jointly develop industrial application products and assist in expanding niche markets.
 - (G) Strive for the major target customers of product design and manufacturing turnkey contracts and exclusively provide customers with one-stop global overall product services.
 - (H) With the technological transformation of the IIoT. Everything as a Service (XaaS) will embrace a large scale market size. In conjunction with the company's transformation and upgrading to develop ESaaS (Enoconn Solution as a Service), we provide cloud-based software and hardware integration solutions to seize this huge market opportunity.
 - B. Production, R&D, and product development direction
 - (A) Deepen the application environment of the vertical market, research, collect and utilize user experience to develop distinguished products and services.

- (B) Based on the development of the smart vertical field, combined with the architecture of cloud computing and the IoT, ally with manufacturers by key technologies and components to provide novel products and services and create diversified applications for different vertical markets.
 - (C) Establish multiple cooperation platforms for key strategic partners; introduce the modularization of flexible hardware production and rapid field application solutions for target industries.
 - (D) In response to the relocation and restructuring of the global supply chain, we set up transcontinental regional factories for customers and make available professional manufacturing services for various products.
- C. Operation management policy
- (A) Vertically integrate technology and manufacturing capabilities to provide customers with a full range of services. Also, actively integrate the global production bases to boost global production and remote backup capacity for customers.
 - (B) Adjust the organizational structure and establish a profit center management system.
 - (C) Raise funds through domestic and foreign capital markets to further build a global corporate map.
 - (D) Develop the Company's corporate culture and international outlook, and nurture outstanding professionals through job rotation to improve the competitive advantages.
 - (E) Set goals at the company, department, and individual level, and import online performance assessment software to systematically implement performance management.
 - (F) Integrate the group's technology in various fields and develop an application ecological chain.
 - (G) Establish communication and organizational structure for rapid strategies and executions across multiple time zones and nationalities.

II. Overview of the Market, Production, and Sales:

1. Market Analysis:
 - (1) Sales region of major products:

Unit: NT\$ thousand

Region	Year	2021		2022	
		Amount	%	Amount	%
Domestic		19,130,961	22.41	21,455,921	19.82
Overseas	Asia	22,171,281	25.97	27,896,503	25.78
	America	11,456,490	13.42	21,438,739	19.81
	Europe	32,220,279	37.74	37,337,598	34.50
	Other	388,024	0.46	99,771	0.09
Total		85,367,035	100.00	108,228,532	100.00

(2) Market Share:

The Company and its subsidiaries have successfully developed our own industrial motherboards since 2004 and continuously enlarge product application areas. In recent years, we have successfully and rapidly expanded our business as a “professional industrial computer R&D and design manufacturer” and have taken place in the industrial computer industry. Over the years, the Company and its subsidiaries have teamed up with major manufacturers in Europe and the US to conduct research and development, where the products have not only penetrated Europe, the US, Japan, and other mature markets, but also made remarkable achievements in vital emerging markets, such as China and South America. Due to the wide range of applications in the industrial computer industry, there are no accurate domestic statistics that can show the Company and its subsidiaries’ share of the industrial computer market. 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 instance, the Company has become the world’s largest ATM brand factory and the top three POS brand Group A’s most important board and controller 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 grow progressively.

(3) The future supply and demand situation and growth of the market:

Demand for the POS industry will continue to grow gradually. According to the forecast from the research institution Transparency market research, 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 the ATM market, although the North American market has become saturated. Nevertheless, due to the low base period of emerging countries and the low penetration rate of smart mobile devices, the growth is well, and the demand potential of ATM is not low. According to an assessment report released by Allied Market Research (AMR), the global ATM market will grow at a compound annual growth rate of 5.2% from 2019 to 2027, and the global ATM market will reach nearly US\$30.5 billion in 2027. However, the ATM market in Europe and the US has become saturated, and it is expected that the growth of the Asia Pacific region, the Middle East, and Africa will be significantly faster than other regions in the next few years.

At present, major international brands emphasize terminal sales, and it has become a trend to outsource design and production operations. Taking Group A as an example, most of its POS products are OEM outsourced manufacturing of the whole machine. Due to transportation cost considerations, ATMs often set up their own complete machine assembly bases in neighboring areas of important markets. Still, most of its important components, such as motherboards and controllers, have also been outsourced. Thus related business opportunities are still booming.

Because of the market recognizes Self-Service technology, the demand for Kiosk continues to grow increasingly. According to the forecast from the survey institution, Persistence market research, global demand for interactive and self-service Kiosks will grow continuously at a compound annual growth rate of 9.7% from 2017 to 2025.

In recent years, AI has flourished rapidly in various fields. Machine vision systems have become important applications in smart cities, medical care, retail, logistics, green energy, agriculture, etc. According to the evaluation report released by the survey agency Marketsandmarkets, the machine vision market will have a compound annual growth rate of 6.1% from 2020 to 2025, and the global market scale will reach US\$13 billion in 2025. There are four main driving forces for market growth: 1. The rapid development of technologies for identification, measurement, judgment, positioning, and guidance; 2. The rapid growth of AMR and AGV robot applications; 3. Demand for self-driving cars and electric vehicle products

doubled; 4. The swift introduction of AI, 5G, and Industry 4.0 industrial applications.

(4) Competitive niche:

A. Innovate energetically to find different growth models

It has taken Taiwan's general industrial computer suppliers more than a decade to reach their current scale in Taiwan; if following its model, there are few opportunities to catch up or surpass its achievements in a few years. Therefore, the Company and its subsidiaries repetitively attempt to establish core competitiveness with different products, services, and business models, and at the same time accelerate the expansion of the scale. This belief makes the members of each functional unit not stick to the existing workflow and thus can adjust and progress according to the Company's strategic directions and its subsidiaries.

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

The building of new product development and services has 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 on the needs of the industry. Because of the focus, we can better understand the application environment. Besides attracting opportunities for advanced industrial collaboration, it also builds a higher competitive threshold. Apart from technology, the time and quality of development are also crucial. Project management members not only have a good knowledge of products and design but also need to be familiar with a wide range of fields such as material preparation, production, industrial knowledge, and customer communication. The accumulated experience and talent development of ODM/JDM in the past few years will be a vital opportunity for future development.

C. Build better products with heavyweight customers, and the partnership has become a 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 cooperative relationship between companies becomes closer. Given the steadiness of industrial computers, it is tough for competitors to cut in.

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

MIS and software personnel are also important pillars for the development of the Company and its subsidiaries. In addition to purchasing packaged software for direct use of its functions, the interface between the systems or the insufficiency is supplemented by MIS and software personnel to accomplish a seamless flow of information. The expertise of the software personnel is also exerted in the automation of factory production. The reduction in personnel judgment and usage reduces both the probability of error and the cost of production.

- E. Management team with ample background

The Company's management team comes from industrial computers and world-class design and manufacturing service companies with relevant management experience in products of HMLV (High Mix, Low Volume) or LMHV (Low Mix, High Volume). Facing industries with different growth strengths, this cross-border combination helps meet the customer needs beyond product development.

- F. Flexible service model, nearly one-time solution, deepen the level of cooperation with customers

From core boards and embedded systems to complete machines containing many imaging devices, from simple product design and manufacturing to create a worry-free supply chain and service system for customers, Ennoconn Corp. increases the customer's adhesion to us with multi-level product capabilities and a wide range of ecological chain partners.

- (5) The advantages, disadvantages, and countermeasures of the development prospect:

Advantages:

- (A) The transfer of industry models allows the latecomers to grow rapidly

The rise of the Apple brand has driven new thinking in products and services. In the past, the industrial computer industry in Taiwan only focused only on hardware R&D, just like the PC industry. If a company can construct new business models and products, it will also have the opportunity to emerge. Therefore, the Company and its subsidiaries, with innovative business models, are the pioneers of

bringing the concept of “ODM” into the first-class brand factories, focusing on establishing good cooperative relations with large-scale brand system integration manufacturers of industrial computers, and using this successful experience to continuously strive for cooperation opportunities with other brand factories in the future.

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

The company’s management team 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 capability compared with other peers. We can take the product as the main axis, continuously invest resources in the R&D technology, management, and market development, and assist the factories in adjusting the production process and product quality to meet customers’ demand and find a different path from other industrial computer manufacturers.

(C) High quality and steady customers

The main sales customers of the Company and its subsidiaries are mostly international well-known brand manufacturers in various application fields. The customers’ operating conditions are stable and have a solid foundation. The sales areas are all over the world, and they are less susceptible to major fluctuations due to individual market or economic changes. Furthermore, we have upheld a good communication bridge with customers so as to grasp their needs of products, earn their recognition, and contribute to the solid growth of the Company and its subsidiaries’ revenue.

(D) Complete R&D functions

The Company and its subsidiaries have a complete division of labor in the R&D center. Apart from possessing complete R&D capability in software, hardware, and firmware, the Company also has system integration, verification, power supply design, circuit layout, safety inspection, etc. Besides, the R&D team also conducts regular meetings to communicate the work progress, which can effectively fulfill the customer’s needs for products and follow-up maintenance updates. Moreover, we have set up a dedicated team for key customers to deliver customers comprehensive services.

- (E) The booming communication industry and the IoT drive the industrial computer revolution

With the emphasis on the internet of everything (IoE) in industry 4.0, various terminal devices, controllers, and sensing elements become increasingly intelligent and capable of autonomous computing. The design concept of industrial computer has also been repositioned in response to the industry 4.0 trend. With the advent of the IoT era, all terminal equipment will have sensing, data collection, and computing capabilities in the future. In view of this, the demand for industrial computers will shift from the original core computing requirements to power-saving, lightweight, and convenient deployment functions and integrate more monitoring and preventive maintenance capabilities to reduce the loss caused by abnormal conditions. Therefore, the integrated 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 the profits to grow further.

- (F) Rapid growth in demand in emerging market countries

China has transformed from a production location that provides cheap labor to a hotly contested emerging market for the rest of the world. On top of it, its government has continued to push forward infrastructure. For Taiwanese manufacturers, they can take advantage of geographical and language advantages to compete for orders with products and high-quality services. Furthermore, with the successful deployment of the large-scale brand manufacturers in South America, Eastern Europe, and other emerging markets, which are expected to continue to drive the demand for industrial computer related products. Coupled with the increase in consumer spending power, it is also the driving force to increase the demand for POS and ATM shipments.

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

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

Disadvantages:

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

Countermeasures:

- Pay attention to exchange rate trends at any time, and adjust product costs and selling prices promptly
- The purchase and sale of goods are mainly priced in US dollars, and the overall impact on exchange rate fluctuations can achieve the balance effect between receivables and payables.

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

Countermeasures:

- Actively integrate global production bases to improve customers' global production and remote backup capabilities

(C) The COVID-19 pandemic has affected the decline in demand, and the future outlook of the global economy is uncertain, resulting in conservative investment

Countermeasures:

- Work with suppliers and customers to manage production and sales and reduce opportunities for 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 internationally renowned manufacturers, the negotiation ability is low and sales are concentrated

Countermeasures:

- Maintain a good communication relationship with customers
- Actively develop new customers and have gradually dispersed customers.

(E) Many competitors join the market.

Countermeasures:

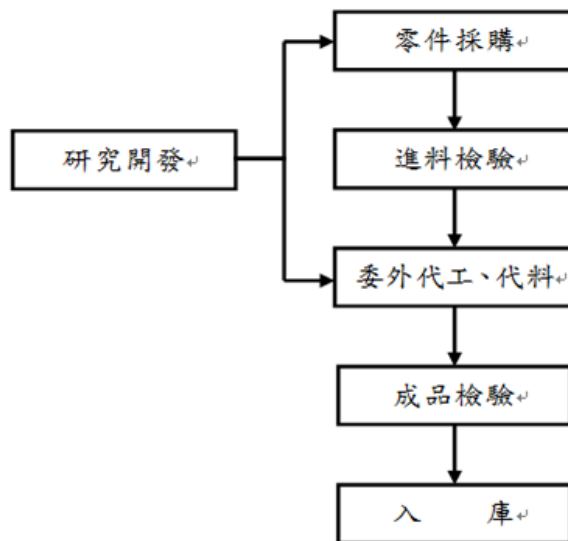
- The Company and its subsidiaries have innovated business models, are ahead of potential competitors and have established a solid relationship with large-scale industrial computer brand customers. Industrial computer brand companies value the stability of suppliers and are less likely to change manufacturers. In addition to reinforcing the existing achievements, the Company and its subsidiaries also continue to progress and expand their leading edge.

2. Major applications and production process of the main products

(1) Major applications of the main products:

Main products	Major uses
Embedded boards for industrial computers	Integrate computing, memory, storage, and multiple transmission or expansion interfaces according to system requirements or industrial specifications. Through the integration of the system and the addition of expanded modules, it becomes a 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, AI computers, edge computers, telecommunications systems, medical computers, industrial ethernet computers, industrial network security computers, embedded software development tools, optical imaging systems, etc.
System/barebone	To meet the application requirements, the industrial computer boards 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 integration, it is more focused on a single application and is closer to the market and users.
Network information security	Ensure smooth network connectivity, control the in and out of all network packets, and integrate communications and computer equipment. Its applications include network security servers, firewalls, virtual private networks, antivirus application servers, integrated threat application servers, intrusion detection and prevention servers, enterprise-level internet voice servers, etc.

(2) Production process of main products:



3. Supply Status of Main Raw Materials:

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

4. The names of any suppliers (clients) that have supplied (sold) 10% or more of the company's procurements (sales) in either of the preceding 2 fiscal years, and the monetary amount and the proportion of such procurements (sales) as a percentage of total procurements (sales), and explaining the reason for any change in the amount:

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

Unit: NT\$ thousand

Item	2021				2022			
	Name	Amount	Percentage of annual net purchases (%)	Relationship with the issuer	Name	Amount	Percentage of annual net purchases (%)	Relationship with the issuer
Net purchases		75,385,959	100.00%	-	Net purchases	91,664,539	100.00%	-

Note: suppliers with a purchase amount accounting for more than 10% of the Company's total purchase amount.

Reasons for increase or decrease:

Due to the ongoing growth of revenue of the Company and its subsidiaries in 2021, the purchase amount increased.

(2) Information on the major sales customers in the most recent two year:

Unit: NT\$ thousand

Item	2021				2022			
	Name	Amount	Proportion to net sales of goods for the entire year (%)	Relationship with the issuer	Name	Amount	Proportion to net sales of goods for the entire year (%)	Relationship with the issuer
	Net sales	85,367,035	100%	-	Net sales	108,228,533	100.00%	-

Note: No suppliers with a purchase amount accounting for more than 10% of the Company's total purchase amount.

Reasons for increase or decrease:

Due to the introduction of new products from new customers and changes in the demand for products from existing customers, the change in the proportion during the period is still normal. It is also caused by the impact of the newly-added consolidated subsidiary.

5. Analysis of production volume, value and changes for the most recent two fiscal years:

Unit: Pcs; NT\$ thousand

Year	2021			2022		
	Production capacity	Output volume	Output value	Production capacity	Output volume	Output value
Major products						
Industrial computer Sales of hardware and software	135,242,856	46,233,817	1,496,144	121,544,949	39,238,756	6,054,070
Production and marketing of network communication	178,072	151,832	1,863,019	232,229	168,082	2,277,689
Plant affairs-related system and electromechanical system services	(Note 2)	(Note 1)	30,838,692	(Note 2)	(Note 1)	44,980,634
Other	(Note 2)	18,845,633	17,434,935	(Note 2)	16,848,944	5,663,611
Total	135,420,928	65,231,282	51,632,790	121,777,178	56,255,782	58,976,004

Note 1. Since there are many types of products and products are independent from each other arising from that they are customized based on purchaser's demands, its production capacity and volume cannot be calculated.

Note 2. Since it is produced by an outsourced factory, its production capacity is not calculated.

Reasons for increase or decrease:

The overall increase in production capacity, output, and output value in 2022 was due to market trends and changes in customer demands.

6. Sales volume and value in the most recent two years:

Unit: Pcs; NT\$ thousand

Sales volume and value	Year		2021				2022			
			Overseas		Domestic		Overseas		Domestic	
	Volume (Note)	Value	Volume (Note)	Value	Volume (Note)	Value	Volume (Note)	Value		
Major products										
Industrial computer Sales of hardware and software	-	6,933,346	-	37,737	-	8,003,738	-	30,096		
Information System	-	43,628,914	-	-	-	34,080,164	-	31,147		
Production and marketing of network communication	-	4,260,044	-	146,635	-	4,597,810	-	350,857		
Plant affairs-related system and electromechanical system services	-	16,182,532	-	18,276,142	-	30,283,445	-	20,083,258		
Other	-	6,420,849	-	670,447	-	9,807,455	-	960,563		
Total	-	77,425,685	-	19,130,961	-	86,772,612	-	21,455,921		

Note: Since consolidated subsidiaries involve a wide range of industries and natures, and major sales companies' business items are systematic project-based contracting services as well as development and design of software, their sales volume cannot be calculated due to their wide type of products and the lack of consistent quantity calculation unit.

Reasons for increase or decrease:

The difference in sales volume and value in 2022 compared to last year is due to market trends and changes in customer demands.

III. Number of Employees Information on Employees in the Last Two Fiscal Years and up to the Publication Date of this Annual Report:

Unit: person; %

Year		2021	2022	March 31, 2023
Numbers of Employees	Administration	1,497	1,370	1,384
	Sales & Marketing	1,347	1,163	1,174
	Technical Support	7,368	7,052	6,897
	Total	10,212	9,585	9,455
Average Age		41.00	41.23	41.39

Year		2021	2022	March 31, 2023
Average years of service		8.54	8.37	8.52
Distribution proportion of education level	PhD	0.70%	0.93%	0.93%
	Master degree	22.02%	16.79%	17.09%
	College degree	43.01%	44.97%	45.77%
	Senior high school	22.99%	22.82%	22.43%
	Below senior high school	11.28%	14.50%	13.77%

Note: The consolidated subsidiary S&T AG is compiled based on the latest information obtained.

IV. Disbursements for Environmental Protection:

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 generated during construction or assembly is sorted and commissioned for disposal by qualified professional waste treatment firms under government regulations and owner specifications. Regarding the raw materials that need to be scrapped during the production process are commissioned for disposal by professional waste treatment firms following the regulations. All kinds of air, water, waste, poison, and noise are all in compliance and passed inspections of local governmental agencies and will not damage the ecological environment. Hence it is a non-polluting company and has no related environmental protection expenditures.

1. According to laws and regulations if it is required to apply for a permit for installing anti-pollution facilities, or permit of pollution drainage, or to pay anti-pollution fees, or to organize and set up an exclusively responsible unit/office for environmental issues, the description of the status of such applications, payment or establishment shall be made: Not applicable.
2. Setting forth the company's investment in the major anti-pollution facilities, the use purpose of such facilities, and the possible effects to be produced: Not applicable.
3. The process undertaken by the company on environmental pollution improvement for the most recent two fiscal years and up to the publication date of the annual report. If there had been any pollution dispute, its handling process should also be described: Not applicable.
4. Any losses suffered (including any compensation paid) and total sanctions by the company in the most recent two fiscal years and up to the publication of the annual report date due to environmental pollution incidents, and disclosing its future countermeasures (including improvement measures) and possible expenses (including the estimated amount of loss, disposition, and compensation that may occur if countermeasures are not taken. If a reasonable estimate cannot be made,

an explanation of the facts of why it cannot be made shall be provided): Not applicable.

5. The current condition of pollution and the impact of its improvement to the profits, competitive position, and capital expenditures of the company, as well as the projected major environment-related capital expenses to be made for the coming two fiscal years: Not applicable.

V. Labor Relations:

(I) The Company's various employee benefits, continuing education, training, retirement systems, and the status of their implementation, as well as the status of agreements between labor and management, and all measures aimed at preserving the rights and interests of employees

(1) Employee benefits, continuing education, training, retirement systems, and the status of their implementation:

A. Labor insurance and national health insurance: From the employee's day of taking office, the Company will apply for labor insurance and national health insurance.

B. Group insurance: From the employee's day of taking office, the group insurance will be fully borne by the Company. The Company also provides "family expenses for dependents," where employees' spouses and children enjoy part of the group insurance that the Company fully bears.

C. Employee retirement system and its implementation status:

(A) Old system: According to the provisions of the Labor Standards Act, the Company has formulated the "Organizational Rules of the Labor Retirement Reserve Fund Supervisory Committee," among which, the employees who took up the post before Jun. 30, 2005 can choose to adopt the old labor retirement system or the new system. Where adopting the old system, the Company shall pay 2% of the salary every month and allocates it to an exclusive pension account at the Bank of Taiwan, which is supervised and managed by the Company's "Labor Retirement Reserve Fund Supervisory Committee."

(B) New system: For employees who took up the post from Jul. 1, 2005, and employees who originally applied to the old system but opted to join the new system, the Company will allocate 6% of the total salary monthly to a retirement reserve and deposit it into an exclusive employee labor retirement reserve account in accordance with the provisions of the "Labor Pension Act."

D. Continuing education and training

The Company is committed to talent training and actively encourages employees to participate in various training courses. The internal training courses aim to exchange and inherit professional knowledge to enhance employee work efficiency. The external training courses may be applied based on the Company's business and work needs for external education and training.

E. Employee welfare committee

The Company has set up an employee welfare committee. Employees are entitled to maternity benefits, wedding allowance, funeral consolation grants, birthday allowance, subsidies for purchasing hospitality supplies for employees, health check allowance, and occasional employee gathering parties.

F. Club activities

The Company is a happy working environment and cares for the physical and mental health of colleagues. It provides a badminton club, yoga club, and basketball, billiards club for employees to choose from.

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

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

(II) A loss suffered by the Company in the most recent year and up to the publication date of the annual report due to labor disputes and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

VI. Important Contracts:

Nature of contract	Party	Contract commencement date	Major contents	Restrictions
Contract for work	Hon Hai Precision Industry Co., Ltd.	From Apr. 1, 2007 until one party terminates the contract according to the contract	Outsourced processing	None

Nature of contract	Party	Contract commencement date	Major contents	Restrictions
Sales contract	Company A	From Nov. 24, 2009 until one party terminates the contract according to the contract	Purchase and sale of products	None
Sales contract	Company E	One year from Jan. 1, 2013, automatically renewed for one year upon expiration	Purchase and sale of products	None

Note: As the Company and its subsidiaries have signed confidentiality agreements with customers, the parties' names are denoted by code names.

Chapter 6 Financial Standing

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

(I) Concise Balance Sheet - IFRS

1. Consolidated Financial Statements

Unit: NT\$ thousand

Item	Year	Financial Data for the Most Recent Five Years (Note 2)				
		2018 (After amendment)	2019 (After amendment)	2020 (After amendment)	2021 (After amendment)	2022
Current assets		48,125,111	56,250,641	57,452,732	66,384,775	86,091,295
Property, plant, and equipment		4,686,418	4,848,647	6,723,602	6,697,993	6,209,063
Intangible assets		18,474,968	20,776,225	21,063,308	19,660,148	18,474,332
Other assets		3,744,080	7,106,898	7,858,650	7,882,977	8,390,123
Total assets		75,030,577	88,982,411	93,098,292	100,625,893	119,164,813
Current liabilities	Before distribution	45,172,659	42,144,099	42,247,912	47,314,850	57,599,766
	After distribution	45,753,095	42,558,696	42,731,545	48,057,109	Note 3
Non-current liabilities		3,976,514	18,948,044	20,410,471	21,940,856	18,853,657
Total liabilities	Before distribution	49,149,173	61,092,143	62,658,383	69,255,706	76,453,423
	After distribution	49,729,609	61,506,740	63,142,016	69,997,965	Note 3
Equity attributable to owners of the parent		6,587,373	8,184,175	9,188,684	10,804,458	15,534,234
Share capital		775,745	835,745	932,720	1,018,120	1,060,370
Capital surplus		4,728,440	6,339,752	6,738,090	8,865,780	9,285,324
Retained earnings	Before distribution	1,703,688	2,095,024	2,762,406	2,922,656	6,094,474
	After distribution	1,123,252	1,680,427	2,278,773	2,180,397	Note 3
Other equity		(384,452)	(850,114)	(1,010,924)	(1,768,490)	(905,934)
Treasury shares		(236,048)	(236,232)	(233,608)	(233,608)	-
Non-controlling interests		19,152,403	19,706,093	21,251,225	20,565,729	27,177,156
Total equity	Before distribution	25,757,929	27,890,268	30,439,909	31,370,187	42,711,390
	After distribution	25,177,493	27,475,671	29,956,276	30,627,928	Note 3

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

Note 2: Financial information from 2018 to 2022 has been audited and certified by CPAs

Note 3: The proposal has not yet been submitted to the Shareholders' Meeting.

2. Parent company only financial statements

Unit: NT\$ thousand

Item	Year	Financial Data for the Most Recent Five Years (Note 1)				
		2018 (After amendment)	2019 (After amendment)	2020 (After amendment)	2021 (After amendment)	2022
Current assets		1,836,654	1,291,199	1,856,802	3,060,383	3,790,464
Property, plant, and equipment		531,697	522,447	517,081	504,566	497,107
Intangible assets		1,724	1,533	1,052	44,485	40,646
Other assets		17,812,286	18,789,781	19,147,597	19,677,499	26,415,190
Total assets		20,164,587	20,568,611	21,461,091	23,215,847	30,662,407
Current liabilities	Before distribution	13,576,384	5,267,974	6,832,395	4,445,012	6,814,333
	After distribution	14,156,820	5,682,571	7,313,180	5,187,271	Note 3
Non-current liabilities		830	7,116,462	5,440,012	7,966,377	8,313,840
Total liabilities	Before distribution	13,577,214	12,384,436	12,272,407	12,411,389	15,128,173
	After distribution	14,157,650	12,799,033	12,753,192	13,153,648	Note 3
Equity attributable to owners of the parent		6,587,373	8,184,175	9,188,684	10,804,458	15,534,234
Share capital		775,745	835,745	932,720	1,018,120	1,060,370
Capital surplus		4,728,440	6,339,752	6,738,090	8,865,780	9,285,324
Retained earnings	Before distribution	1,703,688	2,095,024	2,762,406	2,922,656	6,094,474
	After distribution	1,123,252	1,680,427	2,278,773	2,180,397	Note 3
Other equity		(384,452)	(850,114)	(1,010,924)	(1,768,490)	(905,934)
Treasury shares		(236,048)	(236,232)	(233,608)	(233,608)	-
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	6,587,373	8,184,175	9,188,684	10,804,458	15,534,234
	After distribution	6,006,937	7,769,578	8,705,051	10,062,199	Note 3

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

Note 2: Financial information from 2018 to 2022 has been audited and certified by CPAs

Note 3: The proposal has not yet been submitted to the Shareholders' Meeting.

(II) Concise Statement of Comprehensive Income - IFRS

1. Consolidated Financial Statements

Unit: NT\$ thousand (except for earnings per share)

Item	Year	Financial Data for the Most Recent Five Years (Note 1)				
		2018 (After amendment)	2019 (After amendment)	2020 (After amendment)	2021 (After amendment)	2022
Operating revenue		68,962,459	81,506,216	84,091,485	85,367,035	108,228,533
Gross profit		15,263,910	18,752,645	19,593,183	17,044,896	19,610,952
Operating income		2,910,093	3,377,347	3,674,025	2,414,332	3,083,064
Non-operating income and expenses		694,774	416,034	277,450	1,119,997	626,210
Pre-tax profit		3,604,867	3,793,381	3,951,475	3,534,329	3,709,274
Income from continuing operations		2,826,045	3,007,733	3,130,291	2,746,876	2,383,386
Loss from discontinued operations		-	-	-	605,248	7,824,229
Net income (loss)		2,826,045	3,007,733	3,130,291	3,352,124	10,207,615
Other comprehensive (loss) income, net after tax		191,385	(1,037,607)	17,828	(2,293,611)	1,774,403
Total comprehensive income		3,017,430	1,970,126	3,148,119	1,058,513	11,982,018
Net income attributable to owners of the parent		1,081,524	1,061,667	1,068,432	1,334,944	3,452,916
Net income attributable to non-controlling interests		1,744,521	1,946,066	2,043,859	2,017,180	6,754,699
Comprehensive income attributable to owners of the parent		1,169,681	577,138	921,169	582,025	4,352,485
Comprehensive income attributable to non- controlling interests		1,847,749	1,392,988	2,226,950	476,488	7,629,533
Earnings per share		14.10	11.82	11.86	13.91	32.60

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

Note 2: Financial information from 2018 to 2022 has been audited and certified by CPAs

2. Parent company only financial statements

Unit: NT\$ thousand (except for earnings per share)

Item	Year	Financial Data for the Most Recent Five Years				
		2018 (After amendment)	2019 (After amendment)	2020 (After amendment)	2021 (After amendment)	2022
Operating revenue		4,256,456	3,188,103	2,547,970	3,343,018	5,304,930
Gross profit		543,435	433,431	308,972	372,202	786,382
Operating income		205,335	114,722	64,040	69,127	189,366
Non-operating income and expenses		878,244	935,955	1,065,880	1,315,459	3,306,260
Pre-tax profit		1,083,579	1,050,677	1,129,920	1,384,586	3,495,626
Income from continuing operations		1,081,524	1,061,667	1,086,432	1,334,944	3,452,916
Loss from discontinued operations		-	-	-	-	-
Net income (loss)		1,081,524	1,061,667	1,086,432	1,334,944	3,452,916
Other comprehensive (loss) income, net after tax		88,157	(484,529)	(165,263)	(752,919)	899,569
Total comprehensive income		1,169,681	577,138	921,169	582,025	4,352,485
Net income attributable to owners of the parent		1,081,524	1,061,667	1,086,432	1,334,944	3,452,916
Net income attributable to non-controlling interests		-	-	-	-	-
Comprehensive income attributable to owners of the parent		1,169,681	577,138	921,169	582,025	4,352,485
Comprehensive income attributable to non-controlling interests		-	-	-	-	-
Earnings per share		14.10	11.82	11.86	13.91	32.60

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

Note 2: Financial information from 2018 to 2022 has been audited and certified by CPAs

(III) Names of CPAs and Their Opinions for Most Recent Five Years

Year	Accounting Firm	Name of CPA	Opinions
2018	Deloitte & Touche	Shui-En Liu and Ching-Chiang Yang	Unqualified opinion (Emphasis or other matters)
2019	Deloitte & Touche	Ching-Ting Yang and Shui-En Liu	Unqualified opinion (Emphasis or other matters)
2020	Deloitte & Touche	Shui-En Liu and Ching-Ting Yang	Unqualified opinion (Emphasis or other matters)
2021	KPMG Taiwan	Hui-Chih Ko and Hsin-Yi Kuo	Unqualified opinion (Emphasis or other matters)
2022	KPMG Taiwan	Hui-Chih Ko and Hsin-Yi Kuo	Unqualified opinion (Emphasis or other matters)

II. Financial Analysis for the Past Five Fiscal Years

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

(I) Consolidated Financial Analysis - Based on IFRS

Item (Note 2)		Year	Financial Analysis for the Past Five Fiscal Years				
		2018 (Note 1) (After amendme nt)	2019 (Note 1) (After amendment)	2020 (Note 1) (After amendment)	2021 (Note 1) (After amendment)	2022 (Note 1)	
Financial structure (%)	Debt ratio	65.61	68.66	67.30	68.82	64.16	
	Ratio of long-term capital to property, plant, and equipment	634.48	966.01	756.30	795.93	991.54	
Solvency (%)	Current ratio	106.54	133.47	135.99	140.51	149.46	
	Quick ratio	77.77	100.98	98.31	103.88	108.59	
	Interest coverage ratio	8.49	7.61	8.36	7.92	7.00	
Operating ability	Accounts receivable turnover rate (times)	4.77	4.57	4.91	4.96	5.88	
	Days sales outstanding (times)	76	80	74	74	62	
	Average inventory turnover (times)	6.09	5.32	5.10	4.57	4.36	
	Average payment turnover (times)	5.04	4.38	4.20	4.35	4.72	
	Average inventory turnover days	60	69	72	80	84	
	Property, plant and equipment turnover (times)	20.03	17.10	14.53	12.72	16.77	
	Total assets turnover (times)	1.10	0.99	0.92	1.00	1.00	
Profitability	Return on total assets (%)	5.17	4.23	3.91	3.26	9.74	
	Return on equity (%)	12.35	11.21	10.73	8.89	27.56	
	Ratio of income before tax to paid-in capital (%)	468.57	453.89	423.65	347.14	349.81	
	Net margin (%)	4.14	3.69	3.72	3.22	9.43	
	Earnings per share (NT\$)	14.10	11.82	11.86	13.91	32.60	
Cash flows	Cash flow ratio (%)	7.81	12.44	12.58	3.48	0.00	
	Cash flow adequacy ratio (%)	42.63	61.23	70.37	69.75	43.94	
	Cash reinvestment ratio (%)	18.26	14.30	13.86	0.32	(4.71)	
Leverage	Operating leverage	5.43	5.22	5.19	7.65	6.56	
	Financial leverage	1.20	1.20	1.17	1.27	1.25	

Note 1: Financial information from 2018 to 2022 have been audited and certified by CPAs.

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

(II) Parent Company Only Financial Analysis -IFRS

Item (Note 2)		Financial Analysis for the Past Five Fiscal Years				
		2018 (Note 1) (After amendment)	2019 (Note 1) (After amendment)	2020 (Note 1) (After amendment)	2021 (Note 1) (After amendment)	2022 (Note 1)
Financial structure (%)	Debt ratio	67.33	60.21	57.18	53.46	49.34
	Ratio of long-term capital to property, plant, and equipment	1,239.09	2,928.65	2,829.09	3720.19	4,797.38
Solvency (%)	Current ratio	13.53	24.51	27.18	68.85	54.44
	Quick ratio	9.05	21.54	18.85	57.53	42.80
	Interest coverage ratio	6.04	6.72	9.26	12.02	26.88
Operating ability	Accounts receivable turnover rate (times)	3.88	4.14	3.63	4.23	4.90
	Days sales outstanding (times)	94	88	101	86	74.44
	Average inventory turnover (times)	5.50	5.62	7.89	6.76	6.35
	Average payment turnover (times)	4.38	4.94	5.02	6.98	8.29
	Average inventory turnover days	66	65	46	54	58
	Property, plant and equipment turnover (times)	7.91	6.05	4.90	6.54	10.59
	Total assets turnover (times)	0.24	0.16	0.12	0.15	0.20
Profitability	Return on total assets (%)	6.96	5.95	5.69	6.43	13.22
	Return on equity (%)	16.22	14.37	12.51	13.35	26.22
	Ratio of income before tax to paid-in capital (%)	139.68	125.72	121.14	135.99	329.66
	Net margin (%)	25.41	33.30	42.65	39.93	65.09
	Earnings per share (NT\$)	14.10	11.82	11.86	13.91	32.60
Cash flows	Cash flow ratio (%)	10.89	6.91	1.15	0.00	0.00
	Cash flow adequacy ratio (%)	17.97	19.16	15.87	20.25	0.14
	Cash reinvestment ratio (%)	12.09	(1.42)	(1.73)	(2.56)	(3.11)
Leverage	Operating leverage	2.21	3.33	4.21	4.85	25.74
	Financial leverage	(17.11)	(1.59)	(0.88)	(1.22)	0.58

Note 1: Financial information from 2018 to 2022 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 property, plant, and equipment (Total equity +

- Non-current liabilities) / Net value of property, plant, and equipment.
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. Operating ability
 - (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 x (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 owners of the parent - Preferred stock dividends) / Weighted average number of shares outstanding. (Note 5)
 5. Cash flows
 - (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 dividends.
 - (3) Cash flow reinvestment ratio = (Cash provided by operating activities - Cash dividends) / (Gross property, plant and equipment + Long-term investments + Other non-current assets + Working capital). (Note 6)
 6. Leverage:
 - (1) Operating leverage = (Net operating revenue - Variable operating cost and expense) / Operating income. (Note 7)
 - (2) Financial leverage = Operating profit / (Operating profit - Interest expenses).

III. Audit Committee's Report for the Most Recent Fiscal Year's Financial Statement

Ennoconn corporation

Audit Committee's Review Report

The Board of Directors prepared and submitted the Company's financial statements, business reports, and earnings distribution proposal for 2022. Of which, the financial statements for 2022 were audited by KPMG Taiwan, with an audit report issued. The above-mentioned financial statements, business reports, and earnings distribution statements for 2022 have been reviewed by the Audit Committee, and it is found that there is no discrepancy. The report is prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act for your verification.

To

Ennoconn Corporation 2023 Annual Shareholders' Meeting

Ennoconn Corporation

Convener of the Audit Committee: Yu-Hui Su



March 30, 2023

IV. Financial Statements for the Most Recent Year: Please refer to page 181-312.

V. Parent Company Only Financial Statements for the Most Recent Year: Please refer to page 313-404.

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\$ thousand

Item \ Year	December 31, 2021	December 31, 2022	Difference	
			Amount	%
Current assets	66,384,775	86,091,295	19,706,520	29.69
Property, plant, and equipment	6,697,993	6,209,063	(488,930)	(7.30)
Intangible assets	19,660,148	18,474,332	(1,185,816)	(6.03)
Other assets	7,882,977	8,390,123	507,146	6.43
Total assets	100,625,893	119,164,813	18,538,920	18.42
Current liabilities	47,314,850	57,599,766	10,284,916	21.74
Non-current liabilities	21,940,856	18,853,657	(3,087,199)	(14.07)
Total liabilities	69,255,706	76,453,423	7,197,717	10.39
Common share capital	1,018,120	1,060,370	42,250	4.15
Capital surplus	8,865,780	9,285,324	419,544	4.73
Retained earnings	2,922,656	6,094,474	3,171,818	108.53
Other equity	(1,768,490)	(905,934)	862,556	48.77
Non-controlling interests	20,565,729	27,177,156	6,611,427	32.15
Total shareholders' equity	31,370,187	42,711,390	11,341,203	36.15
<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"> Increase in current assets: This is due to the growth in operating conditions compared to the same period last year, resulting in an increase in accounts receivable and inventory. Increase in current liabilities: This is due to operational needs, resulting in an increase in short-term borrowings. Decrease in other equity: Mainly due to US dollar exchange rate fluctuations. 				

(II) International Financial Reporting Standards - Parent Company Only
Financial Statements

Unit: NT\$ thousand

Item	Year	December 31, 2021	December 31, 2022	Difference	
				Amount	%
Current assets		3,060,383	3,709,464	649,081	21.21
Investment using the equity method		19,552,849	26,055,065	6,502,216	33.25
Property, plant, and equipment		504,566	497,107	(7,459)	(1.48)
Intangible assets		44,485	40,646	(3,839)	(8.63%)
Other assets		53,564	360,125	306,561	572.33
Total assets		23,215,847	30,662,407	7,446,560	32.08
Current liabilities		4,445,012	6,814,333	2,369,321	53.30
Non-current liabilities		7,966,377	8,313,840	347,463	4.36
Total liabilities		12,411,389	15,128,173	2,716,784	21.89
Common share capital		1,018,120	1,060,370	42,250	4.15
Capital surplus		8,865,780	9,285,324	419,544	4.73
Retained earnings		2,922,656	6,094,474	3,171,818	108.53
Other equity		(1,768,490)	(905,934)	862,556	48.77
Total shareholders' equity		10,804,458	15,534,234	4,729,776	43.78
<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"> 1. Increase in current assets: This is due to the growth in operating conditions compared to the same period last year, resulting in an increase in accounts receivable and inventory. 2. Investment using the equity method: This is due to the operating growth of the investee compared to the same period last year. 3. Increase in other assets: due to increase in deferred income tax assets. 4. Increase in current liabilities: This is due to operational needs, resulting in an increase in short-term borrowings. 5. Increase in other equity: Mainly due to US dollar exchange rate fluctuations. 					

II. Financial Performance:

(I) Comparative Analysis of Financial Performance

1. International Financial Reporting Standards - Consolidated Financial Statements

Unit: NT\$ thousand

Item \ Year	2021	2022	Change, by Amount	Change, by Percentage (%)
Net operating revenue	85,367,035	108,228,533	22,861,498	26.78
Operating costs	68,322,139	88,617,581	20,295,442	29.71
Gross profit	17,044,896	19,610,952	2,566,056	15.05
Operating costs	14,630,564	16,527,888	1,897,324	12.97
Operating income	2,414,332	3,083,064	668,732	27.70
Non-operating income and expenses	1,119,997	626,210	(493,787)	(44.09)
Pre-tax profit	3,534,329	3,709,274	174,945	4.95
Income tax expense	787,453	1,325,888	538,435	68.38
Net profit	3,352,124	10,207,615	6,855,491	204.51
Other comprehensive income	(2,293,611)	1,774,403	4,068,014	177.36
Total comprehensive income	1,058,513	11,982,018	10,923,505	1031.97

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. Increases in net operating revenue, operating costs, and operating profit: Mainly due to an increase in customer demand and changes in product mix in 2022, resulting in an increase in revenue and a relative increase in operating costs and profits.
2. Increase in non-operating expenses: mainly due to an increase in exchange losses.
3. Increase in income tax expenses: mainly due to the increase in net profit before tax.
4. Increase in net profit for the current period: due to revenue growth and the disposal of discontinued operations, resulting in an increase in net profit compared to the same period last year.
5. Increase in other comprehensive income and loss: Mainly due to US dollar exchange rate fluctuations.
6. Increase in total comprehensive income and loss for the current period: mainly due to the impact of fluctuations in the US dollar exchange rate, leading to an increase in other comprehensive income and loss.

2. International Financial Reporting Standards - Parent Company Only Financial Statements

Unit: NT\$ thousand

Item \ Year	2021	2022	Change, by Amount	Change, by Percentage (%)
Net operating revenue	3,343,018	5,304,930	1,961,912	58.69
Operating costs	2,970,816	4,518,548	1,547,732	52.10
Gross profit	372,202	786,382	414,180	111.28
Operating costs	308,123	556,883	248,760	80.73
Operating income	69,127	189,366	120,239	173.94
Non-operating income and expenses	1,315,459	3,306,260	1,990,801	151.34
Pre-tax profit	1,384,586	3,495,626	2,111,040	152.47
Income tax expense	49,642	42,710	(6,932)	(13.96)
Net profit	1,334,944	3,452,916	2,117,972	158.66
Other comprehensive income	(752,919)	899,569	1,652,488	219.48
Total comprehensive income	582,025	4,352,485	3,770,460	647.82
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. Increases in net operating revenue, operating costs, and gross profit: Mainly due to an increase in customer demand and changes in product mix in 2022.				
2. Increase in non-operating income and expenses: Mainly due to an increase in investment income as a result of stable reinvestment profits in 2022.				
3. Increases in pre-tax profit and net income: Mainly due to an increase in revenue.				
4. Decrease in other comprehensive income: Mainly due to exchange rate fluctuations.				
5. Decrease in total comprehensive income: Mainly due to exchange rate fluctuations.				

(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 2022. 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. Cash Flow:

(I) Analysis of Changes in Consolidated Annual Cash Flow for the Most

Recent Year

Item \ Year	2021	2022	Increase (Decrease) in Ratio (%)
Cash flow ratio (%)	3.48	0.00	(100.00%)
Cash flow adequacy ratio (%)	69.75	43.94	(37.00%)
Cash flow reinvestment ratio (%)	0.32	(4.71)	(1,571.88%)

Analysis of changes in cash flow:
The decrease in cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio compared to the last year was mainly due to the negative cash flow generated from operating activities in this year led to increase in material needs and inventory.

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

(III) Cash Liquidity Analysis for the Coming Fiscal Year (Individual)

Unit: NT\$ thousand

Beginning Cash Balance (Note)	Estimated Cash Flow from Operating Activities	Estimated Annual Net Cash Flow from Investing and Financing Activities	Ending Cash Balance (Shortage)	Remedial Measures for Cash Inadequacy	
				Investment Plan	Financial Plan
623,358	367,332	372,715	1,363,405	N/A	

1. Analysis of changes in cash flows in the coming year:
 (1) Operating activities: Increases in revenue and profits contribute net cash inflow from operating activities.
 (2) Investing activities: The collection of dividends from subsidiaries leads to net cash inflow from investing activities.
 (3) Financing activities: The issuance of cash dividends results in net cash outflow from financing activities.

2. Remedial measures and liquidity analysis for expected cash inadequacy: N.A.

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

IV. Effect upon Financial Operations of Any Major Capital Expenditures during the Most Recent Fiscal Year

There were no major capital expenditures in 2022.

V. Company Reinvestment Policy for the Most Recent Fiscal Year, Main Reasons for Profits/Losses Generated Thereby, Plan for Improving Re-investment Profitability, and Investment Plans for Coming Year

(I) Reinvestment Policy for the Most Recent Fiscal Year

Complied with the “Regulations Governing the Acquisition and Disposal of Assets by Public 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 business to grasp the relevant business and financial conditions. 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 the management of information disclosure, finance, business, inventory, and financial management. The Company also regularly carries out regular audit operations and establishes relevant operational risk mechanisms to maximize the effectiveness of the Company’s reinvestment undertakings.

(II) Main Reasons for Profits/Losses of Reinvestment for the Most Recent Year and the Improvement Plan:

The Company’s investment income accounted for using equity method in 2022 was NT\$3,335,913 thousand. This was mainly due to the good operating conditions of companies invested in by the Company and the strategic cooperation.

(III) Investment Plans for the Coming Year

The Company will carefully evaluate the investment plans from the perspective of long-term strategies to respond to future market demand and strengthen its competitiveness.

VI. Risk

(I) Risk Factor

1. Effect upon the Company’s profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future
 - (1) Interest rate: If the interest rate increases/decreases by 1%, and all other variables remain unchanged, the net profit before tax of the Company and its subsidiaries in 2022 and 2021 will decrease/increase by NT\$216,014

thousand and NT\$173,220 thousand, mainly due to the changes of loan interest rate of the Company and its subsidiaries.

The Company has sufficient funds, and makes capital planning based on the stable and conservative principles. Changes in interest rates have no a significant impact on the losses of the Company and its subsidiaries, so their impact is limited. However, the Company and its subsidiaries still take relevant measures in response to changes in market interest rates. For example, the financial department keeps up-to-date with the latest information on interest rate changes and maintains close contact with banks to obtain more favorable borrowing rates, and thus the impact of interest rate changes on the Company and its subsidiaries is minimized.

- (2) Exchange rate: The Company's and its subsidiaries' transactions for purchases and sales are mainly denominated in US dollars, so the Company is exposed to the risk of exchange rate fluctuations. The Company adopts the principle of natural hedging, that is, the effect of exchange rate fluctuation achieves the effect of balance between receivables and payables to reduce exchange rate risks. Besides, the Company and its subsidiaries have dedicated personnel to pay close attention to exchange rate information and changes in the international economic situation at any time and carefully study and judge exchange rate trends. We will also appropriately use tools such as short-term foreign currency borrowing, cross-currency swap, and forward exchange agreement to engage in foreign exchange hedging. Still, such tools cannot completely exclude the impact of exchange rate changes.
 - (3) Inflation: The Company and its subsidiaries always keep abreast of global political and economic changes and market price fluctuations, maintain good interaction with suppliers and customers, and adjust procurement and sales strategies in a timely manner. Therefore, the Company and its subsidiaries should be able to cope with the impact of future changes in the economic situation, such as inflation, and the operations should not be subject to major threats.
2. The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future

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

(2) The Company's and its subsidiaries' engagement in loans to other parties, endorsements, guarantees, and derivatives transactions are handled in accordance with the procedures adopted by the Board of Directors and the shareholders' meeting.

3. Future R&D plans and expected expenditures

R&D is an important foundation for the development of the Company and its subsidiaries. Besides continuing to cultivate the existing POS system market and ATM market equipment, the Company and its 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. Technology-related directions include wireless transmission (including 5G, GPS, WiFi, Bluetooth, etc.), handheld mobile devices, and RTOS dedicated machines based on RISC or MCU. Although hardware development has achieved the advantage of sharing benefits in the market with a high degree of division of labor in the past, it has resulted in a lack of product differentiation. To win in the competitive environment, R&D will move towards more basic 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 10% of the total revenue for 2022.

4. Effect on the Company's financial operations of important policies and changes in the legal environment at home and abroad, and countermeasures

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 important policies and legal changes and cooperate 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 important policies and changes in the legal environment at home and abroad.

5. Effect on the Company's financial operations in technology change and industrial change, and countermeasures

The Company and its subsidiaries have years of hard work in the industry and continue to invest many resources in the R&D of new technologies, so we

have a place in the industry's design capabilities. Moreover, the management team of the Company and its subsidiaries keep an eye on the arteries of future technology, appropriately adjust the Company's business strategy and expand the new business to effectively control the impact of the overall economic environment and industrial changes on the financial operations of the Company and its subsidiaries.

6. Effect on the Company's crisis management of changes in the Company's corporate image and countermeasures

In the development process, the Company and its subsidiaries attach great importance to the social responsibilities of enterprises and actively participate in various public welfare activities to establish a good corporate image. Also, the spokesperson mechanism is implemented. The suggestions made by people from all walks of life and shareholders are handled by dedicated personnel to maintain the reputation and image of the Company and its subsidiaries.

7. Expected benefits and possible risks associated with any M&A and countermeasures

As of the release of this Annual Report, to consider the long-term development strategy of the Company and prioritize complementary production resources, as well as a broad range of future development, the Board of Directors adopted the proposal on February 24, 2022, to establish strategic cooperation with ARBOR TECHNOLOGY CORPORATION on a basis of private placement through its subsidiary Ennoconn International Investment Co., Ltd., which will bring positive benefits to the technical strength, revenue profitability, and long-term development for Ennoconn Corporation.

To reduce environmental harm and achieve the global 2050 net zero emissions target, the Company has developed "Ennoconn Smart Cloud" through its subsidiary Ennoconn International Investment Co., Ltd. to invest in INWELLCOM Tech. Ennoconn Corporation also invests in "Building Intelligence" improvement plans, integrates AIoT equipment and smart building platforms, visualizing power, lighting, air conditioning, water resources, and others, and provides more energy-saving and carbon reduction strategies to achieve building sustainability and management efficiency, which would also bring positive benefits to the overall development of Ennoconn Corporation.

Since Ennoconn Corporation has no its factory in Taiwan, given the impact of the Sino-US trade war on its production and manufacturing, the Company

participates in the private placement of Alona through its subsidiary Ennoconn International Investment Co., Ltd. with a view to building the strategic cooperation. As Alona is already a qualified supplier to many international large manufacturers in Taiwan, Ennoconn Corporation will have better control over the manufacturing of related gaming machines/intelligent retail product lines in the future.

The big data market is growing rapidly, with a strong demand for automated and intelligent analysis tools. The market has a clear demand for AI-based big data analysis software. The Company participates in the cash capital increase of Gemini Data, Inc. through its subsidiary AIS (KY). Gemini's artificial intelligence and data analysis solutions presented through image visualization interfaces can be widely applied in multiple enterprise fields such as business intelligence, healthcare, CRM, customer service, productivity, information security, IT operation and maintenance, and auditing. In the future, Ennoconn Corporation will improve its customer stickiness and expand its customer base by combining the data connectivity of Gemini software.

The Company participates in the cash capital increase of AIXlink through its subsidiary Innovation System Integration Limited. Through technical cooperation with AIXlink, the Company will master the front-end functional specifications of the chips. To address any possible demand in the future, Ennoconn Corporation could develop the IC required for the Ennoconn Corporation's products by capitalizing on AIXlink's technological strength and talent pool, which will help Ennoconn Corporation expand its product application development, lay a foundation for the product market, and create sales and service opportunities.

FunP is a pioneer in digital marketing in China. In recent years, it has also entered the Martech and cloud fields, expanding from digital marketing to cloud sales and engineering services, with complete integration capabilities. FunP could assist Ennoconn Corporation or other upstream and downstream subsidiaries or customers in building cloud systems or meeting the digital advertising needs. Ennoconn Corporation participates in FunP's cash capital increase through its subsidiary Ennoconn International Investment Co., Ltd. for strategic cooperation, which will strengthen the technical strength of the Ennoconn Corporation, and benefit to marketing integration, profitability and long-term development of Ennoconn Corporation.

The above equity transactions are all in compliance with relevant laws and regulations and the "Procedures for Obtaining or Disposing Assets" and other relevant provisions of the Company. The Company and its subsidiaries also handle the equity transactions in accordance with the relevant provisions of internal control to reduce the possible negative effects of the equity transactions.

8. Expected benefits and possible risks associated with any plant expansion, and countermeasures:

The Company decided to purchase a factory office building in 2014 by the resolution of the Board of Directors and completed the transfer and relocation in January 2015. It is expected to improve overall management efficiency, strengthen communication between various departments, and achieve vertical and horizontal integration benefits. There should be no relevant major risks. For the expected benefits, please refer to the description in Chapter III, I, (III), 2, (2) of the Company's 2016 Prospectus of cash capital increase through the issuance of new shares and the second domestic unsecured convertible bonds. As of the publication date of the annual report, there are no other plant expansion plans.

9. Risks associated with the concentration of purchases or sales, and countermeasures

- (1) Purchases: The production of the Company and its subsidiaries are mainly carried out in the outsourcing model. The source of its raw materials, other than some self-procurement, is also provided by the foundry in the form of OEM. Therefore, the purchase of the processing plant is relatively concentrated. Nevertheless, industrial products attach great importance to product stability and durability, so their processing technology is more rigorous than general consumer electronic products. Cooperative manufacturers must possess a certain professional level before the Company and customers can approve them. Thus, the selection of processing plants requires careful consideration. Yet, in addition to the ongoing cooperation with existing processing plants, the Company has actively sought and evaluated the possibility of cooperation with other foundries to diversify the risk of concentrated purchases. Furthermore, the Company and its subsidiaries usually establish good cooperative relations with domestic and foreign suppliers. The Company also has 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 about supply shortage.

(2) Sales: The business model of the Company and subsidiaries is ODM-oriented, and its excellent R&D and design capabilities can quickly provide customized products that meet customer needs. Therefore, the main sales targets of the Company and its subsidiaries are mostly international manufacturers, which are distributed in Europe, America, Asia, and other places around the world. The two parties have close trading cooperation and good relations. In addition to stabilizing the existing source of customers, the Company and its subsidiaries also actively expand new customer sources to diversify the risks of concentrated sales.

10. Effect upon and risk to the Company in the event a major quantity of shares of a director, supervisor, or shareholder holding more than 10% has been transferred or changed hands, and countermeasures:

As of the publication date of this annual report, the Company's directors, supervisors, or shareholders holding more than 10% of shares have no mass transfer or changed hands of equity.

11. Effect upon and risk to the Company associated with any change in management control, and countermeasures:

As of the publication date of this annual report, the Company has no change in management control.

12. Litigious and non-litigious matters

(1) If there has been any material impact upon shareholders' equity or prices for the company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving the company that was finalized or remained pending during the most recent two fiscal years or during the current fiscal year up to the publication date of this annual report, which shall disclose the facts in dispute, the amount in dispute, commencement date, main parties involved, and current status of the case: None.

(2) If there has been any material impact upon shareholders' equity or prices for the company's securities as a result of any major litigation, non-litigious proceeding, or administrative dispute involving a company director, supervisor, general manager, de facto responsible person, major shareholder and subordinate company with a stake of more than 10% and

the matter was finalized or remained pending during the most recent two fiscal years or during the current fiscal year up to the publication date of this annual report: None.

- (3) If there has been any occurrence of any event set forth under Article 157 of the Securities and Exchange Act that involves a company director, supervisor, its general manager, or any major shareholder with a stake of more than 10%, provided the event occurred in the most recent two fiscal years or during the current fiscal year up to the publication date of this annual, which shall also note how the company is currently handling the matter: None.

13. Other important risks and countermeasures: None.

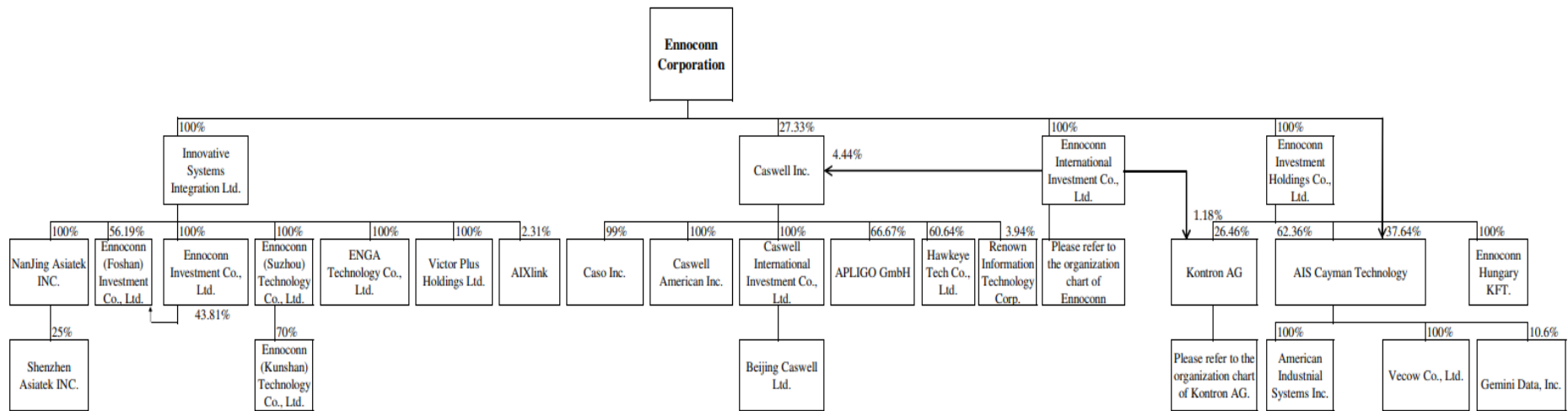
VII. Other Important Matters: None.

Chapter 8 Special Disclosure

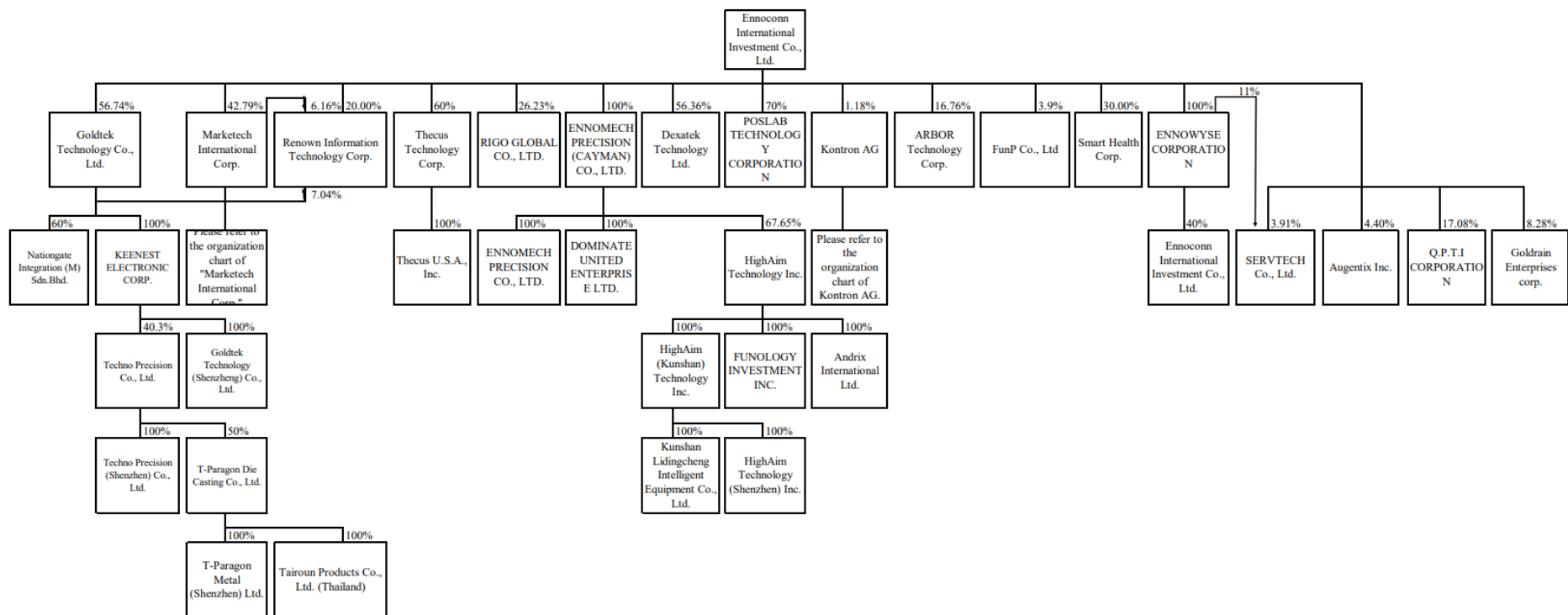
I. Relevant Information on the Company's Affiliates

(I) Consolidated Business Report of Affiliates

1. Organization chart of affiliates (December 31, 2022)

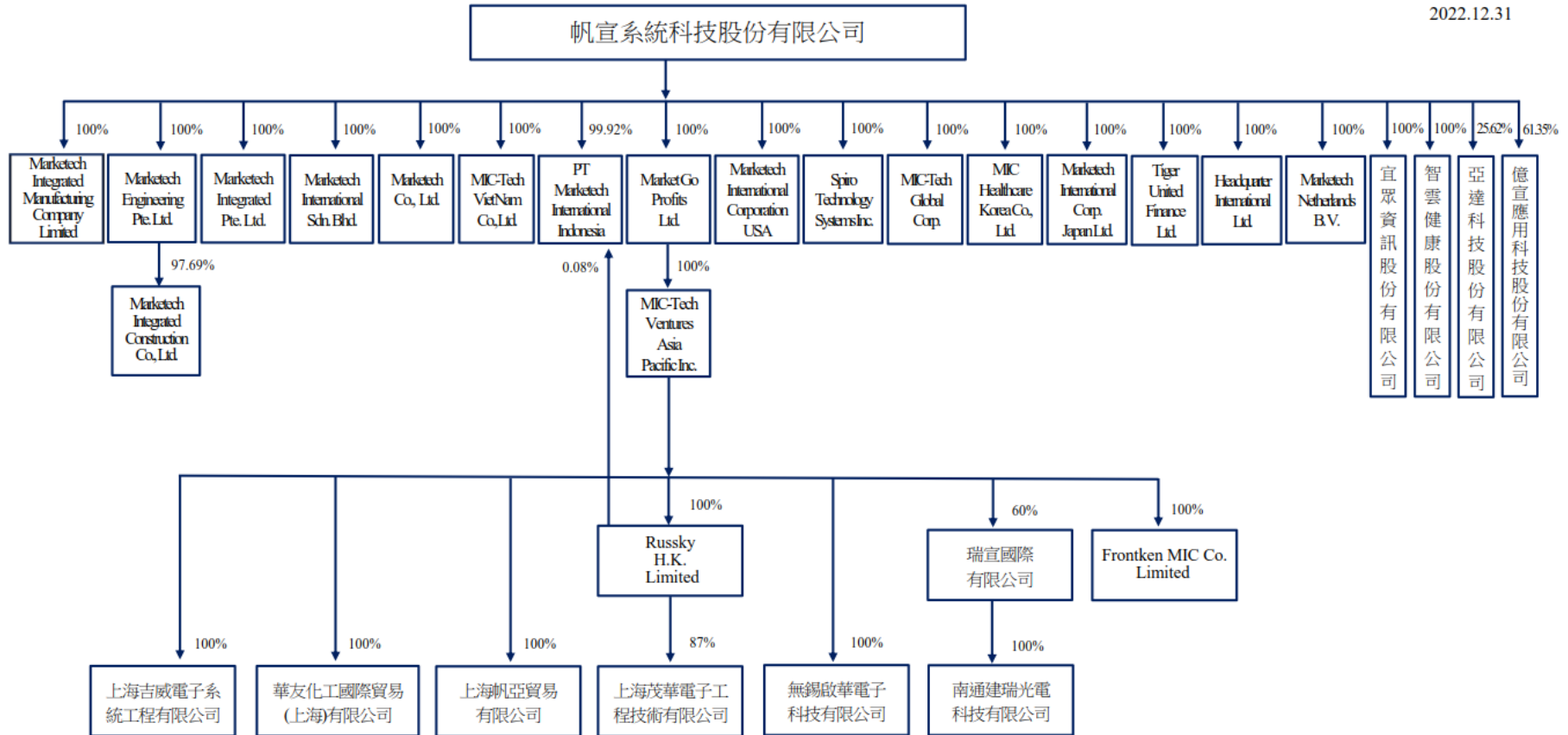


The organization chart of Ennoconn International Investment Co., Ltd.



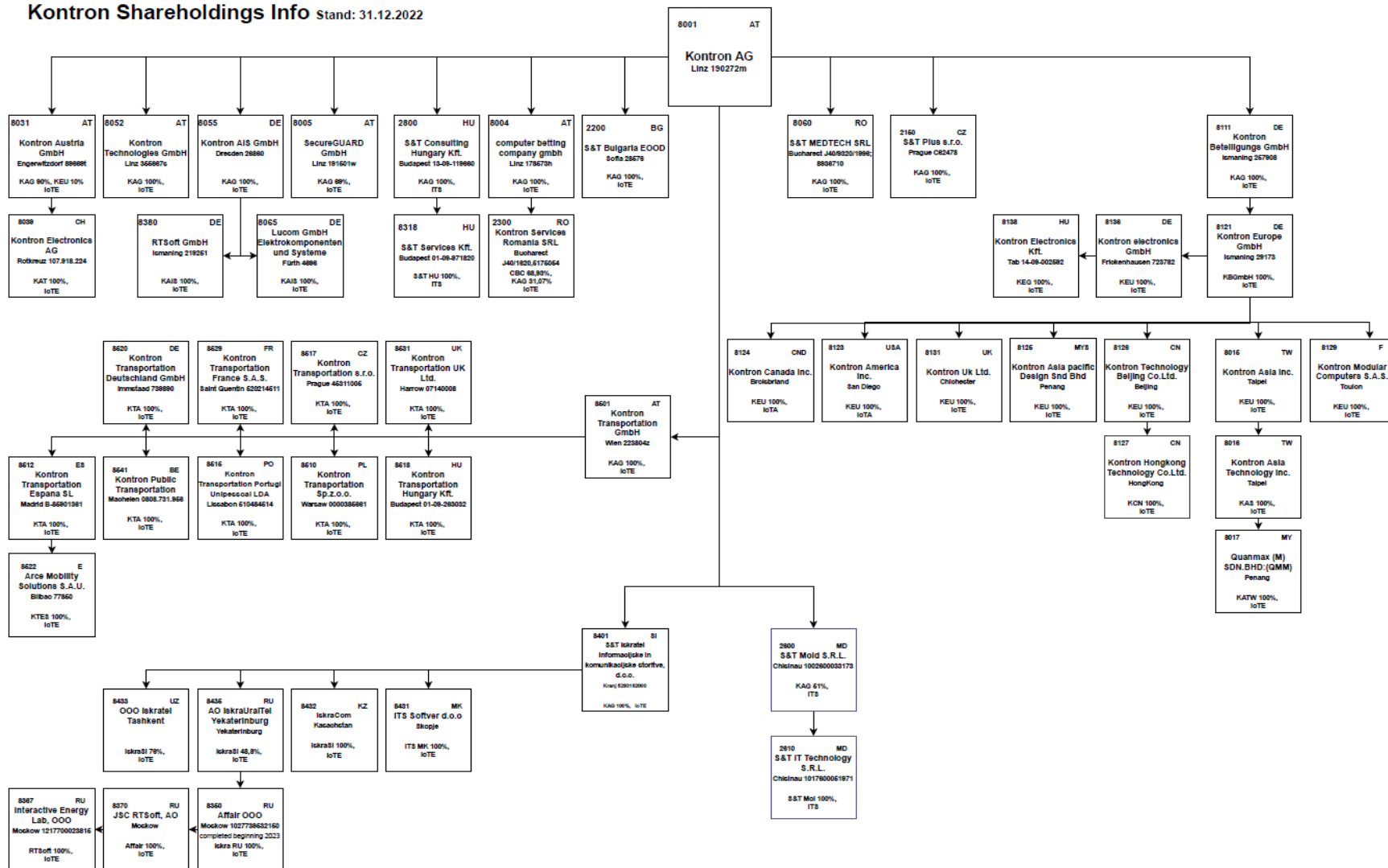
The organization chart of Marketech International Corp.

2022.12.31



Kontron AG organization chart

Kontron Shareholdings Info stand: 31.12.2022



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2. Basic Information of Affiliates

December 31, 2022

Unit: NT thousand

Name of affiliates	Date of establishment	Address	Paid-in capital	Major business or production items
Innovative Systems Integration Limited	2001.08.31	Suite 1222, 12F, Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong	HK\$361,609	Professional Investment
Ennoconn International Investment Co., Ltd.	2014.05.13	6F., No. 10, Jiankang Rd., Zhonghe Dist., New Taipei City	NT\$8,206,350	Professional Investment
Caswell Inc.	2007.04.19	8F., No. 242, Bo'ai St., Shulin Dist., New Taipei City	NT\$731,889	Manufacturing of electronic parts, computer and peripheral equipment, wholesale of electronic materials, and information software services
Ennoconn Investment Holdings Co., Ltd	2015.11.16	2nd Floor, Building B, SNPF PLAZA, Savalalo, Apia, Samoa	US\$ 309,510	Professional Investment
ENGA Technology Co., Ltd.	2017.07.25	Suite 1222, 12F, Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong	HK\$27,394	Wholesale, manufacturing, service, import and export of software and hardware related to industrial computers and industrial control systems
Victor Plus Holdings Ltd.	2018.04.25	Suite 1, Commercial House One, Eden Island, Republic of Seychelles.	-	Import and export trade
AIS Cayman Technology	2016.05.06	Fourth Floor, One Capital Place, P. O. Box 847, Grand Cayman KY1-1103, Cayman Islands	US\$ 6,563	Professional Investment
Kontron AG	1999.12.28	Industriezeile 35, A-4021 Linz, Austria	EUR 66,089	Integration service for information software and hardware
American Industrial Systems Inc.	2005.10.31	1768 McGaw Avenue, Irvine, CA 92614, USA	US\$ 1,500	Operator interface terminal and industrial automation visualization system
Vecow Co., Ltd.	2006.02.20	12F., No. 111, Zhongcheng Rd., Tucheng	NT\$50,000	Computer vision systems and machine vision

Name of affiliates	Date of establishment	Address	Paid-in capital	Major business or production items
		Dist., New Taipei City		systems for industrial automation
Goldtek Technology Co., Ltd.	2003.08.06	16F., No. 166, Jian 1st Rd., Zhonghe Dist., New Taipei City	NT\$300,000	Telecommunications control of radiofrequency 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	US\$ 13,800	Professional Investment
ENNOWYSE CORPORATION	2011.11.17	3F., No. 10, Jiankang Rd., Zhonghe Dist., New Taipei City	NT\$104,000	Research, design, and sales of products related to mobile payment, electronic sign-off, and information security
Thecus Technology Corp.	2004.10.26	16F.-6, No. 81, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City	NT\$170,000	Manufacturing of electronic parts, computer and peripheral equipment, wholesale of electronic materials, and information software services
Dexatek Technology Ltd.	2003.07.31	16F.-1, No. 81, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City	NT\$225,000	Smart IoT and product development, design, and manufacturing of live broadcast application
Marketch International Corp.	1988.12.27	6F., No. 3--2, Park St., Nangang Dist., Taipei City	NT\$1,950,284	Planning integration services for hightech industrial plants and process systems
POSLAB TECHNOLOGY CORPORATION	1994.08.10	11F-1, No. 258, Liancheng Road, Zhonghe District, New Taipei City	NT\$130,000	Manufacturing, wholesale and sales of electronic and peripheral devices
HighAim Technology INC.	2006.09.28	Portcullis Chambers, P.O. Box 1225, Apia, Samoa.	US\$ 5,000	Professional Investment
DOMINATE UNITED ENTERPRISE LTD.	2015.01.05	2nd Floor, Building B, SNPF Plaza, Savalalo, Apia, Samoa	US\$ 2,100	Professional Investment
ENNOMECH PRECISION CO., LTD.	2015.04.23	6F., No. 10, Jiankang Rd., Zhonghe Dist., New Taipei City	NT\$10,000	Manufacturing of electronic parts, computer and peripheral equipment, wholesale of electronic materials, and information software

Name of affiliates	Date of establishment	Address	Paid-in capital	Major business or production items
				services
FUNOLOGY INVESTMENT INC.	2009.06.23	TMF Chambers, P.O. Box 3269, Apia, Samoa	US\$ 1	Import and export trade
ANDRIX INTERNATIONAL LIMITED	2012.10.17	201 Rogers Office Building, Edwin Wallace Rey Drive, George Hill, Anguilla, B.W.I	USD 0.9	Import and export trade
CASO Inc.	2014.08.01	6th Floor, Kandajicho Land Building, 2--10 Kandajicho, Chiyoda District, Tokyo, Japan	JPY95,000	Import and sales of network equipment and computer peripheral products
CASWELL INTERNATIONAL INVESTMENT CO., LTD.	2015.06.11	TMF Chambers, P.O. Box 3269, Apia, Samoa	US\$ 3,206	Overseas investment
Caswell Americas,Inc	2017.01.10	4011 Clipper Ct, Fremont,CA 94538	US\$ 3,000	Sales of Netcom products
Apligo GmbH	1999.06.04	Building 5112/4 Werner-von-Siemens-Str. 2-6 76646 Bruchsal Germany	EUR 36	Hub and SI Service
Hawkeye Tech Co., Ltd.	2011.11.02	13F.-5, No. 736, Zhongzheng Rd., Zhonghe Dist., New Taipei City	NT\$150,000	Design and manufacturing of computers, network, and computing equipment
Thecus USA.,Inc.	2007.09.17	1768 McGaw Avenue, Irvine, CA 92614	US\$ 750	Network storage device
Keenest Electronic Corp.	2016.01.04	2F,Buliding B,SNPF Plaza,Savalalo	US\$ 24,000	Professional Investment
Techno Precision Co., Ltd.	1994.10.27	Room 05, 12th Floor, Wah Yiu Industrial Centre, 30--32 Au Pui Wan Street, Fo Tan, New Territories, Hong Kong	HK\$139,992	Metal stamping and casting industry
Techno Precision (Shenzhen) Co., Ltd.	2012.06.27	Plant 3, No. 10, Longshan Industrial Park, Nanling Village, Nanwan Street, Longgang District, Shenzhen	HK\$23,000	Stamping/assembly
T-Paragon Die Casting Co., Ltd.	2004.01.04	Room 05, 12th Floor, Wah Yiu Industrial Centre, 30--32 Au Pui Wan Street, Fo Tan, New Territories, Hong Kong	HK\$15,000	Finance/Logistics

Name of affiliates	Date of establishment	Address	Paid-in capital	Major business or production items
Tairoun Products Co., Ltd. (Thailand)	2019.09.16	Nong Kham, Si Racha District, Chon Buri 20230, Thailand	THB159,888	Metal stamping and casting industry
Nationgate Integration(M) Sdn.Bhd.	2020.09.15	Suite A, Level 9. Wawasan Open University 54, Jalan Sultan Ahmad Shah George Town Pulau Pinang	MYR 1,000	Electronic manufacturing services
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
Kontron Bulgaria EOOD	1993.12.21	7 Iskarsko shose Blvd., Trade center Europe, building 6, 3 rd floor	EUR 579	Manufacturing and marketing of industrial computers
Kontron Services Romania SRL	1994.01.31	district 1, 58-60, Gheorghe Polizu Street, 5, 10 and 11 floors	EUR 2,451	IT servers
S&T Mold srl., Moldova	1995.11.23	8 Calea Iesilor st., 6th floor	EUR 206	IT servers
S&T IT Technology SRL	2017.12.19	8 Calea Iesilor st., 6th floor	EUR 2	IT servers
Kontron Hungary Kft.	1998.10.02	14, Puskás Tivadar street, 1119, Budapest, Hungary	EUR 398	IT servers
Computer Betting Company GmbH, Austria	2010.12.30	Industriezeile 35, A-4021 Linz, Austria	EUR 36	Manufacturing and marketing of industrial computers
SecureGUARD GmbH, Austria	2000.01.27	Industriezeile 35, A-4021 Linz, Austria	EUR 134	Manufacturing and marketing of industrial computers
S&T MEDTECH SRL	1996.11.7	Bucuresti Sectorul 1, Strada GHEORGHE POLIZU, Nr. 58-60, Etaj 1	EUR 282	Manufacturing and marketing of industrial computers
Lucom GmbH Elektrokomponenten und Systeme	1991.12.10	Flößaustr. 22a, Fürth	EUR 26	Manufacturing and marketing of industrial computers
Kontron Beteiligungs GmbH	2020.07.21	Gutenbergstrasse 2, D-85737 Ismaning, Germany	EUR 25	Manufacturing and marketing of industrial computers

Name of affiliates	Date of establishment	Address	Paid-in capital	Major business or production items
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
Affair OOO, Russia	2002.11.11	Nikitinskaya str. 3, 105037, Moscow, Russia	EUR 208	Manufacturing and marketing of industrial computers
Kontron Operations Hungary Kft.	2011.12.27	Puskás Tivadar street 14, H-2040, Budaörs, Hungary	EUR 880	IT servers
Kontron AIS GmbH	1990.06.14	Otto-Mohr-Straße 6, D-01237 Dresden, Germany	EUR 51	Manufacturing and marketing of industrial computers
Kontron Technologies GmbH	2010.12.10	Industriezeile 35, A-4021 Linz, Austria	EUR 35	Manufacturing and marketing of industrial computers
Kontron Electronics Kft.	1992.01.21	Kossuth Lajos utca 174, Ungarn	EUR 11	Manufacturing and marketing of industrial computers
KONTRON AMERICA INC.	1999.12.06	9477 Waples Street, Suite 150, San Diego, California, 92121, Delaware , USA	EUR 2,049	Communication products
KONTRON CANADA INC.	2002.01.01	4555, Ambroise-Lafortune, J7H 0A4, Boisbriand, Canada	EUR 9,818	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 Asia Inc.	2013.08.16	4F., No. 415, Ti-Ding Blvd., Sec. 2 Neihu District, 144, Taipei City Government, Taiwan	EUR 365	Manufacturing and marketing of industrial computers

Name of affiliates	Date of establishment	Address	Paid-in capital	Major business or production items
Kontron Transportation GmbH	2002.06.24	Lehrbachgasse 11, A-1120 Wien, Austria	EUR 10,000	Manufacturing and marketing of industrial computers
Kontron Transportation Sp.z.o.o.	2011.03.04	Ul. Poleczki 35, 02-822 Warsaw, Poland	EUR 23	Manufacturing and marketing of industrial computers
Kontron Transportation España S.L.	2010.02.08	Via de las dos Castillas, 33 Edf. 4	EUR 250	Manufacturing and marketing of industrial computers
Kontron Transportion Portugal, Unipessoal LDA	2012.12.19	Av. D. João II, Nº 44C, Piso 3-F, Edifício Atlantis, Distrito: Lisboa Conclho: Lisboa Freguesia: Santa maria dos Olivais, 1990 095 Lisboa, Portugal	EUR 5	Manufacturing and marketing of industrial computers
Kontron Transportation s.r.o.	1992.04.10	Praha 8 - Ke Štvanici 656/3, 18600 Prague, Czech Republic	EUR 1,178	Manufacturing and marketing of industrial computers
Kontron Transportation Hungary Kft.	1991.11.01	Puskas Tivadar út 14, Budaörs	EUR 207	Manufacturing and marketing of industrial computers
Kontron Transportation Deutschland GmbH	2010.02.11	Frankfurterstraße 120-126, D-63263 Neu-Isenburg, Germany	EUR 25	Manufacturing and marketing of industrial computers
Kontron Transportation France S.A.S.	2010.02.08	1 Rue Jean-Pierre Timbaud, Site Immontigny CS 80737, 78180 Montigny Le Bretonneux, 78066 Saint Quentin Yvelines Cedex, France	EUR 2,800	Manufacturing and marketing of industrial computers
Kontron Transportation UK Ltd.	2010.01.29	1st Floor, Healthaid House Marlborough Hill, Harrow, Middlesex HA1 1UD, United Kingdom	EUR 469	Manufacturing and marketing of industrial computers
Kontron Transportation Belgium NV	2008.12.29	Twin Squares - Madison, Culliganlaan 1A, 1831 Diegem, Belgium	EUR 62	Manufacturing and marketing of industrial computers
S&T Iskratel, informacijske in komunikacijske storitve, d.o.o.	1989.10.27	Ljubljanska cesta 24a, 4000 Kranj	EUR 5,709	Manufacturing and marketing of industrial computers

Name of affiliates	Date of establishment	Address	Paid-in capital	Major business or production items
BeeIN d.o.o.	2020.07.24	Ljubljanska cesta 24a, 4000 Kranj	EUR 10	Manufacturing and marketing of industrial computers
ITS Softver Centar d.o.o.e.l.	2016.03.07	Str,Mirce Acev no,2 Katna garaza ,Razlovacko vostanie kat 1 Skopje	EUR 5	Manufacturing and marketing of industrial computers
IskraCom	2006.02.06	17, Nauryzbai batyr str, office 101. Almaty, 050004. Kazakhstan.	EUR 30	Manufacturing and marketing of industrial computers
OOO Iskratel Tashkent	2011.02.22	Uzbekistan, g.Tashkent pr.A.Temura 99a	EUR 1	Manufacturing and marketing of industrial computers
AO IskraUralTel Yekaterinburg	1994.04.27	Yekaterinburg, Komvuzovskaya St., 9A, Russian Federation, 620066	EUR 8	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 UK Ltd.	1996.07.01	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 5,168	Manufacturing and marketing of industrial computers
Kontron Electronics GmbH, Germany	1995.01.01	Kantstraße 10, 72663 Großbettlingen, Germany	EUR 102	Manufacturing and marketing of industrial computers
Kontron Electronics AG, Switzerland	1978.03.23	Riedstrasse 1, 6343 Rotkreuz, Switzerland	EUR 863	Manufacturing and marketing of industrial computers
JSC RTSOft AO	1992.07.14	Severnii pass.,1, Chernogolovka, Moscow region	EUR 13	Manufacturing and marketing of industrial computers

Name of affiliates	Date of establishment	Address	Paid-in capital	Major business or production items
Arce Mobility Solutions S.A.U.	2021.04.01	Plaza de Euskadi 5/4a, Bilbao	EUR 60	Manufacturing and marketing of industrial computers
Axino Solutions GmbH	2016.01.07	Charlottenburger Allee 61, D-52068 Aachen, Germany	EUR 2,300	IT servers
S&T Austria GmbH	2021.09.06	Schottenring 19, A-1010 Wien, Austria	EUR 35	IT servers
Marketch Integrated Pte. Ltd.	1997.07.10	86 KaKi Bukit Industrial Terrace, Singapore 416166	SGD 10,086	Semiconductor industry automation supply system
Market Go Profits Ltd.	2000.12.20	P.O. Box 957 Offshare Incorporations Centre, Road Town, Tortola, British Virgin Islands	US\$40,119	Investment holding and reinvestment
MIC-Tech Global Corp.	2004.10.18	RM918 Hyundai Office Bldg, 9-4 Sunae 1-dong, Bundang-gu, Seongnam-si, Gyeonggi-do, Korea	KRW657,800	General international trade industry
Headquarter International Ltd.	2002.12.10	P.O. Box 957 Offshare Incorporations Centre, Road Town, Tortola, British Virgin Islands	US\$ 1,289	Investment holding and reinvestment
Tiger United Finance Ltd.	2002.10.09	P.O. Box 957 Offshare Incorporations Centre, Road Town, Tortola, British Virgin Islands	US\$ 1,410	Investment holding and reinvestment
Marketch Engineering Pte. Ltd.	2013.11.28	86 KaKi Bukit Industrial Terrace, Singapore 416166	SGD 938	Contracting of engineering services such as mechanical and electrical installation
Marketch Integrated Manufacturing Company Limited	2015.03.19	Lot No.B12 Tailawa Special Economic Zone A, Yangon Region, Myanmar	US\$ 15,356	Design, manufacture, assembly and other services of automatic production machinery and components
MIC-Tech Viet Nam Co., Ltd.	2010.01.22	6F, No 36, Hoang Cau street, O Cho Dua Ward, Dong Da District, Ha Noi City, Vietnam	US\$ 4,400	Trading, installation, and maintenance business of various factory machinery equipment and peripheral consumables; Consulting services and software execution services related to the installation of computer hardware
Marketch Co., Ltd.	2011.06.13	(R1-08-09) The EverRich, 968 3-2 St., 15 Ward, Dist 11, Ho Chi Minh City, Vietnam	US\$ 2,400	Engineering professional contracting and related maintenance services; Machine tool

Name of affiliates	Date of establishment	Address	Paid-in capital	Major business or production items
				sales and maintenance, cosmetics and daily necessities sales; Software production, development, implementation and programming services; Provision of industrial machinery and equipment installation services
Ezoom Information, Inc.	1996.11.20	6F.-3, No. 3-2, Park St., Nangang Dist., Taipei City	NT\$235,000	R&D, trading, and consulting services of the software and hardware applications for information system
PT Marketech International Indonesia	2014.09.25	VIP Chamber #2, Wisma GKBI Lantai 39 Suite 3901, JI Jend. Sudirman No 28, Kel Bendungan Hilir, Kee. Tanah Abang Jakarta Pusat	US\$ 1,200	Trading of machinery equipment and spare parts
ADAT Technology Co., Ltd.	2017.10.19	6F., No. 3-2, Park St., Nangang Dist., Taipei City	NT\$195,426	R&D and application of information software, supply of service electronic information, and equipment trading
Marketech Netherlands B.V.	2017.06.30	Luchthavenweg 81,8657 EA Eindhoven	EUR 1,200	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.	MYR12,243	Professional contracting for projects and related maintenance services; sale of medical equipment
MIC-Tech Ventures Asia Pacific Inc.	2001.02.01	Huntlaw Building, P.O. BOX 2804, George Town, Grand Cayman, Cayman Islands	US\$40,017	Investment holding and reinvestment
Marketech Integrated Construction Co., Ltd.	2014.04.03	67/A, Htan Tapin Street, Kamayut Township, Yangon	US\$ 650	Contracting of engineering services such as mechanical and electrical installation
Rusky H.K. Limited	1992.12.17	Rm 1401, The Centre Mark, 287-299 Queen's Road Central, Hong Kong	US\$ 833	Investment holding and reinvestment
Marketech International Corporation USA	2018.11.14	1125 W Pinnacle Peak Road #107, Phoenix, 85027,USA	US\$8,750	Professional contracting for projects and related maintenance services
Frontken MIC Co., Limited	2007.12.28	Rm 1401, The Centre Mark, 287-299 Queen's Road Central, Hong Kong	US\$ 2,338	Investment holding and reinvestment
MICT International Limited	2007.12.14	AXA Centre, 151 Gloucester Road, Wan Chai, Hong Kong	US\$ 9,000	Investment holding and reinvestment

Name of affiliates	Date of establishment	Address	Paid-in capital	Major business or production items
Spiro Technology Systems Inc.	2008.04.02	80 Tanforan Ave. Ste. 10 South San Francisco CA 94080	US\$ 1,000	General international trade industry
Smart Health Corp.	2019.10.22	10F.-2, No. 3-2, Park St., Nangang Dist., Taipei City	NT\$500	Smart medical advisory services and investments
MIC Healthcare Korea Co., Ltd.	2021.10.21	1608, 199, Baekbum-Ro, Mapo-Gu, Seoul, Korea	KRW1,000,000	R&D, sale and professional technical services of and for medical devices and components; general international trade and import and export business
Vertex Corporation	2020.03.19	21F.-7, No. 77, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City	NT\$81,500	Transaction of dedicated equipment for 5G wireless communication network (micro base station and core network) and IoT intelligent control gateway;
Marketch International Corp. Japan	2022.04.20	6F Shimotori NS Bld. 1-3-8 Shimotori Chuo-ku, Kumamoto-shi, Kumamoto-ken 860-0807, Japan	JPY 9,900	General international trade industry
NanJing Asiatek INC.	2005.04.13	Room 505, Block B, Building 2, Runhe Software Park, No.168, Software Avenue, Yuhuatai District, Nanjing	US\$ 3,000	Research, development and sale of software and hardware products, and provision of their installation, debugging, and technical consulting.
Shenzhen Asiatek INC.	2018.12.19	No. 101, 1F Mezzanine, Building B3, Foxconn Technology Park, 2nd Donghuan Road, Longhua Street, Longhua District, Shenzhen City, Guangdong Province, China	CNY30,000	R&D, production and sale of electronic materials required for hardware and software products
Ennoconn (Foshan) Investment Co., Ltd.	2016.12.23	Room 112, 1st Floor, Building D, Central European Center, No. 2 South Lingnan Avenue, Lecong Town, Shunde District, Foshan City	CNY66,207	Professional Investment
Beijing Caswell Ltd.	2003.09.23	East of 4th Floor, Building 5, Qunying Science Park, No. 8 Shangdi Chuangye Road, Haidian District, Beijing	US\$ 3,800	Production and sales of network communication products

Name of affiliates	Date of establishment	Address	Paid-in capital	Major business or production items
HighAim (Kunshan) Technology Inc.	2007.07.16	No. 278, Chensong Road, Yushan Town, Kunshan City, Jiangsu Province, China	US\$15,000	Design, R&D, and production of various molds, servers, and communication equipment.
Kunshan Lidingcheng Intelligent Equipment Co., Ltd.	2018.08.03	Room 3, No. 278, Chensong Road, Yushan Town, Kunshan City	CNY1,000	Leasing, sales, and after-sales service of intelligence, machinery equipment, and accessories.
HighAim Technology (Shenzhen) Inc.	2019.12.06	Room 201, Building B, Fuanna Company, Qinghu Village, Qinghu Community, Longhua Street, Longhua District, Shenzhen	CNY2,700	Automation fixtures, tools and molds
Goldtek Technology (Shenzhen) Co., Ltd.	2016.07.21	Room 1926, Longhu Junhui Fashion Apartment, Meilong Avenue, Longhua District, Shenzhen	US\$ 13,000	Relevant research, design, and sale of electronic products, communication equipment, and their components, and after-sales service for the said products.
Techno Precision (Shenzhen) Co., Ltd.	2012.06.27	Plant 3, No. 10, Longshan Industrial Park, Nanling Village, Nanwan Street, Longgang District, Shenzhen	HK\$23,000	Stamping/assembly
T-Paragon Metal (Shenzhen) Ltd.	2012.06.14	Phase II Plant, No. 10, Longshan Industrial Park, Nanling Village, Nanwan Street, Longgang District, Shenzhen	HK\$5,000	Zinc/Aluminum Alloy Die Casting
Ennoconn (Suzhou) Technology Co., Ltd.	2017.06.29	Room 1, No. 299, Nansong Road, Yushan Town, Kunshan City, Jiangsu Province	US\$ 30,000	Research and development, production and sales of industrial computers
Ennoconn (Kunshan) Technology Co., Ltd.	2018.04.26	Room 3, No. 299, Nansong Road, Yushan Town, Kunshan City, Jiangsu Province	CNY3,835	Development of smart technologies and sale of hardware
Ennoconn Investment Co., Ltd.	2019.10.30	19F, Block C, Haichuang Building, No. 288 Dengyun Road, Yushan Town, Kunshan City, Jiangsu Province	US\$ 20,000	Professional Investment
MIC-Tech (Shanghai) Corp.	2001.05.24	Area A1-3, 1F, Great Wall Building, No. 333, Fute West 1st Rd, China (Shanghai) Pilot Free Trade Zone	US\$ 8,241	Semiconductor production, semiconductor equipment maintenance, testing equipment, and consumables, wholesale, commission agent,

Name of affiliates	Date of establishment	Address	Paid-in capital	Major business or production items
				import and export, and other related supporting business for power generation boiler; chemical, warehousing and distribution business focusing on boiler products: international trade and entrepot trade; Trade and trade agency between enterprises in the bonded area; District business consulting services.
Shanghai Maohua Electronics Engineering Co., Ltd.	1998.04.21	Room 707~708, No. 36, Lane 2777, Jinxiu East Road, China (Shanghai) Pilot Free Trade Zone	US\$ 600	Design, installation, debugging, and technical services of and for pest-killing barrel regeneration, pipeline system and relevant facilities used for semiconductor manufacturing industry; maintenance of the equipment used for semiconductor manufacturing industry, technical consulting for electronic and medical equipment, wholesale, commission agency (except for auctions), import & export, and related support services of and for electronic products, mechanical equipment, chemical products (except dangerous goods), communication products, metal products, and manufactured materials.
MIC-Tech Electronics Engineering Corp.	2006.06.30	Room 701~-706, No. 36, Lane 2777, Jinxiu East Road, China (Shanghai) Pilot Free Trade Zone	US\$ 17,619	Construction for mechanical and electrical installation and construction projects, chemical and petroleum projects, municipal public construction projects, building decoration projects and electronic construction projects, professional construction for building intelligent projects, and related technical services and consulting. Wholesale, commission-based agency (except for auction) and import & export of construction equipment, building materials (except for steel and cement), electronic and chemical products

Name of affiliates	Date of establishment	Address	Paid-in capital	Major business or production items
				(except for hazardous products), metal products, electrical and communication equipment, and provision of related supporting services.
MIC-Tech (WuXi) Co., Ltd.	2001.05.16	No. 11, Xinxu Road, Wuxi National High-tech Industrial Development Zone, Jiangsu Province	US\$25,500	Semiconductor device, production and sales of intelligent warehousing equipment, lighting fixtures, masks, and labor protection products; Manufacturing of packaging specialized equipment.
Integrated Manufacturing & Services Co., Ltd.	2008.10.22	(No. 60, Group 4, Liantong Village) Huolong Industrial Park, Sijia Town, Haimen City, Nantong City, Jiangsu	US\$ 7,000	Development and production of special equipment for solar cell production, manufacturing of key components 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 equipment, general equipment production technology R&D, technology transfer, technical consulting, technical services; Metal scrap and shredding processing (except hazardous chemicals, hazardous waste); metal materials (except steel and precious metals), ceramic products, paper products, hardware products wholesale, retail and 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	US\$ 1,500	Wholesale, commission-based agency, import & export and other related business of chemical products (except for hazardous, precursor and special chemicals), semiconductor, test equipment and its consumables, consumables for solar equipment, boiler for power

Name of affiliates	Date of establishment	Address	Paid-in capital	Major business or production items
				generation, mechanical equipment and their accessories; international trade, entrepot trade, trade and trade agency between enterprises in the bonded area, trade consulting services; Installation and maintenance of semiconductor equipment, automation equipment, electronic equipment, and their accessories.
Renown Information Technology Corp.	2017.12.15	4F., No. 10, Jiankang Rd., Zhonghe Dist., New Taipei City	NT\$50,000	Computer equipment installation, wholesale of computers and clerical machinery equipment, wholesale of computer software, retail sale of office machinery and equipment, retail sale of computer software, international trade, intellectual property rights, management consulting, other consultancy, software design services, data processing services, electronic information supply services, research and development service, manpower dispatched, other industrial and commercial service, book publishing, conference and exhibition services, agency services, all business activities that are not prohibited or restricted by law, except those that are subject to special approval, and restrained telecom radio frequency equipments and materials import.

3. The industries covered by the overall business of affiliates:
The industries covered by the business of the Company and its affiliates include electronics, computers, manufacturing, trading, investment, etc.
4. Information of the same shareholders who are assumed having controlling and subordination relation: None.

5. Information on directors, supervisors, and presidents of affiliates

December 31, 2022

Unit: shares; NT\$ thousand

Company Name	Title	Name or Representative	Shareholding	
			Number of Shares (or Capital Contribution)	Ratio (%)
Innovation System Integration Limited	Director	Ennoconn Corporation - Chao-Tsung Lou	518,216,530	100%
Ennoconn International Investment Co., Ltd.	Chairman	Ennoconn Corporation - Chao-Tsung Lou	820,635,000	100%
	Director	Ennoconn Corporation - Fu-Chuan Chu	820,635,000	100%
	Director	Ennoconn Corporation - Neng-Chi Tsai	820,635,000	100%
	Supervisor	Ennoconn Corporation - Tsung-Hsien Chuang	820,635,000	100%
Caswell Inc.	Chairman	Ennoconn Corporation - Fu-Chuan Chu	20,000,000	27.33%
	Director	Ennoconn Corporation - Chao-Tsung Lou	20,000,000	27.33%
	Director and President	Te-Fu, Hung	115,446	0.16%
	Director	Ennoconn Corporation - Neng-Chi Tsai	20,000,000	27.33%
	Independent Director	Chien-Hua Shao	0	0%
	Independent Director	Wen-Chin Huang	0	0%
	Independent Director	I-Chun Wang	0	0%

Ennoconn Investment Holdings Co.,Ltd	Chairman	Ennoconn Corporation - Chao-Tsung Lou	309,510,000	100%
ENGA Technology Co., Ltd.	Chairman	Innovation System Integration Limited - Chao-Mao Huang	3,500,000	100%
	Director	Innovation System Integration Limited - Fu-Chuan Chu	3,500,000	100%
	Director	Innovation System Integration Limited - Chao-Tsung Lou	3,500,000	100%
Victor Plus Holdings Ltd.	Director	Innovation System Integration Limited - Chun-Hao Shih	0	100%
AIS Cayman Technology	Chairman	FU-CHUAN CHU	0	0%
	Director	CHUN HAO SHIH	0	0%
	Director	NEN CHI NELSON TSAY	0	0%
Kontron AG	SVB	Mag. Claudia Badstöber	418,211	0.63%
	SVB	Mag. Bernhard Chwatal	0	0%
	SVB	Joseph John Fijak	0	0%
	SVB	Fu-Chuan Chu (Steve Chu)	0	0%
	SVB	You-Mei Wu(Yolanda Wu)	0	0%
	CEO	Michael Riegert (as of Jan. 01, 2022)	4,117,533	6.23%
AIS	Chairman	NEN CHI NELSON TSAY	0	0%
	Director	JASON TSUNG-SHUN CHOU	0	0%
	Director	JOSEPH JOHN FIJAK	0	0%
Vecow Co., Ltd.	Director	AIS- Neng-Chi Tsai	20,000,000	100%
	Director	AIS- Fu-Chuan Chu	20,000,000	100%
	Director	AIS- Ling-Hsiao Yu	20,000,000	100%
	Supervisor	AIS- Chun-Hao Shih	20,000,000	100%
Goldtek Technology Co., Ltd.	Chairman	Ennoconn International Investment Co., Ltd. - Fu-Chuan Chu	17,022,831	56.74%

	Director	Ennoconn International Investment Co., Ltd. - Chao-Tsung Lou	17,022,831	56.74%
	Director	Hui-Pin Liang	757,831	2.53%
	Director	Ennoconn International Investment Co., Ltd. - Tung-Sheng Tu	17,022,831	56.74%
	Independent Director	Wu-Shui Cheng	0	0%
	Independent Director	Chun-Nien Lai	0	0%
	Independent Director	Shih-Kang Fan	0	0%
	President	Tung-Sheng Tu	108,539	0.36%
EnnoMech Precision (Cayman) Co., Ltd.	Chairman	Ennoconn International Investment Co., Ltd. - Chao-Tsung Lou	13,800,000	100%
ENNOWYSE CORPORATION	Chairman	Ennoconn International Investment Co., Ltd. - Chao-Mao Huang	10,400,000	100%
	Director	Ennoconn International Investment Co., Ltd. - Wang-Lin Tsai	10,400,000	100%
	Director	Ennoconn International Investment Co., Ltd. - TMing-Hsueh Tsai	10,400,000	100%
	Supervisor	Ennoconn International Investment Co., Ltd. - Pin-Hsien Wu	10,400,000	100%
Thecus Technology Corp.	Chairman	Ennoconn International Investment Co., Ltd. - Chun-Hao Shih	10,200,000	60%
	Supervisor	Wang-Lin Tsai	0	0%

Dexatek Technology Ltd.	Chairman	Ennoconn International Investment Co., Ltd. - Fu-Chuan Chu	12,600,000	56%
	Director	Ennoconn International Investment Co., Ltd. - TMing-Hsueh Tsai	12,600,000	56%
	Director	Ennoconn International Investment Co., Ltd. - Hung-Chih Chou	12,600,000	56%
	Director	Hsin-Yu Chen	1,582,874	7.03%
	Director	Fuyang Investment Co., Ltd. - Pei-Yu Chang	3,771,272	17.66%
	Supervisor	Pin-Hsien Wu	10,000	0.04%
	Supervisor	Ya-Hui Lin	10,000	0.04%
	Supervisor	Lung-Peng Hung	88,743	0.39%
Marketech International Corp.	Director	Ji-xuan Investment Co., Ltd. - Hsin-Ming Kao	11,005,795	5.64%
	Director	E-WIN Investment Co., Ltd. - Yu-Yeh Lin	6,647,112	3.40%
	Director	Ennoconn International Investment Co., Ltd. - Fu-Chuan Chu	83,468,613	42.79%
	Director	Ennoconn International Investment Co., Ltd. - Chao-Tsung Lou	83,468,613	42.79%
	Director	Ennoconn International Investment Co., Ltd. - Neng-Chi Tsai	83,468,613	42.79%
	Director	Ennoconn International Investment Co., Ltd. - Yun-Hsien Lin	83,468,613	42.79%
	Independent Director	Tsung-Pao Wu	0	0.00%
	Independent Director	Hsiao-Min Lin	0	0.00%

	Independent Director	I-Chun Wang	0	0.00%
HighAim Technology INC.	Legal representative and executive managing director	Huan-Hsiang Chung	66,712	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 CO., LTD. - Chao-Tsung Lou	1,000,000	100%
	Director	ENNOMECH PRECISION CO., LTD. - Fu-Chuan Chu	1,000,000	100%
	Director	ENNOMECH PRECISION CO., LTD. - Chao-Mao Huang	1,000,000	100%
	Supervisor	ENNOMECH PRECISION CO., LTD. - Ping-Hsun Huang	1,000,000	100%
FUNOLOGY INVESTMENT INC.	Legal Representative	HighAim Technology Inc. - Ju-Hsiang Chuang	1,000	100%
ANDRIX INTERNATIONAL LIMITED	Legal Representative	HighAim Technology Inc. - Huan-Hsiang Chung	900	100%
CASO Inc.	Director	CASwell, Inc. - Te-Fu Hung	1,881	99%
	Director	CASwell, Inc. - Chih-Chiang Yen	1,881	99%
	Director and President	Takeda Kazuhiro	19	1%
CASWELL INTERNATIONAL INVESTMENT CO., LTD.	Director	CASwell, Inc. - Fu-Sung Hsu	3,205,760	100%
Caswell Americas, Inc	Chairman	CASwell, Inc. - Chih-Chiang Yen	3,000,000	100%
Apligo GmbH	Chairman	CASwell, Inc. - I-Hsin Liu	24,000	66.67%
Hawkeye Tech Co., Ltd.	Chairman	CASwell, Inc. - Te-Fu Hung	9,096,667	60.64%

	Director	Yung-Nien Liu	0	0%
	Director	Jui-Hua Tsao	0	0%
	Director	Hsuenh-Wen Tai	111,444	0.74%
	Director	CASwell, Inc. - Yen-Hsiang Chen	9,096,667	60.64%
	Supervisor	Hui-Ching Huang	0	0%
Tecas USA.,Inc.	Chairman	Thecus Technology Corp. - Chih-Chiang Yen	750,000	100%
Keenest Electronic Corp.	Chairman	Tung-Sheng Tu	24,000,000	100%
S&T CZ s.r.o., Czech Republic	Directors	Becka Miroslav	0	0%
	Directors	Kraus Vaclav	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%
S&T Poland Sp.z.o.z., Poland	Directors	Piotr Staszczak	0	0%
	Directors	Grzegorz Golebiewski	0	0%
	Directors	Maurycy Palkiewicz	0	0%
S&T Slovakia s.r.o.	Directors	Horovčáková Helena	0	0%
S&T Slovenija d.d., Slovenia	Directors	Berger Saso	0	0%
	Directors	Kureš Matjaž	0	0%
	Directors	Fir Jure	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	Eugen Mosanu	0	0%
S&T IT Technology SRL	Directors	Eugen Mosanu	0	0%
S&T Consulting Hungary Kft., Hungary	Directors	Peter Dezsó Szabó	0	0%
	Directors	Kulczar Sandor	0	0%
	Directors	Arpad János Lenkei	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 CEE Holding s.r.o., Slovenia	Directors	Helene Horovcokova	0	0%
	Directors	Jozef Brach	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%
	Directors	Jeske Michael	0	0%
Kontron Beteiligungs GmbH	Directors	Hannes Niederhauser	0	0%
	Directors	Helmut Fischer	0	0%
Kontron Austria GmbH, Austria	Directors	Walter Kroupa	0	0%
Kontron Technologies GmbH, Austria	Directors	Egerth Harald	0	0%
	Directors	Günthner Bernhard	0	0%
	Directors	Richard Neuwirth	0	0%

S&T MEDTECH SRL, Romania	Directors	George Visan	0	0%
Affair OOO, Russia	Directors	Sinenko Olga	0	0%
S&T Services Bel LCC, Belarus	Directors	Kunts Oksana Mikhailovna	0	0%
Kontron Asia Inc., Taiwan	Directors	Steve Chen	0	0%
Kontron Transportion Taiwan Co., Ltd	Directors	Steve Chen	0	0%
Kontron AIS GmbH	Directors	Dirk Sauer	0	0%
	Directors	Michael Jacob	0	0%
CITYCOMP Service GmbH	Directors	Martin Heel	0	0%
	Directors	Frank Hartig	0	0%
	Directors	Julius von Jagow	0	0%
S&T Services Kft., Hungary	Directors	Peter Dezső Szabó	0	0%
	Directors	Kulczar Sandor	0	0%
	Directors	Arpad János Lenkei	0	0%
Kontron America Inc.	Directors	Matthias Huber	0	0%
	Directors	Andy Mason	0	0%
	Directors	Robert Courteau	0	0%
	Directors	Thomas Ebner	0	0%
Kontron Canada Inc.	Directors	Robert Courteau	0	0%
	Directors	Josyane Desbois	0	0%
	Directors	Helmut Fischer	0	0%
	Directors	Thomas Ebner	0	0%
Kontron Asia Pacific Design Sdn. Bhd.	Directors	Cheng Ee Kong	0	0%
	Directors	Julius Von Jagow	0	0%
	Directors	Shanmuganathan	0	0%
Kontron Technology Beijing Co. Ltd.	Directors	Steve Chen	0	0%

Kontron Europe GmbH, Germany	Directors	Helmut Fischer	0	0%
	Directors	Carlos Quiroz	0	0%
	Directors	Michael Riegert	0	0%
	Directors	Oliver Dautzenberg	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	Holger Wußmann	0	0%
		Jochen Gimple	0	0%
Kontron Electronics Kft., Hungary	Directors	Anita Réder	0	0%
Kontron Electronics AG, Switzerland	Directors	Sebastian Wieland	0	0%
RTSoft Project OOO, Russia	Directors	Sinenko Olga	0	0%
Kontron Transportation Austria AG	Directors	Bernd Eder	0	0%
	Directors	Michael Riegert	0	0%
Kontron Transportation Sp. z o.o.	Directors	Richard Neussl	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%
	Directors	Richard Neussl	0	0%
Kapsch CarrierCom Saudi Arabia LLC	Directors	Sajeev Madhavan	0	0%
Kontron Transportation Deutschland GmbH	Directors	Bernd Eder	0	0%
	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 Belgium NV	Directors	Jean Dubois	0	0%
FinTel Holding d.o.o. & co k.d., holdinška družba	Directors	Mitja Dolžan	0	0%
FinTel holding d.o.o.	Directors	Mitja Dolžan	0	0%
Iskratel d.o.o.	Directors	Robert Kuzmić	0	0%
	Directors	Mitja Dolžan	0	0%
ITS Skopje	Directors	Jovanovski Slobodan	0	0%
ITS Softver d.o.o.	Directors	Jovanovski Slobodan	0	0%
IskraCom	Directors	Savitskiy Insun	0	0%
OOO Iskratel Tashkent	Directors	Sharifov Rakhimkhodja	0	0%
AO IskraUralTel Yekaterinburg	Directors	Davydov Vladislav	0	0%
Iskratel Ukraine LTD	Directors	Karachevtsev Sergiy	0	0%
Axino Solutions GmbH	Directors	Michael Wallrath	0	0%
PSB IT-Service GmbH	Directors	Julius von Jagow	0	0%
	Directors	Hartwig Dilling	0	0%
Enterprise Concept SRL	Directors	Macovei Nicoleta	0	0%
	Directors	Voicu Radu Cristian	0	0%
BeeIN d.o.o.	Directors	Mitja Dolžan	0	0%
Marketch Integrated Pte. Ltd.	Chairman	Hsin-Ming Kao	SGD 12,898	100%
	Director	Yu-Yeh Lin		
	Director	Loo Lam Huat		
Market Go Profits Ltd.	Director	Hsin-Ming Kao	USD 40,119	100%
	Director	Yu-Yeh Lin		
MIC-Tech Global Corp.	Director	Hsin-Ming Kao	KRW 657,800	100%
	Director	Yu-Yeh Lin		

	Director	Chen-Hao Pu		
	Supervisor	Yi-Jung Li		
	President	Chen-Hao Pu		
Headquarter International Ltd.	Director	Hsin-Ming Kao	USD 1,289	100%
	Director	Yu-Yeh Lin		
Tiger United Finance Ltd.	Director	Hsin-Ming Kao	USD 1,410	100%
	Director	Yu-Yeh Lin		
Marketech Engineering Pte. Ltd.	Director	Hsin-Ming Kao	SGD 938	100%
	Director	Yu-Yeh Lin		
	Director	Loo Lam Huat		
Marketech Integrated Manufacturing Company Limited	Director	Hsin-Ming Kao	USD 15,356	100%
	Director	Yu-Yeh Lin		
MIC-Tech Viet Nam Co., Ltd.	President	Hsin-Ming Kao	USD 4,400	100%
Marketech Co., Ltd.	President	Hsin-Ming Kao	USD 2,400	100%
Ezoom Information, Inc.	Chairman	Marketech International Corp. Representative: Yu-Yeh Lin	23,500,000	100%
	Director	Marketech International Corp. Representative: Hsin-Ming Kao		
	Director	Marketech International Corp. Representative: Ping-Chung Sung		
	Supervisor	Marketech International Corp. Representative: Yi-Jung Li		
	Supervisor	Marketech International Corp. Representative: Kuo-Peng Ma		
PT Marketech International Indonesia	Director	Hsin-Ming Kao	USD 1,200	100%
	Director	Yu-Yeh Lin		

	Director	Natalriana		
	Supervisor	Yi-Jung Li		
ADAT Technology Co., Ltd.	Chairman	Marketch International Corp. Representative: Yu-Yeh Lin	5,005,940	25.62%
	Director	Marketch International Corp. Representative: Hsin-Ming Kao		
	Director	Kai-Hung Su		
	Supervisor	Yi-Jung Li		
Marketch Netherlands B.V.	Director	Hsin-Ming Kao	EUR 1,200	100%
	Director	Yu-Yeh Lin		
	Director	Kuo-Peng Ma		
Marketch International Sdn. Bhd.	Director	Hsin-Ming Kao	MYR 12,243	100%
	Director	Yu-Yeh Lin		
	Director	Kuo-Peng Ma		
	Director	Mohd Salleh Bin Mohamad		
	Director	Siti Zaleha Binti Mohd Salim		
MIC-Tech Ventures Asia Pacific Inc.	Director	Hsin-Ming Kao	USD 40,017	100%
	Director	Yu-Yeh Lin		
Marketch Integrated Construction Co., Ltd.	Director	Hsin-Ming Kao	USD 635	97.69%
	Director	Yu-Yeh Lin		
Russky H.K. Limited	Director	Hsin-Ming Kao	USD 833	100%
	Director	Yu-Yeh Lin		
Frontken MIC Co. Limited	Director	Hsin-Ming Kao	USD 2,338	100%
	Director	Yu-Yeh Lin		
Marketch International Corporation USA	Director	Ping-Chung Sung	USD 8,750	100%
	Director	Chieh-Chung Cheng		
MICT International Limited	Director	Hsin-Ming Kao	USD 4,297	60%
	Director	Yu-Yeh Lin		

	Director	Chun-Tiao Wu		
Spiro Technology Systems Inc.	Director	Hsin-Ming Kao	USD 1,000	100%
	Director	Yu-Yeh Lin		
	Director	Ping-Chung Sung		
	President	Ping-Chung Sung		
Smart Health Corp.	Chairman	Marketch International Corp. Representative: Hsin-Ming Kao	50,000	100%
	Supervisor	Marketch International Corp. Representative: Yi-Jung Li		
MIC Healthcare Korea Co., Ltd.	Director	Hsin-Ming Kao	KRW1,000,000	100%
	Director	Yu-Yeh Lin		
	Director	Chun-Hao Bai		
	Supervisor	Yi-Jung Li		
Vertex Corporation	Chairman	COILER CORPORATION Representative: Yu-Hui Chang	50,000,000	61.35%
	Director	Hsin-Ming Kao		
	Director	Marketch International Corp. Representative: Yu-Yeh Lin		
	Supervisor	Yi-Jung Li		
	Supervisor	Li-Ling Tsai		
NanJing Asiatek INC.	Legal representative and executive managing director	Innovation System Integration Limited - Pin-Hsien Wu	USD 3,000	100%
	Supervisor	Ji-Hua Li		
Ennoconn (Foshan) Investment Co., Ltd.	Legal representative and executive director	Innovation System Integration Limited - Chao-Tsung Lou	USD 9,800	100%

	Supervisor	Chao-Mao Huang		
Marketech International Corp. Japan	Director	Hsin-Ming Kao	JPY 9,900	100%
Beijing Caswell Ltd.	Executive Director	Shang-Jui Lin	0	0%
	President	Jen-Hao Liu	0	0%
	Supervisor	Fu-Sung Hsu	0	0%
HighAim (Kunshan) Technology Inc.	Legal representative and executive managing director	HighAim Technology Inc. - Huan-Hsiang Chung	USD 15,000	100%
	Director	Yu-Ling Chen		
	Director	Ya-Ching Hsieh		
	Supervisor	Ming-Che Kao		
Goldtek Technology (ShenZheng) Co., Ltd.	Legal Representative	Tung-Sheng Tu	USD 13,000	100%
Techno Precision Co., Ltd.	Corporate representative	Tung-Sheng Tu	7,500,000	40.3%
Techno Precision (Shenzhen) Co., Ltd.	Corporate representative	Chi-Ping Fang	HDK23,000	100%
T-Paragon Die Casting Co., Ltd.	Corporate representative	Kuang-Mao Kuan	7,500,000	50%
T-Paragon Metal (Shenzhen) Ltd.	Corporate representative	Kun-Chou Chang	HDK 5,000	100%
Tairoun Products Co., Ltd. (Thailand)	Corporate representative	Yi-Shiuan Guan	THB186,000	100%
Nationgate Integration(M) Sdn.Bhd.	Corporate representative	Ooi Eng Leong	600,000	60%
Ennoconn (Suzhou) Technology Co., Ltd.	Chairman	Innovative Systems Integration Ltd.- Chao-Tsung Lou	USD 30,000	100%

	Director	Innovative Systems Integration Ltd.- Fu-Chuan Chu		
	Director	Innovative Systems Integration Ltd.- Neng-Chi Tsai		
	Supervisor	Innovative Systems Integration Ltd.- Chao-Mao Huang		
	President	Chao-Tsung Lou		
Ennoconn (Kunshan) Technology Co., Ltd.	Legal representative and executive director	Ennoconn (Suzhou) Technology Co., Ltd. - Kai-Wen Su	RMB 2,685	100%
MIC-Tech (WuXi) Co., Ltd.	Chairman	Hsin-Ming Kao	USD 25,500	100%
	Director	Kuo-Peng Ma		
	Director	Yu-Yeh Lin		
	Supervisor	Yi-Jung Li		
	President	Hsin-Ming Kao		
MIC-Tech (Shanghai) Corp.	Chairman	Hsin-Ming Kao	USD 8,241	100%
	Director	Yu-Yeh Lin		
	Director	Kuo-Peng Ma		
	Supervisor	Yi-Jung Li		
Shanghai Maohua Electronics Engineering Co., Ltd.	Chairman	Hsin-Ming Kao	USD 600	87%
	Director	Kuo-Peng Ma		
	Director	Yu-Yeh Lin		
	Director	Shimada Naohisa		
	Director	Arakawa Satoshi		
	Supervisor	Yi-Jung Li		
	President	Hsin-Ming Kao		
MIC-Tech Electronics Engineering Corp.	Chairman	Hsin-Ming Kao	USD 17,619	100%
	Director	Kuo-Peng Ma		
	Director	Yu-Yeh Lin		

Integrated Manufacturing & Services Co., Ltd.	Chairman	Hsin-Ming Kao	USD 4,297	60%
	Director	Yi-Jung Li		
	Director	Cheng-Tsun Yu		
	Supervisor	Yu-Yeh Lin		
	President	Chih-Fu Lin		
MIC-Tech China Trading (Shanghai) Co., Ltd.	Chairman	Hsin-Ming Kao	USD 1,500	100%
	Director	Yu-Yeh Lin		
	Director	Kuo-Peng Ma		
	Supervisor	Yi-Jung Li		
	President	Yu-Yeh Lin		
Renown Information Technology Corp.	Chairman	CASwell, Inc. - Yun-Hsien Lin	620,000	12.4%
	Director	Yongyao Biotech Corp. - Tien-Chuan Ku	1,800,000	36%
	Director	Goldtek Technology Co., Ltd. - Ming-Hsueh Tsai	620,000	12.4%
	Supervisor	Chao-Mao Huang	0	0%
Ennoconn Hungary Kft.	Director	Tálos Péter László	3,000,000	100%
	Director	Chu, Fu-Chuan		
	Director	Joseph John Fijak		

(II) Operation overview of affiliates

December 31, 2022

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

Company Name	Capital	Total Assets	Total Liabilities	Net worth of equity	Operating revenue	Net Operating Profit (Loss)	Profit and Loss of the Period (After Tax)	Earnings Per Share (After Tax)
Innovative Systems Integration Limited	HKD 518,217	2,160,510	107,424	2,053,086	-	(642)	(112,207)	
Ennoconn International Investment Co., Ltd.	8,206,350	9,914,784	1,811	9,912,972	-	(556)	1,205,615	
Caswell Inc.	731,889	4,605,780	1,265,864	3,339,916	3,465,397	408,470	428,332	5.85
Ennoconn Investment Holdings Co.,Ltd	USD 309,510	12,619,237	12,831	12,606,406	-	(700)	2,058,909	
AIS Cayman Technology	US\$ 10,701	1,711,748	684,755	1,026,993	2,147,216	282,832	227,325	0.72
ENGA Technology Co., Ltd.	USD 3,500	108,376	6	108,382	-	(532)	(308)	
Victor Plus Holdings Ltd.	-	847,821	834,499	13,323	1,220,137	(45,772)	(26)	
Kontron AG (former S & T AG)	EUR 63,631	4,808,315	11,193,190	24,482,110	2,691,836	(235,490)	7,412,625	
Ennoconn Hungary Kft.	310	5,718,368	5,639,483	78,885	4,877,963	129,648	80,613	
American Industrial Systems Inc.	US\$ 1,500	711,915	319,672	392,243	1,144,815	164,533	118,785	2.66
Vecow Co., Ltd.	50,000	790,685	373,633	417,052	1,014,930	121,550	111,470	22.29
Goldtek Technology Co., Ltd.	300,000	2,699,969	881,678	1,818,291	2,590,832	124,430	154,070	5.14
EnnoMech Precision (Cayman) Co., Ltd.	US\$ 13,800	636,412	-	636,412	-	(247)	32,966	0.08
ENNOWYSE CORPORATION	104,000	19,509	79,934	(60,424)	-	(662)	(10,168)	(0.10)
Thecus Technology Corp.	170,000	57,359	80,299	(22,940)	38,048	(6,137)	(9,728)	(0.57)
Dexatek Technology Ltd.	225,000	916,491	401,684	514,807	1,151,124	144,984	146,302	6.54
Marketch International Corp.	1,950,284	28,122,796	18,767,718	9,355,079	30,201,152	1,534,298	2,210,709	11.34
POSLAB TECHNOLOGY CORPORATION	130,000	273,010	174,364	98,646	193,659	(27,370)	(23,162)	(1.78)
Renown Information Technology Corp.	50,000	59,537	24,709	34,829	11,837	(2,813)	(2,371)	(0.47)
HighAim Technology INC.	US\$ 5,000	984,995	350,319	634,675	610,733	(1,819)	48,665	0.33
DOMINATE UNITED	-	-	-	-	-	(56)	445	

Company Name	Capital	Total Assets	Total Liabilities	Net worth of equity	Operating revenue	Net Operating Profit (Loss)	Profit and Loss of the Period (After Tax)	Earnings Per Share (After Tax)
ENTERPRISE LTD.								
ENNOMECH PRECISION CO., LTD.	10,000	28,723	657	28,066	1,895	(2,149)	(886)	(0.08)
FUNOLOGY INVESTMENT INC.	US\$ 1	194,909	179,148	15,760	361,390	4,774	4,810	161.43
ANDRIX INTERNATIONAL LIMITED	US\$ 1	176,745	158,757	17,987	230,364	6,603	6,876	256.37
CASO Inc.	JPY95,000	161,059	50,991	110,067	357,443	42,470	26,934	
CASWELL INTERNATIONAL INVESTMENT CO., LTD.	US\$ 3,206	221,727	429	221,298	-	(36)	(11,583)	
Caswell Americas Inc.	US\$ 3,000	156,968	80,100	76,867	237,626	11,504	12,623	
Apligo Gmbh	EUR 36	150,682	90,408	60,274	311,237	(2,359)	(2,453)	
Hawkeye Tech Co., Ltd.	150,000	593,661	263,039	330,622	658,494	79,734	75,320	5.02
Thecus U.S.A., Inc.	23,367	5,379	-	5,379	-	(83)	(63)	(0.08)
Keenest Electronic Corp.	737,040	343,630	17,221	326,409	73,461	(1,233)	(85,413)	
NATIONGATE INTEGRATION (M) SDN. BHD.	6,700	6,599	29	6,570	-	(111)	(63)	
Techno Precision Co., Ltd.	551,570	578,356	33,335	545,021	627,580	(4,212)	(9,874)	
T-Paragon Die Casting Co., Ltd.	59,100	361,141	301,664	59,477	213,845	(5,295)	44,570	
Tairoun Products Co., Ltd. (Thailand)	165,540	220,240	36,151	184,090	74,119	33,782	33,495	18.01
Ennoconn International Investment Co., Ltd.	1,000	640	115	525	-	(286)	(285)	(0.11)
Marketech Integrated Pte. Ltd.	295,108	159,090	146,381	12,708	143,936	2,283	(3,305)	
Market Go Profits Ltd.	1,232,058	2,370,906	-	2,370,906	-	(89)	686,499	
MIC-Tech Global Corp.	16,162	24,018	8,820	15,198	220,960	2,696	2,940	
Headquarter International Ltd.	39,596	37,239	181	37,058	2,163	(7)	(382)	
Tiger United Finance Ltd.	43,312	35,241	571	34,671	2,710	352	(152)	
Marketech Engineering Pte. Ltd.	21,451	742	4,098	(3,357)	-	(159)	(3,542)	
Marketech Integrated Manufacturing Company Limited	471,583	159,402	13,446	145,956	-	(27,317)	(36,190)	
MIC-Tech Viet Nam Co., Ltd.	135,124	315,094	224,077	91,016	353,528	(23,276)	(41,236)	
Marketech Co., Ltd.	73,704	11,634	5,021	6,613	1,306	(7,329)	(7,320)	
Ezoom Information, Inc.	235,000	159,274	98,771	60,503	182,244	(44,837)	(37,100)	(1.60)

Company Name	Capital	Total Assets	Total Liabilities	Net worth of equity	Operating revenue	Net Operating Profit (Loss)	Profit and Loss of the Period (After Tax)	Earnings Per Share (After Tax)
Marketch International Sdn. Bhd.	82,014	60,268	16,741	43,527	80,742	(11,604)	(11,090)	
Marketch International Corporation USA	268,713	2,935,715	2,267,738	667,977	7,058,775	555,817	393,884	
Spiro Technology Systems Inc.	30,710	89,580	6,942	82,639	97,210	7,311	25,785	
ADAT Technology Co., Ltd.	195,426	128,123	14,996	113,127	3,955	(71,073)	(70,988)	(4.32)
PT Marketch International Indonesia	36,852	35,248	7	35,241	-	(162)	3,393	
Marketch Netherlands B.V.	39,264	15,690	10,312	5,378	23,588	(7,546)	(7,545)	
Smart Health Corp.	500	377	-	377	-	(41)	(41)	(0.81)
Vertex Corporation	81,500	70,036	13,513	56,522	34,883	(12,975)	(13,051)	(1.60)
MIC Healthcare Korea Co., Ltd.	24,570	11,002	2,164	8,838	20,449	(12,602)	(12,594)	
Marketch International Corp. Japan	2,301	2,198	9	2,190	-	(109)	(109)	
MIC-Tech Ventures Asia Pacific Inc.	1,228,910	2,369,656	70	2,369,586	-	(294)	686,587	
Marketch Integrated Construction Co., Ltd.	19,962	3,132	7,234	(4,102)	65	(1,045)	(3,472)	
Rusky H.K. Limited	25,581	2,756	10,858	(8,102)	-	(69)	(30,137)	
Frontken MIC Co., Limited	71,788	3,345	-	3,345	-	(160)	(148)	
MICT International Limited	276,390	53,999	-	53,999	-	-	3,743	
S&T CEE Holding s.r.o.	-	-	-	-	625,218	28,916	1,305,116	
S&T CZ s.r.o.	-	-	-	-	1,378,198	18,306	9,953	
S&T Plus s.r.o.	EUR 280	38,295	265,158	18,968	474,133	49,348	38,262	
S&T Services Polska Sp. z.o.o.	-	-	-	-	787,199	92,020	79,659	
S&T Crna Gora d.o.o.	-	-	-	-	94,603	7,465	6,552	
S&T Bulgaria e.o.o.d.	EUR 579	41,961	220,038	91,290	315,477	(382)	(1,757)	
S&T Poland Sp.z.o.o.	-	-	-	-	2,589,530	306,953	241,225	
S&T Hrvatska d.o.o.	-	-	-	-	1,737,376	153,942	115,088	
S&T Macedonia d.o.o.e.l.	-	-	-	-	308,118	15,005	11,684	
S&T Romania S.R.L.	EUR 2,451	322,582	2,120,533	272,864	2,328,645	89,613	31,306	
S&T Serbia d.o.o.	-	-	-	-	756,922	30,728	24,003	

Company Name	Capital	Total Assets	Total Liabilities	Net worth of equity	Operating revenue	Net Operating Profit (Loss)	Profit and Loss of the Period (After Tax)	Earnings Per Share (After Tax)
S&T Albania Sh.p.k.	-	-	-	-	299,182	19,032	15,637	
S&T Mold srl.	EUR 206	70,174	155,910	364,746	409,354	12,609	744	
S&T IT Technologie S.R.L.	EUR 2	598	4,084	355	52,675	4,114	184	
S&T Consulting Hungary Kft.	EUR 398	197,331	1,264,926	199,174	2,719,532	3,924	(34,392)	
S&T Services Kft., Hungary	EUR 880	14,439	53,994	53,133	81,341	2,833	828	
S&T Deutschland GmbH	-	-	-	-	974,918	89,937	64,924	
Kontron Asia Inc., Taiwan	EUR 365	94,636	579,783	122,366	2,275,732	118,970	93,900	
computer betting company gmbh	EUR 36	58,777	27,676	408,417	213,562	53,376	234,962	
SecureGUARD GmbH	EUR 134	15,083	47,211	64,698	76,124	8,150	7,990	
Amanox Solutions AG	-	-	-	-	783,891	47,985	37,622	
Hamcos IT Service GmbH	-	-	-	-	323,133	11,201	850	
Kontron Electronics AG, Switzerland	EUR 863	15,638	219,378	(103,349)	522,986	(18,993)	(21,645)	
Kontron Austria GmbH, Austria	EUR 36	165,058	555,820	668,826	1,680,662	24,137	(38,070)	
Kontron Technologies GmbH	EUR 35	72,072	233,702	301,034	607,708	(65,272)	(59,967)	
S&T MEDTECH SRL	EUR 282	52,273	158,081	229,757	56,818	(70,364)	(72,747)	
S&T Services Bel LLC	-	-	-	-	10,592	(5,588)	(5,598)	
Kontron Electronics GmbH, Germany	EUR 102	211,535	908,926	660,561	1,977,131	55,469	(14,398)	
Kontron Electronics Kft	EUR 11	16,881	43,652	81,599	194,375	25,625	19,443	
Kontron Europe GmbH	EUR 23,600	1,299,987	5,653,097	3,992,155	8,048,996	91,027	40,669	
Kontron America Inc.	EUR 2,049	232,586	1,367,045	358,630	3,540,080	(333,550)	(359,826)	
Kontron Canada Inc.	EUR 9,818	166,058	266,591	965,477	1,207,492	(246,681)	(183,740)	
Kontron Asia Pacific Design Sdn. Bhd.	EUR 9,354	4,685	158,223	(123,465)	48,804	(2,315)	(3,888)	
Kontron Technology Beijing Co. Ltd.	EUR 1,988	103,508	369,776	398,202	794,464	(32,521)	(26,356)	
Kontron Modular Computers S.A.S.	EUR 5,168	101,112	604,175	146,023	766,499	(31,795)	(37,963)	
Kontron UK Ltd.	EUR 197	27,125	79,935	121,321	363,808	23,777	18,924	
Affair OOO	EUR 208	33,928	5,208	246,519	-	(13,361)	(12,362)	
RTSoft Project OOO	-	-	-	-	210,978	(37,025)	(33,634)	
Kontron Transportation GmbH	EUR 10,000	395,257	2,288,119	644,489	1,237,688	174,234	235,250	

Company Name	Capital	Total Assets	Total Liabilities	Net worth of equity	Operating revenue	Net Operating Profit (Loss)	Profit and Loss of the Period (After Tax)	Earnings Per Share (After Tax)
Kontron Transportation Sp. z o.o.	EUR 23	6,561	90,707	(42,029)	30,158	28	99	
Kontron Transportation Espana SL	EUR 250	56,161	405,162	11,522	113,424	1,936	1,685	
Kontron Transportation Portugal Unipessoal LDA	EUR 5	17,495	89,468	40,338	121,438	875	334	
Kontron Transportation Taiwan Co. Ltd.	-	-	-	-	10,073	3,239	3,201	
Kontron Transportation s.r.o.	EUR 1,178	81,856	498,507	108,825	797,751	21,907	32,579	
Kontron Transportation Hungary Kft.	EUR 207	5,035	75,359	(38,002)	81,080	(20,314)	(5,849)	
Kontron Transportation Saudi for Construction LLC	-	-	-	-	-	(90)	(90)	
Kontron Transportation Deutschland GmbH	EUR 25	56,652	422,331	(2,001)	417,650	8,594	65,486	
Kontron Transportation France S.A.S.	EUR 2,800	163,612	898,852	315,070	1,061,837	153,835	217,091	
Kontron Transportation UK Ltd.	EUR 469	67,297	406,893	92,415	456,178	7,330	8,901	
Kontron Public Transportation (former: Kontron Transportation Belgium NV)	EUR 62	22,968	183,134	(12,721)	223,831	(18,692)	(23,537)	
Kontron AIS GmbH	EUR 51	104,831	387,821	389,971	600,747	8,013	1,723	
Kontron Beteiligungs GmbH	EUR 25	1,105,494	851,430	7,350,785	0	(4)	(4)	
CITYCOMP Service GmbH	-	-	-	-	1,348,204	43,069	28,640	
FinTel Holding d.o.o. & co k.d., holdinska druzba	-	-	-	-	-	(4)	(4)	
FinTel holding d.o.o.	-	-	-	-	-	(4)	(4)	
Iskratel d.o.o.	EUR 5,709	492,013	1,975,356	1,675,138	3,702,393	(220,608)	550,227	
ITS Skopje	-	-	-	-	12,218	(2,894)	(2,888)	
ITS Softver d.o.o	EUR 5	3,192	10,136	13,545	83,388	4,513	3,952	
IskraCom	EUR 30	14,159	99,166	5,885	106,749	5,799	4,406	
OOO Iskratel Tashkent	EUR 1	2,108	507	15,132	13,397	4,825	4,341	
AO IskraUralTel Yekaterinburg	EUR 8	144,895	783,935	291,111	1,190,537	(39,607)	(37,767)	
Iskratel Ukraine LTD	-	-	-	-	56,524	1,997	2,393	
Enterprise Concept S.R.L.	-	-	-	-	23,169	(191)	138	

Company Name	Capital	Total Assets	Total Liabilities	Net worth of equity	Operating revenue	Net Operating Profit (Loss)	Profit and Loss of the Period (After Tax)	Earnings Per Share (After Tax)
BeeIN d.o.o.	-	-	-	-	1,922	(5,839)	(5,839)	
RTSoft, AO	EUR 13	55,339	463,523	(52,935)	377,304	(155,297)	(209,195)	
Training Centre RTSoft NPO	-	-	-	-	518	(359)	(333)	
LUCOM GmbH	EUR 26	26,261	27,984	166,862	57,017	4,386	3,126	
Arce Mobility Solutions S.A.U.	EUR 60	53,052	144,945	248,672	-	-	-	
NanJing Asiatek INC.	US\$ 3,000	349,788	165,768	184,019	72,769	(21,622)	51,891	
Shenzhen Asiatek INC.	-	-	-	-	795,563	(12,803)	57,747	
Ennoconn (Foshan) Investment Co., Ltd.	US\$ 17,346	520,557	4,629	515,928	-	(5,358)	455	
Ennoconn (Suzhou) Technology Co., Ltd.	US\$ 30,000	3,369,538	2,674,469	695,069	1,860,472	(159,135)	(199,786)	
Ennoconn (Kunshan) Technology Co., Ltd.	CNT 3,836	39,595	20,326	19,269	18,218	(3,518)	(660)	
Ennoconn Investment Co., Ltd.	US\$ 20,000	621,059	(514)	621,572	-	64	35,657	
Beijing Caswell Ltd.	US\$ 3,800	438,653	168,495	270,158	406,983	(31,432)	(14,082)	-
HighAim (Kunshan) Technology Inc.	CNY103,427	1,309,328	714,266	595,063	1,295,557	54,867	35,860	
Kunshan Lidongcheng Intelligent Equipment Co., Ltd.	CNY1,000	2,660	15,504	(12,844)	5,430	(7,802)	(7,803)	
HighAim Technology (Shenzhen) Inc.	-	5	12,541	(12,536)	-	(7,999)	(8,483)	
Goldtek Technology (Shenzhen) Co., Ltd.	399,230	599,905	636,336	(36,431)	694,139	(4,007)	(80,549)	
Techno Precision (Shenzhen) Co., Ltd.	90,620	427,322	490,588	(63,265)	467,159	(12,501)	(21,903)	
T-Paragon Metal (Shenzhen) Co., Ltd.	19,700	320,569	170,390	150,180	213,494	8,630	6,848	
Goldtek Technology (Shenzhen) Co., Ltd.	2,205	2,197	753	1,444	141	(765)	(763)	
MIC-Tech (WuXi) Co., Ltd.	783,105	518,279	376,006	142,274	990,215	118,080	83,126	
MIC-Tech (Shanghai) Corp.	253,081	1,615,261	897,949	717,312	3,372,119	398,670	288,444	
Fuzhou Jiwei System Integrated Co., Ltd.	9,213	-	-	-	2,250	2,199	2,177	
Shanghai Maohua Electronics Engineering Co., Ltd.	18,426	387,296	399,777	(12,481)	391,595	(31,783)	(34,571)	
MIC-Tech Electronics Engineering Corp.	541,079	3,972,160	3,182,082	790,078	7,599,118	423,596	290,334	
Integrated Manufacturing & Services Co., Ltd.	214,970	72,728	18,733	53,995	61,184	4,102	3,743	

Company Name	Capital	Total Assets	Total Liabilities	Net worth of equity	Operating revenue	Net Operating Profit (Loss)	Profit and Loss of the Period (After Tax)	Earnings Per Share (After Tax)
MIC-Tech China Trading (Shanghai) Co., Ltd.	46,065	127,892	12,275	115,617	233,901	67,770	54,512	

(III) Statement on Affiliates' Consolidated Statements

The companies which shall be included by the Company in the preparation of the Consolidated Financial Statements of affiliates in 2022 (from January 1, to December 31, 2022) in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as the companies which shall be included in the preparation of the Consolidated Financial Statements of parent company and subsidiaries in accordance with International Financial Reporting Standards No. 10 recognized by the Financial Supervisory Commission, and the relevant information which shall be disclosed in the Consolidated Financial Statements of affiliates have been disclosed in the said Consolidated Financial Statements of parent company and subsidiaries, therefore Consolidated Financial Statements of affiliates are not prepared separately.

(IV) Affiliation Report:

1. Statement

Statement on Affiliates' Consolidated Statements

The companies which shall be included by the Company in the preparation of the Consolidated Financial Statements of affiliates in 2022 (from January 1, to December 31, 2022) in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as the companies which shall be included in the preparation of the Consolidated Financial Statements of parent company and subsidiaries in accordance with International Financial Reporting Standards No. 10, and the relevant information which shall be disclosed in the Consolidated Financial Statements of affiliates have been disclosed in the said Consolidated Financial Statements of parent company and subsidiaries, therefore Consolidated Financial Statements of affiliates are not prepared separately.

It is hereby stated.

Company Name: Ennoconn Corporation



Chairman: Fu-Chuan Chu



March 30, 2023

II. Private Placement of Securities in the Most Recent Year and up to the Publication Date of this Annual Report:

Information on Privately-placed Bonds

Item	The first domestic privately-placed unsecured convertible corporate bonds in 2022 Issuance date: January 26, 2022
Type of privately-placed bonds	Common shares
Date of approval, and amount approved, by Shareholder' Meeting	January 4, 2022, within the limit of 5,000,000 common shares
Basis for determination, and reasonableness, of price	<p>The issuance price of these convertible corporate bonds shall not be lower than 80% of their theoretical value. Reference price for these privately-placed common shares shall be the higher of the amounts calculated as follows:</p> <p>A. The simple arithmetic average of the closing prices of the common shares in the one, three or five business days before the price determination date, minus share XR price and dividends, plus capital decrease-based subscription price.</p> <p>B. The simple arithmetic average of the closing prices of the Company's common shares in the 30 business days before the price determination date, minus share XR price and dividends, plus capital decrease-based subscription price.</p> <p>The price determination date of this private placement is January 4, 2022, and NT\$232.1, i.e. the price calculated according to the afore-mentioned price determination principle that "the simple arithmetic average of the closing prices of the common shares in the five business days before the price determination date, minus share XR price and dividends, plus capital decrease-based subscription price" NT\$226.92 is determined as the price for this private placement, which is 97.77% of the reference price and is no lower than the minimum amount resolved at the Shareholder' Meeting.</p> <p>The price for this private placement is determined, in accordance with the resolution made by the Shareholders' Meeting and laws and regulations, by referring to market conditions and the Company's future prospects, and thus is reasonable.</p>
Methods for selection of specific persons	<p>The objects of these privately-placed common shares are limited to the specific persons who comply with Article 43-6 of the Securities and Exchange Act and the related regulations issued by competent authorities and who are not the Company's internal or related persons.</p> <p>The subscribers determined at the Company's Board of Directors' meeting on January 4, 2022 is Google International LLC, which does not have any relation with the Company.</p>

Necessary reasons for issuance of private placement	<p>In terms of operating results, the Company is profitable and suffers no accumulated loss in recent years, but the Company needs to introduce strategic investment partners to satisfy the needs for the Company's future operating and development strategies, and privately-placed bonds are subject to the regulation that they cannot be transferred freely within three years, which will further ensure a long-term cooperative relation between the Company and the subscribers.</p> <p>In addition, authorization to the Board of Directors to conduct private placement at an appropriate time depending on the Company's demands for operating and development will also effectively improve the flexibility of the Company's fund-raising, therefore, the Company issues bonds on a private placement basis instead of public offering.</p> <p>It is expected to develop customers at different levels, accelerate the growth of the Company's performance, improve the Company's competitiveness in operating, and benefit shareholders in term of their equity, through implementation of this plan.</p>				
Price payment completion date	January 11, 2022				
Subscriber's information	Objects of Private Placement	Qualifications	Number Shares Subscribed Subscribed Amount	Relation with the Company	<u>Participation in the Company's Operating</u>
	Google International LLC	Subparagraph 2, Paragraph 1, Article 43-6 of the Securities and Exchange Act	4,880,000 shares NT\$1,107,369,600	Strategic investor	None
Actual subscription (or conversion) price	Issuance price for this private placement is determined at NT\$226.92 per share.				
Difference between actual subscription (or conversion) price and reference price	97.77%				
Impact of private placement on shareholder's equity (such as increase in accumulated losses...)	None				
Use of the funds obtained through private placement and implementation progress of plan	Fund-raising through issuance of the Company's 2022 privately-placed common shares for capital increase in cash has been completed in January 2022, and the raised funds are NT\$1,107,369,600, which have been used in full for repayment for the Company overseas first unsecured convertible corporate bonds as planned in the first quarter of 2022 to enhance the Company's financial structure and improve its solvency.				
Benefits of private placement	The raised funds have been used in full for repayment for the Company overseas first unsecured convertible corporate bonds to enhance the Company's financial structure and improve its solvency.				

III. Holding or Disposal of Shares in the Company by the Company's Subsidiaries during the Most Recent Fiscal Year or during the Current Fiscal Year up to the Date of Publication of the Annual Report: None.

IV. Other Supplemental Information: None.

Chapter 9 Matters Having Significant Impact on Shareholders' Interests or the Price of Securities as Specified in Subparagraph 3, Paragraph 3, Article 36 of Securities and Exchange Act in the Most Recent Year and up to the Publication Date of this Annual Report: None.

Declaration

The entities of the Company that are required to be included in the combined financial statements for the year of 2022 (from January 1, 2021 to December 30, 2021) under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, “Consolidated Financial Statements”. In addition, the information required to be disclosed in the consolidated financial statements of associates is included in the consolidated financial statements. Consequently, we do not prepare a separate set of consolidated financial statements of associates.

Hereby certify

Company Name: Ennoconn Corporation

Chairman: Chu, Fu-Chuan

Date: March 30, 2023

CPA Report

To the Board of Directors of Ennoconn Corporation:

Auditor's Opinion

We have audited the accompanying consolidated balance sheets of Ennoconn Technology Co., Ltd. and Subsidiaries (the "Group") as of December 31, 2022 and 2021, and the related consolidated statements of income, changes in equity, and cash flows for the years ended December 31, 2022 and 2021, and the related consolidated notes to the financial statements, which include a summary of significant accounting policies.

Based on the audit results and the audit report of other accountants (please refer to Other Matters), we have concluded that the consolidated financial statements have been compiled based on the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, interpretations and their preparation recognized and put in effect by the Financial Supervisory Committee. The report adequately presents the consolidated financial position of Ennoconn Technology Co., Ltd. and Subsidiaries up to December 31 of 2022 and 2021, as well as the consolidated financial performance and consolidated cash flows from January 1 to December 31 of 2022 and 2021.

Basis of Audit Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by CPAs and Auditing Standards (GAAS). Our responsibilities under these standards will be further explained in the section of "CPA's Responsibility for Auditing Individual Financial Statements." The independently regulated personnel of our firm has also maintained its independence with Ennoconn Technology Co., Ltd. and Subsidiaries in accordance with CPA's professional code ethics and fulfilled other responsibilities under the code. 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 significant matters in the audit of consolidated financial statements from Ennoconn Technology Co., Ltd. in 2022 based on our professional judgment. These items have been covered in the verification process of the overall consolidated financial statements and the audit opinion. Hence, the CPA shall not express a separate opinion on these items. The key audit items that, in our judgment, should be communicated on the audit report are as follows:

I Impairment of Goodwill

Please refer to Note 4 (15) to the financial statements for the accounting policy on impairment of goodwill. Please refer to Note 5 (3) to the consolidated financial statements for details of the accounting estimates and assumption uncertainties of goodwill. Please refer to Note 6(11), Intangible Assets, to the consolidated financial statements for the disclosure of goodwill.

Key Audit Matters Explanation:

Ennoconn Technology Co., Ltd. and Subsidiaries have increased their marketing presence and product lines through reinvestment, resulting in goodwill on consolidation. The management conducted impairment testing in accordance with IAS 36, "Impairment of Assets". The goodwill mainly originated from major mergers and acquisitions of domestic and foreign listed companies, and the fair value less costs to sell was used as the recoverable amount. Because of the significant impact of the impairment assessment on the financial statements and the high degree of uncertainty involved in management's measurement calculations, the impairment assessment of goodwill is a matter of great concern to us in performing our audits of the financial statements.

In response to the verification process:

Our audit procedures for the above critical review items included understanding the design and implementation of management's internal control, reviewing and verifying the correctness of the recoverable amount and the carrying amount, and performing a sensitivity analysis to evaluate the reasonableness of the impairment assessment of goodwill.

Other Matters

The financial statements of some of the subsidiaries included in the consolidated financial statements of Ennoconn Technology Co., Ltd. and Subsidiaries for the year ended December 31, 2021 were not audited by us but by other auditors. Therefore, our opinion on the parts in relation to the amounts specified for the three months ended December 31, 2021 consolidated financial statements of such company one based on the review reports of other auditors. As of December 31, 2021, the total assets of these subsidiaries amounted to NT\$42,046,974 thousand, accounting for 41.79% of the consolidated total assets. The net operating revenues from January 1, 2021 to December 31, 2021 amounted to NT\$43,810,897 thousand, accounting for 45.37% of the consolidated net operating revenues.

Ennoconn Technology Co., Ltd. and Subsidiaries has prepared the individual financial statements for the years of 2022 and 2021, and the audited reports issued by this accountant and other accountants with unqualified opinions and other items are on file for reference.

Responsibility of Management and Governing Bodies for the Consolidated Financial Statements

The responsibility of management is to prepare consolidated financial statements that are fairly stated in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, and Interpretations and Interpretations issued by the Financial Supervisory Commission, and to maintain such internal control relevant to the preparation of consolidated financial statements as is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing for the individual financial statements, it is also management's responsibility to assess Ennoconn Technology Co., Ltd. and Subsidiaries'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 Technology Co., Ltd. and Subsidiaries, or there is no practicable measure other than liquidation or termination of the business.

The governing bodies of Ennoconn Technology Co., Ltd. and Subsidiaries (including audit committee) have the responsibility of overseeing 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 Accepted Auditing Standards (GAAS) will always detect any material misstatement in the consolidated financial statement. Misstatements may be attributable to fraud or error. If it could be reasonably anticipated that the misstated individual amounts or aggregated sums could have influence on the economic decisions made by the users of the consolidated financial statements, they will be deemed as material.

We have exercised professional judgment and maintained professional skepticism for our audit using GAAS. 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. Fraud is likely to involve collusion, forgery, deliberate omission, false declarations, or violations of internal control. Therefore, the risks of failing to detect material misstatements caused by fraud are higher than the causes.
2. 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 Technology Co., Ltd. and Subsidiaries.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related 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 Technology Co., Ltd. And Subsidiaries's ability to Subsidiary 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 conditions may cause Ennoconn Technology Co., Ltd. and Subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statement, including the related notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statement. We are responsible for direction, supervision and implementation of the audit, as well as forming Group an audit opinion on the Group.

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

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

From our communication with the governing bodies, we have decided on the key audit matters in the 2022 individual financial statement for Ennoconn Technology Co., Ltd. and Subsidiaries. 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.

KPMG

CPA: KOU,HUI-ZHI

GUO,XIN-YI

Securities and Futures Commission Approval No. : Tai-Cai-Cheng (6)
No.0930106739
Jin-Guan-Zheng-Shen
No.1040003949

March 30, 2023

Ennoconn Technology Co., Ltd. and Subsidiaries

Consolidated Balance Sheets

For the year ended December 31, 2022 and 2021

Unit: NT\$1,000

Assets		2022.12.31		2021.12.31		Liabilities and Equity		2022.12.31		2021.12.31	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current Liabilities					
1100	Cash and cash equivalents (Note 6 (1) and (24))	\$ 25,963,256	22	17,522,321	17	2100	Short-term loans (Notes 6 (13) and (24))	\$ 15,115,437	13	9,476,954	9
1110	Financial assets measured at fair value through profit and loss - current (Note 6 (24))	103,087	-	189,816	-	2120	Financial liabilities measured at fair value through profit and loss - current (Note 6 (24))	215	-	713	-
1136	Financial assets measured at amortized cost - current (Note 6 (24))	23,655	-	864,112	1	2130	Contract liabilities - current (Notes 6 (21) and (24))	9,508,609	8	7,151,404	7
1140	Contract assets - current (Notes 6 (21) and (24))	10,834,081	9	9,538,944	10	2150	Notes payable (Note 6 (24))	2,159,990	2	1,721,962	2
1150	Notes receivable, net (Notes 6(2), (21), and (24))	42,133	-	60,171	-	2160	Notes payable - related parties (Notes 6 (24) and 7)	7,487	-	15,218	-
1170	Accounts receivable, net (Notes 6 (2), (21), and (24) and 7)	17,111,050	14	16,550,819	16	2170	Accounts payable (Note 6 (24))	19,229,648	16	18,718,569	19
1180	Accounts receivable - related parties, net (Notes 6(2), (21), (24), and 7)	279,448	-	769,363	1	2180	Accounts payable - related parties (Notes 6 (24) and 7)	151,330	-	709,342	1
130X	Inventories (Note 6 (3))	21,987,870	19	15,971,415	16	2200	Other payables - related parties (Notes 6 (24) and 7)	5,210,456	4	5,181,431	5
1460	Other non-current assets (Notes 6 (4))	206,496	-	-	-	2230	Current income tax liabilities	963,755	-	454,685	-
1470	Other current assets (Note 6 (12))	9,540,219	8	4,917,814	5	2250	Provisions for liabilities - current	887,944	1	992,243	1
	Total Current Assets	<u>86,091,295</u>	<u>72</u>	<u>66,384,775</u>	<u>66</u>	2260	Liabilities directly related to non-current assets held for sale (Notes 6 (4))	155,725	-	-	-
Non-Current Assets:						2280	Lease liabilities - current (Note 6 (24))	1,073,368	1	974,736	1
1510	Financial assets measured at fair value through profit and loss - Non current (Note 6 (24))	1,046,133	1	984,540	1	2321	Corporate bonds matured or exercised redemption rights within one year or one operating cycle (Notes 6 (15) and (24))	812,275	1	1,137,035	1
1517	Financial assets measured at fair value through other comprehensive income - non current (Note 6 (24))	1,031,281	1	926,755	1	2322	Long-term loans matured within one year or one operating cycle (Notes 6 (14) and (24))	1,369,006	1	11,926	-
1550	Investments accounted for using equity method (Note 6(5))	553,155	-	128,693	-	2399	Other current liabilities	954,521	1	768,632	1
1600	Property, plant, and equipment (Note 6 (10))	6,209,063	5	6,697,993	7		Total Current Liabilities	<u>57,599,766</u>	<u>48</u>	<u>47,314,850</u>	<u>47</u>
1760	Investment properties, net	51,099	-	51,656	-	Non-current Liabilities:					
1755	Right-of-use assets	3,263,759	3	2,977,436	3	2500	Financial liabilities measured at fair value through profit and loss - Non current (Note 6 (24))	1,423	-	-	-
1805	Goodwill (Note 6 (11))	13,300,272	11	13,285,999	13	2530	Corporate bonds payable (Notes 6 (15) and (24))	7,996,895	7	8,967,735	9
1821	Other intangible assets (Note 6 (11))	5,174,060	5	6,374,149	6	2540	Long-term borrowings (Notes 6 (14) and (24))	6,713,309	6	7,833,098	8
1840	Deferred tax assets (Note 6 (17))	1,406,488	1	1,564,709	2	2550	Provisions for liabilities - non-current	433,136	-	485,942	-
1960	Advance payment for investment (Note 6 (12))	22,944	-	27,680	-	2570	Deferred tax liabilities (Note 6 (17))	381,031	1	535,929	1
1990	Other Non current assets (Note 6 (12))	1,015,264	1	1,221,508	1	2580	Lease liabilities - Non current (Note 6 (24))	2,591,985	2	2,485,942	2
	Total Non-current Assets	<u>33,073,518</u>	<u>28</u>	<u>34,241,118</u>	<u>34</u>	2640	Net defined benefit liabilities - non-current (Note 6(16))	373,121	-	475,690	1
						2670	Other non-current liabilities	362,757	-	1,156,520	1
							Total Non-current Liabilities	<u>18,853,657</u>	<u>16</u>	<u>21,940,856</u>	<u>22</u>
							Total Liabilities	<u>76,453,423</u>	<u>64</u>	<u>69,255,706</u>	<u>69</u>
						Equity attributable to owners of parent (Notes 6(18) and (19)):					
						3110	Share capital	1,060,370	1	1,018,120	1
						3200	Capital surplus	9,285,324	8	8,865,780	9
							Retained earnings:				
						3310	Legal reserve	812,521	1	754,561	1
						3320	Special reserve	1,768,490	1	1,010,924	1
						3350	Unappropriated earnings	3,513,463	3	1,157,171	1
							Total retained earnings	6,094,474	5	2,922,656	3
						3400	Other equity	(905,934)	(1)	(1,768,490)	(2)
						3500	Treasury stock	-	-	(233,608)	-
							Total equity attributable to owners of parent	15,534,234	13	10,804,458	11
						36XX	Non-controlling equity (Note 6(9))	27,177,156	23	20,565,729	20
							Total Equity	<u>42,711,390</u>	<u>36</u>	<u>31,370,187</u>	<u>31</u>
							Total Liabilities and Equity	<u>\$ 119,164,813</u>	<u>100</u>	<u>100,625,893</u>	<u>100</u>
	Total Assets	<u>\$ 119,164,813</u>	<u>100</u>	<u>100,625,893</u>	<u>100</u>						

(Please refer to Notes to the Consolidated Financial Statements)

Chairman: Fu-Chuan Chu

Manager: Neng-Chi Tsai

Chief Accountant: Tsung-Hsien Chuang

Ennoconn Technology Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the year ended December 31, 2022 and 2021

Unit: NT\$1,000

	2022		2021	
	Amount	%	Amount	%
4100 Sales revenue, net (Notes 6 (21) and 7)	\$ 108,228,533	100	85,367,035	100
5000 Operating costs (Notes 6(3), (10), (11), (16), (22) and 7)	<u>88,617,581</u>	82	<u>68,322,139</u>	80
5900 Gross profit	<u>19,610,952</u>	18	<u>17,044,896</u>	20
Operating expenses (Notes 6(2), (10), (11), (16) and (22)):				
6100 Selling Expenses	2,838,188	3	2,791,233	3
6200 General and administrative expenses	5,436,466	5	4,396,840	5
6300 Research and development expense	7,975,853	7	7,397,394	9
6450 Expected credit losses	<u>277,381</u>	-	<u>45,097</u>	-
Total operating expenses	<u>16,527,888</u>	15	<u>14,630,564</u>	17
6900 Net operating profit	<u>3,083,064</u>	3	<u>2,414,332</u>	3
Non-operating income and expenses (Note 6 (5), (8) and (23)):				
7100 Interest income	99,940	-	47,927	-
7190 Other income	48,866	-	28,928	-
7020 Other gains and losses	1,044,039	1	1,560,468	2
7050 Financial costs	(617,750)	(1)	(510,797)	(1)
7060 Share of profit or loss of associates accounted for using the equity method	<u>51,115</u>	-	<u>(6,529)</u>	-
Total non-operating income and expenses	<u>626,210</u>	-	<u>1,119,997</u>	1
Net profit before tax	3,709,274	3	3,534,329	4
7950 Less: Income tax expense (Note 6 (17))	<u>1,325,888</u>	1	<u>787,453</u>	1
8000 Net profit for continuing operations	<u>2,383,386</u>	2	<u>2,746,876</u>	3
8100 Gain or loss on discontinued operations (Note 12 (2))	<u>7,824,229</u>	7	<u>605,248</u>	1
8200 Net income for period	<u>10,207,615</u>	9	<u>3,352,124</u>	4
8300 Other comprehensive income:				
8310 Items that will not be reclassified to profit or loss				
8311 Remeasurement of defined benefit plans	134,396	-	15,552	-
8316 Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	9,741	-	(21,044)	-
8320 Share of other comprehensive income of associates accounted for using the equity method	790	-	-	-
8349 Less: Income tax relating to items that will not be reclassified to profit or loss	<u>11,668</u>	-	<u>3,894</u>	-
Total of components of other comprehensive income that will not be reclassified to profit or loss	<u>133,259</u>	-	<u>(9,386)</u>	-
8360 Components of other comprehensive income that will be reclassified subsequently to profit or loss				
8361 Exchange differences on translation of foreign financial statements	1,639,822	2	(2,274,474)	(3)
8370 Share of other comprehensive income of associates accounted for using the equity method	1,322	-	(9,751)	-
8399 Less: Income tax relating to items that will be reclassified to profit or loss	<u>-</u>	-	<u>-</u>	-
Total of components of other comprehensive income that will be reclassified subsequently to profit or loss	<u>1,641,144</u>	2	<u>(2,284,225)</u>	(3)
8300 Other comprehensive income for period	<u>1,774,403</u>	2	<u>(2,293,611)</u>	(3)
Total comprehensive income for period	<u>\$ 11,982,018</u>	<u>11</u>	<u>1,058,513</u>	<u>1</u>
Net income attributable to:				
Owners of parent	\$ 3,452,916	3	1,334,944	2
Non-controlling interests	<u>6,754,699</u>	6	<u>2,017,180</u>	2
	<u>\$ 10,207,615</u>	<u>9</u>	<u>3,352,124</u>	<u>4</u>
Total comprehensive income attributable to:				
Owners of parent	\$ 4,352,485	4	582,025	1
Non-controlling interests	<u>7,629,533</u>	7	<u>476,488</u>	-
	<u>\$ 11,982,018</u>	<u>11</u>	<u>1,058,513</u>	<u>1</u>
9750 Basic earnings per share (Unit: NT\$) (Note 6 (20))	<u>\$ 32.60</u>		<u>13.91</u>	
9850 Diluted earnings per share (Unit: NT\$) (Note 6 (20))	<u>\$ 24.32</u>		<u>11.05</u>	

(Please refer to Notes to the Consolidated Financial Statements)

Chairman: Fu-Chuan Chu

Manager: Neng-Chi Tsai

Chief Accountant: Tsung-Hsien Chuang

Ennconn Technology Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
For the year ended December 31, 2022 and 2021

Unit: NT\$1,000

	Equity attributable to owners of parent						Other equity interest						Total equity
	Share capital	Capital surplus	Retained earnings			Total	Exchange differences on translation of foreign financial statements	Unrealized gain (loss) on financial assets at FVTOCI	Total	Treasury stock	Total equity attributable to owners of parent	Non-controlling interests	
			Legal reserve	Special reserve	Unappropriated earnings								
Balance as of January 1, 2021	\$ 932,720	6,738,090	643,854	850,114	1,268,438	2,762,406	(934,258)	(76,666)	(1,010,924)	(233,608)	9,188,684	21,251,225	30,439,909
Net income for period	-	-	-	-	1,334,944	1,334,944	-	-	-	-	1,334,944	2,017,180	3,352,124
Other comprehensive income for period	-	-	-	-	4,647	4,647	(739,065)	(18,501)	(757,566)	-	(752,919)	(1,540,692)	(2,293,611)
Total comprehensive income for period	-	-	-	-	1,339,591	1,339,591	(739,065)	(18,501)	(757,566)	-	582,025	476,488	1,058,513
Surplus allocation and distribution:													
Provision for Legal reserve	-	-	110,707	-	(110,707)	-	-	-	-	-	-	-	-
Provision for Special reserve	-	-	-	160,810	(160,810)	-	-	-	-	-	-	-	-
Cash dividend on common shares	-	-	-	-	(480,785)	(480,785)	-	-	-	-	(480,785)	-	(480,785)
Convertible corporate bonds converted to ordinary shares	-	84,825	-	-	-	-	-	-	-	-	84,825	-	84,825
Employee stock option costs	-	15,345	-	-	-	-	-	-	-	-	15,345	-	15,345
Capital increase by cash	50,000	925,000	-	-	-	-	-	-	-	-	975,000	-	975,000
Changes in ownership interests in subsidiaries	-	215,750	-	-	-	-	-	-	-	-	215,750	(215,750)	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(1,064,739)	(1,064,739)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	342,119	342,119
Issuance of new shares for other company's shares	35,400	886,770	-	-	(698,556)	(698,556)	-	-	-	-	223,614	(223,614)	-
Balance as of December 31, 2021	<u>1,018,120</u>	<u>8,865,780</u>	<u>754,561</u>	<u>1,010,924</u>	<u>1,157,171</u>	<u>2,922,656</u>	<u>(1,673,323)</u>	<u>(95,167)</u>	<u>(1,768,490)</u>	<u>(233,608)</u>	<u>10,804,458</u>	<u>20,565,729</u>	<u>31,370,187</u>
Net income for period	-	-	-	-	3,452,916	3,452,916	-	-	-	-	3,452,916	6,754,699	10,207,615
Other comprehensive income for period	-	-	-	-	37,013	37,013	843,056	19,500	862,556	-	899,569	874,834	1,774,403
Total comprehensive income for period	-	-	-	-	3,489,929	3,489,929	843,056	19,500	862,556	-	4,352,485	7,629,533	11,982,018
Surplus allocation and distribution:													
Provision for Legal reserve	-	-	57,960	-	(57,960)	-	-	-	-	-	-	-	-
Provision for Special reserve	-	-	-	757,566	(757,566)	-	-	-	-	-	-	-	-
Cash dividend on common shares	-	(424,148)	-	-	(318,111)	(318,111)	-	-	-	-	(742,259)	-	(742,259)
Capital increase by cash	48,800	1,056,570	-	-	-	-	-	-	-	-	1,105,370	-	1,105,370
Cancellation of treasury stock	(6,550)	(227,058)	-	-	-	-	-	-	-	233,608	-	-	-
Change in associates accounted for using the equity method	-	472	-	-	-	-	-	-	-	-	472	-	472
Changes in ownership interests in subsidiaries	-	13,708	-	-	-	-	-	-	-	-	13,708	(13,708)	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(1,179,005)	(1,179,005)
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	174,607	174,607
Balance as of December 31, 2022	<u>\$ 1,060,370</u>	<u>9,285,324</u>	<u>812,521</u>	<u>1,768,490</u>	<u>3,513,463</u>	<u>6,094,474</u>	<u>(830,267)</u>	<u>(75,667)</u>	<u>(905,934)</u>	<u>-</u>	<u>15,534,234</u>	<u>27,177,156</u>	<u>42,711,390</u>

(Please refer to Notes to the Consolidated Financial Statements)

Chairman: Fu-Chuan Chu

Manager: Neng-Chi Tsai

Chief Accountant: Tsung-Hsien Chuang

Ennoconn Technology Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the year ended December 31, 2022 and 2021

Unit: NT\$1,000

	<u>2022</u>	<u>2021</u>
Cash flows of operating activities:		
Cash flows of continuing operations	\$ 3,709,274	3,534,329
Unit Net income before tax of discontinued operations	<u>8,173,256</u>	<u>714,924</u>
Net profit before income tax for the period	<u>11,882,530</u>	<u>4,249,253</u>
Adjustments:		
Adjustments for:		
Depreciation expenses	1,740,192	1,774,142
Amortization expenses	2,173,947	1,402,723
Expected credit losses	277,381	81,984
Net losses (gains) from financial assets and liabilities at fair value through profit or loss	135,296	(446,577)
Interest expenses	662,604	546,034
Interest income	(104,472)	(54,176)
Dividend income	(16,437)	(10,038)
Share-based payment compensation	133	23,813
Share of (profits) losses of associates accounted for using the equity method	(51,115)	6,529
Loss (Gains) on disposal of property, plant, and equipment	19,734	(77,323)
Loss (Gains) on disposal of investments	27,196	(104,364)
Gains on lease modification	(1,950)	(1,680)
Inventory losses from market declines	328,975	6,341
Impairments of non-financial assets	12,509	47,309
Bond recovery loss	-	2,189
Losses on inventory scrap	206,064	51,150
Disposal of discontinued units interests	<u>(7,504,112)</u>	<u>-</u>
Total adjustments to reconcile profit (loss)	<u>(2,094,055)</u>	<u>3,248,056</u>
Changes in operating assets and liabilities:		
Financial assets mandatorily classified as at fair value through profit or loss	-	(934,076)
Contract assets	(1,264,546)	(3,407,483)
Notes and accounts receivable	837,828	(2,424,943)
Inventories	(6,740,764)	(3,192,577)
Other current assets	(4,753,079)	(531,925)
Contract liabilities	2,338,691	1,200,471
Notes payable (including related parties)	430,297	578,930
Accounts payable (including related parties)	664,271	4,227,903
Other payables	307,483	(77,962)
Provisions for liabilities	(173,896)	(540,157)
Other current liabilities	233,104	415,399
Other liabilities	<u>(773,392)</u>	<u>304,195</u>
Total adjustments	<u>(10,988,058)</u>	<u>(1,134,169)</u>
Cash inflow generated from operations	<u>894,472</u>	<u>3,115,084</u>
Interest received	104,472	54,176
Dividends received	16,437	10,038
Interest paid	(573,993)	(517,065)
Income taxes paid	<u>(1,180,866)</u>	<u>(1,017,191)</u>
Net cash (outflow) inflow from operating activities	<u>(739,478)</u>	<u>1,645,042</u>

(Please refer to Notes to the Consolidated Financial Statements)

Chairman: Fu-Chuan Chu

Manager: Neng-Chi Tsai

Chief Accountant: Tsung-Hsien Chuang

Ennoconn Technology Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the year ended December 31, 2022 and 2021

Unit: NT\$1,000

	<u>2022</u>	<u>2021</u>
Cash flows of investing activities:		
Acquisition of financial assets measured at fair value through other comprehensive income	\$ (77,327)	(313,467)
Financial assets measured at amortized cost decrease (increase)	840,457	1,438,255
Acquisition of financial assets at fair value through profit or loss designated on initial recognition	(130,302)	-
Return of capital from financial assets at FVTPL	19,699	-
Acquisition of investments accounted for using the equity method	(319,463)	-
Disposal of investments accounted for using the equity method	30,877	362,898
Acquisition of subsidiaries (after deduction of cash obtained)	(358,998)	(128,032)
Disposal of subsidiaries	23,985	(65,402)
Acquisition of property, plant, and equipment	(1,022,623)	(1,785,970)
Proceeds from disposal of property, plant, and equipment	165,176	216,898
Decrease (Increase) in refundable deposits	-	52,628
Acquisition of intangible assets	(986,061)	(977,634)
Proceeds from disposal of intangible assets	-	17,204
Decrease in other financial assets	204,775	68,661
Cash and cash equivalents of non-current assets classified as held for sale	45,603	-
Disposal of discontinued units	6,143,064	-
Net cash inflow (outflow) from investment activities	<u>4,578,862</u>	<u>(1,113,961)</u>
Cash flows of financing activities:		
Increase in short-term loans	5,729,937	631,150
Proceeds from issuance of convertible corporate bonds	-	2,501,356
Repayments of corporate bonds payable	(1,139,508)	(205,283)
Proceeds from long-term loans	41,584	-
Repayments of long-term loans	(18,803)	(241,979)
Repayments of lease principal	(771,460)	(657,387)
Distribution of cash dividends	(742,259)	(480,785)
Capital increase by cash	1,105,370	975,000
Cash dividends paid to non-controlling interests	(1,179,005)	(1,064,739)
Change in non-controlling interests	10,754	566,383
Net cash flows generated from financing activities	<u>3,036,610</u>	<u>2,023,716</u>
Effect of exchange rate changes on cash and cash equivalents	1,564,941	(988,828)
Increase in cash and cash equivalents of the period	8,440,935	1,565,969
Cash and cash equivalents at the beginning of the period	17,522,321	15,956,352
Cash and cash equivalents at the end of the period	<u>\$ 25,963,256</u>	<u>17,522,321</u>

(Please refer to Notes to the Consolidated Financial Statements)

Chairman: Fu-Chuan Chu

Manager: Neng-Chi Tsai

Chief Accountant: T

Ennoconn Technology Co., Ltd. And Subsidiaries

Notes to Consolidated Financial Statements

2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

I. Company Overview

Ennoconn Corporation (“the Company”) was established on July 12, 1999. The registered place of business operations of the Company is 3–6F, No. 10, Jiangkang Rd., Zhonghe Dist., New Taipei City. The Company and its subsidiaries (“the Consolidated Company”) mainly engage in data storage, processing equipment, and manufacturing and sales of industrial motherboards.

The Company’s initial public offering was conducted on November 21, 2012. On December 18 of the same year, its emerging stocks were traded at Taipei Exchange (TPEX) and its stocks were listed at the Taiwan Stock Exchange Corporation on March 28, 2014.

II. Date and Procedures of Authorization of Financial Statements

The consolidated financial statements were approved by the Board of Directors and authorized for issue on March 30, 2023.

III. Application of New and Amended Standards and Interpretations

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Consolidated Company adopts the amendments to the International Financial Reporting Standards (IFRS) from January 1, 2022, which did not result in significant change on the consolidated financial reports.

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

- (b) Effect of not adopting IFRSs recognized by the FSC

The Consolidated Company has assessed the application of the following newly revised IFRSs effective from January 1, 2023, and it would not have a significant impact on the consolidated financial statements.

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

- (c) The impact of IFRSs issued by the IASB but not yet endorsed by the FSC

The Consolidated Company expects that the following newly issued and amended standards but not yet endorsed, which does not result in significant changes on the consolidated financial reports.

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17
- Amendment to IAS 1 “the classification of liabilities as current or non-current
- Amendment to IAS 1 “non-current liabilities with covenants”
- Amendment to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”
- Amendments to IFRS 16 “Rules in a Sale and Leaseback Transaction”

IV. Summary of Significant Accounting Policies

Significant accounting policies adopted during the preparation of the consolidated financial statements are described as follows: The following accounting policies have been consistently applied to all expression periods of this consolidated financial statement.

- (a) Statement of Compliance

These consolidated financial statements has been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the “Regulations”), the International Financial Reporting Standards, International Accounting Standards, Interpretations and Interpretation Notices (hereinafter referred to as IFRSs recognized by the FSC) recognized and issued by the FSC.

- (b) Basis of Preparation

1. Measurement bases

The consolidated financial statements have been prepared on the historical cost basis except for significant items in the balance statement:

- (1) Financial assets measured at fair value through profit or loss;
- (2) Financial assets at fair value through other comprehensive profit or loss measured at fair value;
- (3) Net defined benefit liabilities are measured by deducting the present value of defined benefit obligations from the fair value of retirement fund assets and the upper limit impact amount described in note 4(17).

2. Functional currency and expressive currency

Each entity under the Consolidated Company takes the currency of the primary economic environment in which each operation is located as its functional currency. This consolidated financial report is expressed in the functional currency of the Company, i.e.

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

new Taiwan dollars. All financial information expressed in NT\$ refers to New Taiwan Dollar, the unit is based on NT\$1,000.

(c) Basis for Consolidation

1. Principles for the preparation of the Consolidated Financial Statements

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (subsidiaries). When the Company is exposed to or entitled to variable remuneration arising from participation in such entity and is able to influence such remuneration through its power over such entity.

From the date when the subsidiary obtains control, its financial report shall be included in the consolidated financial report until the date of loss of control. The consolidated inter-company transactions, balances and any unrealized gains and losses have been completely eliminated at the time of preparing the consolidated financial report. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Consolidated Company.

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. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

2. Subsidiaries included in consolidated financial statements

Subsidiaries included in the consolidated financial statements are as below:

Name of Investor	Subsidiary Name	Business Nature	Proportion of Ownership (%)		Description
			2022.12.31	2021.12.31	
The Company	Innovative Systems Integration Limited (Innovation Systems)	Professional investment	100.00%	100.00%	
The Company	Ennoconn International Investment Co., Ltd. (Ennoconn International)	Professional investment	100.00%	100.00%	
The Company	Ennoconn Investment Holdings Co.,Ltd (EIH)	Professional investment	100.00%	100.00%	
The Company and EIH	AIS Cayman Technology	Professional investment	100.00%	100.00%	
EIH	Ennoconn Hungary KFT	Manufacturing and marketing of industrial computers	100.00%	100.00%	
The Company and Ennoconn International	Caswell, Inc. and its subsidiaries (Caswell)	Electronic components, computer and peripheral equipment manufacturing, electronic material wholesale, and information software services	31.77%	31.77%	Note 1
Innovation Systems	Nanjing Asiatek Co., Ltd. (Nanjing Asiatek)	Engaged in the research, development and sales of software and hardware products, and provide installation, commissioning, and technical consultation.	100.00%	100.00%	
Innovation Systems	ENGA Technology Co., Ltd.	Wholesale, manufacturing, service, import and export of software and hardware related to industrial computers and industrial control systems	100.00%	100.00%	
Innovation Systems	Ennoconn (Suzhou) Technology Co., Ltd. (Suzhou Ennoconn)	R&D, production, and sales of industrial computers	100.00%	100.00%	
Innovation Systems	Sheng-Li-Jia Holdings Co., Ltd. (Sheng-Li-Jia)	Import and export trading	100.00%	100.00%	
Innovation Systems	Hua-En Investment Co., Ltd. (Hua-En)	Professional investment	100.00%	100.00%	
Innovation Systems and Hua-En	Ennoconn (Foshan) Investment Co., Ltd.	Professional investment	100.00%	100.00%	
Suzhou Ennoconn	Ennoconn (Kunshan) Technology Co., Ltd. (Kunshan Ennoconn)	Intelligent technology development and hardware sales	70.00%	70.00%	
Nanjing Asiatek	Shenzhen Asiatek Co., Ltd. (Shenzhen Asiatek)	R&D, production, and sales of electronic materials required for software and hardware products	25.00%	73.51%	Note 2
Ennoconn International	Goldtek Technology Co., Ltd. (Goldtek)	Wholesale and retail of telecommunications control RF equipment input and information software	56.74%	56.74%	
Ennoconn International	EnnoMech Precision (Cayman) Co., Ltd.	Professional investment	100.00%	100.00%	
Ennoconn International	Ennowyse Corporation (Ennowyse)	Research, design and sales of mobile payment, electronic signature, and information security products	100.00%	100.00%	

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

Name of Investor	Subsidiary Name	Business Nature	Proportion of Ownership (%)		Description
			2022.12.31	2021.12.31	
Ennoconn International	Thecus Technology Corp.	Electronic components, computer and peripheral equipment manufacturing, electronic material wholesale, and information software services	60.00%	60.00%	
Ennoconn International	Dexatek Technology Ltd.	Multimedia product R&D and design and manufacturing business	56.00%	56.36%	Note 3
Ennoconn International	Marketech International Corp. and its subsidiary (MIC Inc.)	High-tech industry plant services and process system planning integration service	42.80%	44.04%	Note 4
Ennoconn International	Poslab Technology Co. (Poslab)	Manufacturing, wholesale and sales of electronic and peripheral equipment	70.00%	70.00%	
Ennoconn International	Renown Information Technology Corp. (Renown Information)	Electronic components, computer and peripheral equipment manufacturing, electronic material wholesale, and information software services	37.14%	- %	Note 5
Goldtek	Keenest Electronic Corp.	Professional investment	100.00%	100.00%	
Keenest Electronic Corp.	Goldtek Technology (Shenzhen) Co., Ltd.	Research, design and sales of electronic products, communication devices and their spare parts, and after-sales service of the above products.	100.00%	100.00%	
Keenest Electronic Corp.	Sunlit Precision Technology Co., Ltd. (Sunlit)	Metal stamping and casting industry	40.30%	40.30%	
Ennoconn International and EIH	Kontron AG and its subsidiary	Information system software and hardware integration service	27.64%	27.64%	Note 6
AIS Cayman	American Industrial Systems Inc. (AIS)	Human-machine interface, industry 4.0, and other related products	100.00%	100.00%	
AIS Cayman	Vecow Co., Ltd.	Manufacturing, processing, trading, import and export of communication machinery and equipment, electronic equipment, and electronic devices	100.00%	100.00%	
EnnoMech Cayman	DOMINATE UNITED ENTERPRISE LTD.	Professional investment	- %	100.00%	
EnnoMech Cayman	ENNOMECH PRECISION Co., Ltd.	Electronic components, computer and peripheral equipment manufacturing, electronic material wholesale, and information software services	100.00%	100.00%	
EnnoMech Cayman	HighAim Technology Inc. (HighAim)	Professional investment	67.65%	67.65%	
HighAim	HighAim Technology Inc. and its subsidiary	Design, development and production of various molds, servers and communication equipment.	100.00%	100.00%	
HighAim	Andrix International LTD.	Import and export trading	100.00%	100.00%	
HighAim	Funology Investment Inc.	Import and export trading	100.00%	100.00%	
Thecus	Thecus U.S.A.,Inc.	Sales of network storage equipment and maintenance services	100.00%	100.00%	
Ennowyse Corporation	Hua Qun Venture Management Corporation (Hua Qun)	General investment and investment consultancy	40.00%	40.00%	

Note 1: The Company and Ennoconn International hold 27.33% and 4.44% of equity, respectively. The Consolidated Company acquires the majority voting rights of the board of directors of CASwell Inc. and could dominantly make personnel, financial and operational decisions, so it is listed as a subsidiary.

Note 2: Nanjing Asiatek increased investments to Shenzhen Asiatek in Oct. 2021, increased the shares held. However, the shareholding ratio decreased due to not participating in the capital increase of Shenzhen Asiatek in January 2022. Nanjing Asiatek disposed of 45% of Shenzhen Asiatek's shares in June 2022, lost the control over this company.

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

- Note 3: During the shareholding period, the shareholding ratio decreased due to the increase of equity resulted from the exercise of stock options issued by this company.
- Note 4: The Consolidated Company considered the proportion of voting rights held by other shareholders, and it was judged to have substantial control. Therefore, it was listed as a subsidiary. During the holding period, the shareholding ratio decreased due to the increase of equity from the exercise of stock options issued by the Company.
- Note 5: Renown Information was formerly an investee accounted for using the equity method of Ennoconn International. Ennoconn International originally indirectly held 21.03% of the equity of Renown Information through Caswell, Goldtek, and MIC Inc. Due to their participation in the cash capital increase by Renown Information on May 27, 2022, the shareholding ratios of Ennoconn International, Caswell, Goldtek, and MIC Inc in Renown Information increased to 20%, 12.4%, 12.4%, and 14.4%, respectively, totaling 59.2%. The percentage of indirect shareholding increased to 37.14%, thus obtaining substantial control over the company and classifying it as a subsidiary.
- Note 6: The company (formerly known as S&T AG, renamed Kontron AG in June 2022) is a listed company in Frankfurt, Germany and is a group holding company. Due to the dispersed equity structure of the company, the shareholding ratio of the Consolidated Company relative to other shareholders is significant, and it is the largest shareholder and takes up more than half of the board seats, with substantial control. Therefore, it is listed as a subsidiary.

3. Subsidiaries excluded from consolidated financial statements: None.

(d) Foreign currency

1. Transactions in foreign currency

Foreign currency is converted into functional currency according to exchange rate on the date of transaction. At the end of each subsequent reporting period (hereinafter referred to as the Reporting Date), foreign currency monetary items are converted into functional currency at the exchange rate prevailing on that day. Non-monetary items measured at fair value in foreign currency are translated into the functional currency using the exchange rates prevailing at the date of fair value measurement, while non-monetary items measured at historical cost in foreign currency are translated at the exchange rate prevailing on the date of the transaction.

The foreign currency exchange difference resulting from the conversion is recognized to be other comprehensive income excepting for the following situations, otherwise, recognized to be gains and losses:

- (1) Equity instruments designated as measured at fair value through other comprehensive income;
- (2) Financial liabilities designated as a net investment hedge for a foreign operating entity are within the effective range of the hedge; or
- (3) Eligible cash flow hedges are within the effective range of the hedge.

2. Foreign operating organizations

The assets and liabilities of foreign operating organizations, including goodwill and fair value adjustment during the acquisition, are converted to be TWD according to exchange rate on the report day; gains and losses are converted into TWD according to exchange rate in the current period, and the resultant conversion difference is recognized to be other comprehensive income.

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

In case of the loss of control, joint control or material influences arising from the disposal of foreign operating organizations, the accumulated conversion differences related to the foreign operating organizations shall be fully reclassified as gains and losses. In case of subsidiary company of foreign operating organizations involved in the disposal, the related accumulated conversion differences shall be reclassified as non-controlling interests in proportion. In case of associates or joint ventures of foreign operating organizations involved in some of the disposal, related accumulated conversion differences shall be fully reclassified as gains and losses in proportion.

As to the receivable and payable monetary items of foreign operating organizations, if without the repayment plan or the possibility of repayment in foreseeable future, the resultant gains and losses from foreign currency conversion shall be regarded as a part of net investments to the foreign operating organizations as recognized as other comprehensive income.

(e) Standards for classifying current and non-current assets and liabilities

Assets meeting one of the following conditions are recognized as current assets, and other assets not belonging to current assets are recognized as non-current assets:

1. Those that are expected to be realized during the normal operating period of the Consolidated Company or intended to be sold or consumed;
2. Those held mainly for the purpose of transaction;
3. Those expected to be realized within 12 months after the balance sheet; or
4. The asset is cash or a cash equivalent, unless the asset is to be used for an exchange or to settle a liability, or otherwise remains restricted, at more than 12 months after the balance sheet date.

Assets meeting one of the following conditions are recognized as current liabilities, and other liabilities not belonging to current liabilities are recognized as non-current liabilities:

1. Those expected to be paid off during the normal operating period of the Company;
2. Those held mainly for the purpose of transaction;
3. Those expected to be realized within 12 months after the balance sheet; or
4. Those that shall not allow the consolidated company to unconditionally extend the liquidation period to at least 12 months. Liabilities for liquidation arising from the issuing of equity instruments in accordance with the clauses chosen by the transaction counterpart will not affect their classification.

(f) Cash and cash equivalents

Cash includes cash on hand and demand deposits. Cash equivalents are the investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and short-term high liquidity. Certificate of deposit

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

which satisfy the foregoing definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(g) Financial instruments

Account receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities were initially recognized when the Consolidated Company became a party to the terms of the financial instrument agreement. Financial assets that are not measured at fair value through profit or loss (except for accounts receivable, which do not contain a significant financial component) or financial liabilities are measured at fair value plus the transaction cost directly attributable to the acquisition or issuance. Accounts receivable, which do not contain significant financial components, are initially measured at transaction prices.

1. Financial assets

The purchase or sale of financial assets by a conventional trader, the Consolidated Company shall treat all purchases and sales of financial assets classified in the same manner in accordance with the transaction date or the settlement date.

At the time of the initial recognition, financial assets were classified as: financial assets measured at amortized cost, debt instrument investments measured at fair value through other comprehensive income, equity instrument investments measured at fair value through other comprehensive income, or financial assets measured at fair value through gains and losses. The Consolidated Company will only change its business model for managing financial assets from the first day of the next reporting period to classify all affected financial assets.

(1) Financial assets as measured at amortized cost

Financial assets are measured at amortized cost when they simultaneously meet the following conditions and are not specified to be measured at fair value through profit or loss:

- The financial asset is held under a business model for the purpose of collecting contractual cash flow.
- The cash flow generated by the terms of the contract on the financial asset at the specific date is solely for the payment of the principal and the interest on the outstanding principal amount.

The cumulative amortization of such assets is subsequently calculated by the effective interest method plus or minus the initial amount recognized, and the amortized cost of any loss allowance is adjusted. Interest income, foreign exchange gains and losses and impairment losses are recognized as gains and losses. When derecognized, the profit or loss shall be included in the profit or loss.

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

(2) Financial assets measured at fair value through other comprehensive income

When the debt instrument investment simultaneously meets the following conditions and is not specified to be measured at fair value through profit and loss, it is measured at fair value through other consolidated profit and loss:

- The financial asset is held under a business model for the purpose of collecting contractual cash flow and selling.
- The cash flow generated by the terms of the contract on the financial asset at the specific date is solely for the payment of the principal and the interest on the outstanding principal amount.

The Consolidated Company holds part of the accounts receivable under the “hold to collect and sell” business model to collect and sell the contractual cash flow, so these accounts are measured at fair value through other comprehensive profits and losses. However, it is reported under accounts receivable.

The Consolidated Company may, at the time of its initial recognition, irrevocably choose to report the subsequent changes in their fair value of its non-tradable equity instrument investments to other consolidated profits and losses. The foregoing selection is made on an item-by-item tool basis.

Debt instrument investors are measured by fair value afterwards. Interest income, foreign exchange gains and losses and impairment losses calculated by the effective interest method are recognized as gains and losses calculated by the effective interest method are recognized as gains and losses, while the remaining net gains or losses are recognized as other comprehensive income. When derecognizing, the accumulated amount of other comprehensive income shall be reclassified into comprehensive income.

Equity instrument investors are measured by fair value afterwards. Dividend income (unless it clearly represents the recovery of a portion of the investment cost) is recognized as a profit or loss. The remaining net benefits or losses are recognized as other comprehensive income and are not reclassified into gains and losses.

Dividend income from equity investments is recognized on the date (usually ex-dividend date) when the Consolidated Company becomes entitled to receive dividends.

(3) Financial assets at FVTPL

Financial assets that are not measured at fair value at the above amortized cost or through other comprehensive income are measured at fair value through gains and losses, including derivative financial assets. The Consolidated Company intends to sell accounts receivable immediately or in the near term is measured at fair value through profit or loss, but included in accounts receivable. The Consolidated Company, at initial recognition, irrevocably designates the financial asset as at FVTPL to eliminate or

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

significantly reduce an accounting mismatch that would otherwise arise. Financial assets measured at amortized cost or at fair value through other comprehensive profit or loss are designated as financial assets measured at fair value through profit or loss.

Such assets are subsequently measured at fair value and their net gains or losses (including any dividends and interest income) are recognized as gains or losses.

(4) Evaluate whether the cash flow of the contract is fully paid for the interest on the payment of the principal and the amount of outstanding principal

For evaluation purposes, the principal is the fair value of the financial asset at the time of its initial recognition, and the interest is made up of the following considerations: the time value of the money, the credit risk associated with the amount of outstanding principal in circulation during a particular period, and other basic lending risks and costs and profit margins.

To evaluate whether the contract cash flow is fully paid for interest on the principal and the outstanding principal amount, the Consolidated Company considers the terms of the financial instrument contract, including whether the financial asset contains a contract term that can change the point or amount of the cash flow of the contract, causing it to fail to meet this condition. In the evaluation, the Consolidated Company considers:

- any contingencies that change the timeliness or amount of the cash flow of the contract;
- the terms of the coupon rate may be adjusted, including the nature of the variable rate;
- the nature of prepayment and extension; and
- claims of the Consolidated Company are limited to cash flow terms derived from specific assets (e.g. non-recourse nature).

(5) Impairment of financial assets

The Consolidated Company recognizes the allowance for credit losses for the financial assets measured at amortized cost (including cash and equivalent cash, financial assets, notes and accounts receivable, other receivables, finance lease receivables, deposits and other financial assets after measured at amortized cost), the expected credit losses of debt instrument investments, receivables and contract assets measured at fair value through other comprehensive profit or loss.

The following financial assets are measured against losses according to the expected credit loss amount of 12 months, and the rest are measured according to the expected credit loss amount of the existing period:

- Determine that the credit risk of the debt securities on the reporting date is low; and
- The credit risk of other debt securities and bank deposits (i.e. the risk of default during

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

the expected life of financial instruments) has not increased significantly since the initial recognition.

The allowance for accounts receivable loss and contract assets is measured in terms of the expected credit loss during the period of existence.

In determining whether credit risk that increased significantly since the initial recognition, the Consolidated Company considers reasonable and verifiable information (available at no excessive cost or investment), including qualitative and quantitative information, as well as analysis based on the Consolidated Company's historical experience, credit assessment and forward-looking information.

If the contract payment is overdue for more than 30 days, the Consolidated Company assumes that the credit risk of financial assets has increased significantly.

If the contract payment is overdue for more than 365 days, or the borrower is unlikely to fulfill its credit obligations and pay the full amount to the Consolidated Company, such financial assets will be deemed as default.

If the credit risk rating of a financial instrument is equivalent to the "investment grade" defined worldwide (Standard & Poor's BBB-, Moody's Baa3 or Taiwan Ratings twA, or higher than those grades), the Consolidated Company considers such debt securities with a low credit risk.

Expected credit loss during the lifetime of a financial instrument refers to the expected credit losses that result from all possible default events over the life of the financial instrument.

12-month expected credit loss refers to the expected credit loss arising from the possible default of the financial instrument within 12 months after the date of the report (or a shorter period, if the expected duration of the financial instrument is shorter than 12 months).

The longest contract period during which the expected credit loss is measured is the longest contract period during which the Consolidated Company is exposed to credit risk.

The expected credit loss is the probabilistic weighted estimate of the credit loss during the expected life of the financial instrument. Credit losses are measured in terms of the present value of all cash shortfalls, the difference between the cash flows that the Consolidated Company can collect under the contract and the cash flows that the Consolidated Company expects to collect. The expected credit loss is discounted at the effective interest rate of the financial asset.

On each reporting date, the Consolidated Company evaluates whether there is a credit impairment in the debt securities on which financial assets are measured at

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

amortized cost and on which fair value is measured through other comprehensive income. When one or more events have occurred that adversely affect the estimated future cash flow of a financial asset, the financial asset has suffered a credit impairment. Evidence of credit impairment of financial assets includes observable information relating to:

- Major financial difficulties of the borrower or issuer;
- Default, such as delay or delay beyond 90 days;
- For economic or contractual reasons related to the borrower's financial difficulties, the Consolidated Company gives the borrower concessions that the borrower would not have considered;
- The borrower is likely to file for bankruptcy or other financial restructuring; or
- The active market for the financial asset disappears due to financial difficulties.

The loss allowance for a financial asset measured at its amortized cost is deducted from carrying amount of the asset. The allowance for losses on debt instrument investment is measured at fair value through other comprehensive income. It is adjusted and recognized as other comprehensive income (without reducing the carrying amount of the assets).

When the Consolidated Company cannot reasonably expect to recover the financial assets as a whole or in part, it will directly reduce the total book amount of its financial assets. For individual accounts, the Consolidated Company's policy is to write off the total book amount when the financial assets are overdue for more than one year based on the past recovery experience of similar assets. For corporate accounts, the Consolidated Company shall analyze the date and amount of the write-off on the basis of whether it is reasonable to expect recovery. The Consolidated Company does not expect a significant reversal of the write-off. However, financial assets that have been written off may still be enforced to comply with the procedures of the Consolidated Company for recovering overdue amounts.

(6) Derecognition of Financial Assets

When the Consolidated Company terminates the contractual rights from the cash flow of such assets or has transferred the financial assets and almost all risks and returns of the asset ownership have been transferred to other enterprises, the Company has neither transferred nor retained substantially all the risks and rewards and the control of the financial asset is not retained, the financial assets shall be de-recognized.

Transactions in which the Consolidated Company enters into transfers of financial assets that retain all or substantially all of the risks and rewards of ownership of the transferred assets continue to be recognized on the balance sheet.

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equity

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

(2) Equity transaction

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Consolidated Company shall be recognized at the amount equal to the consideration received less the direct flotation costs.

(3) Treasury stock

When repurchasing the equity instruments recognized by the Company, the consideration paid (including directly attributable costs) is recognized as a decrease in equity. The repurchased shares are classified as treasury stocks. For subsequent sale or reissue of treasury stocks, the amount received is recognized as an increase in equity, and the surplus or loss generated by the transaction is recognized as capital reserve or retained surplus (if the capital reserve is insufficient to offset).

(4) Compound financial instruments

The compound financial instruments issued by the Consolidated Company are convertible corporate bonds (denominated in New Taiwan dollars) with the option to be converted into share capital, and the number of shares issued will not vary with the change of their fair value.

The initially recognized amount of the liability component of composite financial instruments is measured by the fair value of similar liabilities excluding equity conversion rights. The initially recognized amount of the equity component is measured by the difference between the fair value of the overall compound financial instrument and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liabilities and equity components in proportion to the book value of the initial liabilities and equity.

After the initial recognition, the liability component of compound financial instruments is measured at amortized cost using the effective interest method. The equity components of compound financial instruments shall not be re measured after the initial recognition.

Interest related to financial liabilities is recognized as profit or loss. Financial liabilities are reclassified as equity at the time of conversion, and the conversion is not recognized as profit or loss.

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

(5) Financial liabilities

Financial liabilities are classified as amortized costs or measured at fair value through profit or loss. Financial liabilities which are held for trading, derivatives or specified at the time of their original recognition are classified as being measured at fair value through profit or loss. Financial liabilities, measured at fair value through profit and loss, are measured at fair value, and the associated net benefits and losses, including any interest expense, are recognized as profit and loss.

The effective subsequent interest method for other financial liabilities is measured at the amortized cost. Interest expenses and exchange gains and losses are recognized as gains and losses. Any benefit or loss at the time of discounting is also considered as profit or loss.

(6) Derecognition of Financial Liabilities

The Consolidated Company derecognizes financial liabilities when contractual obligations have been fulfilled, canceled or matured. When the terms of a financial liability are modified and the cash flows of the modified liability differ materially, the original financial liability is derecognized and a new financial liability is recognized at fair value based on the modified terms.

When de-recognizing financial liabilities, the difference between carrying amount and the sum of paid or payable considerations (including any transferred non-cash capital or assumed liabilities) shall be recognized as gains and losses.

(7) Offset between financial assets and liabilities

Financial assets and financial liabilities can be offset with each other and represented on the balance sheet with net value only when the Consolidated Company has legal rights to offset and has the intention to deliver with net value as well as realize capital and liquidate the liabilities.

(8) Financial guarantee contract

Financial guarantee contract refers to a contract in which the issuer must make specified payments to reimburse the holder for a loss it incurs if a specified debtor fails to repay according to the terms of the debt instrument.

For financial guarantee contracts issued by the Consolidated Company and not designated as measured at fair value through profit or loss, the initial measurement is based on its fair value minus the directly attributable transaction costs, and the subsequent measurement is based on the higher of the following: (a) amount of allowance for loss in accordance with IFRS 9; and (b) where appropriate, the amount initially recognized shall be deducted from the amount of accumulated income recognized in accordance with the following income principles.

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

3. Derivative financial instruments and hedge accounting

The Consolidated Company holds derivative financial instruments to avoid foreign currency and interest rate risks. Embedded derivatives are separated from the main contract when specific conditions are met and the main contract is not a financial asset.

Derivative instruments are initially recognized at fair value and subsequently measured at fair value, and the resulting gain or loss is recognized directly in profit or loss.

(h) Inventories

Inventory shall be measured with the lower of the costs and net realizable value. The costs include the acquisition, production and processing costs enabling them to arrive at the available places and status and other costs, which are calculated based on the first-come, first-out principle. The costs of the inventory of finished products and products in process include the manufacturing costs amortized based on normal production capacity according to proper percentage.

Net realizable value refers to the estimated prices under normal operation deducting estimated costs to be needed for estimated completion and estimated costs to be needed for competing selling.

(i) Non-current assets held for sale (disposal group) and discontinued operations

1. Non-current assets held for sale and discontinued operations (disposal group)

Kontron AG approved the sale of some IT service businesses through a board resolution on August 11, 2022, and passed an antitrust review on December 29, 2022. Therefore, it adopts accounting policies related to non-current assets held for sale (disposal group).

Non-current assets or disposal group composed of assets and liabilities are classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The components in the asset or disposal group are remeasured in accordance with the accounting policies of the Consolidated Company before being originally classified for sale. After being classified as held for sale, it is measured on the basis of the lower of its carrying amount and fair value less costs to sell. Any impairment loss on a disposal group will first be allocated to goodwill, and then the remaining assets and liabilities will be apportioned on a pro rata basis, except that no loss is allocated to assets not in the scope of IAS 36 - Impairment of Assets. Such assets will continue to be measured in accordance with the Consolidated Company's accounting policies. Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

When the assets classified as held for sale are intangible assets or property, plant, and

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

equipment. In addition, when a associate recognized by the equity method is classified as held for sale, the equity method shall not be adopted.

2. Discontinued operation

A discontinued operation is a component of Consolidated Company that either has been disposed of, or is classified as held for sale, and

- (1) represents a separate major line of business or geographical area of operations,
- (2) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or
- (3) is a subsidiary acquired exclusively with a view to resale.

The operation should be classified as a discontinued operation at the earlier of its disposal date, or when that operation meets the held-for-sale criteria.

(j) Investments in associates

Associates refer to those that the Consolidated Company has a significant impact on its financial and operating policies, but are not controlled or jointly controlled.

The Consolidated Company adopts the equity method to deal with the equity of associates. Under the equity method, an investment in associates is initially recognized at cost, and the investment cost includes the transaction cost. The carrying amount of investment in associates including goodwill is recognized at the time of the initial investment, less any accumulated impairment losses.

The Consolidated Company recognizes profits and losses and other comprehensive profits and losses in associates based on its ownership. The consolidated financial statement includes the amount of profit and loss and other comprehensive profit and loss of each associate recognized by the Consolidated Company according to its ownership from the date of significant influence to the date of loss of significant influence, after the accounting policies adjusted consistent with the Consolidated Company. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Consolidated Company's ownership percentage of the associate, the Consolidated Company recognizes change in ownership interests in the associate in capital reserve in proportion to its ownership.

Unrealized benefits and losses arising from transactions between the Company and associates are recognized in the Company's financial statements only to the extent that they are not related to the investors' interests in associates. When the Consolidated Company's share of losses of an associate equals or exceeds its interest in that associate, the Consolidated Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Consolidated Company has incurred legal obligations, or constructive obligations or made payments on behalf of that associate.

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

The Consolidated Company discontinues the use of the equity method from the date when the Company ceases to have significant influence over an associate. When the Consolidated Company retains an interest in the former associate, the Consolidated Company measures the retained interest at fair value at that date. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. The Consolidated Company shall account for all amounts recognized in other comprehensive income in relation to the associates on the same basis as would be required if the Consolidated Company had directly disposed of the related assets and liabilities. Namely, If the cumulative gain or loss previously recognized in other comprehensive profit or loss is required to be reclassified as profit or loss (or retained earnings) when disposing of relevant assets or liabilities, when the Consolidated Company discontinues the use of the equity method, the gain or loss is reclassified from equity to profit or loss (or retained earnings). If the Consolidated Company's ownership interest in associates decreases, but the equity method continues to apply, the Consolidated Company will reclassify and adjust the interests or losses related to the reduction of ownership interest and previously recognized in other comprehensive profits and losses according to the reduction proportion in the above way.

If the Consolidated Company's investment in associates becomes an investment in joint ventures or an investment in joint ventures becomes an investment in associates, the Consolidated Company will continue to apply the equity method without remeasuring the retained equity.

When an associate issues new shares, if the Consolidated Company fails to subscribe according to the shareholding ratio, resulting in a change in the shareholding ratio, resulting in an increase or decrease in the net equity value of the investment, the increase or decrease shall be adjusted to the capital reserve and the investment using the equity method; if the adjustment is to offset the capital reserve, but the balance of the capital reserve generated by the investment using the equity method is insufficient, the difference will be debited to the retained surplus. However, if the Consolidated Company fails to subscribe according to the shareholding ratio, resulting in the reduction of its ownership interest in the associates, the amount previously recognized in other comprehensive profits and losses related to the associates is reclassified according to the reduction ratio, and such amount shall be recorded on the same basis of the associate if it directly disposes of relevant assets or liabilities.

(k) Investment properties

Investment properties are real estate held for rent or capital appreciation or both, rather than for selling, production, providing products or services, or for administrative purposes in

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

normal business operations. Investment property is measured at cost when it is initially recognized, and the subsequent measurement is also processed based on the cost model. After the initial recognition, the depreciation expense is calculated and withdrawn based on the depreciable amount. The depreciation method, service life and residual value are compared with the provisions of property, plant and equipment. The cost includes the expenses directly attributable to the acquisition of investment property.

When the investment property is reclassified as property, plant and equipment due to the change of purpose, the book amount at the time of change of purpose shall be reclassified.

(l) Property, plant and equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost (including capitalized borrowing costs) less accumulated depreciation and any accumulated impairment.

Significant components of property, plant and equipment are treated as separate items (major components) when they have different life cycles.

Gain or loss on disposal of property, plant and equipment is recognized in profit or loss.

2. Subsequent costs

Subsequent expenses are capitalized only when it is probable that future economic benefits will flow into the Consolidated Company.

3. Depreciation

Depreciation is calculated based on the cost of the asset less its residual value and is recognized in profit or loss using the straight-line method over the estimated useful life of each component.

The land is not subject to depreciation.

The estimated useful lives for the current and comparative periods are as follows:

(1)Buildings	2~55 years
(2)Machinery	3~15 years
(3)Leasehold improvement	2~9 years
(4)Other equipment	2~10 years

The Consolidated Company reviews the method of depreciation, durability and residual value at each reporting date and makes appropriate adjustments as necessary.

(m) Leases

The Consolidated Company shall assess whether the contract is a lease or includes a lease on the date of formation of the contract. If the contract transfers control over the use of the identified assets for a period of time in exchange for consideration, the contract shall be a lease or includes a lease.

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

1. The lessee

The Consolidated Company recognizes the right-of-use assets and lease liabilities on the beginning date of the lease. Right-of-use are initially measured in terms of cost, which includes the initial measured amount of lease liabilities, adjusts the lease beginning date or before payment of any rent payment, and the initial direct costs, and applied to removing the asset and restoring its locating or the estimated cost of the underlying assets. It minuses the charge of any lease incentives at the same time.

Depreciation of right-of-use assets following the commencement of the lease shall be carried out by the straight-line method at the end of the useful life of right-of-use assets or earlier at the end of the lease term. In addition, the Consolidated Company will periodically evaluate whether there is any loss of right-of-use assets and deal with any loss that has occurred, and adjust the right-of-use assets in the case of lease liabilities.

Lease liabilities are defined as the present value of lease benefits not yet paid at lease commencement date. If the implied lease rate is easy to determine, the discount rate will be that rate, and if not, the incremental borrowing rate of the Consolidated Company will be used. Generally speaking, the Consolidated Company adopts its incremental borrowing rate as the discount rate.

Lease benefits measured in lease liabilities include:

- (1)fixed payments, including substantive fixed payments;
- (2)depending on the variation of a certain index or rate of rent payment, the index or rate on the commencement date of the lease shall be used as the original measurement;
- (3)the guaranteed amount of salvage value expected to be paid; and
- (4)the price at which the option to exercise the option to purchase or terminate the lease will be reasonably determined or the penalty to be paid.

Lease liabilities is then calculated using effective interest method, and the amount was measured when:

- (1)changes in the index or rate used to determine lease payments result in changes in future lease payments;
- (2)changes to the guaranteed amount of salvage value expected to be paid; and
- (3)the evaluation of the underlying asset purchase option has changed;
- (4)the estimate of whether to exercise the option of extension or termination has changed, which leads to the change of the assessment of the lease period;
- (5)modification of the subject matter, scope or other terms of the lease.

Lease liabilities are remeasured due to the aforementioned changes in the index or rate used to determine lease payments, changes in the residual value guarantee amount, and changes in the evaluation of purchases, extensions or termination options, the book

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

value of right-of-use assets should be adjusted accordingly. When the book value of right-of-use assets is reduced to zero, the remaining re-measured amount is recognized in profit or loss.

For the lease modifications about the reduced coverage, the book amount of right-of-use assets will be reduced to reflect partial or total termination of lease, and the difference between the figure and the remeasured amount of lease liabilities will be included in the profit and loss.

The Consolidated Company will express the right-of-use assets and lease liabilities that do not conform to the definition of investment real estate in the form of single line items in the balance sheet.

If the agreement includes lease and non lease components, the Consolidated Company allocates the consideration in the contract to individual lease components based on a relatively separate price. However, when leasing land and buildings, the Consolidated Company chooses not to distinguish between non-leasing components and treats the leasing components and non-leasing components as a single leasing component.

For short-term leases and asset leases with low value targets, the Consolidated Company chooses not to recognize the right-of-use assets and lease liabilities, but recognized the relevant lease payments as expenses within the lease period on a straight-line basis.

2. The lessor

The transaction in which the Consolidated Company is a lessor shall be classified as a financial lease or an operating lease on the date of establishment of the lease, depending on whether or not the lease contract is transferred to almost all the risks and rewards attached to the ownership of the underlying asset. In the evaluation, the Consolidated Company shall consider certain indicators, including whether the lease term covers the principal part of the underlying asset's economic life.

If the agreement includes lease and non-lease components, the Consolidated Company applies the provisions of IFRS 15 to apportion the consideration in the contract.

Assets held under finance leases are expressed as finance lease receivables in the amount of net lease investment. The initially direct costs arising from the negotiation and arrangement of the lease are included in the net investment in the lease. Net lease investment is amortized and recognized as interest income during the lease period in a pattern reflecting a constant periodic rate of return in each period. For operating leases, the Consolidated Company recognizes the lease payments received as rental income on a straight-line basis during the lease period.

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

(n) Intangible assets

1. Recognition and measurement

Goodwill arising from the acquisition of subsidiaries is measured at cost less accumulated impairment.

Expenditures related to research activities are recognized as profit or loss as incurred.

Development expenditure is capitalized only when it can be reliably measured, the technical or commercial feasibility of products or processes has been achieved, the future economic benefits are likely to flow into the consolidated company, and the consolidated company intends and has sufficient resources to complete the development and use or sell the assets. Other development expenditures are recognized in profit or loss as incurred. After the initial recognition, the capitalized development expenditure is measured by the amount of its cost less accumulated amortization and accumulated impairment.

Other intangible assets with a limited useful life obtained by the consolidated company, including customer relations, patent rights and trademark rights, are measured by the amount of cost less accumulated amortization and accumulated impairment.

2. Subsequent expenditure

The subsequent expenditure can be capitalized only when they can increase the future economic benefits of relevant specific assets. All of other expenditures are recognized as gains and losses when they occur, including the expenses for building goodwill and brand.

3. Amortization

Except for goodwill, amortization is calculated based on the cost of the asset less its estimated residual value, and is recognized in profit or loss using the straight-line method over the estimated useful lives of the intangible assets from a ready-for-use condition.

The estimated useful lives for the current and comparative periods are as follows:

(1) Patent and trademark	5 years
(2) Computer software	3~5 years
(3) Customer relationship	10 years

The Consolidated Company reviews the method for amortization of intangible assets, durability and residual value at each reporting date and makes appropriate adjustments as necessary.

(o) Non-financial asset impairment

At each reporting date, the Consolidated Company assesses whether there is any indication that the carrying amount of non-financial assets (other than inventories, deferred income tax assets) may be impaired. If any indication exists, the recoverable amount of the asset is estimated. Goodwill is regularly tested for impairment every year.

For the purpose of impairment test, one group of assets whose cash inflow is largely

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

independent of other individual assets or asset groups is regarded as the smallest identifiable asset group. The goodwill acquired in a business combination to be allocated to each of the acquirer's cash-generating unit or group of cash generating units expected to benefit from the comprehensive effect of the combination.

The recoverable amount is the higher of an asset's or cash generating unit fair value less costs of disposal and its value in use. When assessing the value in use, the estimated future cash flow is converted to the present value at the pre-tax discount rate, which should reflect the current market assessment of the time value of money and the specific risk of the asset or cash generating unit.

If the recoverable amount of an individual asset or cash generating unit is lower than the book amount, an impairment loss is recognized.

The impairment loss is recognized immediately in profit or loss, and the carrying amount of the amortized goodwill of the cash generating unit is reduced first, and then the book amount of each asset is reduced in proportion to the book amount of other assets in the unit.

Goodwill impairment losses shall not be reversed. Non-financial assets other than goodwill are only reversed to the extent that they do not exceed the carrying amount (less depreciation or amortization) determined when the impairment loss of the asset is not recognized in the previous year.

(p) Liability provisions

Liability provisions are recognized as present obligations due to past events that make it probable that the Consolidated Company will need to expend economically efficient resources in the future to settle the obligation and the amount of the obligation can be reliably estimated. The provision for liabilities is discounted at the pre-tax discount rate reflecting the current market's time value of money and the risks specific to the liabilities, and the amortization of discount is recognized as interest expense.

1. Warranty

The provision for warranty liabilities is recognized when selling goods or services.

The liability provision is weighted by its relevant probability based on historical warranty information and all possible results.

2. Restructuring

The provision for restructuring liabilities is recognized when the Consolidated Company approves a detailed and formal restructuring plan and begins to implement or publicly publish the restructuring plan. Future operating losses shall not be recognized as provision for liabilities.

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

3. Onerous contract

When the Consolidated Company expects that the inevitable cost of performing the obligations of a contract exceeds the expected economic benefits from the contract, the liability provision for the onerous contract shall be recognized. The provision for liabilities is measured by the present value of whichever is lower between the estimated cost of terminating the contract and the estimated net cost of continuing the contract, and all impairment losses of assets related to the contract are recognized before the provision for onerous contract liabilities is recognized.

(q) Income recognition

1. Revenue from customer contracts

Income is measured in consideration for the expected entitlement to transfer goods or services. The Consolidated Company recognizes revenue from the transfer of control of goods or services. The Consolidated Company's main revenues are from the following items:

(1) the sales revenue of commodities mainly comes from the sales of industrial motherboards, information system integration products and network communication products. The Consolidated Company recognizes revenue when control of products is transferred to customers. The transfer of control over the product means that the product has been delivered to the customer, the customer has full discretion over the channel and price to sell the products and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Consolidated Company has objective evidence that all criteria for acceptance have been satisfied.

The Consolidated Company is liable for refunding the defective products as providing the standard warranty for the goods sold, and the provision for warranty liabilities is recognized for this obligation.

The Consolidated Company recognizes accounts receivable when delivering goods as the Consolidated Company has an unconditional right to receive consideration from the customer.

(2) Service revenue

The Consolidated Company provides product maintenance and services, and recognizes relevant income during the financial reporting period of providing services. Fixed price contracts recognize revenue based on the proportion of services actually provided to the total services as of the reporting date. If the situation changes, the

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

estimates of revenue, cost and degree of completion will be revised, and the increase and decrease changes will be reflected in profit and loss during the period when the management is informed of the change and makes the correction.

Under a fixed price contract, the customer pays a fixed amount of money according to the agreed schedule. When the service provided exceeds the payment, it shall be recognized as contract assets; if the payment exceeds the services provided, it shall be recognized as contract liabilities.

If the contract is priced according to the number of hours of providing services, the revenue is recognized based on the amount that the Consolidated Company has the right to issue invoices. The Consolidated Company asks for payment from customers every month and can receive consideration after issuing invoices.

(3) Engineering contract

For the engineering business conducted by the Consolidated Company, since the assets are controlled by the customer at the time of construction, the revenue is gradually recognized over time based on the proportion of the engineering cost incurred so far in the estimated total contract cost. If the amount of recognized revenue has not been claimed, it is recognized as contract assets. Once the Company's right to the consideration becomes unconditional, the contract assets will be transferred to accounts receivable.

If it is impossible to reasonably measure the completion of the performance obligations of the project contract, the contract revenue is recognized only within the range of the expected recoverable cost.

When the Consolidated Company expects that the inevitable cost of performing the obligations of an engineering contract exceeds the expected economic benefits from the contract, the liability provision for the onerous contract shall be recognized.

If the situation changes, the estimates of revenue, cost and degree of completion will be revised, and the increase and decrease changes will be reflected in profit and loss during the period when the management is informed of the change and makes the correction.

(r) Employee benefits

1. Defined contribution plan

The contribution obligation of the defined contribution pension plan is recognized as an expense in the period in which the employees render service to the Company. The amount of advance appropriation will be recognized as an asset to the extent that it will lead to the return of cash or the reduction of future payments.

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

2. Defined benefit plan

The Consolidated Company's net obligation to a defined benefit plan is measured by discounting the present value of future benefits earned by the employee's current or prior period of service, less the fair value of the plan assets.

The defined benefit obligation is actuated annually by a qualified actuary using the projected unit benefit method. When the results of the calculation are probable to be favorable to the Consolidated Company, an asset is recognized to the extent of the present value of any economic benefits that may be obtained by returning a contribution from the plan or reducing future contributions to the plan. Any minimum funding requirement is taken into account in calculating the present value of economic benefits.

The remeasurement of the net defined benefit obligation, including actuarial gains and losses, compensation for plan assets (excluding interest), and any change in the impact of asset limits (excluding interest) is recognized immediately in other comprehensive income and accumulated in retained earnings. The Consolidated Company determines net interest expense (income) for net defined benefit liabilities (assets) using the net defined benefit liabilities (assets) and discount rate determined at the beginning of the annual reporting period. Net interest expense and other costs for defined benefit plans are recognized in profit or loss.

When a plan is revised or curtailed, changes in benefits related to prior period service costs or curtailment gains or losses are recognized immediately in profit or loss. The Consolidated Company recognizes gain or loss on the settlement of defined benefit plans when the settlement occurs.

3. Short-term employee benefits

Short-term employee benefit obligations are recognized as an expense when services are provided. If the Consolidated Company has a present legal or constructive obligation to pay for services rendered by employees in the past and the obligation can be estimated reliably, the amount is recognized as a liability.

(s) Share-based payment

In the share based payment agreement for equity settlement, based on the fair value on the date of granting, the expenses shall be recognized and the relative equity shall be increased during the acquired period of such granting. The recognized fees are adjusted according to the expected amount of awards that meet the service conditions other than market vesting conditions; the amount finally recognized is measured on the basis of the amount of awards that meet the service conditions other than market vesting conditions on the vesting day.

The non-vested conditions related to the payment of share-based awards have been reflected

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

in the measurement of the fair value on the date of payment of share based rewards, and the difference between the expected and actual results does not need to be verified and adjusted.

The fair value of the share appreciation right for cash settlement to be paid to employees is recognized as expenses and increased corresponding liabilities during the period when employees can obtain unconditional remuneration. On each reporting date and settlement date, the liability is re-measured according to the fair value of the share appreciation right, and any change is recognized as profit or loss.

(t) Income taxes

Income taxes include current and deferred income tax. Except for those related to enterprise consolidation and items directly recognized as equities or other comprehensive income, current tax and deferred income tax asset shall be recognized as gains and losses.

The Consolidated Company determines that the interest or penalty related to income tax (including uncertain tax treatment) does not meet the definition of income tax, so the accounting treatment of IAS 37 is applicable.

Current income taxes include estimated income taxes payable or refund receivable based on current year taxable income (loss) and any adjustments to prior years' income taxes payable or refund receivable. The amounts that reflect the uncertainty (if any) related to income tax are measured at the best estimate of the amount expected to be paid or received at the statutory or substantive legislative rates in effect on the reporting date.

Deferred income tax is measured and recognized according to the temporary difference between the carrying amount and taxation basis of assets and liabilities with financial report objectives. In case of any of the following situations, the temporary differences will not be recognized as deferred income tax:

1. Those not belong to the assets or liabilities originally recognized in the transaction of enterprise consolidation, and not influencing accounting profits and taxation incomes (losses) during the transaction;
2. Those temporary differences generated due to investment subsidiary company and joint equities, controlled by the Consolidated Company and likely to not to be reversed in the foreseeable future; and
3. Taxable temporary differences arising from the original recognition of goodwill.

For unused tax losses and unused income tax credits at the later stage of transfer, and deductible temporary differences, to the extent that there is likely to be future taxable income available for use, they are recognized as deferred income tax assets. It shall be reassessed on each reporting day, and the relevant income tax benefits shall be reduced if they are not likely to be realized; or the reduced amount shall be reversed to the extent that there is likely to be sufficient taxable income.

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

Deferred income tax is measured at the tax rate when the expected temporary difference is reversed, based on the statutory tax rate or substantive legislative tax rate on the reporting date, and has reflected the uncertainty related to income tax (if any).

Only when the Consolidated Company meets the following conditions, the deferred income tax can offset the deferred income tax liabilities:

1. Having the legal execution right to make the current income tax assets and the current tax liabilities offset with each other; and
2. Deferred income tax assets and deferred tax liabilities are related to one of the subjects of tax payment from which the same tax authority levies income tax;
 - (1) Same subject of tax payment; or
 - (2) Different subjects of tax payment, but all subjects intend to liquidate the current tax liabilities and assets based on net amount or at the same time realize assets and liquidate liabilities in each of the future periods when deferred income tax assets of major amounts are expected to be recovered and deferred income tax liabilities expected to be liquidated.

(u) Business Combination

The Consolidated Company applies the acquisition method for each business combination. Goodwill is measured at the fair value of the consideration transferred at the date of acquisition, including the amount attributable to any non-controlling interest in the acquiree, less the net amount of the identifiable assets acquired and liabilities assumed (generally the fair value). If the resulting balance is negative, the Consolidated Company reassesses whether all assets acquired and liabilities assumed have been correctly identified before recognizing the gain on bargain purchase in profit or loss.

Except for those related to the issuance of debt or equity instruments, transaction costs associated with a business combination should be recognized as expenses of the combining company immediately when incurred.

If the non-controlling interest in the acquiree is a present ownership interest and the holder is entitled to a proportionate share of the net assets of the enterprise at the time of liquidation, the Consolidated Company elects, on a transaction-by-transaction basis, to measure the acquisition date fair value or the proportionate share of the present ownership instrument to the recognized amount of the acquiree's identifiable net assets. Other non-controlling interests are measured at the fair value at the acquisition date or on other bases in accordance with IFRSs recognized by the FSC.

For a business combination concluded in stages, the Consolidated Company remeasures the interests of the acquiree previously held based on the fair value on the acquisition date. Any resulting gain or loss is recognized as profit or loss. Changes in the value of the

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

acquiree's interest that were recognized in other comprehensive income before the acquisition date should be treated in the same manner as if the Consolidated Company had directly disposed of its previously held interest. If it is appropriate to reclassify the interest to profit or loss upon disposal, the amount is reclassified to profit or loss.

If the original accounting treatment for a business combination is not completed before the reporting date of the combination transaction, the Consolidated Company recognizes provisional amounts for incomplete accounting items and makes retroactive adjustments or recognizes additional assets or liabilities during the measurement period to reflect the new information about the existing facts and conditions on the acquisition date. The measurement period will not exceed one year from the date of acquisition.

(v) Earnings per Share

The Consolidated Company lists the basic and diluted earnings per share of holders of common stock equity of the Company. The basic earnings per share of the Consolidated Company shall be calculated with the gains and losses of the holders of common stock equity of the Company divided by the weighted mean of current outstanding common shares. Diluted earnings per share shall be calculated after adjusting the influence of all potential diluted common shares of the gains and losses of the holders of common stock equity of the Company and the weighted mean of current outstanding common shares. The potential diluted common shares of the Consolidated Company include convertible corporate bonds and stock options for employees.

(w) Department Information

The operating department is an integral part of the Consolidated Company and is engaged in operating activities that may earn income and incur expenses (including income and expenses related to transactions between other divisions in the Consolidated Company). The operating results of all operating departments are regularly reviewed by the main operating decision-makers of the Consolidated Company to make decisions on the allocation of resources to the departments and evaluate their performance. Each operating department has separate financial information.

V. Primary Sources of Uncertainties in Major Accounting Judgments, Estimates, and Assumptions

When the management prepares the consolidated financial statements, the management is required to make judgments, estimates and assumptions in preparing this parent company only financial statements, which will affect the adoption of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from estimates.

The management continuously inspects the estimate and undertaking assumption, and accounting changes are recognized both the current revised period and the future period to be influenced.

**Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its
Subsidiaries (Continued)**

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

The uncertainty of the following assumptions and estimates has a significant risk of causing significant adjustments to the book amounts of assets and liabilities in the next financial year, and has reflected the impact of the COVID-19 outbreak. The relevant information is as follows:

(a) Allowance for loss of accounts receivable

The allowance loss of the Consolidated Company's accounts receivable is estimated based on the assumption of default risk and expected loss rate. The Consolidated Company considers the historical experience, current market conditions and forward-looking estimates on each reporting day to judge the assumptions and selected input values to be used in calculating impairment.

(b) Inventory evaluation

Since inventory must be measured at the lower of cost or net realizable value, the Consolidated Company estimates the reported amount of inventory due to normal wear and tear, obsolescence, or no market sale value on a daily basis and reduces the cost of inventory to net realizable value. The inventory is evaluated mainly based on the product demand in a specific period in the future, and may change significantly due to rapid changes in the industry and the introduction of new products.

(c) Goodwill impairment evaluation

In assessing goodwill for impairment, the Consolidated Company shall decide such matters as identifying the cash generating unit, allocating goodwill to the relevant cash generating unit, and determining the recoverable amount of the relevant cash generating unit.

VI. Details of Significant Accounts

(a) Cash and cash equivalents

	2022.12.31	2021.12.31
Cash on hand	\$ 46,657	34,944
Demand deposits and check deposits	25,172,531	17,213,071
Time deposits	744,068	274,306
Cash and cash equivalents listed on the consolidated statement of cash flow	\$ 25,963,256	17,522,321

Please refer to Note 6 (24) for the disclosure of interest rate risk and sensitivity analysis of the Consolidated Company's financial assets and liabilities.

(b) Notes receivable and accounts receivable

	2022.12.31	2021.12.31
Notes receivable	\$ 42,293	60,171
Accounts receivable	18,195,677	17,448,314
Accounts receivable - related parties	279,289	769,363
Less: Allowance for loss	(1,084,628)	(897,495)
	\$ 17,432,631	17,380,353

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

The Consolidated Company adopts a simplified method to estimate the expected credit loss for all notes receivable and accounts receivable, namely, it is measured by the expected credit loss during the duration. For this measurement purpose, these notes receivable and accounts receivable are grouped on the basis of shared credit risk characteristics representing the customer's ability to pay all due amounts in accordance with the terms of the contract, and have been incorporated into forward-looking information. The analysis of the expected credit loss of the Consolidated Company's notes and accounts receivable is as follows:

	2022.12.31		
	Carrying amount of accounts and notes receivable	Weighted average expected credit loss rate	Expected credit loss during the allowance
	\$ 14,019,317	0.12%	85,704
1–30 days past due	1,866,594	0.55%	21,972
31–150 days past due	1,242,737	1.87%	71,863
151–270 days past due	283,051	11.18%	19,626
271–365 days past due	197,791	12.21%	26,110
1–2 years past due	357,030	57.19%	308,614
Over 2 years past due	550,739	100%	550,739
	\$ 18,517,259		1,084,628
	2021.12.31		
	Carrying amount of accounts receivable	Weighted average expected credit loss rate	Expected credit loss during the allowance
Not past due	\$ 14,638,212	0.03%	3,887
1–30 days past due	1,190,397	0.48%	5,735
31–150 days past due	942,045	3.30%	31,132
151–270 days past due	250,384	15.37%	38,491
271–365 days past due	169,792	27.14%	46,082
1–2 years past due	616,185	48.90%	301,335
Over 2 years past due	470,833	100%	470,833
	\$ 18,277,848		897,495

The change in the credit loss of the Consolidated Company's notes and accounts receivable is as follows:

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

	<u>2022</u>	<u>2021</u>
Beginning Balance	\$ 897,495	1,086,892
Impairment losses recognized	432,782	215,948
Impairment loss reversal	(155,401)	(133,964)
Write-off due to being unrecoverable this year	(23,326)	(227,204)
Profit/loss from foreign currency translation	(49,125)	(44,177)
Acquisition through combinations	(17,797)	-
Ending Balance	<u>\$ 1,084,628</u>	<u>897,495</u>

Please refer to note 8 for details of the pledge set as loan guarantee by the Consolidated Company as of December 31, 2022 and 2021.

Please refer to note 6(24) for other credit risk information.

(c) Inventories

	<u>2022.12.31</u>	<u>2021.12.31</u>
Raw materials	\$ 15,734,400	9,931,443
Raw materials in transit	210,687	100,419
Work in progress	1,419,205	1,437,202
Semi-finished products	1,016,661	931,012
Finished products	3,118,647	2,868,430
Merchandise inventory	2,580,757	2,364,534
Less: Allowance for inventory market price decline	(2,092,487)	(1,661,625)
	<u>\$ 21,987,870</u>	<u>15,971,415</u>

The inventory related expenses and losses recognized by the Consolidated Company in 2022 and 2021 were NT\$535,039 thousand and NT\$57,491 thousand respectively, under the operating costs:

	<u>2022</u>	<u>2021</u>
Gains on price recovery of inventory	\$ 328,975	6,341
Loss on inventory scrap	206,064	51,150
Total	<u>\$ 535,039</u>	<u>57,491</u>

Inventory costs recognized as operating costs and expenses in 2022 and 2021 were:

	<u>2022</u>	<u>2021</u>
Inventory costs recognized as operating costs and expenses	\$ 89,070,107	76,016,202
Less: operating costs attributable to the discontinued operation	(987,565)	(7,751,554)
	<u>\$ 88,082,542</u>	<u>68,264,648</u>

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

Please refer to note 8 for details of the inventory set as loan guarantee by the Consolidated Company as of December 31, 2022 and 2021.

(d) Disposal group held for sale

Kontron AG approved the sale of some IT service businesses through a board resolution on August 11, 2022, and passed an antitrust review on December 29, 2022. Therefore, the assets and liabilities related to the business are reported in the disposal group held for sale accordingly. The assets and liabilities of the disposal group to be sold on December 31, 2022 were NT\$206,496 thousand and \$155,725 thousand respectively, and the details are as follows:

	2022.12.31
Property, plant and equipment	\$ 12,478
Inventories	37,501
Accounts receivable and other receivables	110,914
Cash and cash equivalents	45,603
Assets of the group to be sold	<u>\$ 206,496</u>
Accounts payable and other payables	<u>\$ 155,725</u>
Liabilities of the group to be sold	<u>\$ 155,725</u>

(e) Investment based on equity method

The investments of the Consolidated Company using the equity method on the reporting date are listed as follows:

	2022.12.31	2021.12.31
Associates	<u>\$ 553,155</u>	<u>128,693</u>

1. Associates

On Feb 24, 2022, the subsidiary of the Consolidated Company -Hua Cheng International Investment Co., Ltd. subscribed the private placement of new shares of ARBOR Technology, at NT\$18.5 per share, acquired 16,000 thousand shares, held 17.11% of shares and a total amount of NT\$296,000 thousand.

On May 23, 2022, the Consolidated Company acquired 900 thousand shares of Smart Health Corp. for NT\$9,000 thousand, with a shareholding ratio of 30%, thus gaining significant influence over the company. The company's main operating projects include smart building system integration, energy management services, and cloud services..

The Consolidated Company disposed of the equity of DIVA Laboratories Ltd. in October 2021 and lost significant influence on it. The disposal price was NT\$362,898thousand, the disposal income was NT\$104,364thousand included under other benefits and losses in the statement of comprehensive income.

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

The Consolidated Company disposed 20% of the equity of Shenzhen Pictographic Technology Co., Ltd. in April 2, 2022 and lost significant influence on it. The disposal price was NT\$30,883 thousand (RMB7,000 thousand), the disposal income was NT\$1,652 thousand included under other benefits and losses in the statement of comprehensive income.

If the associates of the Consolidated Company adopting the equity method are individually insignificant, the summarized financial information is as follows. The financial information is the amount included in the consolidated financial report of the Consolidated Company:

	2022.12.31	2021.12.31
Ending summary carrying amount of equity of individual insignificant associates	\$ 553,155	128,693
	2022	2021
Shares attributable to the Consolidated Company:		
Net income for period	\$ 51,115	(6,529)
Other comprehensive income	2,112	(212)
Total comprehensive income	\$ 53,227	(6,741)

As of December 31, 2022 and 2021, the associates that the Consolidated Company adopts the equity method did not provide pledge, guarantee or without the restrictive circumstances.

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

(f) Business Combination

The Consolidated Company expands its business by acquiring the following companies and obtains relevant development, design and production technologies.

	Main operating activities	Acquisition date	Proportion purchased	Fair value of transfer consideration
HC Solutions GmbH	IoT industry	2021.01.01	100.00%	46,056
Axino Solutions GmbH	Information technology services	2021.04.01	100.00%	22,167
PSB IT-Service GmbH	Information technology services	2021.07.01	100.00%	-
Enterprise Concept S.R.L	Information technology services	2021.1.11	100.00%	78,300
Ultraschall technik Halle Gmb	IoT industry	2021.1.12	100.00%	54,807 (Note)
CNP GmbH/CNT GmbH	Information services	2022.01.01	100.00%	14,739 (Note)
Renown Information Technology Corp.	Information software services	2022.05.27	59.20%	10,000
LUCOM GmbH	IoT industry	2022.09.01	100.00%	156,800
Arce Mobility Solution S.A.U.	IoT industry	2022.12.31	100.00%	238,336 (Note)
Nationgate Integration (M) SDN. BHD.	Eletronic product manufacturing	2022.06.01	60.00%	4,072

Note: consolidation by merger.

The main categories of transfer consideration, asset acquisition, and liability assumption on the acquisition date and the amount of goodwill recognized are as follows:

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

1. The fair values of the main categories of transfer consideration at the acquisition date are as follows:

2022:

	CNP GmbH/ CNT GmbH	Renown Information	LUCOM GmbH	Arce Mobility Solution S.A.U.	Nationgate Integration (M) SDN. BHD.
Transfer consideration					
Cash	\$ 14,739	10,000	156,800	238,336	4,072

2021:

	HC Solutions GmbH	Anixo Solutions GmbH	PSB IT-Service GmbH	Enterprise Concept S.R.L	Ultraschallte chnik Halle GmbH
Transfer consideration					
Cash	\$ 40,716	6,264	-	78,300	39,147
Contingent consideration agreement	3,915	15,217	-	-	15,660
	\$ 44,631	21,481	-	78,300	54,807

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

2. Fair value of net identifiable assets acquired and liabilities assumed:

2022:

	CNP GmbH/ CNT GmbH	Renown Information	LUCOM GmbH	Arce Mobility Solutions S.A.U.	Nationgate Integration (M) SDN. BHD.
Cash and cash equivalents	\$ -	25,354	2,365	30,900	6,330
Notes and accounts receivable	-	13,219	6,504	65,697	-
Inventories	-	11,244	27,912	10,589	-
Contract assets	-	-	-	30,592	-
Other current assets	-	6,449	2,301	1,264	-
Property, plant and equipment	923	1,094	205	818	-
Right-of-use assets	11,035	-	6,959	3,372	-
Intangible assets	8,363	6,031	23,716	58,851	-
Deferred tax assets	-	-	1,667	9,195	-
Others	-	-	-	94	-
Short-term borrowing	-	-	-	(7,344)	-
Accounts payable	-	-	(6,913)	(64,908)	-
Contract liabilities	-	-	-	(18,513)	-
Lease liabilities - current	(1,991)	-	-	(1,657)	-
Other payables	(409)	(25,940)	(2,871)	-	(93)
Liability provisions	-	-	(1,895)	(14,896)	-
Deferred income tax liabilities	(2,509)	-	(7,352)	(14,713)	-
Lease liabilities - non-current	(9,044)	-	(4,541)	(1,714)	-
Other current liabilities	-	(251)	(4,653)	(15,174)	-
	\$ 6,368	37,200	43,404	72,453	6,237

**Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its
Subsidiaries (Continued)**

2021:	HC Solutions GmbH	Anixo Solutions GmbH	PSB IT-Service GmbH	Enterprise Concept S.R.L	Ultraschallt echnik Halle GmbH
Cash and cash equivalents	\$ 4,634	29,534	111	2,116	-
Notes and accounts receivable	10,735	25,586	17,681	9,774	-
Other receivables	4	8,326	3,277	1,321	-
Inventories	791	-	9,612	10,400	28,217
Prepayments	598	7,290	12,052	1,492	-
Contract assets	15,701	17,709	-	-	-
Others	210	-	30,225	-	-
Property, plant and equipment	1,807	817	3,434	391	18,792
Right-of-use assets	-	3,140	394	6,492	-
Intangible assets	14,190	33,600	12,843	28,752	10,065
Deferred tax assets	-	-	5,336	-	-
Others	2,042	-	-	1,013	-
Notes and accounts payable	(12,087)	(41,474)	(31,292)	(1,714)	-
Lease liabilities	-	(1,783)	(212)	(3,279)	-
Liability provisions	(6,239)	(22,431)	(30,120)	-	-
Contract liabilities	(8,272)	(41,707)	(69,322)	(1,139)	-
Other payables	(294)	(18,158)	(10,288)	(44)	-
Current income tax liabilities	(4,682)	(8,239)	(11)	(351)	-
Others	(11,073)	(21,299)	(22,150)	(285)	-
Contract liabilities	-	-	(35,392)	-	-
Deferred income tax liabilities	(3,594)	-	-	(4,845)	(3,020)
Lease liabilities	-	(1,358)	(182)	(3,436)	-
Liability provisions	(12,382)	-	-	-	-
Others	(1,746)	-	-	-	-
	\$ (9,657)	(30,447)	(104,004)	46,658	54,054

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

The original accounting treatment for the acquisition of assets has not been reviewed, the companies' assets on the balance sheet date are only provisional. At the date of issuance of this consolidated financial statement, 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 and book value of the accounts receivable obtained from these companies in the merger transaction are close to each other, and there is no expected unrecoverable amount on the acquisition date.

3. Goodwill

Goodwill generated from the acquisition:

2022:

	<u>CNP GmbH/ CNT GmbH</u>	<u>Renown Information</u>	<u>LUCOM GmbH</u>	<u>Arce Mobility Solutions S.A.U.</u>	<u>Nationgate Integration (M) SDN. BHD.</u>
Transfer consideration	\$ 14,739	10,000	156,800	238,336	4,072
Less: fair value of identifiable net assets (liabilities) acquired	6,368	37,200	43,404	72,453	6,237
Add: non-controlling interests (measured as the ratio of identifiable net assets to non-controlling interests)	-	23,384	-	-	2,495
Add: fair value of the original interest in the acquiree	-	11,393	-	-	-
Goodwill arising on acquisition	<u>\$ 8,371</u>	<u>7,577</u>	<u>113,396</u>	<u>165,883</u>	<u>330</u>

2021:

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

	HC Solutions GmbH	Anixo Solutions GmbH	PSB IT-Service GmbH	Enterprise Concept S.R.L	Ultraschal ltechnik Halle GmbH
Transfer consideration	\$ 44,631	21,481	-	78,300	54,807
Less: fair value of identifiable net assets (liabilities) acquired	<u>(9,657)</u>	<u>(30,447)</u>	<u>(104,004)</u>	<u>46,658</u>	<u>54,054</u>
Goodwill arising on acquisition	<u>\$ 54,288</u>	<u>51,928</u>	<u>104,004</u>	<u>31,642</u>	<u>753</u>

The goodwill arising from the acquisition mainly comes from control of premium. In addition, the consideration paid for the combination includes the expected combination synergies, revenue growth, and future market development. However, such benefits do not meet the requirements for recognition of identifiable intangible assets, thus they are not recognized separately.

4. Since the acquisition date, the income and net profit contributed by the acquired company are as follows:

2022:

	Renown Information	LUCOM GmbH	Nationgate Integration (M) SDN. BHD.
Operating revenue	<u>\$ 11,837</u>	<u>56,302</u>	<u>-</u>
Net income (loss) for period	<u>\$ (2,371)</u>	<u>3,126</u>	<u>(5)</u>

2021:

	HC Solutions GmbH	Anixo Solutions GmbH	PSB IT-Service GmbH	Enterprise Concept S.R.L	Ultraschallt echnik Halle GmbH
Operating revenue	<u>\$ 220,230</u>	<u>186,168</u>	<u>103,373</u>	<u>9,682</u>	<u>-</u>
Net income (loss)	<u>\$ 7,899</u>	<u>39,786</u>	<u>(3,819)</u>	<u>(1,040)</u>	<u>-</u>

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

(g) Changes in ownership interests in subsidiaries

1. The transactions in which the consolidated company changed its equity in subsidiaries and did not change its control over the company in 2022 and 2021 are as follows:

In January 2021, the Company issued new shares through capital increase, transferred the remained shares of AIS Cayman, increased the Company and EIH's consolidated shares from 62.36% to 100%.

CASWELL, INC. exercised the conversion right of convertible corporate bonds in 2021, resulted the shares held by CASWELL, INC. and Ennoconn International reduced from 31.91% to 31.77%.

In January 2022, Nanjing Asiatek did not subscribe Shenzhen Aisatek's capital increase by its shareholding ratio, which shares are increased from 70% to 73.51%. Please refer to Note 6(7) for details about 45% of equity to be disposed in June 2022.

MIC Inc. increased its equity through the exercise of stock options in 2022 and 2021, resulting in a decrease in the shareholding ratio of Ennoconn International from 44.04% to 42.80%, and a decrease in the shareholding ratio from 44.59% to 44.04%, respectively.

Kontron AG increased the comprehensive shareholding ratio of EIH and Ennoconn International from 27.22% to 27.64% in 2021 due to the execution of treasury stock repurchases.

Kontron AG increased its investment in its subsidiaries between 2022 and 2021, resulting in a change in net equity value.

In October 2022, Dexatek Technology Ltd. increased its equity due to the exercise of stock options, resulting in a decrease in the shareholding ratio of Ennoconn International from 56.36% to 56%.

As the above transactions, except for the disposal of 45% equity interest of Nanjing Asiatek, do not change the control over the subsidiary, they are treated as equity transactions.

2022:

	Marketech International Corp.	Kontron AG	Shenzhen Asiatek	Dexatek
The amount of non-controlling interests that should be transferred out (in) is calculated by the carrying amount of net assets of subsidiaries calculated by the equity change.	\$ 27,191	(11,278)	(1,672)	(533)
Difference in equity transactions	\$ 27,191	(11,278)	(1,672)	(533)

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

2021:

	Marketech International Corp.	S & T AG	Shenzhen Asiatek	Caswell	AIS Cayman	HghAim	YUH-WEI	Dexatek
Cash consideration received (paid)	\$ -	-	(43,375)	-	(922,170)	(9,361)	-	-
The amount of non-controlling interests that should be transferred out (in) is calculated by the carrying amount of net assets of subsidiaries calculated by the equity change.	222,058	(4,447)	43,599	7,254	223,614	9,652	(9,039)	(590)
Difference in equity transactions	<u>\$ 222,058</u>	<u>(4,447)</u>	<u>224</u>	<u>7,254</u>	<u>(698,556)</u>	<u>291</u>	<u>(9,039)</u>	<u>(590)</u>

In the balance of equity transactions listed above, except for AIS Cayman balance of equity transactions deducted from the retained earnings, the rest are adjusted as capital reserve.

(h) Loss of control over subsidiaries

In 2022, the Consolidated Company separately disposed of Shenzhen Asiatek, RTSoft Project OOO, Russia, RTSoft Training Center, BeeIN d.o.o., Iskratel Ukraine LTD, S&T Services Bel, Kontron Transportation, and Shenzhen Shengrong Precision Plastic Co., Ltd., and lost control over its subsidiaries. The relevant information is as follows:

1. Consideration received

	Shenzhen Asiatek	RTSoft Project OOO, Russia	RTSoft Training Center	BeeIN d.o.o.	Iskratel Ukraine LTD	S&T Services Bel	Kontron Transportation	Shenzhen Shengrong Precision Plastic Co., Ltd.
Cash and cash equivalents	\$ 121,318	410	-	314	-	3	-	3,085

2. Assets and liabilities that have lost control

	Shenzhen Asiatek	RTSoft Project OOO, Russia	RTSoft Training Center	BeeIN d.o.o.	Iskratel Ukraine LTD	S&T Services Bel	Kontron Transportation	Shenzhen Shengrong Precision Plastic Co., Ltd.
Cash and cash equivalents	\$ 45,691	30,689	129	51	16,429	1,120	6,407	627
Notes and accounts receivable	576,862	(8,547)	1,060	782	-	3,602	-	1,774
Inventories	195,728	41,644	11	-	-	-	-	1,341
Other current assets	82,599	30,193	-	-	-	-	-	173
Property, plant and equipment	203,752	-	37	39,297	-	2,433	-	7,213
Deferred tax assets	-	5,151	-	-	-	-	-	-
Goodwill	-	14,582	-	-	-	-	-	-
Intangible assets	-	81,440	-	-	-	-	-	-
Short-term borrowing	(80,260)	(18,537)	-	-	-	-	-	-
Accounts payable	(773,967)	-	-	-	-	-	-	(462)
Other payables	(14,852)	(110,028)	(136)	(1,828)	(789)	(870)	(789)	(107)
Other current liabilities	(62,936)	-	-	-	-	-	-	(16)
Other non-current liabilities	-	(4,091)	-	(458)	-	-	-	(5)
Deferred income tax liabilities	-	(285)	-	-	-	(11)	-	-
	<u>\$ 172,617</u>	<u>62,211</u>	<u>1,101</u>	<u>37,844</u>	<u>15,640</u>	<u>6,274</u>	<u>5,618</u>	<u>10,538</u>

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

3. Losses incurred by subsidiaries

	Shenzhen Asiatek	RTSoft Project OOO, Russia	RTSoft Training Center	BeeIN d.o.o.	Iskratel Ukraine LTD	S&T Services Bel	Kontron Transportation	Shenzhen Shengrong Precision Plastic Co., Ltd.
Consideration received	\$ 121,318	410	-	314	-	3	-	3,085
Net assets disposed of	(172,617)	(62,211)	(1,101)	(37,844)	15,640	(6,274)	(5,618)	(10,538)
Non-controlling interests	51,785	-	-	-	-	-	-	3,582
Net profit and loss	<u>\$ 486</u>	<u>(61,801)</u>	<u>(1,101)</u>	<u>(37,530)</u>	<u>15,640</u>	<u>(6,271)</u>	<u>(5,618)</u>	<u>(3,871)</u>

4. Net cash outflow from subsidiaries

	Shenzhen Asiatek	RTSoft Project OOO, Russia	RTSoft Training Center	BeeIN d.o.o.	Iskratel Ukraine LTD	S&T Services Bel	Kontron Transportation	Shenzhen Shengrong Precision Plastic Co., Ltd.
Consideration received	\$ 121,318	410	-	314	-	3	-	3,085
Less: Disposal of cash and cash equivalents	(45,691)	(30,689)	(129)	(52)	(16,429)	(1,120)	(6,407)	(627)
Net cash outflow from subsidiaries	<u>\$ 75,627</u>	<u>(30,279)</u>	<u>(129)</u>	<u>262</u>	<u>(16,429)</u>	<u>(1,117)</u>	<u>(6,407)</u>	<u>2,458</u>

The Consolidated Company disposed of S&T IT Service S.R.L, Kontron ECT desing S.R.O 及 Kontron (Beijing) Information and Communication on Technology Co., Ltd. (Kontron (Beijing)) in 2021 and lost control over its subsidiaries. The relevant information is as follows:

1. Consideration received

	S&T IT Service S.R.L	Kontron ECT desing s.r.o.	Kontron (Beijing)
Cash and cash equivalents	<u>\$ 23,497</u>	<u>6,890</u>	<u>-</u>

2. Assets and liabilities that have lost control

	S&T IT Service S.R.L	Kontron ECT desing s.r.o.	Kontron (Beijing)
Cash and cash equivalents	\$ 91,614	4,175	-
Accounts receivable	66,977	10,244	-
Property, plant and equipment	171	18,613	-
Payable	(75,427)	(6,116)	-
Other payables	(23,978)	(3,107)	(420)
Borrowings	-	(2,303)	-
Net assets disposed of	<u>\$ 59,357</u>	<u>21,506</u>	<u>(420)</u>

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

3. Losses incurred by subsidiaries

	S&T IT Service S.R.L	Kontron ECT desing s.r.o.	Kontron (Beijing)
Consideration received	\$ 23,497	6,890	-
Net assets disposed of	(59,356)	(21,505)	420
Non-controlling interests	29,284	-	-
Net profit (loss)	\$ (6,575)	(14,615)	420

4. Net cash outflow from subsidiaries

	S&T IT Service S.R.L	Kontron ECT desing s.r.o.	Kontron (Beijing)
Consideration received	\$ 23,497	6,890	-
Less: Disposal of cash and cash equivalents	(91,614)	(4,175)	-
Net cash outflow from subsidiaries	\$ (68,117)	2,715	-

(i) Subsidiary with significant non-controlling interests

The non-controlling interests of subsidiaries significant to the Consolidated Company are as follows:

Subsidiary Name	Country of main business premises/registration	Proportion of ownership interests and voting rights of non-controlling interests	
		2022.12.31	2021.12.31
Caswell, Inc.	Taiwan	68.23%	68.23%
Kontron AG	Austria	72.36%	72.36%
MIC Inc.	Taiwan	57.20%	55.96%

The summary financial information of the above subsidiaries is as follows. The financial information is prepared in accordance with the international financial reporting standards recognized by the FSC, and has reflected the fair value adjustment made by the Consolidated Company on the acquisition date and the adjustment made for the difference in accounting policies, and the financial information includes the amount before the cancellation of transactions between the Consolidated Company and subsidiaries.

**Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its
Subsidiaries (Continued)**

1. Summary financial information of Caswell, Inc. and its subsidiary

	2022.12.31	2021.12.31
Current assets	\$ 4,537,955	4,357,648
Non-current assets	761,511	598,297
Current liabilities	(1,646,584)	(1,446,133)
Non-current liabilities	(108,109)	(283,411)
Net assets	<u>\$ 3,544,773</u>	<u>3,226,401</u>
Ending carrying amount of non-controlling interests	<u>\$ 2,578,755</u>	<u>2,400,879</u>
	2022	2021
Operating revenue	<u>\$ 4,982,672</u>	<u>4,673,944</u>
Net income for period	\$ 452,533	240,065
Other comprehensive income	12,217	(23,576)
Total comprehensive income	<u>\$ 464,750</u>	<u>216,489</u>
Current net profit (loss) attributable to non-controlling interests	<u>\$ 268,915</u>	<u>122,738</u>
Total comprehensive profit and loss attributable to non-controlling interests	<u>\$ 8,834</u>	<u>105,778</u>
	2022	2021
Cash flows of operating activities	\$ 406,826	275,400
Cash flows of investing activities	(198,030)	(56,587)
Cash flows of financing activities	(185,619)	(305,325)
Effect of exchange rate changes on cash	11,004	(20,419)
Increase (decrease) in cash and cash equivalents	<u>\$ 34,181</u>	<u>(106,931)</u>
Dividends paid to non-controlling interests	<u>\$ 99,878</u>	<u>181,977</u>

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

2. Summary financial information of Kontron AG and its subsidiaries

	<u>2022.12.31</u>	<u>2021.12.31</u>
Current assets	\$ 33,661,106	26,092,951
Non-current assets	13,483,831	16,255,863
Current liabilities	(18,080,002)	(18,187,780)
Non-current liabilities	<u>(8,265,936)</u>	<u>(10,904,440)</u>
Net assets	<u>\$ 20,798,999</u>	<u>13,256,594</u>
Ending carrying amount of non-controlling interests	<u>\$ 17,423,504</u>	<u>12,094,778</u>
	<u>2022</u>	<u>2021</u>
Operating revenue	<u>\$ 34,422,378</u>	<u>44,494,457</u>
Net income for period	\$ 7,412,625	1,613,864
Other comprehensive income	<u>195,435</u>	<u>(236,069)</u>
Total comprehensive income	<u>\$ 7,608,060</u>	<u>1,377,795</u>
Current net profit (loss) attributable to non-controlling interests	<u>\$ 5,168,276</u>	<u>988,034</u>
Total comprehensive profit and loss attributable to non-controlling interests	<u>\$ 774,652</u>	<u>(468,571)</u>
	<u>2022</u>	<u>2021</u>
Cash flows of operating activities	\$ 1,122,128	2,789,992
Cash flows of investing activities	4,505,449	(2,077,016)
Cash flows of financing activities	(1,210,993)	(385,353)
Effect of exchange rate changes on cash	<u>12,922</u>	<u>133,739</u>
Increase in cash and cash equivalents	<u>\$ 4,429,506</u>	<u>461,362</u>
Dividends paid to non-controlling interests	<u>\$ 502,818</u>	<u>11,280</u>

3. MIC INC

	<u>2022.12.31</u>	<u>2021.12.31</u>
Current assets	\$ 30,098,714	22,945,728
Non-current assets	5,228,344	4,914,806
Current liabilities	(23,946,207)	(17,612,523)
Non-current liabilities	<u>(1,899,849)</u>	<u>(2,445,871)</u>
Net assets	<u>\$ 9,481,002</u>	<u>7,802,140</u>
Ending carrying amount of non-controlling interests	<u>\$ 5,514,864</u>	<u>4,487,298</u>

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

	2022	2021
Operating revenue	<u>\$ 50,366,704</u>	<u>34,458,674</u>
Net income for period	\$ 2,149,807	1,508,422
Other comprehensive income	91,713	(80,714)
Total comprehensive income	<u>\$ 2,241,520</u>	<u>1,427,708</u>
Current net profit (loss) attributable to non-controlling interests	<u>\$ 1,175,581</u>	<u>794,755</u>
Total comprehensive profit and loss attributable to non-controlling interests	<u>\$ 52,124</u>	<u>750,072</u>
	2022	2021
Cash flows of operating activities	\$ 1,395,070	437,799
Cash flows of investing activities	(18,098)	(605,570)
Cash flows of financing activities	791,593	1,389,807
Effect of exchange rate changes on cash	125,077	(26,760)
Increase in cash and cash equivalents	<u>\$ 2,293,642</u>	<u>1,195,276</u>
Dividends paid to non-controlling interests	<u>\$ 496,151</u>	<u>363,344</u>

(j) Property, plant and equipment

The details of changes in the cost, depreciation and impairment losses of the Company's property, plant and equipment in 2022 and 2021 are as follows:

	Land	Houses and buildings	Machinery and equipment	Leasehold improvements	Other equipment	Total
Cost:						
Balance as of January 1, 2022	\$ 592,113	6,004,696	3,526,732	56,363	769,179	10,949,083
Additions	-	93,050	530,818	3,785	394,970	1,022,623
Acquisition through business combinations	-	475	1,798	86	3,280	5,639
Non-current assets held for sale and discontinued operations	-	-	(11,436)	-	-	(11,436)
Disposal	(33,250)	(87,229)	(497,771)	(26,398)	(91,167)	(735,815)
Reclassification	34,119	(103,430)	157,217	(3,833)	(80,987)	3,086
Effects of exchange rate changes	3,281	(255,151)	(299,092)	13,111	14,139	(523,712)
Balance as of December 31, 2022	<u>\$ 596,263</u>	<u>5,652,411</u>	<u>3,408,266</u>	<u>43,114</u>	<u>1,009,414</u>	<u>10,709,468</u>
Balance as of January 1, 2021	\$ 626,395	6,838,304	5,538,002	97,303	803,508	13,903,512
Additions	9,902	374,916	846,786	8,362	227,128	1,467,094
Acquisition through business combinations	-	16,644	8,597	-	-	25,241
Disposal	(22,537)	(32,799)	(189,690)	-	(53,712)	(298,738)
Reclassification	(16,923)	(806,783)	(1,878,842)	(40,940)	(207,291)	(2,950,779)
Effects of exchange rate changes	(4,724)	(385,586)	(798,121)	(8,362)	(454)	(1,197,247)
Balance as of December 31, 2021	<u>\$ 592,113</u>	<u>6,004,696</u>	<u>3,526,732</u>	<u>56,363</u>	<u>769,179</u>	<u>10,949,083</u>

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

	Land	Houses and buildings	Machinery and equipment	Leasehold improvements	Other equipment	Total
Depreciation:						
Balance as of January 1, 2022	\$ -	1,881,964	1,894,118	29,668	445,340	4,251,090
Depreciation of the current year	-	232,965	484,682	11,341	117,955	846,943
Impairment loss	-	12,509	-	-	-	12,509
Acquisition through business combinations	-	-	104	86	2,409	2,599
Non-current assets held for sale and discontinued operations	-	-	(8,198)	-	-	(8,198)
Disposal	-	(430)	(267,398)	(12,101)	(54,044)	(333,973)
Reclassification	-	(149,228)	127,772	(11,036)	(4,460)	(36,952)
Effects of exchange rate changes	-	(34,423)	(205,530)	183	6,157	(233,613)
Balance as of December 31, 2022	<u>\$ -</u>	<u>1,943,357</u>	<u>2,025,550</u>	<u>18,141</u>	<u>513,357</u>	<u>4,500,405</u>
Balance as of January 1, 2021	\$ -	2,601,757	4,148,346	32,044	397,763	7,179,910
Depreciation of the current year	-	237,409	502,354	10,709	102,692	853,164
Impairment loss	-	47,309	-	-	-	47,309
Disposal	-	(3,562)	(111,265)	(3,597)	(40,739)	(159,163)
Reclassification	-	(951,632)	(2,572,439)	(9,366)	(10,698)	(3,544,135)
Effects of exchange rate changes	-	(49,317)	(72,878)	(122)	(3,678)	(125,995)
Balance as of December 31, 2021	<u>\$ -</u>	<u>1,881,964</u>	<u>1,894,118</u>	<u>29,668</u>	<u>445,340</u>	<u>4,251,090</u>
Book value:						
December 31, 2022	<u>\$ 596,263</u>	<u>3,709,054</u>	<u>1,382,716</u>	<u>24,973</u>	<u>496,057</u>	<u>6,209,063</u>
December 31, 2021	<u>\$ 592,113</u>	<u>4,122,732</u>	<u>1,632,614</u>	<u>26,695</u>	<u>323,839</u>	<u>6,697,993</u>

1. Impairment loss

The property, plant and equipment of the Consolidated Company includes a impairment loss of NT\$17,632 thousand. Due to the disposal of the IT Service department and the termination of some intangible asset projects, corresponding impairment losses should be included.

2. Guarantee

Please refer to note 8 for details of using long-term borrowing and financing lines as loan guarantee by the Consolidated Company as of December 31, 2022 and 2021.

(k) Intangible assets

The details of changes in the cost, amortization and depreciation of the Consolidated Company's intangible assets in 2022 and 2021 are as follows:

	Goodwill	Trademarks	Patent	Computer software	Customer relations	Others	Total
Cost or recognized cost:							
Balance as of January 1, 2022	\$ 13,347,834	2,165,186	621,691	4,954,251	1,964,731	2,527,167	25,580,860
Acquired separately	-	-	515	975,362	-	10,184	986,061
Acquired through business combinations	295,557	4,704	-	10,252	-	86,226	396,739
Non-current assets held for sale and discontinued operations	(4,002)	(141,272)	-	(113,404)	-	(533,772)	(792,450)
Disposal	(887,261)	(8,165)	-	(794,625)	-	(21,604)	(1,711,655)
Reclassification	-	-	(3,000)	(10,720)	-	(36,194)	(49,914)
Effects of exchange rate changes	616,659	78,334	-	419,999	75,854	105,100	1,295,946
Balance as of December 31, 2022	<u>\$ 13,368,787</u>	<u>2,098,787</u>	<u>619,206</u>	<u>5,441,115</u>	<u>2,040,585</u>	<u>2,137,107</u>	<u>25,705,587</u>

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

	Goodwill	Trademarks	Patent	Computer software	Customer relations	Others	Total
Balance as of January 1, 2021	\$ 13,850,405	2,459,261	593,269	4,439,746	2,185,790	2,572,235	26,100,706
Acquired separately	-	-	45,913	902,488	-	29,233	977,634
Acquired through business combinations	242,615	2,566	24,524	1,476	-	70,884	342,065
Disposal	-	(32,493)	-	(86,619)	-	(1,682)	(120,794)
Reclassification	-	-	-	(45)	-	-	(45)
Effects of exchange rate changes	(745,186)	(264,148)	(42,015)	(302,795)	(221,059)	(143,503)	(1,718,706)
Balance as of December 31, 2021	\$ 13,347,834	2,165,186	621,691	4,954,251	1,964,731	2,527,167	25,580,860
Amortization:							
Balance as of January 1, 2022	\$ 61,835	627,328	378,377	2,207,176	1,010,259	1,635,737	5,920,712
Current amortization	-	95,763	61,810	1,496,766	233,421	286,187	2,173,947
Acquired through business combinations	-	-	-	4,221	-	-	4,221
Non-current assets held for sale and discontinued operations	-	(127,973)	-	(55,523)	-	(422,816)	(606,312)
Disposal	-	(5,519)	-	(640,760)	-	(18,365)	(664,644)
Reclassification	-	-	(3,000)	(10,720)	-	3,000	(10,720)
Effects of exchange rate changes	6,680	15,531	-	270,490	46,114	75,236	414,051
Balance as of December 31, 2022	\$ 68,515	605,130	437,187	3,271,650	1,289,794	1,558,979	7,231,255
Balance as of January 1, 2021	\$ 62,786	633,201	358,393	1,681,951	1,026,254	1,274,813	5,037,398
Current amortization	-	96,942	62,018	645,901	244,242	353,620	1,402,723
Disposal	-	(32,493)	-	(69,415)	-	(1,682)	(103,590)
Effects of exchange rate changes	(951)	(70,322)	(42,034)	(51,261)	(260,237)	8,986	(415,819)
Balance as of December 31, 2021	\$ 61,835	627,328	378,377	2,207,176	1,010,259	1,635,737	5,920,712
Book value:							
December 31, 2022	\$ 13,300,272	1,493,657	182,019	2,169,465	750,791	578,128	18,474,332
December 31, 2021	\$ 13,285,999	1,537,858	243,314	2,747,075	954,472	891,430	19,660,148

1. Impairment loss

The accumulated and amortized amount of computer software includes a impairment loss of NT\$813,734 thousand yuan, which is due to Kontron AG's restructuring of the overall organization in 2022, including the disposal of the IT Service department, resulting in the termination of some software development projects. Therefore, a impairment loss is included.

2. Intangible assets with indefinite useful lives

Some trademark rights from business combinations can have their legal lives extended by application at very little cost. The Consolidated Company is expected to continue to apply for extending the legal lives of these and to produce these series of products. Therefore, it is expected that the trademark rights will continue to generate net cash inflow, and thus they are regarded as intangible assets with indefinite useful lives.

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

(l) Other current assets and other non-current assets

	2022.12.31	2021.12.31
Other receivables	\$ 1,099,860	1,145,262
Current income tax assets	101,519	92,251
Prepayments	1,556,041	1,360,349
Other financial assets	44,525	42,119
Refundable deposits	112,092	340,854
Prepayments for equipment	16,165	16,210
Contract assets-non-current	34,711	6,067
Others	7,590,570	3,136,210
	\$ 10,555,483	6,139,322
Current	\$ 9,540,219	4,917,814
Non-current	1,015,264	1,221,508
	\$ 10,555,483	6,139,322

1. Other financial assets

Mainly pledged bank deposits, which are used as guarantees for long-term loans and financing lines. Please refer to Note 8 for details.

(m) Short-term borrowing

	2022.12.31	2021.12.31
Unsecured bank borrowings	\$ 14,514,898	8,534,442
Guaranteed bank loan	600,539	942,512
	\$ 15,115,437	9,476,954
Unused quota	\$ 21,943,239	19,411,317
Interest rate range	0.50%~19.25%	0.25%~5.50%

The Consolidated Company sets out the assets as pledged collateral for bank loans in Note 8.

1. Issuance and repayment of loans

The newly increased amount of short-term borrowings of the Consolidated Company in 2022 was NT\$5,729,937 thousand, with borrowing rates ranging from 1.19% to 13.8%. The maturity date was from October 11, 2022 to March 24, 2023. Please refer to note 6(23) of interest rate fees.

2. Collateral for bank loans

The Consolidated Company sets out the assets as pledged collateral for bank loans in Note 8.

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

(n) Long-term loans

	2022.12.31		
	Interest rate range (%)	Maturity year	Amount
Unsecured bank borrowings	1.05%~3.32%	112~120	\$ 7,106,552
Guaranteed bank loan	0.44%~2.03%	119~127	975,763
Subtotal			8,082,315
Less: Those maturing within one year			(1,369,006)
Total			<u><u>\$ 6,713,309</u></u>

	2021.12.31		
	Interest rate range (%)	Maturity year	Amount
Unsecured bank borrowings	1.00%~1.44%	112~124	\$ 6,893,258
Guaranteed bank loan	0.44%~1.50%	120~127	951,766
Subtotal			7,845,024
Less: Those maturing within one year			(11,926)
Total			<u><u>\$ 7,833,098</u></u>

The Consolidated Company sets out the assets as pledged collateral for bank loans in Note 8.

(o) Bonds payable

The Consolidated Company has the following balance of corporate bonds payable:

	2022.12.31	2021.12.31
The 3rd domestic unsecured convertible bonds	\$ 5,560,778	5,497,329
The 4th domestic unsecured convertible bonds	962,204	952,683
The 1st overseas unsecured convertible bonds	-	1,137,035
The 1st privately placed unsecured convertible bonds	1,473,913	1,466,888
Unsecured convertible corporate bonds of subsidiaries	812,275	1,050,835
Less: Those maturing or able to have redemption rights exercised within one year	(812,275)	(1,137,035)
Ending balance of corporate bonds payable	<u><u>\$ 7,996,895</u></u>	<u><u>8,967,735</u></u>

1. To meet the needs of working capital and reinvestment, the Company issued the third domestic unsecured convertible corporate bonds on February 26, 2019. The issuance conditions are as follows:

- (1) Total issuance: 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

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

(6)Term: 2019.02.26~2024.02.26

(7)Conversion period:

Except for the suspension period of conversion, the creditors may at any time request that the convertible corporate bonds held be converted into the ordinary shares of the Company from the following day after three months of issuance date (May 27, 2019) to the expiration date February 26, 2024, in accordance with the regulations on corporate bond conversion. The suspension period of conversion is as follows:

- A. During the book closure period, the transfer of ordinary shares is suspended in accordance with the law.
- B. The Company will negotiate with Taipei Exchange on the period from the 15 business days before the book closure date of issuance of bonus shares, the book closure date of cash dividend or the book closure date of the issuance of ordinary shares for cash to the record date of rights distribution.
- C. The date of capital reduction is cut off one day before the commencement of capital reduction.
- D. 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 ordinary shares, the conversion price shall be adjusted under Article 12 of the Company's regulations on domestic issuance and conversion of unsecured convertible corporate bonds. As of December 31, 2022, the conversion price was adjusted to NT\$213.6.

(9)Redemption rights of creditors:

30 days prior to 3 years after the issuance of corporate bonds (February 26, 2022), bondholders may notify the Company in written based on the regulations of corporate bonds conversion method to request the addition of interest charges to face value (1.5075% of corporate bonds face value after 3 years) and redeem convertible corporate bonds in cash.

(10)The Company's redemption option:

From the day after the issuance of corporate bonds for 3 months (May 27, 2019) to 40 days before the maturity date (January 17, 2024), if the closing price of the Company's ordinary shares exceeds the current conversion price for 30 consecutive business days for up to 30%, or the outstanding balance of the convertible corporate bonds is less than 10% of the original total amount of the issuance, the Company may notify the bondholders in accordance with the regulations of conversion method and call back all the corporate bonds by cash at par value.

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

These convertible corporate bonds comprise liabilities and equity component. The equity component is presented in equity as a capital surplus - stock warrants. The liability components are the liabilities of embedded derivative financial products and non-derivative financial products. The measured amount of derivative financial liabilities on December 31, 2022 is NT\$1,127 thousand at fair value cost and non-derivative financial liabilities on December 31, 2022 is NT\$5,560,778 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	(332,132)
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— NT\$9,592 thousand—have not been reviewed)	5,675,016
Interest calculated at effective interest rate of 1.1542%	245,780
Loss (benefit) from financial product evaluation	(12,088)
Converting corporate bonds payable into ordinary shares	(349,057)
The liability components as of December 31, 2022	\$ 5,559,651

2. To meet the needs of working capital and reinvestment, the Company issued the first foreign unsecured convertible corporate bonds on March 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 US\$31.653 will be converted into NT dollars equivalent to US dollars for the repayment, repurchase, and redemption of the corporate 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) Term: 2017.03.10~2022.03.10
- (7) Conversion period:

Except for the suspension period of conversion, the creditor may request at any time that the convertible corporate bonds held be converted into the ordinary shares of the Company from the following day (April 10, 2017) after 30 days of issuance date to 10 days before (February 28, 2022) the expiration date under the regulations of corporate bonds conversion method.

(8) Conversion price:

The creditors may request the Company to convert the corporate bonds they held

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

into ordinary shares of the Company at a fixed exchange rate of NT\$31.653 and the conversion price of NT\$488 per share. In the event of an increase in the shares of the Company's issued ordinary shares, the conversion price shall be adjusted under Article 13 of the Company's regulations on issuance and conversion of foreign unsecured convertible corporate bonds. As of January 26, 2022, the conversion price was adjusted to NT\$375.33.

(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 issuer 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) Redemption rights of creditors:

Upon 2 years after the issuance of corporate bonds (March 10, 2019) and 4 years (March 10, 2021), bondholders may notify the Company in written based on the regulations of corporate bonds conversion method to request the addition of interest charges to face value (1.25% of corporate bonds face value) and redeem convertible corporate bonds in cash.

(11) The Company's redemption option:

After 2 years (August 30, 2019) of issuance of the corporate bonds, if 20 trading days in 30 consecutive business days of the ordinary shares of the issuing company, the closing price of the corporate 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 corporate bonds is 130% and above, the issuer may redeem corporate bonds in whole or in part in advance at the calculated price of the nominal amount of the corporate 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 issuer may redeem all the outstanding bonds in advance at the early redemption price of the issuer.

These convertible corporate bonds comprise liabilities and equity component. The equity component is presented in equity as a capital surplus - stock warrants. The liability components are the liabilities of non-derivative financial products, as of December 31, 2022, its measured amount of amortized cost is NT\$0 thousand, and the effective interest rate initially recognized is 2.4144%.

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

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 effective interest rate of 2.4144%	351,776
Converting corporate bonds payable into ordinary shares	(90,841)
Corporate bonds payable with exercised redemption rights	(6,239,758)
The liability components as of December 31, 2022	\$ -

3. To meet the needs of operating development and planning and introduce long-term strategic investment partners, the Company privately issued the first domestic unsecured convertible corporate bonds on September 2, 2021. The issuance conditions are as follows:

- (1) Total issuance: NT\$1,500,000 thousand
- (2) Face value: NT\$100 thousand each
- (3) Coupon rate: 0%
- (4) Effective interest rate: 0.479%
- (5) Book value at issuance: NT\$1,464,589 thousand
- (6) Term: 2021.09.02 ~ 2026.09.02
- (7) Conversion period:

Except for the suspension period of conversion, the creditors may at any time request that the convertible corporate bonds held be converted into the ordinary shares of the Company from the following day after three months of issuance date (December 3, 2021) to the expiration date September 2, 2026, in accordance with the regulations on corporate bond conversion. The suspension period of conversion is as follows:

- A. During the book closure period, the transfer of ordinary shares is suspended in accordance with the law.
- B. The period of 15 business days before the book closure date of issuance of bonus shares, the book closure date of cash dividend or the book closure date of the issuance of ordinary shares for cash to the record date of rights distribution.
- C. The date of capital reduction is cut off one day before the commencement of capital reduction.
- D. 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\$220.7. In the event of an increase in the shares of the Company's privately issued ordinary shares, the conversion price shall be adjusted under Article 11 of the Company's regulations on domestic issuance and conversion of unsecured convertible corporate bonds. As of December 31, 2022, the conversion price was adjusted to NT\$205.6.

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

(9) Redemption rights of creditors:

30 days prior to the issuance of corporate bonds for three years (September 2, 2024), the bondholders may notify the Company in writing based on the regulations of corporate bonds conversion method to require the Company to redeem the convertible corporate bonds held by them in cash based on the nominal amount of the corporate bonds.

(10) The Company's redemption option:

From the day after the issuance of corporate bonds for 3 years (December 3, 2024) to 40 days before the maturity date (July 24, 2026), if the closing price of the Company's ordinary shares exceeds the current conversion price for 30 consecutive business days for up to 30%, or the outstanding balance of the convertible corporate bonds is less than 10% of the original total amount of the issuance, the Company may notify the bondholders in accordance with the regulations of conversion method and call back all the corporate bonds by cash at par value.

(11) Repayment upon maturity of bonds:

Unless the bonds have been redeemed, repurchased, and written-off or the bondholder has exercised the conversion right, the issuer will repay the bonds in full cash on the maturity date according to the nominal amount of the bonds.

These convertible corporate bonds comprise liabilities and equity component. The equity component is presented in equity as a capital surplus - stock warrants. The liability components are the liabilities of embedded derivative financial products and non-derivative financial products. The measured amount of derivative financial liabilities on December 31, 2022 is NT\$450 thousand at fair value cost and non-derivative financial liabilities on December 31, 2022 is NT\$1,473,913 thousand at amortized cost, and its effective interest rate initially recognized is 0.479%.

Issue proceeds (less transaction costs of NT\$165 thousand)	\$ 1,499,835
Equity components	(35,396)
Liability components on the date of issuance (including corporate bonds payable of NT\$1,464,589 thousand and financial liabilities at fair value through profit or loss - non-current of NT\$150 thousand)	1,464,439
Interest calculated at effective interest rate of 0.479%	9,324
Loss (benefit) from financial asset evaluation	600
The liability components as of December 31, 2022	\$ 1,474,363

**Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its
Subsidiaries (Continued)**

4. To meet the needs of working capital and repayment of long-term borrowings, the Company issued the fourth domestic unsecured convertible corporate bonds on November 16, 2021. The issuance conditions are as follows:

- (1) Total issuance: NT\$1,000,000 thousand
- (2) Face value: NT\$100 thousand each
- (3) Coupon rate: 0%
- (4) Effective interest rate: 0.9994%
- (5) Book value at issuance: NT\$951,494 thousand
- (6) Term: 2021.11.16~2026.11.16
- (7) Conversion period:

Except for the suspension period of conversion, the creditors may at any time request that the convertible corporate bonds held be converted into the ordinary shares of the Company from the following day after three months of issuance date (February 17, 2021) to the expiration date November 16, 2026, in accordance with the regulations on corporate bond conversion. The suspension period of conversion is as follows:

- A. During the book closure period, the transfer of ordinary shares is suspended in accordance with the law.
- B. The Company will negotiate with Taipei Exchange on the period from the 15 business days before the book closure date of issuance of bonus shares, the book closure date of cash dividend or the book closure date of the issuance of ordinary shares for cash to the record date of rights distribution.
- C. The date of capital reduction is cut off one day before the commencement of capital reduction.
- D. 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\$221.1. In the event of an increase in the shares of the Company's issued ordinary shares, the conversion price shall be adjusted under Article 12 of the Company's regulations on domestic issuance and conversion of unsecured convertible corporate bonds. As of December 31, 2022, the conversion price was adjusted to NT\$211.6.

(9) Redemption rights of creditors:

30 days prior to 3 years after the issuance of corporate bonds (February 26, 2022), bondholders may notify the Company in written based on the regulations of corporate bonds conversion method to request redeem convertible corporate bonds in cash by the carrying amount.

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

(10) The Company's redemption option:

From the day after the issuance of corporate bonds for three years (November 27, 2024) to 40 days before the maturity date (January 17, 2026), if the closing price of the Company's ordinary shares exceeds the current conversion price for 30 consecutive business days by up to 30%, or the outstanding balance of the convertible corporate bonds is less than 10% of the original total amount of the issuance, the Company may notify the bondholders in accordance with the regulations of conversion method and call back all the corporate bonds by cash at par value.

A. Repayment upon maturity of bonds:

Unless the bonds have been redeemed, repurchased, and written-off or the bondholder has exercised the conversion right, the issuer will repay the bonds in full cash on the maturity date according to the nominal amount of the bonds.

These convertible corporate bonds comprise liabilities and equity component. The equity component is presented in equity as a capital surplus - stock warrants. The liability components are the liabilities of embedded derivative financial products and non-derivative financial products. The measured amount of derivative financial liabilities on December 31, 2022 is NT\$2,100 thousand at fair value cost and non-derivative financial liabilities on December 31, 2022 is NT\$962,204 thousand at amortized cost, and its effective interest rate initially recognized is 0.9994%.

Issue proceeds (less transaction costs of NT\$3,480 thousand)	\$ 1,001,520
Equity components	(49,428)
Liability components on the date of issuance (including corporate bonds payable of NT\$951,494 thousand and financial liabilities at fair value through profit or loss - non-current of NT\$598 thousand)	952,092
Interest calculated at effective interest rate of 0.9994%	10,710
Loss (benefit) from financial product evaluation	1,502
The liability components as of December 31, 2022	\$ 964,304

5. The main conditions related to the issuance of unsecured convertible corporate bonds of subsidiaries are as follows:

- (1) Total issuance: NT\$700,000 thousand
- (2) Face value: NT\$100 thousand each
- (3) Coupon rate: 0%
- (4) Effective interest rate: 0.5%
- (5) Term: 2020.02.10 ~ 2023.02.10
- (6) Conversion period: The bondholders may, from the day following the expiration of three months from the issuance date of the convertible corporate bonds to the expiration date, except for the period when ordinary shares are ceased from transferring by law, the

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

period from the 15 business days before the book closure date of issuance of bonus shares, the book closure date of cash dividends, or the book closure date of the cash capital increase to the record date of rights distribution of the issuer, or from the record date of the capital reduction to one day before the trading date starting to process the capital reduction for issuance of new shares, at which point conversion may not be requested, file a request at any time to convert the convertible corporate bonds held into the issuer's ordinary shares in accordance with regulation through trading securities firms, and will inform the Taiwan Depository & Clearing Corporation and the issuer's stock affairs agency.

(7) Conversion price and adjustment:

The conversion price at issue was NT\$104.1 and is changed to NT\$96.5 from August 21, 2022.

(8) Redemption right:

A. From the day following the expiration of three months from the issuance date to 40 days before the expiration of the issuance period, if the closing price of the ordinary shares of the issuer at the business premises of the securities firm exceeds the current conversion price by more than 30% (inclusive) for 30 consecutive business days, the issuer may redeem all the outstanding convertible corporate bonds in cash according to the face value of the bonds within the next 30 business days.

B. From the day following the expiration of three months from the date of issuance to 40 days before the expiration of the issuance period, if the outstanding balance of the convertible corporate bonds is less than 10% of the total amount of the original issuance, the issuer may redeem all the outstanding convertible corporate bonds in cash at any time thereafter according to the face value of the bonds.

C. If the bondholder fails to reply in writing to the agency of the issuer before the benchmark date of bond retirement specified in the "Bond Retirement Notice", the issuer will redeem all outstanding principal convertible corporate bonds in cash according to the face value of the bonds within five business days after the benchmark date of bond retirement.

6. The main conditions related to the issuance of unsecured convertible corporate bonds of subsidiaries are as follows:

- (1) Total issuance: NT\$1,500,000 thousand
- (2) Face value: NT\$100 thousand each
- (3) Coupon rate: 0%
- (4) Effective interest rate: 1.0255%
- (5) Term: 2020.12.15~2023.12.15

**Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its
Subsidiaries (Continued)**

(6) Conversion period: from the day after the expiration of three months after the date of bond issuance to the maturity date, except for the period during which the transfer of ownership is suspended in accordance with the conversion measures or laws and regulations, the bondholders may request the subsidiary to convert into ordinary shares of the subsidiary. The rights and obligations of the ordinary shares after conversion are the same as those of the originally issued ordinary shares.

(7) Conversion price and adjustment:

The conversion price of this convertible corporate bond is determined in accordance with the prescribed model set forth in the conversion regulations. In case of the Company's anti-dilution clause coming into effect, the conversion price will be adjusted in accordance with the prescribed model set forth in the conversion regulations; subsequently, on the benchmark date of the regulation, the conversion price shall be re-set according to the setting mode specified in the conversion regulation. If it is higher than the conversion price before the re-setting in the current year, it shall not be adjusted.

(8) Redemption right:

A. Redemption at maturity: After the issuance of this bond expires, the subsidiary will repay the principal at one time.

B. Early redemption: From the day following the issuance of the convertible corporate bonds for three months to 40 days before the expiration of the issuance period, when the closing price of the ordinary shares of the subsidiary exceeds the current conversion price by 30% for 30 consecutive business days, or from the day after the issuance of the convertible corporate bonds for three months to 40 days before the expiration of the issuance period, when the outstanding balance of the convertible corporate bonds is less than 10% of the total face value of the original issue, the subsidiary may redeem all its bonds in cash at any time thereafter according to the face value of the bonds.

C. According to the regulations on conversion method, all redeemed, repaid, or converted corporate bonds of all subsidiaries will be written-off, and all the rights and obligations attached to the corporate bonds will be extinguished and will not be issued.

(p) Employee benefits

1. Defined benefit plan

The adjustment between the present value of benefit obligations and the fair value of plan assets determined by the Consolidated Company is as follows:

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

	2022.12.31	2021.12.31
The present value of defined benefit obligations	\$ 563,984	659,932
Fair value of plan assets	(191,803)	(184,993)
Net defined benefit liabilities	\$ 372,181	474,939
	2022.12.31	2021.12.31
Defined benefit assets (account as other non-current assets)	\$ (940)	(751)
Defined benefit liabilities	373,121	475,690
Net defined benefit liabilities	\$ 372,181	474,939

The Company and its domestic subsidiaries contributes an amount to a retirement fund that is deposited with Bank of Taiwan. 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. Foreign subsidiaries contribute and pay pensions to relevant statutory bodies for administration in accordance with relevant local laws and regulations.

(1) Plan asset composition

The Company and its domestic subsidiaries contributes the pension fund under the "Labor Standard Act", which is administered by the Bureau of Labor Funds of the Ministry of Labor. In accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, the annual return of the Fund shall not be lower than the average interest rate of a 2-year-term time deposit of local banks.

Please visit the website of the Bureau of Labor Funds of the Ministry of Labor for the use of labor retirement fund, including fund return and asset allocation.

(2) Changes in the present value of defined benefit obligations

The changes in defined benefit liabilities of the Consolidated Company in 2022 and 2021 are as follows:

	2022	2021
Defined benefit obligations on January 1	\$ 659,932	731,106
Current service cost and interest	18,646	14,101
— Actuarial gains (losses) - changes in population statistics assumption	119	1,545
— Actuarial gains (losses) - changes in financial assumptions	(118,414)	(23,150)
— Actuarial gains (losses) - experience adjustments	11,298	9,036
Benefits paid by the plan	(19,027)	(23,288)
Settlements	(88)	-
Exchange differences of foreign schemes	11,518	(49,418)
December 31 Defined benefit liabilities	\$ 563,984	659,932

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

(3) Changes in fair value of plan assets

The changes in the fair value of defined benefit plan of the Consolidated Company in 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Fair value of plan assets on January 1	\$ 184,993	194,634
Interest income	1,295	757
— Plan asset remuneration (excluding current interest)	27,399	2,983
Amount allocated to the scheme	5,056	5,079
Benefits paid by the plan	(3,484)	(13,650)
Exchange differences of foreign schemes	<u>(23,456)</u>	<u>(4,810)</u>
Fair value of plan assets on December 31	<u>\$ 191,803</u>	<u>184,993</u>

(4) Recognized gain (loss) expenses

The details of recognized costs in 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Current service costs	\$ 13,499	10,788
Net defined benefit liabilities (assets)	<u>3,852</u>	<u>2,556</u>
	<u>\$ 17,351</u>	<u>13,344</u>

(5) Remeasurement of net defined benefit liabilities recognized as other comprehensive income and loss

The remeasured amounts of net defined benefit liabilities reported as other comprehensive income for the Consolidated Company in 2022 and 2021 were NT\$134,396 thousand and NT\$15,552 thousand, respectively.

(6) Actuarial assumption

The material actuarial assumptions used by the Consolidated Company to determine the present value of defined benefit obligations as of the reporting date are as follows:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Discount rate	1.29%~4.21%	0.65%~1.7%
Increase in future salary	0%~3%	0.0%~3.0%
Mortality Rate	90% of 5th Period Taiwan Life Tables	90% of 5th Period Taiwan Life Tables
Turnover rate	0%~34%	0%~34%

The Consolidated Company is expected that the amount of appropriation for defined benefit plans within 1 year after the reporting date for the year ended on Dec 31, 2021 is NT\$23,839 thousand.

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

The weighted average duration of defined benefit plans is 10 years.

(7) Sensitivity analysis

The effects of changes in the main actuarial assumptions adopted on Dec. 31, 2022 and 2021 on the present value of defined benefit obligations are as follows:

	Effects on defined benefit obligations	
	Increased by 0.25%	Decreased by 0.25%
December 31, 2022		
Discount rate	\$ (20,747)	22,164
Increase in future salary	13,287	(12,801)
December 31, 2021		
Discount rate	(33,969)	37,415
Increase in future salary	18,489	(17,533)

The sensitivity analysis above was based on the analysis of the effects of changes in a single hypothesis with other assumptions unchanged. Changes in many assumptions in practice may be interlinked. Sensitivity analysis is consistent with the method used to calculate the net pension liabilities on the balance sheet.

The methodology and assumptions used in the sensitivity analysis are the same.

2. Defined contribution plan

The Consolidated Company and its domestic subsidiaries shall contribute the retirement funds of employees to the individual accounts for labor retirement funds of the Bureau of Labor Insurance according to 6% of the monthly salaries of labors under the provisions of Labor Pension Act. Under this plan, after contributing fixed amount to the Bureau of Labor Insurance, the Consolidated Company will not assume the legal or constructive obligations of paying extra amount. Foreign subsidiaries contribute pensions to relevant statutory bodies for administration in accordance with relevant local laws and regulations.

The pension expense under the defined contribution retirement funds of the Company in the year of 2021 and 2020 are NT\$239,385 thousand and NT\$306,230 thousand respectively, which have been contributed to the Bureau of Labor Insurance or local authorities.

(q) Income taxes

1. Income tax expenses

The details of the income tax expense of the Consolidated Company in 2022 and 2021 are as follows:

**Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its
Subsidiaries (Continued)**

	<u>2022</u>	<u>2021</u>
Income tax expenses for the period		
Recognized for the period	\$ 1,530,129	903,406
Adjustment of the income tax in the previous year	29,206	(3,886)
	<u>1,559,335</u>	<u>899,520</u>
Deferred income tax expenses		
Occurrence and reversal of temporary differences	(122,324)	(2,391)
Income tax expenses (excluding income tax on the sale of discontinued operations)	1,437,011	897,129
Less: income tax expenses attributable to the discontinued operation	(111,123)	(109,676)
Income tax expenses	<u>\$ 1,325,888</u>	<u>787,453</u>

The details of income tax expenses under recognized other comprehensive profits/losses of the Consolidated Company in 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Net profit before tax of continuing operations	<u>\$ 3,709,274</u>	<u>3,534,329</u>
Income tax calculated at domestic tax rate	\$ 2,216,307	849,851
Effect of tax rate differences in foreign jurisdictions	202,216	489,113
Adjustment according to tax laws	(613,221)	(66,871)
Tax-exempted income	(46,016)	(148,133)
Tax incentives	-	(3,118)
Changes in unrecognized temporary differences	(405,246)	(299,748)
Overestimate in the previous year	25,751	39,228
Surtax on undistributed retained earnings	5,943	30,107
Basic income tax	491	4,086
Repatriation of surplus of subsidiaries	-	2,051
Overseas profit repatriated to withholding tax	<u>50,786</u>	<u>563</u>
Income tax expenses (excluding income tax on the sale of discontinued operations)	1,437,011	897,129
Less: income tax expenses attributable to the discontinued operation	(111,123)	(109,676)
Income tax expenses	<u>\$ 1,325,888</u>	<u>787,453</u>

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

2. Deferred income tax assets and liabilities

(1) Unrecognized deferred income tax liabilities

As for the temporary differences related to investment subsidiaries as of December 31, 2022 and 2021, the Consolidated Company can control the time point of the reversal of the temporary differences and is likely not to reverse in the foreseeable future, so the deferred income tax liabilities are not recognized. Related amounts are:

	2022.12.31	2021.12.31
Summary amount of temporary differences related to investment in subsidiaries	\$ 939,624	533,169

(2) Unrecognized deferred income tax assets

The item not recognized as deferred income tax assets by the Consolidated Company is as follows:

	2022.12.31	2021.12.31
Tax loss	\$ -	1,564,708

The loss due to taxation is subject to the income tax law, and the net profit of the ten years before the loss is deducted by the tax collection authority. These items are not recognized as deferred income tax assets because it is not likely that the Consolidated Company will have sufficient tax offices for such temporary differences in the future.

As of December 31, 2022, the tax losses of the Consolidated Company that have not been recognized as deferred income tax assets are deducted as follows:

	Loss not deducted	Last year that can be deducted
\$	5,370	2023
	23,393	2024
	29,740	2025
	41,960	2026
	54,437	2027
	80,855	2028
	11,673	2029
	34,570	2030
	1,722,572	2034
	16,507	2035
	21,029	2036
	6,123,109	No limit
	\$ 8,165,215	

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

(3) Recognized deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities:

Deferred income tax liabilities:

	Defined benefit plan	Fiscal and tax difference	Asset revaluation	Others	Total
January 1, 2022	\$ 617	465,958	69,354	-	535,929
Debit/(credit) income statement	37	(263,383)	-	-	(263,346)
Debit/(credit) other comprehensive profit and loss	-	1,726	-	-	1,726
Exchange differences on translation of foreign financial statements	-	106,722	-	-	106,722
December 31, 2022	\$ 654	311,023	69,354	-	381,031
January 1, 2021	\$ 612	458,936	69,354	-	528,902
Debit/(credit) income statement	-	(16,127)	-	-	(16,127)
Debit/(credit) other comprehensive profit and loss	6	-	-	-	6
Exchange differences on translation of foreign financial statements	(1)	23,149	-	-	23,148
December 31, 2021	\$ 617	465,958	69,354	-	535,929

Deferred income tax assets:

	Allowance for inventory market price decline	Loss deduction	Bad debt loss	Liability provisions	Others	Total
January 1, 2022	\$ 59,090	1,157,935	35,792	294,786	17,106	1,564,709
Debit/(credit) income statement	(11,702)	(225,970)	12,379	(34,217)	31,421	(228,089)
Debit/(credit) other comprehensive profit and loss	-	-	-	(32,909)	(23,580)	(56,489)
Exchange differences on translation of foreign financial statements	246	47,696	-	17,778	60,637	126,357
December 31, 2022	\$ 47,634	979,661	48,171	245,438	85,584	1,406,488
January 1, 2021	\$ 251,104	826,741	73,365	285,205	199,117	1,635,532
Debit/(credit) income statement	(13,004)	139,201	(37,261)	(75,409)	(33,583)	(20,056)
Debit/(credit) other comprehensive profit and loss	-	-	-	(1,664)	20,526	18,862
Exchange differences on translation of foreign financial statements	(179,010)	191,993	(312)	86,654	(168,954)	(69,629)
December 31, 2021	\$ 59,090	1,157,935	35,792	294,786	17,106	1,564,709

3. Income tax assessments

The income tax returns of the Company, Ennoconn International, Goldteck Technology, Thecus, CASWELL and MIC INC. through 2020 have been assessed by the tax authorities. The Company disagrees with the approved contents of 2015 and 2018, and is currently applying for review. However, the Company has assessed the relevant income tax based on the principle of prudence.

(r) Capital and other equity

As of December 31, 2022 and 2021, the total authorized share capital of the Company was NT\$2,500,000 thousand with a par value of NT\$10, with 250,000 thousand shares. The total amount of the above-mentioned share capital is ordinary shares, and the issued shares

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

are 106,037 thousand ordinary shares and 101,812 thousand ordinary shares respectively. The share funds of all issued shares have been received.

1. Issuance of ordinary shares

On Dec. 1, 2020, the Company's Board of Directors resolved to issue 3,540 thousand as a consideration exchange for the shares of its transferred subsidiary AIS Cayman, with a par value of NT\$10, with Jan 21, 2021 as the base date for the capital increase; On May 13, 2021, the Board resolved to issue 5,000 thousand with a par value of NT\$10, with Dec 31, 2021 as the base date for capital increase. The statutory registration process was completed. The paid-in capital after the change was \$1,018,120 thousand.

On Jan 4, 2022, the Consolidated Company adopted the private placement of ordinary share at the special meeting of shareholders. The placement issues 4,880 thousand shares at NT\$226.92 per share. The reference date for capital increase is January 11, 2022, and the relevant legal registration procedures have been completed.

On March 22, 2022, the Company passed a resolution by the board of directors to cancel its treasury shares in accordance with Article 28-2 of the Securities and Exchange Act due to the expiration of 5 years for the repurchase of shares of NT\$233,608 thousand that have not been transferred. The Company also processed a capital reduction of NT\$6,550 thousand and deleted 655 thousand shares. The reference date for capital reduction was May 8, 2022, and the relevant legal registration procedures have been completed. The paid-in capital after the change is NT\$1,060,370 thousand.

2. Capital surplus

The components of the Company's capital reserve are as follows:

	2022.12.31	2021.12.31
Premium of issued shares	\$ 5,039,717	4,634,353
Issuance of new shares for other company's shares	1,372,670	1,372,670
Premium on conversion of convertible corporate bonds	1,797,651	1,797,651
Share options for convertible corporate bonds	396,757	454,831
Employee share options	-	767
Expired stock options	385,261	326,420
Changes in percentage of ownership in subsidiaries and associates	293,268	279,088
	\$ 9,285,324	8,865,780

In accordance with the Company Act, the capital surplus is required to cover losses first before new shares or cash can be issued in proportion to the shareholders' original shares. Realized capital surplus referred to in the preceding paragraph includes premiums from the issuance of shares in excess of par value and proceeds from gifts received. In

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

accordance with the Regulations Governing the Issuer's Offerings and Issuance of Marketable Securities, the aggregate amount of capital surplus that may be capitalized each year shall not exceed 10% of the paid-in capital.

On June 23, 2022, through a resolution of the shareholders' meeting, the Company distributed cash to the capital reserve for issuing ordinary shares at a premium exceeding the par value at NT\$4 per share, with a total of NT\$424,148 thousand.

3. Retained earnings

In accordance with the Company's Articles of Incorporation, the Company shall, after the final settlement of each year's earnings, first complete tax contributions, make up for prior years' deficits and set aside 10% as legal reserve, except when the legal reserve has reached the level of total capital; the Company is required by law to set aside or reverse special reserve. In the case of unappropriated earnings for the same period, the Board of Directors shall put forward a proposal for the distribution of earnings to the shareholders for resolution.

The Company will take into account the environment and growth of the Company and the distribution of earnings should take into account the Company's future capital expenditure budget and capital requirements, and pay cash dividends of not less than 10% of the dividends distributed in the current year.

(1) Legal reserve

If the Company has no deficit, it may, by resolution of the shareholders in general meeting, issue new shares or cash out of the legal reserve to the extent that such reserve exceeds 25% of the paid-in capital.

(2) Special reserve

When the Company firstly adopted the IFRS recognized by FSC and selected applied exemption items under IFRS1 First-time Adoption of International Financial Reporting Standards, the unrealized revaluation appreciation, cumulative conversion adjustments (benefits) under the recorded shareholders' equity, and the recorded assets were classified as "investment real estate" on the conversion date, and the retained earnings are increased by taking the fair value on the conversion date as the recognized cost in accordance with the regulations. According to FSC No. 1010012865 order issued on April 6, 2012, the special surplus reserves at the same amount is recognized. When using, disposing or reclassifying relevant assets, the Company may reverse the proportion of the initial special surplus reserve to distribute the surplus. As of Dec 31, 2022 and 2021, the balance of such special reserve was NT\$1,768,490 thousand and NT\$1,010,924 thousand.

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

In accordance with the above order, when distributing the distributable surplus, the Company shall make up the difference between the net deduction of other shareholders' equity in the account in the current year and the balance of the special surplus reserve referred to in the preceding paragraph, and make up the special surplus reserve from the current profit and loss and the undistributed surplus in the previous period. If there is a subsequent reversal in the amount of other decreases in shareholders' equity, the reversal may be distributed in the form of a surplus.

(3) Earnings distribution

On June 23, 2022 and August 3, 2021, the Company's shareholders resolved to distribute earnings for the year 2021 and 2020, respectively, as follows:

	2021		2020	
	Payout ration (NT\$)	Amount	Payout ration (NT\$)	Amount
Distributed to owners of ordinary shares:				
Cash	\$ 3.00	318,111	5.00	480,785

4. Treasury stock

As of Dec 31, 2022 and 2021, the treasury stock, not canceled, held by the Company was 0 and 655 thousand, respectively. Treasury stock held by the Company shall not enjoy the rights of shareholders before being transferred in accordance with the Company Act.

5. Other equity (net after tax) and non-controlling interests

	Exchange differences on translation of foreign financial statements	Unrealized gain or loss on financial assets at FVTOCI	Non- controlling interests	Total
Balance as of January 1, 2022	\$ (1,673,323)	(95,167)	20,565,729	18,797,239
Net income for period	-	-	6,754,699	6,754,699
Exchange differences on translating the net assets of foreign operations	842,050	-	797,772	1,639,822
Share of associates accounted for using the equity method	1,006	487	316	1,809
Unrealized gain or loss on financial assets at FVTOCI	-	19,013	(9,272)	9,741
Remeasurement of defined benefit plan	-	-	86,018	86,018
Cash dividends distributed by subsidiaries	-	-	(1,179,005)	(1,179,005)
Changes in percentage of ownership in subsidiaries	-	-	(13,708)	(13,708)
Non-controlling interests acquired through combinations	-	-	23,384	23,384
Effect of loss of control	-	-	(90,053)	(90,053)
Other changes	-	-	241,276	241,276
Balance as of December 31, 2022	\$ (830,267)	(75,667)	27,177,156	26,271,222

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

	Exchange differences on translation of foreign financial statements	Unrealized gain or loss on financial assets at FVTOCI	Non-controlling interests	Total
Balance as of January 1, 2021	\$ (934,258)	(76,666)	21,251,225	20,240,301
Net income for period	-	-	2,017,180	2,017,180
Exchange differences on translating the net assets of foreign operations	(738,853)	-	(1,535,621)	(2,274,474)
Share of conversion difference of associates accounted for using the equity method	(212)	-	(9,539)	(9,751)
Unrealized gain or loss on financial assets at FVTOCI	-	(18,501)	(2,543)	(21,044)
Remeasurement of defined benefit plan	-	-	7,011	7,011
Cash dividends distributed by subsidiaries	-	-	(1,064,739)	(1,064,739)
Changes in percentage of ownership in subsidiaries	-	-	(215,750)	(215,750)
Other changes	-	-	118,505	118,505
Balance as of December 31, 2021	<u>\$ (1,673,323)</u>	<u>(95,167)</u>	<u>20,565,729</u>	<u>18,797,239</u>

(s) Share-based payment

- CASWELL, INC. had no share-based payment as of the end of 2022. The share-based payment in 2021 is listed below:

	<u>Equity settlement</u> <u>Treasury shares transferred to employees</u>
Granting day	2021.1.6
Granting number	210 thousand shares
Contract period	-
Granting person	All employees
Vested conditions	Immediately vested

(1) Measurement parameters of fair value on the granting date

Caswell, Inc. adopts the Black-Scholes option evaluation model to estimate the fair value of share-based payment on the granting day, which values are listed below:

	<u>2021</u> <u>Treasury shares transferred to employees</u>
Fair value at the granting day (NT\$)	\$ 122.00
Share price on the granting day (NT\$)	122.00
Execution price (NT\$)	85.02

The determination of fair value does not take into account the services and non-market performance conditions contained in the transaction.

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

(2) Information on treasury stock transfer regulations

Details of the above treasury share transfer regulations are as follows:

	2021	
	Treasury shares transferred to employees	
	Weighted average performance price (NT\$)	Stock option quantity
Outstanding shares as of January 1	\$ -	-
Granting number in the current period	85.02	210
Lost number in the current period	-	-
Executed number in the current period	(85.02)	(210)
Outstanding shares as of Dec 31	-	-
Exercisable options as of Dec 31	-	-

(3) Employee expenses

Remuneration expenses recognized by employees of CASWELL, INC. for the transfer of treasury shares in 2021 was NT\$7,764 thousand.

2. MIC INC. and ADAT (a subsidiary of MIC INC.) paid the share-based payment in 2022 and 2021 as below:

Issuer	Category of agreements	Granting day	Number granted shares (in thousand shares)	Contract period	Vested conditions
MIC Inc.	Employee stock options plan	September 11, 2015	3,956	6 years	2–4 years, service expired
ADAT		April 1, 2019	436	"	0–2 years, service expired
"		September 1, 2019	314	"	"
"		May 1, 2020	27	"	"
"		September 1, 2020	137	"	"

(1) The abovementioned share-based payment agreements are equity-settled share-based payment transactions.

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

(2)The details of the above share-based payment agreements are as follows:

MIC Inc.:

	<u>2021</u>	
	<u>Weighted average performance price (NT\$)</u>	<u>Stock option quantity</u>
Outstanding stock options as of January 1	\$ 15.20	169
Exercise of stock options in the current period	(15.11)	<u>(169)</u>
Outstanding warrants as of Dec 31	-	<u>-</u>
Exercisable options as of Dec 31		<u>-</u>

Note: the Company's employee stock option scheme expired on September 10, 2021.

ADAT:

	<u>2022</u>		<u>2021</u>	
	<u>Weighted average performance price (NT\$)</u>	<u>Stock option quantity</u>	<u>Weighted average performance price (NT\$)</u>	<u>Stock option quantity</u>
Outstanding stock options as of January 1	\$ 10.00	122	10.00	446
Exercise of stock options in the current period	10.00	(116)	10.00	(298)
Forfeiture of stock options in the current period	-	<u>(6)</u>	-	<u>(26)</u>
Outstanding options as of Dec 31	20.00	<u>-</u> (Note)	10.00	<u>122</u>
Exercisable options as of Dec 31		<u>-</u> (Note)		<u>64</u>

Note: the Company's subsidiary-ADAT employee stock option scheme expired on December 31, 2022.

(3)The maturity date and strike price of options outstanding on the balance sheet date are as follows:

	<u>2021.12.31</u>			
<u>Issuer</u>	<u>Approved issue date</u>	<u>Maturity date</u>	<u>Number of shares (thousand shares)</u>	<u>Performance price (NT\$)</u>
ADAT	April 1, 2019	March 31, 2025	50	10.00
"	September 1, 2019	August 31, 2025	9	10.00
"	May 1, 2020	April 30, 2026	15	10.00
"	September 1, 2020	August 31, 2026	48	10.00

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

(4) MIC Inc. and ADAT adopt the Black-Scholes option evaluation model to estimate the fair value of share-based payment on the granting day as below:

Issuer	Category of agreements	Granting day	Share price (NT\$)	Performance price (NT\$)	Expected volatility	Expected duration	Expected dividends yield	Risk-free interest rate	Fair value per unit (NT\$)
MIC Inc.	Employee stock options plan	September 11, 2015	\$ 19.60	19.60	34.91%	4.375 年	0%	0.81%	5.8326
ADAT	"	April 1, 2019	10.00	10.00	47.77%	3.550 年	0%	0.61%	2.4727
"	"	September 1, 2019	10.00	10.00	44.29%	3.550 年	0%	0.54%	2.7873
"	"	May 1, 2020	10.00	10.00	38.58%	3.550 年	0%	0.38%	10.4014
"	"	September 1, 2020	10.00	10.00	38.10%	3.550 年	0%	0.38%	9.9910

(5) MIC INC. did not incur any expenses due to share based payment in 2022 and 2021.

(6) ADAT paid NT\$121 thousand and NT\$704 thousand shared-based payment in 2022 and 2021, respectively.

(t) Earnings per Share

The relevant calculations of the Company's basic earnings per share and diluted earnings per share are as follows:

1. Basic Earnings per Share

(1) Net profit attributable to the Company

	2022			2021		
	Continuing operations	Discontinued operation	Total	Continuing operations	Discontinued operation	Total
Net profit attributable to the Company	\$ 1,290,604	2,162,312	3,452,916	1,168,180	166,764	1,334,944

(2) Weighted average outstanding ordinary shares

	2022	2021
Ordinary shares issued as of January 1	\$ 101,812	93,272
Effects of treasury stock	(655)	(655)
Effect of cash capital increase on the issuance of new shares	4,746	3,373
Weighted average share outstanding as of Dec 31	\$ 105,903	95,990

	2022			2021		
	Continuing operations	Discontinued operation	Total	Continuing operations	Discontinued operation	Total
Basic Earnings per Share	\$ 12.18	20.42	32.60	12.17	1.74	13.91

2. Diluted earnings per share

(1) Net profit (diluted) attributable to the Company

	2022			2021		
	Continuing operations	Discontinued operation	Total	Continuing operations	Discontinued operation	Total
Net profit attributable to the holders of ordinary share equity of the Company (basic)	\$ 1,290,604	2,162,312	3,452,916	1,168,180	166,764	1,334,944
After tax interest expenses and financial evaluation gains and losses of convertible corporate bonds	82,943	-	82,943	82,709	-	82,709
Net profit attributable to the holders of ordinary share equity of the Company (diluted)	\$ 1,373,547	2,162,312	3,535,859	1,250,889	166,764	1,417,653

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

(2) Weighted average share outstanding (diluted)

	2022	2021
Weighted average number of outstanding ordinary shares (basic)	105,903	95,990
Effect of conversion of convertible corporate bonds	38,977	32,136
Effect of employee remuneration	498	139
Weighted average outstanding ordinary shares (diluted) as of December 31	145,378	128,265

	2022			2021		
	Continuing operations	Discontinued operation	Total	Continuing operations	Discontinued operation	Total
Diluted earnings per share	\$ 9.45	14.87	24.32	9.75	1.30	11.05

(u) Revenue from customer contracts

1. Description of Revenue

The Consolidated Company has the following revenues:

	2022	2021
Revenue from sales of goods	\$ 77,512,079	64,494,465
Service revenue	11,880,229	13,337,549
Project revenue	30,999,634	18,724,632
	120,391,942	96,556,646
Less: operating revenue attributable to the discontinued operation	(12,163,409)	(11,189,611)
	\$ 108,228,533	85,367,035

2. Balance of contracts

	2022.12.31	2021.12.31	2021.1.1
Accounts receivable	\$ 17,390,498	17,320,182	14,986,228
Contract assets-construction contracts	\$ 9,059,781	8,510,574	5,306,618
Contract assets-sales contracts	1,398,269	513,642	436,573
Contract assets-labor service contracts	410,742	520,795	388,270
Total	\$ 10,868,792	9,545,011	6,131,461
	2022.12.31	2021.12.31	2021.1.1
Contract liabilities-construction contracts	\$ 5,723,089	3,643,508	2,478,159
Contract liabilities-sales contracts	1,688,212	1,797,413	1,802,828
Contract liabilities-labor service contracts	1,681,358	1,731,704	1,564,782
Contract liabilities-extended warranty service	596,973	509,719	676,797
Total	\$ 9,689,632	7,682,344	6,522,566

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

Please refer to Note 6(2) for the disclosure of notes and accounts receivable and their impairment.

(v) Remuneration for employees and directors

In accordance with the Company's Articles of Incorporation, no less than 2% of the Company's annual profits shall be appropriated to the compensation of employees and no more than 2% to the compensation of directors and supervisors. However, where the Company has accumulated losses, the Company shall first reserve certain amount of the profit to recover the losses. Parties eligible to receive the said compensation in the form of stock or cash shall include employees in the controlling and associates who met certain conditions.

The estimated amount of compensation of employees for the year 2022 and 2021 was NT\$89,000 thousand and NT\$36,000 thousand respectively, and the estimate amount of compensation to directors was NT\$2,850 thousand and NT\$3,060 thousand. The Company's net profit before tax for the period is estimated by multiplying the amount of the Company's net profit before issuing the compensation of employees and directors by the proportion of the Company's compensation distribution to employees and directors as provided in the Company's Articles of Incorporation, and is reported as operating costs or expenses for the year 2022 and 2021. There was no difference between the amount approved by the board of directors for employees and directors' remuneration and the amount estimated in the consolidated financial statements for the year 2022 and 2021. The related information is available on the Market Observation Post System (MOPS).

(w) Non-operating income and expenses

1. Other income

The details of other income of the Consolidated Company in 2022 and 2021 are as follows:

	2022	2021
Rental income	\$ 36,235	23,305
Dividend income	16,437	10,038
	52,672	33,343
Less: other income attributable to the discontinued operation	(3,806)	(4,415)
Total other income	\$ 48,866	28,928

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

2. Other gains and losses

The details of other gains and losses of the Consolidated Company in 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Gains (losses) from disposal of property, plant and equipment	\$ (19,734)	77,323
Gains on disposal of investments	27,196	104,364
Bond recovery loss	-	(2,189)
Gain (loss) on foreign exchange	453,048	(185,315)
Net (loss) gain of financial assets and liabilities	(135,296)	446,577
Impairments of non-financial assets	(1,029,708)	(47,309)
Gains on lease modification	1,950	-
Gains from disposal of discontinued operation	7,504,112	-
Others	<u>1,858,152</u>	<u>1,127,546</u>
	8,659,720	1,520,997
Less: other gains and losses attributable to the discontinued operation	<u>(7,615,681)</u>	<u>39,471</u>
Other net gains and losses	<u>\$ 1,044,039</u>	<u>1,560,468</u>

3. Financial costs

The details of the financial cost of the Consolidated Company in 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Interest on bank loans	\$ 478,351	313,006
Interest on lease liabilities	77,140	119,790
Accrued interest on corporate bonds payable	<u>107,113</u>	<u>113,238</u>
	662,604	546,034
Less: financial costs attributable to the discontinued operation	<u>(44,854)</u>	<u>(35,237)</u>
Net financial cost	<u>\$ 617,750</u>	<u>510,797</u>

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

(x) Financial instruments

1. Credit Risks

The carrying amount of a financial asset represents the maximum amount of credit risk.

As the Company has a large customer base, does not significantly concentrate transactions with a single customer, and the sales areas are distributed widely, there is no risk of significant concentration of credit risk of accounts receivable. To reduce credit risk, the policies adopted by the Company are to trade only with well-reputed counterparties, the Company regularly and continuously evaluates the financial status of customers, and obtain sufficient guarantee if necessary, so as to reduce the risk of financial losses caused by default.

Please refer to Note 6(2) for details of credit risk exposure information of notes receivable and accounts receivable.

Other financial assets measured at amortized cost include other receivables and certificates of deposit. The above are financial assets with low credit risk, so the allowance loss in this period is measured according to the expected credit loss amount of 12 months.

2. Liquidity Risks

The contracts of financial liabilities are sorted by their maturity dates as follows. The estimated interests are included, but the effect of net value agreement is excluded.

	<u>Book value</u>	<u>Contract cash flow</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>More than 1 year</u>
December 31, 2022					
Non-derivative financial liabilities					
Non-interest bearing liabilities	\$ 26,758,911	(26,758,911)	(26,758,911)	-	-
Lease liabilities	3,665,353	(4,106,392)	(875,771)	(234,078)	(2,996,543)
Floating rate instruments	23,197,752	(23,992,694)	(14,496,598)	(2,782,786)	(6,713,310)
Instruments with fixed interest rates	<u>8,809,170</u>	<u>(8,815,490)</u>	<u>(167,395)</u>	<u>(651,200)</u>	<u>(7,996,895)</u>
	<u>\$ 62,431,186</u>	<u>(63,673,487)</u>	<u>(42,298,675)</u>	<u>(3,668,064)</u>	<u>(17,706,748)</u>
December 31, 2021					
Non-derivative financial liabilities					
Non-interest bearing liabilities	\$ 26,346,522	(26,346,522)	(26,346,522)	-	-
Lease liabilities	3,460,678	(3,804,632)	(493,541)	(489,214)	(2,821,877)
Floating rate instruments	17,321,978	(17,343,725)	(6,393,882)	(3,114,516)	(7,835,327)
Instruments with fixed interest rates	<u>10,104,770</u>	<u>(10,126,036)</u>	<u>-</u>	<u>(1,137,035)</u>	<u>(8,989,001)</u>
	<u>\$ 57,233,948</u>	<u>(57,620,915)</u>	<u>(33,233,945)</u>	<u>(4,740,765)</u>	<u>(19,646,205)</u>

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

The Consolidated Company does not expect that the timing of the cash flows for the maturity analysis will occur significantly earlier, or that the actual amounts will be significantly different.

3. Exchange Rate Risks

(1) Exposure to exchange rate risk

The Consolidated Company's financial assets and liabilities exposed to significant foreign currency exchange rate risk are as follows:

	2022.12.31			2021.12.31		
	Foreign currency	Rate	TWD	Foreign currency	Rate	TWD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 395,448	30.71 (USD:TWD)	12,144,208	642,351	27.68 (USD:TWD)	17,780,276
USD	100,746	0.9386 (USD:EUR)	3,094,010	80,385	0.8838 (USD:EUR)	2,225,106
USD	43,616	6.9637 (USD:CNY)	1,339,444	35,321	6.3779 (USD:CNY)	978,589
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	170,153	30.71 (USD:TWD)	5,255,399	595,317	27.68 (USD:TWD)	16,478,375
USD	70,469	0.9386 (USD:EUR)	2,164,173	71,939	0.8838 (USD:EUR)	1,991,316
USD	43,613	6.9637 (USD:CNY)	1,339,352	35,321	6.3779 (USD:CNY)	978,589

Note: the exchange rates of Euro and CNY against the Taiwan dollar listed above are as follows:

	2022.12.31	2021.12.31
EUR:TWD	\$ 32.72	31.32
CNY:TWD	4.41	4.344

(2) Sensitivity analysis

The exchange rate risk of the Consolidated Company mainly comes from foreign currency-denominated cash and cash equivalent, accounts receivable and other receivables, borrowings, accounts payable and other accounts payable, resulting into gains and losses of conversion of foreign currency when exchanging. As of December 31, 2022 and 2021, if NTD had depreciated or appreciated by 1% relative to USD held by the Company and all other factors remained constant, net income would have increased or decreased by NT\$78,187 thousand and NT\$15,357 thousand. The same basis is used for both periods of analysis.

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

(3) Exchange gains and losses of monetary items

As the Consolidated Company transacts in various currencies, the exchange gains and losses from monetary items were disclosed by means of consolidation. The foreign currency exchange gains and losses (including realized and unrealized) in 2022 and 2021 were NT\$453,048 thousand and NT\$185,315 thousand, respectively.

4. Interest Rate Risks

The interest rate exposure to the Consolidated Company's financial assets and financial liabilities is described in the liquidity risk management of this note.

The following sensitivity analysis is based on the interest rate exposure of derivative and non-derivative instruments on the reporting date. For floating rate liabilities, the analysis method assumes that the amount of liabilities outstanding on the reporting date is outstanding throughout the year. The rate of change used by the Consolidated Company when reporting interest rates to key management personnel is 1% increase or decrease in interest rates, which also represents the management's assessment of the reasonable range of possible changes in interest rates.

If the interest rate increased or decreased by 1%, and other variable were held constant, the Company's net income before tax for the year ended December 31, 2022 and 2021 would have decreased or increased by NT\$216,014 thousand and NT\$173,220 thousand, mainly due to changes in loan interest rate of the Consolidated Company.

5. Other Price Risks

Changes in price of equity securities at the reporting date (on the same basis for both periods and assuming no change in other factors) would have the following effects on the consolidated income statement:

	2022		2021	
	Other comprehensive income before tax	Profit after tax	Other comprehensive income before tax	Profit after tax
Securities price as of the reporting date				
Increased by 1%	\$ 10,313	11,492	9,268	11,744
Decreased by 1%	\$ (10,313)	(11,492)	(9,268)	(11,744)

6. Information on fair value

(1) Classification of financial instruments and at fair value

The fair value of financial assets, liabilities and other hedging assets of the Consolidated Company are measured at fair value through profit or loss on a recurring basis. The carrying amount and fair value of various types of financial assets and financial liabilities (including information on the level of fair value, but the book amount of financial instruments not measured at fair value is a reasonable approximation of fair

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

value, and lease liabilities are not required to disclose fair value information according to regulations) are as follows:

	2022.12.31				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at FVTPL					
Derivative financial assets	\$ 195	-	-	195	195
Investment in equity instruments					
- Publicly traded shares	141,934	141,934	-	-	141,934
- Non-TWSE/TPEX-listed and emerging stocks	673,430	-	-	673,430	673,430
- Fund beneficiary certificates	333,661	-	-	333,661	333,661
Subtotal	1,149,220	141,934	-	1,007,286	1,149,220
Financial assets measured at fair value through other comprehensive income					
Investment in equity instruments					
- Publicly traded shares	208,131	208,131	-	-	208,131
- Non-publicly traded shares	823,150	-	-	823,150	823,150
Subtotal	1,031,281	208,131	-	823,150	1,031,281
	2022.12.31				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets as measured at amortized cost					
Cash and cash equivalents	\$ 25,963,256	-	-	-	-
Financial assets as measured at amortized cost	23,655	-	-	-	-
Contract assets	10,868,792	-	-	-	-
Notes and accounts receivable (including related parties)	17,432,631	-	-	-	-
Other receivables	1,099,860	-	-	-	-
Refundable deposits	691,647	-	-	-	-
Subtotal	56,079,841	-	-	-	-
Total	\$ 58,260,342	350,065	-	1,830,436	2,180,501
Financial liabilities at FVTPL					
Derivative financial liabilities	\$ 1,638	-	1,638	-	1,638
Subtotal	1,638	-	1,638	-	1,638
Financial liabilities at amortized cost					
Bank loans	23,197,752	-	-	-	-
Contract liabilities	9,689,632	-	-	-	-
Notes and accounts payable (including related parties)	21,548,455	-	-	-	-
Other payables	5,210,456	-	-	-	-
Lease liabilities	3,665,353	-	-	-	-
Convertible bond	8,809,170	-	9,111,595	-	9,111,595
Subtotal	72,120,818	-	9,111,595	-	9,111,595
Total	\$ 72,122,456	-	9,113,233	-	9,113,233
	2021.12.31				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

	<u>Book value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVTPL					
Derivative financial assets	\$ 194,182	175,306	-	18,876	194,182
Investment in equity instruments					
- Publicly traded shares	26,290	22,224	-	4,066	26,290
- Non-TWSE/TPEX-listed and emerging stocks	769,260	-	-	769,260	769,260
- Fund beneficiary certificates	184,624	-	-	184,624	184,624
Subtotal	<u>1,174,356</u>	<u>197,530</u>	<u>-</u>	<u>976,826</u>	<u>1,174,356</u>
2021.12.31					
		<u>Fair value</u>			
	<u>Book value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets measured at fair value through other comprehensive income					
Investment in equity instruments					
- Non-publicly traded shares	\$ 926,755	-	-	926,755	926,755
Subtotal	<u>926,755</u>	<u>-</u>	<u>-</u>	<u>926,755</u>	<u>926,755</u>
Financial assets as measured at amortized cost					
Cash and cash equivalents	17,522,321	-	-	-	-
Financial assets as measured at amortized cost	864,112	-	-	-	-
Contract assets	9,545,011	-	-	-	-
Notes receivable and accounts receivable	17,380,353	-	-	-	-
Other receivables	1,145,262	-	-	-	-
Refundable deposits	340,854	-	-	-	-
Subtotal	<u>46,797,913</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 48,899,024</u>	<u>197,530</u>	<u>-</u>	<u>1,903,581</u>	<u>2,101,111</u>
Financial liabilities at FVTPL					
Derivative financial liabilities	\$ 713	-	713	-	713
Subtotal	<u>713</u>	<u>-</u>	<u>713</u>	<u>-</u>	<u>713</u>
Financial liabilities at amortized cost					
Bank loans	17,321,978	-	-	-	-
Contract liabilities	7,151,404	-	-	-	-
Notes and accounts payable (including related parties)	21,165,091	-	-	-	-
Other payables	5,181,431	-	-	-	-
Lease liabilities	3,460,678	-	-	-	-
Convertible bond	10,104,770	-	10,104,770	-	10,104,770
Subtotal	<u>64,385,352</u>	<u>-</u>	<u>10,104,770</u>	<u>-</u>	<u>10,104,770</u>
Total	<u>\$ 64,386,065</u>	<u>-</u>	<u>10,105,483</u>	<u>-</u>	<u>10,105,483</u>

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

(2) Fair value evaluation techniques for financial instruments not measured at fair value

The methods and assumptions used by the Company to estimate instruments not measured at fair value are as follows:

For financial assets and liabilities measured at amortized cost, if there is quotation information on transactions or market makers, the latest transaction price and quotation information shall be used as the basis for the evaluation of fair value. If the market value is not available for reference, the evaluation method shall be used for estimation. Discounted cash flow is adopted to estimate the fair value based on the estimates and assumptions used in the evaluation method.

(3) Fair value evaluation techniques for financial instruments measured at fair value

A. Non-derivative financial instruments

When a market is considered active, the quoted price in the market should be used as the fair value for the financial instrument. The market prices announced by TPEX are the basis for the fair value for equity instruments listed on TWSE/TPEX and debt instruments with open quotations in the active market.

If the public quotation of a financial instrument can be obtained from the exchange, broker, underwriter, industry association, pricing service institution or competent authority in a timely and frequent manner, and the price represents the actual and frequent fair market transactions, the financial instrument has an active market public quotation. If the above conditions are unavailable, this market is deemed as inactive. Generally speaking, a large bid-ask spread, a significant increase in bid-ask spread, or a small trading volume are indicators of an inactive market.

If the financial instruments held by the Consolidated Company have an active market, their fair values are listed as follows by category and attribute:

- Listed redeemable corporate bonds, stocks, bills of exchange, and corporate bonds listed on TWSE/TPEX are financial assets and financial liabilities with standard terms and conditions and trade on the active market, and their fair values are determined by reference to the market quotations respectively.

Except for the above-mentioned financial instruments with active market, the fair value of other financial instruments is obtained by using evaluation technique or referring to the quotation of the counterpart. The fair value obtained through the evaluation technique can be calculated by referring to the current fair value of other financial instruments with substantially similar conditions and characteristics, the discounted cash flow method, or other evaluation techniques, including using the model based on the market information available on the consolidated reporting date (for example, the TWSE yield curve) Reuters commercial promissory note interest

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

rate (average quotation).

If the financial instruments held by the Consolidated Company have no active market, their fair values are listed as follows by category and attribute:

- Equity instruments without public quotation: the fair value is estimated by using the discounted cash flow model. The main assumption is that the expected future cash flow of the investee is discounted at the rate of return reflecting the time value of money and investment risk.
- Equity instruments without public quotation: the fair value is estimated using the market comparable company method, and its main assumptions are measured based on the estimated pre-tax earnings before interest, depreciation and amortization of the investee, and the earnings multiplier derived from the market quotation of comparable listed companies. The estimate has adjusted the discount impact of the lack of market liquidity of the equity securities.

B. Derivative financial instruments

It is evaluated based on the evaluation model widely accepted by market players, such as discount method and option pricing model. Forward foreign exchange contracts are usually evaluated based on the current forward exchange rate. Structured interest rate derivative financial instruments adopt an option evaluation model (e.g. Black-Scholes) or other evaluation model (e.g. Monte Carlo simulation).

C. Contingent consideration of business combination

The fair value is estimated by adopting the discounted cash flow method. The main assumption is to estimate the current value after considering the probability of occurrence based on the possible pre-tax earnings before interest, depreciation and amortization under various scenarios, and discounting at the risk adjusted discount rate.

(4) Transfer between level 1 and level 2

No transfer in 2022 and 2021.

(5) Quantitative information of fair value measurement using significant unobservable input value (Level 3)

The fair value measurement of the Consolidated Company is classified into the third level, mainly including financial assets measured at fair value through profit or loss - equity securities investment, derivative financial instruments, private fund investment and financial assets measured at fair value through other comprehensive profit or loss - equity securities investment.

Most of the fair values of the Consolidated Company are classified as level 3, with only a single significant unobservable input value, and only the equity instrument

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

investments without active markets have complex significant unobservable input values. The significant unobservable inputs of equity instrument investments without active markets are independent of each other, so there is no correlation.

The quantitative information of significant unobservable inputs is listed as follows:

Item	Valuation technique	Significant unobservable input	Relationship between significant unobservable input and fair value
Equity instrument investments without active markets	Comparable companies in the market	·Lack of market liquidity discount (December 31, 2022 and December 31, 2021 were 15~25%)	·The higher the discount for lack of marketability, the lower the fair value

(y) Financial risk management

1. Overview

The Consolidated Company is exposed to the following risks the use of financial instruments:

- (1)Credit Risks
- (2)Liquidity Risks
- (3)Market Risks

Market risk refers to the risk arisen from market price changes, such as exchange rate, interest rate and equity instrument price changes, which will affect the Consolidated Company's income or the value of financial instruments held. For further quantitative disclosures, please refer to the respective notes to the consolidated financial statements.

2. Risk management structure

The Chairman has the sole responsibility for establishing and overseeing the Consolidated Company's risk management structure and reports regularly to the Board on its operation. The board of directors has established a risk management committee to be responsible for developing and controlling the consolidated company's risk management policies and reporting its operation to the board of directors on a regular basis.

The Consolidated Company's risk management policy is designed to identify and analyze the risks faced by the Consolidated Company, to set appropriate risk limits and controls, and to monitor compliance with the risks and risk limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Consolidated Company's operations. The Consolidated Company develops a disciplined and constructive control environment through training, management guidelines and operating procedures to enable all employees to understand their roles and responsibilities.

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

The Board of Directors of the Consolidated Company oversees how management monitors compliance with the Consolidated Company's risk management policies and procedures and reviews the appropriateness of the Company's risk management framework in relation to the risks it is exposed to. Internal auditor assist the Consolidated Company's audit committee in its oversight role. These personnel conduct regular and exceptional reviews of risk management controls and procedures and report the results of these reviews to the audit committee.

3. Credit Risks

Credit risk is the risk of financial loss arising from the failure of the Consolidated Company's customers or trading partners to fulfill their contractual obligations, mainly from the Consolidated Company's accounts receivable from customers and investments in securities.

(1)Accounts receivable and other receivables

The policies adopted by the Consolidated Company are to trade only with well-reputed counterparties, and, as it is necessary, sufficient collateral must be obtained to reduce the risk of financial losses. The Consolidated Company only trades with enterprises rated equivalent to investment grade. Such 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 mutual transaction records to rate major customers. The Consolidated Company continuously monitors the credit risk and the credit rating of counterparties, distributes the total transaction amount to customers with qualified credit rating, and controls the credit risk through the credit limit of counterparties reviewed and approved by the risk management committee every year.

The Consolidated Company does not hold any collateral or other credit enhancement to avoid the credit risk of financial assets.

(2)Investment

The credit risk of bank deposits, fixed income investments and other financial instruments is measured and monitored by the financial department of the Company. Since the trading partners and other performing parties of the Company are banks with good credit and financial institutions, corporate organizations and government agencies with investment grade and above, there are no major performance concerns without significant credit risks.

(3)Guarantee

The Consolidated Company's policy stipulates that guarantees are only provided to its wholly-owned subsidiaries. Please refer to note 7 for details of endorsements and guarantees provided by the Consolidated Company as of December 31, 2022 and 2021.

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

4. Liquidity Risks

Liquidity risk refers to the risk that the Consolidated Company is unable to deliver cash or other financial assets to pay off financial liabilities and fails to perform relevant obligations. To management the liquidity, the Consolidated Company shall ensure its sufficient working capital to meet the due liabilities under normal and stressful conditions, without unacceptable loss or risk of damage to the company's reputation.

5. Market Risks

Market risk refers to the risk arisen from market price changes, such as exchange rate, interest rate and equity instrument price changes, which will affect the Consolidated Company's income or the value of financial instruments held. The market risk management aims to control the market risk within an acceptable level and optimize the return on investment.

To manage market risks, the Consolidated Company engages in derivative instrument transactions, resulting in financial liabilities. All transactions are executed in accordance with the policies of risk management committee.

(1) Exchange Rate Risks

The Consolidated Company uses derivative transactions to hedge exchange rate risk due to its exposure to exchange rate risk arising from sales and purchase transactions that are not denominated in the Company's functional currency. The Company's functional currency is denominated in New Taiwan dollar, along with Euro, USA and RMB. These transactions are traded in NTD, Euro, USA and RMB.

The Company holds accounts receivable denominated in foreign currencies other than functional currencies, and the exchange gains and losses arising from exchange rate changes offset the exchange gains and losses of short-term borrowings denominated in foreign currencies. Therefore, the risk exposed to the Company is reduced due to exchange rate.

The Company keeps abreast of changes in exchange rates at all times, takes a stable and conservative exchange rate as the basis for quotation, carefully considers the changes of current and future exchange rates, and uses hedging instruments in a timely manner such as forward foreign exchange to avoid the impact of exchange rate changes.

(2) Interest Rate Risks

The company holds assets and liabilities with floating interest rates and exposes to cash flow interest rate. The details of the company's financial assets and financial liabilities with floating interest rates are described in the liquidity risk management of this note.

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

(z) Capital management

Given the current operating industry and the future development, and considering the changes of the external environment and other factors, the Consolidated Company plans the working capital and dividend expenditure and other needs required by the Consolidated Company in the future, so as to ensure that the Consolidated Company can continue to operate and maintain the best capital structure, so as to maximize shareholders' remuneration and enhance shareholders' value 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. In addition, the Consolidated Company is not required to comply with other external capital requirements.

(aa) Investment and financing activities of non-cash transactions

The Consolidated Company's non-cash transaction investment and financing activities in 2022 and 2021 are as follows:

VII. Related Party Transactions

(a) Name and relationship of related party

The related parties that transact with the Consolidated Company within the coverage of this consolidated financial statements are as below:

<u>Name of Related Party</u>	<u>Relationship with the Consolidated Company</u>
Cloud Network Technology Singapore Pte. Ltd.	Associates
Cloud Network Technology Kft.	Associates
FOXCONN CZ s.r.o.	Associates
Competition Team Ireland Limited	Associates
Universal Field International Limited	Associates
Triple Win Technology (ShenZhen) Co., Ltd.	Associates
Chung Hsin Electric & Machinery Manufacturing Corp.	Associates
WT Microelectronics Co., Ltd.	Associates (Note)
Dongguan Oyu Precision Technology Co., Ltd.	Associates
Anpinda Precision Industry (Huizhou) Co., Ltd.	Associates
Everlasting Digital ESG Co., Ltd.	Associates
Macrotec Technology Corp.	Associates
Jiangsu Chunghsin Fine Mechanical Co., Ltd.	Associates
Premier Image Technology (China) Ltd.	Associates
Iwei Venture Capital Company	Associates
Kunshan Fuchengke Precision Electronical Co.,Ltd.	Associates
Dongguan Oyu Precision Technology Co., Ltd.	Associates

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

Name of Related Party	Relationship with the Consolidated Company
Wuhan Jusda Supply Chain Management Co., Ltd.	Associates
HeNan FuChi Technology Co., Ltd.	Associates
HeNan YuZhan Technology Limited	Associates
Fortune International Corporation	Associates
Wechin Electronics Corp.	Associates
Poslab Electronic and Technology (Shenzhen) Corporation	Associates
Glory Technology Service Inc.	Associates
Servtech Co., Ltd.	Associates
Foxconn Interconnect Technology Limited Taiwan Branch (Cayman)	Associates
Chongqing Fertile Plan Logistics Co., Ltd.	Associates
Chongqing Hongteng Technology Co., Ltd.	Associates
ChongQing FuGui Electronics Co., Ltd	Associates
Chongqing Jingmei Precision Electronics Co., Ltd.	Associates
Hong Kong Ennopower Information Technology Co., Ltd.	Associates
Triple Win Technology (JinCheng) Co., Ltd.	Associates
Jincheng Futaihua Precision Electronic Co., Ltd.	Associates
Jincheng Hongzhi Nano Optical-mechanical-electrical Institute Co., Ltd.	Associates
Kangzhun Electronic Technology (Kunshan) Co., Ltd.	Associates
Shenzhen Zhunxuntong Technology Co., Ltd.	Associates
Shenzhen Kangni Intelligent Technology Co., Ltd.	Associates
Shenzhen Fertile Plan International Logistics Co., Ltd.	Associates
Shen Zhen Fu Neng New Energy Technology Co., Ltd.	Associates
Shenzhen Fuhungchieh Technology Service Co., Ltd.	Associates
Shenzhen Pictographic Technology Co., Ltd.	Associates
Shenzhen Hyper Power Information Technology Co., Ltd.	Associates
Shenzhen Oyu Industry Co., Ltd.	Associates
Yantian Jusda Supply Chain Management Co., Ltd.	Associates
Shenzhen Asiatek Inc.	Associates
Shenzhen Fugui Precision Industrial Co., Ltd.	Associates
Shenzhen FuTaiHong Precision Industry Co., Ltd.	Associates

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

Name of Related Party	Relationship with the Consolidated Company
Shenzhen Fulian Fugui Precision Industry Co., Ltd.	Associates
Foxconn (KunShan) Computer Connector Co., Ltd.	Associates
Foxconn Industrial Internet Co., Ltd.	Associates
Foxconn Electronic Industry Development (Kunshan), Co., Ltd.	Associates
Foxconn Precision Electronics (Taiyuan) Co., Ltd.	Associates
Fujin Precision Industry (Shenzhen) Co., Ltd.	Associates
Fuyu Energy Technology (Kunshan) Co., Ltd.	Associates
Fujin Precision Industry (Jincheng) Co., Ltd.	Associates
Futaichieh Technology Development(Shenzhen) Co., Ltd.	Associates
Futaihua Industry (Shenzhen) Co., Ltd.	Associates
Futaihua Precision Industrial (Weihai) Co., Ltd.	Associates
Futaihua Industry (Zhengzhou) Co., Ltd.	Associates
Fuding Precision Component (Shenzhen) Co., Ltd.	Associates
FIH (Nanjing) Communications Co., Ltd.	Associates
FIH (Hong Kong) Limited	Associates
Fuxiang Precision Industry (Kunshan) Co., Ltd.	Associates
Fuguikang Precision Electronics (Guizhou) Co., Ltd.	Associates
Fulian Technology (Shanxi) Co., Ltd. (previously known as Shanxi Yuding Precision Technology Co., Ltd.)	Associates
Fulian Technology (Wuhan) Co., Ltd. (previously known as Wuhan Yuzhan Precision Technology Co., Ltd.)	Associates
Fulian Technology (Jiyuan) Co., Ltd. (previously known as Futaihua Precision Electronics (Jiyuan) Co., Ltd.)	Associates
Fulian Technology (Lankao) Co., Ltd. (previously known as Lankao Yuzhan Intelligent Manufacturing Technology Co., Ltd.)	Associates
Fulian Technology (Hebi) Co., Ltd. (previously known as Hebi Yuzhan Precision Technology Co., Ltd.)	Associates
Fulian Yuzhan Technology (Shenzhen) Co., Ltd. (previously known as Shenzhen Yuzhan Precision Technology Co., Ltd.)	Associates
Fulian Yuzhan Technology (HengYang) Co., Ltd. (previously known as Hengyang Yuzhan Precision Technology Co., Ltd.)	Associates
Fulian Precision Electronics (Tianjin) Co., Ltd.	Associates

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

Name of Related Party	Relationship with the Consolidated Company
(previously known as Hongfujin Precision Electronics (Tianjin) Co., Ltd.)	
Fulian Precision Electronics (Guiyang) Co., Ltd.	Associates
Fujun Precision Electronics (Chongqing) Co., Ltd.	Associates
Foxconn Global Network	Associates
Fuyun Acoustics Technology (Shenzhen) Co., Ltd.	Associates
Guizhou Fuzhikang Precision Electronics Co., Ltd.	Associates
Chiun Mai Communication Systems, Inc.	Associates
Coiler Corporation	Associates
Arbor Technology Corporation	Associates
Forward Science Corp.	Associates
Ennowell Co., Ltd.	Associates
Hengyang Futaihong Precision Industry Co., Ltd.	Associates
Ur Materials Industry (ShenZhen) Co., Ltd.	Associates
Ur Hongxin Detection Technology (Shenzhen) Co., Ltd	Associates
ProbeLeader Co., Ltd.	Associates
Hongzhun Precision Tooling (Kunshan) Co., Ltd.	Associates
Hon Hai Precision Industry Co., Ltd.	Associates
Hong Fu Sheng Precision Electronics (Zhengzhou) Co., Ltd.	Associates
Hongfujin Precision Industry (Wuhan) Co., Ltd.	Associates
Hongfujin Precision Industry (Shenzhen) Co., Ltd.	Associates
Hongfujin Precision Electronics (Chongqing) Co., Ltd.	Associates
Honfujin Precision Electronics (Yantai) Co., Ltd.	Associates
Hongfujin Precision Electronics (Zhengzhou) Co., Ltd.	Associates
Hon Young Semiconductor Corporation	Associates
Hon-Ling Technology Co., Ltd.	Associates
Elecbay Technology Ltd.	Associates
Lankao YuFu Precision Technology Co., Ltd.	Associates
LanKao YuDe Environment Material Technology Inc.	Associates
Altus Technology Inc.	Associates
Former shareholders of AIS Cayman Technology	Main management

(Note) WT Microelectronics Co., Ltd. is no longer a related party of the Company from December 2022.

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

(b) Significant transactions with related parties

1. Operating revenue

The Consolidated Company has the following major sales with related parties:

<u>Accounts Item</u>	<u>Category of related party/Name</u>	<u>2022</u>	<u>2021</u>
Sales revenue	Associates:		
	Fulian Yuzhan Technology (Shenzhen) Co., Ltd.	\$ 42,776	387,308
	Hon Hai Precision Industry Co., Ltd.	6,078	14,612
	Foxconn Global Network	30,182	9,049
	Fulian Precision Electronics (Tianjin) Co., Ltd.	26,895	39,049
	Hongfujin Precision Industry (Shenzhen) Co., Ltd.	26	423,945
	Futaihua Industry (Shenzhen) Co., Ltd.	1,482	196,853
	Others	73,435	582,499
Project revenue	Associates	<u>58,086</u>	<u>76,592</u>
		<u>\$ 238,960</u>	<u>1,729,907</u>

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

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 2 months.

2. Purchase and processing fees

The purchases of the Consolidated Company from related parties are:

Category of related party/Name	2022	2021
Associates:		
Hongfujin Precision Industry (Shenzhen) Co., Ltd.	\$ 79,798	354,866
Foxconn Interconnect Technology Limited Taiwan Branch (Cayman)	60,326	41,877
WT Microelectronics Co., Ltd.	59,708	63,194
Hon Hai Precision Industry Co., Ltd.	711	1,015,305
Others	97,570	592,173
	\$ 298,113	2,067,415

The sales transaction price of the Consolidated Company to the related parties according to the agreement of both parties, and the payment policy is one to two months of monthly settlement.

3. Accounts receivable from related parties

Details of accounts receivable from related parties of the Consolidated Company are as follows:

Accounts Item	Category of related party/Name	2022.12.31	2021.12.31
Accounts receivable - related parties	Associates:		
	Hong Kong Ennopower Information Technology Co., Ltd.	\$ 47,928	66,951
	Shenzhen Asiatek Inc.	30,128	-
	Fulian Yuzhan Technology (Shenzhen) Co., Ltd.	16,459	284,625
	HeNan FuChi Technology Co., Ltd.	70,987	146,329
	Others	113,787	271,458
		\$ 279,289	769,363

Note: The accounts receivable due to purchases on behalf of others are included.

Guarantees from outstanding accounts receivable of related parties are not collected. As of Dec 31, 2022 and 2021, the allowance for losses on accounts receivable from related parties was NT\$4796 thousand and NT\$54,389 thousand.

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

4. Accounts payable to related parties

Details of accounts payable to related parties of the Consolidated Company are as follows:

Accounts Item	Category of related party/Name	2022.12.31	2021.12.31
Accounts payable	Associates:		
	Hongfujin Precision Industry (Shenzhen) Co., Ltd.	\$ 38,365	131,948
		-	-
	Cloud Network Technology Kft.	50,520	-
	Hon Hai Precision Industry Co., Ltd.	13,486	382,837
	Others	48,959	194,557
		\$ 151,330	709,342
Expenses payable (classified under other accounts payable)	Associates	\$ 31,940	79,561

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

5. Endorsements/guarantees

Category of related party/Name	2022	2021
Innovative Systems Integration Limited	\$ -	830,400
Ennoconn International Investment Co., Ltd.	1,000,000	1,000,000
Dexatek Technology Ltd.	160,000	160,000
Thecus Technology Corp.	100,000	100,000
HighAim Technology Inc.	552,780	692,000
Highaim Technology Inc.	46,065	41,520
Kontron AG and its subsidiary	7,233,411	6,118,231
MIC Inc. and its subsidiary	5,704,038	5,695,123
Ennoconn Hungary kft	2,149,700	-
Poslab Technology Corporation	50,000	-
Nanjing Asiatic	132,240	-
	\$ 17,128,234	14,637,274

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

6. Acquisition of financial assets

The Company issues new shares for the equity of transferred company AIS Cayman Technology, the transaction partners are shareholders of AIS Cayman, including related parties, non-related parties, of which related parties could exchange the Company's shares, calculated on the base date of share exchange (Jan.21, 2021), at an amount of NT\$279 million.

(c) Transactions with major managers

Remuneration for major managers include:

	2022	2021
Short-term employee benefits	\$ 356,044	311,182
Post-employment benefits	1,400	1,075
	\$ 357,444	312,257

Please refer to Note 6(18) for the description of share based payment.

VIII. Pledged Assets

The carrying value of the assets pledged as collateral by the Consolidated Company was as follows:

Name of asset	Subject of pledge guarantee	2022.12.31	2021.12.31
Pledged time deposits (recognized as financial assets measured at amortized cost)	Bank loans, tariff guarantee, performance guarantee, and warranty guarantee	\$ 24,687	55,839
Pledged demand deposits (recognized as other financial assets)	Bank loans and performance guarantee	40,110	22,219
Accounts receivable	Bank loans and performance guarantee	136,314	59,779
Inventories	Performance guarantee	17,302	16,400
Land	Bank loans	122,198	-
Buildings, net	Bank loans	670,799	895,930
Investment properties	Bank loans	51,099	51,656
Refundable deposits	Tender deposit, performance bond, and warranty deposit	276,048	318,636
		\$ 1,338,557	1,420,459

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments: None.

X. Losses due to Major Disasters: None.

XI. Significant Events after the Balance Sheet Date: None.

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

XII. Others

- (a) Summary of employee benefits, depreciation, and amortization expenses by function for the current period:

By nature \ By function	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expenses						
Wages and salaries	1,778,071	11,379,181	13,157,252	1,463,347	12,556,572	14,019,919
Labor Insurance and National Health Insurance expenses	126,237	2,131,235	2,257,472	104,024	160,174	264,198
Pension costs	115,079	144,393	259,472	102,373	217,201	319,574
Other Employee Benefit Expenses	222,544	148,907	371,451	186,368	163,721	350,089
Depreciation expenses	451,636	1,288,556	1,740,192	348,772	1,425,370	1,774,142
Amortization expenses	14,080	2,159,867	2,173,947	10,828	1,391,895	1,402,723
Less: operating costs and operating expenses attributable to the discontinued operation	(788,924)	(2,270,555)	(3,059,479)	(771,410)	(2,220,151)	(2,991,561)

- (b) Discontinued operation:

As stated in Note 6 (4), Kontron AG sold part of its IT service business through a resolution of the board of directors in 2022. Since the department related to the business was not a discontinued operation or an asset to be sold on December 31, 2021, the consolidated income statement of the previous period has been restated to show the discontinued operation and the continuing operation separately.

Please refer to Note 6 (20) for the amount of income attributable to the owners of the parent company from continuing operations and discontinued operations.

The operating results and cash inflows of the discontinued operations are as follows:

	<u>2022</u>	<u>2021</u>
Net operating income	\$ 12,163,409	11,189,611
Operating costs	<u>(8,780,835)</u>	<u>(7,751,554)</u>
Gross operating profit	<u>3,382,574</u>	<u>3,438,057</u>
Operating expenses	(2,788,485)	(2,659,089)
Non-operating income and expenses	<u>75,055</u>	<u>(64,044)</u>
Pre-tax gains	<u>669,144</u>	<u>714,924</u>
Income tax expenses	<u>(111,123)</u>	<u>(109,676)</u>
Current year's gains	<u>558,021</u>	<u>605,248</u>
Disposal gains from discontinued operation	7,504,112	-
Income tax of disposal gains	<u>(237,904)</u>	<u>-</u>
Current net profit of discontinued operation	<u>\$ 7,824,229</u>	<u>605,248</u>

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

	2022	2021
Gains from disposal of discontinued operation:		
The Company owner	\$ 2,162,330	166,764
Non-controlling interests	5,661,899	438,484
	\$ 7,824,229	605,248

Please refer to Note 6 (4) for the impact of the disposal of IT service business on the financial position of the Consolidated Company.

	2022.12.31
Consideration received	\$ 8,161,733
Disposal of cash and cash equivalents	(2,018,669)
Net cash inflow	\$ 6,143,064

XIII Supplementary Disclosures

(a) Information on Significant Transactions

In accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Consolidated Company shall re disclose the following information on major transactions in the year of 2022:

1. Loans to others: Please refer to Table 1.
2. Provision of endorsements and guarantees to others: Please refer to Table 2.
3. Holding of marketable securities at the end of the period (excluding equity of subsidiaries, associates, and joint ventures): Please refer to Table 3.
4. Acquisition or sale of the same security with the accumulated cost reaching NT\$300 million or 20% of paid-in capital or more: Please refer to Table 4.
5. Acquisition of property reaching NT\$300 million or 20% of paid-in capital or more: Please refer to Table 5.
6. Disposal of property reaching NT\$300 million or 20% of paid-in capital or more: None.
7. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to Table 6.
8. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to Table 7.
9. Engagement in derivative transactions: None.
10. Business relations and material transactions between parent company and subsidiaries: Please refer to Table 8.

(b) Re-investment information (excluding investees in Mainland China): Please refer to Table 9.

(c) Information on investments in mainland China: None.

1. Name, major businesses, and related information about investees in mainland China: Please refer to Table 9(1).

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

2. Investment limit in mainland China: Please refer to Table 9(2).

3. Major transactions with investees in mainland China:

(d) Information on Major Shareholders:

Name of Major Shareholder	Shares	Shares Held	Shareholding ratio
Baoxin International Investments Ltd.		33,178,779	31.28%

XIV. Department Information

Information reported to the chief operating decision maker by the Consolidated Company for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services provided. In 2022 and 2021, the Consolidated Company was mainly engaged in the manufacturing and sales of data storage, processing equipment and industrial motherboard, network communication and facility electromechanical system services.

(a) Segment revenue and results of operations

The Consolidated Company shall report the segment revenues and operating results as follows:

	2022							Total
	Industrial computer software and hardware sales department	Information system segment	Production and marketing department of network communication	Facility system and electromechanical system service department	Other departments	Adjustment and cancellation	Discontinued operations	
Revenue:								
Revenue from external clients	\$ 9,437,969	46,585,787	4,982,672	50,366,703	13,948,143	(4,929,332)	(12,163,409)	108,228,533
Total earnings	<u>\$ 9,437,969</u>	<u>46,585,787</u>	<u>4,982,672</u>	<u>50,366,703</u>	<u>13,948,143</u>	<u>(4,929,332)</u>	<u>(12,163,409)</u>	<u>108,228,533</u>
Profit and Loss of Reporting Segment	<u>\$ 3,724,129</u>	<u>7,810,608</u>	<u>575,518</u>	<u>2,996,438</u>	<u>2,423,391</u>	<u>(5,647,554)</u>	<u>(8,173,256)</u>	<u>3,709,274</u>

	2021							Total
	Industrial computer software and hardware sales department	Information system segment	Production and marketing department of network communication	Facility system and electromechanical system service department	Other departments	Adjustment and cancellation	Discontinued operations	
Revenue:								
Revenue from external clients	\$ 7,778,194	44,322,733	4,673,944	34,458,675	7,345,471	(2,022,371)	(11,189,611)	85,367,035
Total earnings	<u>\$ 7,778,194</u>	<u>44,322,733</u>	<u>4,673,944</u>	<u>34,458,675</u>	<u>7,345,471</u>	<u>(2,022,371)</u>	<u>(11,189,611)</u>	<u>85,367,035</u>
Profit and Loss of Reporting Segment	<u>\$ 1,619,875</u>	<u>1,788,272</u>	<u>322,820</u>	<u>1,940,382</u>	<u>754,887</u>	<u>(2,176,983)</u>	<u>(714,924)</u>	<u>3,534,329</u>

(b) Segment assets and liabilities

The Consolidated Company shall report the measured amount of segment assets/liabilities, which are not provided for in operational decision-making, so the measured amount of assets.liabilities is not disclosed.

(c) Revenue from major products and services

The income analysis of the main products and services of the Consolidated Company is as follows:

Notes to Consolidated Financial Statements of Ennoconn Technology Co., Ltd. and its Subsidiaries (Continued)

	2022	2021
Production and sales of motherboard	\$ 8,033,024	6,970,423
Motherboard maintenance	810	660
Production and marketing of network communication	4,948,667	4,406,679
Information system software and hardware integration service	34,111,311	32,439,303
Facility and electromechanical system service	50,366,703	34,458,674
Others	10,768,018	7,091,296
Total	<u>\$ 108,228,533</u>	<u>85,367,035</u>

(d) Regional Information

The combined company mainly operates in three regions - Taiwan, Mainland 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:

By regions	2022	2021
Revenue from external clients:		
Taiwan	\$ 21,455,921	21,387,997
Mainland China	17,867,408	13,619,152
Europe	49,442,326	47,557,604
Others	31,626,287	13,991,893
	120,391,942	96,556,646
Less: operating revenue attributable to the discontinued operation	<u>(12,163,409)</u>	<u>(11,189,611)</u>
Total	<u>\$ 108,228,533</u>	<u>85,367,035</u>

By regions	2022.12.31	2021.12.31
Non-Current Assets:		
Taiwan	\$ 6,230,079	4,611,113
Mainland China	510,102	830,447
Europe	8,746,365	8,433,951
Others	114,606	3,357,579
Total	<u>\$ 15,601,152</u>	<u>17,233,090</u>

Non-current assets do not include financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive profit or loss, investments using the equity method, goodwill, investment advances, deposits, net defined benefit assets and deferred income tax assets.

CPA Report

To the Board of Directors of Ennoconn Corporation:

Auditor's Opinion

We have reviewed the accompanying sheets of Ennoconn Corporation as of December 31, 2022 and 2021, and the related statements of comprehensive income, changes in equity and cash flows for the year ended December 31, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

Based on our opinions, audit results, and other CPA reports (see Others), all material aspects of the individual financial report prepared in accordance with the Regulations Governing Preparation of Financial Reports by Security Issuers. They reflect the financial position of Ennoconn Technology Co., Ltd. as of December 31, 2022 and 2021 as well as financial performance and cash flows in the same period.

Basis of Audit Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by CPAs and Auditing Standards (GAAS). Our responsibilities under these standards are further explained in Responsibilities of CPA Audit on Individual Financial Statements. The independently regulated personnel of our firm has also maintained its independence with Ennoconn Corporation in accordance with CPA's professional code ethics and fulfilled other responsibilities under the code. Based on our audit results and 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 significant matters in the audit of individual financial statements from Ennoconn Technology Co., Ltd. in 2022 based on our professional judgment. These matters have already been covered in the audit of individual financial statement and formulation of audit opinion. Therefore, we will not give a separate opinion on them. The key audit items that, in our judgment, should be communicated on the audit report are as follows:

Impairment from capital reduction of investments accounted for using equity method

Please refer to Note 4(12) to the financial statements for the accounting policy on impairment from capital reduction of investments accounted for using equity method. Please refer to Note 5(3) for impairment assessment of investments accounted for using the equity method on accounting estimates and assumption uncertainties for investments accounted for using the equity method. Please refer to Note 6(6) for For information on investments accounted for using the equity method.

Key Audit Matters Explanation:

The Ennoconn Technology Co., Ltd. invests in a related equity-method company to expand its marketing presence and increase its product lines. The management performs an impairment test in accordance with IAS 36, "Impairment of Assets," and uses fair value less costs to sell as the recoverable amount. Due to the significant effect of the impairment assessment on the financial statements and the high degree of uncertainty involved in management's measurement calculations, the impairment assessment of investments accounted for using the equity method is a matter of great concern to us in performing our audits of the financial statements.

In response to the verification process:

Our Major audit procedures for this critical matter consist of understanding the design and performance of the related internal control of the management, reviewing and re-calculating the accuracy of the calculation on recoverable Book value carrying amounts, performing sensitivity analysis, and comprehensively evaluating the rationality of the impairment assessment of the investment using the equity method.

Other Matters

We have not audited the financial statements of certain equity-method investees included in the accompanying consolidated financial statements as of and for the year ended December 31, 2021, which were reviewed by other auditors. es were reviewed by other certified accountants. Therefore, our opinion on the parts in relation to the amounts specified for the three months ended December 31, 2021 individual financial statements of such company one based on the review reports of other auditors. As of December 31, 2021, the amount of investments accounted for by the equity method was NT\$7,505,534 thousand, representing 32.33% of total assets. The share of income or loss of affiliates accounted for by the equity method from January 1, 2021 to December 31, 2021 was NT\$366,507 thousand, representing 26.47% of net income before income tax.

Responsibility of Management and Governing Bodies for Individual Financial Statement

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 statement, 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 audit committee) have the responsibility of overseeing financial reporting procedures.

CPA's Responsibility for Auditing Individual Financial Statement

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 Accepted Auditing Standards (GAAS) will always detect any material misstatement in the individual financial statement. Misstatements may be attributable to fraud or error. If misstated individual amounts or aggregated sums can reasonably be expected to have an influence on economic decisions from the users of individual financial statements, they will be deemed as material.

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

1. Identified and assessed the risks of material misstatements from fraud or errors in individual financial statements; design and implement appropriate countermeasures for the risks; and obtain sufficient and appropriate audit evidence to serve as audit opinion basis. Fraud is likely to involve collusion, forgery, deliberate omission, false declarations, or violations of internal control. Therefore, the risks of failing to detect material misstatements caused by fraud are higher than the causes.
2. 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 used and the reasonableness of accounting estimates and related 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 material uncertainty to exist in such events or conditions, users of individual financial statements will be reminded in the audit report about related disclosures, or audit opinion will be modified if such disclosures are no longer appropriate. Our conclusions are based on the audit evidence obtained as of the audit report date. However, future events or conditions may cause Ennoconn Technology Co., Ltd. to cease 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 on the financial information of the investees using the equity method to express an opinion on the individual financial statements. We are responsible for direction, supervision and implementation of the audit, as well as forming an audit opinion on Ennoconn Corporation.

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

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

From our communication with the governing bodies, we have decided on the key audit matters in the 2022 individual financial statement for Ennoconn Technology Co., Ltd. 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.

KPMG

CPA: KOU,HUI-ZHI

GUO,XIN-YI

Securities and Futures
Commission Approval No.

March 30, 2023

Tai-Cai-Cheng (6) No.0930106739
: Jin-Guan-Zheng-Shen
No.1040003949

Ennoconn Technology Co., Ltd.

Balance Sheet

For the year ended December 31, 2022 and 2021

Unit: NT\$1,000

Assets		2022.12.31		2021.12.31		Liabilities and Equity		2022.12.31		2021.12.31	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current Liabilities					
1100	Cash and cash equivalents (Note 6 (1) and (21))	\$ 623,358	2	1,355,059	6	2100	Short-term loans (Notes 6 (11))	\$ 5,195,000	17	2,300,000	10
1110	Financial assets measured at fair value through profit and loss - current (Note 6 (2) and (21))	-	-	4,343	-	2120	Financial Liability measured at fair value through profit and loss - current (Note 6 (2), (12) and (21))	-	-	598	-
1136	Financial assets measured at amortized cost - current (Note 6 (3) and (21))	4,255	-	4,225	-	2170	Accounts payable (Note 6 (21))	515,876	2	246,510	1
1170	Accounts receivable - net (Note 6 (4), (18) and (21))	855,432	3	540,586	2	2180	Accounts payable - related parties (Notes 6 (21) and 7)	165,939	-	161,688	1
1180	Accounts receivable - related parties, net (Notes 6 (4), (18), (21) and 7)	396,692	1	246,805	1	2200	Other payables - related parties (Notes 6 (21) and 7)	462,744	2	403,871	1
130X	Inventories (Note 6 (5))	784,767	3	457,845	2	2230	Current tax liabilities (Note 6 (15))	41,644	-	32,920	-
1470	Other current assets (Note 6 (10) and 7)	1,044,960	3	451,520	2	2280	Lease liabilities - current (Note 6 (13) and (21))	6,824	-	-	-
	Total Current Assets	<u>3,709,464</u>	<u>12</u>	<u>3,060,383</u>	<u>13</u>	2321	Corporate bonds matured or exercised redemption rights within one year or one operating cycle (Notes 6 (12) and (21))	-	-	1,137,035	5
Non-Current Assets:						2399	Other current liabilities (Note 6 (18))	426,306	1	162,390	1
1510	Financial assets measured at fair value through profit and loss Non-current (Note 6 (2) and (21))	-	-	300	-		Total Current Liabilities	<u>6,814,333</u>	<u>22</u>	<u>4,445,012</u>	<u>19</u>
1550	Investments accounted for using equity method (Note 6(6))	26,055,065	85	19,552,849	85	Non-current Liabilities:					
1600	Property, plant, and equipment (Note 6 (7))	497,107	2	504,566	2	2500	Financial Liability measured at fair value through profit and loss Non-current (Note 6 (2), (12) and (21))	1,423	-	-	-
1755	Right-of-use assets (Note 6 (8))	16,915	-	-	-	2530	Corporate bonds payable (Notes 6 (12) and (21))	7,996,895	26	7,916,900	34
1821	Intangible assets (Note 6 (9))	40,646	-	44,485	-	2570	Deferred tax liabilities (Note 6 (15))	653	-	616	-
1840	Deferred tax assets (Note 6 (15))	36,802	-	52,222	-	2580	Lease liabilities Non-current (Note 6 (13) and (21))	9,211	-	-	-
1990	Other non-current assets (Notes 6 (10) and (14))	306,408	1	1,042	-	2670	Other non-current liabilities	305,658	1	48,861	-
	Total Non-current Assets	<u>26,952,943</u>	<u>88</u>	<u>20,155,464</u>	<u>87</u>		Total Non-current Liabilities	<u>8,313,840</u>	<u>27</u>	<u>7,966,377</u>	<u>34</u>
							Total Liabilities	<u>15,128,173</u>	<u>49</u>	<u>12,411,389</u>	<u>53</u>
						Long-term loans (Notes 6 (16) and (23)) :					
						3110	Share capital	1,060,370	4	1,018,120	5
						3200	Capital surplus	9,285,324	30	8,865,780	38
							Retained earnings:				
						3310	Legal reserve	812,521	3	754,561	3
						3320	Special reserve	1,768,490	6	1,010,924	4
						3350	Unappropriated earnings	3,513,463	11	1,157,171	6
							Total retained earnings	6,094,474	20	2,922,656	13
						3400	Other equity	(905,934)	(3)	(1,768,490)	(8)
						3500	Treasury stock	-	-	(233,608)	(1)
							Total Equity	<u>15,534,234</u>	<u>51</u>	<u>10,804,458</u>	<u>47</u>
							Total Liabilities and Equity	<u>\$ 30,662,407</u>	<u>100</u>	<u>23,215,847</u>	<u>100</u>
	Total Assets	<u>\$ 30,662,407</u>	<u>100</u>	<u>23,215,847</u>	<u>100</u>						

(Please refer to Notes to the Individual Financial Statements)

Chairman: Fu-Chuan Chu

Manager: Neng-Chi Tsai

Chief Accountant: Tsung-Hsien Chuang

Ennoconn Technology Co., Ltd.
Comprehensive Income Statement
For the year ended December 31, 2022 and 2021

Unit: NT\$1,000

	2022		2021	
	Amount	%	Amount	%
4100 Sales revenue, net (Notes 6 (18) and 7))	\$ 5,304,930	100	3,343,018	100
5110 Cost of sales (Notes 6 (5), (7), (8), (9), (14) and 7)	<u>4,518,548</u>	<u>85</u>	<u>2,970,816</u>	<u>89</u>
5900 Gross profit	786,382	15	372,202	11
5910 Less : Unrealized Profit or loss from sales	45,975	1	5,842	-
5920 With : Realized Profit or loss from sales	<u>5,842</u>	<u>-</u>	<u>10,890</u>	<u>-</u>
Gross profit, net	<u>746,249</u>	<u>14</u>	<u>377,250</u>	<u>11</u>
Operating expenses (Notes 6 (5), (7), (8), (9), (14) and 7) :				
6100 Selling expenses	110,029	2	81,302	2
6200 General and administrative expenses	254,480	5	138,273	4
6300 Research and development expense	191,340	3	88,537	3
6450 Expected credit losses	<u>1,034</u>	<u>-</u>	<u>11</u>	<u>-</u>
Total operating expenses	<u>556,883</u>	<u>10</u>	<u>308,123</u>	<u>9</u>
6900 Net operating profit	<u>189,366</u>	<u>4</u>	<u>69,127</u>	<u>2</u>
Non-operating income and expenses (Note 6 (6) and (21)):				
7100 Interest income	11,433	-	577	-
7010 Other income	3,144	-	3,755	-
7020 Other gains and losses	90,821	2	(28,355)	(1)
7050 Financial costs	(135,051)	(3)	(125,599)	(4)
7070 Share of profit or loss of subsidiaries recognized under the equity method	<u>3,335,913</u>	<u>63</u>	<u>1,465,081</u>	<u>44</u>
Total non-operating income and expenses	<u>3,306,260</u>	<u>62</u>	<u>1,315,459</u>	<u>39</u>
7900 Net profit before tax	3,495,626	66	1,384,586	41
7950 Less: Income tax expense (Note 6 (15))	<u>42,710</u>	<u>1</u>	<u>49,642</u>	<u>1</u>
8200 Net income for period	<u>3,452,916</u>	<u>65</u>	<u>1,334,944</u>	<u>40</u>
8300 Other comprehensive income:				
8310 Items that will not be reclassified to profit or loss				
8311 Remeasurement of defined benefit plans	184	-	27	-
8330 Share of other comprehensive income from subsidiaries accounted for using equity method	56,366	1	(13,876)	-
8349 Less: Income tax relating to items that will not be reclassified to profit or loss	<u>37</u>	<u>-</u>	<u>5</u>	<u>-</u>
Total of components of other comprehensive income that will not be reclassified to profit or loss	<u>56,513</u>	<u>1</u>	<u>(13,854)</u>	<u>-</u>
8360 Components of other comprehensive income that will be reclassified subsequently to profit or loss				
8361 Exchange differences on translation of foreign financial statements	842,050	16	(738,853)	(22)
8380 Share of other comprehensive income from subsidiaries accounted for using equity method	1,006	-	(212)	-
8399 Less: Income tax relating to items that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total of components of other comprehensive income that will be reclassified subsequently to profit or loss	<u>843,056</u>	<u>16</u>	<u>(739,065)</u>	<u>(22)</u>
8300 Other comprehensive income for period	<u>899,569</u>	<u>17</u>	<u>(752,919)</u>	<u>(22)</u>
Total comprehensive income for period	<u>\$ 4,352,485</u>	<u>82</u>	<u>582,025</u>	<u>18</u>
9750 Basic earnings per share (Unit: NT\$) (Note 6(17))	<u>\$ 32.60</u>		<u>13.91</u>	
9850 Diluted earnings per share (Unit: NT\$) (Note 6(17))	<u>\$ 24.32</u>		<u>11.05</u>	

(Please refer to Notes to the Individual Financial Statements)

Chairman: Fu-Chuan Chu

Manager: Neng-Chi Tsai

Chief Accountant: Tsung-Hsien Chuang

Ennoconn Technology Co., Ltd.
Statements of Changes in Equity
For the year ended December 31, 2022 and 2021

Unit: NT\$1,000

	Retained earnings					Other equity interest					
	Share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign financial statements	Unrealized gain (loss) on financial assets at FVTOCI	Treasury stock	Total	Total equity	
					Total						
Balance as of January 1, 2021	\$ 932,720	6,738,090	643,854	850,114	1,268,438	2,762,406	(934,258)	(76,666)	(1,010,924)	(233,608)	9,188,684
Net income for period	-	-	-	-	1,334,944	1,334,944	-	-	-	-	1,334,944
Other comprehensive income for period	-	-	-	-	4,647	4,647	(739,065)	(18,501)	(757,566)	-	(752,919)
Total comprehensive income for period	-	-	-	-	1,339,591	1,339,591	(739,065)	(18,501)	(757,566)	-	582,025
Surplus allocation and distribution:											
Provision for Legal reserve	-	-	110,707	-	(110,707)	-	-	-	-	-	-
Provision for Special reserve	-	-	-	160,810	(160,810)	-	-	-	-	-	-
Cash dividend on common shares	-	-	-	-	(480,785)	(480,785)	-	-	-	-	(480,785)
Convertible corporate bonds converted to ordinary shares	-	84,825	-	-	-	-	-	-	-	-	84,825
Employee stock option costs	-	15,345	-	-	-	-	-	-	-	-	15,345
Capital increase by cash	50,000	925,000	-	-	-	-	-	-	-	-	975,000
Changes in ownership interests in subsidiaries	-	215,750	-	-	-	-	-	-	-	-	215,750
New shares issued by other companies	35,400	886,770	-	-	(698,556)	(698,556)	-	-	-	-	223,614
Balance as of December 31, 2021	1,018,120	8,865,780	754,561	1,010,924	1,157,171	2,922,656	(1,673,323)	(95,167)	(1,768,490)	(233,608)	10,804,458
Net income for period	-	-	-	-	3,452,916	3,452,916	-	-	-	-	3,452,916
Other comprehensive income for period	-	-	-	-	37,013	37,013	843,056	19,500	862,556	-	899,569
Total comprehensive income for period	-	-	-	-	3,489,929	3,489,929	843,056	19,500	862,556	-	4,352,485
Surplus allocation and distribution:											
Provision for Legal reserve	-	-	57,960	-	(57,960)	-	-	-	-	-	-
Provision for Special reserve	-	-	-	757,566	(757,566)	-	-	-	-	-	-
Cash dividend on common shares	-	(424,148)	-	-	(318,111)	(318,111)	-	-	-	-	(742,259)
Surplus allocation and distribution:											
Capital increase by cash	48,800	1,056,570	-	-	-	-	-	-	-	-	1,105,370
Cancellation of treasury stock	(6,550)	(227,058)	-	-	-	-	-	-	-	233,608	-
Change in associates accounted for using the equity method	-	472	-	-	-	-	-	-	-	-	472
Changes in ownership interests in subsidiaries	-	13,708	-	-	-	-	-	-	-	-	13,708
Balance as of December 31, 2022	\$ 1,060,370	9,285,324	812,521	1,768,490	3,513,463	6,094,474	(830,267)	(75,667)	(905,934)	-	15,534,234

(Please refer to Notes to the Individual Financial Statements)

Chairman: Fu-Chuan Chu

Manager: Neng-Chi Tsai

Chief Accountant: Tsung-Hsien Chuang

Ennoconn Technology Co., Ltd.
Statement of Cash Flows
For the year ended December 31, 2022 and 2021

Unit: NT\$1,000

	2022	2021
Cash flows of operating activities:		
Net profit before income tax for the period	\$ 3,495,626	1,384,586
Adjustments:		
Adjustments for:		
Depreciation expenses	11,156	13,870
Amortization expenses	4,035	3,400
Expected credit losses	1,034	11
Net losses from financial assets and liabilities at fair value through profit or loss	5,467	4,405
Interest expenses	135,051	125,599
Interest income	(11,433)	(577)
Share-based payment compensation	-	15,345
Share of profits of associates and subsidiaries accounted for using the equity method	(3,335,913)	(1,465,081)
Inventory (recovery gains) losses from market declines	(56,647)	39,436
Losses on inventory scrap	17,377	-
Unrealized gain from sales	45,975	5,842
Realized gain from sales	(5,842)	(10,890)
Loss on buyback of corporate bonds payable	-	2,189
Gains on lease modification	-	(28)
Total adjustments to reconcile profit (loss)	(3,189,740)	(1,266,479)
Changes in operating assets and liabilities:		
Accounts receivable	(491,132)	(120,414)
Inventories	(287,653)	(275,176)
Other current assets	(587,348)	(245,820)
Accounts payable	282,212	(102,954)
Other payables	127,720	197,104
Other current liabilities	263,915	112,559
Total adjustments	(3,882,026)	(1,701,180)
Cash used in operations	(386,400)	(316,594)
Interest received	11,433	577
Interest paid	(118,664)	(105,931)
Income taxes paid	(18,269)	(8,930)
Net cash used in operating activities	(511,900)	(430,878)

(Please refer to Notes to the Individual Financial Statements)

Chairman: Fu-Chuan Chu

Manager: Neng-Chi Tsai

Chief Accountant: Tsung-Hsien Chuang

Cash flows of investing activities:

Proceeds from disposal of financial assets at amortized cost	\$ -	285,648
Acquisition of financial assets measured at amortized cost	(30)	-
Acquisition of investments accounted for using the equity method	(3,102,589)	-
Acquisition of property, plant, and equipment	(1,805)	(1,835)
Proceeds from disposal of property, plant, and equipment	-	3,593
Increase (decrease) in refundable deposits	(305,177)	1,173
Acquisition of intangible assets	(196)	(46,833)
Acquired Right-of-use assets	(1,077)	-
Increase in prepayments of equipment	-	(2)
Dividends received	<u>809,755</u>	<u>607,373</u>
Net cash (outflow) inflow from financing activities	<u>(2,601,119)</u>	<u>849,117</u>

Cash flows of financing activities:

Increase (decrease) in short-term loans	2,895,000	(2,366,000)
Proceeds from issuance of convertible corporate bonds	-	2,501,355
Repayments of corporate bonds payable	(1,139,508)	(205,283)
Increase in deposit margin	256,797	48,647
Repayments of lease principal	(2,900)	(3,419)
Distribution of cash dividends	(742,259)	(480,785)
Capital increase by cash	<u>1,105,370</u>	<u>975,000</u>
Net cash flows generated from financing activities	<u>2,372,500</u>	<u>469,515</u>
Effect of exchange rate changes on cash and cash equivalents	8,818	460
Net increase (decrease) in cash and cash equivalents	(731,701)	888,214
Cash and cash equivalents at the beginning of the period	<u>1,355,059</u>	<u>466,845</u>
Cash and cash equivalents at the end of the period	<u>\$ 623,358</u>	<u>1,355,059</u>

(Please refer to Notes to the Individual Financial Statements)

Chairman: Fu-Chuan Chu

Manager: Neng-Chi Tsai

Chief Accountant: Tsung-Hsien Chuang

Ennoconn Technology Co., Ltd.
Notes to parent company only financial statements
2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

I. Company Overview

Ennoconn Corporation (“the Company”) was established on July 12, 1999 with main business operations in data storage, processing equipment, along with manufacturing and sales of industrial motherboards. The registered place and business operation site of the Company is 3~6F, No. 10, Jiankang Rd., Zhonghe Dist., New Taipei City.

The Company’s initial public offering was conducted on November 21, 2012. On December 18 of the same year, its emerging stocks were traded at Taipei Exchange (TPEX) and its stocks were listed at the Taiwan Stock Exchange Corporation on March 28, 2014.

II. Date and Procedures of Authorization of Financial Statements

The parent company only financial statements were approved by the Board of Directors and authorized for issue on March 30, 2023.

III. Application of New and Amended Standards and Interpretations

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Company adopts the amendments to the International Financial Reporting Standards (IFRS) from January 1, 2022, which did not result in significant changes on the parent company only financial reports.

- Amendment to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use.
- Amendment to IAS37 Oneous Contracts - Cost of Fulfilling a Contract
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

- (b) Effect of not adopting IFRSs recognized by the FSC

The Company adopts the amendments to the International Financial Reporting Standards (IFRS) from January 1, 2023, which did not result in significant changes on the parent company only financial reports.

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
(Continued)

- (c) The impact of IFRSs issued by the IASB but not yet endorsed by the FSC

IFRSs issued by the IASB but not yet endorsed and issued into effect by the FSC. The influence to the Company is summarized below:

**New, Revised, or Amended
Standards and
Interpretations**

Major Amendments

**Effective Date
Issued by IASB**

Amendment to IAS 1
“Classification of Liabilities
as Current or Non-current”

According to IAS 1, the liabilities of those without having an unconditional right to defer settlement for at least 12 months after the reporting period are classified as current. The unconditional provision is deleted, which changes to such right shall exist and have substance on the end of the reporting period.

January 1,
2024

The amended provision clarifies how the enterprise should classify liabilities that are settled by issuing equity instruments (such as convertible bonds).

The Company is currently continuously evaluating the impact of the above standards and interpretations on its financial condition and operating results, and the relevant impacts will be disclosed upon completion of the evaluation.

The Company expects that the following newly issued and amended standards but not yet endorsed, which does not result in significant changes on the parent company only financial reports.

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17
- Amendment to IAS 1 “non-current liabilities with covenants”
- Amendment to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”
- Amendments to IFRS 16 “Rules in a Sale and Leaseback Transaction”

IV. Summary of Significant Accounting Policies

Significant accounting policies adopted during the preparation of the parent company only financial statements are described as follows: The following accounting policies have been consistently applied to all expression periods of this parent company only financial statement.

- (a) Statement of Compliance

The parent company only financial statements have been prepared in conformity with the Regulation of Financial Reports by Securities Issuers.

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
(Continued)

(b) Basis of Preparation

1. Measurement bases

The parent company only financial statements have been prepared on the historical cost basis except for significant items in the balance statement:

- (1) Financial assets measured at fair value through profit or loss;
- (2) Financial assets at fair value through other comprehensive profit or loss measured at fair value;
- (3) Net defined benefit liabilities are measured by deducting the present value of defined benefit obligations from the fair value of retirement fund assets and the upper limit impact amount described in note 4(15).

2. Functional currency and expressive currency

Each entity under the Company takes the currency of the primary economic environment in which each operation is located as its functional currency. This parent company only financial report is expressed in the functional currency of the Company, i.e. new Taiwan dollars. All financial information expressed in NT\$ refers to New Taiwan Dollar, the unit is based on NT\$1,000.

(c) Foreign currency

1. Transactions in foreign currency

Foreign currency is converted into functional currency according to exchange rate on the date of transaction. At the end of each subsequent reporting period (hereinafter referred to as the Reporting Date), foreign currency monetary items are converted into functional currency at the exchange rate prevailing on that day. Non-monetary items measured at fair value in foreign currency are translated into the functional currency using the exchange rates prevailing at the date of fair value measurement, while non-monetary items measured at historical cost in foreign currency are translated at the exchange rate prevailing on the date of the transaction.

The foreign currency exchange difference resulting from the conversion is recognized to be other comprehensive income excepting for the following situations, otherwise, recognized to be gains and losses:

- (1) Equity instruments designated as measured at fair value through other comprehensive income;
- (2) Financial liabilities designated as a net investment hedge for a foreign operating entity are within the effective range of the hedge; or
- (3) Eligible cash flow hedges are within the effective range of the hedge.

2. Foreign operating organizations

The assets and liabilities of foreign operating organizations, including goodwill and

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
(Continued)

fair value adjustment during the acquisition, are converted to be TWD according to exchange rate on the report day; gains and losses are converted into TWD according to exchange rate in the current period, and the resultant conversion difference is recognized to be other comprehensive income.

In case of the loss of control, joint control or material influences arising from the disposal of foreign operating organizations, the accumulated conversion differences related to the foreign operating organizations shall be fully reclassified as gains and losses. In case of subsidiary company of foreign operating organizations involved in the disposal, the related accumulated conversion differences shall be reclassified as non-controlling interests in proportion. In case of associates or joint ventures of foreign operating organizations involved in some of the disposal, related accumulated conversion differences shall be fully reclassified as gains and losses in proportion.

As to the receivable and payable monetary items of foreign operating organizations, if without the repayment plan or the possibility of repayment in foreseeable future, the resultant gains and losses from foreign currency conversion shall be regarded as a part of net investments to the foreign operating organizations as recognized as other comprehensive income.

(d) Standards for classifying current and non-current assets and liabilities

Assets meeting one of the following conditions are recognized as current assets, and other assets not belonging to current assets are recognized as non-current assets:

1. Those that are expected to be realized during the normal operating period of the consolidated company or intended to be sold or consumed;
2. Those held mainly for the purpose of transaction;
3. Those expected to be realized within 12 months after the balance sheet; or
4. The asset is cash or a cash equivalent, unless the asset is to be used for an exchange or to settle a liability, or otherwise remains restricted, at more than 12 months after the balance sheet date.

Assets meeting one of the following conditions are recognized as current liabilities, and other liabilities not belonging to current liabilities are recognized as non-current liabilities:

1. Those expected to be paid off during the normal operating period of the Company;
2. Those held mainly for the purpose of transaction;
3. Those expected to be realized within 12 months after the balance sheet; or
4. Those that shall not allow the consolidated company to unconditionally extend the liquidation period to at least 12 months. Liabilities for liquidation arising from the issuing of equity instruments in accordance with the clauses chosen by the transaction counterpart will not affect their classification.

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
(Continued)

(e) Cash and cash equivalents

Cash includes cash on hand and demand deposits. Cash equivalents are the investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and short-term high liquidity. Certificate of deposit which satisfy the foregoing definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(f) Financial instruments

Account receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities were initially recognized when the Company became a party to the terms of the financial instrument agreement. Financial assets that are not measured at fair value through profit or loss (except for accounts receivable, which do not contain a significant financial component) or financial liabilities are measured at fair value plus the transaction cost directly attributable to the acquisition or issuance. Accounts receivable, which do not contain significant financial components, are initially measured at transaction prices.

1. Financial assets

The purchase or sale of financial assets by a conventional trader, the company shall treat all purchases and sales of financial assets classified in the same manner in accordance with the transaction date or the settlement date.

At the time of the initial recognition, financial assets were classified as: financial assets measured at amortized cost, debt instrument investments measured at fair value through other comprehensive income, equity instrument investments measured at fair value through other comprehensive income, or financial assets measured at fair value through gains and losses. The Company will only change its business model for managing financial assets from the first day of the next reporting period to classify all affected financial assets.

(1) Financial assets as measured at amortized cost

Financial assets are measured at amortized cost when they simultaneously meet the following conditions and are not specified to be measured at fair value through profit or loss:

- The financial asset is held under a business model for the purpose of collecting contractual cash flow.
- The cash flow generated by the terms of the contract on the financial asset at the specific date is solely for the payment of the principal and the interest on the outstanding principal amount.

The cumulative amortization of such assets is subsequently calculated by the

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
(Continued)

effective interest method plus or minus the initial amount recognized, and the amortized cost of any loss allowance is adjusted. Interest income, foreign exchange gains and losses and impairment losses are recognized as gains and losses. When derecognized, the profit or loss shall be included in the profit or loss.

(2) Financial assets measured at fair value through other comprehensive income

When the debt instrument investment simultaneously meets the following conditions and is not specified to be measured at fair value through profit and loss, it is measured at fair value through other consolidated profit and loss:

- The financial asset is held under a business model for the purpose of collecting contractual cash flow and selling.
- The cash flow generated by the terms of the contract on the financial asset at the specific date is solely for the payment of the principal and the interest on the outstanding principal amount.

The Company holds part of the accounts receivable under the “hold to collect and sell” business model to collect and sell the contractual cash flow, so these accounts are measured at fair value through other comprehensive profits and losses. However, it is reported under accounts receivable.

The Company may, at the time of its initial recognition, irrevocably choose to report the subsequent changes in their fair value of its non-tradable equity instrument investments to other consolidated profits and losses. The foregoing selection is made on an item-by-item tool basis.

Debt instrument investors are measured by fair value afterwards. Interest income, foreign exchange gains and losses and impairment losses calculated by the effective interest method are recognized as gains and losses calculated by the effective interest method are recognized as gains and losses, while the remaining net gains or losses are recognized as other comprehensive income. When derecognizing, the accumulated amount of other comprehensive income shall be reclassified into comprehensive income.

Equity instrument investors are measured by fair value afterwards. Dividend income (unless it clearly represents the recovery of a portion of the investment cost) is recognized as a profit or loss. The remaining net benefits or losses are recognized as other comprehensive income and are not reclassified into gains and losses.

Dividend income from equity investments is recognized on the date (usually ex-dividend date) when the Company becomes entitled to receive dividends.

(3) Financial assets at FVTPL

Financial assets that are not measured at fair value at the above amortized cost or through other comprehensive income are measured at fair value through gains and losses,

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
(Continued)

including derivative financial assets. The Company intends to sell accounts receivable immediately or in the near term is measured at fair value through profit or loss, but included in accounts receivable. The Company, at initial recognition, irrevocably designates the financial asset as at FVTPL to eliminate or significantly reduce an accounting mismatch that would otherwise arise. Financial assets measured at amortized cost or at fair value through other comprehensive profit or loss are designated as financial assets measured at fair value through profit or loss.

Such assets are subsequently measured at fair value and their net gains or losses (including any dividends and interest income) are recognized as gains or losses.

(4) Evaluate whether the cash flow of the contract is fully paid for the interest on the payment of the principal and the amount of outstanding principal

For evaluation purposes, the principal is the fair value of the financial asset at the time of its initial recognition, and the interest is made up of the following considerations: the time value of the money, the credit risk associated with the amount of outstanding principal in circulation during a particular period, and other basic lending risks and costs and profit margins.

To evaluate whether the contract cash flow is fully paid for interest on the principal and the outstanding principal amount, the Company considers the terms of the financial instrument contract, including whether the financial asset contains a contract term that can change the point or amount of the cash flow of the contract, causing it to fail to meet this condition. In the evaluation, the Company considers:

- any contingencies that change the timeliness or amount of the cash flow of the contract;
- the terms of the coupon rate may be adjusted, including the nature of the variable rate;
- the nature of prepayment and extension; and
- claims of the Company are limited to cash flow terms derived from specific assets (e.g. non-recourse nature).

(5) Impairment of financial assets

The Company recognizes the allowance for credit losses for the financial assets measured at amortized cost (including cash and equivalent cash, financial assets, notes and accounts receivable, other receivables, finance lease receivables, deposits and other financial assets after measured at amortized cost), the expected credit losses of debt instrument investments, receivables and contract assets measured at fair value through other comprehensive profit or loss.

The following financial assets are measured against losses according to the expected credit loss amount of 12 months, and the rest are measured according to the

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
(Continued)

expected credit loss amount of the existing period:

- determine that the credit risk of the debt securities on the reporting date is low; and
- The credit risk of other debt securities and bank deposits (i.e. the risk of default during the expected life of financial instruments) has not increased significantly since the initial recognition.

The allowance for accounts receivable loss and contract assets is measured in terms of the expected credit loss during the period of existence.

In determining whether credit risk that increased significantly since the initial recognition, the Company considers reasonable and verifiable information (available at no excessive cost or investment), including qualitative and quantitative information, as well as analysis based on the Consolidated Company's historical experience, credit assessment and forward-looking information.

If the contract payment is overdue for more than 30 days, the Company assumes that the credit risk of financial assets has increased significantly.

If the contract payment is overdue for more than 365 days, or the borrower is unlikely to fulfill its credit obligations and pay the full amount to the company, such financial assets will be deemed as default.

If the credit risk rating of a financial instrument is equivalent to the "investment grade" defined worldwide (Standard & Poor's BBB-, Moody's Baa3 or Taiwan Ratings twA, or higher than those grades), the Company considers such debt securities with a low credit risk.

Expected credit loss during the lifetime of a financial instrument refers to the expected credit losses that result from all possible default events over the life of the financial instrument.

12-month expected credit loss refers to the expected credit loss arising from the possible default of the financial instrument within 12 months after the date of the report (or a shorter period, if the expected duration of the financial instrument is shorter than 12 months).

The longest contract period during which the expected credit loss is measured is the longest contract period during which the Company is exposed to credit risk.

The expected credit loss is the probabilistic weighted estimate of the credit loss during the expected life of the financial instrument. Credit losses are measured in terms of the present value of all cash shortfalls, the difference between the cash flows that the Company can collect under the contract and the cash flows that the Company expects to collect. The expected credit loss is discounted at the effective interest rate of the financial asset.

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
(Continued)

On each reporting date, the Company evaluates whether there is a credit impairment in the debt securities on which financial assets are measured at amortized cost and on which fair value is measured through other comprehensive income. When one or more events have occurred that adversely affect the estimated future cash flow of a financial asset, the financial asset has suffered a credit impairment. Evidence of credit impairment of financial assets includes observable information relating to:

- major financial difficulties of the borrower or issuer;
- default, such as delay or delay beyond 90 days;
- for economic or contractual reasons related to the borrower's financial difficulties, the Company gives the borrower concessions that the borrower would not have considered;
- The borrower is likely to file for bankruptcy or other financial restructuring; or
- The active market for the financial asset disappears due to financial difficulties.

The loss allowance for a financial asset measured at its amortized cost is deducted from carrying amount of the asset. The allowance for losses on debt instrument investment is measured at fair value through other comprehensive income. It is adjusted and recognized as other comprehensive income (without reducing the carrying amount of the assets).

When the Company cannot reasonably expect to recover the financial assets as a whole or in part, it will directly reduce the total book amount of its financial assets. For individual accounts, the Company's policy is to write off the total book amount when the financial assets are overdue for more than one year based on the past recovery experience of similar assets. For corporate accounts, the Company shall analyze the date and amount of the write-off on the basis of whether it is reasonable to expect recovery. The Company does not expect a significant reversal of the write-off. However, financial assets that have been written off may still be enforced to comply with the procedures of the Company for recovering overdue amounts.

(6) Derecognition of Financial Assets

When the Company terminates the contractual rights from the cash flow of such assets or has transferred the financial assets and almost all risks and returns of the asset ownership have been transferred to other enterprises, the Company has neither transferred nor retained substantially all the risks and rewards and the control of the financial asset is not retained, the financial assets shall be de-recognized.

Transactions in which the Company enters into transfers of financial assets that retain all or substantially all of the risks and rewards of ownership of the transferred assets continue to be recognized on the balance sheet.

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
(Continued)

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equity

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

(2) Equity transaction

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company shall be recognized at the amount equal to the consideration received less the direct flotation costs.

(3) Treasury stock

When repurchasing the equity instruments recognized by the Company, the consideration paid (including directly attributable costs) is recognized as a decrease in equity. The repurchased shares are classified as treasury stocks. For subsequent sale or reissue of treasury stocks, the amount received is recognized as an increase in equity, and the surplus or loss generated by the transaction is recognized as capital reserve or retained surplus (if the capital reserve is insufficient to offset).

(4) Compound financial instruments

The compound financial instruments issued by the Company are convertible corporate bonds (denominated in New Taiwan dollars) with the option to be converted into share capital, and the number of shares issued will not vary with the change of their fair value.

The initially recognized amount of the liability component of composite financial instruments is measured by the fair value of similar liabilities excluding equity conversion rights. The initially recognized amount of the equity component is measured by the difference between the fair value of the overall compound financial instrument and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liabilities and equity components in proportion to the book value of the initial liabilities and equity.

After the initial recognition, the liability component of compound financial instruments is measured at amortized cost using the effective interest method. The equity components of compound financial instruments shall not be re measured after the initial recognition.

Interest related to financial liabilities is recognized as profit or loss. Financial liabilities are reclassified as equity at the time of conversion, and the conversion is not recognized as profit or loss.

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
(Continued)

(5) Financial liabilities

Financial liabilities are classified as amortized costs or measured at fair value through profit or loss. Financial liabilities which are held for trading, derivatives or specified at the time of their original recognition are classified as being measured at fair value through profit or loss. Financial liabilities, measured at fair value through profit and loss, are measured at fair value, and the associated net benefits and losses, including any interest expense, are recognized as profit and loss.

The effective subsequent interest method for other financial liabilities is measured at the amortized cost. Interest expenses and exchange gains and losses are recognized as gains and losses. Any benefit or loss at the time of discounting is also considered as profit or loss.

(6) Derecognition of Financial Liabilities

The Company derecognizes financial liabilities when contractual obligations have been fulfilled, canceled or matured. When the terms of a financial liability are modified and the cash flows of the modified liability differ materially, the original financial liability is derecognized and a new financial liability is recognized at fair value based on the modified terms.

When de-recognizing financial liabilities, the difference between carrying amount and the sum of paid or payable considerations (including any transferred non-cash capital or assumed liabilities) shall be recognized as gains and losses.

(7) Offset between financial assets and liabilities

Financial assets and financial liabilities can be offset with each other and represented on the balance sheet with net value only when the Company has legal rights to offset and has the intention to deliver with net value as well as realize capital and liquidate the liabilities.

(8) Financial guarantee contract

Financial guarantee contract refers to a contract in which the issuer must make specified payments to reimburse the holder for a loss it incurs if a specified debtor fails to repay according to the terms of the debt instrument.

For financial guarantee contracts issued by the Company and not designated as measured at fair value through profit or loss, the initial measurement is based on its fair value minus the directly attributable transaction costs, and the subsequent measurement is based on the higher of the following: (a) Amount of allowance for loss in accordance with IFRS 9; and (b) where appropriate, the amount initially recognized shall be deducted from the amount of accumulated income recognized in accordance with the following income principles.

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
(Continued)

3. Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to avoid foreign currency and interest rate risks. Embedded derivatives are separated from the main contract when specific conditions are met and the main contract is not a financial asset.

Derivative instruments are initially recognized at fair value and subsequently measured at fair value, and the resulting gain or loss is recognized directly in profit or loss.

(g) Inventories

Inventory shall be measured with the lower of the costs and net realizable value. The costs include the acquisition, production and processing costs enabling them to arrive at the available places and status and other costs, which are calculated based on the first-come, first-out principle. The costs of the inventory of finished products and products in process include the manufacturing costs amortized based on normal production capacity according to proper percentage.

Net realizable value refers to the estimated prices under normal operation deducting estimated costs to be needed for estimated completion and estimated costs to be needed for competing selling.

(h) Investment in subsidiaries

When preparing the parent company only financial statements, the Company adopts the equity method to assess the investee controlled over. Under the equity method, the current gain or loss and other comprehensive income in the parent company only financial statements shall be the same as the allocation of other comprehensive income attributable to the parent company owners in the consolidated financial report, and the owners' equity in the parent company only financial statements shall be the same as the equity attributable to the parent company's owners in the consolidated financial report.

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

(i) Property, plant and equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost (including capitalized borrowing costs) less accumulated depreciation and any accumulated impairment.

Significant components of property, plant and equipment are treated as separate items (major components) when they have different life cycles.

Gain or loss on disposal of property, plant and equipment is recognized in profit or loss.

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
(Continued)

2. Subsequent costs

Subsequent expenses are capitalized only when it is probable that future economic benefits will flow into the Company.

3. Depreciation

Depreciation is calculated based on the cost of the asset less its residual value and is recognized in profit or loss using the straight-line method over the estimated useful life of each component.

The land is not subject to depreciation.

The estimated useful lives for the current and comparative periods are as follows:

(1)Buildings	2~55 years
(2)Machinery	3~15 years
(3)Leasehold improvement	2~9 years
(4)Other equipment	2~10 years

The Company reviews the method of depreciation, durability and residual value at each reporting date and makes appropriate adjustments as necessary.

(j) Leases

The Company shall assess whether the contract is a lease or includes a lease on the date of formation of the contract. If the contract transfers control over the use of the identified assets for a period of time in exchange for consideration, the contract shall be a lease or includes a lease.

1. The lessee

The Company recognizes the right-of-use assets and lease liabilities on the beginning date of the lease. Right-of-use are initially measured in terms of cost, which includes the initial measured amount of lease liabilities, adjusts the lease beginning date or before payment of any rent payment, and the initial direct costs, and applied to removing the asset and restoring its locating or the estimated cost of the underlying assets. It minuses the charge of any lease incentives at the same time.

Depreciation of right-of-use assets following the commencement of the lease shall be carried out by the straight-line method at the end of the useful life of right-of-use assets or earlier at the end of the lease term. In addition, the Company will periodically evaluate whether there is any loss of right-of-use assets and deal with any loss that has occurred, and adjust the right-of-use assets in the case of lease liabilities.

Lease liabilities are defined as the present value of lease benefits not yet paid at lease commencement date. If the implied lease rate is easy to determine, the discount rate will be that rate, and if not, the incremental borrowing rate of the Company will be used. Generally speaking, the Company adopts its incremental borrowing rate as the discount rate.

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
(Continued)

Lease benefits measured in lease liabilities include:

- (1) fixed payments, including substantive fixed payments;
- (2) depending on the variation of a certain index or rate of rent payment, the index or rate on the commencement date of the lease shall be used as the original measurement;
- (3) the guaranteed amount of salvage value expected to be paid; and
- (4) the price at which the option to exercise the option to purchase or terminate the lease will be reasonably determined or the penalty to be paid.

Lease liabilities is then calculated using effective interest method, and the amount was measured when:

- (1) changes in the index or rate used to determine lease payments result in changes in future lease payments;
- (2) changes to the guaranteed amount of salvage value expected to be paid; and
- (3) the evaluation of the underlying asset purchase option has changed;
- (4) the estimate of whether to exercise the option of extension or termination has changed, which leads to the change of the assessment of the lease period;
- (5) modification of the subject matter, scope or other terms of the lease.

Lease liabilities are remeasured due to the aforementioned changes in the index or rate used to determine lease payments, changes in the residual value guarantee amount, and changes in the evaluation of purchases, extensions or termination options, the book value of right-of-use assets should be adjusted accordingly. When the book value of right-of-use assets is reduced to zero, the remaining re-measured amount is recognized in profit or loss.

For the lease modifications about the reduced coverage, the book amount of right-of-use assets will be reduced to reflect partial or total termination of lease, and the difference between the figure and the remeasured amount of lease liabilities will be included in the profit and loss.

The Company will express the right-of-use assets and lease liabilities that do not conform to the definition of investment real estate in the form of single line items in the balance sheet.

If the agreement includes lease and non lease components, the Company allocates the consideration in the contract to individual lease components based on a relatively separate price. However, when leasing land and buildings, the Company chooses not to distinguish between non-leasing components and treats the leasing components and non-leasing components as a single leasing component.

For short-term leases and asset leases with low value targets, the Company chooses not to recognize the right-of-use assets and lease liabilities, but recognized the relevant

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
(Continued)

lease payments as expenses within the lease period on a straight-line basis.

2. The lessor

The transaction in which the Company is a lessor shall be classified as a financial lease or an operating lease on the date of establishment of the lease, depending on whether or not the lease contract is transferred to almost all the risks and rewards attached to the ownership of the underlying asset. In the evaluation, the Company shall consider certain indicators, including whether the lease term covers the principal part of the underlying asset's economic life.

If the agreement includes lease and non-lease components, the Company applies the provisions of IFRS 15 to apportion the consideration in the contract.

Assets held under finance leases are expressed as finance lease receivables in the amount of net lease investment. The initially direct costs arising from the negotiation and arrangement of the lease are included in the net investment in the lease. Net lease investment is amortized and recognized as interest income during the lease period in a pattern reflecting a constant periodic rate of return in each period. For operating leases, the Company recognizes the lease payments received as rental income on a straight-line basis during the lease period.

(k) Intangible assets

1. Recognition and measurement

Goodwill arising from the acquisition of subsidiaries is measured at cost less accumulated impairment.

Expenditures related to research activities are recognized as profit or loss as incurred.

Development expenditure is capitalized only when it can be reliably measured, the technical or commercial feasibility of products or processes has been achieved, the future economic benefits are likely to flow into the consolidated company, and the Company intends and has sufficient resources to complete the development and use or sell the assets. Other development expenditures are recognized in profit or loss as incurred. After the initial recognition, the capitalized development expenditure is measured by the amount of its cost less accumulated amortization and accumulated impairment.

Other intangible assets with a limited useful life obtained by the Company, including customer relations, patent rights and trademark rights, are measured by the amount of cost less accumulated amortization and accumulated impairment.

2. Subsequent expenditure

The subsequent expenditure can be capitalized only when they can increase the future economic benefits of relevant specific assets. All of other expenditures are recognized as gains and losses when they occur, including the expenses for building goodwill and brand.

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
(Continued)

3. Amortization

Except for goodwill, amortization is calculated based on the cost of the asset less its estimated residual value, and is recognized in profit or loss using the straight-line method over the estimated useful lives of the intangible assets from a ready-for-use condition.

The estimated useful lives for the current and comparative periods are as follows:

(1)Patent	5 years
(2)Computer software	3~5 years

The Company reviews the method for amortization of intangible assets, durability and residual value at each reporting date and makes appropriate adjustments as necessary.

(1) Non-financial asset impairment

At each reporting date, the Company assesses whether there is any indication that the carrying amount of non-financial assets (other than inventories, deferred income tax assets) may be impaired. If any indication exists, the recoverable amount of the asset is estimated. Goodwill is regularly tested for impairment every year.

For the purpose of impairment test, one group of assets whose cash inflow is largely independent of other individual assets or asset groups is regarded as the smallest identifiable asset group. The goodwill acquired in a business combination to be allocated to each of the acquirer's cash-generating unit or group of cash generating units expected to benefit from the comprehensive effect of the combination.

The recoverable amount is the higher of an asset's or cash generating unit fair value less costs of disposal and its value in use. When assessing the value in use, the estimated future cash flow is converted to the present value at the pre-tax discount rate, which should reflect the current market assessment of the time value of money and the specific risk of the asset or cash generating unit.

If the recoverable amount of an individual asset or cash generating unit is lower than the book amount, an impairment loss is recognized.

The impairment loss is recognized immediately in profit or loss, and the carrying amount of the amortized goodwill of the cash generating unit is reduced first, and then the book amount of each asset is reduced in proportion to the book amount of other assets in the unit.

Goodwill impairment losses shall not be reversed. Non-financial assets other than goodwill are only reversed to the extent that they do not exceed the carrying amount (less depreciation or amortization) determined when the impairment loss of the asset is not recognized in the previous year.

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
(Continued)

(m) Liability provisions

Liability provisions are recognized as present obligations due to past events that make it probable that the Company will need to expend economically efficient resources in the future to settle the obligation and the amount of the obligation can be reliably estimated. The provision for liabilities is discounted at the pre-tax discount rate reflecting the current market's time value of money and the risks specific to the liabilities, and the amortization of discount is recognized as interest expense.

1. Warranty

The provision for warranty liabilities is recognized when selling goods or services. The liability provision is weighted by its relevant probability based on historical warranty information and all possible results.

2. Restructuring

The provision for restructuring liabilities is recognized when the Company approves a detailed and formal restructuring plan and begins to implement or publicly publish the restructuring plan. Future operating losses shall not be recognized as provision for liabilities.

3. Onerous contract

When the Company expects that the inevitable cost of performing the obligations of a contract exceeds the expected economic benefits from the contract, the liability provision for the onerous contract shall be recognized. The provision for liabilities is measured by the present value of whichever is lower between the estimated cost of terminating the contract and the estimated net cost of continuing the contract, and all impairment losses of assets related to the contract are recognized before the provision for onerous contract liabilities is recognized.

(n) Income recognition

1. Revenue from customer contracts

Income is measured in consideration for the expected entitlement to transfer goods or services. The Company recognizes revenue from the transfer of control of goods or services. The Company's main revenues are from the following items:

(1) the sales revenue of commodities mainly comes from the sales of industrial motherboards, information system integration products and network communication products. The Company recognizes revenue when control of products is transferred to customers. The transfer of control over the product means that the product has been delivered to the customer, the customer has full discretion over the channel and price to sell the products and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Delivery occurs when the products have been shipped to the

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
(Continued)

specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company is liable for refunding the defective products as providing the standard warranty for the goods sold, and the provision for warranty liabilities is recognized for this obligation.

The Company recognizes accounts receivable when delivering goods as the Company has an unconditional right to receive consideration from the customer.

(2) Service revenue

The Company provides product maintenance and services, and recognizes relevant income during the financial reporting period of providing services. Fixed price contracts recognize revenue based on the proportion of services actually provided to the total services as of the reporting date. If the situation changes, the estimates of revenue, cost and degree of completion will be revised, and the increase and decrease changes will be reflected in profit and loss during the period when the management is informed of the change and makes the correction.

Under a fixed price contract, the customer pays a fixed amount of money according to the agreed schedule. When the service provided exceeds the payment, it shall be recognized as contract assets; if the payment exceeds the services provided, it shall be recognized as contract liabilities.

If the contract is priced according to the number of hours of providing services, the revenue is recognized based on the amount that the Company has the right to issue invoices. The Company asks for payment from customers every month and can receive consideration after issuing invoices.

(o) Employee benefits

1. Defined contribution plan

The contribution obligation of the defined contribution pension plan is recognized as an expense in the period in which the employees render service to the Company. The amount of advance appropriation will be recognized as an asset to the extent that it will lead to the return of cash or the reduction of future payments.

2. Defined benefit plan

The Company's net obligation to a defined benefit plan is measured by discounting the present value of future benefits earned by the employee's current or prior period of service, less the fair value of the plan assets.

The defined benefit obligation is actuated annually by a qualified actuary using the

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
(Continued)

projected unit benefit method. When the results of the calculation are probable to be favorable to the Company, an asset is recognized to the extent of the present value of any economic benefits that may be obtained by returning a contribution from the plan or reducing future contributions to the plan. Any minimum funding requirement is taken into account in calculating the present value of economic benefits.

The remeasurement of the net defined benefit obligation, including actuarial gains and losses, compensation for plan assets (excluding interest), and any change in the impact of asset limits (excluding interest) is recognized immediately in other comprehensive income and accumulated in retained earnings. The Company determines net interest expense (income) for net defined benefit liabilities (assets) using the net defined benefit liabilities (assets) and discount rate determined at the beginning of the annual reporting period. Net interest expense and other costs for defined benefit plans are recognized in profit or loss.

When a plan is revised or curtailed, changes in benefits related to prior period service costs or curtailment gains or losses are recognized immediately in profit or loss. The Company recognizes gain or loss on the settlement of defined benefit plans when the settlement occurs.

3. Short-term employee benefits

Short-term employee benefit obligations are recognized as an expense when services are provided. If the Company has a present legal or constructive obligation to pay for services rendered by employees in the past and the obligation can be estimated reliably, the amount is recognized as a liability.

(p) Income taxes

Income taxes include current and deferred income tax. Except for those related to enterprise consolidation and items directly recognized as equities or other comprehensive income, current tax and deferred income tax asset shall be recognized as gains and losses.

The Company determines that the interest or penalty related to income tax (including uncertain tax treatment) does not meet the definition of income tax, so the accounting treatment of IAS 37 is applicable.

Current income taxes include estimated income taxes payable or refund receivable based on current year taxable income (loss) and any adjustments to prior years' income taxes payable or refund receivable. The amounts that reflect the uncertainty (if any) related to income tax are measured at the best estimate of the amount expected to be paid or received at the statutory or substantive legislative rates in effect on the reporting date.

Deferred income tax is measured and recognized according to the temporary difference between the carrying amount and taxation basis of assets and liabilities with financial report

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
(Continued)

objectives. In case of any of the following situations, the temporary differences will not be recognized as deferred income tax:

1. Those not belong to the assets or liabilities originally recognized in the transaction of enterprise consolidation, and not influencing accounting profits and taxation incomes (losses) during the transaction;
2. Those temporary differences generated due to investment subsidiary company and joint equities, controlled by the Company and likely to not to be reversed in the foreseeable future; and
3. Taxable temporary differences arising from the original recognition of goodwill.

For unused tax losses and unused income tax credits at the later stage of transfer, and deductible temporary differences, to the extent that there is likely to be future taxable income available for use, they are recognized as deferred income tax assets. It shall be reassessed on each reporting day, and the relevant income tax benefits shall be reduced if they are not likely to be realized; or the reduced amount shall be reversed to the extent that there is likely to be sufficient taxable income.

Deferred income tax is measured at the tax rate when the expected temporary difference is reversed, based on the statutory tax rate or substantive legislative tax rate on the reporting date, and has reflected the uncertainty related to income tax (if any).

Only when the Company meets the following conditions, the deferred income tax can offset the deferred tax liabilities:

1. Having the legal execution right to make the current income tax assets and the current tax liabilities offset with each other; and
2. Deferred income tax assets and deferred tax liabilities are related to one of the subjects of tax payment from which the same tax authority levies income tax;
 - (1) Same subject of tax payment; or
 - (2) Different subjects of tax payment, but all subjects intend to liquidate the current tax liabilities and assets based on net amount or at the same time realize assets and liquidate liabilities in each of the future periods when deferred income tax assets of major amounts are expected to be recovered and deferred income tax liabilities expected to be liquidated.

(q) Earnings per Share

The Company lists the basic and diluted earnings per share of holders of common stock equity of the Company. The basic earnings per share of the Company shall be calculated with the gains and losses of the holders of common stock equity of the Company divided by the weighted mean of current outstanding common shares. Diluted earnings per share shall be calculated after adjusting the influence of all potential diluted common shares of the gains

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
(Continued)

and losses of the holders of common stock equity of the Company and the weighted mean of current outstanding common shares. The potential diluted common shares of the Company include convertible corporate bonds and stock options for employees.

V. Primary Sources of Uncertainties in Major Accounting Judgments, Estimates, and Assumptions

When the management prepares the parent company only financial statements, the management is required to make judgments, estimates and assumptions in preparing this parent company only financial statements, which will affect the adoption of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from estimates.

The management continuously inspects the estimate and undertaking assumption, and accounting changes are recognized both the current revised period and the future period to be influenced.

The uncertainty of the following assumptions and estimates has a significant risk of causing significant adjustments to the book amounts of assets and liabilities in the next financial year, and has reflected the impact of the COVID-19 outbreak. The relevant information is as follows:

(a) Allowance for loss of accounts receivable

The allowance loss of the Company's accounts receivable is estimated based on the assumption of default risk and expected loss rate. The Company considers the historical experience, current market conditions and forward-looking estimates on each reporting day to judge the assumptions and selected input values to be used in calculating impairment.

(b) Inventory evaluation

Since inventory must be measured at the lower of cost or net realizable value, the Company estimates the reported amount of inventory due to normal wear and tear, obsolescence, or no market sale value on a daily basis and reduces the cost of inventory to net realizable value. The inventory is evaluated mainly based on the product demand in a specific period in the future, and may change significantly due to rapid changes in the industry and the introduction of new products.

(c) Impairment assessment for investment based on equity method

In assessing goodwill for impairment, the Company shall decide such matters as identifying the cash generating unit, and determining the recoverable amount of the relevant cash generating unit.

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
(Continued)

VI. Details of Significant Accounts

(a) Cash and cash equivalents

	2022.12.31	2021.12.31
Cash on hand	\$ 456	1,746
Demand deposits and check deposits	361,867	1,353,313
Time deposits	261,035	-
Cash and cash equivalents listed in the cash flow statement	\$ 623,358	1,355,059

Please refer to Note 6 (21) for the disclosure of interest rate risk and sensitivity analysis of the Company's financial assets and liabilities.

(b) Financial assets and liabilities measured at fair value through profit and loss

	2022.12.31	2021.12.31
Financial assets measured mandatorily at fair value through profit and loss:		
Non-hedging derivative instruments		
Redemption right for domestic convertible corporate bond	\$ -	4,643
	2022.12.31	2021.12.31
Financial liabilities held for trading		
Non-hedging derivative instruments		
Redemption and sale rights of domestic convertible corporate bonds	\$ 1,423	598

(c) Financial assets as measured at amortized cost

	2022.12.31	2021.12.31
Domestic certificate deposit	\$ 4,255	4,225

The Company's assessment is to hold these assets to the maturity date to collect the contractual cash flow, and the cash flow of these financial assets is entirely the payment of principal and interest on the amount of outstanding principal, so they are reported as financial assets measured at amortized cost.

Please refer to note 8 for details of the above financial assets as guarantees for loans and financing lines.

(d) Notes receivable and accounts receivable

	2022.12.31	2021.12.31
Accounts receivable	\$ 918,070	602,190
Accounts receivable - related parties	396,692	246,805
Less: Allowance for loss	(62,638)	(61,604)
	\$ 1,252,124	787,391

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
(Continued)

The Company adopts a simplified method to estimate the expected credit loss for all notes receivable and accounts receivable, namely, it is measured by the expected credit loss during the duration. For this measurement purpose, these notes receivable and accounts receivable are grouped on the basis of shared credit risk characteristics representing the customer's ability to pay all due amounts in accordance with the terms of the contract, and have been incorporated into forward-looking information. The analysis of the expected credit loss of the Company's notes and accounts receivable is as follows:

	2022.12.31		
	Carrying amount of accounts receivable	Weighted average expected credit loss rate	Expected credit loss during the allowance
Not past due	\$ 1,141,504	0.27%	3,037
1–60 days past due	103,604	4.71%	4,883
61–150 days past due	17,065	12.48%	2,129
151–270 days past due	-	46.85%	-
271–365 days past due	-	100%	-
Over 1 years past due	34,738	100%	34,738
Counterparty with indicator of default event	<u>17,851</u>	100%	<u>17,851</u>
	<u>\$ 1,314,762</u>		<u>62,638</u>
	2021.12.31		
	Carrying amount of accounts receivable	Weighted average expected credit loss rate	Expected credit loss during the allowance
	\$ 698,633	0%	8
1–60 days past due	88,808	0.05%	42
61–150 days past due	-	30%	-
151–270 days past due	-	50%	-
271–365 days past due	-	75%	-
Over 1 years past due	34,781	100%	34,781
Counterparty with indicator of default event	<u>26,773</u>	100%	<u>26,773</u>
	<u>\$ 848,995</u>		<u>61,604</u>

The change in the credit loss of the Company's notes and accounts receivable is as follows:

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
(Continued)

	<u>2022</u>	<u>2021</u>
Beginning Balance	\$ 61,604	61,593
Impairment losses recognized	1,034	11
Ending Balance	<u>\$ 62,638</u>	<u>61,604</u>

As of December 31, 2022 and 2021, the Company did not use its accounts receivable asset as collateral on a loan.

Please refer to note 6(21) for other credit risk information.

(e) Inventories

	<u>2022.12.31</u>	<u>2021.12.31</u>
Raw materials	\$ 618,202	385,736
Work in progress	61,905	61,433
Semi-finished products	84,773	66,422
Finished products	82,059	43,753
Merchandise inventory	11	11
Stock in transit	116	19,436
Less: Allowance for inventory market price decline	<u>(62,299)</u>	<u>(118,946)</u>
	<u>\$ 784,767</u>	<u>457,845</u>

The cost of goods sold includes the loss of inventory falling price in 2022 at NT\$56,647 thousand and loss on property retired at NT\$17,377 thousand. The cost of goods sold includes the loss of inventory falling price in 2021 at NT\$39,436 thousand and unamortized manufacturing expenses at NT\$18,527 thousand.

As of December 31, 2022 and 2021, the Company had no inventory used as pledge guarantee.

(f) Investment based on equity method

The investments of the Company using the equity method on the reporting date are listed as follows:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Subsidiary	<u>\$ 26,055,065</u>	<u>19,552,849</u>

Please refer to the consolidated financial statement for the year ended December 31, 2022.

(g) Property, plant and equipment

The details of changes in the cost and depreciation of the Company's property, plant and equipment in 2022 and 2021 are as follows:

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
(Continued)

	<u>Land</u>	<u>Houses and buildings</u>	<u>Machinery and equipment</u>	<u>Leasehold improvements</u>	<u>Other equipment</u>	<u>Total</u>
Cost:						
Balance as of January 1, 2022	\$ 251,536	288,190	394	12	66,775	606,907
Additions	-	-	187	-	490	677
Disposal	-	-	-	-	(214)	(214)
Balance as of December 31, 2022	<u>\$ 251,536</u>	<u>288,190</u>	<u>581</u>	<u>12</u>	<u>67,051</u>	<u>607,370</u>
Balance as of January 1, 2021	\$ 251,536	287,996	619	5,448	66,342	611,941
Additions	-	194	-	-	1,322	1,516
Disposal	-	-	(225)	(5,436)	(889)	(6,550)
Balance as of December 31, 2021	<u>\$ 251,536</u>	<u>288,190</u>	<u>394</u>	<u>12</u>	<u>66,775</u>	<u>606,907</u>
Depreciation:						
Balance as of January 1, 2022	\$ -	40,451	317	5	61,568	102,341
Depreciation of the current year	-	5,764	35	3	2,334	8,136
Acquisition through business combinations	-	-	-	-	(214)	(214)
Balance as of December 31, 2022	<u>\$ -</u>	<u>46,215</u>	<u>352</u>	<u>8</u>	<u>63,688</u>	<u>110,263</u>
Balance as of January 1, 2021	\$ -	34,699	303	1,217	58,641	94,860
Depreciation of the current year	-	5,752	58	1,413	3,215	10,438
Disposal	-	-	(44)	(2,625)	(288)	(2,957)
Balance as of December 31, 2021	<u>\$ -</u>	<u>40,451</u>	<u>317</u>	<u>5</u>	<u>61,568</u>	<u>102,341</u>
Book value:						
December 31, 2022	<u>\$ 251,536</u>	<u>241,975</u>	<u>229</u>	<u>4</u>	<u>3,363</u>	<u>497,107</u>
December 31, 2021	<u>\$ 251,536</u>	<u>247,739</u>	<u>77</u>	<u>7</u>	<u>5,207</u>	<u>504,566</u>

1. Guarantee

As of December 31, 2022 and 2021, the Company did not use its real estate, plant and equipment as guarantees for long-term loans and financing limits.

(h) Right-of-use assets

The relevant information of the leased houses and buildings of the Company is as follows:

	<u>Houses and buildings</u>
Right-of-use asset costs:	
Balance as of January 1, 2022	\$ -
Additions	19,935
Balance as of December 31, 2022	<u>\$ 19,935</u>
Balance as of January 1, 2021	\$ 20,592
Decrease	(20,592)
Balance as of December 31, 2021	<u>\$ -</u>
Accumulated depreciation of right-of-use assets:	
Balance as of January 1, 2022	\$ -
Provision for depreciation	3,020
Balance as of December 31, 2022	<u>\$ 3,020</u>
Balance as of January 1, 2021	\$ 9,152
Provision for depreciation	3,432
Decrease	(12,584)
Balance as of December 31, 2021	<u>\$ -</u>
Book value:	
December 31, 2022	<u>\$ 16,915</u>
December 31, 2021	<u>\$ -</u>

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
(Continued)

(i) Intangible assets

The details of changes in the cost, amortization and depreciation of the Company's intangible assets in 2022 and 2021 are as follows:

	<u>Patent</u>	<u>Computer software</u>	<u>Total</u>
Cost:			
Balance as of January 1, 2022	\$ 42,857	13,145	56,002
Acquired separately	-	196	196
Balance as of December 31, 2022	\$ 42,857	13,341	56,198
Balance as of January 1, 2021	\$ -	9,169	9,169
Acquired separately	42,857	3,976	46,833
Balance as of December 31, 2021	\$ 42,857	13,145	56,002
Amortization:			
Balance as of January 1, 2022	\$ 2,050	9,467	11,517
Current amortization	2,461	1,574	4,035
Balance as of December 31, 2022	\$ 4,511	11,041	15,552
Balance as of January 1, 2021	\$ -	8,117	8,117
Current amortization	2,050	1,350	3,400
Balance as of December 31, 2021	\$ 2,050	9,467	11,517
Book value:			
December 31, 2022	\$ 38,346	2,300	40,646
December 31, 2021	\$ 40,807	3,678	44,485

(j) Other current assets and other non-current assets

	<u>2022.12.31</u>	<u>2021.12.31</u>
Other receivables (including related parties)	\$ 998,745	404,862
Current income tax assets	-	296
Prepayments	46,215	45,495
Refundable deposits	305,468	291
Defined benefit assets	940	751
Others	-	867
	\$ 1,351,368	452,562

(k) Short-term borrowing

	<u>2022.12.31</u>	<u>2021.12.31</u>
Unsecured bank borrowings	\$ 5,195,000	2,300,000
	\$ 5,195,000	2,300,000
Unused quota	\$ 7,508,250	7,800,000
Interest rate range	<u>1.67%~2.20%</u>	<u>0.65%~1.00%</u>

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
(Continued)

(1) Bonds payable

The Company has the following balance of corporate bonds payable:

	2022.12.31	2021.12.31
The 3rd domestic unsecured convertible bonds	\$ 5,560,778	5,497,329
The 4th domestic unsecured convertible bonds	962,204	952,683
The 1st overseas unsecured convertible bonds	-	1,137,035
The 1st privately placed unsecured convertible bonds	1,473,913	1,466,888
Less: parts matured or able to exercise redemption rights within one year	-	(1,137,035)
Ending balance of corporate bonds payable	\$ 7,996,895	7,916,900

1. To meet the needs of working capital and reinvestment, the Company issued the third domestic unsecured convertible corporate bonds on February 26, 2019. The issuance conditions are as follows:

- (1) Total issuance: 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) Term: 2019.02.26~2024.02.26
- (7) Conversion period:

Except for the suspension period of conversion, the creditors may at any time request that the convertible corporate bonds held be converted into the ordinary shares of the Company from the following day after three months of issuance date (May 27, 2019) to the expiration date February 26, 2024, in accordance with the regulations on corporate bond conversion. The suspension period of conversion is as follows:

- A. During the book closure period, the transfer of ordinary shares is suspended in accordance with the law.
- B. The Company will negotiate with Taipei Exchange on the period from the 15 business days before the book closure date of issuance of bonus shares, the book closure date of cash dividend or the book closure date of the issuance of ordinary shares for cash to the record date of rights distribution.
- C. The date of capital reduction is cut off one day before the commencement of capital reduction.
- D. Other suspension periods of stock transfer by law.

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
(Continued)

(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 ordinary shares, the conversion price shall be adjusted under Article 12 of the Company's regulations on domestic issuance and conversion of unsecured convertible corporate bonds. As of December 31, 2022, the conversion price was adjusted to NT\$213.6.

(9) Redemption rights of creditors:

30 days prior to 3 years after the issuance of corporate bonds (February 26, 2022), bondholders may notify the Company in written based on the regulations of corporate bonds conversion method to request the addition of interest charges to face value (1.5075% of corporate bonds face value after 3 years) and redeem convertible corporate bonds in cash.

(10) The Company's redemption option:

From the day after the issuance of corporate bonds for 3 months (May 27, 2019) to 40 days before the maturity date (January 17, 2024), if the closing price of the Company's ordinary shares exceeds the current conversion price for 30 consecutive business days for up to 30%, or the outstanding balance of the convertible corporate bonds is less than 10% of the original total amount of the issuance, the Company may notify the bondholders in accordance with the regulations of conversion method and call back all the corporate bonds by cash at par value.

This convertible corporate bonds comprise liabilities and equity component. The equity component is presented in equity as a capital surplus - stock warrants. The liability components are the liabilities of embedded derivative financial products and non-derivative financial products. The measured amount of derivative financial liabilities on December 31, 2022 is NT\$1,127 thousand at fair value cost and non-derivative financial liabilities on December 31, 2022 is NT\$5,560,778 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	(332,132)
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 effective interest rate of 1.1542%	245,780
Loss (benefit) from financial product evaluation	(12,088)
Converting corporate bonds payable into ordinary shares	(349,057)
The liability components as of December 31, 2022	\$ 5,559,651

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
(Continued)

2. To meet the needs of working capital and reinvestment, the Company issued the first foreign unsecured convertible corporate bonds on March 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 US\$31.653 will be converted into NT dollars equivalent to US dollars for the repayment, repurchase, and redemption of the corporate 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) Term: 2017.03.10~2022.03.10

(7) Conversion period:

Except for the suspension period of conversion, the creditor may request at any time that the convertible corporate bonds held be converted into the ordinary shares of the Company from the following day (April 10, 2017) after 30 days of issuance date to 10 days before (February 28, 2022) the expiration date under the regulations of corporate bonds conversion method.

(8) Conversion price:

The creditors may request the Company to convert the corporate bonds they held into ordinary shares of the Company at a fixed exchange rate of NT\$31.653 and the conversion price of NT\$488 per share. In the event of an increase in the shares of the Company's issued ordinary shares, the conversion price shall be adjusted under Article 13 of the Company's regulations on issuance and conversion of foreign unsecured convertible corporate bonds. As of January 26, 2022, the conversion price was adjusted to NT\$375.33.

(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 issuer 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) Redemption rights of creditors:

Upon 2 years after the issuance of corporate bonds (March 10, 2019) and 4 years (March 10, 2021), bondholders may notify the Company in written based on the regulations of corporate bonds conversion method to request the addition of interest charges to face value (1.25% of corporate bonds face value) and redeem convertible corporate bonds in cash.

(11) The Company's redemption option:

After 2 years (August 30, 2019) of issuance of the corporate bonds, if 20 trading days in 30 consecutive business days of the ordinary shares of the issuing company, the closing price of

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
(Continued)

the corporate 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 corporate bonds is 130% and above, the issuer may redeem corporate bonds in whole or in part in advance at the calculated price of the nominal amount of the corporate 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 issuer may redeem all the outstanding bonds in advance at the early redemption price of the issuer.

This convertible corporate bonds comprise liabilities and equity component. The equity component is presented in equity as a capital surplus - stock warrants. The liability components are the liabilities of non-derivative financial products, as of December 31, 2022, its measured amount of amortized cost is NT\$0 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 effective interest rate of 2.4144%	351,776
Converting corporate bonds payable into ordinary shares	(90,841)
Corporate bonds payable with exercised redemption rights	<u>(6,239,758)</u>
The liability components as of December 31, 2022	<u><u>\$ -</u></u>

3. To meet the needs of operating development and planning and introduce long-term strategic investment partners, the Company privately issued the first domestic unsecured convertible corporate bonds on September 2, 2021. The issuance conditions are as follows:

- (1) Total issuance: NT\$1,500,000 thousand
- (2) Face value: NT\$100 thousand each
- (3) Coupon rate: 0%
- (4) Effective interest rate: 0.479%
- (5) Book value at issuance: NT\$1,464,589 thousand
- (6) Term: 2021.09.02 ~ 2026.09.02
- (7) Conversion period:

Except for the suspension period of conversion, the creditors may at any time request that the convertible corporate bonds held be converted into the ordinary shares of the Company from the following day after three months of issuance date (December 3, 2021) to the expiration date September 2, 2026, in accordance with the regulations on corporate bond conversion. The suspension period of conversion is as follows:

A. During the book closure period, the transfer of ordinary shares is suspended in

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
(Continued)

accordance with the law.

B. The Company's period from 15 business days before the book closure date of issuance of bonus shares, the book closure date of cash dividend or the book closure date of the issuance of ordinary shares for cash to the record date of rights distribution.

C. The date of capital reduction is cut off one day before the commencement of capital reduction.

D. 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\$220.7. In the event of an increase in the shares of the Company's privately issued ordinary shares, the conversion price shall be adjusted under Article 11 of the Company's regulations on domestic issuance and conversion of unsecured convertible corporate bonds. As of December 31, 2022, the conversion price was adjusted to NT\$205.6.

(9) Redemption rights of creditors:

30 days prior to the issuance of corporate bonds for three years (September 2, 2024), the bondholders may notify the Company in writing based on the regulations of corporate bonds conversion method to require the Company to redeem the convertible corporate bonds held by them in cash based on the nominal amount of the corporate bonds.

(10) The Company's redemption option:

From the day after the issuance of corporate bonds for 3 years (December 3, 2024) to 40 days before the maturity date (July 24, 2026), if the closing price of the Company's ordinary shares exceeds the current conversion price for 30 consecutive business days for up to 30%, or the outstanding balance of the convertible corporate bonds is less than 10% of the original total amount of the issuance, the Company may notify the bondholders in accordance with the regulations of conversion method and call back all the corporate bonds by cash at par value.

(11) 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 in cash on the maturity date according to the nominal amount of the bonds.

This convertible corporate bonds comprise liabilities and equity component. The equity component is presented in equity as a capital surplus - stock warrants. The liability components are the liabilities of embedded derivative financial products and non-derivative financial products. The measured amount of derivative financial liabilities on December 31, 2022 is NT\$450 thousand at fair value cost and non-

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
(Continued)

derivative financial liabilities on December 31, 2022 is NT\$1,473,913 thousand at amortized cost, and its effective interest rate initially recognized is 0.4790%.

Issue proceeds (less transaction costs of NT\$165 thousand)	\$ 1,499,835
Equity components	(35,396)
Liability components on the date of issuance (including corporate bonds payable of NT\$1,464,289 thousand and financial liabilities at fair value through profit or loss - non-current of NT\$150 thousand)	1,464,439
Interest calculated at an effective interest rate of 0.479%	9,324
Loss (benefit) from financial asset evaluation	600
The liability components as of December 31, 2022	\$ 1,474,363

4. To meet the needs of working capital and repayment of long-term borrowings, the Company issued the fourth domestic unsecured convertible corporate bonds on November 16, 2021. The issuance conditions are as follows:

- (1) Total issuance: NT\$1,000,000 thousand
- (2) Face value: NT\$100 thousand each
- (3) Coupon rate: 0%
- (4) Effective interest rate: 0.9994%
- (5) Book value at issuance: NT\$951,494 thousand
- (6) Term: 2021.11.16~2026.11.16
- (7) Conversion period:

Except for the suspension period of conversion, the creditors may at any time request that the convertible corporate bonds held be converted into the ordinary shares of the Company from the following day after three months of issuance date (February 17, 2022) to the expiration date November 16, 2026, in accordance with the regulations on corporate bond conversion. The suspension period of conversion is as follows:

- A. During the book closure period, the transfer of ordinary shares is suspended in accordance with the law.
- B. The Company will negotiate with Taipei Exchange on the period from the 15 business days before the book closure date of issuance of bonus shares, the book closure date of cash dividend or the book closure date of the issuance of ordinary shares for cash to the record date of rights distribution.
- C. The date of capital reduction is cut off one day before the commencement of capital reduction.
- D. Other suspension periods of stock transfer by law.

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
(Continued)

(8) Conversion price and adjustment:

The conversion price at the time of initial issuance is set at NT\$221.1. In the event of an increase in the shares of the Company's issued ordinary shares, the conversion price shall be adjusted under Article 12 of the Company's regulations on domestic issuance and conversion of unsecured convertible corporate bonds. As of December 31, 2022, the conversion price was adjusted to NT\$211.6.

(9) Redemption rights of creditors:

30 days prior to 3 years after the issuance of corporate bonds (November 16, 2024), bondholders may notify the Company in written based on the regulations of corporate bonds conversion method to request redeem convertible corporate bonds in cash by the carrying amount.

(10) The Company's redemption option:

From the day after the issuance of corporate bonds for 3 months (November 17, 2024) to 40 days before the maturity date (October 7, 2026), if the closing price of the Company's ordinary shares exceeds the current conversion price for 30 consecutive business days for up to 30%, or the outstanding balance of the convertible corporate bonds is less than 10% of the original total amount of the issuance, the Company may notify the bondholders in accordance with the regulations of conversion method and call back all the corporate bonds by cash at par value.

(11) 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 in cash on the maturity date according to the nominal amount of the bonds.

This convertible corporate bonds comprise liabilities and equity component. The equity component is presented in equity as a capital surplus - stock warrants. The liability components are the liabilities of embedded derivative financial products and non-derivative financial products. The measured amount of derivative financial liabilities on December 31, 2022 is NT\$2,100 thousand at fair value cost and non-derivative financial liabilities on December 31, 2022 is NT\$962,204 thousand at amortized cost, and its effective interest rate initially recognized is 0.9994%.

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
(Continued)

Issue proceeds (less transaction costs of NT\$3,480 thousand)	\$ 1,001,520
Equity components	<u>(49,428)</u>
Liability components on the date of issuance (including corporate bonds payable of NT\$951,494 thousand and financial liabilities at fair value through profit or loss - non-current of NT\$598 thousand)	952,092
Interest calculated at effective interest rate of 0.9994%	10,710
Loss (benefit) from financial product evaluation	<u>1,502</u>
The liability components as of December 31, 2022	<u><u>\$ 964,304</u></u>

(m) Lease liabilities

The Company's carrying amount of lease liabilities:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Current	<u>\$ 6,824</u>	<u>-</u>
Non-current	<u>\$ 9,211</u>	<u>-</u>

Please refer to note 6(21) financial instruments for further information on the maturity analysis of lease liabilities.

Recognized lease profit/loss is below:

	<u>2022</u>	<u>2021</u>
Short-term lease expenses	<u>\$ 876</u>	<u>415</u>

Recognized lease on the cash flow statement is below:

	<u>2022</u>	<u>2021</u>
Total cash outflow for lease	<u>\$ 3,776</u>	<u>3,876</u>

Buildings

The Company leases buildings and structures for a period of 2 to 75 years. Some leases include the option to extend the same period as the original contract at the expiration of the lease term. Some contracts also stipulate that the Company will advance the lessor's tax and insurance expenses related to the real estate, which are usually incurred once a year.

In addition, the leases of photocopiers and parking spaces leased by the Company are short-term or low value leases, and the Company chooses to apply the exemption from recognition provisions rather than recognizing relevant use-of-right assets and lease liabilities.

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
(Continued)

(n) Employee benefits

1. Defined benefit plan

The adjustment between the present value of benefit obligations and the fair value of plan assets determined by the Company is as follows:

	<u>2022.12.31</u>	<u>2021.12.31</u>
The present value of defined benefit obligations	\$ 1,239	1,258
Fair value of plan assets	<u>(2,179)</u>	<u>(2,009)</u>
Net defined benefit liabilities (account as other non-current assets)	<u><u>\$ (940)</u></u>	<u><u>(751)</u></u>

The Company contributes an amount to a retirement fund that is deposited with Bank of Taiwan. 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.

(1) Plan asset composition

The Company contributes the pension fund under the "Labor Standard Act", which is administered by the Bureau of Labor Funds of the Ministry of Labor. In accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, the annual return of the Fund shall not be lower than the average interest rate of a 2-year-term time deposit of local banks.

As of the reporting date, the Company's retirement fund had a balance of NT\$2,179 thousand deposited at Bank of Taiwan. Please visit the website of the Bureau of Labor Funds of the Ministry of Labor for the use of labor retirement fund, including fund return and asset allocation.

(2) Changes in the present value of defined benefit obligations

The changes in defined benefit liabilities of the Company in 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Defined benefit obligations on January 1	\$ 1,258	1,252
Current service cost and interest	9	5
— Actuarial gains (losses) - changes in population statistics assumption	-	15
— Actuarial gains (losses) - changes in financial assumptions	(92)	(51)
— Actuarial gains (losses) - experience adjustments	<u>64</u>	<u>37</u>
December 31 Defined benefit liabilities	<u><u>\$ 1,239</u></u>	<u><u>1,258</u></u>

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
(Continued)

(3) Changes in fair value of plan assets

The changes in the fair value of defined benefit plan of the Company in 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Fair value of plan assets on January 1	\$ 2,009	1,973
Interest income	14	8
— Plan asset remuneration (excluding current interest)	<u>156</u>	<u>28</u>
Fair value of plan assets on December 31	<u><u>\$ 2,179</u></u>	<u><u>2,009</u></u>

(4) Recognized gain (loss) expenses

The details of recognized costs of the Company in 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Net interest expense from defined benefit liabilities (assets)	<u><u>\$ (5)</u></u>	<u><u>(3)</u></u>
Management fee	<u><u>\$ (5)</u></u>	<u><u>(3)</u></u>

(5) Remeasurement of net defined benefit liabilities recognized as other comprehensive income and loss

The remeasured amounts of net defined benefit liabilities reported as other comprehensive income for the Company in 2022 and 2021 were NT\$184 thousand and NT\$27 thousand, respectively.

(6) Actuarial assumption

The material actuarial assumptions used by the Company to determine the present value of defined benefit obligations as of the reporting date are as follows:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Discount rate	1.29%	0.69%
Increase in future salary	3%	3%
Mortality Rate	90% of 6th Period Taiwan Life Tables	90% of 5th Period Taiwan Life Tables
Turnover rate	0%~34%	0%~34%

The Company is expected that the amount of appropriation for defined benefit plans within 1 year after the reporting date for the year ended on Dec 31, 2022 is NT\$505 thousand.

The weighted average duration of defined benefit plans is 5 years.

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
(Continued)

(7) Sensitivity analysis

The effects of changes in the main actuarial assumptions adopted on Dec. 31, 2022 and 2021 on the present value of defined benefit obligations are as follows:

	Effects on defined benefit obligations	
	Increased by 0.25%	Decreased by 0.25%
December 31, 2022		
Discount rate	\$ (36)	37
Increase in future salary	34	(33)
December 31, 2021		
Discount rate	\$ (39)	41
Increase in future salary	37	(36)

The sensitivity analysis above was based on the analysis of the effects of changes in a single hypothesis with other assumptions unchanged. Changes in many assumptions in practice may be interlinked. Sensitivity analysis is consistent with the method used to calculate the net pension liabilities on the balance sheet.

The methodology and assumptions used in the sensitivity analysis are the same.

2. Defined contribution plan

The Company shall contribute the retirement funds of employees to the individual accounts for labor retirement funds of the Bureau of Labor Insurance according to 6% of the monthly salaries of labors under the provisions of Labor Pension Act. Under this plan, after contributing fixed amount to the Bureau of Labor Insurance, the Company will not assume the legal or constructive obligations of paying extra amount. Foreign subsidiaries contribute pensions to relevant statutory bodies for administration in accordance with relevant local laws and regulations.

The pension expense under the defined contribution retirement funds of the Company in the year of 2022 and 2021 are NT\$8,894 thousand and NT\$8,132 thousand respectively, which have been contributed to the Bureau of Labor Insurance.

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
(Continued)

(o) Income taxes

1. Income tax expenses

The details of the income tax expense of the Company in 2022 and 2021 are as follows:

	2022	2021
Income tax expenses for the period		
Recognized for the period	\$ 33,909	22,514
Adjustment of the income tax in the previous year	(6,619)	19,506
	27,290	42,020
Deferred income tax expenses		
Occurrence and reversal of temporary differences	15,420	7,622
Income tax expenses	\$ 42,710	49,642

The details of the income tax expense under other comprehensive income and loss of the Company in 2022 and 2021 are as follows:

	2022	2021
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of defined benefit plan	\$ 37	5

The details of income tax expenses under recognized other comprehensive profits/losses of the Company in 2022 and 2021 are as follows:

	2022	2021
Net profit before tax	\$ 3,495,626	1,384,586
Income tax calculated at domestic tax rate	\$ 699,125	276,917
Non-deductible expenses	(243,340)	(172,599)
Income tax difference	(7,111)	(32)
Changes in unrecognized temporary differences	(406,455)	(102,462)
Underestimate in the previous year	491	30,080
Surtax on undistributed retained earnings	-	17,738
Income tax expenses	\$ 42,710	49,642

2. Deferred income tax assets and liabilities

(1) Unrecognized deferred income tax liabilities

As for the temporary differences related to investment subsidiaries as of December 31, 2022 and 2021, the Company can control the time point of the reversal of the temporary differences and is likely not to reverse in the foreseeable future, so the deferred income tax liabilities are not recognized. Related amounts are:

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
(Continued)

	<u>2022.12.31</u>	<u>2021.12.31</u>
Summary amount of temporary differences related to investment in subsidiaries	<u>\$ 939,624</u>	<u>533,169</u>
(2) Recognized deferred income tax assets and liabilities		
Changes in deferred income tax assets and liabilities:		
Deferred income tax liabilities:		
		Defined benefit plan
January 1, 2022		\$ 616
Debit/(credit) other comprehensive profit and loss		<u>37</u>
December 31, 2022		<u>\$ 653</u>
January 1, 2021		\$ 611
Debit/(credit) other comprehensive profit and loss		<u>5</u>
December 31, 2021		<u>\$ 616</u>

Deferred income tax assets:

	Defined benefit plan	Convertible bond	Inventory evaluation profit and loss	Loss deduction	Others	Total
January 1, 2022	\$ 209	14,033	23,789	-	14,191	52,222
Debit/(credit) income statement	<u>(1)</u>	<u>(14,033)</u>	<u>(11,329)</u>	<u>-</u>	<u>9,943</u>	<u>(15,420)</u>
December 31, 2022	<u>\$ 208</u>	<u>-</u>	<u>12,460</u>	<u>-</u>	<u>24,134</u>	<u>36,802</u>
January 1, 2021	\$ 210	12,918	15,902	10,542	20,272	59,844
Debit/(credit) income statement	<u>(1)</u>	<u>1,115</u>	<u>7,887</u>	<u>(10,542)</u>	<u>(6,081)</u>	<u>(7,622)</u>
December 31, 2021	<u>\$ 209</u>	<u>14,033</u>	<u>23,789</u>	<u>-</u>	<u>14,191</u>	<u>52,222</u>

3. Income tax assessments

The approval on the filing of final income tax return of the Company has lasted till the year 2020 as required by the taxing authority.

The Company disagrees with the approved contents of 2015 and 2018, and is currently applying for review. However, the Company has assessed the relevant income tax based on the principle of prudence.

(p) Capital and other equity

As of December 31, 2022 and 2021, the total authorized share capital of the Company was NT\$2,500,000 thousand with a par value of NT\$10, with 250,000 thousand shares. The total amount of the above-mentioned share capital is ordinary shares, and the issued shares are 106,037 thousand ordinary shares and 101,812 thousand ordinary shares respectively. The share funds of all issued shares have been received.

1. Issuance of ordinary and special shares

On Dec. 1, 2020, the Company's Board of Directors resolved to issue 3,540 thousand as a consideration exchange for the shares of its transferred subsidiary AIS Cayman, with a par value of NT\$10, with Jan 21, 2021 as the base date for the capital increase; On May

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
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13, 2021, the Board resolved to issue 5,000 thousand with a par value of NT\$10, with Dec 31, 2021 as the base date for capital increase. The statutory registration process was completed. The paid-in capital after the change was \$1,018,120 thousand.

On Jan 4, 2022, the Consolidated Company adopted the private placement of ordinary share at the special meeting of shareholders. The placement issues 4,880 thousand shares at NT\$226.92 per share. The reference date for capital increase is January 11, 2022, and the relevant legal registration procedures have been completed.

On March 22, 2022, the Company passed a resolution by the board of directors to cancel its treasury shares in accordance with Article 28-2 of the Securities and Exchange Act due to the expiration of 5 years for the repurchase of shares of NT\$233,608 thousand that have not been transferred. The Company also processed a capital reduction of NT\$6,550 thousand and deleted 655 thousand shares. The reference date for capital reduction was May 8, 2022, and the relevant legal registration procedures have been completed. The paid-in capital after the change is NT\$1,060,370 thousand.

2. Capital surplus

The components of the Company's capital reserve are as follows:

	2022.12.31	2021.12.31
Premium of issued shares	\$ 5,039,717	4,634,353
Issuance of new shares for other company's shares	1,372,670	1,372,670
Premium on conversion of convertible corporate bonds	1,797,651	1,797,651
Share options for convertible corporate bonds	396,757	454,831
Employee share options	-	767
Expired stock options	385,261	326,420
Changes in percentage of ownership in subsidiaries	293,268	279,088
	\$ 9,285,324	8,865,780

In accordance with the Company Act, the capital surplus is required to cover losses first before new shares or cash can be issued in proportion to the shareholders' original shares. Realized capital surplus referred to in the preceding paragraph includes premiums from the issuance of shares in excess of par value and proceeds from gifts received. In accordance with the Regulations Governing the Issuer's Offerings and Issuance of Marketable Securities, the aggregate amount of capital surplus that may be capitalized each year shall not exceed 10% of the paid-in capital.

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On June 23, 2022, through a resolution of the shareholders' meeting, the Company distributed cash to the capital reserve for issuing ordinary shares at a premium exceeding the par value at NT\$4 per share, with a total of NT\$424,148 thousand.

3. Retained earnings

In accordance with the Company's Articles of Incorporation, the Company shall, after the final settlement of each year's earnings, first complete tax contributions, make up for prior years' deficits and set aside 10% as legal reserve, except when the legal reserve has reached the level of total capital; the Company is required by law to set aside or reverse special reserve. In the case of unappropriated earnings for the same period, the Board of Directors shall put forward a proposal for the distribution of earnings to the shareholders for resolution.

The Company lies in a growth stage of industrial development, and there will be plans to expand production lines and funding needs in the coming years. Therefore, a residual dividend policy is adopted. The remaining surplus shall be paid in the form of cash dividends after the reserve surplus is used to finance the required funds. The percentage of cash dividend for the year should not be less than 10% of the total dividend for the year.

(1) Legal reserve

If the Company has no deficit, it may, by resolution of the shareholders in general meeting, issue new shares or cash out of the legal reserve to the extent that such reserve exceeds 25% of the paid-in capital.

(2) Special reserve

When the Company firstly adopted the IFRS recognized by FSC and selected applied exemption items under IFRS1 First-time Adoption of International Financial Reporting Standards, the unrealized revaluation appreciation, cumulative conversion adjustments (benefits) under the recorded shareholders' equity, and the recorded assets were classified as "investment real estate" on the conversion date, and the retained earnings are increased by taking the fair value on the conversion date as the recognized cost in accordance with the regulations. According to FSC No. 1010012865 order issued on April 6, 2012, the special surplus reserves at the same amount is recognized. When using, disposing or reclassifying relevant assets, the Company may reverse the proportion of the initial special surplus reserve to distribute the surplus. As of Dec 31, 2022 and 2021, the balance of such special reserve was NT\$1,768,490 thousand and NT\$1,010,924 thousand.

In accordance with the above order, when distributing the distributable surplus, the Company shall make up the difference between the net deduction of other shareholders' equity in the account in the current year and the balance of the special surplus reserve

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
(Continued)

referred to in the preceding paragraph, and make up the special surplus reserve from the current profit and loss and the undistributed surplus in the previous period. If there is a subsequent reversal in the amount of other decreases in shareholders' equity, the reversal may be distributed in the form of a surplus.

(3) Earnings distribution

On June 23, 2022 and August 3, 2021, the Company's shareholders resolved to distribute earnings for the year 2021 and 2020, respectively, as follows:

	2021		2020	
	Payout ration (NT\$)	Amount	Payout ration (NT\$)	Amount
Distributed to owners of ordinary shares:				
Cash	\$ 3.00	318,111	5.00	480,785

4. Treasury stock

As of Dec 31, 2022 and 2021, the treasury stock, not canceled, held by the Company was 0 thousand and 655 thousand, respectively. Treasury stock held by the Company shall not enjoy the rights of shareholders before being transferred in accordance with the Company Act.

5. Other equity (net after-tax)

	Exchange differences on translation of foreign financial statements	Unrealized gain or loss on financial assets at FVTOCI	Total
Balance as of January 1, 2022	\$ (1,673,323)	(95,167)	(1,768,490)
Exchange differences on translating the net assets of foreign operations	842,050	-	842,050
Share of associates accounted for using the equity method	1,006	487	1,493
Unrealized gain or loss on financial assets at FVTOCI	-	19,013	19,013
Balance as of December 31, 2022	\$ (830,267)	(75,667)	(905,934)
Balance as of January 1, 2021	\$ (934,258)	(76,666)	(1,010,924)
Exchange differences on translating the net assets of foreign operations	(738,853)	-	(738,853)
Share of associates accounted for using the equity method	(212)	-	(212)
Unrealized gains and losses arising from equity instruments in the current year	-	(18,501)	(18,501)
Balance as of December 31, 2021	\$ (1,673,323)	(95,167)	(1,768,490)

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(Continued)

(q) Earnings per Share

The relevant calculations of the Company's basic earnings per share and diluted earnings per share are as follows:

1. Basic Earnings per Share

	2022	2021
(1) Net profit attributable to the holders of ordinary share equity of the Company	<u>\$ 3,452,916</u>	<u>1,334,944</u>
(2) Weighted average outstanding ordinary shares	2022	2021
Ordinary shares issued as of January 1	\$ 101,812	93,272
Effects of treasury stock	(655)	(655)
Effect of cash capital increase on the issuance of new shares	4,746	3,373
Weighted average share outstanding as of Dec 31	<u>\$ 105,903</u>	<u>95,990</u>
Basic earnings per share (NT\$)	<u>\$ 32.60</u>	<u>13.91</u>

2. Diluted earnings per share

	2022	2021
Net profit attributable to the holders of ordinary share equity of the Company (basic)	\$ 3,452,916	1,334,944
After tax interest expenses and financial evaluation gains and losses of convertible corporate bonds	82,943	82,709
Net profit attributable to the holders of ordinary share equity of the Company (diluted)	<u>\$ 3,535,859</u>	<u>1,417,653</u>
Weighted average number of outstanding ordinary shares (basic)	105,903	95,990
Effect of employee remuneration	498	139
Effect of conversion of convertible corporate bonds	38,977	32,136
Weighted average outstanding ordinary shares (diluted) as of December 31	<u>145,378</u>	<u>128,265</u>
Diluted earnings per share (NT\$)	<u>\$ 24.32</u>	<u>11.05</u>

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(Continued)

(r) Revenue from customer contracts

1. Description of Revenue

The income details of the Company are as follows:

	<u>2022</u>	<u>2021</u>
Main service lines		
Revenue from sales of goods	\$ 5,304,120	3,342,358
Service revenue	810	660
	<u><u>\$ 5,304,930</u></u>	<u><u>3,343,018</u></u>

2. Balance of contracts

	<u>2022.12.31</u>	<u>2021.12.31</u>	<u>2021.1.1</u>
Accounts receivable	<u>\$ 1,252,124</u>	<u>787,391</u>	<u>669,711</u>
Contract liability - sales contract (recognized as other current liabilities)	<u>\$ 115,890</u>	<u>15,691</u>	<u>2,086</u>

Please refer to Note 6(4) for the disclosure of notes and accounts receivable and their impairment.

The changes in contract assets and contract liabilities mainly arise from the difference between the time when the Company transfers goods or services to customers to meet performance obligations and the time when customers make payments.

	<u>2022.12.31</u>	<u>2021.12.31</u>
Beginning contract liabilities		
Sales of goods	<u>\$ 15,691</u>	<u>2,086</u>

(s) Remuneration for employees and directors

In accordance with the Company's Articles of Incorporation, no less than 2% of the Company's annual profits shall be appropriated to the compensation of employees and no more than 2% to the compensation of directors and supervisors. However, where the Company has accumulated losses, the Company shall first reserve certain amount of the profit to recover the losses. Parties eligible to receive the said compensation in the form of stock or cash shall include employees in the controlling and associates who met certain conditions.

The estimated amount of compensation of employees for the year 2022 and 2021 was NT\$89,000 thousand and NT\$36,000 thousand respectively, and the estimate amount of compensation to directors was NT\$2,850 thousand and NT\$3,060 thousand. The Company's net profit before tax for the period is estimated by multiplying the amount of the Company's net profit before issuing the compensation of employees and directors by the proportion of the Company's compensation distribution to employees and directors as provided in the

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
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Company's Articles of Incorporation, and is reported as operating costs or expenses for the year 2022 and 2021. There was no difference between the amount approved by the board of directors for employees and directors' remuneration and the amount estimated in the financial statements for the year 2022 and 2021. The related information is available on the Market Observation Post System (MOPS).

(t) Non-operating income and expenses

1. Interest income

The details of interest income of the Company in 2022 and 2021 are as follows:

	2022	2021
Bank deposit interest	\$ 3,609	577
Other interest income	7,824	-
	\$ 11,433	577

2. Other income

The details of other income of the Company in 2022 and 2021 are as follows:

	2022	2021
Rental income	\$ 3,144	3,755

3. Other gains and losses

The details of other gains and losses of the Company in 2022 and 2021 are as follows:

	2022	2021
Gain (loss) on foreign exchange	\$ 55,930	(25,933)
Loss on evaluation of financial assets and financial liabilities	(5,467)	(4,405)
Others	40,358	1,983
Other net gains and losses	\$ 90,821	(28,355)

4. Financial costs

The details of the financial cost of the Company in 2022 and 2021 are as follows:

	2022	2021
Interest on bank loans	\$ 36,762	28,766
Interest on lease liabilities	78	42
Accrued interest on corporate bonds payable	98,211	96,791
Net financial cost	\$ 135,051	125,599

(u) Financial instruments

1. Credit Risks

The carrying amount of a financial asset represents the maximum amount of credit risk.

As the Company has a large customer base, does not significantly concentrate transactions with a single customer, and the sales areas are distributed widely, there is no

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
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risk of significant concentration of credit risk of accounts receivable. To reduce credit risk, the policies adopted by the Company are to trade only with well-reputed counterparties, the Company regularly and continuously evaluates the financial status of customers, and obtain sufficient guarantee if necessary, so as to reduce the risk of financial losses caused by default.

Please refer to Note 6(4) for details of credit risk exposure information of notes receivable and accounts receivable.

Other financial assets measured at amortized cost include other receivables and certificates of deposit. The above are financial assets with low credit risk, so the allowance loss in this period is measured according to the expected credit loss amount of 12 months (Please refer to Note 4 (6) for details of how the Company determines the credit risk is low).

2. Liquidity Risks

The contracts of financial liabilities are sorted by their maturity dates as follows. The estimated interests are included, but the effect of net value agreement is excluded.

	<u>Book value</u>	<u>Contract cash flow</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>More than 1 year</u>
December 31, 2022					
Non-derivative financial liabilities					
Non-interest bearing liabilities	\$ 1,144,559	(1,144,559)	(1,144,559)	-	-
Floating rate instruments	5,195,000	(5,199,364)	(5,199,364)	-	-
Instruments with fixed interest rates	7,996,895	(7,996,895)	-	-	(7,996,895)
	<u>\$ 14,336,454</u>	<u>(14,340,818)</u>	<u>(6,343,923)</u>	<u>-</u>	<u>(7,996,895)</u>
December 31, 2021					
Non-derivative financial liabilities					
Non-interest bearing liabilities	\$ 812,069	(812,069)	(812,069)	-	-
Floating rate instruments	2,300,000	(2,300,896)	(2,300,896)	-	-
Instruments with fixed interest rates	9,053,935	(9,053,935)	(1,137,035)	-	(7,916,900)
	<u>\$ 12,166,004</u>	<u>(12,166,900)</u>	<u>(4,250,000)</u>	<u>-</u>	<u>(7,916,900)</u>

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significant different amounts.

3. Exchange Rate Risks

(1) Exposure to exchange rate risk

The Company's financial assets and liabilities exposed to significant foreign

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
(Continued)

currency exchange rate risk are as follows:

	2022.12.31			2021.12.31		
	Foreign currency	Rate	TWD	Foreign currency	Rate	TWD
<u>Financial assets</u>						
<u>Monetary</u>						
<u>items</u>						
USD	\$ 96,630	30.7100	2,967,507	57,873	27.6800	1,601,925
<u>Financial</u>						
<u>liabilities</u>						
<u>Monetary</u>						
<u>items</u>						
USD	35,093	30.7100	1,077,706	23,423	27.6800	648,349

(2)Sensitivity analysis

The exchange rate risk of the Company's monetary items mainly comes from foreign currency-denominated cash and cash equivalent, accounts receivable and other receivables, financial assets measured at fair value through other comprehensive profits and losses, borrowings, accounts payable and other accounts payable, resulting into gains and losses of conversion of foreign currency when exchanging. As of December 31, 2022 and 2021, if NTD had depreciated or appreciated by 1% relative to USD, EURO and RMB held by the Company and all other factors remained constant, net income would have increased or decreased by NT\$18,898 thousand and NT\$9,536 thousand. The same basis is used for both periods of analysis.

(3)Exchange gains and losses of monetary items

As the Company transacts in various currencies, the exchange gains and losses from monetary items were disclosed by means of consolidation. The foreign currency exchange gains and losses (including realized and unrealized) in 2022 and 2021 were NT\$55,930 thousand and NT\$25,933 thousand, respectively.

4. Interest Rate Risks

The details of the Company's financial assets and financial liabilities exposed to interest rate risks are described in the liquidity risk management of this note.

The following sensitivity analysis is based on the interest rate exposure of derivative and non-derivative instruments on the reporting date. For floating rate liabilities, the analysis method assumes that the amount of liabilities outstanding on the reporting date is outstanding throughout the year. The rate of change used by the Company when reporting interest rates to key management personnel is 1% increase or decrease in interest rates, which also represents the management's assessment of the reasonable range of possible changes in interest rates.

If the interest rate increased or decreased by 1%, and other variable were held constant,

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the Company's net income before tax for the year ended December 31, 2022 and 2021 would have decreased or increased by NT\$51,950 thousand and NT\$23,000 thousand.

5. Other Price Risks

Changes in price of equity securities at the reporting date (on the same basis for both periods and assuming no change in other factors) would have the following effects on the consolidated income statement:

Securities price as of the reporting date	2022		2021	
	Other comprehensive income before tax	Profit after tax	Other comprehensive income before tax	Profit after tax
Increased by 1%	\$ -	(14)	-	40
Decreased by 1%	\$ -	14	-	(40)

6. Information on fair value

(1) Classification of financial instruments and at fair value

The fair value of financial assets, liabilities and other hedging assets of the Company are measured at fair value through profit or loss on a recurring basis. The carrying amount and fair value of various types of financial assets and financial liabilities (including information on the level of fair value, but the book amount of financial instruments not measured at fair value is a reasonable approximation of fair value, and lease liabilities are not required to disclose fair value information according to regulations) are as follows:

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		2022.12.31				
		Book value	Fair value			Total
			Level 1	Level 2	Level 3	
Financial assets as measured at amortized cost						
Financial assets as measured at amortized cost	\$	4,255	-	-	-	-
Cash and cash equivalents		623,358	-	-	-	-
Notes and accounts receivable		1,252,124	-	-	-	-
Other receivables		998,745	-	-	-	-
Total		\$ 2,878,482	-	-	-	-
Financial liabilities at FVTPL						
Financial liabilities at FVTPL	\$	1,423	-	1,423	-	1,423
Financial liabilities at amortized cost						
Convertible bond		7,996,895	-	-	-	-
Bank loans		5,195,000	-	-	-	-
Notes and accounts payable		681,815	-	-	-	-
Other payables		462,744	-	-	-	-
Lease liabilities		16,035	-	-	-	-
Subtotal		14,352,489	-	-	-	-
Total		\$14,353,912	-	1,423	-	1,423
		2021.12.31				
		Book value	Fair value			Total
			Level 1	Level 2	Level 3	
Financial assets at FVTPL						
Financial assets at FVTPL	\$	4,643	-	4,643	-	4,643
Financial assets as measured at amortized cost						
Financial assets as measured at amortized cost		4,225	-	-	-	-
Cash and cash equivalents		1,355,059	-	-	-	-
Notes and accounts receivable		787,391	-	-	-	-
Other receivables		404,862	-	-	-	-
Total		\$ 2,556,180	-	4,643	-	4,643

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	2021.12.31				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities at FVTPL	\$ 598	-	598	-	598
Financial liabilities at amortized cost					
Convertible bond	9,053,935	-	-	-	-
Bank loans	2,300,000	-	-	-	-
Notes and accounts payable	408,198	-	-	-	-
Other payables	403,871	-	-	-	-
Total	\$12,166,602	-	598	-	598

(2) Fair value evaluation techniques for financial instruments measured at fair value

A. Non-derivative financial instruments

When a market is considered active, the quoted price in the market should be used as the fair value for the financial instrument. The market prices announced by TPEX are the basis for the fair value for equity instruments listed on TWSE/TPEX and debt instruments with open quotations in the active market.

If the public quotation of a financial instrument can be obtained from the exchange, broker, underwriter, industry association, pricing service institution or competent authority in a timely and frequent manner, and the price represents the actual and frequent fair market transactions, the financial instrument has an active market public quotation. If the above conditions are unavailable, this market is deemed as inactive. Generally speaking, a large bid-ask spread, a significant increase in bid-ask spread, or a small trading volume are indicators of an inactive market.

If the financial instruments held by the Company have an active market, their fair values are listed as follows by category and attribute:

- Listed redeemable corporate bonds, stocks, bills of exchange, and corporate bonds listed on TWSE/TPEX are financial assets and financial liabilities with standard terms and conditions and trade on the active market, and their fair values are determined by reference to the market quotations respectively.

Except for the above-mentioned financial instruments with active market, the fair value of other financial instruments is obtained by using evaluation technique or referring to the quotation of the counterpart. The fair value obtained through the evaluation technique can be calculated by referring to the current fair value of other financial instruments with substantially similar conditions and characteristics, the discounted cash flow method, or other evaluation techniques, including using the model based on the market information available on the consolidated reporting date

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(for example, the TWSE yield curve) Reuters commercial promissory note interest rate (average quotation).

B. Derivative financial instruments

It is evaluated based on the evaluation model widely accepted by market players, such as discount method and option pricing model. Structured interest rate derivative financial instruments are priced based on an appropriate option pricing model (e.g. Black-Scholes model).

(v) **Financial risk management**

1. **Overview**

The Company is exposed to the following risks the use of financial instruments:

- (1) Credit Risks
- (2) Liquidity Risks
- (3) Market Risks

This note presents the Consolidated Company's risk information for each of these risks and the Consolidated Company's objectives, policies and procedures for measuring and managing risk. For further quantitative disclosures, please refer to the respective notes to the parent company only financial statements.

2. **Risk management structure**

The Chairman has the sole responsibility for establishing and overseeing the Company's risk management structure and reports regularly to the Board on its operation. The board of directors has established a risk management committee to be responsible for developing and controlling the Company's risk management policies and reporting its operation to the board of directors on a regular basis.

The Company's risk management policy is designed to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor compliance with the risks and risk limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's operations. The Company develops a disciplined and constructive control environment through training, management guidelines and operating procedures to enable all employees to understand their roles and responsibilities.

The Board of Directors of the Company oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the appropriateness of the Company's risk management framework in relation to the risks it is exposed to. Internal auditor assists the Company's audit committee in its oversight role. These personnel conduct regular and exceptional reviews of risk management controls and procedures and report the results of these reviews to the audit committee.

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3. Credit Risks

Credit risk is the risk of financial loss arising from the failure of the Company's customers or trading partners to fulfill their contractual obligations, mainly from the Consolidated Company's accounts receivable from customers and investments in securities.

(1)Accounts receivable and other receivables

The policies adopted by the Company are to trade only with well-reputed counterparties, and, as it is necessary, sufficient collateral must be obtained to reduce the risk of financial losses. The Company only trades with enterprises rated equivalent to investment grade. Such information is provided by an independent rating agency; If such information is not available, the Company will use other publicly available financial information and mutual transaction records to rate major customers. The Company continuously monitors the credit risk and the credit rating of counterparties, distributes the total transaction amount to customers with qualified credit rating, and controls the credit risk through the credit limit of counterparties reviewed and approved by the risk management committee every year.

The Company does not hold any collateral or other credit enhancement to avoid the credit risk of financial assets.

(2)Investment

The credit risk of bank deposits, fixed income investments and other financial instruments is measured and monitored by the financial department of the Company. Since the trading partners and other performing parties of the Company are banks with good credit and financial institutions, corporate organizations and government agencies with investment grade and above, there are no major performance concerns without significant credit risks.

(3)Guarantee

The Company's policy stipulates that guarantees are only provided to its wholly-owned subsidiaries. Please refer to note 7 for details of endorsements and guarantees provided by the Company as of December 31, 2022 and 2021.

4. Liquidity Risks

Liquidity risk refers to the risk that the Company is unable to deliver cash or other financial assets to pay off financial liabilities and fails to perform relevant obligations. To management the liquidity, the Company shall ensure its sufficient working capital to meet the due liabilities under normal and stressful conditions, without unacceptable loss or risk of damage to the Company's reputation.

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5. Market Risks

Market risk refers to the risk arisen from market price changes, such as exchange rate, interest rate and equity instrument price changes, which will affect the Company's income or the value of financial instruments held. The market risk management aims to control the market risk within an acceptable level and optimize the return on investment.

To manage market risks, the Company engages in derivative instrument transactions, resulting in financial liabilities. All transactions are executed in accordance with the guidelines of risk management committee. Generally speaking, the Company adopts hedge accounting to manage profit and loss fluctuations.

(1) Exchange Rate Risks

The Company uses derivative transactions to hedge exchange rate risk due to its exposure to exchange rate risk arising from sales and purchase transactions that are not denominated in the Company's functional currency. The Company's functional currency is denominated in New Taiwan dollar, along with Euro, USA and RMB. These transactions are traded in NTD, Euro, USA and RMB.

The Company holds accounts receivable denominated in foreign currencies other than functional currencies, and the exchange gains and losses arising from exchange rate changes offset the exchange gains and losses of short-term borrowings denominated in foreign currencies. Therefore, the risk exposed to the Company is reduced due to exchange rate.

The Company keeps abreast of changes in exchange rates at all times, takes a stable and conservative exchange rate as the basis for quotation, carefully considers the changes of current and future exchange rates, and uses hedging instruments in a timely manner such as forward foreign exchange to avoid the impact of exchange rate changes.

(2) Interest Rate Risks

The company holds assets and liabilities with floating interest rates and exposes to cash flow interest rate. The details of the company's financial assets and financial liabilities with floating interest rates are described in the liquidity risk management of this note.

(w) Capital management

Given the current operating industry and the future development, and considering the changes of the external environment and other factors, the Company plans the working capital and dividend expenditure and other needs required by the Company in the future, so as to ensure that the Company can continue to operate and maintain the best capital structure, so as to maximize shareholders' remuneration and enhance shareholders' value in the long run. To maintain or adjust the capital structure, the Company may adjust the amount of

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
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dividends paid to shareholders or issue new shares. In addition, the Company is not required to comply with other external capital requirements.

(x) Investment and financing activities of non-cash transactions

The Company's non-cash transaction investment and financing activities in 2022 and 2021 are as follows:

1. Please refer to 6(16) for details of issuing common shares to acquire subsidiaries.

VII. Related Party Transactions

(a) Name and relationship of related party

The related parties that transact with the Company within the coverage of this parent company only financial statements are below:

Name of Related Party	Relationship with the Company
Hon Hai Precision Industry Co., Ltd.	Associates
Foxconn Interconnect Technology Limited Taiwan Branch (Cayman)	Associates
FIH (Hong Kong) Co., Ltd.	Associates
WT Microelectronics Co., Ltd.	Associates (Note)
Ever Light Technology Limited Taiwan Branch	Associates
FORTUNEBAY TECHNOLOGY PTE LTD.	Associates
Hongfujin Precision Industry (Shenzhen) Co., Ltd.	Associates
Foxconn Global Network	Associates
Chiun Mai Communication Systems, Inc.	Associates
Arbor Technology Corporation	Associates
Ennowell Co., Ltd.	Associates
Taiwan Applied Module Corporation	Subsidiary
POSLAB TECHNOLOGY CORPORATION	Subsidiary
EnnoMech Precision Co., Ltd.	Subsidiary
Ennoconn International Investment Co., Ltd.	Subsidiary
Ennoconn (Suzhou) Technology Co., Ltd.	Subsidiary
Goldtek Technology Co., Ltd.	Subsidiary
Ezoom Information, Inc.	Subsidiary
Dexatek Technology Ltd.	Subsidiary
Vecow 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
Kontron Modular Computers S.A.S.	Subsidiary

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
(Continued)

<u>Name of Related Party</u>	<u>Relationship with the Company</u>
American Industrial Systems, Inc.	Subsidiary
HighAim Technology Inc.	Subsidiary
Victor Plus Holdings Ltd.	Subsidiary
Kontron AG	Subsidiary
ENNOCONN HUNGARY KFT.	Subsidiary
Original shareholder AIS Cayman	Main management

Note: WT Microelectronics Co., Ltd. is no longer a related party of the Company from December 2022.

(b) Significant transactions with related parties

1. Operating revenue

The Company has the following major sales with related parties:

<u>Accounts Item</u>	<u>Category of related party/Name</u>	<u>2022</u>	<u>2021</u>
Sales revenue	Subsidiary:		
	American Industrial Systems, Inc.	\$ 174,832	559
	ENNOCONN HUNGARY KFT.	228,467	-
	Kontron Europe GmbH	728,162	506,794
	Others	274,042	300,155
	Associates:		
	Others	652	1,665
		<u>\$ 1,406,155</u>	<u>809,173</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.

2. Purchase and processing fees

The purchase of the Company from related parties is as follows:

<u>Category of related party/Name</u>	<u>2022</u>	<u>2021</u>
Subsidiary:		
Victor Plus Holdings Ltd.	\$ 2,871,135	2,273,299
Others	66,403	37,854
Associates:		
Others	47,491	95,750
	<u>\$ 2,985,029</u>	<u>2,406,903</u>

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
(Continued)

The sales transaction price of the Company to the related parties according to the agreement of both parties, and the payment policy is 1-2 months of monthly settlement.

3. Receivables from related parties (excluding loans to related parties)

Details of accounts receivable from related parties of the Company are as follows:

Accounts Item	Category of related party/Name	2022.12.31	2021.12.31
Accounts receivable - related parties	Subsidiary:		
	American Industrial Systems, Inc.	\$ 171,087	598
	ENNOCONN HUNGARY KFT.	139,285	-
	Kontron Europe GmbH	47,464	171,546
	Others	38,779	74,661
Accounts receivable - related parties	Associates:		
	Others	77	-
Other receivables - related parties	Subsidiary:		
	ENNOCONN HUNGARY KFT.	4,424	-
	Victor Plus Holdings Ltd.	265,910	53,892
	Ennoconn (Suzhou) Technology Co., Ltd.	17,058	19,638
	Taiwan Applied Module Corporation	79,873	71,086
	Others	3,760	72,689
	Associates:		
	Hon Hai Precision Industry Co., Ltd.	1,558	1,082
	Others	-	5,035
		\$ 769,275	470,227

Guarantees from outstanding accounts receivable of related parties are not collected. No loss allowance was set aside for receivable from related parties for the year ended Dec. 31, 2022 and 2021.

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
(Continued)

4. Accounts payable to related parties (excluding loans to related parties)

Details of the Company's payables to related parties are as follows:

<u>Accounts Item</u>	<u>Category of related party/Name</u>	<u>2022.12.31</u>	<u>2021.12.31</u>
Accounts payable	Subsidiary:		
	Victor Plus Holdings Ltd.	\$ 147,778	121,154
	Others	13,289	1,564
	Associates:		
	Others	4,872	38,970
Expenses payable (classified under other accounts payable)	Subsidiary:		
	Victor Plus Holdings Ltd.	22,775	-
	Others	5,433	16,380
	Associates:	-	-
	Others	1,198	8,965
		<u>\$ 195,345</u>	<u>187,033</u>

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

5. Other related party transactions

<u>Accounts Item</u>	<u>Category of related party/Name</u>	<u>2022.12.31</u>	<u>2021.12.31</u>
Manufacturing expenses	Subsidiary	\$ 7,939	37,198
	Associates	-	20,100
Operating expenses	Subsidiary:		
	Victor Plus Holdings Ltd.	8,993	-
	Vecow Co., Ltd.	8,268	-
	KONTRON AG	5,554	-
	Others	974	1,285
	Associates:		
	Others	1,263	12,512
		<u>\$ 32,991</u>	<u>71,095</u>

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
(Continued)

6. Endorsements/guarantees

Category of related party/Name	2022	2021
Ennoconn Hungary kft	\$ 2,149,700	-
Ennoconn International Investment Co., Ltd.	1,000,000	1,000,000
Dexatek Technology Ltd.	160,000	160,000
Thecus Technology Corp.	100,000	100,000
HighAim Technology Inc.	552,780	664,320
Highaim Technology Inc.	46,065	41,520
POSLAB TECHNOLOGY CORPORATION	50,000	-
Innovative Systems Integration Limited	-	830,400
	\$ 4,058,545	2,796,240

7. Loans to related parties

The Company's actual expenses for loans to related parties is as follows:

Category of related party/Name	2022.12.31	2021.12.31
Subsidiary:		
Ennoconn (Suzhou) Technology Co., Ltd.	\$ 184,260	-
Ennoconn Hungary Kft	399,230	-
	\$ 583,490	-

The Company's loans to related parties accrue interest at the average interest rate of the Company's short-term borrowings from financial institutions in the current year. The loans to related parties are unsecured. There are no provisions for impairment loss required after management's assessment.

8. Acquisition of financial assets

The Company issues new shares for the equity of transferred company AIS Cayman Technology, the transaction partners are shareholders of AIS Cayman, including related parties, non-related parties, of which related parties could exchange the Company's shares, calculated on the base date of share exchange (Jan.21, 2021), at an amount of NT\$279 million.

(c) Transactions with major managers

Remuneration for major managers include:

	2022	2021
Short-term employee benefits	\$ 29,249	15,278
Post-employment benefits	193	108
	\$ 29,442	15,386

The compensation of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
(Continued)

VIII. Pledged Assets

The carrying value of the assets pledged as collateral by the Company was as follows:

Name of asset	Subject of pledge guarantee	2022.12.31	2021.12.31
Financial assets as measured at amortized cost	Tariff guarantee	\$ 4,255	4,225

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments: None.

X. Losses due to Major Disasters: None.

XI. Significant Events after Balance Sheet Date

On March 24, 2023, the Company's subsidiary -Vecow Co., Ltd. subscribed new shares issued by Array Networks (-KY,3664), at NT\$12.84 per shares, a total of around 6,000 thousand shares and NT\$77,040 thousand, held around 10.32% of shares.

XII. Others

(a) Summary of employee benefits, depreciation, and amortization expenses by function for the current period:

By nature \ By function	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expenses						
Wages and salaries	-	348,497	348,497	17,231	208,694	225,925
Labor Insurance and National Health Insurance expenses	-	16,820	16,820	1,377	13,919	15,296
Pension costs	-	8,889	8,889	720	7,403	8,123
Director compensation	-	5,325	5,325	-	5,195	5,195
Other Employee Benefit Expenses	-	13,252	13,252	1,083	9,048	10,131
Depreciation expenses	3,272	7,884	11,156	5,854	8,016	13,870
Amortization expenses	-	4,035	4,035	28	3,372	3,400

Additional information about number of employees and employee benefit expenses in 2022 and 2021.

	2022	2021
Numbers of Employees	198	183
Directors who did not concurrently serve as employees	5	5
Average employee benefits expense	\$ 2,008	1,458
Average employee salary expense	\$ 1,806	1,269
Adjustment to average employee salary expense	42.32%	30.02%
Supervisor remuneration	\$ -	-

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
(Continued)

The Company's salary and remuneration policies (including directors, supervisors, managers and employees) are as follows:

The Company's salary policy aims to institutionalize the Company's salary. These salary measure is hereby formulated as the basis. The salary of all colleagues employed by the Company shall be determined according to their educational background, experience, skills, potential and the function of the position. By the end of the year, if there is profit, employee compensation will be provided in accordance with the Articles of Incorporation. The remuneration received by the Directors of the Company is determined in accordance with the Articles of Incorporation. The Board of Directors drafts and reports the proposal for the distribution of the remuneration to the shareholders' meeting. The salary remuneration of directors and managerial officers shall be distributed after being deliberated by the Remuneration Committee and resolved by the Board of Directors. The remuneration for managerial officers of the Company is mainly divided into salary, bonus, and employee compensation. Salary and bonus are deliberated by the Remuneration Committee and then resolved by the Board of Directors. Employee compensation is based on the Company's operating conditions and the allocation proportion stipulated in the Company's Articles of Incorporation, which shall be reported to the shareholders' meeting after the resolution of the Board of Directors. The remuneration evaluation items for the Company's directors and managerial officers include the target achievement rate, the Company's profit margin, contribution, and important aspects such as whether a moral hazard event has occurred.

(b) Seasonality of operation:

The Company's operation is not subject to seasonal or periodical fluctuations.

XIII. Supplementary Disclosures

(a) Information on Significant Transactions

In accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Company shall re disclose the following information on major transactions in the year of 2022:

1. Loans to others: Please refer to Table 1.
2. Provision of endorsements and guarantees to others: Please refer to Table 2.
3. Holding of marketable securities at the end of the period (excluding equity of subsidiaries, associates and joint ventures): Please refer to Table 3.
4. Acquisition or sale of the same security with the accumulated cost reaching NT\$300 million or 20% of paid-in capital or more: Please refer to Table 4.
5. Acquisition of property reaching NT\$300 million or 20% of paid-in capital or more: None.
6. Disposal of property reaching NT\$300 million or 20% of paid-in capital or more: None.
7. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20%

Notes to Parent Company Only Financial Statements of Ennoconn Technology Co., Ltd.
(Continued)

of paid-in capital or more: Please refer to Table 5.

8. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to Table 6.

9. Engagement in derivative transactions: None.

(b) Re-investment information (excluding investees in Mainland China): Please refer to Table 7.

(c) Information on investments in mainland China: None.

1. Name, major businesses and related information about investees in Mainland China: please refer to Table 8(1).

2. Investment limit in Mainland China: please refer to Table 8(2).

3. Major transactions with investees in mainland China:

Please refer to the explanation of the “Information on Significant Transactions” in the consolidated financial statement for the significant or indirect transactions between the Company and the investees in mainland China in 2022 (already write-off during the preparation of the consolidated report).

(d) Information on Major Shareholders:

Name of Major Shareholder	Shares	Shares Held	Shareholding ratio
Baoxin International Investments Ltd.		33,178,179	31.28%

Note: (1) The information of main shareholder in this table is calculated by the TDCC on the last business day at the end of each quarter. The total number of common shares and special shares held by the shareholders who have completed the delivery of the company without physical registration (including treasury shares) is more than 5%. As for the share capital recorded in the Company’s financial report and the number of shares actually delivered by the company without physical registration may be different due to the calculation basis.

(2) If the information above belongs to the trust on behalf of the shareholders, it is disclosed by the individual and trustor who opened the trust account by the trustee. As for shareholders to declare shares who hold more than 10% of their shares in accordance with the Securities and Exchange Act, its shareholding includes personal holding of shares plus the shares delivered to the trust with decision right and others. Please refer to the Public Information Observatory for information on insider shareholding declarations.

XIV. Department Information

The consolidated financial statement for the year ended December 31, 2022.

Ennoconn Technology Co., Ltd.

Statement of Cash and Cash Equivalents

As of December 31, 2022

Unit: NT\$ thousand

<u>Item</u>	<u>Summary (Exchange Rate)</u>	<u>Original Currency</u>	<u>Amount</u>
Petty cash	NTD -	\$ -	190
Cash	USD (30.71)	0.92	28
	EUR (32.72)	4.81	157
	CNY (4.41)	5.48	24
	HKD (3.95)	0.02	1
	CAD (22.67)	0.75	17
	GBP (37.09)	1.05	39
	Demand deposits	NTD -	-
Foreign currency deposits	USD (30.71)	8,808.93	270,491
	JPY (0.23)	330.75	77
	GBP (37.09)	2.06	76
Time deposits	USD (30.71)	8,500.00	261,035
Check deposit		-	1
			<u><u>\$ 623,358</u></u>

Ennoconn Technology Co., Ltd.

Statement of Financial Assets Measured at Amortized Cost - Current

As of December 31, 2022

Unit: NT\$ thousand

<u>Insitutions</u>	<u>Summary</u>	<u>Amount</u>
First Bank Zhonghe Branch	Fixed deposit	<u>\$ 4,255</u>

Ennoconn Technology Co., Ltd.
Statement of Accounts Receivable

As of December 31, 2022

Unit: NT\$ thousand

Name of clients	Summary	Amount
Non-related party		
Company A	Operation	\$ 495,253
Company B	Operation	220,301
Other (less than 5% of the balance in this account)	Operation	202,516
Subtotal		918,070
Less: Allowance for loss		(62,638)
Total		<u>\$ 855,432</u>
Related party		
American Industrial Systems, Inc.	Operation	\$ 171,087
ENNOCNN HUNGARY KFT.	Operation	139,285
Kontron Europe GmbH	Operation	47,464
Other (less than 5% of the balance in this account)	Operation	38,856
		<u>\$ 396,692</u>

Ennoconn Technology Co., Ltd.

Statement of Inventories

As of December 31, 2022

Unit: NT\$ thousand

Item	Amount	
	Cost	Net realized value
Merchandise inventory	\$ 11	-
Finished products	82,059	72,892
Semi-finished products	84,773	81,288
Raw materials	618,202	568,566
Work in progress	61,905	61,905
Stock in transit	116	116
Less: Allowance for price decline	(62,299)	-
Total	\$ 784,767	784,767

Ennoconn Technology Co., Ltd.
Investment change based on equity method
As of December 31, 2022

Unit: NT\$ thousand

Name	Beginning Balance		Increase for the current period		Decrease for the current period		Investment (loss) income	Conversion adjustment	Recognized as other comprehensive income and loss	Other (Note 1)	Ending Balance			Conditions of Guarantee or Pledge Provided	
	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount					Share amount	Amount	Number of shares (thousand shares)		Shareholding ratio
Non-TWSE/TPEX-Listed Companies															
Innovative Systems Integration Limited	518,217	\$ 2,119,539	-	-	-	-	(112,207)	47,426	-	(1,672)	518,217	100.00%	2,053,086	2,053,086	None
Ennoconn International Investment Co., Ltd.	711,735	8,332,639	100,000	1,000,000	-	-	1,205,615	88,815	29,005	(743,101)	811,735	100.00%	9,912,973	9,912,973	None
Caswell Inc.	20,000	1,081,045	-	-	-	-	98,022	2,908	-	(40,005)	20,000	27.33%	1,141,970	3,339,916	None
HIGHAIM TECHNOLOGY INC. TAIWAN BRANCH (SAMOA))	239,360	7,738,960	70,150	2,102,589	-	-	2,058,909	683,541	27,361	(50,930)	309,510	100.00%	12,560,430	12,606,405	None
AIS Cayman Technology Group	4,028	280,666	-	-	-	-	85,574	20,366	-	-	4,028	37.64%	386,606	1,026,993	None
		<u>\$ 19,552,849</u>		<u>3,102,589</u>			<u>-</u>	<u>3,335,913</u>	<u>843,056</u>	<u>56,366</u>	<u>(835,708)</u>		<u>26,055,065</u>	<u>28,939,373</u>	

Note 1: Received cash dividends of (NT\$809,755) thousand, adjusted equity net worth of NT\$14,180 thousand, and unrealized sales gross profit of NT\$40,133 thousand.

Ennoconn Technology Co., Ltd.
Statement of Short-term Borrowings

As of December 31, 2022

Unit: NT\$ thousand

<u>Type of loans</u>	<u>Description</u>	<u>Ending Balance</u>	<u>Term of the agreement</u>	<u>Interest rate range</u>	<u>Unused quota</u>	<u>Collaterals or guarantees</u>
Credit loan	First Bank Zhonghe Branch	\$ 570,000	2022/12/30-2023/12/29	1.93%-1.95%	430,000	None
Credit loan	Bank SinoPac	-	2022/09/23-2023/09/30		1,000,000	None
Credit loan	Land Bank of Taiwan	-	2022/10/27-2023/04/27		600,000	None
Credit loan	E. Sun Bank Liancheng Branch	-	2022/06/20-2023/06/20		1,000,000	None
Credit loan	Taishin International Bank	660,000	2022/08/31-2023/07/31	1.85%-1.98%	140,000	None
Credit loan	Far Eastern International Bank	600,000	2022/06/17-2023/06/17	2.20%	200,000	None
Credit loan	Cathay United Bank	800,000	2022/11/17-2023/11/16	1.70%	-	None
Credit loan	Mega International Commercial Bank	400,000	2022/01/03-2023/11/02	1.80%	400,000	None
Credit loan	KGI Commercial Bank	-	2021/01/28-2023/01/28		1,500,000	None
Credit loan	Citibank Taiwan	-	No limit		767,750	None
Credit loan	CTBC Bank	800,000	2022/01/31-2023/01/31	1.67%-1.78%	-	None
Credit loan	Sumitomo Mitsui Bank	1,365,000	2022/03/04-2023/03/04	1.67%-1.98%	170,500	None
Credit loan	DBS Bank	-	2022/06/13-2023/06/13		1,000,000	
		<u>\$ 5,195,000</u>			<u>7,208,250</u>	

Ennoconn Technology Co., Ltd.

Statement of Accounts Payable

As of December 31, 2022

Unit: NT\$ thousand

<u>Name of clients</u>	<u>Summary</u>	<u>Amount</u>
Non-related party		
Company A	Loan	\$ 139,424
Company B	Loan	64,182
Company C	Loan	60,769
Company D	Loan	30,571
Other (less than 5% of the balance in this account)	Loan	<u>220,930</u>
Total		<u>\$ 515,876</u>
Related party		
HighAim Technology Inc.	Loan	\$ 8,553
Victor Plus Holdings Ltd.	Loan	147,778
Other (less than 5% of the balance in this account)	Loan	<u>9,608</u>
		<u>\$ 165,939</u>

Ennoconn Technology Co., Ltd.

Statement of Trade Payable

As of December 31, 2022

Unit: NT\$ thousand

Bond name	Trustee	Date of issuance	Interest rate	Amount					Repayment method	Status of collateral
				Issued amount	Repaid amount	Ending Balance	Unamortized discount	Book value		
3rd domestic unsecured convertible bonds in 2019	Yuanta Securities	2019.02.26	- %	\$ 6,000,000	364,900	5,635,100	74,322	5,560,778	Note 6(12)	None
4th domestic unsecured convertible bonds in 2021	Bank SinoPac	2021.11.16	- %	1,000,000	-	1,000,000	37,796	962,204	Note 6(12)	None
First unsecured privately placed convertible bonds in 2021		2021.09.02	- %	1,500,000	-	1,500,000	26,087	1,473,913	Note 6(12)	None
				\$ 8,500,000	364,900	8,135,100	138,205	7,996,895		

Ennoconn Technology Co., Ltd.
Statement of Operating Revenue
For the Year Ended December 31, 2022 **Unit: NT\$ thousand**

<u>Item</u>	<u>Amount</u>
Motherboard	\$ 5,571,819
Repairs and maintenance	810
Operating return and allowance	<u>(267,699)</u>
	<u>\$ 5,304,930</u>

Ennoconn Technology Co., Ltd.

Statement of Operating Cost

For the Year Ended December 31, 2022

Unit: NT\$ thousand

<u>Item</u>	<u>Amount</u>
Raw materials, beginning	\$ 405,172
Materials purchased in the period	1,678,208
Transferred costs and others	(28,338)
Raw materials, ending (including inventory in transit)	<u>(618,318)</u>
Materials consumed in the period	1,436,724
Manufacturing expenses	<u>299,704</u>
Manufacturing cost	1,736,428
Work in progress, beginning	61,433
Work in progress, ending	<u>(61,905)</u>
Manufacturing cost of finished goods	1,735,956
Semi-finished goods, beginning	66,422
Semi-finished goods purchased in the period	1,166,718
Transferred costs and others	(8,627)
Semi-finished goods, ending	<u>(84,773)</u>
Cost of semi-finished goods and finished goods	2,875,696
Finished goods, beginning	43,753
Finished goods purchased in the period	1,724,186
Transferred costs and others	(3,758)
Finished goods, ending	<u>(82,059)</u>
Cost of finished goods sold	<u>4,557,818</u>
Merchandise cost	
Inventory, beginning	11
Inventory, ending	<u>(11)</u>
Gains on price recovery of inventory	<u>(56,647)</u>
Loss on inventory scrap	<u>17,377</u>
Operating costs	<u>4,518,548</u>
Operating costs in this period	<u>\$ 4,518,548</u>

Ennoconn Technology Co., Ltd.

Statement of Operating Expense

For the Year Ended December 31, 2022

Unit: NT\$ thousand

Item	Selling Expenses	Management fee	Research and development expense	Expected credit losses
Salary and bonus	\$ 62,945	185,005	105,278	-
Expected credit losses	-	-	-	1,034
Insurance expense	3,107	8,547	5,167	-
Other professional services	-	-	66,650	-
Testing fees	5,379	-	-	-
Miscellaneous purchases	-	11,759	-	-
CPA auditing fees	-	13,039	-	-
Other (Note)	38,598	36,130	14,245	-
Total	\$ 110,029	254,480	191,340	1,034

Note: the amount of each item does not exceed 5% of the balance of this account.

Ennoconn Corporation



Chairman: Fu-Chuan Chu



April 1, 2023