

ENNOCONN

2023 Annual Report



Annual Report is available at
<http://www.ennconn.com>
<http://mops.twse.com.tw>

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5. Overseas Securities Exchange where Securities are Listed and Method of Inquiry
None.

6. Company Website: [https:// www.ennocorr.com/](https://www.ennocorr.com/)

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I. Letter to Shareholders

With much gratitude to the collective efforts of all employees, Ennoconn Corp. reported a net consolidated revenue of NT\$121.64 billion in 2023, and net income after tax attributed to the parent company was NT\$2.26 billion; with earnings per share standing at NT\$19.01. Compared to the results of 2022, consolidated revenue and net income increased by 12.4% and 34.6% respectively.

During the past year's volatile ever-changing industrial climate, we've witnessed multiple negative disruptions, including the Russo-Ukrainian War, global interest rate hikes and inflations, inventory depletion, slowdown in terminal sales, rising cost of energy, geopolitics, etc. In response, Ennoconn Corp. continues to implement and adopt the strategic policy of a "diversified and multi-aspect operation." This includes, 1. Product Technology: "Software and Hardware Integration", "Cloud and Network Integration", 2. Resource Integration: "Technology+Products", "Manufacturing+Marketing", "Investment+Fundraising", 3. The Backbone Development: The sustainable corporate development of "EPS + ESG + ESaaS" not only contributed to the Company's high level of resilience in 2023 while delivering a positive annual growth rate of profit; but have also created prudent and profitable development opportunities for stable amplification of the Company's revenue and profit over the next three to five years.

The Company has pushed ahead with the expansion of the parent company and optimizing the overall business structure through improving efficiency. On one hand, the Company expands the business scope of industrial control design across 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 demand from industrial communication and smart home customers is also steadily increasing. The Budapest factory in Hungary, on the other hand; as a result of the increased demand for large-scale intelligent interactive self-service teller kiosks, checkout kiosks, and other machines from major smart financial customers, has led to an increase in the Corporation's overall profitability, and brought about renewed vitality.

With the cutting-edge technology of AI trending worldwide driving the global development of AI application products, a significant increase in demand is expected for technological upgrades in smart solutions and infrastructures across various industries. The huge market opportunities will be conducive to Ennoconn and its partners, generating favorable spaces for business development. Ennoconn continues to follow three main operational guidelines, including: 1. "Software and Hardware Integration" - Improving IIoT devices and integrated application software solutions. 2. "Cloud and Network Integration" - Opening up device communication protocols and providing diversified cloud services. 3. "Subscription-Based Services" -

transforming towards ESaaS's high gross profit margin platform across five major applications (digital, AI, energy, information security, ESG). All business teams of Ennoconn's wholly owned subsidiaries are actively involved in the development and product upgrades for customers in financial retail, lottery gaming, machine vision, etc. Adding to the list, hardware, software, hybrid cloud platforms, AI deep integration, and energy management systems have all assisted in driving order demand and continued growth in operations this year.

Looking ahead towards 2024, despite the increasing international geopolitical risks and intensified frequent extreme weather events; while the global manufacturing sector is gradually recovering along with inventory destocking, promotion of global localized services will continue to drive the Company's equipment and services such as AIoT intelligent manufacturing and new energy integration solutions. Ennoconn's management team and all employees shall remain true to our original aspirations, continue to shoulder the responsibilities, face our challenges, and create new initiatives. I would like to sincerely share my gratitude towards all shareholders for your long-term support and faith towards the Company. The management team and all employees will continue to uphold the mission and responsibilities entrusted by shareholders to bring about steady annual profit growth, implement ESG sustainable management and development, maximize the interests of the Company, shareholders, suppliers, partners, etc., creating a mutually beneficial setting ushering in the Year of the Dragon filled with promising growth.

Respectfully,
Best wishes and warm regards.

Chairman, Fu-Chuan Chu



II. Company Profile

1. Date of Incorporation: July 12, 1999

2. Formation History

Date	Major Events
July 1999	The Company was founded and registered
February 2004	Developed the first industrial motherboard (IP-4PCI20E).
May to October 2006	Increased cash capital to NT\$98 million and introduced investments from Portwell, Inc.
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.
October 2007.	Successfully developed POS PC system with Digipos, a major European POS manufacturer.
March 2008	Obtained ISO 9001 Certification.
October 2008	Successfully self-developed All in One POS system (TESS).
October 2008	Successfully developed a high-level network storage system with Netgear, a major US manufacturer of Netcom.
November 2008	Successfully developed Touch Monitor for POS system with Digipos, a major European POS manufacturer.
December 2008	Successfully developed Touch Monitor for POS system with Digipos, a major European POS manufacturer.
December 2008	Successfully developed a low-voltage, independent display embedded game console control card with Japanese customer OEC.
January 2009	Received orders for the ATM control system from the international company Group A.
November 2009	Successfully developed photo Kiosks to enhance the design experience of display-related equipment.

Date	Major Events
September 2010	Successfully developed a low-level network storage system with Netgear, a major US manufacturer of Netcom.
September 2010	Launched a small, energy-saving POS PC that is fanless and easy to maintain.
April 2011	The aluminum die-casting All-In-One POS of the surface capacitive touch screen is favored by Digipos, a major European manufacturer.
July 2011	Cooperated the first ODM system project with Japanese POS manufacturer Company B.
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.
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.
June 2012	Cooperated with the world's largest POS manufacturer Company B on the motherboard ODM project.
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.
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.
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.
October to December 2014	Acquired a total of 38.7% equity in the network security equipment manufacturer "Caswell Inc." through public acquisitions, share exchange, and investment through the subsidiary, Ennoconn International Investment Co., Ltd., and rapidly expanded new fields and new products.

Date	Major Events
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 enter 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	Cooperated transnationally with Kontron, a leading German industrial computer brand and reinvested a subsidiary of US\$57.3 million to acquire 49% of the 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 consolidate to jointly activate the growth of global cybersecurity, big data, cloud communication, and IoT application business opportunities.
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% of 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”, becoming 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 strengthening 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 core advantages and benefits of each other’s software R&D, hardware manufacturing, system integration, brand, and distribution channel. etc. By working together we intend to expand the industrial computer market share and steadily develop a business with diversified global operations.

Date	Major Events
January 2018	Ennoconn Corporation invested 19.5% of equity in “DIVA Laboratories. 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 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 scales of both parties and leverage integration benefits to enhance 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.

Date	Major Events
January 2021	The Company issued new shares to increase capital after consideration for acquiring the shares of its subsidiary AIS Cayman Technology through share exchange. After the share exchange, 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 to strengthen the synergy of cooperation between the two parties.
September 2021	The Company issued the first privately-offered unsecured convertible corporate bonds domestically in R.O.C., with a total amount of NT\$1.5 billion, and introduced long-term cooperation with strategic investment partners, MediaTek and VIA. Already having a strong foothold and a high market share in smart-phones field, MediaTek's chips provide power for more than 2 billion devices worldwide, while VIA has powerful solutions for AI application software and embedded operating system. Additionally, Ennoconn has already become the major industrial computer supplier of many international cloud service providers in the world, including Google, Microsoft, Amazon, and has access channels covering industrial markets including retail, financial, gaming, manufacturing and other fields. During cooperation of the three companies, Ennoconn facilitated upgrading of the design and development technologies for its industrial computer products and laid out different levels of customers through vertically integrated alliance, creating a mutually beneficially situation with maximum productivity and moving towards a new technological future.
January 2022	The Company issued 4,880,000 privately-offered ordinary shares, with a total amount of NT\$1.107 billion, and introduced Google International LLC as a long-term cooperative strategic investment partner. 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

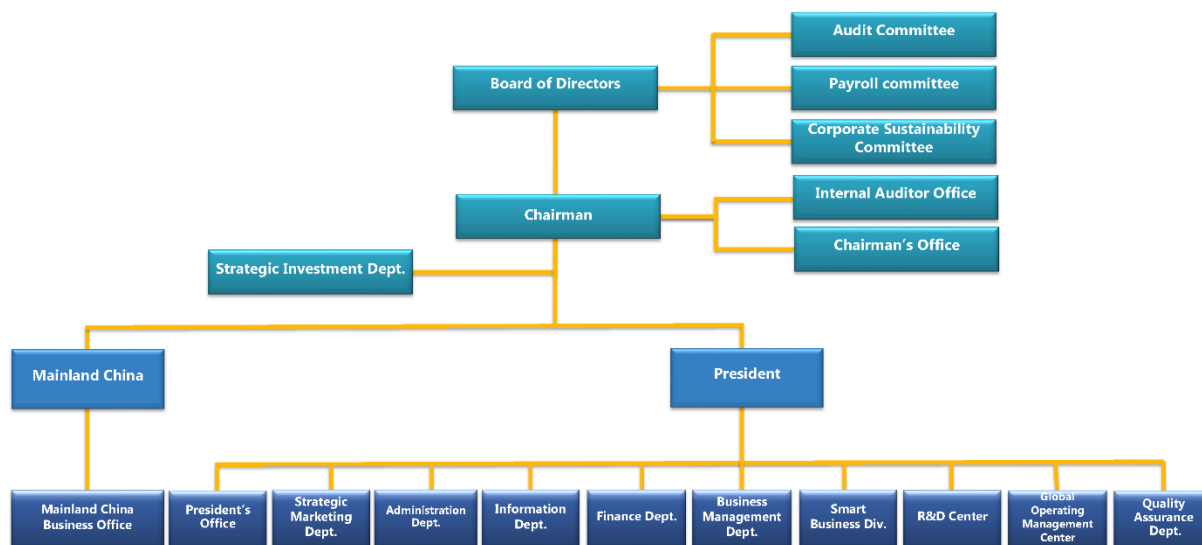
Date	Major Events
	access, cloud use, cloud management to cloud protection based on a flexible “service-oriented” mode to improve service functions and platform value and create usage and new revenue, so as to further form a strong ecosystem, help customers to solve the problems related to cloud-ground 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).
February 2022	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.
May 2022	Ennoconn invested in Gold Rain (4503) through its subsidiary, acquiring 10.45% of Gold Rain’s privately placed common shares. Gold Rain’s main products are vending machines, and has the capacity to produce large-scaled machines, with factories in Changhua, Taiwan and Vietnam. As for Ennoconn, its gaming equipment also consists of relatively large machines. Additionally, with its subsidiary Force-Media Technology’s server business, its related customers all have MIT (Made in Taiwan) needs. Additionally, so as to accelerate its global expansion strategy, both parties are expected to achieve further synergy.
December 2022	Ennoconn, through its subsidiary, has acquired a 3.9% stake in FunP Co., Ltd. (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 Ennoconn Group’s digital transformation, it will jointly develop cloud-based businesses with FunP in the future 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 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.

Date	Major Events
October 2023	Through its subsidiary, Ennoconn invested a total capital of NT\$100 million in Ennorise Corporation (Ennorise) jointly with Moai Green Power Corporation (Moai); with Ennoconn holding 60% and Moai holding 40%. In the further expansion of green transformation and value-added intelligent solutions, the focus will first be on distributed energy storage systems, providing diverse energy storage systems ranging from 5kW to 2MW, targeting global markets including industrial parks, data centers, smart factories, commercial office buildings, logistics centers, retail malls, etc. Through allowing customers to take advantage of off-peak charging and peak discharging, it subsequently reduces the pressure on Taipower's electricity peak, and enhance the application of distributed energy storage, strengthening the resilience of the power grid. Ennoconn is actively expanding its business market blueprint, using the Taiwanese market as a springboard while setting its sights on the international market.

III. Corporate Governance Report

1. Organization

(1) Organization Chart



(2) Business Operations of Major Departments or Divisions

Department or Division	Business Operations
Chairman's Office and Chairman's Staff's Office	<p>Chairman/Chief Executive Officer (CEO):</p> <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 security information system.

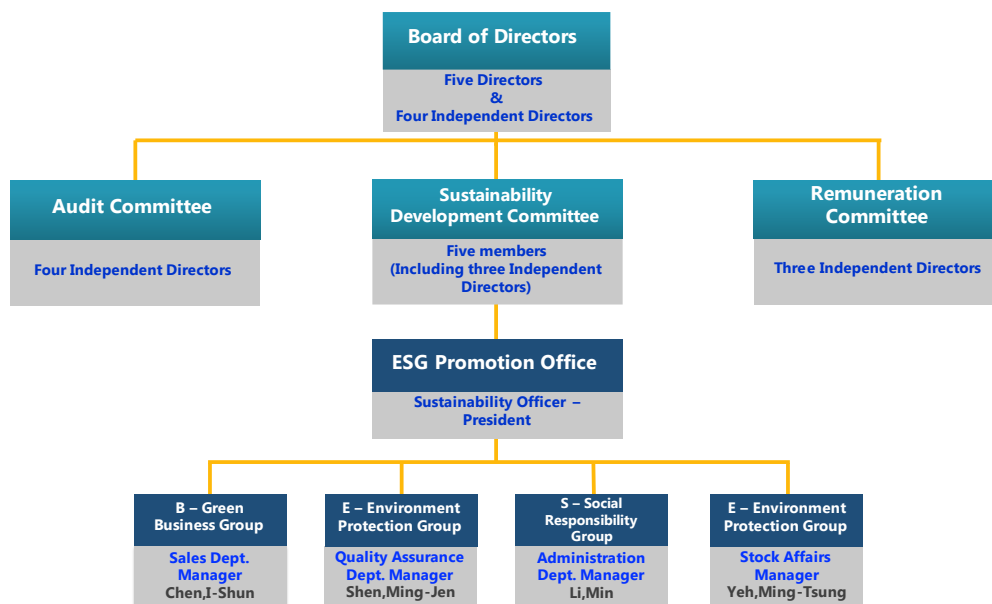
Department or Division	Business Operations
Financial Department	Responsible for the Company's capital planning and accounting, formulation and implementation of accounting policies, financial data analysis, and various legal and financial matters.
Smart Business Division	<ol style="list-style-type: none"> 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 Division	Be responsible for various business development planning and operating performance management for the businesses in mainland China.

(3) 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.

ENNCONN Corporation’s Sustainability Committee Organizational Chart



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 guide sustainable business to align with international standards and comply with applicable regulations.
3. Specifying sustainable development directions and goals.
4. Formulate annual work plans and various resource investment for sustainable development, and review the marketing and implementation effectiveness.
5. Supervise the timeliness and accuracy of disclosed information related to sustainability.
6. Other major matters stipulated by the Company or the competent authority.

The Board of Directors' Supervision of Sustainable Development

The Company's Board of Directors regularly listens to reports from the Sustainable Development Committee every six months (including reviewing the annual ESG report). The Board examines the sustainable development strategies, policies, goals, and action plans, and provides suggestions for adjustments. This allows the management team to make improvements and revisions. The Company held Sustainable Development Committee meetings on May 10 and November 13, 2023, and reported the conclusions of the meetings to the Board of Directors on May 11 and November 14, 2023, respectively.

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

(1) Directors' Information

April 2, 2024; 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 Children		Shares Held by Nominees		Experience	Other Positions Concurrently Held in the Company or other Companies	Executives, Directors or Supervisors who are Spouses or Within the Second Degree of Kinship			Remarks
							Number of Shares	Shareholding (%)	Number of Shares	Shareholding (%)	Number of Shares	Shareholding (%)	Number of Shares	Shareholding (%)			Title	Name	Relationship	
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	0.75%	0	0%	0	0%	Department of Electronic Engineering, St. John's University Senior Associate Manager, Hon Hai Precision Industry Co., Ltd.	Chairman and CEO of the Company Chairman, Caswell Inc. Chairman, Goldtek Technology Co., Ltd. Chairman, Dexatek Technology Ltd. Chairman, Ennoconn Investment Holdings Co., Ltd. Chairman, EnnoRise Corporation Director, Ennoconn (Suzhou) Technology Co., Ltd. Chairman, Poslab Technology Corporation Chairman, AIS Cayman Technology Group Chairman, Ennoconn International Investment Co., Ltd. Director, Marketech International Corporation Director, EnnoMech Precision Co., Ltd. Director, Vecow Co., Ltd. Director, Kontron AG Director, ENGA Technology Co., Ltd. Director, HanChu Co., Ltd. Director, Shinpu Star Venture Capital Co., Ltd.	None	None	None	Note 1

III. Corporate Governance Report

Title	Name	Gender/Age	Nationality or Place of Registration	Date First Elected	Date Elected	Term	Shares Held Upon Election		Shared Held Currently		Shares Held by Spouse & Minor Children		Shares Held by Nominees		Experience	Other Positions Concurrently Held in the Company or other Companies	Executives, Directors or Supervisors who are Spouses or Within the Second Degree of Kinship			Remarks
							Number of Shares	Shareholding (%)	Number of Shares	Shareholding (%)	Number of Shares	Shareholding (%)	Number of Shares	Shareholding (%)			Title	Name	Relationship	
Director	Baoxin International Investments Ltd.	-	Republic of China	2007. 03.12	2022. 06.23	3 years	33,178,779	31.10%	33,178,779	24.21%	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%	Masters, Department of Business Administration, National Chengchi University		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	24.21%	0	0%	0	0%	-	Hon Hai Precision Industry Co., Ltd. Associate Manager of Operations and Management	None	None	None	None
	Representative: Chuang-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		Shared Held Currently		Shares Held by Spouse & Minor Children		Shares Held by Nominees		Experience	Other Positions Concurrently Held in the Company or other Companies	Executives, Directors or Supervisors who are Spouses or Within the Second Degree of Kinship			Remarks
							Number of Shares	Shareholding (%)	Number of Shares	Shareholding (%)	Number of Shares	Shareholding (%)	Number of Shares	Shareholding (%)			Relationship	Name	Title	
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 Head of Department of Accounting, Soochow University Adjunct Professor, Department of Accounting, National Taiwan University Director, Taiwan Accounting Association	Professor, Department of Accounting, Soochow University Independent Director, In Win Development Inc. Independent Director, Makalot Industrial Co., Ltd Independent Director, 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%	Master of Business Administration, National Taiwan University Master of Science in Financial Management, Boston University Bachelor of Accounting, National Taiwan University	Independent Director, Amulaire Thermal Technology, Inc. Chairman, HUANG HUEI BIOTECHBOLOGY CORP. Chairman, Victoria Investment Co., Ltd. Chairman, KEEN UNION INVESTMENT LIMITED Chairman, SHUO JEN LI HSIN Corp. Chairman, WEI HAN MATERIAL TECHNOLOGY LTD Director, CHIEN HSING INFORMATION CORP. Director, Asia Pacific Anti-Additive Association Taiwan Office	None	None	None	None
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, Rutgers Business School Former Vice President, Citibank Financial Market and Securities Services Business Group	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 Children		Shares Held by Nominees		Experience	Other Positions Concurrently Held in the Company or other Companies	Executives, Directors or Supervisors who are Spouses or Within the Second Degree of Kinship			Remarks
							Number of Shares	Shareholding (%)	Number of Shares	Shareholding (%)	Number of Shares	Shareholding (%)	Number of Shares	Shareholding (%)			Title	Name	Relationship	
Independent Director	Huang-Hsu Tu	Male/ 61-65	Republic of China	2023.05.30	2023.05.30	3 years	0	0%	0	0%	0	0%	0	0%	Bachelor in Mechanical Engineering, St. John's University President, Pan German Universal Motors Ltd.	President, Pan German Universal Motors Ltd. Chairman, Yider International Co., Ltd. Chairman, Union Capital Vehicle Leasing Co.,Ltd. Chairman, Union Capital Leasing Co.,Ltd. Chairman, Jet-Li Motors Ltd. Co., Ltd. Pan German Universal Motors Ltd. Yong Xin Car Rental Co., Ltd. Supervisor, Universal Warehousing Inc.	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 individual, 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.
- (5) The Company completed the by-election of independent directors at the Annual General Meeting of Shareholders on May 30, 2023, and currently has 4 independent directors in office.

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 Shareholders

Name of Institutional Shareholder	Major Shareholders
Hon Hai Precision Industry Co., Ltd.	Terry Gou (12.56%)
	New Labor Retirement Pension Fund (2.06%)
	Citigroup Custody of Singapore Government Investment Account (1.88%)
	Standard Chartered Trusteeship Liechtenstein Bank Investment Account (1.19%)
	Vanguard Emerging Markets Stock Index Fund (1.18%)
	PGAI Progressive International Stock Index managed by JPMorgan on a trust basis (1.15%)
	Dedicated investment account of Norges Bank managed by Citibank on a trust basis (1.13%)
	Dedicated depository receipts account of Hon Hai Precision Industry Co., Ltd. managed by Citibank on a trust basis (0.91%)
	Standard Chartered Custodian iShares Emerging Markets ETF Investment Account (0.81%)
	Danley International Limited Investment Portfolio (0.67%)

Note: Hon Hai Precision Industry Co., Ltd.'s information as of book closure date April 2, 2024.

3. Professional Qualifications of Directors and Independence of Independent Directors

<div>Qualification</div> <div>Name</div>	Professional Qualifications and Experience (Note 1)	Independence (Note 2)	Number of Other Public Companies where the Individual Concurrently serves as an Independent
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.	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 with a Ph.D. in Business from National Taiwan University, previously served as the Chair of the Accounting Department at Soochow University. She is currently an independent director at Ying-Guang Technology and Ju-Yang Industries, possesses strong accounting and financial analysis abilities, crisis management capabilities, and a global market perspective, and there is no situation specified in Article 30 of the Company Act applicable to her.	During the two years prior to her election and during her 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
Hsin-I Chan	Hsin-I Chan, an independent director, graduated from the School of Management, National Taiwan University with an MBA degree and an MSF degree from Boston University. She currently acts as the chairman of several companies, including Chairman of HUANG HUEI BIOTECHBOLOGY CORP and Chairman of KEEN UNION INVESTMENT LTD. She has extensive accounting and financial analysis skills, operational determination, operational management and crisis management skills, and there is no situation specified in Article 30 of the Company Act applicable 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

Huang-Hsu Tu	Independent Director Huang Xu, Du graduated with a Bachelor's degree in Mechanical Engineering from St. John's University of Science and Technology. He currently serves as the General Manager of Pan German Motors Co., Ltd., as well as the Chairman of Eden International Co., Ltd., and several other companies. He has strong judgment ability in operations, business management ability, crisis management ability, industry knowledge, international market perspective, leadership ability, and decision-making ability. He also does not have any of the circumstances listed in Article 30 of the Company Act.	During the two years prior to his election and during his term of office, Independent Director Huang-Hsu Tu is qualified as an independent director in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	0
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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

Diversity Policy for Board Members

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 do 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:

- (1) Basic Requirements and Values: gender, age, nationality, and culture.
- (2) Professional Knowledge and Skills: professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills and industry experience, 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:

- (1) Operating Judgment Abilities
- (2) Accounting and Financial Analysis Abilities
- (3) Business Management Abilities
- (4) Crisis Management Abilities
- (5) Industry Knowledge
- (6) Global Market Perspective
- (7) Leadership Abilities
- (8) Decision-Making Abilities

The current Board of Directors of the Company is composed of seven directors, including four independent directors. The members have experience and expertise across 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.

Name	Operating Judgment Ability	Accounting and Financial Analysis Ability	Business Management Ability	Crisis Management Ability	Industry Knowledge	Global Market Perspective	Leadership Ability	Decision-making Ability
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				
Huang-Hsu Tu	V		V	V	V	V	V	V

Board of Directors Diversity Management Goals:

The Company views gender equality as a matter of great importance in the composition of the Board of Directors' members. The target ratio of female directors is set at 30% or more. The above goal to increase the ratio of female senior managers is achieved through election during the 10th Board of Directors' Meeting. Currently, there are seven directors, including four female directors, with a ratio of 57%.

Achievement Status of Board Members

The implementation status of the diversification of the Company's Board members is summarized in the following table:

Core items of diversity <div>Name of Directors</div>	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		
				51 to 55	56 to 60	61 to 65	Under 3 years									3 to 9 years	Over 9 years
Fu-Chuan Chu	Republic of China	Male	V			V				V			V		V		
Mei-Hui Hung	Republic of China	Female		V						V		V			V		
Chuang-Wang Chang	Republic of China	Male			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		
Hsin-I Chan	Republic of China	Female		V			V				V	V	V				
Huang-Hsu Tu	Republic of China	Male	V						V			V	V		V		

5. Board Performance Evaluation and its Relationship with Remuneration

The Company established the “Performance Evaluation Measures for the Board of Directors” on December 26, 2012, and regularly carries out the Board of Directors’ members’ self-performance evaluation annually.

The evaluation indicators include compliance with relevant laws and regulations, participation in the Company’s operations, compliance with the “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) Degree of participation in the Company’s operations
- (2) Improvement in the quality of the Board’s decision-making
- (3) Board of Directors’ composition and structure
- (4) Directors’ election and continuing education
- (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’s goals and tasks
- (2) Recognition of directors’ responsibilities
- (3) Degree of participation in the Company’s operations
- (4) Degree of participation in the Company’s operations
- (5) 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) 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) Functional Committee's composition and member election
- (5) Internal control

The internal performance evaluation is carried out by the Finance Department using an internal questionnaire. Based on the operation and participation of the Board of Directors and all functional committees, directors evaluate the operations of the Board of Directors and the Functional Committee, directors would also assess their own participation. The above performance evaluation results will serve as a reference for selecting or nominating directors and as a basis for determining their individual salaries and remuneration.

In 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.

External Evaluator	Year	Evaluation Scope	Report Date	Evaluation and Report Summary
Taiwan Corporate Governance Association	2022	Board of Directors and Functional Committee	2023.01.16	https://www.ennocomm.com/zh-tw/performance-evaluation-of-board-of-directors/

The Company completed the internal performance evaluation of the Board of Directors, the members of the Board, and the functional committees for the year 2023 in the first quarter of 2024 and reported the evaluation results to the Board of Directors on March 7, 2024.

Internal Performance Evaluation	Evaluation Unit	Evaluation Period	Evaluation Indicators	2023 Evaluation Results
Board Members Performance Evaluation	All Current Directors	2022	(1) Degree of participation in company operations. (2) Enhancement of the quality of decision-making by the Board. (3) Board composition and structure. (4) Selection and continuing education of directors. (5) Internal control.	94.3

Internal Performance Evaluation	Evaluation Unit	Evaluation Period	Evaluation Indicators	2023 Evaluation Results
Board of Directors Performance Assessment	Agenda Unit	2022	(1) Understanding of the Company's goals and objectives. (2) Understanding of the responsibilities of directors. (3) Degree of participation in company operations. (4) Internal relationship management and communication. (5) Professionalism and continuing education of directors. (6) Internal control.	98.7
Audit Committee Performance Evaluation	All Current Members	2022	(1) Understanding of the Company's goals and objectives. (2) Understanding of the responsibilities of the Audit Committee. (3) Enhancement of the quality of decision-making of the Audit Committee. (4) The composition and selection of Audit Committee members. (5) Internal control.	95.8
Remuneration Committee Performance Evaluation	All Current Members	2022	(1) Understanding of the Company's goals and objectives. (2) Understanding of the responsibilities of the Remuneration Committee. (3) Enhancement of the quality of decision-making of the Remuneration Committee. (4) The composition and selection of Remuneration Committee members. (5) Internal control.	95.8
Sustainable Development Committee	All Current Members	2022	(1) Understanding of the Company's goals and objectives.	95.8

Internal Performance Evaluation	Evaluation Unit	Evaluation Period	Evaluation Indicators	2023 Evaluation Results
Performance Evaluation			(2) Understanding of the responsibilities of the Sustainable Development Committee. (3) Enhancement of the quality of decision-making of the Sustainable Development Committee. (4) The composition and selection of Sustainable Development Committee members. (5) Internal control.	

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 director's performance evaluation. In addition to taking into account the Company's overall operating performance and ESG performance, it also refers to the individual's performance achievement rate and contributions to the Company's performance to provide reasonable remuneration. The relevant performance appraisal and remuneration 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 Company's Succession Plan and Implementation Status of Board of Directors' Members and Key Management Level:

(9) Board of Directors' Members

A. Succession Plan

Diversification should be considered for Board members, taking into account the business development scale of the Company and major shareholders' shareholding situation to measure the actual operational needs. In addition to the knowledge and academic experience that directors should possess, it is also necessary to consider the ratio of independent directors to directors.

B. Status of Implementation

Through senior managers' participation in various seminars, etc., to seek potential candidates from industry talents or contacts and evaluate their suitability.

(10) Important Management Levels

A. 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.

B. Status of Implementation

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

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

April 2, 2024 Unit: shares; %

Remarks	Managers with Spouses or Within the Second Degree of Kinship			Other Positions Concurrently held at other Companies	Professional Qualifications and Experience	Shares Held by Nominees		Shares Held by Spouse & Minor Children		Shares Held		Date of Election (Appointment)	Gender	Name	Nationality	Title
	Relationship	Name	Title			Shareholding%	Number of Shares	Shareholding%	Number of Shares	Shareholding%	Number of Shares					
Note 1 (Identical to Note 1 on Page 8)	None	None	None	Chairman and CEO of the Company Chairman, Caswell Inc. Chairman, Goldtek Technology Co., Ltd. Chairman of Dexatek Technology Ltd. Chairman, Ennoconn Investment Holdings Co., Ltd. Chairman, EnnoRise Corporation Director, Ennoconn (Suzhou) Technology Co., Ltd. Chairman, Poslab Chairman, AIS Cayman Technology Group Director of Ennoconn Chairman, Ennoconn International Investment Co., Ltd. Director, Marketech International Corporation Director, EnnoMech Precision Co., Ltd. Director, Vecow Co., Ltd. Director, Kontron AG Director, ENGA Technology Co., Ltd. Director, HanChu Co.,Ltd. Director, Shinpu Star Venture Capital Co., Ltd. Chairman, Innovative Systems Integration Limited (HK)	Department of Electronic Engineering, St. John's University Senior Associate Manager, Hon Hai Precision Industry Co., Ltd.	0%	0	0%	0	0%	1,026,726	0.75%	Male	Fu-Chuan Chu	Republic of China	CEO

III. Corporate Governance Report

Remarks	Managers with Spouses or Within the Second Degree of Kinship			Other Positions Concurrently held at other Companies	Professional Qualifications and Experience	Shares Held by Nominees		Shares Held by Spouse & Minor Children		Shares Held		Date of Election (Appointment)	Gender	Name	Nationality	Title
	Relationship	Name	Title			Shareholding%	Number of Shares	Shareholding%	Number of Shares	Shareholding%	Number of Shares					
Shares Held Under the Name of Others are the Bank's own Custodial Account	None	None	None	President of the Company Chairman, American Industrial Systems Inc. Chairman, Vecow Co., Ltd. Director, AIS Cayman Technology Group Director, Ennoconn international investment co., Ltd. Director, Caswell Inc. Chairman, Poslab Technology Corporation Director, Marketch International Corporation Chairman, ARBOR Technology Corporation Chairman, Ennowell Co., Ltd.	Master of Business Administration, West Coast University, USA President, American Industrial Systems Inc.	0.27%	366,726	0%	0	0.03%	35,000	2019.12.19	Male	Neng-Chi Tsai	Republic of China	President
None	None	None	None	President of the Company Director, Ennoconn international investment co., Ltd. Chairman, EnnoMech Precision Co., Ltd. Chairman, EnnoMech Precision (Cayman) Co., Ltd. Chairman, Ennoconn (Foshan) Investment Holdings Co., Ltd. Chairman, Ennoconn Investment Co., Ltd. Director, Marketch International Corporation Director, Goldtek Technology Co., Ltd. Director, Caswell Inc. Director, Innovation Systems Integration Limited (HK) Chairman, Ennoconn (Suzhou) Technology Co., Ltd. Director, ENGA Technology Co., Ltd.	Department of Business Management, Feng Chia University Engineering Management, Nan Ya Plastics Corporation Vice President, Business Management, Hon Hai Precision Industry Co., Ltd.	0%	0	0%	1,364	0.20%	220,914	2021.09.01	Male	Chao-Tsung Lou	Republic of China	President, Mainland China Branch

Remarks		None		None	
Managers with Spouses or Within the Second Degree of Kinship		Relationship	None	Relationship	None
		Name	None	Name	None
		Title	None	Title	None
Other Positions Concurrently held at other Companies		None		None	
		None		Director, Marketch International Corporation Supervisor, Ennoconn International Investment Co., Ltd.	
Professional Qualifications and Experience		Department of Electrical Engineering, Lee- Ming Institute of Technology R&D Manager of ADLINK Technology Inc.		New York University-MBA- Finance Accounting Department, National Taiwan University Chief Financial Officer of Tatung Medical Healthcare Technologies Co., Ltd.	
		Shareholding%	0%	Shareholding%	0%
Shares Held by Nominees		Number of Shares	0	Number of Shares	0
		Shareholding%	0%	Shareholding%	0%
Shares Held by Spouse & Minor Children		Number of Shares	0	Number of Shares	0
		Shareholding%	0.01%	Shareholding%	0.00%
Shares Held		Number of Shares	8,000	Number of Shares	0
		Shareholding%	0.01%	Shareholding%	0.00%
Date of Election (Appointment)		2019.12 .16		2022.08 .22	
Gender		Male		Male	
Name		Sheng-Hsiung Chang		Tsung-Hsien Chuang	
Nationality		Republic of China		Republic of China	
Title		Associate Manager, R&D Center		Chief Financial Officer/CFO	

III. Corporate Governance Report

Remarks	Managers with Spouses or Within the Second Degree of Kinship			Other Positions Concurrently held at other Companies	Professional Qualifications and Experience	Shares Held by Nominees		Shares Held by Spouse & Minor Children		Shares Held		Date of Election (Appointment)	Gender	Name	Nationality	Title
	Relationship	Name	Title			Shareholding%	Number of Shares	Shareholding%	Number of Shares	Shareholding%	Number of Shares					
None	None	None	None	None	Department of Business Management, Chung Yuan Christian University	0%	0	0%	0	0.01%	10,000	2021.09 .01	Male	Wen-Ta Chang	Republic of China	Associate Manager, Information Department
None	None	None	None	None	MBA, Imperial College London Bachelor, Industrial Management Department, National Taiwan University of Science and Technology IPCD/New PCEBG Senior Manager, Hon Hai Precision Industry Co., Ltd.	0%	0	0%	0	0.00%	0	2022.08 .22	Male	Hung-Chih Chou	Republic of China	Director of Corporate Governance

(3) 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, 2023; 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)		Remuneration to Concurrent Employees								Ratio of Total Amount of A, B, C, D, E, F and G in Net Profits after Tax (%) (Note 5)		Remuneration received from parent company or investee other than subsidiaries
		Remuneration (A) (Note 1)		Retirement Allowance (B) (Note 2)		Director Compensation (Note 3)		Business Execution Fees (D) (Note 4)				Salaries, Bonuses, Special Allowances, etc. (E) (Note 6)		Retirement Pension (F)		Employee Compensation (G) (Note 7)						
		The Company	All Companies Included In	The Company	All Companies Included In	The Company	All Companies Included In	The Company	All Companies Included In	The Company	All Companies Included In	The Company	All Companies Included In	The Company	All Companies Included In	The Company		All Companies Included In		The Company	All Companies Included In	
Cash amount	Stock amount															Cash amount	Stock amount					
Chairman	Fu-Chuan Chu	0	0	0	0	990	990	1,500	2,294	0.11	0.15	38,181	38,181	0	0	33,300	0	33,300	0	3.27	3.31	0
Independent Director	Baoxin International Investments Ltd.																					
Independent Director	Baoxin International Investments Ltd. Corporate Representative: Mei-Hui Hung																					
Independent Director	Baoxin International Investments Ltd. Corporate Representative: Chuang-Wang Chang																					

Independent Director	Yu-Hui Su																					
Independent Director	Hsin-I Chan																					
Independent Director	Miao-Shun Wen	0	0	0	0	1,610	1,610	1,890	1,890	0.15	0.15	0	0	0	0	0	0	0	0	0.15	0.15	0
Independent Director	Huang-Hsu Tu																					
<p>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.</p> <p>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.</p> <p>Note 1: It refers to the remuneration paid to directors in 2023 (including director's salary, job allowance, severance pay, various bonuses, rewards, etc.)</p> <p>Note 2: It refers to the amount withdrawn and paid in 2023 in accordance with laws.</p> <p>Note 3: It refers to the distribution of directors' remuneration for 2023 approved at the Company's Board of Directors' meeting on March 29, 2024 and annual Shareholders' Meeting on May 31, 2024.</p> <p>Note 4: It refers to directors' related business execution fees in 2023 (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.)</p> <p>Note 5: Net profits after tax refer to the net profits after tax specified in 2023 Individual Financial Report.</p> <p>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 2023. 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.</p> <p>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 2023, the distribution of which was approved at the Company's Board of Directors' meeting on March 29, 2024.</p>																						

Range of Remuneration

The Company Relevant Remuneration received by Director who Concurrently serves as an Employee / Employee Profit Sharing from Earnings Distribution	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 Company	All Companies Included In
Less than NT\$1,000,000	Mei-Hui Hung, Chuang-Wang Chang, Hsin-I Chan, Miao-Shun Wen, Huang-Hsu Tu	Mei-Hui Hung, Chuang-Wang Chang, Hsin-I Chan, Miao-Shun Wen, Huang-Hsu Tu	Mei-Hui Hung, Chuang-Wang Chang, Hsin-I Chan, Miao-Shun Wen, Huang-Hsu Tu	Mei-Hui Hung, Chuang-Wang Chang, Hsin-I Chan, Miao-Shun Wen, Huang-Hsu Tu
NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive)	Baoxin International Investments Ltd., Yu-Hui Su	Fu-Chuan Chu, Baoxin International Investments Ltd., Yu-Hui Su	Baoxin International Investments Ltd., Yu-Hui Su	Baoxin International Investments Ltd., Yu-Hui Su
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)				
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	8 Persons in Total (Including One Corporate Director)	8 Persons in Total (Including One Corporate Director)	8 Persons in Total (Including One Corporate Director)	8 Persons in Total (Including One Corporate Director)

2. Remuneration to President and Vice Presidents

As of December 31, 2023; Unit: NT\$ thousand

Title	Name	Remuneration (A) (Note 1)		Retirement Allowance (B) (Note 2)		Bonuses and Special Expenses, 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
		The Company	All Companies Included In	The Company	All Companies Included In	The Company	All Companies Included In	The Company		All Companies Included In		The Company	All Companies Included In	
								Cash amount	Stock amount	Cash amount	Stock amount			
CEO	Fu- Chuan Chu	8,816	8,816	216	216	43,500	43,500	42,000	0	42,000	0	4.18	4.18	0
President	Neng- Chi Tsai													
President, Mainland China Branch	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
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)	Chao-Tsung Lou	Chao-Tsung Lou
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	Neng-Chi Tsai
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	3 persons in total	3 persons in total

Note 1: The salary, job allowance and severance pay paid to president and vice presidents in 2023 shall be filled out.

Note 2: It refers to the amount withdrawn and paid in 2023 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 2023 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. 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 2023 approved at the Company's Board of Directors' meeting on March 29, 2024.
- Note 5: Net profits after tax refer to the net profits after tax specified in 2023 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	44,551	44,551	2.01%
President	Neng-Chi Tsai				
President, Mainland China Branch	Chao-Tsung Lou				
Associate Manager, R&D Center	Sheng-Hsiung Chang				
Chief Financial Officer/CFO	Tsung-Hsien Chuang				
Associate Manager, Information Department	Wen-Ta Chang				
Director of Corporate Governance	Hung-Chih Chou				

- (4) 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:

<div> <div>Year</div> <div>Title</div> </div>	2022		2023	
	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	1.80%	1.83%	3.27%	3.31%
Ratio of remuneration to president and vice presidents	1.63%	1.63%	4.18%	4.18%

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. In addition, if the Company is profitable for the year, directors' remuneration not exceeding 2% shall be appropriated in accordance with Article 20 of the Company's Articles of Incorporation. The Company regularly evaluates directors' remuneration. The performance measurement standards of directors are based on the Company's annual results related to operations, governance and finances. The evaluation scope includes: Pre-tax net profit, board performance evaluation, customer satisfaction, corporate governance evaluation, ESG performance and other aspects. Relevant performance evaluation and remuneration have been reviewed and approved by the salary and remuneration committee and the Board of Directors, and a report will be presented during 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. In addition, if the Company is profitable for the year, employee remuneration not less than 2% shall be appropriated in accordance with Article 20 of the Company's Articles of Incorporation. 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 evaluation criteria for compensation of the company’s directors and managers include financial indicators, such as target achievement rate, company profitability, revenue contribution, etc. As well as non-financial indicators: important aspects such as operational management capabilities, participation in sustainable management, whether ethical risk incidents occur, corporate governance evaluation and ESG performance, etc.

The actual amount of remuneration paid to directors and managers in 2023 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.

3. Implementation of Corporate Governance

(1) Information on the Operation of the Board of Directors

The Company held seven Board of Directors' meetings (A) in 2023, 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	7	0	100%	None
Executives, directors, or supervisors who are spouses or within the second degree of kinship	Baoxin International Investments Ltd. Representative: Mei-Hui Hung	7	0	100%	None
Executives, directors, or supervisors who are spouses or within the second degree of kinship	Baoxin International Investments Ltd. Representative: Chuang-Wang Chang	7	0	100%	None
Independent Director	Yu-Hui Su	7	0	100%	None
Independent Director	Hsin-I Chan	7	0	100%	None
Independent Director	Miao-Shun Wen	7	0	100%	None
Independent Director	Huang-Hsu Tu	3	0	100%	Note

Note: The Company elected Mr. Huang-Hsu Tu as an Independent Director at the Annual General Meeting of Shareholders on May 30, 2023.

Other matters:

1. 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:

(1) 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
2023.01.11 The 7th Board of Directors' Meeting of the 10th Term	<ol style="list-style-type: none"> 1. Approved the Company's 2023 Annual Operation Plan. 2. Approved the Company's Remuneration Regulations for Directors. 3. Approved the amendments to Rules for Financial and Business Matters Between Corporation and Related Party Thereof. 4. Approved the amendments to the Remuneration Committee Charter. 5. Approved 2022 Year-end Performance Bonus for Managerial Officers. 6. Approved the change of Head of Internal Audit. 7. Approved the proposal for the Company to apply for loan commitments from two banks. 	Unanimously approved by all directors' present (including independent directors)	No dissenting or qualified opinion from independent directors
2023.03.08 The 8th Board of Directors' Meeting of the 10th Term	<ol style="list-style-type: none"> 1. Approved the amendment to the Company's "Articles of Incorporation". 2. Approved the proposal for convening the 2023 shareholders' meeting of the Company. 3. Approved the amendment to the company's "Standard Operating Procedures for Handling Directors' Requests". 4. Approved the proposal for the Company to apply for loan commitments from three banks. 	Unanimously approved by all directors' present (including independent directors)	No dissenting or qualified opinion from independent directors
2023.03.30 The 9th Board of Directors' Meeting of the 10th Term	<ol style="list-style-type: none"> 1. Approved the Company's 2022 Annual Business Report. 2. Approved the company's 2022 consolidated and individual financial statements. 	Unanimously approved by all directors' present (Including independent directors)	No dissenting or qualified Opinion from independent directors

	<ol style="list-style-type: none"> 3. Approved the total amount of directors' and employees' compensation for 2022. 4. Approved the company's 2022 profit distribution proposal. 5. Approved the company's 2022 cash dividend distribution proposal. 6. Approved the by-election for one independent director seat. 7. Approved the nomination list for independent director candidates. 8. Approved the release of the new independent director from non-competition restrictions. 9. Approved the amendment to "Rules of Procedure for Shareholders' Meetings". 10. Added agenda item for convening the Company's 2023 Annual Shareholders' Meeting. 11. Approved the release of the company's General Manager, Greater China Regional Head, and CFO from non-competition restrictions. 12. Approved the submission of the Company's 2022 "Statement on Internal Control System Effectiveness" and "Internal Control System Statement". 13. Approved the change of certified public accountants starting from the first quarter of 2023. 14. Approved the proposed audit service fees to KPMG for 2023. 15. Approved the proposal for the Company to apply for loan commitments from two banks. 		
<p>2023.05.11</p> <p>The 10th Board of Directors' Meeting of the 10th Term</p>	<ol style="list-style-type: none"> 1. Approved the Company's consolidated financial report for the first quarter of 2023. 2. Approved the issuance of new shares for the conversion of the Company's 3rd and 4th domestic 	<p>Unanimously approved by all directors' present (including independent directors)</p>	<p>No dissenting or qualified opinion from independent directors</p>

	<p>unsecured convertible bonds into common shares in the first quarter of 2023.</p> <p>3. Approved the Company's 2022 ESG Report.</p> <p>4. Approved the proposal for the Company to apply for loan commitments from two banks.</p>		
<p>2023.07.06</p> <p>The 11th Board of Directors' Meeting of the 10th Term</p>	<p>1. (1) Approved the Company's proposed issuance of the 5th domestic unsecured convertible corporate bonds.</p> <p>2. Approved the issuance of new shares for the conversion of the company's 3rd and 4th domestic unsecured convertible bonds into common shares in the second quarter of 2023.</p> <p>3. Approved the formulation of the company's "Pre-approval Procedures for Non-assurance Services Provided by Certified Public Accountants".</p> <p>4. Approved the 2023 non-assurance service list and independence assessment in accordance with the company's "Pre-approval Procedures for Non-assurance Services Provided by Certified Public Accountants".</p> <p>5. Approved the proposal of endorsement guarantee for the Company's subsidiary Ennoconn Hungary KFT.</p> <p>6. Approved the proposal for the Company to apply for loan commitments from three banks.</p>	<p>Unanimously approved by all directors' present (including independent directors)</p>	<p>No dissenting or qualified opinion from independent directors</p>
<p>2023.08.14</p> <p>The 12th Board of Directors' Meeting of the 10th Term</p>	<p>1. Approved the Company's consolidated financial report for the second quarter of 2023.</p> <p>2. Approved the Company's detailed distribution of directors' compensation in 2022.</p>	<p>Unanimously approved by all directors' present (including independent directors)</p>	<p>No dissenting or qualified opinion from independent directors</p>

	<ol style="list-style-type: none"> 3. Approved the Company's distribution of compensation to managerial officers in 2022. 4. Approved the salary adjustment plan for managerial officers. 5. Approved the proposal for the Company to apply for loan commitments from three banks. 		
<p>2023.11.14</p> <p>The 13th Board of Directors' Meeting of the 10th Term</p>	<ol style="list-style-type: none"> 1. Approved the Company's consolidated financial report for the third quarter of 2023. 2. Approved the amendment to the company's and the consolidated Company's "Consolidated Accounting Policies". 3. Approved the amendment to the Company's "Corporate Governance Best Practice Principles". 4. Approved the assessment of CPA's independence. 5. Approved the evaluation of the qualifications and independence of the Company's independent directors. 6. Approved the issuance of new shares for the conversion of the Company's 3rd and 4th domestic unsecured convertible bonds into common shares in the third quarter of 2023. 7. Approved the Audit Plan for 2023. 8. Approved the formulation of ESG implementation goals in 2023. 9. Approved the proposal for the Company to apply for loan commitments from two banks. 	<p>Unanimously approved by all directors' present (including independent directors)</p>	<p>No dissenting or qualified opinion from independent directors</p>
<p>(2) 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>			

2. 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.

Date of Board Meeting	Name of Directors	Contents of Proposal	Reason for Recusal	Participation in Voting
2023.01.11	Director Fu-Chuan Chu	Deliberated 2022 Year-end Performance Bonus for Managerial Officers.	Personal Interest	According to the relevant laws, to avoid potential conflicts of interest, whether actual or perceived, members should remain vigilant and avoid participating in discussion and voting.
2023.08.14	Director Fu-Chuan Chu Director Mei-Hui Hung, Director Chuang-Wang Chang Independent Director Yu-Hui Su, Independent Director Hsin-I Chan, Independent Director Miao-Shun Wen, Independent Director Huang-Hsu Tu	Deliberated the Company's detailed distribution of directors' compensation in 2022.	Personal Interest	According to the relevant laws, to avoid potential conflicts of interest, whether actual or perceived, members should remain vigilant and avoid participating in discussion and voting.
2023.08.14	Director Fu-Chuan Chu	Deliberated the Company's distribution of compensation to managerial officers in 2022.	Personal Interest	According to the relevant laws, to avoid potential conflicts of interest, whether actual or perceived, members should remain vigilant and avoid participating in discussion and voting.
2023.08.14	Director Fu-Chuan Chu	Deliberated the salary adjustment plan for managerial officers.	Personal Interest	According to the relevant laws, to avoid potential conflicts of interest, whether actual or perceived, members should remain vigilant and avoid participating in discussion and voting.

3. 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 details:

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Contents of Evaluation
Once a year	2023.01.01 -2023.12.31	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) 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 every three years	2022.01.01 -2022.12.31	Board of Directors Functional Committee	External Evaluation External review Appointed Taiwan Corporate Governance Association for evaluation	<p>(1) Protection and Equal Treatment of Shareholders' Rights and Interests</p> <p>(2) Respect for the Rights and Interests of Stakeholders</p> <p>(3) Information Transparency and Disclosure</p> <p>(4) Fulfillment of duties of the Board of Directors</p> <p>(5) Sustainable Development and Governance</p>

				(6) Corporate Governance Culture
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The Company's 2023 Evaluation Report on the Performance of the Board of Directors, the Board of Directors' Members, and Functional Committees

- (1) 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, 2023 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."
- (2) Performance evaluation period: January 1, 2023 to December 31, 2023
- (3) Participants of self-evaluation questionnaire:
 - A. Self-evaluation questionnaire for the Board of Directors' members' performance evaluation: The self-evaluation questionnaire is filled out by the Company's seven directors (including independent directors).
 - B. Self-evaluation questionnaire for the Board's performance evaluation: It is filled out by the Company's deliberating unit.
 - C. Self-evaluation questionnaire for the Board of Directors' members' performance evaluation: The self-evaluation questionnaire is filled out by the Company's four current directors (including independent directors).
- (4) Internal and external evaluation conclusion:
 - A. Performance self-evaluation questionnaire for the Board of Directors' members (the average score in 2023 and 2022, was 94.3 and 92.5 points respectively.)
 - B. Performance self-evaluation questionnaire for the Board of Directors (the score in 2023 and 2022 was 98.7 and 97.3 points respectively.)
 - C. Performance self-evaluation questionnaire for functional committees (the score was in 2023) and 2022 was 95.8 and 91.7 points respectively.)
 - D. The Company submitted the above-mentioned internal performance evaluation results of the Board of Directors and functional committees for the year 2023 to the board meeting on March 7, 2024.

4. 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.

(2) Operation of Audit Committee:

1. Information on the Operation of the Audit Committee

The Company held seven Audit Committee's meetings (A) in 2023, 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	7	0	100%	None
Independent Director	Hsin-I Chan	7	0	100%	None
Independent Director	Miao-Shun Wen	7	0	100%	None
Independent Director	Huang-Hsu Tu	3	0	100%	Newly appointed (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 (%), should be calculated and based on the number of audit committee meetings held and the actual number of meetings attended during their tenure.

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. 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 elected Mr. Huang-Hsu Tu as an Independent Director at the Annual General Meeting of Shareholders on May 30, 2023.

Other matters:

1. Regarding 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.

- (1) Matters referred to in Article 14-5 of the Securities and Exchange Act: The Board of Directors after they are approved by the Audit Committee.

Date of Meeting	Major Resolution	Resolution Results	The Company's Response to the Audit Committee's Opinions
2023.01.11 The 6th Audit Committee Meeting of the 4th Term	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 loan commitments from two banks.	Unanimously approved by all members present.	There are no dissenting or qualified opinions from independent director.
2023.03.08 The 7th Audit Committee Meeting of the 4th Term	1. Approved the amendment to the Company's "Articles of Incorporation". 2. Approved the proposal for submission and report of newly completed audit reports of the year 2022. 3. Approved the amendment to the company's "Standard Operating Procedures for Handling Directors' Requests". 4. Approved the proposal for the Company to apply for loan commitments from three banks.	Unanimously approved by all members present.	There are no dissenting or qualified opinions from independent director.
2023.03.29 The 8th Audit Committee Meeting of the 4th Term	1. Approved the Company's 2022 Annual Business Report. 2. Approved the Company's 2022 consolidated and individual financial statements. 3. Approved the Company's 2022 profit distribution proposal.	Unanimously approved by all members present.	There are no dissenting or qualified opinions from independent director.

	<ol style="list-style-type: none"> 4. Approved the Company's 2022 cash dividend distribution proposal. 5. Approved the Company's 2023 Audit Plan. 6. Approved the submission of the company's 2022 "Statement on Internal Control System Effectiveness" and "Internal Control System Statement". 7. Approved the release of the new independent director from non-competition restrictions. 8. Approved the change of certified public accountants starting from the first quarter of 2023. 9. Approved the proposed audit service fees to KPMG for 2023. 10. Approved the amendment to "Rules of Procedure for Shareholders' Meetings". 11. Approved the proposal for the Company to apply for loan commitments from two banks. 		
<p>2023.05.10</p> <p>The 9th Audit Committee Meeting of the 4th Term</p>	<ol style="list-style-type: none"> 1. Approved the Company's consolidated financial report for the first quarter of 2023. 2. Approved the audit report for the Company's new audit of 2023. 3. Approved the formulation of the Company's "Pre-approval Procedures for Non-assurance Services Provided by Certified Public Accountants". 4. Approved the 2023 non-assurance service list and independence assessment in accordance with the company's "Pre-approval Procedures for Non-assurance Services Provided by Certified Public Accountants". 5. Approved the issuance of new shares for the conversion of the Company's 3rd and 4th domestic unsecured convertible bonds into common shares in the first quarter of 2023. 	<p>Unanimously approved by all members present.</p>	<p>There are no dissenting or qualified opinions from independent director.</p>

	6. Approved the proposal for the Company to apply for loan commitments from two banks.		
2023.07.06 The 10th Audit Committee Meeting of the 4th Term	<ol style="list-style-type: none"> 1. Approved the Company's proposed issuance of the 5th domestic unsecured convertible corporate bonds. 2. Approved the issuance of new shares for the conversion of the Company's 3rd and 4th domestic unsecured convertible bonds into common shares in the second quarter of 2023. 3. Approved the audit report for the Company's new audit of 2023. 4. Approved the proposal of endorsement guarantee for the Company's subsidiary Ennoconn Hungary KFT. 5. Approved the proposal for the Company to apply for loan commitments from three banks. 	Unanimously approved by all members present.	There are no dissenting or qualified opinions from independent director.
2023.08.14 The 11th Audit Committee Meeting of the 4th Term	<ol style="list-style-type: none"> 1. Approved the Company's consolidated financial report for the second quarter of 2023. 2. Approved the audit report for the Company's new audit for 2023. 3. Approved the proposal for the Company to apply for loan commitments from three banks. 	Unanimously approved by all members present.	There are no dissenting or qualified opinions from independent director.
2023.11.13 The 12th Audit Committee Meeting of the 4th Term	<ol style="list-style-type: none"> 1. Approved the Company's consolidated financial report for the third quarter of 2023. 2. Approved the amendment to the Company's and the consolidated Company's "Consolidated Accounting Policies". 3. Approved the audit report for the Company's new audit for 2023. 4. Approved the Company's Audit Plan for 2024. 5. Approved the amendment to the Company's "Corporate Governance Best Practice Principles". 	Unanimously approved by all members present.	There are no dissenting or qualified opinions from independent director.

	<p>6. Approved the assessment of CPA's independence.</p> <p>7. Approved the evaluation of the qualifications and independence of the Company's independent directors.</p> <p>8. Approved the issuance of new shares for the conversion of the Company's 3rd and 4th domestic unsecured convertible bonds into common shares in the third quarter of 2023.</p> <p>9. Approved the proposal for the Company to apply for loan commitments from two banks.</p>		
<p>(3) 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.</p> <p>2. 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.</p> <p>3. 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.).</p> <p>The Company's independent directors have smooth communication channels with the chief internal auditor and CPAs, and they have reached a consistent conclusion:</p> <p>(1) 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.</p>			
Date/Nature	Major Points of Independent Communication	Results	
<p>2022.05.10 Prior to Audit Committee's Meeting</p>	<p>Self-preparation of the 2023 first quarter's Consolidated Financial Statements</p>	<p>1. The Company has the ability to self-prepare consolidated financial statements and continues to calibrate the content of the reporting packages prepared by each subsidiary to improve the quality of information required for the parent company (Ennoconn Corporation) to prepare consolidated financial statements.</p> <p>2. It is recommended to strengthen the supervision of the schedule management of the reporting package submitted by the overseas subsidiary Ennoconn Hungary KFT to the parent Company after being reviewed by the local certified public accountant, to</p>	

		ensure that the consolidated financial statements can be completed as planned.
2023.11.02 Prior to Audit Committee's Meeting	Recent Tax Regulations and ESG Developments and Compliance	<ol style="list-style-type: none"> 1. To promote the international anti-tax avoidance system, Taiwan has officially implemented the "Regulations Governing Profit-seeking Enterprise Income Tax on Controlled Foreign Company" (CFC Regulations) starting from 2023. The Company should carefully evaluate the tax impact of the Group's operating transaction model under the CFC Regulations and recognize CFC investment income and pay profit-seeking enterprise income tax in accordance with regulations. 2. To solve the problem of domestic tax base erosion and profit shifting caused by multinational companies taking advantage of differences in tax systems between different countries, leading to vicious tax competition between countries and affecting tax revenue, the Organization for Economic Co-operation and Development (OECD) released the legislative template for the second pillar global minimum tax system on December 20, 2022. If the group's consolidated revenue exceeds EUR 750 million and the effective tax rate of the Group's operating tax jurisdiction is lower than 15%, additional taxes should be calculated and paid. It is expected that countries will successively introduce this regulation into domestic law. Therefore, it is recommended that the Company should grasp the legislative timetable and relevant requirements of each tax jurisdiction within the group, review the effective tax rate of each member, and formulate countermeasures early. 3. The International Sustainability Standards Board (ISSB) officially released IFRS Sustainability Disclosure Standard S1 "General Requirements for Disclosure of Sustainability-related Financial Information" and S2 "Climate-related Disclosures" on June 26, 2023. Taiwan's competent authorities immediately announced the blueprint for Taiwan's alignment with IFRS Sustainability Disclosure Standards in mid-August of the same year, planning to apply it in three stages starting from the 2026 based on the capital size of listed companies. According to this plan, the company should apply IFRS Sustainability Disclosure Standards for the first time at the latest from the 2028 fiscal year, disclose relevant information in the sustainability information chapter when preparing the annual report, and announce it together with the financial report. Therefore, it is recommended that the company

		<p>should understand the content of the sustainability disclosure standards and evaluate their impact on the company as soon as possible to plan relevant response strategies and measures in advance.</p> <p>4. The EU Council officially announced the phased implementation of the Corporate Sustainability Reporting Directive (CSRD) on November 28, 2022. Ennoconn's important subsidiary Kontron AG is the first wave of applicable entities and should prepare sustainability reporting information in compliance with CSRD regulations starting from the 2024 reporting year and release it in 2025. The Company, as a non-EU company with significant business in Europe, is also subjected to CSRD and should prepare sustainability reporting information in accordance with regulations starting from 2028. It is recommended that the Company should evaluate the impact of CSRD on the group's ESG strategies, plans, and operational aspects as soon as possible to propose countermeasures and ensure compliance with CSRD regulations.</p>
<p>(2) Financial statements preparation comes with a tight schedule.</p> <p>The communication between the independent directors of the Company and the chief internal auditor is made mainly by the following four methods:</p> <p>A. After each audit item is completed, it shall be delivered to independent directors for review before the end of the following month.</p> <p>B. Discuss any deficiency detected in significant audits and its improvement at Audit Committee's and Board of Directors' meetings.</p> <p>C. Perform various audit projects or conduct further analysis on the contents of the previous audit report following the instructions of the Independent Directors.</p> <p>D. Communicate directly by phone or email.</p> <p>Perform various audit projects or conduct further analysis on the contents of the previous audit report following the instructions of the Independent Directors:</p>		
Date	Major Points of Independent Communication	Results

2023.01.13	The first 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 request to review the control of subsidiaries and affiliated enterprises. <p>Handling progress: Completed the independent director's request on March 8, 2023, and an audit has been planned.</p>
2023.03.08	Report on the execution of audits for October-December 2022.	<ol style="list-style-type: none"> 1. Make a closing report on resolution of the cashier fraud case. 2. The independent directors requested a review of credit granting procedures. <p>Handling progress: Credit granting procedures have been amended.</p>
2023.03.30	Reported the implementation of audit works for January-February 2023.	<ol style="list-style-type: none"> 1. The internal control for the year 2022 was evaluated as effective. 2. The independent directors requested that post-investment management to be included as a key focus of internal control. <p>Handling progress: A post-investment management report was conducted in April 2023.</p>
2023.05.10	Report on the execution results of audits in February-April 2023.	<ol style="list-style-type: none"> 1. Follow up on the results of the amendment to credit granting procedures. <p>Handling progress: The management department has held cross-departmental meetings to discuss credit granting and begin evaluating the feasibility of operations.</p> <ol style="list-style-type: none"> 2. Effectively implement matters that should be followed in accordance with the requirements of financial product investment regulations. <p>Handling progress: Strengthen internal control of financial products.</p>
2023.07.06	Reported the implementation of audit works for May-June 2023.	<p>The independent directors suggested that the audit should be expanded to include the audit of subsidiaries in the audit report.</p> <p>Handling progress: Subsidiary audits have been planned.</p>
2023.08.14	Report the audit execution results from July 2023.	<p>Completed the review and amendment of credit granting procedures as suggested by the independent directors.</p>
2023.11.14	Report the audit execution results for August-October 2023.	<p>The independent directors requested that changes to the subsidiary's audit plan be reported to the most recent Board of Directors meeting.</p> <p>Handling progress: Improved as requested.</p>

2. Key Tasks of the Audit Committee

The Company's Audit Committee is composed of four 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) The appointment or discharge of a financial, accounting, or internal
- (9) 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 2023:

- Approved the change of Head of Internal Audit.
- Approved the amendments to "Rules for Financial and Business Matters Between Corporation and Related Parties".
- Approved the Company's "Internal Control System Effectiveness Assessment" in 2022.

- Reported the Company's 2022 Consolidated and Individual Financial Statements.
- Approved the Company's 2022 Profit Distribution Proposal.
- Approved 2023 Audit Report submitted to the Company.
- Approved the release of the new independent director from non-competition restrictions.
- Approved the change of CPAs starting from the first quarter of 2023.
- Approved the proposed audit service fees to KPMG for 2023.
- Approved the issuance of new shares for the conversion of the Company's 3rd and 4th domestic unsecured convertible bonds into common shares in the first to third quarters of 2023.
- Approved the fifth private placement of unsecured convertible corporate bonds in Taiwan in 2023.
- Approved the Consolidated Financial Statements for the first three quarters of 2023 submitted to the Company and its subsidiaries.
- Approved the formulation of the Company's "Pre-approval Procedures for Non-assurance Services Provided by Certified Public Accountants".
- Approved the amendment to the Company's "Articles of Incorporation", "Standard Operating Procedures for Handling Directors' Requests", "Accounting Policies for Mergers", "Rules of Procedure for Shareholders' Meetings", "Investment Cycle", and "Corporate Governance Best Practice Principles".

3. Professional Qualifications and Experience of Audit Committee Members

<div>Qualification</div> <div>Name</div>	Professional Qualifications and Experience	Independence	Number of Other Public Companies where the Individual Concurrently serves as an Independent
Yu-Hui Su	<p>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, no situation specified in Article 30 of the Company Act occurred to her.</p>	<p>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. During the two years prior to her election and during her term of office, Independent Director Su is qualified as an independent director in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.</p>	3

<div>Qualification</div> <div>Name</div>	Professional Qualifications and Experience	Independence	Number of Other Public Companies where the Individual Concurrently serves as an Independent
Hsin-I Chan	<p>Hsin-I Chan, an independent director, graduated from the School of Management, National Taiwan University with an MBA degree and an MSF degree from Boston University. She currently acts as the chairman of several companies, including Chairman of HUANG HUEI BIOTECHBOLOGY CORP and Chairman of KEEN UNION INVESTMENT LTD. She has extensive accounting and financial analysis skills, operational determination, operational management and crisis management skills, and there is no situation specified in Article 30 of the Company Act applicable to him.</p>	<p>Independent Director Hsin-I Chan, her spouse, or her any relative within the second degree of kinship holds (or holds, by any nominees,) zero 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 two years. During the two years prior to her election and during her term of office, Independent Director Chan is qualified as an independent director in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.</p>	1

<div>Qualification</div> <div>Name</div>	Professional Qualifications and Experience	Independence	Number of Other Public Companies where the Individual Concurrently serves as an Independent
Miao-Shun Wen	<p>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.</p>	<p>Independent Director Miao-Shun Wen, her spouse, or her any relative within the second degree of kinship holds (or holds, by any nominees,) zero 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. During the two years prior to her election and during her term of office, Independent Director Wen is qualified as an independent director in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.</p>	0

<div>Qualification</div> <div>Name</div>	Professional Qualifications and Experience	Independence	Number of Other Public Companies where the Individual Concurrently serves as an Independent
Huang-Hsu Tu	<p>Independent Director Huang-Hsu Tu graduated with a Bachelor's degree in Mechanical Engineering from St. John's University of Science and Technology. He currently serves as the General Manager of Pan German Motors Co., Ltd., as well as the Chairman of Eden International Co., Ltd., and several other companies. He has strong judgment ability in operations, business management ability, crisis management ability, industry knowledge, international market perspective, leadership ability, and decision-making skills. He also does not have any of the circumstances listed in Article 30 of the Company Act.</p>	<p>Independent Director Huang-Hsu Tu, his spouse, or his any relative within the second degree of kinship holds (or holds, by any nominees,) zero share in the Company, and he 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 he 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. During the two years prior to his election and during his term of office, Independent Director Tu is qualified as an independent director in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.</p>	0

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

Evaluation Items	Implementation Status			Deviation from the Company's Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and its Reasons
	Yes	No	Description	
1. Has the Company established its Corporate Governance Best Practice Principles based on the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and disclosed 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
2. Shareholding Structure & Shareholders' Rights				
(1) 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?	✓		(1) 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
(2) Does the company possess a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders?	✓		(2) 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
(3) Does the Company establish and execute a risk management and firewall system within its affiliated companies?	✓		(3) The Company has established the "Standards for Financial Business Operations between Affiliated Enterprises", "Trading Procedures	None

Evaluation Items	Implementation Status			Deviation from the Company's Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and its Reasons
	Yes	No	Description	
(4) Does the Company establish internal rules against insiders using undisclosed information to trade securities?	✓		<p>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.</p> <p>(4) The Company has formulated the "Management Procedures for Prevention of Insider Trading" and "Procedures for Processing Internal Major Information" 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.</p>	None
3. Composition and Responsibilities of the Board of Directors				
(1) Has the Board of Directors formulated diversity policies and specific management objectives, and does it implement them?	✓		<p>(1) 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.</p> <p>The Company has diversified Board members with backgrounds in science and engineering, finance, and industrial work experience to implement the diversity policy,</p>	None

Evaluation Items	Implementation Status			Deviation from the Company's Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and its Reasons
	Yes	No	Description	
			thereby establishing a sound structure of the Board of Directors.	
(2) In addition to the legally required Remuneration Committee and Audit Committee, does the Company voluntarily establish other functional committees?	✓		(2) 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
(3) 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?	✓		(3) The "Evaluation Measures for the Board of Directors" was approved by 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 members, and the Functional Committee annually. The Company completed the internal performance evaluation of the Board of Directors, board members, and functional committees for the year 2023 in the first quarter of 2024, and the evaluation results were reported to the Board of Directors on March 7, 2024. In January 2022, the Company commissioned the Taiwan Corporate Governance Association to conduct an external performance evaluation of the Board of Directors and functional committees for the year 2022. The evaluation results were reported to the Board of Directors on March 8, 2023.	None
(4) Does the Company regularly evaluate the independence of the CPAs?	✓		(4) 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 by KPMG was approved by the Audit Committee on November 13, 2022, and was	None

Evaluation Items	Implementation Status			Deviation from the Company's Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and its Reasons
	Yes	No	Description	
			<p>submitted to the Board of Directors for approval on November 14, 2022.</p> <p>The evaluation items and results are as follows:</p> <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. None of the Company's directors, managers, or personnel in positions that significantly influence audit cases are individuals who have retired or left an accounting firm within the past year. 6. The independent directors of the Company do not work for the accounting firm during the two years before and during the 	

Evaluation Items	Implementation Status			Deviation from the Company's Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and its Reasons
	Yes	No	Description	
			<p>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, the Company also does not prevent them from holding objectivity and clarifying professional doubts.</p>	
4. 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 and preparing minutes of the board of directors and shareholders' meetings)?	✓		<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. Newly appointed corporate governance officers should, in accordance with regulations, complete at least 18 hours of training within one year from the date of assuming this position. Associate Manager Hong Zhi, Zhou, the corporate governance officer, took office on August 22, 2022, and has completed 18 hours of training courses within one year in accordance with the law. The actual training hours in 2023 were 21 hours.</p> <p>Director of corporate governance of the Company performs the following duties:</p> <p>(1) To handle matters related to meetings of the Board of Directors and shareholders' meetings in accordance with the law.</p> <p>(2) To supervise the preparation of minutes of the Board of Directors and shareholders' meetings.</p>	None

Evaluation Items	Implementation Status			Deviation from the Company's Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and its Reasons
	Yes	No	Description	
			(3) To assist directors and supervisors in their appointment and continuing education. (4) To provide information necessary for directors and supervisors to perform their business. (5) To assist directors and supervisors in complying with instructions. (6) 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. (7) To go through the procedure for changing directors. (8) Other matters stipulated in the Company's Articles of Incorporation or contract.	
5. 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 suitable 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 14, 2023.	None

Evaluation Items	Implementation Status			Deviation from the Company's Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and its Reasons
	Yes	No	Description	
6. 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
7. Information Disclosure				
(1) Does the Company have a corporate website to disclose both the Company's financial standing and corporate governance status?	✓		(1) The Company has set up a corporate website and disclosed the Company profile, general 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.ennocnn.com/)	None
(2) 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?)	✓	✓	(2) The Company has established its website in both Chinese and English in order to provide relevant information to shareholders and stakeholders for reference, which can timely and fully disclose significant information that may affect shareholders and stakeholders. A spokesperson system was also established to provide shareholders and stakeholders with necessary consulting.	None
(3) Does the Company publicly announce and file the annual financial reports within two months after the close of the given and publicly announce and file the first, second, and third quarterly financial reports and the operation of each month ahead of the required deadline?			(3) The Company announces and reports financial statements within the period stipulated by laws and regulations.	A long amount of time is required for the preparation of Consolidated Financial Statements due to the large number of subsidiaries both at home and abroad.

<p>8. 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, 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>	✓	<p>(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.</p> <p>(2) Employee wellness: The Company has established the Employee Welfare Committee, 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>	None
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Evaluation Items	Implementation Status			Deviation from the Company's Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and its Reasons
	Yes	No	Description	
			<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. 2023's training of the Company's directors have all met regulatory standards and has been announced on the Market Observation Post System.</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> <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 shareholders' rights and interests.</p>	

9. 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 10th Corporate Governance Evaluation Policy		
Code	Indicator Items	Improvement Methods
1.6	Does the Company hold shareholders' meetings before the end of May?	The Company's 2023 Annual General Meeting of Shareholders has been held on May 30.
Improvement Not Made Based on the 10th Corporate Governance Evaluation Policy Which Shall be Prioritized		
Code	Indicator Items	Improvement Methods
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.
4.22	Does the Company invest resources to support the development of domestic culture and disclose the methods of support and results on the company's website, annual report or sustainability report?	The Company has continuously supported the development of domestic culture and educational groups over the years. However, the scoring criteria require an amount of NT\$5 million annually, which is still under evaluation.

(4) Composition, Duties, and Operations of the Remuneration Committee

1. Information of the Remuneration Committee Member

Title	Qualification	Professional Qualifications and Experience (Note 2)	Independence (Note 3)	Number of other public	Remarks
	Name				
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, 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 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, National Taiwan University with an MBA degree and an MSF degree from Boston University. She currently acts as the chairman of several companies, including Chairman of HUANG HUEI BIOTECHBOLOGY CORP and Chairman of KEEN UNION INVESTMENT LTD. She has extensive accounting and financial analysis skills, operational determination, operational management and crisis management skills, and there is no situation specified in Article 30 of the Company Act applicable 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
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- 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: State the independence of the members of the Remuneration Committee, including but not limited to whether the person, spouse, or second-degree relatives serve as directors, supervisors or employees of the company or its related enterprises. 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. Whether they serve as directors, supervisors or employees of companies that have a specific relationship with the company. (Refer to Article 6, Paragraph 1, Subparagraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange) 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 to June 22, 2025, the 2023 Remuneration Committee held 3 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	3	0	100%	None
Member	Hsin-I Chan	3	0	100%	None
Member	Miao-Shun Wen	3	0	100%	None
<p>Other matters:</p> <ol style="list-style-type: none"> 1. 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. 2. 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 the Remuneration Committee on the Company's Salaries and Remuneration in 2023

Date of Meeting	Contents of Proposal	Resolution Results	The Company's Response to the Remuneration Committee's Opinions
2023.01.11 The 2nd Remuneration Committee Meeting of the 5th Term	<ol style="list-style-type: none"> 1. Reviewed the Company's formulation of the "Remuneration Regulations for Directors." 2. Reviewed the Company's proposed amendment to the "Remuneration Committee Organizational Regulations." 3. Approved 2022 year-end performance bonus for managerial officers. 	Unanimously approved by all members of the Remuneration Committee.	The proposal for the Board of Directors is approved by all directors present.
2023.03.30 The 3rd Remuneration Committee Meeting of the 5th Term	Review on the total amount of directors' compensation and employee compensation paid by the Company in 2022.	Unanimously approved by all members of the Remuneration Committee.	The proposal for the Board of Directors is approved by all directors present.
2023.08.14 The 4th Remuneration Committee Meeting of the 5th Term	<ol style="list-style-type: none"> 1. Review on the Company's detailed distribution of directors' compensation in 2022. 2. Review on the Company's distribution of compensation to managerial officers in 2022. 3. Approved the salary adjustment plan for managerial officers. 	Except for the directors' remuneration distribution details which each member did not participate in voting or discussion due to conflict of interest, all other proposals were unanimously approved by all members of the Remuneration Committee.	The proposal for the Board of Directors is approved by all directors present.

(5) 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 skills.
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 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.
Independent Director	Hsin-I Chan	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
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
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.

2. Information on the operations 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 to June 22, 2025.
The Sustainability Development Committee held 2 meetings (A) in 2023, 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	2	0	100%	None
Member	Yu-Hui Su	2	0	100%	None
Member	Hsin-I Chan	2	0	100%	None
Member	Miao-Shun Wen	2	0	100%	None
Member	Neng-Chi Tsai	2	0	100%	None

3. Duties of the 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 accuracy of information disclosure related to sustainability.
- (6) Other major matters stipulated by the Company or the competent authority.

4. Information on the Operation of the 2023 Sustainability Development Committee

Date of Meeting	Contents of Proposal	Resolution Results	The Company's Response to the Sustainability Development Committee's Opinions
2023.05.10	Approval of the Company's 2022 ESG Report.	Unanimously approved by all members of the Remuneration Committee.	The proposal for the Board of Directors is approved by all directors present.
2023.11.13	1. Approval of the formulation of ESG implementation goals in 2024. 2. Approval of greenhouse gas emission targets and implementation measures in 2024.	Unanimously approved by all members of the Remuneration Committee.	The proposal for the board of directors is approved by all directors present.

5. 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	
1. 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 is it being supervised by the Board of Directors?	V		To improve the function of the Board, strengthen corporate governance and implement corporate social responsibility, on June 23, 2022, the Company's Board of Directors approved the establishment of a "Sustainability Development Committee." The following groups were established in accordance with the organizational rules of Sustainability Development Committee; an environmental protection group, social responsibility group, corporate governance group and green business group. A committee meeting is held regularly at least twice a year, and reported to the Board of Directors. The company's Board of Directors regularly listens to reports from the Sustainable	No significant difference.

Item of Promotion	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and its reasons
	Yes	No	Description	
			Development Committee every six months (including reviewing the annual ESG report). The Board examines the sustainable development strategies, policies, goals, and action plans, and provides suggestions for adjustments. This allows the management team to make improvements and revisions.	
2. 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		<p>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.</p> <p>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 update the relevant management regulations and operating procedures.</p> <p>For relevant risk management policies and strategies, please refer to point 4 of “7. Any other important information which facilitates the understanding of promotion of sustainability development implementation” at the bottom of this table.</p>	No significant difference.

Item of Promotion	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and its reasons
	Yes	No	Description	
3. Environmental Issues				
(1) Does the Company establish environmental management systems proper to its industry's characteristics?	V		(1) 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 difference.
(2) Is the Company committed to improving the efficiency in using energy and does it use recycled materials with low impact on the environment?	V		(2) 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 difference.
(3) 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		(3) Please refer to point 2 of "7. Any other important information which facilitates the understanding of promotion of sustainability development implementation" at the bottom of this table.	No significant difference.
(4) 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		(4) Please refer to point 3 of "7. Any other important information which facilitates the understanding of promotion of sustainability development implementation" at the bottom of this table.	No significant difference.
4. Social Issues				
(1) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		(1) The Company fully complies with the Labor Standards Act and related labor regulations, and truly converses them into the Company's labor management regulations for compliance by the management team and employees, so as to	No significant difference. No significant difference. No significant difference.

Item of Promotion	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and its reasons
	Yes	No	Description	
(2) 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>safeguard the legitimate rights and interests of employees.</p> <p>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 employees of the Company.</p> <p>The “Ennoconn Corporation Human Rights Policy” applies to all employees of Ennoconn Corporation and is posted on the company’s website.</p> <p>(2) The Company regularly evaluates employee performance and compensation; evaluating individual performance and contributions based on the Company’s operating and ESG 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, if the Company is profitable for the year, the Company may allocate not more than 2% of the current year’s net profit as employee compensation.</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</p>	<p>No significant difference.</p> <p>No significant difference.</p> <p>No significant difference.</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	
			<p>the employee retirement account, and the retirement reserve is also sufficient to cover the pension of the colleagues who adopt the old system. 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 June 30, 2005, may 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 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</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	
(3) 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>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>(3) 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> <ol style="list-style-type: none"> 1. The self-defense fire training program is regularly carried out annually in June and December. Recently, the training for the previous and next years has been completed on June 28, 2023, and December 20, 2023, respectively. 2. The fire safety inspection declaration is made each year between March to May, with the fire safety inspection recently completed in May 2023. 3. In the 2023, there were 0 incidents of fire, with 0 casualties, accounting for 0%. To prevent emergencies in case of fire, a self-defense fire-fighting team formation training plan was conducted twice, on June 28, 2023 and December 20, 2023. <p>We have also set up an occupational safety and health administrator who is responsible for planning, executing, and auditing occupational safety and health management work to implement and achieve safety and health management goals. 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 	

Item of Promotion	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and its reasons
	Yes	No	Description	
(4) Does the Company establish effective career development and training plans for its employees?	V		<p>on-the-job education and training in November 2022.</p> <p>3. Courses such as health promotion are held quarterly.</p> <p>4. Committed to promoting workplace tobacco hazard prevention and health promotion. Obtained the Health Promotion Administration's Healthy Workplace Certification - Health Initiation Badge on January 1, 2023.</p> <p>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.</p>	
(5) 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>(4) In order to enhance employees' work skills, enable employees to quickly integrate into the work environment, improve product and service quality, and enhance the overall competitiveness of the organization, the Company develops education and training programs through a systematic training blueprint; allowing employees to grow together with the company and strengthening employees' self-skills and diversify career development possibilities.</p> <p>(5) 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 the Company's website to establish direct contact and communication with stakeholders.</p>	
(6) 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		<p>(6) 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</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	
			protection specifications to enhance corporate social responsibility.	
5. Does the Company refer to internationally accepted reporting standards or guidelines to prepare sustainability reports or other reports that disclose the company's non-financial information? Have the aforementioned reports been assured or certified by a third-party verification unit?	V		The Company prepared the 2022 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 June 27, 2023.	No significant difference.

6. 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 actions taken by the Company: No significant difference.
<p>7. Any other important information which facilitates the understanding of promotion of sustainability development implementation:</p> <p>(1) The specific promotion plan and implementation effectiveness of the Company's sustainable development (ESG)</p> <p>a. 2023 Ennoconn Corporation Family Day</p> <p>Barrier-Free Angel Band of The Social Welfare Association for Special Education in Miaoli County was invited to participate. The average mental age of these students are of children and toddlers. However, through their desire and enjoyment for music, they can often be seen swaying, clapping or tapping during music and rhythm classes; and the expressions of laughter and satisfaction could always be seen. A band was formed after observing the above and noticing that music stabilizes emotions, satisfying their inner spirit and allowing the connotation of their lives to expand through the jumping of musical notes and melodies. Ennoconn hopes that through providing them with a stage and platform, their music would be able to reach a larger crowd.</p> <p>Visually impaired masseurs from the Taichung Visually Impaired Association were also invited to support the right to work of visually impaired individuals, sparing no effort advocating for the less privileged.</p> <p>A total of 860 employees and family members participated in the family day. A charity fair and sale activity was held on that day - with the sale amount as NT\$18,870. 160 receipts donated through charity massage.</p> <p>b. 2023 Ennoconn "Old Shoes for Life" Activity</p> <p>During the activity period from August 7 to August 18, 2023, 120 pairs of old shoes were collected within the company and donated to the Step30 International Ministries to support the Kenya rescue program in Africa, jointly promoting domestic and overseas charitable donations and care, showing that love knows no borders.</p>

c. Safe Fruits and Vegetables for Orphans

Through donating NT\$30,000 to the Green Box Association, 50 boxes of safe and non-toxic fruits and vegetables were purchased for children in orphanages. The orphanage that received the donations was the New Taipei City Glory Home Social Welfare Institution. A donation of fifty boxes of safe fruits and vegetables is able to provide for the nutritional needs of one 0-3 year old baby for 1000 days or one 3-16 year old child for 625 days, aiding the need for the children to safely supplement their daily required nutrition and grow up healthily.

d. Industry-Academia Cooperation

Ennoconn integrated resources and signed the significant “School-School-Enterprise Strategic Alliance Cooperation Plan” with National Yang Ming Chiao Tung University and St. John’s University. Ennoconn provided NT\$10 million to the two universities to jointly establish the university-level research center “Ennoconn-NYCU ESG Net Zero Transformation Innovation Research Center.”

Participate in the Ministry of Science and Technology’s industry-academia program to realize the concept of employment upon enrollment and entrepreneurship upon graduation. It also promotes the joint promotion of subsequent academic research and practical industry operations, internship cooperative teaching and practical training exchanges, with the aim of reducing the gap between academia and industry.

(2) Current and future potential risks and opportunities brought by climate change to the Company and countermeasures

The World Economic Forum released the “2024 Global Risks Report” on January 10, 2024, mentioning that among the top ten risks of the next 10 years, environmental concerns have always been the main issues. “Extreme Weather”, “Critical Changes in the Earth System”, “Biodiversity Loss and Ecosystem Collapse”, “Natural Resource Shortages” and “Pollution” accounted for the top five. With increasing severity of environmental risks, the importance of taking actions to address climate change has been emphasized in 2024. In response to the impact of climate change on business operations and to reveal information related to the specific greenhouse effect, the Company’s Corporate Sustainable Management Committee regularly reports to the Board of Directors, ensuring the directors and senior management are informed on 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. Industry impact caused by changes in relevant regulations, technologies or market demands. And an analysis of risks and opportunities posed to the Company’s business activities by other human and social aspects. 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.

The Company not only regularly releases carbon emission data on its website, providing customers and stakeholders with convenient and immediate access to the information they require, 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 among 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 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. Achievement Measures

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.

c. Implementation Status

- The Company's total carbon emissions (Scope 1+2) in 2022 were 364.98 tCO₂e, a decrease of 8.07% compared to 397.02 tCO₂e in 2021.
- The Company's total water consumption in 2023 was 4,455 degrees; 2022: 3,653 degrees; 2021: 3,272 degrees; 2020: 3,122 degrees.
- The Company's total electricity consumption in 2023 was 668,761 degrees; 2022: 672,120 degrees; 2021: 712,160 degrees; 2020: 716,720 degrees.
- The Company's total waste in 2023 was 2.486 metric tons, 2.561 metric tons in 2022, 2.436 metric tons in 2021, and 2.518 metric tons in 2020.

d. Annual Carbon Emission Trend Chart

The Company's carbon emissions in 2021 (base year): 397.02 tCO₂e (Scope 1+2) ; 2022: 364.98 tCO₂e ; 2023: 287.7384 tCO₂e (Note: The 2023 greenhouse gas emission data has not yet been verified by a third party and is only based on electricity consumption statistics).



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.

(4) Corporate Social Responsibility Risk Assessment

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.

Significant Issues	Risk Assessment Criteria	Risk Management Policies and Strategies
Environment	Environmental Protection and Ecological Conservation	<p>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.</p> <p>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.</p>
Society	Labor and Occupational Safety	<p>The Company cares about each working partner and has introduced the ISO 45001 occupational health and safety management system to maintain the safety and health of the workplace at Ennoconn, ensuring the safety of employees' lives, property, and surroundings. office area and factory area, creating a safe workplace culture, so that every colleague can work safely in a safe workplace.</p> <p>In cooperation with the health examination center, employees may appoint a schedule for a physical health check on a regular basis each year.</p>
	Consumer Rights and Product Safety	<p>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>
Corporate Governance	Legal Compliance	<p>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.</p>

(6) 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.	<p>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”. A environmental protection group, social responsibility group, corporate governance group and green business group are established in accordance with the Sustainability Development Committee Charter.</p> <p>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.</p>
2. Describe how the identified climate risks and opportunities affect a company’s business, strategy, and finances (short, medium, and long term)	<p>The Company evaluates the risks and opportunities that climate change poses to the company in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) guidelines. The main transition risk is that changes in regulations and policies may increase operating costs. The main physical risk is that extreme weather events caused by global warming may increase electricity consumption, or that natural disasters such as heavy rainfall or floods may delay construction progress or damage equipment. In terms of opportunities, the increasing demand for green design in line with national energy policies, and the global trend toward a low-carbon economy due to climate change-induced greenhouse gas warming, provide business opportunities for our company’s smart platform services. The Company is simultaneously formulating countermeasures to address the aforementioned risks and opportunities. Regarding climate change risks, we collect information on government policies and relevant regulatory amendments in a timely manner, conduct early assessments of impacts and develop response plans, and insure relevant equipment to avoid losses from natural disasters.</p>

Item	Implementation Status
<p>3. State the financial impact of extreme weather events and transformation actions.</p>	<p>The Company refers to the TCFD guidance framework to identify physical risks and transition risks that affect operations at the overall company level, discuss potential financial impacts through cross-departmental organizations, and accurately propose relevant response strategies.</p> <p>1. Physical Risk Events and Financial Impacts:</p> <p>(1) Acute Risk: Single immediate climate disaster events, and 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>(2) 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 resulting in production capacity decline or disruption.</p> <ul style="list-style-type: none"> • Resulting in production capacity decline or disruption. • Impacting on workforce management and planning. • Increased operating costs. • Increased cost of infrastructure construction. <p>2. Transition Risk Events and Financial Impacts:</p> <p>(1) Policy and regulatory risks: Domestic and foreign laws and regulations, climate change adaptation policies, climate-related litigation or regulations, such as: Carbon fees, carbon taxes, energy management, introduction of ESG standards and green environmental labels will alter companies' operation costs.</p> <p>(2) Technical Risk: R&D technology of green low-carbon products, purchase of renewable energy, etc., such as: Enterprises invest in renewable energy, however unsatisfactory R&D outcome results in sunk costs.</p> <p>(3) Market Risk: Adjustment of supply and demand structure, changes in demand for goods or services, such as: Social and market awareness of carbon reduction has increased, investors or customers have begun to demand low-carbon products, and raw material costs have risen. In order to ensure market competitiveness, it is necessary to carry out transformation policies, green R&D innovation and ESG service solutions to meet market demand.</p> <p>(4) Reputation Risk: Impressions and evaluations from customers, social media, and other stakeholders on whether the company is committed to low-carbon transformation and publicly discloses policy commitments and performance goals.</p>

Item	Implementation Status
<p>4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.</p>	<p>The Company formulated the “Risk Management Policies and Procedures”, which was approved and adopted by the Board of Directors in 2020 to serve as the highest guiding principle for the risk management within the Company. The Company regularly assesses risks every year, and formulates risk management policies accordingly; covering management objectives, organizational structure, ownership of rights and responsibilities, and risk management procedures, implementing them to effectively identify, measure, and control various risks of the Company, while managing the risks arising from business activities within an acceptable range.</p> <p>Climate-related risks are managed by the Company’s Sustainable Development Committee, which convenes a cross-departmental team of four sub-groups, and is committed to integrating and managing all potential strategic, operational, financial and hazardous risks that may impact operations and profitability in an active and cost-effective manner by referring to the 17 climate risks and 20 climate opportunities defined in the TCFD guidance framework, through the establishment of an enterprise risk management project. The goal is to provide appropriate risk management for all stakeholders, assess the frequency of risk events and the severity of their impact on the Company’s operations using a risk matrix, define the priority and level of risks, and adopt corresponding risk management strategies based on the risk level, and report to the Board of Directors.</p>
<p>5. We define the priority and level of risks and adopt corresponding risk management strategies based on the risk level. 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 Company assesses the two physical risks (flooding, heavy rainfall) due to climate change that have the greatest impact on operations, and conducts the following analysis using two climate scenarios.</p> <p>Assessment Impact Period: Mid-century (2060)</p> <ol style="list-style-type: none"> 1. Climate Scenarios: RCP4.0, moderate emission scenario, average temperature rise of 1.6°C to 2.5°C by 2060. 2. Climate Scenarios: RCP8.5, very high emission scenario: Average temperature rise of 1.9°C to 3.0°C by 2060. <p>The Above Scenario Analysis Factors: Prediction results of heavy rainfall and flooding events. Analysis Results: According to the simulation platform provided by the National Science and Technology Center for Disaster Reduction, with 1976-2005 as the base period, the flooding trend due to heavy rainfall reaching 600 mm of rainfall in twenty-four hours caused by the warming scenario in the mid-century is estimated. Ennoconn Corporation’s main base is in Zhonghe District, New Taipei City, which will face the highest level five risk of physical impact from flooding. Therefore, the impact of heavy rainfall and flooding will affect the Company’s transportation delivery dates and offices being unable to operate, which are important financial impacts.</p>

Item	Implementation Status
<p>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.</p>	<p>1. In response to the government's 2050 net zero pathway policy. The carbon fee/carbon tax issue will be an operating cost expenditure for the Company. The Company has launched a transition risk plan and is planning a medium and long-term carbon emission pathway. Compared to the base year (2021): Carbon emissions will be reduced by 30% in 2025 and by 50% in 2030, with the long-term strategy being to achieve net zero emissions by 2050.</p> <p>2. The Company's Carbon Emissions in 2021 (Base Year): 397.02 tCO₂e(Scope 1+2) ; 2022: 364.98 tCO₂e, reduced by 8.07%.</p> <p>3. The physical risk assessment shows that the impact of heavy rainfall and flooding in 2060 will affect the operating conditions of the Zhonghe office.</p>
<p>7. If internal carbon pricing is used as a planning tool, the basis for pricing should be explained.</p>	<p>The Company has not yet used internal carbon pricing as a planning tool.</p>
<p>8. If climate-related goals are set and explain information such as the activities, greenhouse gas emission scopes, planning period, and annual progress. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve relevant goals, the source and quantity of carbon reduction credits offset, or the number of Renewable Energy Certificates (RECs) should be explained.</p>	<p>The Company has formulated a short-, medium- and long-term pathway for achieving net-zero carbon emissions in Scope 1 and Scope 2 by 2050 based on the base year (2021): a 30% reduction in carbon emissions by 2025, a 50% reduction by 2030, and a long-term strategy to achieve net-zero emissions by 2050. The Company completes an annual organizational greenhouse gas inventory and verification according to ISO 14064, and enhances external information disclosure through its official website, public information observatory, and sustainability reports.</p>
<p>9. Greenhouse gas inventory</p>	<p>Indicated in the table below.</p>

1-1. The Company's Greenhouse Gas inventory and Verification Status in the Last Two Years

1-1-1 Greenhouse gas inventory information

State the emission volume (metric tons of CO ₂ e), intensity (metric tons of CO ₂ e/million NTD), and data coverage of greenhouse gases in the last two years.
<p>2021 Reporting Boundary: Ennoconn Corporation, 3F-6F., No. 10, Jiankang Rd., Zhonghe Dist., New Taipei City</p> <p>Category 1: Direct Greenhouse Gas Emissions and Removals: 21.0375 Total Emissions (metric tons of CO₂e)</p> <p>Category 2: Indirect Greenhouse Gas Emissions from Energy Input: 375.9778 Total Emissions (metric tons of CO₂e)</p> <p>2022 Reporting Boundary: Same as the 2021 Reporting Boundary</p> <p>Category 1: Direct Greenhouse Gas Emissions and Removals: 24.6943 Total Emissions (metric tons of CO₂e)</p> <p>Category 2: Indirect Greenhouse Gas Emissions from Energy Input: 340.2914 Total Emissions (metric tons of CO₂e)</p> <p>Greenhouse Gas Emission Intensity: The following values are calculated based on the above data.</p> <p>2021 Greenhouse Gas Emission Intensity: 0.041 (metric tons of carbon dioxide equivalent/million NTD revenue).</p> <p>2022 Greenhouse Gas Emission Intensity: 0.034 (metric tons of carbon dioxide equivalent/million NTD revenue).</p>

- Note 1: Direct emissions (Scope 1, i.e., direct emissions from sources owned or controlled by the company), energy indirect emissions (Scope 2, i.e., indirect greenhouse gas emissions from imported electricity, heat or steam), and other indirect emissions (Scope 3, i.e., emissions from company activities that are not energy indirect emissions but come from emission sources owned or controlled by other companies).
- Note 2: The data coverage of direct emissions and energy indirect emissions should be handled in accordance with the time schedule specified in Paragraph 2, Article 10 of this standard, and the information on other indirect emissions may be disclosed voluntarily.
- Note 3: Greenhouse gas inventory standards: Greenhouse Gas Protocol (GHG Protocol) or International Organization for Standardization (ISO) issued ISO 14064-1.
- Note 4: The intensity of greenhouse gas emissions can be calculated per unit of product/service or revenue, at least data calculated in revenue (NT \$million) should be disclosed.

1-1-2 Greenhouse Gas Verification Information

State the verification status for the last two years up to the date of printing the annual report, including the verification scope, verification organization, verification standards, and verification opinion.

In 2021 and 2022, SGS Taiwan Ltd. was commissioned to verify the greenhouse gas inventory data.

According to the verification process and procedures conducted by SGS Taiwan Ltd., there is sufficient evidence showing that the greenhouse gas emission categories 1 and 2 greenhouse gas statements of Ennoconn Corporation are materially correct and fairly present the greenhouse gas data and related information, prepared in accordance with ISO 14064-1: 2018, meeting the reasonable assurance level of the verification agreement.

There is no evidence showing that the greenhouse gas emission categories 3, 4 and 5 greenhouse gas statements of Ennoconn Corporation are not materially correct, do not fairly present the greenhouse gas data and related information, and are not prepared in accordance with ISO 14064-1: 2018, meeting the limited assurance level of the verification agreement.

Note 1: It should be handled in accordance with the time schedule specified in Paragraph 2, Article 10 of this Standard. If the Company has not obtained a complete greenhouse gas verification opinion by the date of printing the Annual Report, it should be noted that "Complete verification information will be disclosed in the Sustainability Report". If the Company does not prepare a Sustainability Report, it should be noted that "Complete verification information will be disclosed on the Market Observation Post System", and complete verification information should be disclosed in the annual report of the following year.

Note 2: The verification organization should meet the relevant requirements for sustainability report assurance providers set by the Taiwan Stock Exchange Corporation and the Taipei Exchange.

1-2 Greenhouse Gas Reduction Targets, Strategies and Specific Action Plans

State the base year for greenhouse gas reduction and its data, reduction targets, strategies and specific action plans, and the achievement of reduction targets.

1. The base year for greenhouse gas reduction was 2021. In order to reduce the organization's carbon footprint, the target for 2023 is to reduce carbon emissions by 3 to 5% of energy consumption.
2. Regarding the highest proportion of energy consumption source (air conditioning), continued energy-saving improvements to the air conditioning system is expected. Observing the electricity consumption in 2023, as of the third quarter, the electricity consumption has decreased by 9.89% compared to the first quarter.

Note 1: It should be handled in accordance with the time schedule specified in Paragraph 2, Article 10 of this standard.

Note 2: The base year should be the year in which the inventory of the consolidated financial report boundary is completed. For example, according to the regulations in Paragraph 2, Article 10 of this standard, companies with a capital of NT\$10 billion or more should complete the inventory of the consolidated financial report for the year 2024 in 2025, so the base year is 2024. If the company has completed the inventory of the consolidated financial report earlier, the earlier year can be used as the base year. In addition, the data for the base year can be calculated based on a single year or the average of several years.

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

Evaluation Items	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and Reasons
	Yes	No	Description	
1. Establishment of Ethical Corporate Management Policies and Programs				
(1) 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		(1) 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
(2) 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		(2) The Company strictly complies with corporate ethics and adheres to the corporate culture of integrity and honesty to create a sustainable business environment.	
(3) 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		(3) 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	

Evaluation Items	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and Reasons
	Yes	No	Description	
			reward, punishment, and appeal system.	
2. Implementation of Ethical Corporate Management				
(1) Does the Company evaluate business partners' ethical records and include ethics-related clauses in the business contracts signed with the counterparties?	V		(1) Before establishing business relationship with others, the Company first assesses the legality and ethical corporate management policy of agents, suppliers, customers, and other business counterparties, 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.	No significant deviation
(2) 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		(2) The Company has designated the "General Manager's Office" as the dedicated unit for promoting corporate integrity management to implement and supervise the amendment, execution, interpretation and performance of these procedures and conduct guidelines. In addition, provide consulting services, notification contents and registration documents, and regularly report the implementation status to the Board of Directors each year, while the latest reporting date was March 7, 2024.	
(3) Does the Company establish policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	V		(3) In the event of a conflict of interest, employees can report to the head of the department or the president.	
(4) Does the Company establish effective systems for both accounting and internal control to implement ethical corporate management, and does the internal	V		(4) The Company has established an effective accounting and internal control system, which are reviewed regularly and revised from time to time according to	

Evaluation Items	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and Reasons
	Yes	No	Description	
<p>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?</p> <p>(5) Does the Company regularly hold internal and external educational training on ethical corporate management?</p>	V		<p>changes of laws and regulations and practical needs. They are also regularly examined to ensure that the design and implementation of the system remain effective, achieve corporate governance and risk control, and implement ethical corporate management. The Company's Corporate Sustainability Committee is the dedicated unit that implements integrity management-related operations and supervise the implementation, and reports to the Board of Directors on a regular basis.</p> <p>(5) 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.</p> <ol style="list-style-type: none"> 1. The Company includes the "Prevention of Insider Trading Advocacy" course in the new employee training annually. In 2023, the training dates were on March 15, June 28, September 25 and December 28, with a total of 4 hours and 30 participants. 2. The course "Ethical Corporate Management Best Practice Principles" is provided for new employees each year. In 2023, this training was delivered on February 24, September 25 and November 23, with a total of 474 employees receiving 5.5 hours of training. This course enables new employees to understand 	

Evaluation Items	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and Reasons
	Yes	No	Description	
			<p>the importance of integrity operation and behavior, emphasizing the evaluation of integrity operation before establishing business relationships with customers and suppliers, as well as avoiding transactions with deceitful business partners. A “Integrity and Intellectual Property Rights Agreement” is signed by all new employees upon on-boarding.</p> <p>3. On December 1, 2023, the Company delivered an “Operating Procedures for Handling Material Insider Information Course” for all directors, managerial officers, and employees. The course duration was 1 hours, with the participation of 194 employees. The total education and training hours were 194 hours.</p>	
<p>3. Operation of the Company’s Whistle-blowing System</p> <p>(1) 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>(2) Does the Company establish standard operating procedures for the reported matters and the relevant confidential mechanism?</p> <p>(3) Does the Company provide protection to whistleblowers against receiving improper treatment?</p>	<p>V</p> <p>V</p> <p>V</p>		<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.</p> <p>Additionally, the Company will pay special attention to the confidentiality of whistleblowers to</p>	No significant deviation

Evaluation Items	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and Reasons
	Yes	No	Description	
			avoid improper treatment when dealing with related matters. 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.	
4. Enhancing Disclosure of Information 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)?	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

5.	<p>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:</p> <p>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>
6.	<p>Other important information to facilitate a better understanding of the Company’s ethical corporate management:</p> <p>(1) The Company’s website, annual report, and prospectus all disclose compliance with the ethical corporate management principles.</p> <p>(2) The Company’s Board of Directors closely implements the system of recusal due to conflicts of interest.</p> <p>(3) 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.</p> <p>(4) The Company’s whistle-blowing system</p> <p>A. 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.</p> <p>B. 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.</p>

- a. The whistle blower's name, ID number, address, telephone number, and e-mail where they can be reached.
- b. The reported individual's name or other information that shows the identity of the reported individual.
- c. 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 whistleblowing. The Company's dedicated unit will handle it according to the following procedures:

- a. If the case involves ordinary employees, it shall be reported to the General Manager. If the case involves Directors or Senior Executives, it shall be reported to Independent Directors.
- b. 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.
- c. 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.
- d. Written documents shall be retained for the acceptance of the complaint, the investigation process, as well as 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.
- e. 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.
- f. 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 for the year 2023 was submitted to the Board of Directors on March 7, 2024.

(7) 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 further information.

(8) 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 2023 intellectual property management plan was reported and on November 14, 2023 submitted 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, the 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."

(9) Status of Internal Control System

1. Statement of Internal Control System

Ennoconn Corporation
Statement of Internal Control System

Date: March 29, 2024

The Company's 2023 Internal Control System is stated as follows based on self-evaluation result:

1. 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.
2. The internal control system has inherent limitations. Regardless of how well designed it may be, an effective internal control system can only provide reasonable assurance of achieving the above three objectives. Moreover, the effectiveness of the internal control system may change due to alterations in the environment or circumstances. 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.
3. 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."
4. 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.

5. Based on the assessment results, the Company believes that our internal control system (including the supervision and management of subsidiaries) as of December 31, 2023 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 can reasonably ensure the achievement of the above objectives.
6. 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 regards to the above contents will constitute legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. It is hereby stated that this Statement has been approved at the Board of Directors' meeting of the Company held on March 29, 2024. Among the 7 directors present, no director had any dissenting opinions and all of them agreed to 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.

(10) 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: None.

(11) 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	Contents of Proposal
Board of Directors	2023.01.11 The 7 th Board of Directors' Meeting of the 10 th Term	<ol style="list-style-type: none"> 1. Approval of the Company's 2023 Annual Operation Plan. 2. Approval of the Company's "Remuneration Regulations for Directors". 3. Approval of the amendments to "Rules for Financial and Business Matters Between Corporation and Related Parties". 4. Approval of the amendments to the "Remuneration Committee Charter". 5. Approval of the 2022 Year-end Performance Bonus for Managerial Officers. 6. Approval of the change of Head of Internal Audit. 7. Approval of the proposal for the Company to apply for loan commitments from two banks.
Board of Directors	2023.03.08 The 8 th Board of Directors' Meeting of the 10 th Term	<ol style="list-style-type: none"> 1. Approval of the amendments to the Company's "Articles of Incorporation". 2. Approval of the proposal for convening the 2023 Shareholders' Meeting of the Company. 3. Approval of the amendments to the Company's "Standard Operating Procedures for Handling Directors' Requests". 4. Approval of the proposal for the Company to apply for loan commitments from three banks.

Type of Meeting	Date of Meeting	Contents of Proposal
Board of Directors	2023.03.30 The 9 th Board of Directors' Meeting of the 10 th Term	<ol style="list-style-type: none"> 1. Approval of the Company's 2022 Annual Business Report. 2. Approval of the Company's 2022 Consolidated and Individual Financial Statements. 3. Approval of the total amount of directors' and employees' compensation for 2022. 4. Approval of the Company's 2022 Profit Distribution Proposal. 5. Approval of the Company's 2022 Cash Dividend Distribution Proposal. 6. Approval of the by-election for one independent director seat. 7. Approval of the nomination list for independent director candidates. 8. Approval of the release of the new independent director from non-competition restrictions. 9. Approval of the amendments to the "Rules of Procedure for Shareholders' Meetings". 10. Added agenda item for convening the Company's 2023 Annual Shareholders' Meeting. 11. Approval of the release of the company's General Manager, Greater China Regional Head, and CFO from non-competition restrictions. 12. Approval of the submission of the Company's 2022 "Statement on Internal Control System Effectiveness" and "Internal Control System Statement". 13. Approval of the change of CPAs starting from the first quarter of 2023. 14. Approval of the proposed audit service fees to KPMG for 2023. 15. Approval of the proposal for the Company to apply for loan commitments from two banks.

Type of Meeting	Date of Meeting	Contents of Proposal
Board of Directors	2023.05.11 The 10 th Board of Directors' Meeting of the 10 th Term	<ol style="list-style-type: none"> 1. Approval of the Company's Consolidated Financial Report for the first quarter of 2023. 2. Approval of the issuance of new shares for the conversion of the Company's 3rd and 4th domestic unsecured convertible bonds into common shares in the first quarter of 2023. 3. Approval of the Company's 2022 ESG Report. 4. Approval of the proposal for the Company to apply for loan commitments from two banks. 5. Approval of the proposal for convening the Company's 2022 Shareholders' Meeting.
Board of Directors	2023.07.06 The 11 th Board of Directors' Meeting of the 10 th Term	<ol style="list-style-type: none"> 1. Approved the Company's proposed issuance of the 5th domestic unsecured convertible corporate bonds.. 2. Approval of the issuance of new shares for the conversion of the Company's 3rd and 4th domestic unsecured convertible bonds into common shares in the second quarter of 2023. 3. Approval of the formulation of the Company's "Pre-approval Procedures for Non-assurance Services Provided by Certified Public Accountants". 4. Approval of the 2023 non-assurance service list and independence assessment in accordance with the company's "Pre-approval Procedures for Non-assurance Services Provided by Certified Public Accountants. 5. Approval of the proposal of endorsement guarantees for the Company's subsidiary Ennoconn Hungary KFT. 6. Approval of the proposal for the Company to apply for loan commitments from three banks.
Board of Directors	2023.08.14 The 12 th Board of Directors' Meeting of the 10 th Term	<ol style="list-style-type: none"> 1. Approval of the Company's Consolidated Financial Report for the second quarter of 2023. 2. Approval of the Company's detailed distribution of directors' compensation in 2022. 3. Approval of the Company's distribution of compensation to managerial officers in 2022. 4. Approval of the salary adjustment plan for managerial officers for the current year. 5. Approval of the proposal for the Company to apply for loan commitments from three banks.

Type of Meeting	Date of Meeting	Contents of Proposal
Board of Directors	2023.11.14 The 13 th Board of Directors' Meeting of the 10 th Term	<ol style="list-style-type: none"> 1. Approval of the Company's Consolidated Financial Report for the third quarter of 2023. 2. Approval of the amendment to the Company's and the Consolidated Company's "Consolidated Accounting Policies". 3. Approval of the amendments to the Company's "Corporate Governance Best Practice Principles". 4. Approval of the assessment of CPA's independence. 5. Approval of the evaluation of the qualifications and independence of the Company's independent directors. 6. Approval of the issuance of new shares for the conversion of the Company's 3rd and 4th domestic unsecured convertible bonds into common shares in the third quarter of 2023. 7. Approval of the Audit Plan for 2024. 8. Approval of the formulation of next year's ESG implementation goals. 9. Approval of the proposal for the Company to apply for loan commitments from five banks.
Board of Directors	2024.01.18 The 14 th Board of Directors' Meeting of the 10 th Term	<ol style="list-style-type: none"> 1. Approval of the amendments to the Company's "Investment Cycle". 2. Approval of the issuance of new shares for the conversion of the Company's 3rd and 4th domestic unsecured convertible bonds into common shares in the fourth quarter of 2023. 3. Amended the Company's "Procedures for Preventing Insider Trading." 4. Approval of the proposal for the Company to apply for loan commitments from two banks. 5. Approval of the 2024 Annual Business Report. 6. Approval of 2023 Year-end Performance Bonus for Managerial Officers.

Type of Meeting	Date of Meeting	Contents of Proposal
Board of Directors	2024.03.07 The 15 th Board of Directors' Meeting of the 10 th Term	<ol style="list-style-type: none"> 1. Approval of the amendments to the Company's "Articles of Incorporation". 2. Approval of the Company's proposal to convene the 2024 Annual General Meeting of Shareholders. 3. Approval of the amendments to the Company's "Board of Directors Meeting Rules" and "Audit Committee Organizational Regulations". 4. Regarding the application to DBS (Taiwan) and Chang Hwa Bank for credit line approval, please discuss.
Board of Directors	2024.03.15 The 16 th Board of Directors' Meeting of the 10 th Term	Approval of the Company's 2023 self-prepared Consolidated Financial Statements.
Board of Directors	2024.03.29 The 17 th Board of Directors' Meeting of the 10 th Term	<ol style="list-style-type: none"> 1. Approval of the Company's 2023 Annual Business Report. 2. Approval of the Company's 2023 Consolidated and Individual Financial Statements. 3. Approval of the Company's total amount of directors' and employees' compensations for 2023. 4. Approval of the Company's 2023 profit distribution plan. 5. Approval of the Company's 2023 cash dividend distribution plan. 6. Approval of the Company's proposal to convene the 2024 Annual General Meeting of Shareholders. 7. Approval to lift the non-compete restrictions for the Company's General Manager. 8. Approval of the Company's 2023 "Evaluation on Effectiveness of Internal Control System" and "Statement on Internal Control System".

Type of Meeting	Date of Meeting	Contents of Proposal						
Annual Shareholders' Meeting	2023.05.30	<p>1. Acknowledgement of the 2022 Financial Statements and Business Report. Execution: The resolution was passed and the relevant content of the resolution was recorded in the meeting minutes.</p> <p>2. Acknowledgement of the 2022 Earnings Distribution plan. Implementation Progress: The cash dividend, adjusted to NT\$12.74 per share due to changes in the total capital amount resulting from the conversion of the Company's convertible corporate bonds into ordinary shares, with a total amount of NT\$1,604,719,725, was distributed on August 28, 2023.</p> <p>3. Approval to the amendments to the Company's "Articles of Incorporation." Implementation Progress: Approved.</p> <p>4. Approval to the amendments to the Company's Rules of Procedures of the Shareholders' Meeting. Implementation Progress: Approved.</p> <p>5. Approval to the by-election for one independent director seat. Implementation Progress: The list of directors elected and the number of elected votes is 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>Independent Director</td><td>Huang-Hsu Tu</td><td>50,677,380</td></tr> </tbody> </table> <p>6. Approved the release of the new independent director from non-competition restrictions. Implementation Progress: The resolution was passed to remove, non-competition restriction on the newly appointed independent directors of the 10th Board of Directors.</p>	Title	Name	Number of Elected Votes	Independent Director	Huang-Hsu Tu	50,677,380
Title	Name	Number of Elected Votes						
Independent Director	Huang-Hsu Tu	50,677,380						

(12) 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.

(13) 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 2, 2024

Title	Name	Date Appointed	Date of Dismissal	Reason for Resignation or Dismissal
Chief Internal Control Officer	Ya-Ju Lu	2018.03.16	2023.01.11	Position Adjustment

4. Information on CPA Fees

(1) Range of CPA Fees

Unit: NT thousand

Name of CPA Firm	Name of CPA		Audit Period of CPA	Audit Fee	Non-Audit Fee	Total	Remarks
KPMG Taiwan	Grinni Hsiao	Winston Yu	2023.01.01 2023.12.31	2,860	220	3,080	None

Note 1: If the Company changed any CPA or CPA firm in the 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 remarks to explain the content of the non-audit fees.

Please specify non-audit fees: None

- (2) 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:

Unit: NT thousand

Audit Fee	Non-Audit Fee					Remarks
	System Design	Business Registration	Human Resources	Others	Subtotal	
2,860	0	0	0	220	3,080	Issuance of the fifth domestic unsecured convertible corporate bonds, entrusting an accountant to review the relevant application documents, and issuing an opinion letter in accordance with the Company Act and the Securities and Exchange Act.

- (3) When the Company changes its accounting firm and the audit fees paid for the 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: Not applicable.
- (4) When the audit fees paid for the current are lower than those for the previous by 10% or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) thereof shall be disclosed: The audit fee decreased by NT\$490,000, a reduction of 14.63%, due to adjustments in the firm's audit business.

5. Information on CPA Replacement

(1) Regarding the Former CPA

Replacement Date	2023.03.30		
Reason and Explanation for Replacement	KPMG adjusted their internal duties, therefore changes were made to the Company’s certifying accountants starting from the first quarter of 2023.		
Explain Whether it Was the Appointor or the Accountant who Terminated or Did not Accept the Appointment	<div>SituationParty</div>	Certified Public Accountant/CPA	Appointer
	Voluntary Termination of Appointment	✓	
	No longer accept (continue) the appointment		
Audit Report Opinions Other Than Unqualified Opinions Issued in the Last two Years and the Reasons	None.		
Whether There Were any Disagreements With the Issuer	Yes		Accounting principles or practices
			Disclosure in financial reports
			Audit scope or steps
			Others
	None	✓	
	Explanation		
Other Disclosures	None.		

(2) Regarding the Successor Accountant

Name of CPA Firm	KPMG Taiwan
Name of CPA	Grinni Hsiao Winston Yu
Date of Appointment	March 30, 2023
Consultation Matters and Results on Accounting Treatment Methods or Accounting Principles for Specific Transactions and Possible Opinions on Financial Reports Before Appointment	None.
The Successor Accountant's Written Opinion on the Matters Disagreed by the Former Accountant	None.

- (3) The former accountant's reply to Article 10, Paragraph 6, Subparagraph 1 and Subparagraph 2, Item 3 of this standard.

None.

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

None.

7. 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

- (1) 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	2023		For the Period ended March 31, 2024	
		Increase (Decrease) in Number of Shares Held	Increase (Decrease) in Number of Pledged Shares	Increase (Decrease) in Number of Shares Held	Increase (Decrease) in Number of Pledged Shares
Chairman/Chief Executive Officer (CEO)	Fu-Chuan Chu	0	(100,000)	0	0
Corporate Directors and Major Shareholders	Baoxin International Investments Ltd.	0	0	0	0
Executives, directors, or supervisors who are spouses or within the second degree of kinship	Representative, Baoxin International Investments Ltd.: Mei-Hui Hung	0	0	0	0
Executives, directors, or supervisors who are spouses or within the second degree of kinship	Representative, 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
Independent Director	Huang-Hsu Tu	0	0	0	0
President	Neng-Chi Tsai	0	0	0	0
President for mainland China	Chao-Tsung Lou	0	0	0	0

Title	Name	2023		For the Period ended March 31, 2024	
		Increase (Decrease) in Number of Shares Held	Increase (Decrease) in Number of Pledged Shares	Increase (Decrease) in Number of Shares Held	Increase (Decrease) in Number of Pledged Shares
Associate Manager of the R&D Center	Sheng-Hsiung Chang	(4,000)	0	0	0
Chief Financial Officer/CFO	Tsung-Hsien Chuang	0	0	0	0
Associate Manager of the Information Department	Wen-Ta Chang	0	0	0	0
Director of Corporate Governance	Hung-Chih Chou	0	0	0	0

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

8. Information on the Top Ten Shareholders and their Relationships

April 2, 2024 Unit: shares; %

Name (Note 1)	Shares Held by Shareholder		Shares Held by Spouse & Minor Children		Total Shareholding by Nominees		Name or Relationship Between or Among the top ten Shareholders who Are Related Parties or Spouses and Relatives Within the Second Degree of Kinship		Remarks
	Number of Shares	Shareholding %	Number of Shares	Shareholding %	Number of Shares	Shareholding %	Title (or Name)	Relationship	
Baoxin International Investments Ltd.	33,178,779	24.21%	0	0	0	0	Hung Yang Investment Co, Ltd.	Same ultimate parent company	None
Baoxin International Investments Ltd. Representative: Huang, De- Cai	0	0.00%	0	0	0	0	None	None	None
Fuh Hwa Taiwan Technology High Income ETF Securities Investment Trust Fund Special Account managed by Taipei Fubon Commercial Bank Co.	5,389,000	3.93%	0	0	0	0	None	None	None
Dedicated investment account of Google Inc. managed by Citibank Taiwan Commercial Bank	4,880,000	3.56%	0	0	0	0	None	None	None
Yuanta Taiwan Value High Dividend ETF Securities Investment Trust Fund managed by Hua Nan Commercial Bank	4,791,000	3.50%	0	0	0	0	None	None	None
Hyield Venture Capital 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
Dedicated investment account of Norges Bank managed by Citibank Taiwan Commercial Bank	2,025,450	1.48%	0	0	0	0	None	None	None

Name (Note 1)	Shares Held by Shareholder		Shares Held by Spouse & Minor Children		Total Shareholding by Nominees		Name or Relationship Between or Among the top ten Shareholders who Are Related Parties or Spouses and Relatives Within the Second Degree of Kinship		Remarks
	Number of Shares	Shareholding %	Number of Shares	Shareholding %	Number of Shares	Shareholding %	Title (or Name)	Relationship	
New Labor Retirement Pension Fund	1,982,300	1.45%	0	0	0	0	None	None	None
Chunghwa Post Co., Ltd.	1,325,000	0.97%	0	0	0	0	None	None	None
Representative of Chunghwa Post Co., Ltd.: Hong-Mao Wu	0	0.00%	0	0	0	0	None	None	None
Investment account of Morgan Stanley International Limited managed by HSBC (Taiwan) Commercial Bank Co., Ltd.	1,274,393	0.93%	0	0	0	0	None	None	None
Capital Fund Marathon Special Account	1,266,000	0.92%	0	0	0	0	None	None	None

Note 1: The names of all top 10 shareholders are listed. For corporate shareholders, the names of the corporations and their respective representatives are also listed separately.

9. 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, 2023

Unit: shares; %

Investees	Company Investments		Investee Directors, Supervisors or Managerial Officers or any Companies Directly or Indirectly Controlled by the Company		Total Investment	
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio
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	27.27%	3,250,000	4.43%	23,250,000	31.70%
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.

IV. Shares and Fundraising

1. Capital and Shares

(1) Capital Formation

Unit: Shares NT\$

Date	Issuance Price	Authorized Capital		Paid-in Capital		Remarks		
		Number of Shares	Amount	Number of Shares	Amount	Share Capital Source	Capital Increase by Assets other than Cash	Other
1999.07.12 (Note 1)	10	4,000,000	40,000,000	1,000,000	10,000,000	Capital Stock	-	-
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 by 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	-	-

Date	Issuance Price	Authorized Capital		Paid-in Capital		Remarks		
		Number of Shares	Amount	Number of Shares	Amount	Share Capital Source	Capital Increase by Assets other than Cash	Other
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	-	-
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 by 9,481,960 shares Capital increase from employee bonus by 5,880,000 shares	-	-
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 by 60,635,280 shares Capital increase from employee bonus by 4,408,290 shares	-	-
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.	-

IV. Shares and Fundraising

Date	Issuance Price	Authorized Capital		Paid-in Capital		Remarks		
		Number of Shares	Amount	Number of Shares	Amount	Share Capital Source	Capital Increase by Assets other than Cash	Other
2015.11.30 (Note 18)	10	100,000,000	1,000,000,000	68,875,760	688,757,600	Converted 1,954,190 shares from the first domestic convertible corporate bonds	-	-
2016.02.15 (Note 19)	10	100,000,000	1,000,000,000	69,728,698	697,286,980	Converted 8,529,380 shares from the first domestic convertible corporate bonds	-	-
2016.05.19 (Note 20)	10	100,000,000	1,000,000,000	70,495,867	704,958,670	Converted 7,671,690 shares from the first domestic convertible corporate bonds	-	-
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 shares	-	-
2016.08.29 (Note 22)	10	100,000,000	1,000,000,000	75,618,210	756,182,100	Converted 6,223,430 shares from the first domestic convertible corporate bonds	-	-
2016.11.22 (Note 23)	10	100,000,000	1,000,000,000	76,152,738	761,527,380	Converted 5,345,280 shares 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 shares 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 shares in the first and second domestic convertible corporate bonds	-	-

Date	Issuance Price	Authorized Capital		Paid-in Capital		Remarks		
		Number of Shares	Amount	Number of Shares	Amount	Share Capital Source	Capital Increase by Assets other than Cash	Other
2017.08.07 (Note 26)	10	100,000,000	1,000,000,000	76,398,052	763,980,520	Converted 9,618 shares 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 shares 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 shares in the second domestic convertible corporate bonds	-	-
2018.05.24 (Note 29)	10	100,000,000	1,000,000,000	77,365,249	773,652,490	Converted 836,438 shares in the second domestic convertible corporate bonds and first overseas 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 shares	-	-
2020.09.21 (Note 31)	10	250,000,000	2,500,000,000	91,866,420	918,664,200	Capital increase from earnings by 8,291,948 shares	-	-
2020.12.02 (Note 32)	10	250,000,000	2,500,000,000	93,272,019	932,720,190	Converted 1,405,599 shares in 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	Swapped 4,028,217 shares with 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 privately-placed ordinary shares for the Company's capital increase in cash	-	-

IV. Shares and Fundraising

Date	Issuance Price	Authorized Capital		Paid-in Capital		Remarks		
		Number of Shares	Amount	Number of Shares	Amount	Share Capital Source	Capital Increase by Assets other than Cash	Other
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	2,500,000,000	106,037,019	1,060,370,190	The Company reduced capital of 655,000 shares due to cancellation of treasury shares	-	-
2023.05.24 (Note 37)	10	250,000,000	2,500,000,000	108,765,088	1,087,650,880	Converted 2,728,069 shares in the third and fourth domestic convertible corporate bonds		
2023.07.31 (Note 38)	10	250,000,000	2,500,000,000	124,135,426	1,241,354,260	Converted 15,370,338 shares in the third and fourth domestic convertible corporate bonds		
2023.12.06 (Note 39)	10	250,000,000	2,500,000,000	128,216,182	1,282,161,820	Converted 4,080,756 shares in the third and fourth domestic convertible corporate bonds		
2024.02.15 (Note 40)	10	250,000,000	2,500,000,000	131,999,868	1,319,998,680	Converted 3,783,686 shares in the third and fourth domestic convertible corporate bonds		

Note 1: Approval letter No. 883287790 issued by the Construction Management Office, Public Works Department, Taipei City Government on September 16, 1999

Note 2: Approval letter No. 88347702 issued by the Construction Management Office, Public Works Department, Taipei City Government on October 25, 1999

Note 3: Approval letter No. 0900100965 issued by the Ministry of Economic Affairs on January 15, 2001

Note 4: Approval letter No. 09432172260 issued by the Ministry of Economic Affairs on May 25, 2005

Note 5: Approval letter No. 09432336280 issued by the Ministry of Economic Affairs on June 24, 2005

Note 6: Approval letter No. 09532165220 issued by the Ministry of Economic Affairs on May 11, 2006

Note 7: Approval letter No. 09532926230 issued by the Ministry of Economic Affairs on October 04, 2006

Note 8: Approval letter No. 09631769360 issued by the Ministry of Economic Affairs on March 06, 2007

Note 9: Approval letter No. 09632312080 issued by the Ministry of Economic Affairs on June 22, 2007

Note 10: Approval letter No. 0973049365 issued by the Economic Development Bureau, Taipei County Government on August 21, 2008

Note 11: Approval letter No. 09832930520 issued by the Ministry of Economic Affairs on August 25, 2009

Note 12: Approval letter No. 0993148047 issued by Taipei County Government on August 13, 2010

Note 13: Approval letter No. 1005059538 issued by the New Taipei City Government on September 26, 2011

- Note 14: Commercial approval letter No. 10101192660 issued by the Ministry of Economic Affairs on September 17, 2012
- Note 15: Commercial approval letter No. 10201140690 issued by the Ministry of Economic Affairs on July 17, 2013
- Note 16: Commercial approval letter No. 10301065980 issued by the Ministry of Economic Affairs on April 16, 2014
- Note 17: Commercial approval letter No. 10401002010 issued by the Ministry of Economic Affairs on January 21, 2015
- Note 18: Commercial approval letter No. 10401247880 issued by the Ministry of Economic Affairs on November 30, 2015
- Note 19: Commercial approval letter No. 10501027780 issued by the Ministry of Economic Affairs on February, 2016
- Note 20: Commercial approval letter No. 10501104050 issued by the Ministry of Economic Affairs on May 19, 2016
- Note 21: Commercial approval letter No. 10501193160 issued by the Ministry of Economic Affairs on August 11, 2016
- Note 22: Commercial approval letter No. 10501209510 issued by the Ministry of Economic Affairs on August 29, 2016
- Note 23: Commercial approval letter No. 10501266500 issued by the Ministry of Economic Affairs on November 22, 2016
- Note 24: Commercial approval letter No. 10601014510 issued by the Ministry of Economic Affairs on February 06, 2017
- Note 25: Commercial approval letter No. 10601069670 issued by the Ministry of Economic Affairs on May 31, 2017
- Note 26: Commercial approval letter No. 10601112420 issued by the Ministry of Economic Affairs on August 07, 2017
- Note 27: Commercial approval letter No. 10601164100 issued by the Ministry of Economic Affairs on December 07, 2017
- Note 28: Commercial approval letter No. 10701012860 issued by the Ministry of Economic Affairs on February 01, 2018.
- Note 29: Commercial approval letter No. 10701057310 issued by the Ministry of Economic Affairs on May 24, 2018.
- Note 30: Commercial approval letter No. 10801036000 issued by the Ministry of Economic Affairs on April 03, 2019.
- Note 31: Commercial approval letter No. 10901180310 issued by the Ministry of Economic Affairs on September 21, 2020
- Note 32: Commercial approval letter No. 10901223000 issued by the Ministry of Economic Affairs on December 02, 2020
- Note 33: Commercial approval letter No. 11001029270 issued by the Ministry of Economic Affairs on February 23, 2020
- Note 34: Commercial approval letter No. 11101001020 issued by the Ministry of Economic Affairs on January 07, 2022
- Note 35: Commercial approval letter No. 11101007710 issued by the Ministry of Economic Affairs on January 19, 2022
- Note 36: Commercial approval letter No. 11101084530 issued by the Ministry of Economic Affairs on May 25, 2022
- Note 37: Commercial approval letter No. 11230086450 issued by the Ministry of Economic Affairs on May 24, 2023
- Note 38: Commercial approval letter No. 11230136950 issued by the Ministry of Economic Affairs on July 31, 2023
- Note 39: Commercial approval letter No. 11230226240 issued by the Ministry of Economic Affairs on December 06, 2023
- Note 40: Commercial approval letter No. 11330013040 issued by the Ministry of Economic Affairs on February 15, 2024

(2) Type of Shares Issued:

April 2, 2024; Unit: shares

Types of Shares	Authorized Capital			Remarks
	Outstanding Shares	Unissued Shares	Total	
Ordinary Share	137,027,048	112,972,952	250,000,000	Outstanding Shares includes private placement of common stock 4,880,000 shares

2. Shareholder Structure

April 2, 2024; Unit: shares

Shareholder Structure Amount	Government Agencies	Financial institution	Other Legal Entities	Foreign Institutions and Foreigners	Individuals	Total
Number of Individuals	5	40	131	229	17,389	17,794
Number of Shares Held	3,116,060	7,838,293	54,260,560	29,799,475	42,012,660	137,027,048
Shareholding Ratio	2.27%	5.72%	39.60%	21.75%	30.66%	100.00%

3. Distribution of Shareholding

April 2, 2024; Unit: shares

Equity Distribution	Number of Shareholders	Number of Shares Held	Shareholding Ratio
1-999	7,474	1,024,582	0.75%
1,000-5,000	8,757	14,454,294	10.55%
5,001-10,000	751	5,812,196	4.24%
10,001-15,000	237	2,991,555	2.18%
15,001-20,000	127	2,311,475	1.69%
20,001-30,000	145	3,698,485	2.70%
30,001-40,000	47	1,674,311	1.22%
40,001-50,000	44	2,048,392	1.50%
50,001-100,000	88	6,365,195	4.65%
100,001-200,000	49	7,119,589	5.20%
200,001-400,000	33	8,966,444	6.54%
400,001-600,000	15	7,504,661	5.48%
600,001-800,000	7	4,963,119	3.62%
800,001-1,000,000	5	4,410,657	3.21%
Over 1,000,001	15	63,682,093	46.47%
Total	17,794	137,027,048	100.00%

Preferred shares: None.

4. List of Major Shareholders

April 2, 2024; Unit: shares

Name of Major Shareholders	Shares	Number of Shares Held	Shareholding Ratio
Baoxin International Investments Ltd.		33,178,779	24.21%
Fuh Hwa Taiwan Technology High Income ETF Securities Investment Trust Fund Special Account managed by Taipei Fubon Commercial Bank Co.		5,389,000	3.93%
Dedicated investment account of Google Inc. managed by Citibank Taiwan Commercial Bank		4,880,000	3.56%
Yuanta Taiwan Value High Dividend ETF Securities Investment Trust Fund managed by Hua Nan Commercial Bank		4,791,000	3.50%
Hyield Venture Capital Co., Ltd.		2,063,433	1.51%
Dedicated investment account of Norges Bank managed by Citibank Taiwan Commercial Bank		2,025,450	1.48%
New Labor Retirement Pension Fund		1,982,300	1.45%
Chunghwa Post Co., Ltd.		1,325,000	0.97%
Investment account of Morgan Stanley International Limited managed by HSBC (Taiwan) Commercial Bank Co., Ltd.		1,274,393	0.93%
Capital Fund Marathon Special Account		1,266,000	0.92%

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

Unit: NT\$ thousand shares

Item \ Year			2022	2023	Period Ended March 31, 2024
Market Price Per Share	Maximum		276	326.5	376
	Minimum		179	203.5	255
	Average		207.94	261.94	292.70
Net Value Per Share	Before Distribution		146.52	165.91	Note 2
	After Distribution		131.39	154.10	
Earnings Per Share	Weighted Average Shares		105,903	118,945	
	Earnings Per Share		32.60	19.01	
Earnings Per Share (DPS)	Cash Dividends		12.74027381 (Note 1)	11.41 (Note2)	
	Stock Grants	Dividends from Earnings	0	0	
		Dividends from Capital Surplus	0	0	
	Accumulated Undistributed Dividends		0	0	
Return Analysis	Price/Earning Ratio		6.38	13.78	
	Price/Dividend Ratio		13.86	22.96	
	Cash Dividend Yield Rate		7.21%	4.36%	

Note 1: Due to the conversion of the Company's convertible bonds into common shares, the cash dividend per share was adjusted to NT\$12.74027381

Note 2: Distribution of earnings for 2023 has been approved by the Board of Directors.

Note 3: Disclosure of relevant financial information is not required

6. The Company's Dividend Policy and Implementation Status

(1) The Company's Dividend Policy

Article 20 of the Company's Articles of Incorporation:

If the Company is profitable during the year, it shall allocate no less than 2% of the profits as employee compensation, which shall be distributed in the form of shares or cash through the decision of the Board of Directors. The issuance objects includes employees of subsidiary companies who meet certain conditions. The Board of Directors is authorized to formulate relevant rules: With the profit amount mentioned above, the Company may appropriate not more than 2% as directors' remuneration through the decision of 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. Other 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 presenting in its growth stage, and a 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.

(2) The Dividend Distribution Proposed at This Shareholders' Meeting

The 2023 earnings distribution proposal was approved by the Company's Board of Directors on March 29, 2024 (yet to be resolved by the Shareholders' Meeting)

1. Cash dividends distributed from earnings: 11.41 (NTD/share).
2. Cash dividends distributed from earnings: 0 (NTD/share).
3. Cash distributed from statutory surplus reserve and capital reserve: 0 (NTD/share).
4. The total amount of cash (dividends) distributed to shareholders: NTD 1,559,072,498
5. The total amount of stock (dividends) distributed to shareholders: NTD 0.

(3) 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.

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

Not applicable.

8. Employee Bonus and Director Compensation

- (1) For the percentages or ranges with respect to an employee, director, and supervisor compensation, as set forth in the Company's Articles of Incorporation: Refer to 6.(1).
- (2) 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 employees and director compensation for the current period: Please refer to above mentioned 6.(1) description regarding Dividend Policy.
 2. The basis for calculating the number of shares of employees' compensation based on stock distribution 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.
- (3) 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 2023 employee and director's compensation was resolved by the Board of Directors on March 29, 2024. The Company's cash compensation distributed to employees in 2023 totaled at NT\$85,000,000, accounting for 3.76% of the 2023 final accounts profit. While the compensation to directors totaled at NT\$2,600,000, accounting for 0.11% of the 2023 final accounts profit. The estimated employee cash compensation was NT\$85,000,000, and director compensation was NT\$2,600,000 in 2023, which were respectively estimated at the pre-tax profits as stated in 6.(1) 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 employee's compensation by stocks, in 2022.

- (4) The actual distribution of employee and director compensation for the previous (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:

The Company's 2022 earnings distribution and the compensation distribution for employees and directors are as followed,

Unit: NT\$

2022	Amount Recognized in the Financial Statements	Actual Distribution Amount approved by the Board of Directors	Difference	Reason for Difference
Employee Compensation	89,000,000	89,000,000	0	None
Director Compensation	2,850,000	2,850,000	0	
Total	91,850,000	91,850,000	0	

9. Company Shares Bought 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 – 500
Type and Number of Bought-Back Shares	Common stock 1,000,000 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%

10. Issuance of Corporate Bonds

(1) Domestic and Overseas Corporate Bonds

Types of Corporate Bonds	The Fourth Domestic Unsecured Convertible Corporate Bonds	The Fifth Domestic Unsecured Convertible Corporate Bonds	The First Domestic Privately-Placed Unsecured Convertible Corporate Bonds
Issuance Date	November 16, 2021	August 16, 2023	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 100.5% of the par value	Issued at 100.5% of the par value	Issued at par value in full
Total	NT\$1,005,000,000	NT\$3,015,000,000	NT\$1,500,000,000
Interest Rate	Coupon rate 0%	Coupon rate 0%	Coupon rate 0%
Term	Issuance Period of five years. They were issued on November 16, 2021, and will mature on November 16, 2026.	Issuance Period of three years. They were issued on August 16, 2023, and will mature on August 16, 2026.	Issuance Period of five years. they were issued on September 2, 2021, and will mature on September 2, 2026
Guarantor Institution	N/A	N/A	N/A
Trustee	Bank SinoPac Co., Ltd.	Bank SinoPac Co., Ltd.	None
Underwriter	IBF Securities Co., Ltd.	KGI Securities Co, Ltd.	None
Certified Attorney	Handsome Attorneys-at-law: Ya-Wen Chiu	Handsome Attorneys-at-law: Ya-Wen Chiu	None
CPA	Deloitte & Touche CPAs, Shui-En Liu and Ching-Ting Yang	KPMG Taiwan CPAs, Grinni Hsiao and Winston Yu	None

Types of Corporate Bonds	The Fourth Domestic Unsecured Convertible Corporate Bonds	The Fifth Domestic Unsecured Convertible Corporate Bonds	The First Domestic Privately-Placed Unsecured Convertible Corporate Bonds
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 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.	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 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.	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 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\$349,400,000	NT\$3,000,000,000	NT\$1,500,000,000
Terms for Redemption or Early Repayment	1. From the day after three months from the issuance date (February 17, 2023) until 40 days prior to the maturity of the bond issue period (October 7, 2026), if the closing price of the Company's common shares listed on the securities dealers' business premises exceeds 130% of the then-conversion price for 30 consecutive business days, the Company may, within the next 30 business days, issue a 30-day "Bond Redemption Notice" via registered mail to the bondholders (based on the bondholders register as of the 5th business day prior to the mailing date of the "Bond Redemption Notice"; subsequent investors who acquire the bonds due to trade or other	1. From the day after three months from the issuance date (February 17, 2023) until 40 days prior to the maturity of the bond issue period (October 7, 2026), if the closing price of the Company's common shares listed on the securities dealers' business premises exceeds 130% of the then-conversion price for 30 consecutive business days, the Company may, within the next 30 business days, issue a 30-day "Bond Redemption Notice" via registered mail to the bondholders (based on the bondholders register as of the 5th business day prior to the mailing date of the "Bond Redemption Notice"; subsequent investors who acquire the bonds due to trade or other	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

Types of Corporate Bonds	The Fourth Domestic Unsecured Convertible Corporate Bonds	The Fifth Domestic Unsecured Convertible Corporate Bonds	The First Domestic Privately-Placed Unsecured Convertible Corporate Bonds
	<p>reasons will be notified by public announcement.) An official letter shall be sent to TPEx for making a public announcement for such an adjustment. When executing the call request, the Company shall redeem all outstanding convertible bonds in cash at face value within 5 business days after the bond redemption record date.</p> <p>2. From the day after three months from the issuance date (February 17, 2023) until 40 days prior to the maturity (October 7, 2026), if the outstanding balance of this convertible bond falls below 10% of the originally issued amount, the Company may at any time thereafter issue a 30-day “Bond Redemption Notice” via registered mail to the bondholders (calculating from the Company’s mailing date, with the expiration date as the bond redemption record date, excluding any period where conversion is suspended under Article 9 of these regulations.) An official letter shall be sent to TPEx for making a public announcement for such an adjustment. The Company shall redeem all outstanding bonds in cash at face value within 5 business days after the redemption record date.</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</p>	<p>reasons will be notified by public announcement.) An official letter shall be sent to TPEx for making a public announcement for such an adjustment. When executing the call request, the Company shall redeem all outstanding convertible bonds in cash at face value within 5 business days after the bond redemption record date.</p> <p>2. Starting from three months after the issuance date of this convertible bond (November 17, 2023) until 40 days before the expiration of the issuance period (July 7, 2026), if the outstanding balance of this convertible bond is less than 10% of the total face value of the original issuance, the company may, at any time thereafter, send a 30-day “Bond Redemption Notice” by registered mail (the aforementioned period is calculated from the date the company sends the notice, and the expiration date of that period is used as the bond redemption record date, and the aforementioned period cannot be the suspension period for the conversion of this convertible bond) to the bondholders (based on the bondholder register as of the fifth business day prior to the mailing date of the “Bond Redemption Notice”, and for bondholders who subsequently acquire this convertible bond due to trading or other reasons, a public</p>	<p>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.</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 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</p>

Types of Corporate Bonds	The Fourth Domestic Unsecured Convertible Corporate Bonds	The Fifth Domestic Unsecured Convertible Corporate Bonds	The First Domestic Privately-Placed Unsecured Convertible Corporate Bonds
	<p>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.</p> <p>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.</p>	<p>announcement shall be made), with the redemption price set at the face value of this convertible bond, to redeem the bondholders' convertible bonds in cash, and request the Taipei Exchange to make an announcement. When executing the call request, the Company shall redeem all outstanding convertible bonds in cash at face value within 5 business days after the bond redemption record date.</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 convertible corporate bonds in cash at the par value within five business days after the base date for redemption of the bonds.</p> <p>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.</p>	<p>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.</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 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.</p>

Types of Corporate Bonds		The Fourth Domestic Unsecured Convertible Corporate Bonds	The Fifth Domestic Unsecured Convertible Corporate Bonds	The First Domestic Privately-Placed Unsecured Convertible Corporate Bonds
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 Shares, Global Depositary Receipts, or other Securities as of the Publication Date of this Annual Report	As of March 31, 2024, 8,746 bonds have been converted with the par value of NT\$100,000 each bond, including the amount of NT\$874,600,000 converted from the bonds and 4,198,658 common shares	As of March 31, 2024, 1 bond have been converted, with the par value of NT\$100,000 each bond, including the amount of NT\$100,000 converted from the bonds and 338 common shares	As of March 31, 2024, zero 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 zero common shares converted.
	Rules for Issuance and Conversion (Exchange or Subscription)	Refer to Appendix I below	Refer to Appendix II below	Refer to Appendix III 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 619,259 common shares, the dilution ratio of the shareholders' equity is approximately 0.45%, so its dilution effect on the original shareholders' equity is still limited. Limited impact on equity.	If the remaining convertible corporate bonds are entirely converted into ordinary shares based on the current conversion price, the Company must issue 10,169,152 common shares, the dilution ratio of the shareholders' equity is approximately 6.91% 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 7,625,826 common shares, the dilution ratio of the shareholders' equity is approximately 5.27%, so its dilution effect on the original shareholders' equity is still limited.
Name of the Custodian		N/A	N/A	N/A

- (2) 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:

Types of Corporate Bonds		The fourth domestic unsecured convertible corporate bonds			The fifth domestic unsecured convertible corporate bonds			The first domestic privately-placed unsecured convertible corporate bonds		
Item	Year	2022	2023	For the Period ended March 31, 2024	2022	2023	For the Period ended March 31, 2024	2020	2021	For the Period ended March 31, 2022
Market Price of Convertible Bonds (NTD)	Maximum	132.00	148.3	185.0	N/A	113.3	128.0	N/A		
	Minimum	106.95	109.9	128.8		105.5	107.0			
	Average	115.89	127.2	148.6		108.3	117.1			
	Conversion Price	211.6	202.5	202.5		295	295.0			
Issuance Date and Conversion price at the Time of Issuance		They were issued on November 16, 2021, and the conversion price at the issuance time was NT\$221.1.			They were issued on August 16, 2023, and the conversion price at the issuance time was NT\$295			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		

11. Issuance of Preferred Shares

None.

12. Participation in Issuance of Global Depository Receipts

None.

13. Issuance of Employee Warrants

None.

14. 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.

15. Issuance of New Shares with Restricted Employee's Rights

None.

16. 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.

17. Issuance of New Shares due to Acquisition or Acceptance of Transfer of Shares in Other Company

None.

18. Implementation of Fund Usage Plan

- (1) 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.

- (2) 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.

- (3) 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.

- (4) 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. The amount used in full for repayment for the Company's first overseas unsecured convertible corporate bonds in the 1st quarter of 2022 through plans to improve the Company's financial structure and debt solvency.

- (5) Issuance of the fifth domestic unsecured convertible corporate bonds in August 2023:

Issuance of the Company's fifth domestic unsecured convertible corporate bonds has been completed in August 2023, and NT\$3,015,000 thousand has been raised from such issuance. The amount has been used in full for repayment of bank loan in the third quarter of 2023 through plans to improve the Company's financial structure and debt solvency, saving interest expenses and reducing the Company's dependence on financial institutions.

ENNOCONN CORPORATION

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

1. Name of Bonds

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

2. Issuance Date

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

3. 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”).

4. 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.

5. Coupon Rate of the Bonds

The coupon rate per annum is 0%.

6. 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.

7. 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.

8. 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.

9. Conversion Period

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.

10. Procedures for Requesting a Conversion

- (1) 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.

- (2) 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.

11. Conversion Price and Its Adjustment

(1) 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). 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. After the conversion price is determined and before the actual issuance date, if there is any ex-rights or ex-dividend situation, it should be adjusted according to the conversion price adjustment formula in paragraph (2) of this article. According to the method above, the conversion price of the convertible corporate bonds upon issuance is determined at NT\$221.1 per share.

(2) Adjustment to Conversion Price

- A. 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 the issue price of the new shares is

changed after the ex-rights date for the cash capital increase, the conversion price shall be re-adjusted based on the updated issue price and the prevailing market price per share (with the pricing date for the updated issue price set by the Company as the pricing date for the updated prevailing market price) according to the following formula. 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.

a. Upon Issuance of new Shares:

$$\text{Conversion price after adjustment} = \frac{\text{conversion price before adjustment} \times \left[\frac{\text{Number of shares issued (Note 2)}}{\text{Number of shares issued (Note 2) + \frac{\text{Amount per share (Note 3)} \times \text{Number of newly issued or privately offered shares}}{\text{Market price per share (Note 4)}}} \right]}{\text{Number of shares issued (Note 2) + Number of newly issued or privately offered shares}}$$

Note 1: If it is a stock split, it is the split record date; If it is a cash capital increase by book building or a cash capital increase to participate in the issuance of global depository receipts, since there is no ex-rights record date, the adjustment shall be made on the payment date; If it is a merger or acquisition capital increase, it is adjusted on the merger or acquisition record date; If it is a cash capital increase by private placement, it is adjusted on the delivery date of privately placed securities. If the issue price of the new shares is changed after the ex-rights date for the cash capital increase, the conversion price shall be re-adjusted based on the updated issue price. If the adjusted conversion price after re-calculation is lower than the previously announced adjusted conversion price before the ex-rights date, the company shall request the GreTai Securities Market to re-announce the adjusted conversion price.

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.

b. Upon Change in the par Value of Stocks:

Adjusted conversion price = Pre-adjustment conversion price \times (Number of common shares issued before the change in par value (Note 5) / Number of common shares issued after the change in par value)

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.

- B. If the Company distributes cash dividends on its common shares after the issuance of the convertible corporate bonds, the Company shall adjust and reduce the conversion price on the ex-dividend date according to the following formula (rounded down to the nearest NT\$0.1, with no upward adjustment). The Company shall request the Taipei Exchange (TPEX) to announce the adjusted conversion price by sending a letter. The provision for the conversion price adjustment does not apply to conversion requests submitted before (but not including) the ex-dividend date. The adjustment formula is as follows:

Adjusted conversion price = Pre-adjustment conversion price \times (1 - Ratio of cash dividends per common share to market price per share (Note 6))

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.

- C. 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:

$$\begin{array}{c}
 \text{Conversion} \\
 \text{price after} \\
 \text{adjustment}
 \end{array}
 =
 \begin{array}{c}
 \text{conversion} \\
 \text{price before} \times \\
 \text{adjustment}
 \end{array}
 \left[\begin{array}{c} \text{Number of} \\ \text{shares} \\ \text{issued} \\ \text{(Note 8)} \end{array} + \left(\begin{array}{c} \text{Conversion or} \\ \text{subscription price of} \\ \text{newly issued or} \\ \text{privately placed} \\ \text{securities with} \\ \text{common share} \\ \text{conversion rights or} \\ \text{subscription rights} \end{array} \times \begin{array}{c} \text{Number of shares that} \\ \text{can be converted or} \\ \text{subscribed for newly} \\ \text{issued or privately} \\ \text{placed securities with} \\ \text{common share} \\ \text{conversion rights or} \\ \text{subscription rights} \end{array} \right) \right] \\
 \hline
 \text{Market price per share (Note 7)} \\
 \hline
 \text{Number of issued shares (Note 8) + Number of shares that can be converted or subscribed for} \\
 \text{newly issued or privately placed securities with common share conversion rights or subscription} \\
 \text{rights}
 \end{array}$$

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.

D. After the issuance of this convertible corporate bond, if the number of common shares decreases due to a capital reduction by the Company not caused by the cancellation of treasury shares, the adjusted conversion price shall be calculated according to the following formula (rounded to the nearest NT\$ dime), and the Company shall request TPEx to make a public announcement. The adjustment shall be made on the record date for the capital reduction. If the decrease in common shares is due to a change in the par value of the shares, the adjustment shall be made on the new share distribution record date:

a. Upon Recovery of Losses by Capital Reduction:

Adjusted conversion price = Pre-adjustment conversion price × (Number of common shares issued before capital reduction (Note 9) / Number of common shares issued after capital reduction)

b. Cash Refund Capital Reduction:

Adjusted conversion price = (Pre-adjustment conversion price - Amount of cash refunded per share) × (Number of common shares issued before capital reduction (Note 9) / Number of common shares issued after capital reduction)

c. Upon Change in the par Value of Stocks:

Adjusted conversion price = Pre-adjustment conversion price × (Number of common shares issued before the change in par value (Note 9) / Number of common shares issued after the change in par value)

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.

12. 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.

13. 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.

14. 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.

15. 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.

16. 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.

17. The Company's Call Option for this Convertible Corporate Bond

- (1) From the day after three months from the issuance date (February 17, 2022) until 40 days prior to the maturity of the bond issue period (October 7, 2026), if the closing price of the Company's common shares listed on the securities dealers' business premises exceeds 30% of the then-conversion price for 30 consecutive business days,

the Company may, within the next 30 business days, issue a 30-day “Bond Redemption Notice” via registered mail to the bondholders (based on the bondholders register as of the 5th business day prior to the mailing date of the “Bond Redemption Notice”; subsequent investors who acquire the bonds due to trade or other reasons will be notified by public announcement), and request TPEX to announce the exercise of the Company’s call option. When executing the call request, the Company shall redeem all outstanding convertible bonds in cash at face value within 5 business days after the bond redemption record date.

- (2) From the day after three months from the issuance date (February 17, 2022) until 40 days prior to the maturity (October 7, 2026), if the outstanding balance of this convertible bond falls below 10% of the originally issued amount, the Company may at any time thereafter issue a 30-day “Bond Redemption Notice” via registered mail to the bondholders (calculating from the Company’s mailing date, with the expiration date as the bond redemption record date, excluding any period where conversion is suspended under Article 9 of these regulations), and request the GreTai Securities Market to announce the exercise of the call option. The Company shall redeem all outstanding bonds in cash at face value within 5 business days after the redemption record date.
- (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 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.
- (4) If the Company executes the call request, the last period for bondholders to request conversion shall be the second business day after the delisting date of this convertible bond.

18. Bonds Holder’s Sell-back Right

The Company shall set the third anniversary date of this convertible corporate bond issuance (November 16, 2024) as the put date for bondholders to exercise their put option. The Company shall issue a “Put Option Exercise Notice” to the bondholders via registered mail 30 days prior to the put date (October 17, 2024) (based on the bondholders register as of the 5th business day prior to the mailing date of the “Put Option Exercise Notice”; subsequent investors who acquire the bonds due to trade or other reasons will be notified by public announcement), and request the GreTai Securities Market to announce the exercise of the bondholders’ put option. Bondholders may submit a written notice to the Company’s share agent (effective upon delivery, or postmarked date if by mail, and irrevocable) within 30 days prior to the put date, requiring the Company to redeem the convertible bonds held at their face value. 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.

19. Early Buy-Back due to Terminated Listing of the Company's Shares

If the Company's common shares are approved by the Taiwan Stock Exchange for termination of listing, bondholders may require the Company to redeem the convertible bonds they hold at face value.

20. Vesting of Dividends during the Conversion Year

(1) Cash Dividends

- A. 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.
- B. 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.
- C. 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.

(2) Stock Dividends

- A. 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.
- B. 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.

- C. 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.
21. **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.**
22. **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.**
23. **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.**
24. **The Conversion and Repayment of the Principal of the Convertible Corporate Bonds are Handled by the Company's Stock Affairs Agency.**
25. **The Convertible Corporate Bonds are Issued in accordance with Article 8 of the Securities and Exchange Act. and no Physical Bonds are Printed.**
26. **Any matters not specified in the Rules for Issuance and Conversion Placed Convertible Corporate Bonds shall be subject to relevant laws and regulations.**

ENNOCNN CORPORATION

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

1. Name of Bonds

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

2. Issuance Date:

August 16, 2023 (hereinafter referred to as the “issuance date”).

3. Total Issuance Amount

The par value of each bond is NT\$100,000, and 30,000 bonds were issued in total, and total issued par value was NT\$3,000,000 thousand only, and the bonds were issued at 100.5% of the par value.

4. Issuance Period

The issuance period is three years, and they were issued on August 16, 2023, and will be matured on August 16, 2026 (hereinafter referred to as the “maturity date”).

5. Coupon Rate of the Bonds

The coupon rate per annum is 0%.

6. Date and Methods of Repayment

The Company will make repayment by lump sum in cash for the bonds based on the denomination upon maturity of such bonds, unless the convertible corporate bonds are converted into the Company’s common shares by their holders according to Article 10 of these Rules or redeemed by the Company ahead of schedule according to Article 18 of these rules. The payment will be made within 10 business days (inclusive of the 10th business day) after the maturity date.

7. 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.

8. Conversion Objects

For the Company's common stock, the company will fulfill the conversion obligation by issuing new shares.

9. Conversion Period

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 15 of these Rules, while informing Taiwan Depository & Clearing Corporation (hereinafter referred to as "TDCC"), at any time during the period from the date (November 17, 2023) immediately after it reaches three months from the issuance date of the convertible corporate bonds to their maturity date (August 16, 2026), unless no request may be made for conversion (subscription) (1) during the period in which transfer of common shares is suspended legally, or (2) 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 (3 (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 (4) 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. The start date of the suspension of conversion for the change in par value mentioned in the preceding paragraph refers to the business day prior to the application for change registration with the Ministry of Economic Affairs. The Company shall announce the period of suspension of conversion four business days before that start date.

10. Procedures for Requesting a Conversion

- (1) Bonds holders shall conduct conversion via book-entry operations through TDCC. 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.
- (2) 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.

11. Conversion Price and Its Adjustment

(1) Method for Determining Conversion Price

With August 08, 2023, 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 103.15%, which is the basis for calculating the conversion price (rounding the number to NT dollar one decimal point) of the convertible corporate bonds. 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. After the conversion price is determined and before the actual issuance date, if there is any ex-rights or ex-dividend situation, it should be adjusted according to the conversion price adjustment formula in paragraph (2) of this article. According to the above method, the conversion price is NTD 295 per share.

(2) Adjustment of Conversion Price

A. 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 actually made, it shall be adjusted on the full payment date.

a. When issuing new shares:

$$\text{Conversion price after adjustment} = \text{conversion price before adjustment} \times \left[\frac{\text{Number of issued shares (Note 2)} + \frac{\text{Amount per share (Note 3)} \times \text{Number of newly issued or privately offered shares}}{\text{Market price per share (Note 4)}}}{\text{(Number of issued shares + Number of newly issued or privately placed shares)}} \right]$$

Note 1: If it is a stock split, it is the split record date; If it is a merger or acquisition capital increase, it is adjusted on the merger or acquisition record date; If it is a cash capital increase by book building or a cash capital increase to participate in the issuance of global depository receipts, since there is no ex-rights record date, the adjustment shall be made on the payment date; If it is a cash capital increase by private placement, it is adjusted on the delivery date of 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.

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 one, three or five business days before the base date of ex-rights, price determination, stock consolidation and split, or private placement of securities.

b. Upon Change in the Par Value of Stocks

Adjusted conversion price = Pre-adjustment conversion price (Number of common shares issued before the change in par value (Note 5)/ Number of common shares issued after the change in par value)

Note 5: The number of issued shares refers to the total number of issued common shares (including shares issued through public offerings and private placements) minus the number of treasury shares repurchased by the Company but not yet retired or transferred.

B. 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 adjustment formula is as follows:

Adjusted conversion price = Pre-adjustment conversion price × (1 - Ratio of cash dividends per common share to market price per share (Note 6))

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.

- C. 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:

$$\text{Conversion price after adjustment} = \text{conversion price before adjustment} \times \left(\frac{\text{Number of issued shares (Note 8)} + \left(\frac{\text{Conversion or subscription price of newly issued (or privately placed) securities with common share conversion rights or subscription rights}}{\text{Real-time price per share (Note 7)}} \times \text{Number of shares that can be converted or subscribed for newly issued (or privately placed) securities with common share conversion rights or subscription rights} \right)}{\text{Number of issued shares (Note 8) + Number of shares that can be converted or subscribed for newly issued (or privately placed) securities with common share conversion rights or subscription rights}} \right)$$

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 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.

Note 2: 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.

D. After the issuance of this convertible corporate bond, if the number of common shares decreases due to a capital reduction by the Company not caused by the cancellation of treasury shares, the adjusted conversion price shall be calculated according to the following formula (rounding the number to NT dollar one decimal point.) An official letter shall be sent to TPEx for making a public announcement for such an adjustment. The adjustment shall be made on the record date for the capital reduction. If the decrease in common shares is due to a change in the par value of the shares, the adjustment shall be made on the new share distribution record date:

a. In Case of Recovery of Losses by Capital Decrease:

Adjusted conversion price = Pre-adjustment conversion price × [Number of common shares issued before capital reduction (Note 9) / Number of common shares issued after capital reduction]

b. In Case of Cash Refund Capital Reduction:

Adjusted conversion price = [Pre-adjustment conversion price × (1 - Ratio of amount of cash refunded per share to the closing price on the last trading day before the issuance of new shares for replacement)] × (Number of common shares issued before capital reduction (Note 9) / Number of common shares issued after capital reduction)

c. Upon Change in the par Value of Stocks:

Adjusted conversion price = Pre-adjustment conversion price × (Number of common shares issued before the change in par value (Note 9) / Number of common shares issued after the change in par value)

Note: 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.

12. 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.

13. Listing of New Shares after Conversion

Where the convertible corporate bonds are converted into the Company's common 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.

14. 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.

15. 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).

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

(1) Cash Dividends

- A. 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.
- B. 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.
- C. 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.

(2) Stock Dividends

- A. 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.
- B. 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.

- C. 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.

17. 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.

18. The Company's Redemption Right

- (1) From the day after three months from the issuance date (November 17, 2023) until 40 days prior to the maturity of the bond issue period (July 7, 2026), if the closing price of the Company's common shares listed on the securities dealers' business premises exceeds 130% of the then-conversion price for 30 consecutive business days, the Company may, within the next 30 business days, issue a 30-day "Bond Redemption Notice" via registered mail to the bondholders (based on the bondholders register as of the 5th business day prior to the mailing date of the "Bond Redemption Notice"; subsequent investors who acquire the bonds due to trade or other reasons will be notified by public announcement.) An official letter shall be sent to TPEx for making a public announcement for such an adjustment. When executing the call request, the Company shall redeem all outstanding convertible bonds in cash at face value within 5 business days after the bond redemption record date.
- (2) Starting from three months after the issuance date of this convertible bond (November 17, 2023) until 40 days before the expiration of the issuance period (July 7, 2026), if the outstanding balance of this convertible bond is less than 10% of the total face value of the original issuance, the company may, at any time thereafter, send a 30-day "Bond Redemption Notice" by registered mail (the aforementioned period is calculated from the date the company sends the notice, and the expiration date of that period is used as the bond redemption record date, and the aforementioned period cannot be the suspension period for the conversion of this convertible bond) to the bondholders (based on the bondholder register as of the fifth business day prior to the mailing date of the "Bond Redemption Notice", and for bondholders who subsequently acquire this convertible bond due to trading or other reasons, a public announcement shall be made), with the redemption price set at the face value of this convertible bond, to redeem the bondholders' convertible bonds in cash, and request TPEx to make an announcement. When executing the call request, the Company shall

redeem all outstanding convertible bonds in cash at face value within 5 business days after the bond redemption record date.

- (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 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 the call request, the last period for bondholders to request conversion shall be the second business day after the delisting date of this convertible bond.
- 19. 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.**
 - 20. 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.**
 - 21. 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. As for the content of the trust agreement, bondholders may inquire at the company's or the trustee's business premises at any time during business hours.**
 - 22. The Conversion and Repayment of the Principal of the Convertible Corporate Bonds are Handled by the Company's Stock Affairs Agency.**
 - 23. The Convertible Corporate Bonds are Issued in accordance with Article 8 of the Securities and Exchange Act. and no Physical Bonds are Printed.**
 - 24. Any matters not specified in the Rules for Issuance and Conversion Placed Convertible Corporate Bonds shall be subject to relevant laws and regulations.**

ENNOCONN CORPORATION

**Rules for Issuance and Conversion of
the First Domestic Unsecured Convertible Corporate Bonds****1. Name of Bonds**

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

2. Issuance Date

September 02, 2021 (hereinafter referred to as the “issuance date”).

3. Issuance Period

The issuance period is five years. The issuance period is five years, and they were issued on September 02, 2021, and will be matured on September 02, 2026 (hereinafter referred to as the “maturity date”).

4. 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\$1,500,000 thousand only.

5. Coupon Rate of the Bonds

The coupon rate per annum is 0%.

6. 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. Unless the holders of this private placement convertible corporate bonds (hereinafter referred to as “Bondholders”) convert into the Company’s common shares in accordance with Article 10 of these Regulations, or the Company calls for early redemption in accordance with Article 17, or the Bondholders exercise the put option in accordance with Article 18, the Company shall redeem this private placement convertible corporate bonds upon maturity in cash at face value plus interest compensation (102.2703% of the face value, with an actual yield of 0.45%).

7. Guarantee Status

Convertible corporate bonds are unsecured bonds.

8. 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.

9. Conversion Period

The Bondholders may, from the day after three months from the issuance date of this private placement convertible corporate bond (December 3, 2021) until the maturity date (September 2, 2026), except for (1) the period of suspended transfer of common shares pursuant to relevant laws and regulations, (2) the period commencing 15 business days prior to the record date for share dividends, cash dividends or cash capital increase subscriptions, until the record date for distribution of rights and interests, (3) the period from the record date of capital reduction to the day preceding the re-trading date of the reissued shares after the capital reduction, and (4) the period from the start date of suspended conversion due to change in par value of shares to the day preceding the re-trading date of the newly issued shares, request the Company's share agent to convert the private placement convertible corporate bonds held into the Company's common shares in accordance with the provisions of Articles 10, 11, 13 and 14 of these Regulations.

10. Procedures for Requesting a Conversion

- (1) When requesting conversion, the bondholders shall submit a conversion application form and relevant information to the company's stock affairs agent. The conversion application form takes effect upon delivery and cannot be withdrawn. 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.
- (2) 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.

11. Conversion Price and Its Adjustment

- (1) Method for Determination of Conversion Price

August 11, 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 (1) 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, or (2) the simple arithmetic average of the company's common stock closing prices for the 30 business days prior to the pricing date. After deducting ex-rights for free allotment and ex-dividend, and adding back the ex-rights price after capital reduction, whichever is higher, as the base calculation price, then multiplied by 98% to be the

conversion price of this private placement convertible bond (calculated to the nearest NT\$, rounded down to the nearest four decimal places.) 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\$220.7 per share.

(2) Adjustment to Conversion Price

- A. After the issuance of this private placement convertible corporate bond, except for the issuance of new common shares by the Company due to conversion or exercise of securities with rights over common shares, or issuance of new shares for employee compensation, if the Company's outstanding common shares increase (including but not limited to cash capital increases through public offering or private placement, capitalization of retained earnings, capitalization of capital reserves, issuance of new shares due to merger or acquisition of another company's shares, stock splits, and cash capital increases participating in the issuance of overseas depositary receipts, etc.), the Company shall adjust the conversion price in accordance with the following formula (rounded to the nearest NT\$ dime, adjusted downward, not upward) on the ex-rights date (Note 1) for the new shares. If the increase in common shares is due to a change in par value, the adjustment shall be made on the new share distribution date. However, if there is an actual paid-in capital process, the adjustment shall be made on the date the capital is fully paid in. If it is due to a change in the par value of shares resulting in an increase in the number of common shares issued, it is adjusted on the record date for the replacement of new shares, but for those with actual payment operations, it is adjusted on the payment date. If the issue price of the new shares is changed after the ex-rights date for the cash capital increase, the conversion price shall be re-adjusted based on the updated issue price and the prevailing market price per share (with the pricing date for the updated issue price set by the Company as the pricing date for the updated prevailing market price) according to the following formula. If the adjusted conversion price after re-calculation is lower than the previously announced adjusted conversion price before the ex-rights date, the Company shall disclose such adjusted conversion price on the Market Observation Post System.

a. Upon Issuance of new Shares:

$$\text{Conversion price after adjustment} = \frac{\text{conversion price before adjustment} \times \left[\text{Number of shares issued (Note 2)} + \frac{\text{Amount per share (Note 3)} \times \text{Number of newly issued or privately offered shares}}{\text{Market price per share (Note 4)}} \right]}{\text{Number of shares issued (Note 2)} + \text{Number of newly issued or privately offered shares}}$$

Note 1: If it is a stock split, it is the split record date; If it is a cash capital increase by book building or a cash capital increase to participate in the issuance of global depository receipts, since there is no ex-rights record date, the adjustment shall be made on the payment date; If it is a merger or acquisition capital increase, it is adjusted on the merger or acquisition record date; If it is a cash capital increase by private placement, it is adjusted on the delivery date of privately placed securities. If the issue price of the new shares is changed after the ex-rights date for the cash capital increase, the conversion price shall be re-adjusted based on the updated issue price. If the adjusted conversion price after re-calculation is lower than the previously announced adjusted conversion price before the ex-rights date, the Company shall disclose such adjusted conversion price on the Market Observation Post System.

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.

b. Upon Change in the par Value of Stocks:

$$\text{Adjusted conversion price} = \frac{\text{Pre-adjustment conversion price} \times (\text{Number of common shares issued before the change in par value (Note 5)} / \text{Number of common shares issued after the change in par value})}{1}$$

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.

B. 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 adjustment formula is as follows:

Adjusted conversion price = Pre-adjustment conversion price \times (1 - Ratio of cash dividends per common share to market price per share (Note 6))

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.

- C. 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.

$$\text{Conversion price after adjustment} = \frac{\text{conversion price before adjustment} \times \left[\text{Number of shares issued (Note 8)} + \left(\frac{\text{Conversion or subscription price of newly issued or privately placed securities with common share conversion rights or subscription rights}}{\text{Market price per share (Note 7)}} \times \text{Number of shares that can be converted or subscribed for newly issued or privately placed securities with common share conversion rights or subscription rights} \right) \right]}{\text{Number of issued shares (Note 8) + Number of shares that can be converted or subscribed for newly issued or privately placed securities with common share conversion rights or subscription rights}}$$

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.

D. 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.

a. In Case of Recovery of Losses by Capital Reduction:

Adjusted conversion price = Pre-adjustment conversion price × (Number of common shares issued before capital reduction (Note 9) / Number of common shares issued after capital reduction)

b. In Case of Cash Refund Capital Reduction:

Adjusted conversion price = (Pre-adjustment conversion price - Amount of cash refunded per share) × (Number of common shares issued before capital reduction / Number of common shares issued after capital reduction)

c. Upon Change in the par Value of Stocks:

Adjusted conversion price = Pre-adjustment conversion price × (Number of common shares issued before the change in par value (Note 9) / Number of common shares issued after the change in par value)

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.

12. 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. 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.

13. 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.

14. 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.

15. 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.

16. 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.

17. The Company's Redemption Right to the Convertible Corporate Bonds Privately Placed

- (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 40th day (July 24, 2026) 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.
- (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 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.

- (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 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.

18. Bonds Holder’s Sell-Back Right

The Company shall set the third anniversary date of this convertible corporate bond issuance (September 02, 2024) as the put date for bondholders to exercise their put option. 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.

19. 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.

20. Vesting of Dividends During the Conversion Year

(1) Cash Dividends

- A. 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.

- B. 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.
- C. 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.

(2) Stock Dividends

- A. 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.
- B. 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.
- C. 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.

- 21. **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.**
- 22. **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.**

- 23. 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.**
- 24. 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.**
- 25. Any matters not specified in the Rules for Issuance and Conversion Privately- Placed Convertible Corporate Bonds shall be subject to relevant laws and regulations.**

V. Operational Highlights

1. Business Activities

(1) Business Activities

1. Business Scope

(1) Major Business of the Company

- A. F118010 Wholesale of Computer Software
- B. F218010 Retail Sale of Computer Software
- C. F401010 General International Trade Industry
- D. F401021 Telecommunications Controlled Radio Frequency Equipment Input Industry
- E. CC01080 Electronics Components Manufacturing
- F. CC01110 Computer and Peripheral Equipment
- G. CC01120 Data Storage Media Manufacturing and Duplicating
- H. I301010 Information Software Services
- I. I301020 Information Processing Services
- J. I301030 Electronic Information Supply Services

(2) Sales Proportion of Main Products

Unit: NT\$ thousand

Product Item \ Year	2022		2023	
	Operating Revenue	Percentage (%)	Operating Revenue	Percentage (%)
Industrial Computer Sales of Hardware and Software	108,227,723	99.99%	121,640,834	99.99%
After-Sales Service	810	0.01%	142	0.01%
Total	108,228,533	100%	121,640,976	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 professional intelligent application total solution providers of industrial PCs (IPCs; also known as “industrial computers”); The overall business is divided into three main development pillars: design and manufacturing, brand channels, 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

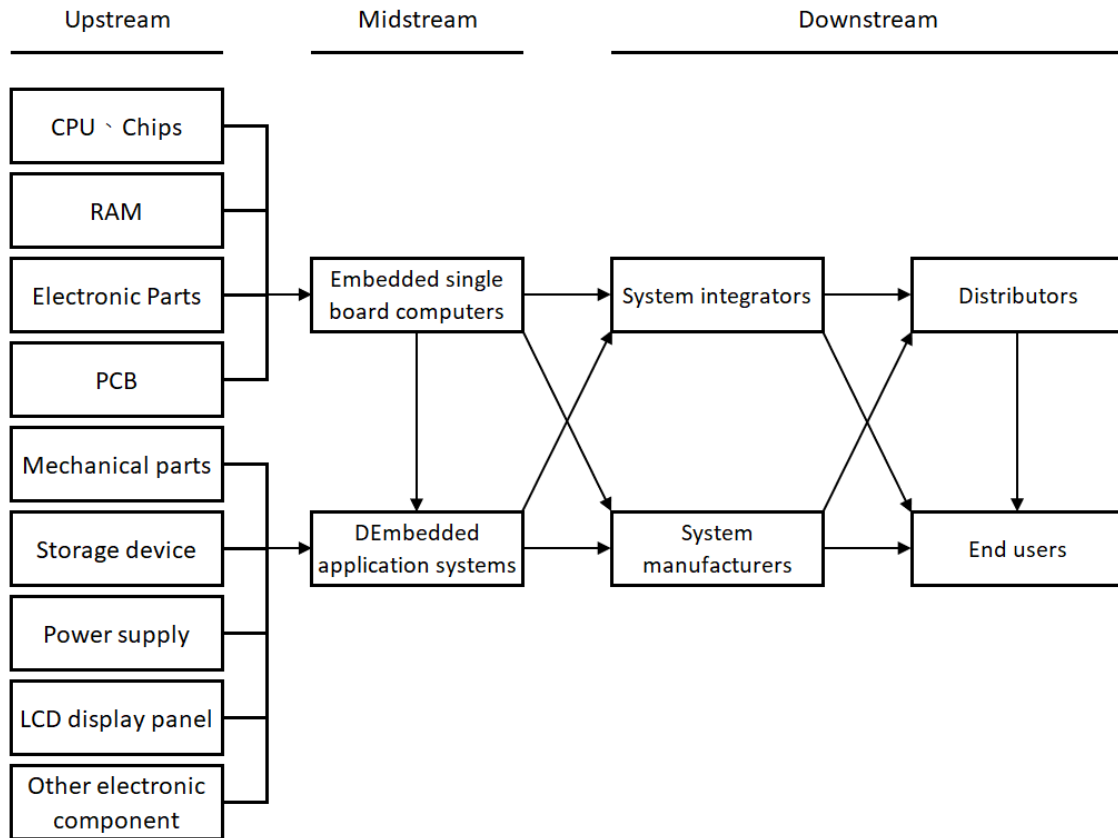
on enhancing their design capabilities and strengthening their core technologies of R&D. Also, the extensive application of the internet and the advent of the digital era of computers have created new business opportunities, new layouts, and new markets. With the promotion of new technology and the rapid 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.

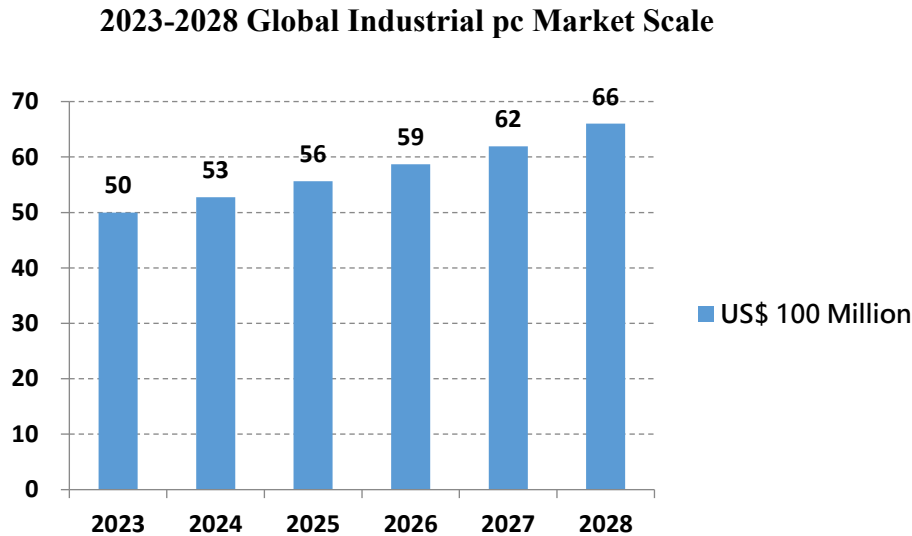
(2) The relevance of Upstream, Midstream, and Downstream Industries



(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%.



Source: **MarketsandMarkets**

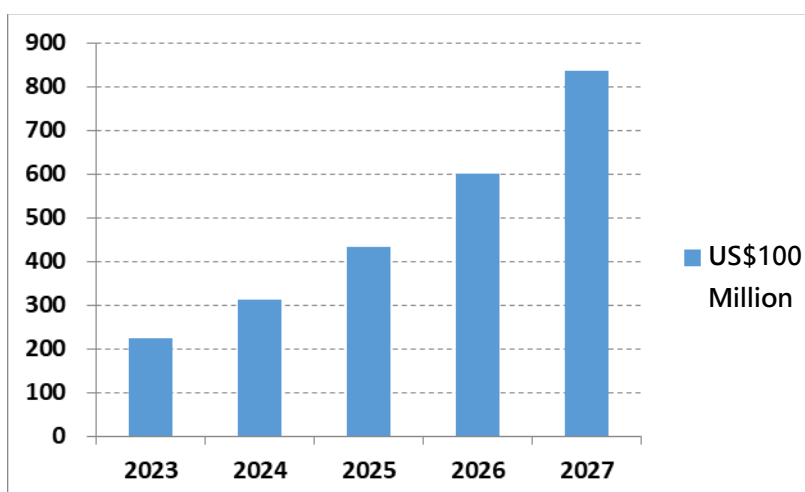
Among the industrial computer market scale, industrial control (IA) accounts for the highest proportion, about 51%, with a compound annual growth rate of +5~15%, which is also the most important long-term development area for Ennoconn Corp.

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.

2023-2027 AIoT Market Scale WorldwideSource: **Businesswire**

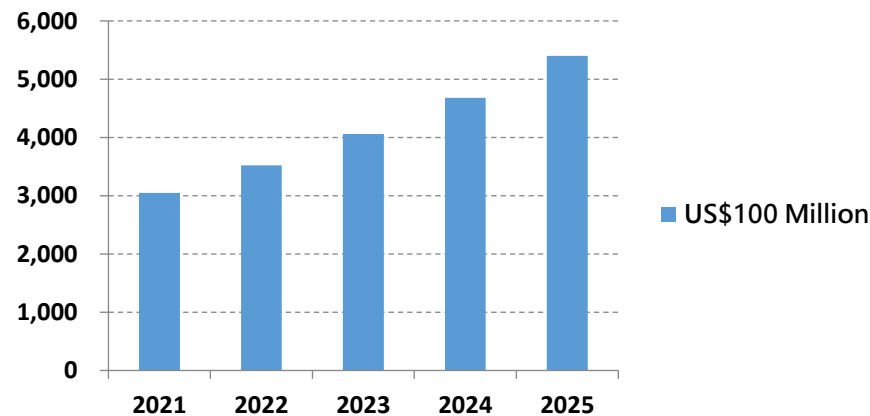
Ennoconn Corp. lies in a development stage of IPC3.0 (Innovation Platform Convergence) as planned. In line with Google Cloud, Google Workspace, API and other cloud-based technology, Ennoconn introduces an innovative business model of “smart industry and smart city”. Ennoconn Corp. has integrated the “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 metauniverse 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.

2021-2025 Global Industrial Metaverse Market Scale



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’s ESG technology solutions provide a complete digital twin and 3D visualization intelligent platform: 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.

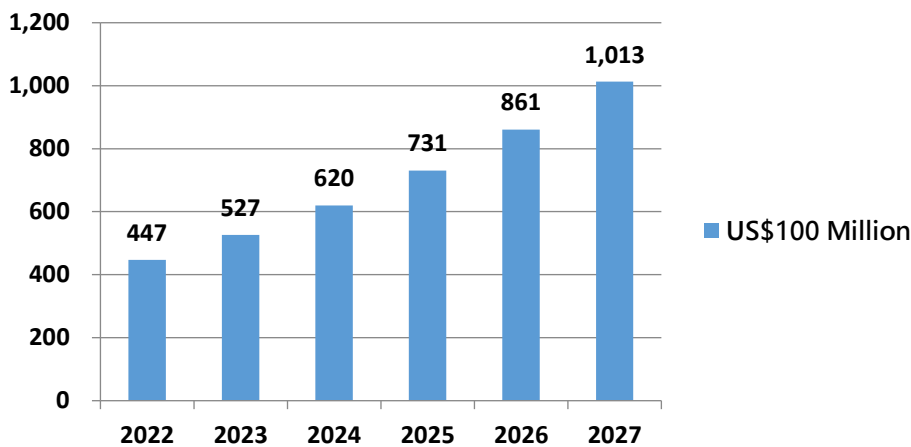
E. Significant Demand Increase for the Edge Computing Field

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 severs, 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 Market Scale



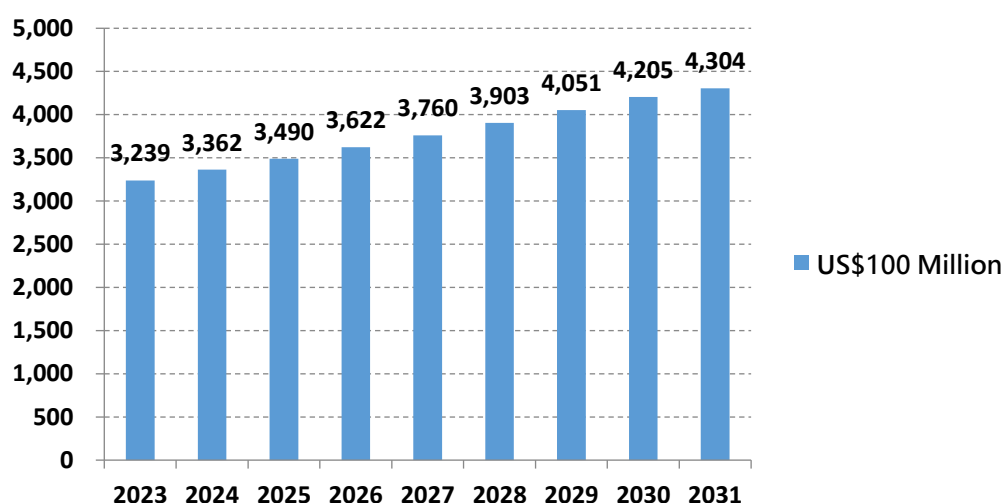
Source: MarketsandMarkets

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



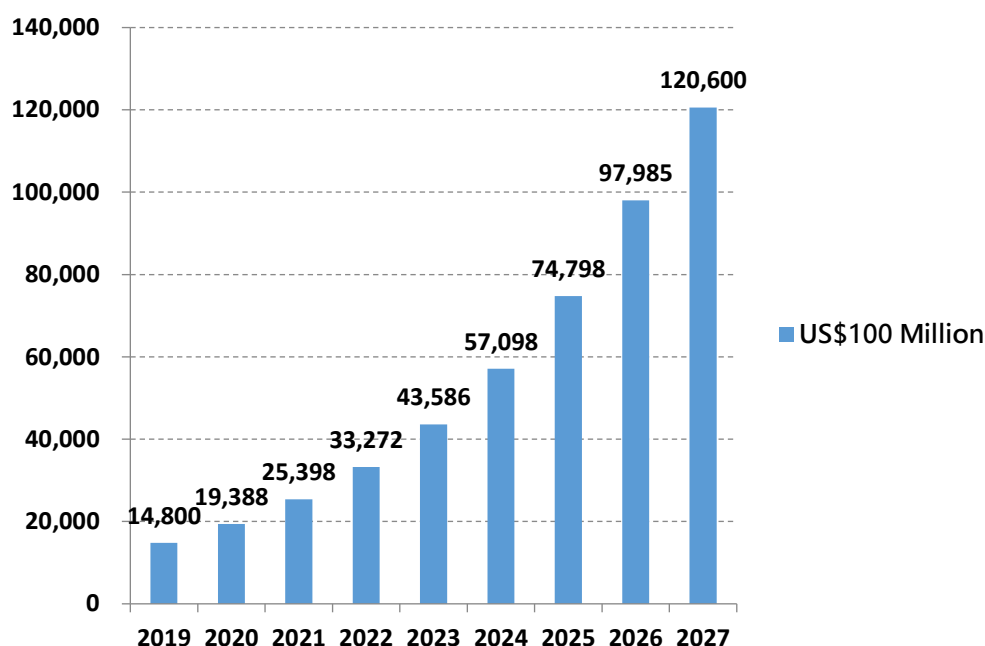
Source: Allied Market Research

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%.

2019-2027 Global Mobile Payment Market Scale



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 POS 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

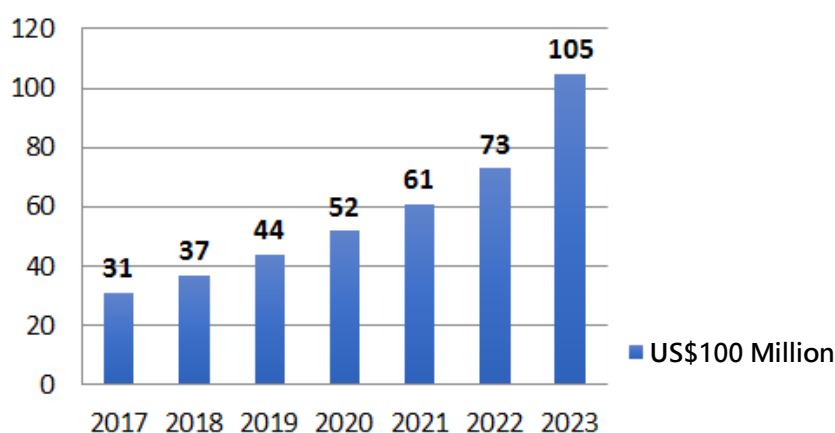
point-of-sale management system), and information service system (Kiosk).

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 characteristics of laser projectors are long working life, the screen brightness will not dim due to long working hours; The color gamut is about twice that of ordinary projectors; Laser projectors have very good overall performance, and related products have been launched and applied in real life. Such as education, enterprise, medical, building, retail, entertainment, hotel, home, etc.

2017-2023 Global Laser Projector Market Scale



Source: MarketandMarkets

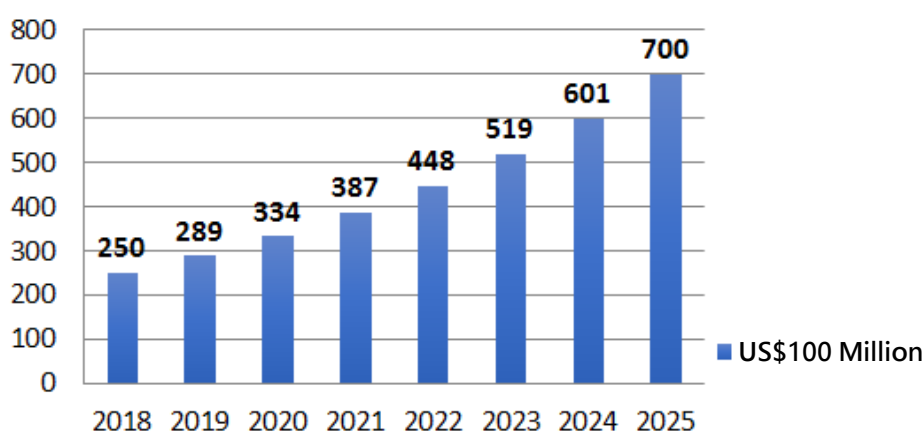
According to a research survey of MarketandMarkets, an international research consultancy, the global laser projector market scale was US\$3.15 billion in 2017, and it will reach US\$10.53 billion in 2023, with a compound annual growth rate (GAGR) of about 18.2%. It is a rapidly growing industry. As 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 will reach US\$70 billion by 2025, with an annual average compound growth of 15.8% and long term stable growth.

2018-2025 Global Industrial Ethernet Market Scale



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. This niche growth industry is also the focus of Ennoconn's key product lines.

(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.

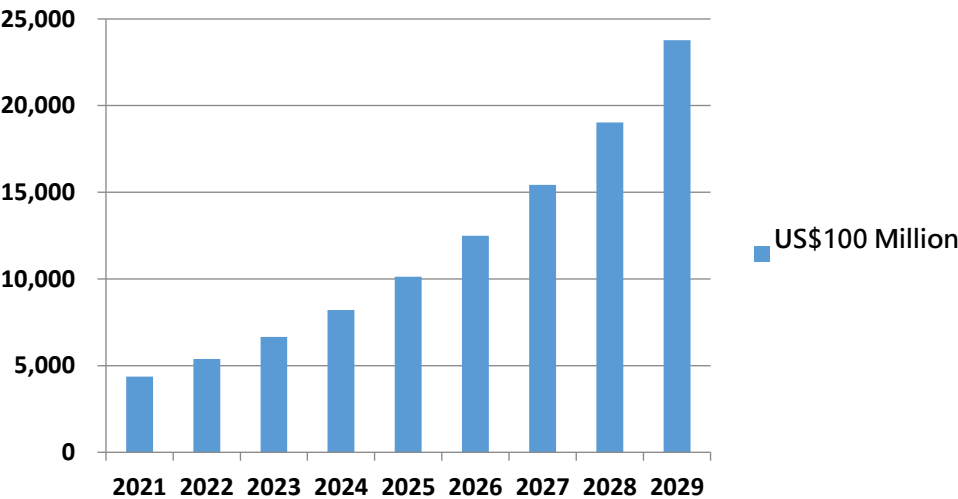
The Company and its subsidiaries focus on resource integration, the expansion of the overall manufacturing services in the customer area, the acquisition of product design and manufacturing turnkey contracts for major customers and providing one-stop overall product service for customers. At the same 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.

2021-2029 Global Everything as a Service Market Scale



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 (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.

3. Technology and R&D Overview

Techn Level of the Business 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 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. It also provides complete computers that meet DNV and IEC60950 marine association specifications for verification by relevant customers.

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.

(1) R&D Personnel and Their Experiences

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

Unit: person

Education \ Year	2021	2022	2023
PhD	35	47	42
Master Degree	1,343	939	1,009
College Degree	1,501	1,288	1,350
Senior High School (inclusive) or Below	878	710	809

(2) R&D Expenses Invested in the Most Recent Year and Successfully Developed Technologies or Products

A. R&D Expenses Invested:

Unit: NT\$ thousand; %

Year	2022	2023
R&D Expenses (A)	7,975,853	9,123,481
Operating Revenue (B)	108,228,533	121,640,976
R&D Expenses Operating Revenue Ratio (A)/(B)	7.37%	7.50%

B. Successfully Developed Technologies or Products:

Year	Product and Technology
2011-2018	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. Continued with the expansion of 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. 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.

Year	Product and Technology
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 conjunction with chip manufacturers to provide customers with higher cost-performance. 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.

Year	Product and Technology
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 large size cabinets of gaming products, and optimized, changed and continued to introduce related system components and other new design solutions, by cooperating with customers.

Year	Product and Technology
2022	<ol style="list-style-type: none"> <li data-bbox="376 327 1394 439">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="376 450 1394 528">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="376 539 1394 685">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="376 696 1394 920">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="376 931 1394 1122">5. 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="376 1133 1394 1245">6. Developed wireless and wired barcode readers, and obtained new patented designs of fast steering devices from Taiwan and Mainland China. <li data-bbox="376 1256 1394 1368">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="376 1379 1394 1491">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="376 1503 1394 1581">9. Integrated Google Anthos software to create cross-cloud application platform products for managing hybrid clouds. <li data-bbox="376 1592 1394 1760">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 recorded and analyzed, provided IoT management solutions.

Year	Product and Technology
2023	<ol style="list-style-type: none"> 1. Optimize the main system visual display processing structure of existing gaming machines, with the aim of low price and high performance, in order to continue to supply market business opportunities and demands. 2. Design a new generation of lottery machine systems based on the Intel Elkhart Lake platform, with the starting point of lightweight, beautiful, and streamlined system integration; providing a new experience of simple operation. 3. Design a new generation of high-end innovative lottery optical recognition system based on the Intel ADL-P platform, which can quickly and accurately collect correct information in any ambient light source, providing a slim and futuristic new design. 4. Develop a simple and intuitive carbon emission data collection device to respond to carbon reduction business opportunities, which can display power consumption data for a single device for carbon reduction analysis. 5. Develop a smart power distribution box that monitors energy consumption, which can be used in homes or smart buildings to help measure and record electricity consumption and power consumption. 6. Develop an EMS management system combined with smart power distribution box devices to achieve cloud software and hardware integration, used to analyze the power consumption of electrical appliances to formulate power-saving plans, to achieve the effect of power saving and carbon reduction. 7. Develop a hardware-software integrated product for device failure early warning monitoring, combined with AI algorithm technology, to achieve early failure prediction, and apply for a patent.

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. Based in Taiwan, deploy in Europe, America, Southeast Asia, Northeast Asia, and look towards 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. Following the changes in application of AI technology and the IoT, Everything as a Service (XaaS) will embrace a large scale market size. In conjunction with the company's transformation and upgrading to develop ESaaS (Ennoconn 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 a diverse cooperation platform with key strategic partners; 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.

2. Overview of the Market, Production, and Sales

(1) Market Analysis

1. Sales Region of Major Products

Unit: NT\$ thousand

Region \ Year		2022		2023	
		Amount	%	Amount	%
Domestic		21,455,921	19.82	21,123,052	17.37
Overseas	Asia	27,896,503	25.78	22,841,404	18.78
	America	21,438,739	19.81	33,010,450	27.14
	Europe	37,337,598	34.50	44,620,938	36.68
	Other	99,772	0.09	45,132	0.03
Total		108,228,533	100.00	121,640,976	100.00

2. Market Share

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.

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 by 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. However, the ATM market in Europe and America has become saturated, and it is expected that in the next few years, the growth in the Asia-Pacific region, the Middle East and Africa will be significantly faster than in other regions.

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 recognition of 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.

4. Competitive Niche

(1) 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.

(2) 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.

(3) 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. In addition, with the pursuit of stability by industrial computers, it is difficult for competitors to enter.

(4) 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.

(5) Experienced Management Team

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.

(6) 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

(1) 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. 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.

(2) 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.

(3) 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.

(4) 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.

(5) 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.

(6) 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.

(7) 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

- (1) 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.
- (2) 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.
- (3) International geopolitical crisis and the impact of high global interest rates have led to a decline in consumer demand; together with the uncertain future outlook for the global economy has resulted 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.
- (4) 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.

(5) Many competitors joining the market.

Countermeasures

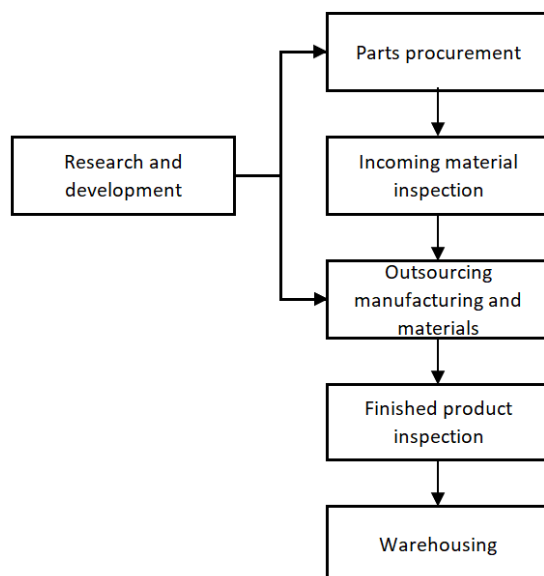
- The Company and its subsidiaries have innovated business models, are ahead of potential competitors and have established a solid relationship with large-scale industrial computer brand customers. Industrial computer brand companies value the stability of suppliers and are less likely to change manufacturers. 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 system integration and the addition of expandable modules, it becomes a device or equipment used in various industries. Its applications include: 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:

- Information on the major suppliers in the most recent two years: There are no suppliers accounting for more than 10% of the total purchase amount.
- Information on the major sales customers in the most recent two year:

Unit: NT\$ thousand

Item	2022				2023			
	Name	Amount	Percentage of Annual Net Purchases (%)	Relationship with the issuer	Name	Amount	Percentage of Annual Net Purchases (%)	Relationship with the issuer
1				None	Client A	16,048,194	13.19	None
	Net Sales	108,228,533	100%	-	Net Sales	121,640,976	100	-

Note: No suppliers with a purchase amount in 2022 accounts 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.

(5) Analysis of Production Volume, Value and Changes for the Most Recent two Fiscal Years:

Unit: Quantity; NT\$ thousand

Year Production Volume and Value Main Products	2022			2023		
	Production Capacity	Output Volume	Output Value	Production Capacity	Output Volume	Output Value
Industrial Computer Sales of Hardware and Software	121,544,949	39,38,756	6,054,070	116,539,936	41,951,525	8,635,182
Production and Marketing of Network Communication	232,229	168,082	2,277,689	196,285	116,237	1,702,086
Plant Affairs-Related System and Electromechanical System Services	(Note 2)	(Note 1)	44,980,634	(Note 2)	(Note 1)	51,032,096
Others	(Note 2)	16,848,944	5,663,611	(Note 2)	11,384,299	1,862,099
Total	121,777,178	56,255,782	58,976,004	116,736,221	53,452,061	63,231,463

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 2023 was due to market trends and changes in customer demands.

(6) Sales Volume and Value in the Most Recent Two Years

Unit: Quantity; NT\$ thousand

Year Sales Volume and Value Main Products	2022				2023			
	Overseas		Domestic		Overseas		Domestic	
	Quantity (Note)	Value	Quantity (Note)	Value	Quantity (Note)	Value	Quantity (Note)	Value
Industrial computer Sales of Hardware and Software	-	13,800,345	-	457,900	-	15,651,082		249,834
Information System	-	34,080,164	-	31,147	-	40,645,073		14,344
Production and Marketing of Network Communication	-	4,597,810	-	350,857	-	3,570,622		420,130
Plant Affairs-Related System and Electromechanical System Services	-	30,283,445	-	20,083,258	-	36,360,658		19,919,074
Others	-	4,010,848	-	532,759	-	4,290,489		519,670
Total	-	86,772,612	-	21,455,921	-	100,517,924		21,123,052

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 2023 compared to last year is due to market trends and changes in customer demands.

3. Information on Employees in the Last Two Fiscal Years up to the Publication Date of this Annual Report

Unit: Person

Year		2022	2023	April 30, 2024
Numbers of Employees	Administration	1,370	1,499	1,506
	Sales & Marketing	1,163	1,277	1,285
	Technical Support	7,052	7,429	7,126
	Total	9,585	10,205	9,917
Average Age		41.23	41.33	41.71
Average Years of Service		8.37	8.23	8.52
Education Level Distribution Ratio	PhD	0.93%	0.69%	0.71%
	Master Degree	16.79%	18.41%	18.92%
	College Degree	44.97%	45.23%	44.00%
	High School	22.82%	22.96%	23.28%
	Below High School	14.50%	12.71%	13.10%

Note: The consolidated subsidiary Kontron AG is compiled based on the latest information obtained.

4. 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. Raw materials that need to be scrapped during the production process are commissioned for disposal by professional waste treatment firms in compliance with the regulations. All kinds of air, water, waste, poison, and noise follows and have and passed inspections of local governmental agencies, ensuring no damage will be caused to the ecological environment. Hence it is a non-polluting company and has no related environmental protection expenditures.

- (1) According to laws and regulations, if 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 purpose of such facilities, and the possible effects produced: Not applicable.
- (3) The process undertaken by the company on environmental pollution improvement for the most recent two fiscal years 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 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.

5. Labor Relations

- (1) 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:
 - (1) 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.
 - (2) 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.

(3) 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.”

(4) 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.

(5) 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.

(6) Club Activities

The Company is a positive working environment and is concerned for the physical and mental health of all colleagues. A badminton club, yoga club, and basketball, billiards club is provided by the Company for employees to utilize.

2. Agreements between labor and management and various measures to protect employees' rights and interests.

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.

- (2) 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.

6. Information Security Management:

- (1) Describe the information and communication security risk management framework, information and communication security policies, specific management plans, and resources invested in information and communication security management.

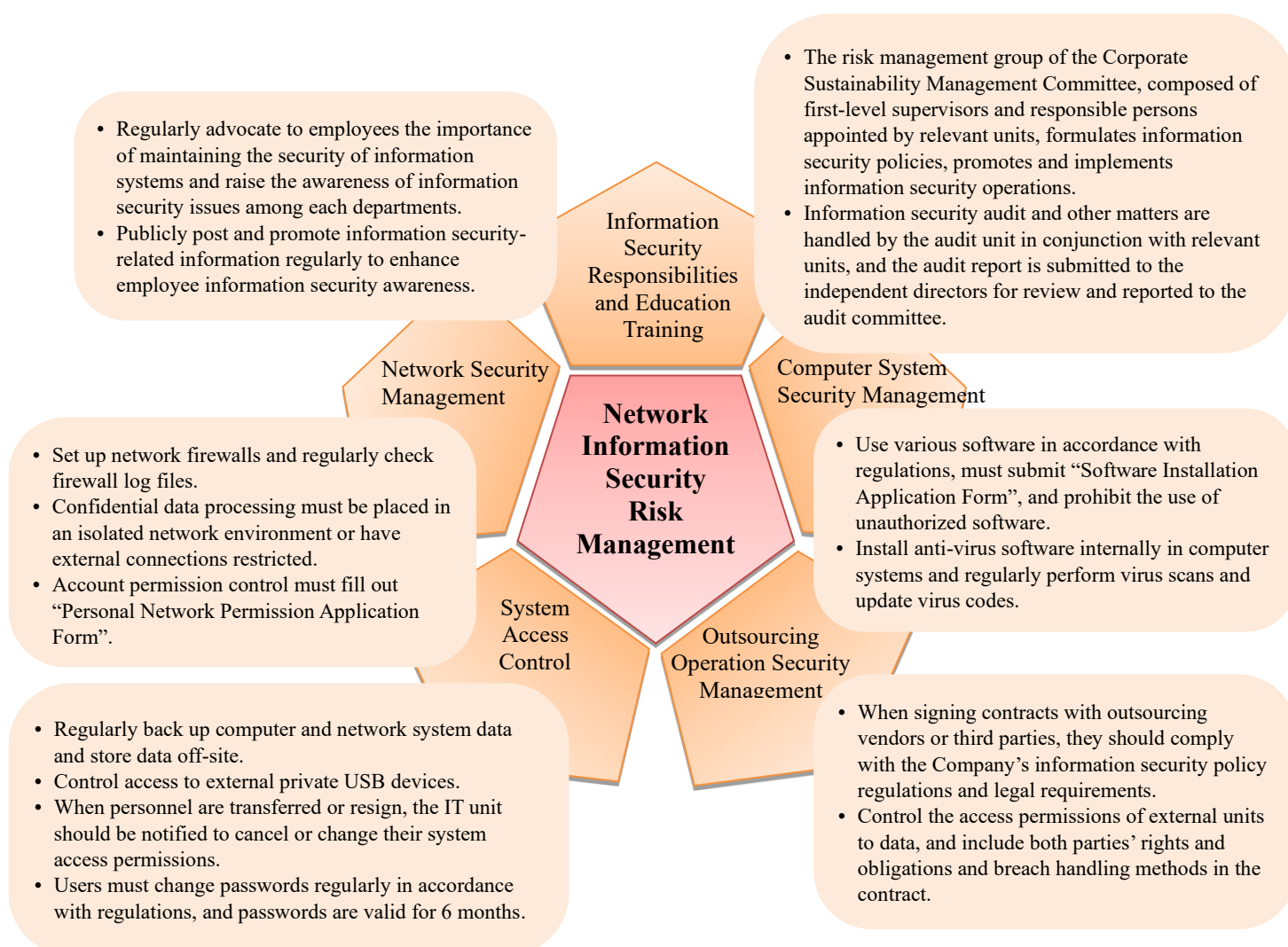
The Company's Information Security and Risks Management Policy

To strengthen information security management and maintain the confidentiality, integrity and availability of the company's important information systems, the company has passed the ISO/IEC 27001 information security management system certification in June 2023, and in July 2023 appointed one information security officer and one information security personnel in accordance with regulatory requirements. Formulate various information security specifications and systems, identify information security control points, including organization employees, customers, suppliers and shareholders, and eliminate increasing information security threats, such as: Trade secrets (R&D results), fraud, espionage, destruction, damage, natural disasters, computer viruses, hacker intrusions, etc. In addition, an information hardware facility and software management mechanism is established to coordinate the allocation and utilization of company-wide resources. Regular information security education and training are also conducted to promote information security policies and relevant implementation regulations to regulate the information security behavior of company 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.

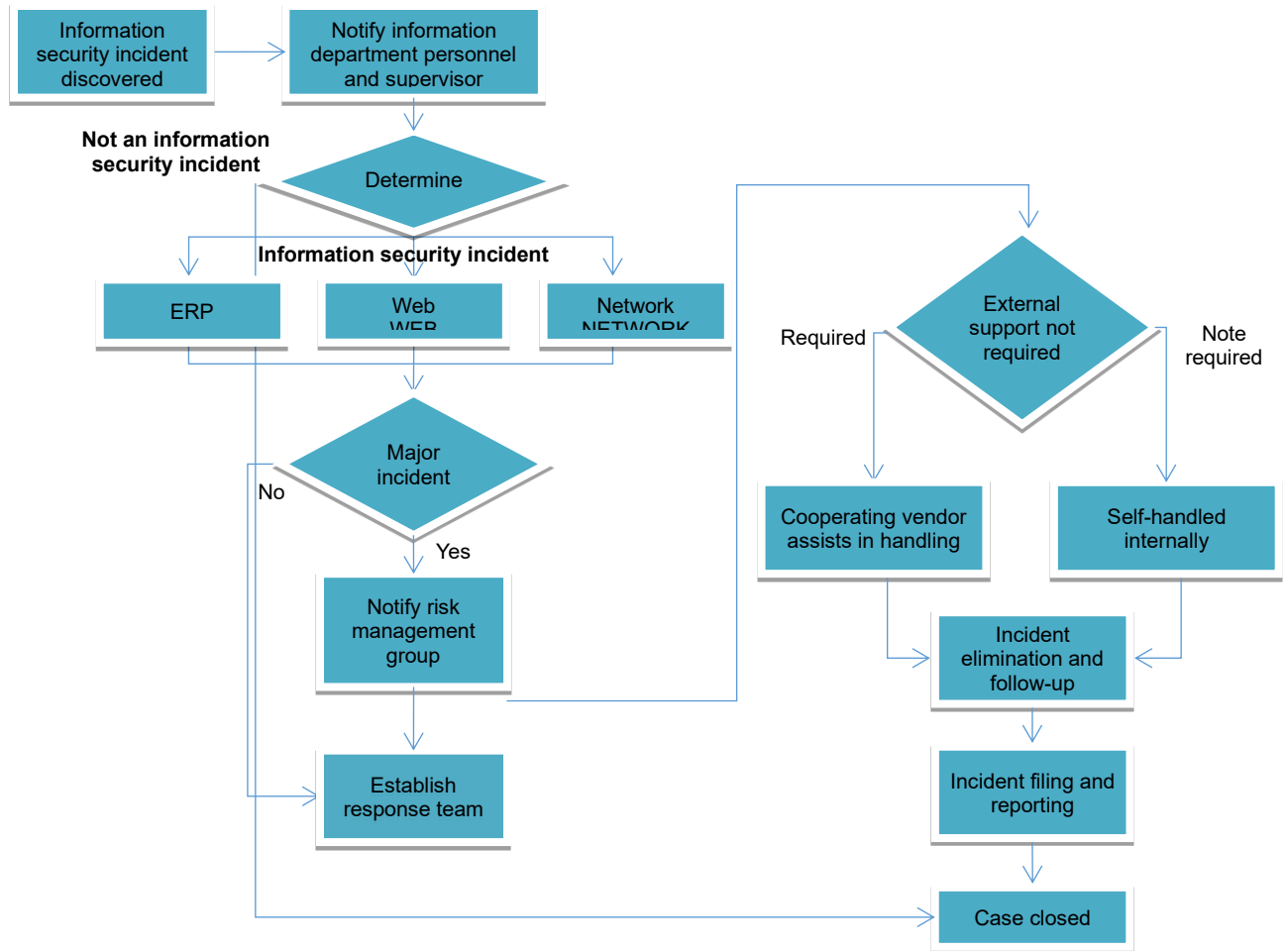
Information Security Policy Related Management Specifications

Access Control of Programs and Data Control Operation	Data Output and Input Control Operation	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



- (2) Specify the losses, potential impacts, and countermeasures suffered due to major cybersecurity incidents in the most recent year and up to the date of the annual report's printing. If a reasonable estimate cannot be made, the fact that a reasonable estimate cannot be made should be stated:

There were no such incidents.

7. Important Contracts

Nature of Contract	Party	Contract Commencement Date	Major Contents	Restrictions
Contract for work	Hon Hai Precision Industry Co., Ltd.	From 2007.04.01 until one party terminates the contract accordingly	Outsourced processing	None
Sales contract	Company A	From 2009.11.24 until one party terminates the contract accordingly	Purchase and sale of products	None
Sales contract	Company E	2013.01 Automatically renewed for a year after 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.

VI. Financial Standing

1. Five-Year Financial Summary, the Names of the Certified Public Accountants and the Specifications of Their Audit Opinions

(1) Concise Balance Sheet - IFRS

1. Consolidated Financial Statements

Unit: NT\$ thousand

Year Item		Financial Data for the Most Recent Five Years (Note 2)				
		2019 (After amendment)	2020 (After amendment)	2021 (After amendment)	2022 (After amendment)	2023
Current Assets		56,250,641	57,452,732	66,481,547	86,091,295	87,394,157
Property, Plant, and Equipments		4,848,647	6,723,602	6,697,993	6,209,063	7,178,531
Intangible Assets		20,776,225	21,063,308	19,660,148	18,474,332	20,433,766
Other Assets		7,106,898	7,858,650	7,835,619	8,518,352	11,778,013
Total Assets		88,982,411	93,098,292	100,675,307	119,293,042	126,784,467
Current Liabilities	Before Distribution	42,144,099	42,247,912	47,314,850	57,599,766	61,206,430
	After Distribution	42,558,696	42,731,545	48,057,109	59,204,486	62,765,502
Non-Current Liabilities		18,948,044	20,410,471	21,989,602	18,976,740	15,900,079
Total Liabilities	Before Distribution	61,092,143	62,658,383	69,304,452	76,576,506	77,106,509
	After Distribution	61,506,740	63,142,016	70,046,711	78,181,226	78,665,581
Equities Attributable to Owners of the Parent Company		8,184,175	9,188,684	10,804,752	15,536,436	21,900,702
Share Capital		835,745	932,720	1,018,120	1,060,370	1,319,999
Capital Surplus		6,339,752	6,738,090	8,865,780	9,285,324	14,940,752
Retained Earnings	Before Distribution	2,095,024	2,762,406	2,922,950	6,096,676	6,679,880
	After Distribution	1,680,427	2,278,773	2,180,691	4,491,956	5,120,808
Other Equities		(850,114)	(1,010,924)	(1,768,490)	(905,934)	(1,039,929)
Treasury Shares		(236,232)	(233,608)	(233,608)	-	-
Non-Controlling Interests		19,706,093	21,251,225	20,566,103	27,180,100	27,777,256
Total Equity	Before Distribution	27,890,268	30,439,909	31,370,855	42,716,536	49,677,958
	After Distribution	27,475,671	29,956,276	30,628,596	41,111,816	48,118,886

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

Note 2: Financial information from 2019 - 2023 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)				
		2019 (After amendment)	2020 (After amendment)	2021 (After amendment)	2022 (After amendment)	2023
Current Assets		1,291,199	1,856,802	3,060,383	3,790,464	2,923,043
Property, Plant, and Equipments		522,447	517,081	504,566	497,107	492,339
Intangible Assets		1,533	1,052	44,485	40,646	36,658
Other Assets		18,789,781	19,147,597	19,606,707	26,336,392	27,197,958
Total Assets		20,568,611	21,461,091	23,216,141	30,664,609	30,649,998
Current Liabilities	Before Distribution	5,267,974	6,832,395	4,445,012	6,814,333	4,021,441
	After Distribution	5,682,571	7,313,180	5,187,271	8,419,053	5,580,513
Non-Current Liabilities		7,116,462	5,440,012	7,966,377	8,313,840	4,727,855
Total Liabilities	Before Distribution	12,384,436	12,272,407	12,411,389	15,128,173	8,749,296
	After Distribution	12,799,033	12,753,192	13,153,648	16,732,893	10,308,368
Equities Attributable to Owners of the Parent Company		8,184,175	9,188,684	10,804,752	15,536,436	21,900,702
Share Capital		835,745	932,720	1,018,120	1,060,370	1,319,999
Capital Surplus		6,339,752	6,738,090	8,865,780	9,285,324	14,940,752
Retained Earnings	Before Distribution	2,095,024	2,762,406	2,922,950	6,096,676	6,679,880
	After Distribution	1,680,427	2,278,773	2,180,691	4,491,956	5,120,808
Other Equities		(850,114)	(1,010,924)	(1,768,490)	(905,934)	(1,039,929)
Treasury Shares		(236,232)	(233,608)	(233,608)	-	-
Non-Controlling Interests		-	-	-	-	-
Total Equity	Before Distribution	8,184,175	9,188,684	10,804,752	15,536,436	21,900,702
	After Distribution	7,769,578	8,705,051	10,062,493	13,931,716	20,341,630

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

Note 2: Financial information from 2019 - 2023 has been audited and certified by CPAs.

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

(2) Concise Statement of Comprehensive Income - IFRS

1. Consolidated Financial Statements

Unit: Thousand NTD, earnings per share is in NTD

Year Item	Financial Data for the Most Recent Five Years (Note 1)				
	2019 (After amendment)	2020 (After amendment)	2021 (After amendment)	2022 (After amendment)	2023
Operating Revenue	81,506,216	84,091,485	85,367,035	108,228,533	121,640,976
Gross Profit	18,752,645	19,593,183	17,044,896	19,610,952	23,598,925
Operating Profit(Loss)	3,377,347	3,674,025	2,414,332	3,083,064	5,205,506
Total Non-Operating Income and Expenses	416,034	277,450	1,119,997	626,210	1,710,189
Profit Before Tax	3,793,381	3,951,475	3,534,329	3,709,274	6,915,695
Net Profit from Continuing Operations for the Current Period	3,007,733	3,130,291	2,746,876	2,387,864	5,321,074
Net Profit from Discontinued Operations	-	-	605,248	7,824,229	82,308
Net Income (Loss)	3,007,733	3,130,291	3,352,124	10,212,093	5,403,382
Other Comprehensive Profit and Loss for the Current Period (Net after Tax)	(1,037,607)	17,828	(2,293,611)	1,774,403	447,455
Total Comprehensive Income	1,970,126	3,148,119	1,058,513	11,986,496	5,850,837
Net Income Attributable to Owners of the Parent Company	1,061,667	1,068,432	1,334,944	3,454,824	2,260,964
Net Income Attributable to Non-Controlling Interests	1,946,066	2,043,859	2,017,180	6,757,269	3,142,418
Comprehensive Income Attributable to Owners of the Parent Company	577,138	921,169	582,025	4,354,393	2,053,929
Comprehensive Income Attributable to Non- Controlling Interests	1,392,988	2,226,950	476,488	7,632,103	3,796,908
Earnings Per Share	11.82	11.86	13.91	32.62	19.01

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

Note 2: Financial information from 2019 - 2023 has been audited and certified by CPAs.

2. Parent Company Only Financial Statements

Unit: Thousand NTD, earnings per share is in NTD

Item \ Year	Financial Data for the Most Recent Five Years (Note 2)				
	2019 (After amendment)	2020 (After amendment)	2021 (After amendment)	2022 (After amendment)	2023
Operating Revenue	3,188,103	2,547,970	3,343,018	5,304,930	5,186,633
Gross Profit	433,431	308,972	372,202	786,382	1,000,639
Operating Profit(Loss)	114,722	64,040	69,127	189,366	547,796
Total Non-Operating Income and Expenses	935,955	1,065,880	1,315,459	3,308,168	2,028,191
Profit Before Tax	1,050,677	1,129,920	1,384,586	3,497,534	2,575,987
Net Income (Loss)	1,061,667	1,086,432	1,334,944	3,454,824	2,260,964
Other Comprehensive (Loss) Income (Net After Tax)	(484,529)	(165,263)	(752,919)	899,569	(207,035)
Total Comprehensive Income	577,138	921,169	582,025	4,354,393	2,053,929
Net Income Attributable to Owners of the Parent Company	1,061,667	1,086,432	1,334,944	3,454,824	2,260,964
Net Income Attributable to Non-Controlling Interests	-	-	-	-	-
Comprehensive Income Attributable to Owners of the Parent Company	577,138	921,169	582,025	4,354,393	2,053,929
Comprehensive Income Attributable to Non-Controlling Interests	-	-	-	-	-
Earnings Per Share	11.82	11.86	13.91	32.62	19.01

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

Note 2: Financial information from 2019 - 2023 has been audited and certified by CPAs.

(3) Names and Audit Opinion of CPA for the Most Recent Five Years

Year	Accounting Firm	Name of CPA	Opinions
2018	Deloitte & Touche	Shui-En Liu, Ching- Chiang Yang	Unqualified opinion (Emphasis or other matters)
2019	Deloitte & Touche	Ching-Ting Yang, Shui-En Liu	Unqualified opinion (Emphasis or other matters)
2020	Deloitte & Touche	Shui-En Liu, Ching-Ting Yang	Unqualified opinion (Emphasis or other matters)
2021	KPMG Taiwan	Hui-Chih Ko, Hsin-Yi Kuo	Unqualified opinion (Emphasis or other matters)
2022	KPMG Taiwan	Hui-Chih Ko, Hsin-Yi Kuo	Unqualified opinion (Emphasis or other matters)
2023	KPMG Taiwan	Grinni Hsiao, Winston Yu	Unqualified opinion (Emphasis or other matters)

2. 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

(1) Consolidated Financial Analysis - Based on IFRS

Analysis Item (Note 2)		Year	Financial Analysis for the Past Five Fiscal Years				
			2019 (Note 1) (After amendment)	2020 (Note 1) (After amendment)	2021 (Note 1) (After amendment)	2022 (Note 1) (After amendment)	2023 (Note 1)
Financial Structure (%)	Debt Ratio		68.66	67.30	68.82	64.16	60.82
	Ratio of Long-Term Capital to Property, Plant and Equipment		966.01	756.30	795.93	991.54	913.53
Solvency (%)	Current Ratio		133.47	135.99	140.51	149.46	142.79
	Quick Ratio		100.98	98.31	103.88	108.59	104.06
	Interest Coverage Ratio		7.61	8.36	7.92	7.00	7.32
Operating Ability	Accounts Receivable Turnover Rate (times)		4.57	4.91	4.96	5.88	6.06
	Days Sales Outstanding		80	74	74	62	60
	Average Inventory Turnover Rate		5.32	5.10	4.57	4.36	4.06
	Turnover (times)		4.38	4.20	4.35	4.72	4.55
	Average Inventory Turnover Days		69	72	80	84	90
	Property, Plant and Equipment Turnover		17.10	14.53	12.72	16.77	18.17
	Total Assets Turnover (times)		0.99	0.92	1.00	1.00	0.99
Profitability	Profitability Return on Total Assets (%)		4.23	3.91	3.26	9.74	5.10
	Return on Equity (%)		11.21	10.73	8.89	27.56	11.70
	Ratio of Income before Tax to be Paid-in Capital (%)		453.89	423.65	347.14	349.81	523.92
	Net Margin (%)		3.69	3.72	3.22	9.43	4.44
	Earnings Per Share		11.82	11.86	13.91	32.60	19.01
Cash Flow	Cash Flow Ratio (%)		12.44	12.58	3.48	0.00	12.05
	Cash Flow Adequacy Ratio (%)		61.23	70.37	69.75	43.94	56.08
	Cash Reinvestment Ratio (%)		14.30	13.86	0.32	(4.71)	8.38
Leverage	Operating Leverage		5.22	5.19	7.65	6.56	4.35
	Financial Leverage		1.20	1.17	1.27	1.25	1.27

Note 1: Financial information from 2019 - 2023 have been audited and certified by CPAs.

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

(2) Parent Company Only Financial Analysis -IFRS

Analysis Item (Note 2)		Year	Financial Analysis for the Past Five Fiscal Years				
			2019 (Note 1) (After amendment)	2020 (Note 1) (After amendment)	2021 (Note 1) (After amendment)	2022 (Note 1) (After amendment)	2023 (Note 1)
Financial Structure (%)	Debt Ratio		60.21	57.18	53.46	49.34	28.55
	Ratio of Long-Term Capital to Property, Plant and Equipment		2,928.65	2,829.09	3720.19	4,797.38	5,408.59
Solvency (%)	Current Ratio		24.51	27.18	68.85	54.44	72.69
	Quick Ratio		21.54	18.85	57.53	42.80	53.92
	Interest Coverage Ratio		6.72	9.26	12.02	26.88	19.27
Operating Ability	Accounts Receivable Turnover Rate (times)		4.14	3.63	4.23	4.90	3.91
	Days Sales Outstanding		88	101	86	74.44	93.24
	Average Inventory Turnover Rate		5.62	7.89	6.76	6.35	4.89
	Turnover (times)		4.94	5.02	6.98	8.29	6.55
	Average Inventory Turnover Days		65	46	54	58	74.66
	Property, Plant and Equipment Turnover		6.05	4.90	6.54	10.59	10.48
	Total Assets Turnover (times)		0.16	0.12	0.15	0.20	0.17
Profitability	Profitability Return on Total Assets (%)		5.95	5.69	6.43	13.22	7.74
	Return on Equity (%)		14.37	12.51	13.35	26.22	12.08
	Ratio of Income Before Tax to Paid-in Capital (%)		125.72	121.14	135.99	329.66	195.15
	Net Margin (%)		33.30	42.65	39.93	65.09	43.59
	Earnings Per Share		11.82	11.86	13.91	32.60	19.01
Cash Flow	Cash Flow Ratio (%)		6.91	1.15	0.00	0.00	35.69
	Cash Flow Adequacy Ratio (%)		19.16	15.87	20.25	0.14	21.81
	Cash Reinvestment Ratio (%)		(1.42)	(1.73)	(2.56)	(3.11)	(0.64)
Leverage	Operating Leverage		3.33	4.21	4.85	25.74	7.77
	Financial Leverage		(1.59)	(0.88)	(1.22)	0.58	0.80

Note 1: Financial information from 2019 - 2023 have been audited and certified by CPAs.

Note 2: Calculation formulas for financial analysis is as follows:

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 Flow

- (1) Cash flow ratio = Net cash provided by operating activities / Current liabilities
- (2) Cash flow adequacy ratio = Five-year sum of cash from operations / Five-year sum of capital expenditures, inventory additions, and cash 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)

3. 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 2023. Of which, the Financial Statements for 2023 were audited by KPMG Taiwan, with an Audit Report issued. The above-mentioned Financial Statements, Business Reports, and Earnings Distribution Statements for 2023 have been reviewed by the Audit Committee, with no discrepancy found. For your verification, the Report is prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Ennoconn Corporation's 2024 Annual Shareholders' Meeting

Ennoconn Corporation

Convener of the Audit Committee: Yu-Hui Su



March 29, 2024

4. Consolidated Financial Statements for the Most Recent Year

Please refer to pg.290-405.

5. Parent Company Only Financial Statements for the Most Recent Year

Please refer to pg.406-505.

6. Financial Difficulties of the Company and Its Affiliated Companies in the Most Recent Year up to the Publication Date of This Annual Report

None.

VII. Review and Analysis of the Company's Financial Position, Performance and Risks

1. Financial Position

- (1) International Financial Reporting Standards - Parent Company Only Financial Statements:

Unit: NT\$ thousand

Item \ Year	December 31, 2022 (After amendment)	December 31, 2023	Difference	
			Amount	%
Current Assets	86,091,295	87,394,157	1,302,862	1.51
Property, Plant, and Equipments	6,209,063	7,178,531	969,468	15.61
Intangible Assets	18,474,332	20,433,766	1,959,434	10.61
Other Assets	8,518,352	11,778,013	3,259,661	38.27
Total Assets	119,293,042	126,784,467	7,491,425	6.28
Current Liabilities	57,599,766	61,206,430	3,606,664	6.26
Non-Current Liabilities	18,976,740	15,900,079	(3,076,661)	(16.21)
Total Liabilities	76,576,506	77,106,509	530,003	0.69
Common Share Capital	1,060,370	1,319,999	259,629	24.48
Capital Surplus	9,285,324	14,940,752	5,655,428	60.91
Retained Earnings	6,096,676	6,679,880	583,204	9.57
Other Equity	(905,934)	(1,039,929)	(133,995)	14.79
Non-Controlling Interests	27,180,100	27,777,256	597,156	2.20
Total Shareholders' Equity	42,716,536	49,677,958	6,961,422	16.30
Analysis of changes in percentage and the impact and the future response measures (description will be given only if the increase/decrease in ratio reaches 20% or exceeds NT\$10 million):				
1. Increase in other assets: This is due to the increase in financial assets measured at fair value through profit or loss and right-of-use assets compared to the same period last year, resulting from the need for strategic investment and operational purposes during the current period.				
2. Increase in common stock capital: This is due to the conversion of convertible corporate bonds into common stock during this period.				
3. Increase in capital surplus: This is due to the recognition of changes in subsidiary equity during the current period.				

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

Unit: NT\$ thousand

Item \ Year	December 31, 2022 (After amendment)	December 31, 2023	Difference	
			Amount	%
Current Assets	3,709,464	2,923,043	(867,421)	(22.88)
Investment using the Equity Method	26,057,267	27,087,520	1,030,253	3.95
Property, Plant, and Equipments	497,107	492,339	(4,768)	(0.96)
Intangible Assets	40,646	36,658	(3,988)	(9.81)
Other Assets	26,336,392	27,197,958	861,566	3.27
Total Assets	30,664,609	30,649,998	(14,611)	(0.05)
Current Liabilities	6,814,333	4,021,441	(2,792,892)	(40.99)
Non-Current Liabilities	8,313,840	4,727,855	(3,585,985)	(43.13)
Total Liabilities	15,128,173	8,749,296	(6,378,877)	(42.17)
Common Share Capital	1,060,370	1,319,999	259,629	24.48
Capital Surplus	9,285,324	14,940,752	5,655,428	60.91
Retained Earnings	6,096,676	6,679,880	583,204	9.57
Other Equities	(905,934)	(1,039,929)	(133,995)	14.79
Total Shareholders' Equity	15,536,436	21,900,702	6,364,266	40.96
<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. Decrease in current assets: This was due to the recovery of funds lent to subsidiaries during the period. 2. Decrease in current liabilities: This is due to the repayment of short-term loans during the period. 3. Decrease in non-current liabilities: This is due to the conversion of convertible corporate bonds into common shares during the period. 4. Increase in common stock capital: This is due to the conversion of convertible corporate bonds into common stock during the period. 5. Increase in capital surplus: This was due to the recognition of changes in equity of subsidiaries during the period. 				

2. Financial Performance:

(1) Comparative Analysis of Financial Performance

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

Unit: NT\$ thousand

Item \ Year	2022 (After amendment)	2023	Increase (Decrease) in Amount	Change in Percentage (%)
Operating Revenue	108,228,533	121,640,976	13,412,443	12.39
Operating Costs	88,617,581	98,042,051	9,424,470	10.63
Gross Profit	19,610,952	23,598,925	3,987,973	20.34
Operating Expenses	16,527,888	18,393,419	1,865,531	11.29
Operating Profit (Loss)	3,083,064	5,205,506	2,122,442	68.84
Total Non-Operating Income and Expenses	626,210	1,710,189	1,083,979	173.10
Profit Before Tax	3,709,274	6,915,695	3,206,421	86.44
Income Tax Expense	1,321,410	1,594,621	273,211	20.68
Net Income (Loss)	10,212,093	5,403,382	(4,808,711)	(47.09)
Other Comprehensive Income	1,774,403	447,455	(1,326,948)	(74.78)
Total Comprehensive Income	11,986,496	5,850,837	(6,135,659)	(51.19)
<p>Analysis of changes in percentage (for the change of more than 20% between the previous and current periods, and the amount of change amounted to NT\$10 million):</p> <ol style="list-style-type: none"> 1. Increase in gross operating profit and operating income: This is due to increased customer demand and changes in product portfolio sales during the period. 2. Increase in non-operating income and expenses: This is due to an increase in valuation gains on financial assets and interest income during the current period. 3. Increase in income tax expense: This is due to the impact of controlled foreign company income tax policy during the period. 4. Decrease in net profit for the current period: This is due to the absence of disposal of discontinued operations during the period, resulting in a decrease compared to the same period last year. 5. Decrease in other comprehensive income: This was due to the impact of fluctuations in the US dollar and Euro exchange rates during the period. 				

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

Unit: NT\$ thousand

Item \ Year	2022 (After amendment)	2023	Increase (Decrease) in Amount	Change in Percentage (%)
Operating Revenue	5,304,930	5,186,633	(118,297)	(2.23)
Operating Costs	4,518,548	4,185,994	(332,554)	(7.36)
Gross Profit	786,382	1,000,639	214,257	27.25
Operating Expenses	556,883	438,679	(118,204)	(21.23)
Operating Profit (Loss)	189,366	547,796	358,430	189.28
Total Non-Operating Income and Expenses	3,308,168	2,028,191	(1,279,977)	(38.69)
Profit Before tax	3,495,626	2,575,987	(921,547)	(26.35)
Income Tax Expense	42,710	315,023	272,313	637.59
Net Income (Loss)	3,452,916	2,260,964	(1,193,860)	(34.56)
Other Comprehensive Income	899,569	(207,035)	(1,106,604)	(123.01)
Total Comprehensive Income	4,352,485	2,053,929	(2,300,464)	(52.83)
<p>Analysis of changes in percentage (for the change of more than 20% between the previous and current periods, and the amount of change amounted to NT\$10 million)</p> <ol style="list-style-type: none"> 1. Increase in gross profit from operations and operating profit: This is due to the increase in customer demand and changes in the sales mix of products during this period. 2. Decrease in operating expenses: This is due to effective cost control during the period. 3. Decrease in non-operating income and expenses: This is because there was no disposal of discontinued operations during the period, resulting in a decrease in profit compared to the same period last year. 4. Increase in income tax expense: This is due to the impact of the controlled foreign company income tax policy during the period, resulting in an increase in income tax expense. 5. Decrease in other comprehensive loss: This is due to the fluctuations in the US dollar and Euro exchange rates during the period. 				

(2) 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 does not intend to disclose the possible impact of the expected sales volume on the Company's future financial business and its response plan.

3. Cash Flows

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

Item \ Year	2022	2023	Increase (Decrease) of Ratio (%)
Cash Flow Ratio (%)	0.00	12.05	∞
Cash Flow Adequacy Ratio (%)	43.94	56.08	28%
Cash Flow Reinvestment Ratio (%)	(4.71)	8.38	278%
Analysis of changes in cash flow: The increase in the cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio is due to the Company's thriving operating activities in 2023. While revenue has increased, inventory levels have not risen significantly, resulting in higher cash inflows from operating activities compared to 2022.			

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

- (3) Cash Liquidity Analysis for the Coming (Individual)

Unit: NT\$ thousand

Beginning Cash Balance (Note)	Expected Annual Net 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
769,602	367,332	(671,446)	465,488	Not Applicable	
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: Not applicable.					

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

4. Effect Upon Financial Operations of Any Major Capital Expenditures During the Most Recent Fiscal Year

There were no major capital expenditures in 2023.

5. Company Reinvestment Policy for the Most Recent Fiscal Year, Main Reasons for Profits/Losses Generated Thereby, Plan for Improving Reinvestment Profitability, and Investment Plans for the Upcoming Year

(1) 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 to grasp the relevant business and financial conditions. In order to enhance the supervision and management of the reinvestment companies, the Company has also formulated “Measures for Subsidiary Monitoring and Management” in its internal control system to stipulate relevant norms for 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.

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

The Company’s investment income accounted for using the equity method in 2023 was NT\$2,064,625 thousand (to be updated). This was mainly due to the good operating conditions of companies invested in by the Company and the benefits of strategic cooperation.

(3) 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.

6. Risk

Risk Factor

- (1) The impact of interest, exchange rate changes, and inflation on the Company's profits (losses) and future countermeasures.

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 2023 and 2022 will decrease/increase by NT\$199,098 thousand and NT\$216,014 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 adheres to the principle of natural hedging; the effect of exchange rate changes reaches a mutual balance between receivables and payables to reduce exchange rate risk. In addition, the Company and its subsidiaries have designated personnel to closely monitor exchange rate change information and changes in the international economic situation at all times, prudently judge exchange rate change trends; and appropriately use foreign currency short-term borrowing, swap transactions and forward exchange contracts and other tools to engage in foreign exchange hedging, however such tools cannot completely eliminate 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, endorsement guarantees, and derivatives transactions, the main reasons for the profits/losses generated thereby; and future countermeasures.
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. Industrial control, fleet management, network communication security, medical care, smart home, etc. 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, Wi-Fi, 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 about positive benefits to the overall development of Ennoconn Corporation.

Since Ennoconn Corporation does not have its own factory in Taiwan, faced with the impact of the Sino-US trade war on the Company's production and manufacturing sectors, the Company participates in the private placement of Alona through its subsidiary Ennoconn International Investment Co., Ltd. in order to generate strategic cooperation. As Alona is already a qualified supplier to many major international 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.

Being a pioneer in digital marketing in China, FunP it has also entered the Martech and cloud fields in recent years; expanding from digital marketing to cloud sales and engineering services, with complete integration capabilities. FunP could assist Ennoconn Corporation and other upstream and downstream subsidiaries, customers in building cloud systems or meeting the needs of digital advertising. Through its subsidiary Ennoconn Investment Co., Ltd., the Company participates in FunP's cash capital increase for strategic cooperation, bringing about positive benefits to the Ennoconn Group's technical strength, profitability and long-term development in marketing integration.

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.

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. 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

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. 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) Impact and risks 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 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 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 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.

7. Other Important Matters

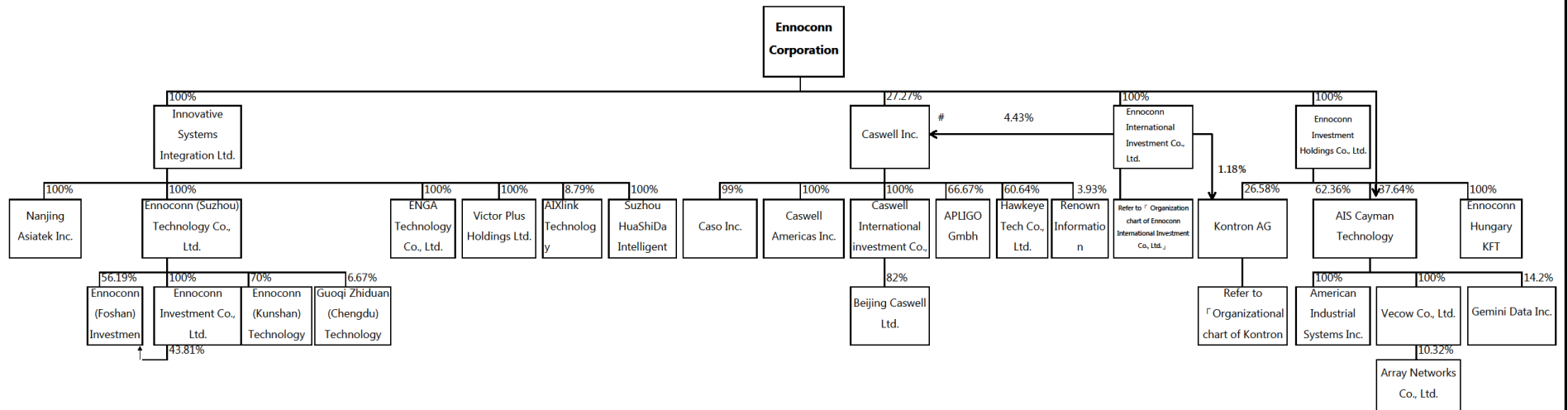
None.

VIII. Special Disclosure

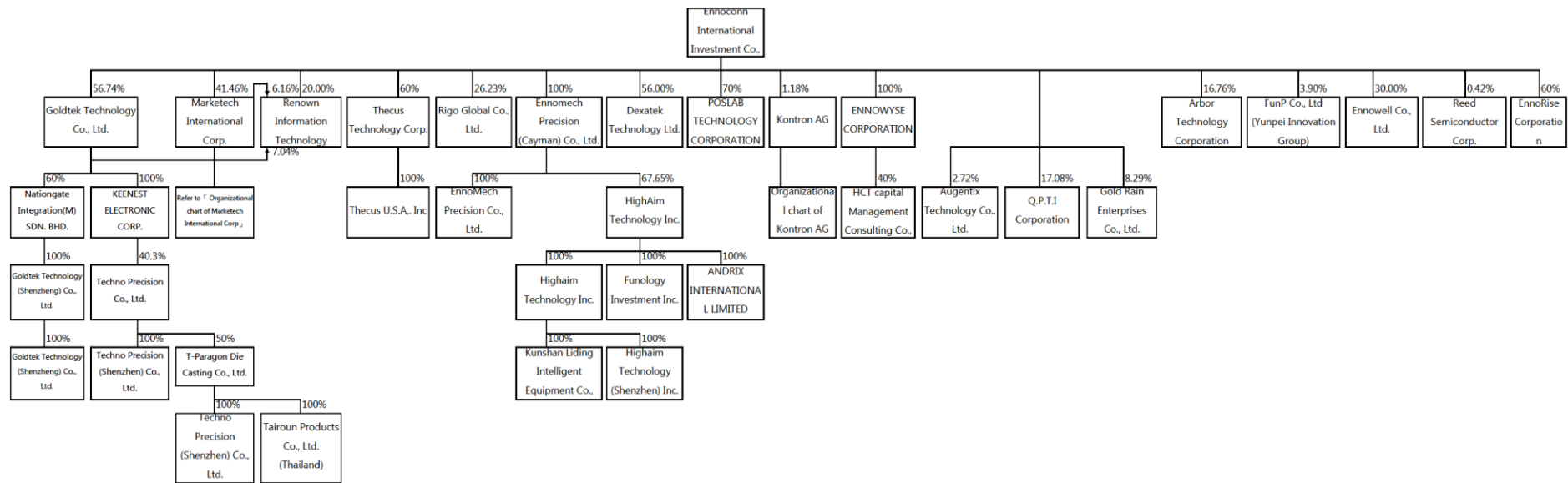
1. Relevant Information on the Company's Affiliates

(1) Consolidated Business Report of Affiliates

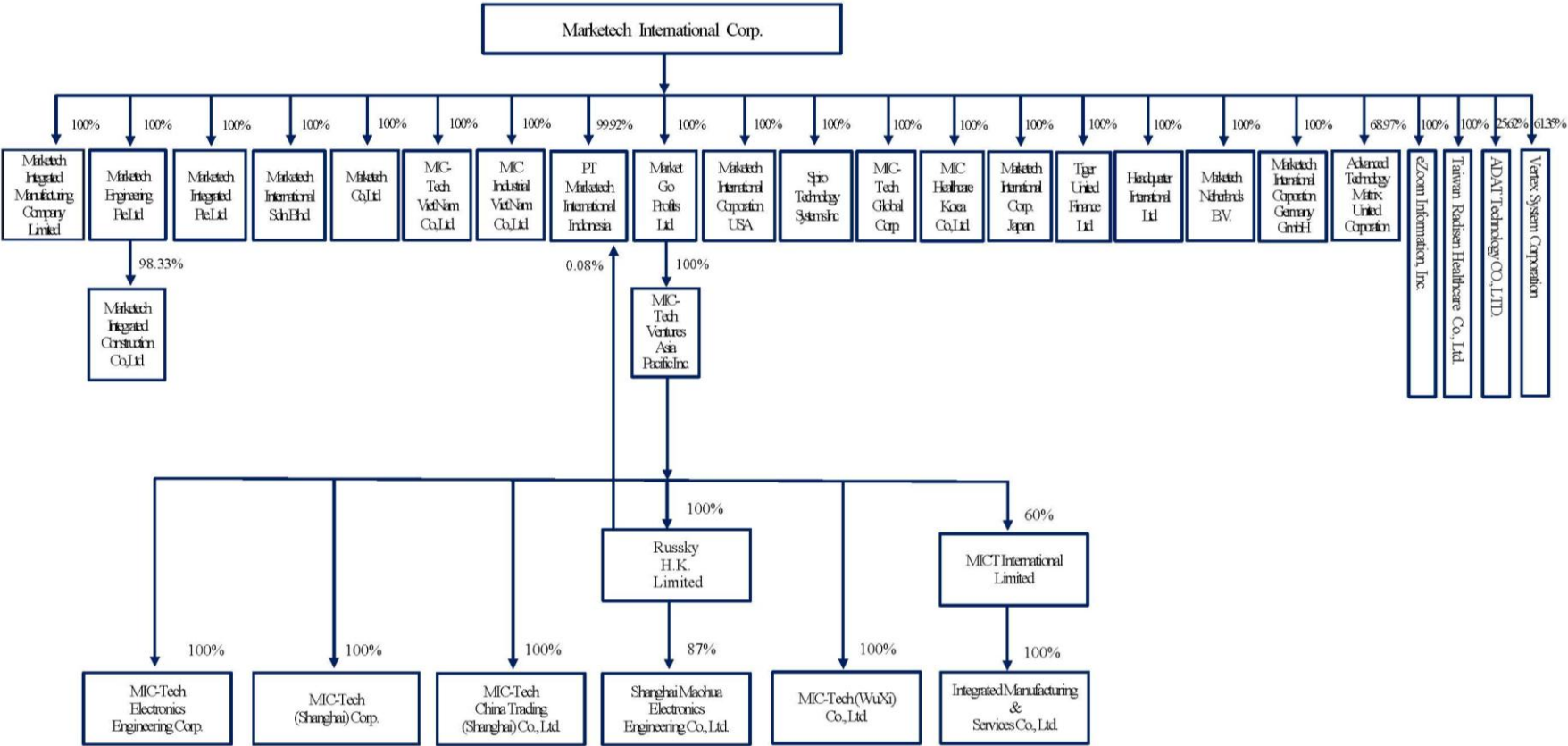
1. Organizational Chart of Affiliates (December 31, 2023)



Organization chart of Ennoconn International Investment Co., Ltd.

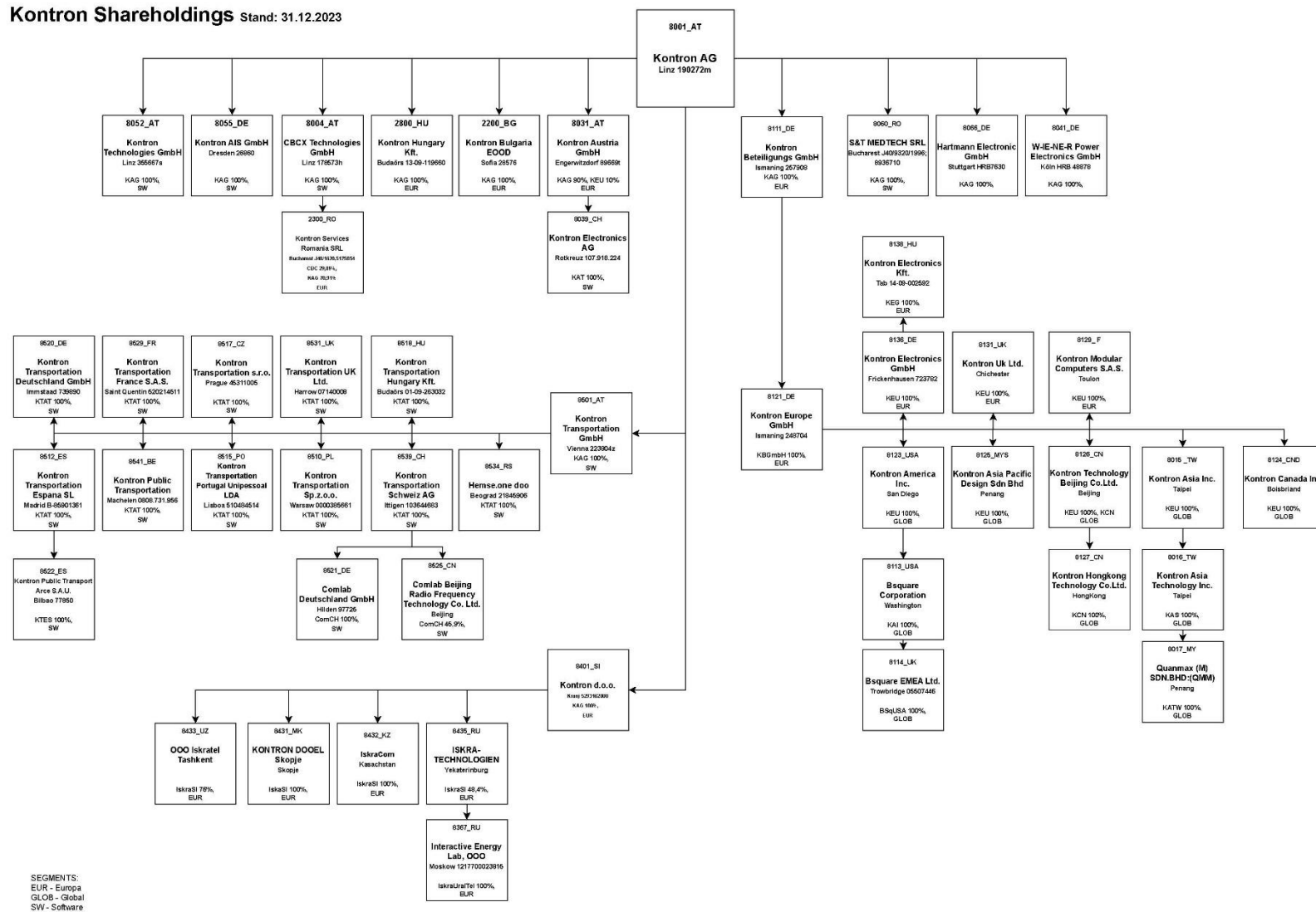


Organizational chart of Marketch International Corp.



Organizational chart of Kontron AG

Kontron Shareholdings Stand: 31.12.2023



2. Basic Information of Affiliates

December 31, 2023

Unit: NT thousand

Name of Affiliates	Date of Incorporation	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\$518,217	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	12F., No. 308, Jianguo 1st Rd., Xinzhuang Dist., New Taipei City	NT\$733,485	Manufacturing of electronic parts, computer and peripheral equipment, information software services and wholesale of electronic materials.
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	-	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 Group.	2016.05.06	Fourth Floor, One Capital Place, P. O. Box 847, Grand Cayman KY1-1103, Cayman Islands	US\$10,701	Professional Investment
Kontron AG	1999.12.28	Industriezeile 35, A-4021 Linz, Austria	EUR63,861	Integration service for information software and hardware
Ennoconn Hungary Kft	2021.02.04	2900 Komárom, Bánki Donát utca 1	US\$1,000	Manufacturing and marketing of industrial computers

Name of Affiliates	Date of Incorporation	Address	Paid-In Capital	Major Business or Production Items
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 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 radio frequency equipment, as well as 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, information software services and wholesale of electronic materials.
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\$2,013,154	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
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, information software services and wholesale of electronic materials.

Name of Affiliates	Date of Incorporation	Address	Paid-In Capital	Major Business or Production Items
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	US\$1	Import and Export Trade
CASO Inc.	2014.08.01	Mirene Kanda PREX Bld.2F,2-7-2,Kandatsukasamachi, Chiyoda-ku Tokyo,101-0048, Japan	JPY 95,000	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, USA	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 equipments
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.	2012.06.29	Plant 8, No. 215, Longshan Industrial Park, Nanling Village, Nanwan Street, Longgang District, Shenzhen 101- 601	HK\$23,000	Stamping/Assembly

Name of Affiliates	Date of Incorporation	Address	Paid-In Capital	Major Business or Production Items
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
Techno Precision (Shenzhen) Co., Ltd.	2012.06.14	A1202, Building A, No. 12, Keyuan Huayuan Phase 4, Keyuan Community, Buji Street, Longgang District, Shenzhen	HK\$5,000	Zinc/Aluminum Alloy Die Casting
Tairoun Products Co., Ltd. (Thailand)	2019.09.16	Nong Kham, Si Racha District, Chon Buri 20230 Thailand	THB 221,000	Metal Stamping and Casting Industry
Hua Group Capital Management Consulting Co., Ltd.	2021.07.30	No. 128-1, 1st Floor, Section 4, Xinhai Road, Wenshan District, Taipei City	NT\$1,000	General Investment and Investment Advisory
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
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 7,837	IT Servers
Kontron Hungary Kft.	1998.10.02	14, Puskás Tivadar street, 1119, Budapest, Hungary	EUR 401	IT Servers
CBCX Technologies GmbH	2010.12.30	Industriezeile 35, A-4021 Linz, Austria	EUR 36	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

Name of Affiliates	Date of Incorporation	Address	Paid-In Capital	Major Business or Production Items
Kontron Beteiligungs GmbH	2020.07.21	Gutenbergstrasse 2, D-85737 Ismaning, Germany	EUR 25	Manufacturing and Marketing of Industrial Computers
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
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 2,144	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 Incorporation	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
Kapsch CarrierCom Sp. z o.o	2011.03.04	Młynarska 42, 01-171 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, N° 44C, Piso 3-F, Edifício Atlantis, Distrito: Lisboa Concelho: 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	Ziegelei 3, D-88090 Immenstaad am Bodensee, Germany	EUR 25	Manufacturing and Marketing of Industrial Computers
Comlab Beijing Radio Frequency Technology Co. Ltd.	2008.08.13	1st Floor, Tower B, Zhongchu Building, No. 23 Shijingshan Road, 100049, Beijing, China	EUR 1,266	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,	EUR 469	Manufacturing and Marketing of Industrial Computers

Name of Affiliates	Date of Incorporation	Address	Paid-In Capital	Major Business or Production Items
		Middlesex HA1 1UD, United Kingdom		
Kontron Public Transportation	2008.12.29	Twin Squares - Madison, Culliganlaan 1A, 1831 Diegem, Belgium	EUR 62	Manufacturing and Marketing of Industrial Computers
Kontron d.o.o.	1989.10.27	Ljubljanska cesta 24a, 4000 Kranj	EUR 9,709	Manufacturing and Marketing of Industrial Computers
ITS Softver d.o.o	2016.03.07	Str, Mirce Acev no,2 Katna garaza, Razlovačko vostanie kat 1 Skopje, 1000, Skopje	EUR 5	Manufacturing and Marketing of Industrial Computers
KONTRON DOOEL Skopje	2016.03.07	Str, Mirce Acev no,2 Katna garaza, Razlovačko 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
JSC Iskra Technologies	1994.04.27	Yekaterinburg, Komvuzovskaya St., 9A, Russian Federation, 620066	EUR 8	Manufacturing and Marketing of Industrial Computers
ISKRA-TECHNOLOGIEN	1994.04.27	Yekaterinburg, Komvuzovskaya St., 9A, Russian Federation, 620066	EUR 8	Manufacturing and Marketing of Industrial Computers
KONTRON EUROPE GMBH	1962.09.03	Gutenbergstraße 2, 85737 Ismaning, Germany	EUR 23,600	Manufacturing and Marketing of Industrial Computers
Kontron UK Ltd.	1996.07.01	Marsh Ln, Easthampnett, Tangmere, PO18 0JW, Chichester, United Kindom	EUR 197	Manufacturing and Marketing of Industrial Computers

Name of Affiliates	Date of Incorporation	Address	Paid-In Capital	Major Business or Production Items
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	2007.04.11	Max-Planck-Str. 6 72636 Frickenhausen, 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
Kontron Public Transport Arce S.A.U.	2021.04.01	Plaza de Euskadi 5/4a, Bilbao	EUR 60	Manufacturing and Marketing of Industrial Computers
Hartmann Electronic GmbH	1973.02.10	Motorstr. 43, 70499 Stuttgart, Germany	EUR 222	Manufacturing and Marketing of Industrial Computers
W-IE-NE-R Power Electronics GmbH	1992.02.13	Linde 18, 51399 Burscheid, Germany	EUR 51	Manufacturing and Marketing of Industrial Computers
Kontron Transportation Schweiz AG	1976.09.23	Ey 13, 3063 Ittigen, Switzerland	EUR 12,260	Manufacturing and Marketing of Industrial Computers
Hemse.one doo	2022.10.20	Kondina 13, flat 4. 11000 Beograd, Serbia	RSD 293	Computer Program Design
Interactive Energy Lab, OOO	2021.01.27	Verkhnyaya Pervomayskaya Ulitsa, 51, 2, 105264 Moscow, Russia	RUB 11,200	Computer Software Development
Bsquare Corporation	1994.07.15	PO Box 59478, 98058 Renton - Washington, USA	EUR 140,538.	Develop IoT Operating Systems and Software Solutions.
Bsquare EMEA Ltd.	2005.07.13	County Gate, County Way, Wiltshire, BA14 7FJ Trowbridge, United Kingdom	EUR 285.	Develop IoT Operating Systems and Software Solutions.
Kontron Hongkong Technology Co.Ltd.	2011.12.22	Rooms 05-15, 13A/F., South Tower, World Finance Centre, Harbour City, 17 Canton Road,	HK\$10	Manufacturing and Marketing of Industrial Computers

Name of Affiliates	Date of Incorporation	Address	Paid-In Capital	Major Business or Production Items
		Tsim Sha Tsui, Kowloon, 100542 Hong Kong		
Kontron Asia Technology Inc.		5F., No. 415, Ti-Ding Blvd., Sec. 2 Neihu District, 114 Taipei, Taiwan	NT\$1,500,000	Manufacturing and Marketing of Industrial Computers
Quanmax (M) SDN.BHD: (QMM)	2003.02.13	Plot 554, Lorong Perusahaan 4, Prai Free Trade Zone, 13600 Penang, Malaysia	N.A.	Manufacturing and Marketing of Industrial Computers
Comlab Beijing Radio Frequency Technology Co. Ltd.	2008.08.13	1st Floor, Tower B, Zhongchu Building, No.23 Shijingshan Road, 10049 Beijing, China	N.A.	Manufacturing of Signal Repeaters
Comlab Deutschland GmbH	2008.05.28	Itterpark 2, 40724 Hilden, Germany	EUR 100	Development, Manufacturing and Sales of Electronic Equipments
Marketch Integrated Pte. Ltd.	1997.07.10	86 KaKi Bukit Industrial Terrace, Singapore 416166	SGD 14,637	Semiconductor Industry Automation Supply
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	KRW 657,800	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

Name of Affiliates	Date of Incorporation	Address	Paid-In Capital	Major Business or Production Items
Marketech Engineering Pte. Ltd.	2013.11.28	86 KaKi Bukit Industrial Terrace, Singapore 416166	SGD 1,270	Contracting of Engineering Services
Marketech Integrated Manufacturing Company Limited	2015.03.19	Lot No. B12 Tailawa Special Economic Zone A, Yangon Region, Myanmar	US\$15,356	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\$ 9,000	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 Consulting Services and Software Execution Services related to the Installation of Computer Hardware
Marketech 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	Professional Contracting for Projects and Related Maintenance Services Sales and Maintenance of Machine Tools, Sales of Cosmetics and Daily Necessities Production, Development, Implementation and Programming Services of Software Provide Installation Services for Industrial Machinery and Equipment
Ezoom Information, Inc.	1996.11.20	6F.-3, No. 3-2, Park St., Nangang Dist., Taipei City	NT\$111,000	R&D, Trading, and Consulting Services of the Software and Hardware Applications for Information Systems

Name of Affiliates	Date of Incorporation	Address	Paid-In Capital	Major Business or Production Items
PT Marketech International Indonesia	2014.09.25	VIP Chamber #2, Wisma GKBI Lantai 39 Suite 3901, Jl. Jend. Sudirman No. 28, Kel. Bendungan Hilir, Kec. Tanah Abang Jakarta Pusat, Indonesia	US\$1,200	Trading of Machinery Equipment and Spare Parts
ADAT Technology Co., Ltd.	2017.10.19	3F, Building A, No. 5, Dali 3rd Road, Shanhua District, Tainan City	NT\$195,426	R&D , Application and Service of Information Software Electronic Information Supply Services Data Processing Services
Marketech Netherlands B.V.	2017.06.30	Luchthavenweg 81,5657 EA Eindhoven, Netherlands	EUR 1,200	Services for Machinery, Equipment, and Components
Marketech International Sdn. Bhd.	2009.02.16	A-02-02, Capital 1 (Block A), Oasis Square, Oasis Damansara, 47301 Petaling Jaya, Selangor, Malasia	MYR 16,871	Professional Contracting for Projects and Related Maintenance Services Sales of Medical Devices
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\$900	Contracting of Engineering Services
Russky H.K. Limited	1992.12.17	Rm D,21/F, Seabright Plaza,9-23 Shell Street, North Point,Hong Kong	US\$833	Investment Holding and Reinvestment
Advanced Technology Matrix United	2022.02.17	23040 N 11th Ave, Suite 100, Phoenix, AZ 85027, USA	US\$2,900	Warehousing and Logistics Services Sales Agency Business of Semiconductor Equipment, Parts, Consumables and Semiconductor Materials
Marketech International Corporation Germany GmbH	2023.08.09	Altmarkt 10 B/D, 01067 Dresden, Germany	EUR 200	Equipment and Component Sales Business Technical Service Business, etc.

Name of Affiliates	Date of Incorporation	Address	Paid-In Capital	Major Business or Production Items
MIC Industrial Viet Nam Co., Ltd.	2023.09.13	No 5A, Cluster 3, Trung Hamlet, Dang Giang Ward, Ngo Quyen District, Haiphong, Vietnam	US\$1,300	Assembly and Testing of Refrigeration Equipment on an OEM Basis.
Marketch International Corporation USA	2018.11.14	23040 N 11th Ave, Suite 100, Phoenix, AZ 85027, USA	US\$18,450	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	Gloucester Tower, The Landmark, 11 Pedder Street, Central, Hong Kong	US\$9,000	Investment Holding and Reinvestment
Spiro Technology Systems Inc.	2008.04.02	2505 Durfee Ave, El Monte, CA 91732, USA	US\$1,000	General International Trade Industry
Taiwan Radisen HealthCare Co., Ltd.	2019.10.22	6F.-3, No. 3-2, Park St., Nangang Dist., Taipei City	NT\$500	Smart Medical Consulting Services and Investment
MIC Healthcare Korea Co., Ltd.	2021.10.21	#503 B-Dong, Pyungchon Hifield Center, 922 Gwanyang-Dong, Dongan-Gu, Anyang-Si, Gyunggi-Do, Korea	KRW 1,800,000	Research and Development, Sales and Professional Technical Services of Medical Devices and Components. General International Trade and Import/Export
Vertex Corporation	2020.03.19	16F.-6, No. 77, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City	NT\$81,500	Sales of Equipment for 5G wireless Private Networks Communication (micro base stations and core networks) and IoT Intelligent Control Gateways Maintain and Operate the DMP Cloud Object Management Platform and Provide Software Management Platform, Vertical Domain IT and Communication System CT Integration Services

Name of Affiliates	Date of Incorporation	Address	Paid-In Capital	Major Business or Production Items
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 300,000	General International Trade Industry
Nanjing Asiatek Inc.	2005.04.13	Room 506, Block B, Building 2, Runhe Software Park, No. 168 Software Avenue, Yuhuatai District, Nanjing	RMB 21,240	Engage in R&D, Sales of Software and Hardware Products, and provide Installation, Commissioning and Technical Consulting
Ennoconn (Foshan) Investment Holdings Co., Ltd.	2016.12.23	No. 7, Room 508, Building 4, Fengqing Huiting, Gaoli Community, Ronggui Street, Shunde District, Foshan	RMB 115,292	Professional Investment
Beijing Caswell Ltd.	2003.09.23	East 4th Floor, Building 5, Qunying Science and Technology Park, No. 8 Chuangye Road, Shangdi, Haidian District, Beijing	US\$3,800	Production and Sales of Network Communication Products
Highaim Technology Inc.	2007.07.16	No. 278, Chensong Road, Yushan Town, Kunshan City, Jiangsu Province, China	RMB 103,427	Design, R&D, and Production of various Molds, Servers and Communication Equipment
Kunshan Liding Intelligent Equipment Co., Ltd.	2018.08.03	No. 278, Chensong Road, Yushan Town, Kunshan City, Room 3	RMB 1,000	Rental, Sales and After-sales Service of Intelligent and Machinery Equipment and its Accessories.
Highaim Technology (Shenzhen) Inc.	2019.12.06	Room 301, Building 1, Factory Area F8A, Foxconn Technology Park, No. 2 Donghuan 2nd Road, Fukang Community, Longhua Street, Longhua District, Shenzhen	RMB 0	Automation Jigs, Fixtures and Molds

Name of Affiliates	Date of Incorporation	Address	Paid-In Capital	Major Business or Production Items
Goldtek Technology (Shenzhen) Co., Ltd.	2016.07.21	Room 301, Building 1, Factory Area F8A, Foxconn Technology Park, No. 2 Donghuan 2nd Road, Fukang Community, Longhua Street, Longhua District, Shenzhen	US\$13,000	R&D, Wholesale and Processing of Electronic Products and Intelligent Home Security System Equipment Products and other related Supporting Businesses.
Goldtek Technology (Shenzhen) Co., Ltd.	2022.02.14	Room 301, Building 1, Factory Area F8A, Foxconn Technology Park, No. 2 Donghuan 2nd Road, Fukang Community, Longhua Street, Longhua District, Shenzhen	RMB 1,000	Sales of Electronic Products and Special Materials
Ennoconn (Suzhou) Technology Co., Ltd.	2017.06.29	No. 299 Nansong Road, Yushan Town, Kunshan City, Jiangsu Province, Room 1	US\$60,500	R&D, Production and Sales of Industrial Computers
Ennoconn (Kunshan) Technology Co., Ltd.	2018.04.26	No. 299 Nansong Road, Yushan Town, Kunshan City, Jiangsu Province, Room 3	RMB 3,836	Intelligent Technology Development and Hardware Sales
Suzhou Huashida Intelligent Technology Co., Ltd.	2023.06.19	No. 1, 299 Nansong Road, Yushan Town, Kunshan City, Jiangsu Province	RMB 722	Intelligent vehicle-mounted equipment manufacturing
Ennoconn Investment Co., Ltd.	2019.10.30	19th Floor, Block C, Haichuang Building, No. 288 Dengyun Road, Yushan Town, Kunshan City, Jiangsu Province	-	Professional Investment

Name of Affiliates	Date of Incorporation	Address	Paid-In Capital	Major Business or Production Items
Mic-Tech (Shanghai) Corp.	2001.05.24	A1-3, 1st Floor, Great Wall Building, No. 333 Fute West 1st Road, China (Shanghai) Pilot Free Trade Zone	US\$8,241	Sales, Commission Agency, Import and Export of Equipment, Consumables, Chemicals, Parts, etc. for the Semiconductor Industry and other Industries, and other related supporting Businesses Equipment Installation and Maintenance Services Trade Agency and Business Consulting Services in the bonded Area
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, Commissioning and Technical Services of Hazardous Barrel Regeneration, Pipeline Systems and related Facilities for the Semiconductor Manufacturing Industry Equipment Maintenance for the Semiconductor Manufacturing Industry
Mic-Tech Electronics Engineering Corp.	2003.06.30	Room 701-706, No. 36, Lane 2777, Jinxiu East Road, China (Shanghai) Pilot Free Trade Zone	US\$17,619	Mechanical and Electrical Installation Construction, Professional Decorative Construction Contracting, Professional Intelligent Building Construction Contracting, Professional Electronic Construction Professional Contracting and related Technical Services and Technical Consulting.
Mic-Tech (Wuxi) Co., Ltd.	2001.05.16	No. 11 Xinxi Road, Wuxi National High-tech Industrial Development Zone, Jiangsu Province	US\$25,500	Production and Sales of Semiconductor Devices, Intelligent Warehousing Equipment, Lighting Fixtures, Masks and Labor Protection Products Manufacture of Special Packaging Equipment
Integrated Manufacturing & Services Co., Ltd.	2008.10.22	Hualong Industrial Park, Liantong Village Group 4, No. 60, Sijia Town, Haimen City, Nantong City, Jiangsu Province	US\$7,000	Develop and Produce Special Equipment for Solar Cell Production, Manufacture Key Components of Large-screen Color Projection Displays, Manufacture New Electronic Components, and Provide Services such as Cleaning and Regeneration

Name of Affiliates	Date of Incorporation	Address	Paid-In Capital	Major Business or Production Items
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 Agency, Import and Export, Installation, Maintenance and other related supporting Businesses of Chemicals, Semiconductor and Solar Energy Equipment Consumables, Machinery Equipment and its Accessories Trade Agency and Business Consulting Services in the bonded area
Renown Information Technology Corp.	2017.12.15	3F., No. 10, Jiankang Rd., Zhonghe Dist., New Taipei City	NT\$50,000	Computer Equipment Installation, Wholesale of Computers and Office Machinery Equipment, Wholesale of Information Software, Retail of Computers and Office Machinery Equipment, Retail of Information Software, International Trade, Intellectual Property Rights, Management Consulting, other Consulting Services, Information Software Services, Data Processing Services, Electronic Information Supply Services, R&D Services, Human Resource Dispatch, other Commercial Services, Book Publishing, Conference and Exhibition Services, Agency Services, except for Prohibited or Restricted Businesses, may operate Businesses not Prohibited or Restricted by law, Import of Controlled Radio Frequency Equipment.
Array Inc.-KY	2023.03.30	9F., No. 65, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City	NT\$77,040	APV Series Load Balancing and Application Delivery, AG Series VPN Remote Access, (Array SSL VPN gateway, AG SSL VPN), ASF Series WAF & DDoS, ASI Series SSL Intercept & Visibility, Network HCI AVX Series Network Hyper-Converged Structure, Array Management Platform.

Name of Affiliates	Date of Incorporation	Address	Paid-In Capital	Major Business or Production Items
Reed SemiConductor	2023.08.21	8F.-11, No. 335, Ruiguang Rd., Neihu Dist., Taipei City	US\$1,000	IC Design related to Power Management, focusing on High-Performance Computing, Industrial Control, and new Energy Vehicles, providing Customers with Safe and Effective Solutions.
EnnoRise Corporation	2023.10.13	No. 123, Zhongcheng Rd., Tucheng	NT\$60,000	Industrial and Commercial Energy Storage Systems, Household Energy Storage Systems, UPS Energy Storage Systems.

3. Industries Covered by the Overall Affiliated Companies' Business Operations:

The industries covered by the business operations of the company and its affiliated companies include electronics, computers, manufacturing, trading, investment, etc.

4. Information on Shareholders Presumed to Have a Controlling and Subordinate Relationship: None.

5. Information on Directors, Supervisors and General Managers of Each Affiliated Company

December 31, 2023

Unit: Shares Thousand NTD

Name of Affiliates	Title	Name or Representative	Shares Held	
			Number of Shares (or Capital Contribution)	Ratio(%)
The Innovation System Integration Limited (HK)	Director	Ennoconn Corporation - Fu-Chuan Chu	518,216,530	100%
Ennoconn International Investment Co., Ltd.	Chairman	Ennoconn Corporation - Fu-Chuan Chu	820,635,000	100%
	Director	Ennoconn Corporation - Chao-Tsung Lou	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	27.27%
	Director	Ennoconn Corporation - Chao-Tsung Lou	20,000,000	27.27%
	Directors and President	Te-Fu Hung	115,446	0.16%
	Director	Ennoconn Corporation - Neng-Chi Tsai	20,000,000	27.27%
	Independent Director	Jian Hua, Shao	0	0%
	Independent Director	Wen-Chang Fang	0	0%
	Independent Director	Fu Ji, Deng	0	0%

Name of Affiliates	Title	Name or Representative	Shares Held	
			Number of Shares (or Capital Contribution)	Ratio(%)
Ennoconn Investment Holdings Co.,Ltd	Chairman	Ennoconn Corporation - Fu-Chuan Chu	309,510,000	100%
ENGA Technology Co., Ltd.	Chairman	The Innovation System Integration Limited (HK) - Chao-Mao Huang	3,500,000	100%
	Director	The Innovation System Integration Limited (HK) - Fu-Chuan Chu	3,500,000	100%
	Director	The Innovation System Integration Limited (HK) - Chao-Tsung Lou	3,500,000	100%
Victor Plus Holdings Ltd.	Director	The Innovation System Integration Limited (HK) - Chun-Hao Shih	0	100%
AIS Cayman Technology Group.	Chairman	FU-CHUAN CHU	0	0%
	Director	NEN CHI NELSON TSAY	0	0%
	Director	LING HSIAO YU	0	0%
Kontron AG	Executive Board	Hannes Niederhauser	4,117,533	6.47%
	Executive Board	Clemens Billek (as of May. 02, 2022)	0	0%
	Executive Board	Peter Sturz	8,833	0.01%
	Executive Board	Michael Riegert (as of Jan. 01, 2022)	10,625	0.02%
	Supervisors	Claudia Badstöber* (as of June 16, 2020)	418,211	0.66%
	Supervisors	Bernhard Chwatal	0	0%
	Supervisors	Joseph (Joe) John Fijak	0	0%

Name of Affiliates	Title	Name or Representative	Shares Held	
			Number of Shares (or Capital Contribution)	Ratio(%)
	Supervisors	Fu-Chuan Chu alias Steve Chu	0	0%
	Supervisors	Yu-Mei Wu alias Yolanda Wu	0	0%
American Industrial Systems, Inc.	Chairman	NEN CHI NELSON TSAY	0	0%
	Director	JASON TSUNG-SHUN CHOU	0	0%
	Director	JOSEPH JOHN FIJAK	0	0%
Vecow Co., Ltd.	Chairman	AIS Cayman Technology Group - Neng-Chi Tsai	50,000	100%
	Director	AIS Cayman Technology Group – Fu-Chuan Chu	50,000	100%
	Director	AIS Cayman Technology Group - Yu Ling Xiao	50,000	100%
	Supervisor	AIS Cayman Technology Group - Chao-Mao Huang	50,000	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 Bin, Liang	757,831	2.53%
	Director	Ennoconn International Investment Co., Ltd. - Tung-Sheng Tu	17,022,831	56.74%
	Independent Director	Wus Hui, Zheng	0	0%
	Independent Director	Jun Ian, Lai	0	0%

Name of Affiliates	Title	Name or Representative	Shares Held	
			Number of Shares (or Capital Contribution)	Ratio(%)
	Independent Director	Shi Gang, 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. - Ming-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. - Ming-Hsueh Tsai	12,600,000	56%
	Director	Ennoconn International Investment Co., Ltd. - Hung-Chih Chou	12,600,000	56%
	Director	Xin Yu, Chen	1,582,874	7.03%

Name of Affiliates	Title	Name or Representative	Shares Held	
			Number of Shares (or Capital Contribution)	Ratio(%)
	Director	Fuyuan Investment Co., Ltd. - Pei Yu, Zhang	3,771,272	17.66%
	Supervisor	Pin-Hsien Wu	10,000	0.04%
	Supervisor	Lin, Ya-Hui	10,000	0.04%
	Supervisor	Long Peng, Hong	88,743	0.39%
HighAim Technology INC.	Legal Representative and Executive Managing Director	Huan Xiang, Zhong	66,712	1.34%
DOMINATE UNITED ENTERPRISE LTD.	Chairman	EnnoMech Precision (Cayman) Co., Ltd. - CHIH KUN JACKSON SHIH	2,100,000	100%
Marketech International Corp.	Director	Ji-Xuan Investment Corp. - Xin Ming, Gao	11,005,795	5.64%
	Director	E-Win Investment Corp. - Yu Ye, 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	Zong Bao, Wu	0	0.00%

Name of Affiliates	Title	Name or Representative	Shares Held	
			Number of Shares (or Capital Contribution)	Ratio(%)
	Independent Director	Xiao Min, Lin	0	0.00%
	Independent Director	Yi Jun, Wang	0	0.00%
	Independent Director	Rong Xiang, Zhao	0	0.00%
EnnoMech Precision Co., Ltd.	Chairman	EnnoMech Precision (Cayman) Co., Ltd. – Chao-Tsung Lou	1,000,000	100%
	Director	EnnoMech Precision (Cayman) Co., Ltd. – Fu-Chuan Chu	1,000,000	100%
	Director	EnnoMech Precision (Cayman) Co., Ltd. – Chao Mao, Huang	1,000,000	100%
	Supervisor	EnnoMech Precision (Cayman) Co., Ltd. - Bing Xun Huang	1,000,000	100%
FUNOLOGY INVESTMENT INC.	Legal Representative	HighAim Technology Inc. - Ru Xiang, Zhong	1,000	100%
ANDRIX INTERNATIONAL LIMITED	Legal Representative	HighAim Technology Inc. - Huan Xiang, Zhong	900	100%
CASO Inc.	Director	Caswell Inc. - Te-Fu Hung	1,881	99%
	Director	Caswell Inc. - Chih-Chiang Yen	1,881	99%
	Directors 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%

Name of Affiliates	Title	Name or Representative	Shares Held	
			Number of Shares (or Capital Contribution)	Ratio(%)
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	Yong Nian, Liu	0	0%
	Director	Rui Hua, Cao	0	0%
	Director	Xue Wen, Dai	111,444	0.74%
	Director	Caswell Inc. - Yen-Hsiang Chen	9,096,667	60.64%
	Supervisor	Hui Qing, 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%
Kontron Bulgaria e.o.o.d., Bulgaria	Directors	Zlati Stoychev Petrov	0	0%
Kontron Services Romania S.R.L., Romania	Directors	Macovei Nicoleta	0	0%
	Directors	Codruta Andrian Aurelia	0	0%
CBCX Technologies GmbH	Directors	Michael Jeske	0	0%
Kontron Hungary Kft., Hungary	Directors	Peter Dezső Szabó	0	0%
	Directors	Balazs Kresz Kulczar Sandor	0	0%
	Directors	Arpad János Lenkei	0	0%
Kontron Beteiligungs GmbH	Directors	Michael Riegert	0	0%
	Directors	Helmut Fischer	0	0%
Kontron Austria GmbH, Austria	Directors	Walter Kroupa	0	0%

Name of Affiliates	Title	Name or Representative	Shares Held	
			Number of Shares (or Capital Contribution)	Ratio(%)
Kontron Technologies GmbH, Austria	Directors	Egerth Harald	0	0%
	Directors	Günthner Bernhard	0	0%
S&T MEDTECH SRL, Romania	Directors	George Visan	0	0%
	Directors	Condruta Andrian Aurelia	0	0%
Kontron Asia Inc., Taiwan	Directors	Steve Chen	0	0%
Kontron AIS GmbH	Directors	Dirk Sauer	0	0%
	Directors	Michael Jacob	0	0%
Kontron America Inc.	Directors	Ted Christiansen	0	0%
	Directors	Helmut Fischer	0	0%
	Directors	Philipp Schulz	0	0%
	Directors	Thomas Ebner	0	0%
Kontron Canada Inc.	Directors	Jason Larocque	0	0%
	Directors	Philipp Schulz	0	0%
	Directors	Helmut Fischer	0	0%
Kontron Asia Pacific Design Sdn. Bhd.	Directors	Cheng Ee Kong	0	0%
	Directors	Shanmuganathan Palanisamy	0	0%
Kontron Technology Beijing Co. Ltd.	Directors	Steve Chen	0	0%
Kontron Europe GmbH, Germany	Directors	Helmut Fischer	0	0%
	Directors	Michael Riegert	0	0%
Kontron UK Ltd.	Directors	David Johnson	0	0%

Name of Affiliates	Title	Name or Representative	Shares Held	
			Number of Shares (or Capital Contribution)	Ratio(%)
Kontron Modular Computers S.A.S., France	Directors	Alain Spors	0	0%
Kontron Electronics GmbH, Germany	Directors	Holger Wußmann	0	0%
Kontron Electronics Kft., Hungary	Directors	Anita Réder	0	0%
Kontron Electronics AG, Switzerland	Directors	Sebastian Wieland	0	0%
	Directors	Michael Riegert	0	0%
	Directors	Julius von Jagow	0	0%
Kontron Transportation Sp. z o.o.	Directors	Richard Neussl	0	0%
Kontron Transportation España SL	Directors	Rafael Canales	0	0%
Kontron Transportation GmbH	Directors	Bernd Eder	0	0%
	Directors	Richard Neussl	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	Richard Neussl	0	0%
Kontron Transportation Deutschland GmbH	Directors	Bernd Eder	0	0%
Kontron Transportation France S.A.S.	Directors	Bernd Eder	0	0%

Name of Affiliates	Title	Name or Representative	Shares Held	
			Number of Shares (or Capital Contribution)	Ratio(%)
Kontron Transportation UK Ltd.	Directors	Bernd Eder	0	0%
	Directors	Mansukh Shivji (Manny) Gorasia	0	0%
Kontron Public Transportation	Directors	Jean Dubois	0	0%
Kontron d.o.o.	Directors	Robert Kuzmić	0	0%
	Directors	Jure Fir	0	0%
Kontron DOOEL Skopje	Directors	Jovanovski Slobodan	0	0%
IskraCom	Directors	Savitskiy Insun	0	0%
OOO Iskratel Tashkent	Directors	Sharifov Rakhimkhodja	0	0%
	Directors	Mirka Ivanova	0	0%
ISKRA-TECHNOLOGIEN	Directors	Davydov Vladislav	0	0%
Hartmann Electronic GmbH	Directors	Frank Godulla	0	0%
W-IE-NE-R Power Electronics GmbH	Directors	Alexander Bremmert	0	0%
	Directors	Andreas Köster	0	0%
Hemse.one.doo	Directors	Julius Jagow	0	0%
Bsquare Corporation	Directors	Helmut Fischer	0	0%
	Directors	Philipp Schulz	0	0%
	Directors	Ted Christiansen	0	0%
Bsquare EMEA Ltd.	Directors	Matthew Inglis	0	0%
	Directors	Cheryl Wynne	0	0%
Kontron Hongkong Technology Co. Ltd	Directors	Steve Chen	0	0%

Name of Affiliates	Title	Name or Representative	Shares Held	
			Number of Shares (or Capital Contribution)	Ratio(%)
Kontron Asia Technology Inc.	Directors	Steve Chen	0	0%
Quanmax (M) SDN.BHD	Directors	Eric Cheng	0	0%
Kontron Transportation Schweiz AG	Directors	Alain-Dominique Rupf	0	0%
	Directors	Daniel Pelizzoni	0	0%
	Directors	Pascal Schwab Crescionini	0	0%
	Directors	Rene Götz	0	0%
		Richard Neussl	0	0%
Kontron Public Transport Arce S.A.U	Directors	Rafael Canales	0	0%
Interactive Energy Lab, OOO	Directors	Alexey Nebera	0	0%
Comlab Beijing Radio Frequency Technology Co. Ltd.	Directors	Helen Han	0	0%
	Directors	Bella Li	0	0%
Comlab Deutschland GmbH	Directors	Alain-Dominique Rupf	0	0%
Marketech Integrated Pte. Ltd.	Chairman	Xin Ming, Gao	SGD 14,637	100%
	Director	Yu Ye, Lin		
	Director	Loo Lam Huat		
Market Go Profits Ltd.	Director	Xin Ming, Gao	USD 40,119	100%
	Director	Yu Ye, Lin		

Name of Affiliates	Title	Name or Representative	Shares Held	
			Number of Shares (or Capital Contribution)	Ratio(%)
MIC-Tech Global Corp.	Director	Xin Ming, Gao	KRW 657,800	100%
	Director	Yu Ye, Lin		
	Director	Jin Ho, Park		
	Supervisor	Yi Rong, Li		
	President	Jin Ho, Park		
Headquarter International Ltd.	Director	Xin Ming, Gao	USD 1,289	100%
	Director	Yu Ye, Lin		
Tiger United Finance Ltd.	Director	Xin Ming, Gao	USD 1,410	100%
	Director	Yu Ye, Lin		
Marketech Engineering Pte. Ltd.	Director	Xin Ming, Gao	SGD 1,270	100%
	Director	Yu Ye, Lin		
	Director	Loo Lam Huat		
Marketech Integrated Manufacturing Company Limited	Director	Xin Ming, Gao	USD 15,356	100%
	Director	Yu Ye, Lin		
MIC-Tech Viet Nam Co., Ltd.	President	Xin Ming, Gao	USD 9,000	100%
Marketech Co., Ltd.	President	Xin Ming, Gao	USD 2,400	100%

Name of Affiliates	Title	Name or Representative	Shares Held	
			Number of Shares (or Capital Contribution)	Ratio(%)
Ezoom Information, Inc.	Chairman	Representative, Marketch International Corp. – Yu Ye, Lin	11,100,000	100%
	Director	Representative, Marketch International Corp. - Xin Ming, Gao		
	Director	Representative, Marketch International Corp. - Bing Zhong, Song		
	Director	Representative, Marketch International Corp. – Yi Rong, Li		
	Supervisor	Representative, Marketch International Corp. - Guo Peng, Ma		
PT Marketch International Indonesia	Director	Xin Ming, Gao	USD 1,200	100%
	Director	Yu Ye, Lin		
	Director	Natalriana		
	Supervisor	Yi Rong, Li		
ADAT Technology Co., Ltd.	Chairman	Representative, Marketch International Corp. – Yu Ye, Lin	5,005,940	25.62%
	Director	Representative, Marketch International Corp. - Xin Ming, Gao		
	Director	Kai Hong, Su		
	Supervisor	Yi Rong, Li		

Name of Affiliates	Title	Name or Representative	Shares Held	
			Number of Shares (or Capital Contribution)	Ratio(%)
Marketech Netherlands B.V.	Director	Xin Ming, Gao	EUR 1,200	100%
	Director	Yu Ye, Lin		
	Director	Guo Peng, Ma		
Marketech International Sdn. Bhd.	Director	Xin Ming, Gao	MYR 16,871	100%
	Director	Yu Ye, Lin		
	Director	Guo Peng, Ma		
	Director	Mohd Salleh Bin Mohamad		
	Director	Siti Zaleha Binti Mohd Salim		
MIC-Tech Ventures Asia Pacific Inc.	Director	Xin Ming, Gao	USD 40,017	100%
	Director	Yu Ye, Lin		
Marketech Integrated Construction Co., Ltd.	Director	Xin Ming, Gao	USD 900	97.69%
	Director	Yu Ye, Lin		
Russky H.K. Limited	Director	Xin Ming, Gao	USD 833	100%
	Director	Yu Ye, Lin		
Frontken MIC Co. Limited	Director	Xin Ming, Gao	USD 2,338	100%
	Director	Yu Ye, Lin		
Advanced Technology Matrix United	Director	Xin Ming, Gao	USD 2,900	68.97%
	Director	Yu Ye, Lin		
	Director	Bing Zhong, Song		
	Director	Zhong Hao, You		
	Director	JiezHong, Zheng		

Name of Affiliates	Title	Name or Representative	Shares Held	
			Number of Shares (or Capital Contribution)	Ratio(%)
	Director	Qian You, Xiao		
	Director	Jun Yu, Wu		
	Director	Zhi Xian, Yang		
Marketch International Corporation Germany GmbH	Executive Director	Bing Zhong, Song	EUR 200,000	100%
	Executive Director	Zhong Hao, You		
MIC Industrial Viet Nam Co., Ltd.	President	Xin Ming, Gao	USD 1,300	100%
Marketch International Corporation USA	Director	Bing Zhong, Song	USD 18,450	100%
	Director	JieHong, Zheng		
Mict International Limited	Director	Xin Ming, Gao	USD 9,000	60%
	Director	Yu Ye, Lin		
	Director	Jin Tiao, Wu		
Spiro Technology Systems Inc.	Director	Xin Ming, Gao	USD 1,000	100%
	Director	Yu Ye, Lin		
	Director	Bing Zhong, Song		
	President	Bing Zhong, Song		
Smart Health Corp.	Chairman	Representative, Marketch International Corp. - Xin Ming, Gao	50,000	100%
	Supervisor	Representative, Marketch International Corp. – Yi Rong, Li		

Name of Affiliates	Title	Name or Representative	Shares Held	
			Number of Shares (or Capital Contribution)	Ratio(%)
MIC Healthcare Korea Co., Ltd.	Director	Xin Ming, Gao	KRW1,800,000	100%
	Director	Yu Ye, Lin		
	Director	Jeon Ho, Bai		
	Supervisor	Yi Rong, Li		
Vertex Corporation	Chairman	Representative, Coiler Corporation - Yu Hui, Zhang	5,000,000	61.35%
	Director	Xin Ming, Gao		
	Director	Representative, Marketch International Corp. – Yu Ye, Lin		
	Supervisor	Yi Rong, Li		
	Supervisor	Li Ling, Tsai		
Nanjing Asiatek Inc.	Legal Representative and Executive Managing Director	The Innovation System Integration Limited (HK) - Pin-Hsien Wu	USD 3,000	100%
	Supervisor	Ji Hua, Li		
Ennoconn (Foshan) Investment Holdings Co., Ltd.	Legal Representative and Executive Director	Ennoconn (Suzhou) Technology Co., Ltd. – Chao-Tsung Lou Ennoconn Investment Co., Ltd. - Chao-Tsung Lou	RMB61,870 RMB49,135	57.43% 42.57%
	Supervisor	Chao-Mao Huang		
Marketch International Corp. Japan	Director	Xin Ming, Gao	JPY 300,000	100%

Name of Affiliates	Title	Name or Representative	Shares Held	
			Number of Shares (or Capital Contribution)	Ratio(%)
Beijing Caswell Ltd.	Executive Director	Shan Grui, Lin	0	0%
	President	Ren Hao, Liu	0	0%
	Supervisor	Fu-Sung Hsu	0	0%
Highaim Technology Inc.	Legal Representative and Executive Managing Director	HighAim Technology Inc. - Huan Xiang, Zhong	USD 15,000	100%
	Director	Yu Ling, Chen		
	Director	Ya Jing, Xie		
	Supervisor	Min Gzhe, Gao		
Goldtek Technology (Shenzheng) Co., Ltd.	Legal Representative	Tung-Sheng Tu	USD 13,000	100%
Goldtek Technology (Shenzheng) Co., Ltd.	Legal Representative	Tung-Sheng Tu	RMB 1,000	100%
Techno Precision Co., Ltd.	Juridical Person	Tung-Sheng Tu	7,500,000	40.3%
Techno Precision (Shenzhen) Co., Ltd.	Juridical Person	Ji Ping, Fang	HKD 23,000	100%
T-Paragon Die Casting Co., Ltd.	Juridical Person	Yi Xuan, Guan	7,500,000	50%
Techno Precision (Shenzhen) Co., Ltd.	Juridical Person	Kun Zhou, Zhang	HDK 5,000	100%
Tairoun Products Co., Ltd. (Thailand)	Juridical Person	Yi Xuan, Guan	THB221,000	100%
NATIONGATE INTEGRATION (M) SDN.BHD	Juridical Person	Ooi Eng Leong	600,000,000	60%

Name of Affiliates	Title	Name or Representative	Shares Held	
			Number of Shares (or Capital Contribution)	Ratio(%)
Ennoconn (Suzhou) Technology Co., Ltd.	Chairman	Innovative Systems Integration Ltd. – Chao-Tsung Lou	USD 60,500	100%
	Executives, directors, or supervisors who are spouses or within the second degree of kinship	Innovative Systems Integration Ltd. – Fu-Chuan Chu		
	Executives, directors, or supervisors who are spouses or within the second degree of kinship	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	70%
Mic-Tech (Wuxi) Co., Ltd.	Chairman	Xin Ming, Gao	USD 25,500	100%
	Director	Guo Peng, Ma		
	Director	Yu Ye, Lin		
	Supervisor	Yi Rong, Li		
	President	Xin Ming, Gao		

Name of Affiliates	Title	Name or Representative	Shares Held	
			Number of Shares (or Capital Contribution)	Ratio(%)
Mic-Tech (Shanghai) Corp.	Chairman	Xin Ming, Gao	USD 8,241	100%
	Director	Yu Ye, Lin		
	Director	Guo Peng, Ma		
	Supervisor	Yi Rong, Li		
	President	Xin Ming, Gao		
Shanghai Maohua Electronics Engineering Co., Ltd.	Chairman	Xin Ming, Gao	USD 600	87%
	Director	Guo Peng, Ma		
	Executives, Directors, or Supervisors who are Spouses or within the Second Degree of Kinship	Yu Ye, Lin		
	Director	Shimada Naohisa		
	Director	Arakawa Makoto		
	Supervisor	Yi Rong, Li		
	President	Xin Ming, Gao		
Mic-Tech Electronics Engineering Corp.	Chairman	Xin Ming, Gao	USD 17,619	100%
	Director	Guo Peng, Ma		
	Director	Yu Ye, Lin		

Name of Affiliates	Title	Name or Representative	Shares Held	
			Number of Shares (or Capital Contribution)	Ratio(%)
Integrated Manufacturing & Services Co., Ltd.	Chairman	Xin Ming, Gao	USD 7,000	60%
	Director	Yi Rong, Li		
	Director	Zhen Gcun, You		
	Supervisor	Yu Ye, Lin		
	President	Zhi Fu, Lin		
Mic-Tech China Trading (Shanghai) Co., Ltd.	Chairman	Xin Ming, Gao	USD 1,500	100%
	Executives, directors, or supervisors who are spouses or within the second degree of kinship	Yu Ye, Lin		
	Executives, directors, or supervisors who are spouses or within the second degree of kinship	Guo Peng, Ma		
	Supervisor	Yi Rong, Li		
	President	Yu Ye, Lin		
Renown Information Technology Corp.	Chairman	Caswell Inc. - Yun-Hsien Lin	620,000	12.4%
	Director	Yongyao Biotech Corp. - Tian Quan, Gu	1,800,000	36%
	Director	Goldtek Technology Co., Ltd. - Ming Xue, 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		

Name of Affiliates	Title	Name or Representative	Shares Held	
			Number of Shares (or Capital Contribution)	Ratio(%)
EnnoRise Corporation	Chairman	Ennoconn Corporation - Fu-Chuan Chu	6,000,000	60%
	Director	Ennoconn Corporation - Neng-Chi Tsai		
	Director	Ennoconn Corporation - Jian Zhi, Lin		
	Director	Moai Green Power Corporation- Yi Yang, Lin		
	Director	Moai Green Power Corporation - Jin Sheng, Li		
	Supervisor	Chao-Mao Huang		

(2) Affiliated Companies Operating Overview

December 31, 2023

Unit: NT\$ thousand

Name of Affiliates	Capital	Total Assets	Total Liabilities	Shareholders' Equity	Operating Revenue	Operating Profit (Loss)	Net Income or Loss for the Current Period (After Tax)	Earnings Per Share (After Tax)
Innovative Systems Integration Limited	HK\$518,217	2,093,998	77	2,093,921	-	(339)	79,211	-
Ennoconn International Investment Co., Ltd.	8,206,350	10,645,163	425,099	10,220,064	-	(1,060)	1,134,137	-
Caswell Inc.	733,485	4,903,568	1,502,103	3,401,465	3,120,065	383,359	322,707	4.40
Ennoconn Investment Holdings Co., Ltd	US\$309,510	13,186,249	907	13,185,342	-	(433)	679,575	-
AIS Cayman Technology	US\$10,701	2,318,951	962,243	1,356,708	3,197,717	354,336	272,779	0.80
ENGA Technology Co., Ltd.	-	-	(7)	7	-	-	(448)	-
Victor Plus Holdings Ltd.	-	548,363	544,791	3,572	3,965,871	(10,615)	(9,882)	-
Kontron AG	EUR63,861	30,375,533	7,915,320	22,460,213	2,889,449	333,900	2,619,062	-
Ennoconn Hungary Kft.	US\$1,000	4,138,340	1,576,307	2,562,033	8,608,822	113,788	26,971	-
American Industrial Systems Inc.	US\$1,500	1,196,335	657,393	538,942	2,188,865	205,820	148,849	3.18
Vecow Co., Ltd.	50,000	918,492	308,688	609,805	1,037,078	148,989	125,084	25.04
Goldtek Technology Co., Ltd.	300,000	2,295,288	670,276	1,625,013	1,834,661	122,037	51,735	1.72
EnnoMech Precision (Cayman) Co., Ltd.	US\$13,800	726,194	77	726,117	-	(495)	98,227	0.23
Ennowyse Corporation	104,000	21,839	80,321	(58,482)	123	(84)	(95)	(0.01)
Thecus Technology Corp.	170,000	32,640	75,238	(42,597)	(1,571)	(9,311)	(19,999)	(1.18)
Dexatek Technology Ltd.	225,000	853,623	282,100	571,523	961,772	126,116	113,063	5.03
Marketech International Corp.	2,013,154	33,005,660	21,862,379	11,143,280	28,394,864	1,953,789	2,161,833	10.96

Name of Affiliates	Capital	Total Assets	Total Liabilities	Shareholders' Equity	Operating Revenue	Operating Profit (Loss)	Net Income or Loss for the Current Period (After Tax)	Earnings Per Share (After Tax)
POSLAB TECHNOLOGY CORPORATION	130,000	271,296	176,560	94,736	227,236	(1,847)	(5,462)	(0.30)
Renown Information Technology Corp.	50,000	67,221	27,967	39,254	29,930	2,996	4,425	0.88
Ennorise Corporation	100,000	95,262	4,285	90,977	1,188	(9,098)	(9,023)	(0.90)
HighAim Technology INC.	US\$5,000	1,047,624	374,834	672,790	607,749	15,019	51,173	0.40
EnnoMech Precision Co., Ltd.	10,000	308,112	223,543	84,570	1,609,373	64,900	57,398	56.41
FUNOLOGY INVESTMENT INC.	US\$1	38,421	21,538	16,884	59,955	651	1,139	36.57
ANDRIX INTERNATIONAL LIMITED	US\$1	280,956	256,215	24,740	436,928	5,371	6,852	244.33
CASO Inc.	JPY95,000	164,893	43,379	121,514	317,106	28,918	19,067	-
CASWELL INTERNATIONAL INVESTMENT CO., LTD.	US\$3,206	178,796	474	178,322	-	(45)	(39,519)	-
Caswell Americas Inc.	US\$3,000	116,685	40,179	76,506	208,333	(3,617)	(354)	-
Apligo Gmbh	EUR36	115,244	88,556	26,688	150,321	(32,365)	(35,608)	-
Hawkeye Tech Co., Ltd.	150,000	527,713	189,399	338,314	483,713	56,462	54,074	3.60
Keenest Electronic Corp.	736,920	241,359	50,636	190,722	153,035	1,027	(56,659)	-
NATIONGATE INTEGRATION (M) SDN.	6,411	6,367	24	6,343	-	(59)	58	-
Techno Precision Co., Ltd.	550,203	601,458	59,410	542,048	548,098	(1,642)	25,592	-
T-Paragon Die Casting Co., Ltd.	58,954	304,393	256,959	47,435	40,833	(12,041)	81,394	-
Tairoun Products Co., Ltd. (Thailand)	199,276	315,698	46,330	269,368	145,288	51,230	51,230	0.23
HCT capital Management Consulting Co., Ltd.	1,000	369	115	254	-	(274)	(270)	(2.70)
Marketech Integrated Pte. Ltd.	SGD14,637	152,157	97,855	54,302	208,801	5,683	865	-

Name of Affiliates	Capital	Total Assets	Total Liabilities	Shareholders' Equity	Operating Revenue	Operating Profit (Loss)	Net Income or Loss for the Current Period (After Tax)	Earnings Per Share (After Tax)
Market Go Profits Ltd.	US\$40,119	2,521,328	-	2,521,328	-	(119)	488,991	-
MIC-Tech Global Corp.	KRW657,800	26,586	7,755	18,831	185,938	2,558	4,068	-
Headquarter International Ltd.	US\$1,289	36,824	276	36,547	2,182	(132)	(512)	-
Tiger United Finance Ltd.	US\$1,410	35,059	585	34,474	2,762	324	(194)	-
Marketech Engineering Pte. Ltd.	SGD1,270	2,909	94	2,815	-	(245)	(1,364)	-
Marketech Integrated Manufacturing Company Limited	US\$15,356	129,723	3,106	126,617	1,066	(29,373)	(19,604)	-
MIC-Tech Viet Nam Co., Ltd.	US\$9,000	304,419	86,444	217,976	92,674	(3,775)	(4,565)	-
Marketech Co., Ltd.	US\$2,400	8,061	9,727	(1,666)	6	(8,300)	(8,333)	-
Ezoom Information, Inc.	111,000	275,536	255,794	19,742	261,382	(90,471)	(90,761)	(6.42)
Marketech International Sdn. Bhd.	MYR16,871	48,355	15,672	32,683	30,788	(38,582)	(39,504)	-
Marketech International Corporation USA	US\$18,450	8,412,284	7,619,669	792,616	16,495,224	10,045	(180,857)	-
Spiro Technology Systems Inc.	US\$1,000	107,665	23,779	83,886	85,555	1,174	1,279	-
ADAT Technology Co., Ltd.	195,426	69,624	24,698	44,926	6,844	(68,572)	(68,201)	(3.49)
PT Marketech International Indonesia	US\$1,200	34,522	-	34,522	-	(739)	(745)	-
Marketech Netherlands B.V.	EUR1,200	7,250	10,043	(2,793)	29,391	(8,361)	(8,309)	-
Smart Health Corp.	500	333	-	333	-	(46)	(44)	(0.88)
Vertex Corporation	81,500	86,185	52,279	33,906	38,629	(22,323)	(22,617)	(2.78)
MIC Healthcare Korea Co., Ltd.	KRW1,800,000	5,016	552	4,464	2,325	(23,521)	(23,421)	-
Marketech International Corp. Japan	JPY300,000	62,636	7,421	55,214	928	(9,561)	(10,068)	-
MIC-Tech Ventures Asia Pacific Inc.	US\$40,017	2,520,186	70	2,520,116	-	(1,187)	489,101	-

Name of Affiliates	Capital	Total Assets	Total Liabilities	Shareholders' Equity	Operating Revenue	Operating Profit (Loss)	Net Income or Loss for the Current Period (After Tax)	Earnings Per Share (After Tax)
Marketech Integrated Construction Co., Ltd.	US\$900	3,225	783	2,442	21	(1,033)	(1,143)	-
Rusky H.K. Limited	US\$833	9,335	-	9,335	-	(371)	17,507	-
Frontken MIC Co., Limited	US\$2,338	-	-	-	-	-	15	-
Advanced Technology Matrix United	US\$2,900	89,172	226	88,946	-	(100)	(100)	-
Marketech International Corporation Germany GmbH	EUR200	6,784	1,142	5,642	-	(1,131)	(1,144)	-
MIC Industrial Viet Nam Co., Ltd.	US\$1,300	52,448	14,196	38,253	-	(1,177)	235	-
Mict International Limited	US\$9,000	43,780	-	43,780	-	-	(9,370)	-
Kontron AIS GmbH	EUR51	887,957	361,805	526,152	978,192	33,926	15,049	-
Kontron Technologies GmbH	EUR35	622,576	189,701	432,875	702,259	2,587	14,107	-
CBCX Technologies GmbH	EUR36	436,941	26,039	410,902	214,381	42,117	37,417	-
Kontron Services Romania S.R.L.	EUR7,837	1,803,043	1,660,114	142,929	2,338,722	(324,482)	(321,051)	-
Kontron Bulgaria EOOD	EUR579	1,943,416	1,800,897	142,520	1,597,680	71,572	59,452	-
Kontron Hungary Kft.	EUR401	1,436,834	1,243,718	193,115	2,258,773	119,031	19,649	-
W-IE-NE-R Power Electronics GmbH	EUR51	163,306	20,042	143,264	17,348	(5,448)	(5,475)	-
S&T MEDTECH SRL	EUR282	381,301	64,056	317,245	167,418	43,645	38,751	-
Hartmann Electronic GmbH	EUR222	229,845	35,345	194,499	49,195	1,252	1,178	-
Kontron Austria GmbH, Austria	EUR36	1,139,303	323,587	815,716	2,080,851	116,393	121,706	-
Kontron Electronics AG, Switzerland	EUR863	156,963	284,933	(127,970)	562,369	(4,913)	(13,078)	-
Kontron Beteiligungs GmbH	EUR25	8,853,518	811,910	8,041,608	-	(4)	(4)	-
Bsquare Corporation	EUR140,538	418,600	512,815	(94,215)	84,169	15,571	15,773	-

Name of Affiliates	Capital	Total Assets	Total Liabilities	Shareholders' Equity	Operating Revenue	Operating Profit (Loss)	Net Income or Loss for the Current Period (After Tax)	Earnings Per Share (After Tax)
Bsquare EMEA Ltd.	EUR285	20,714	10,939	9,775	606	(8,402)	(8,402)	-
Kontron Europe GmbH	EUR23,600	11,427,559	6,174,236	5,253,323	10,004,410	795,011	696,906	-
Kontron Modular Computers S.A.S.	EUR5,168	783,587	577,499	206,088	1,104,176	72,689	55,254	-
Kontron UK Ltd.	EUR197	223,575	73,343	150,232	387,304	29,999	21,450	-
Kontron electronics GmbH, Germany	EUR102	1,748,351	1,099,898	648,453	2,561,117	315,484	(37,236)	-
Kontron Electronics Kft.	EUR11	162,453	47,848	114,605	296,533	34,517	25,714	-
Kontron America Inc.	EUR2144	2,344,120	1,468,805	875,315	4,608,248	159,448	107,751	-
Kontron Canada Inc.	EUR9,818	1,494,937	511,370	983,566	1,338,801	4,825	15,967	-
Kontron Asia Pacific Design Sdn. Bhd.	EUR9,354	38,558	171,757	(133,199)	59,556	8,429	(4,396)	-
Kontron Technology Beijing Co. Ltd.	EUR1,988	705,686	281,629	424,058	733,765	51,330	37,074	-
Kontron Asia Inc., Taiwan	EUR365	845,419	631,566	213,854	2,063,151	99,628	72,968	-
Kontron Transportation GmbH	EUR10,000	4,086,453	2,975,856	1,110,597	1,367,124	287,331	448,258	-
Kapsch CarrierCom Sp. z o.o.	EUR23	83,308	127,060	(43,752)	84,697	3,259	3,154	-
Kontron Transportation Espana SL	EUR250	407,097	402,182	4,915	155,915	6,180	(6,993)	-
Kontron Transportation Portugal Unipessoal LDA	EUR5	111,215	66,540	44,675	118,870	2,223	2,761	-
Kontron Transportation s.r.o.	EUR1,178	1,013,223	891,965	121,259	1,064,862	37,524	45,232	-
Kontron Transportation Deutschland GmbH	EUR25	726,524	726,405	119	688,846	21,866	10,836	-
Comlab Deutschland GmbH	EUR100	152,993	244,487	(91,494)	155,829	65,325	64,940	-
Kontron Public Transport Arce S.A.U.	EUR60	533,031	256,262	276,769	472,768	17,872	18,369	-

Name of Affiliates	Capital	Total Assets	Total Liabilities	Shareholders' Equity	Operating Revenue	Operating Profit (Loss)	Net Income or Loss for the Current Period (After Tax)	Earnings Per Share (After Tax)
Comlab Beijing Radio Frequency Technology Co. Ltd.	EUR1,266	166,332	49,297	117,034	91,337	18,334	20,018	-
Kontron Transportation France S.A.S	EUR2,800	1,477,135	1,092,655	384,480	1,316,072	153,035	168,572	-
Kontron Transportation UK Ltd.	EUR469	508,777	383,006	125,771	546,571	23,231	27,570	-
Kontron Transportation Schweiz AG	EUR12,260	811,403	902,131	(90,728)	144,090	(54,980)	(76,124)	-
Kontron Public Transportation	EUR62	190,505	203,080	(12,575)	239,896	(12,518)	(15,831)	-
Kontron d.o.o.	EUR9,709	4,020,457	2,125,409	1,895,048	4,176,419	45,351	24,083	-
ITS Softver d.o.o	EUR5	65,799	47,978	17,822	143,976	4,136	3,639	-
IskraCom	EUR30	140,813	132,674	8,139	131,456	2,801	2,149	-
OOO Iskratel Tashkent	EUR1	16,229	147	16,082	8,835	2,772	2,360	-
JSC Iskra Technologies	EUR8	875,222	675,048	200,174	1,721,630	157,046	171,578	-
LUCOM GmbH	-	-	-	-	-	-	-	-
SecureGUARD GmbH, Austria	-	-	-	-	-	-	-	-
S&T Plus s.r.o., Czech Republic	-	-	-	-	-	-	-	-
Kontron Operations Hungary Kft.	-	-	-	-	75,120	(11,056)	(14,792)	-
S&T Mold srl., Moldova	-	-	-	-	185,165	14,314	11,169	-
S&T IT Technologie S.R.L., Moldova	-	-	-	-	22,076	719	(1,457)	-
RTSoft, AO	-	-	-	-	183,233	(36,674)	(49,112)	-
Kontron Transportation Hungary Kft.	-	-	-	-	27,061	(2,406)	(13,448)	-
Nanjing Asiatek Inc.	RMB21,140	374,259	166,784	207,475	67,926	66,086	27,918	-
Ennoconn (Foshan) Investment Holdings Co., Ltd.	RMB115,292	585,448	80,275	505,173	-	(1,418)	(1,418)	-

Name of Affiliates	Capital	Total Assets	Total Liabilities	Shareholders' Equity	Operating Revenue	Operating Profit (Loss)	Net Income or Loss for the Current Period (After Tax)	Earnings Per Share (After Tax)
Ennoconn (Suzhou) Technology Co., Ltd.	RMB412,693	2,896,772	1,242,862	1,653,910	5,098,016	78,542	61,245	-
Ennoconn (Kunshan) Technology Co., Ltd.	RMB3,836	37,927	16,657	21,270	28,395	2,071	1,282	-
Ennoconn Investment Co., Ltd.	-	614,419	(296)	614,715	5,455	7,225	7,152	-
Beijing Caswell Ltd.	US\$3,800	298,485	80,680	217,804	223,711	(51,218)	(48,139)	-
Highaim Technology Inc.	RMB103,427	1,023,974	409,751	614,223	933,517	17,901	31,187	-
Kunshan Liding Intelligent Equipment Co., Ltd.	RMB1,000	1,664	12,365	(10,701)	2,491	1,610	1,942	-
Highaim Technology (Shenzhen) Inc.	-	-	6,162	(6,162)	-	6,248	6,161	-
Goldtek Technology (ShenZheng) Co., Ltd.	399,165	401,158	505,117	(103,960)	514,252	(66,800)	(69,337)	-
Techno Precision (Shenzhen) Co., Ltd.	90,367	367,125	494,184	(127,059)	414,173	9,362	(343)	-
Techno Precision (Shenzhen) Co., Ltd.	19,645	171,820	29	171,790	63,488	25,458	24,823	-
Goldtek Technology (ShenZheng) Co., Ltd.	4,327	2,261	190	2,071	812	(1,537)	(1,533)	-
Mic-Tech (Wuxi) Co., Ltd.	US\$25,500	397,803	298,428	99,374	364,606	(28,423)	(40,911)	-
Mic-Tech (Shanghai) Corp.	US\$8,241	1,897,752	933,574	964,177	3,171,732	289,996	264,091	-
Shanghai Maohua Electronics Engineering Co., Ltd.	US\$600	299,195	291,251	7,944	548,738	24,858	20,510	-
Mic-Tech Electronics Engineering Corp.	US\$17,619	5,650,364	4,712,466	937,898	7,278,962	315,614	164,865	-
Integrated Manufacturing & Services Co., Ltd.	US\$7,000	48,121	4,345	43,776	22,861	(6,398)	(9,370)	-

Name of Affiliates	Capital	Total Assets	Total Liabilities	Shareholders' Equity	Operating Revenue	Operating Profit (Loss)	Net Income or Loss for the Current Period (After Tax)	Earnings Per Share (After Tax)
Mic-Tech China Trading (Shanghai) Co., Ltd.	US\$1,500	282,201	46,989	235,212	469,608	171,155	123,611	-
Suzhou Huashida Intelligent Technology Co., Ltd.	RMB722	3,067	-	3,067	-	-	(57)	-

(3) Consolidated Financial Statements of Affiliates

For the 2023 (from January 1, 2023 to December 31, 2023), the companies that should be included in the preparation of the consolidated financial statements of affiliated companies in accordance with the “Regulations Governing the Preparation of Affiliated Enterprise Consolidated Business Reports, Affiliated Enterprise Consolidated Financial Statements and Affiliated Reports” are the same as those that should be included in the preparation of the parent-subsidary consolidated financial statements in accordance with International Financial Reporting Standard No. 10 as recognized by the Financial Supervisory Commission. Furthermore, all relevant information that should be disclosed in the affiliated enterprise consolidated financial statements has already been disclosed in the aforementioned parent-subsidary consolidated financial statements. Therefore, no separate affiliated enterprise consolidated financial statements will be prepared.

(4) Affiliate Relationship Report

1. Declaration

Declaration of Consolidated Financial Statements of Affiliates

For the 2023 (from January 1, 2023 to December 31, 2023), the companies that should be included in the preparation of the consolidated financial statements of affiliated companies in accordance with the “Regulations Governing the Preparation of Affiliated Enterprise Consolidated Business Reports, Affiliated Enterprise Consolidated Financial Statements and Affiliated Reports” are the same as those that should be included in the preparation of the parent-subsidiary consolidated financial statements in accordance with International Financial Reporting Standard No. 10 as recognized by the Financial Supervisory Commission. Furthermore, all relevant information that should be disclosed in the affiliated enterprise consolidated financial statements has already been disclosed in the aforementioned parent-subsidiary consolidated financial statements. Therefore, no separate affiliated enterprise consolidated financial statements will be prepared.

Hereby declared,

Company Name: Ennoconn Corporation



Chairman: Fu-Chuan Chu



March 29, 2024

2. Private Placement of Securities in the Most Recent Year and up to the Publication Date of This Annual Report

None.

3. Holding or Disposal of Shares in the Company by the Company's Subsidiaries During the Most Recent or During the Current up to the Date of Publication of the Annual Report

None.

4. Other Supplemental Information

None.

IX. Matters with Significant Impact on Shareholders' Equity or Stock Price Matters as specified in Subparagraph 3, Paragraph 3, Article 36 of the Securities and Exchange Act in the most recent year and up to the Publication Date of This Annual Report with Significant Impact on Shareholder's Equity or Stock Price

None.

Declaration

For the fiscal year 2023 (Ended December 31, 2023), the companies that should be included in the preparation of the consolidated financial statements of affiliated enterprises in accordance with the "Regulations Governing the Preparation of Affiliated Enterprise Consolidated Business Reports, Affiliated Enterprise Consolidated Financial Statements and Affiliated Reports" are the same as those that should be included in the preparation of the parent-subsidary consolidated financial reports in accordance with International Financial Reporting Standard No. 10 approved by the Financial Supervisory Commission. Furthermore, the relevant information that should be disclosed in the consolidated financial statements of affiliated enterprises has been disclosed in the aforementioned parent-subsidary consolidated financial reports. Therefore, the consolidated financial statements of affiliated enterprises will not be prepared separately.

Hereby declared

Company Name: Ennoconn Corporation

Chairman: Fu-Chuan Chu

Date: March 29, 2024

Audit Report

Board of Directors, Ennoconn Corporation

Audit Opinions

Ennoconn Corporation and its subsidiaries (Ennoconn Group) consolidated balance sheets as of December 31, 2023 and 2022 (as restated), and January 1, 2022 (as restated), and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022 (as restated), and notes to the consolidated financial statements, including a summary of significant accounting policies, were audited by us.

In our opinion as CPAs, the aforementioned consolidated financial statements are prepared, in all material respects, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, Interpretations and Interpretative Announcements recognized and promulgated by the Financial Supervisory Commission, and are sufficient to present fairly the consolidated financial position of Ennoconn Group as of December 31, 2023 and 2022 (as restated), and January 1, 2022 (as restated), and its consolidated financial performance and consolidated cash flows for the years ended December 31, 2023 and 2022 (as restated).

Basis of Audit Opinion

The CPA has performed the audit in accordance with the Regulations Governing the Examination and Certification of Financial Statements by Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Ennoconn Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on the audit results of this CPA, this CPA believes that sufficient and appropriate audit evidence has been obtained to provide a basis for expressing an audit opinion.

Key Audit Items

The key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of Ennoconn Group in 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters that the CPA determined should be communicated in the audit report are as follows:

Goodwill Impairment

For accounting policies regarding goodwill impairment, please refer to Note 4(15) Impairment of Non-financial Assets in the Notes to Consolidated Financial Statements; for accounting estimates and uncertainties regarding goodwill, please refer to Note 5(3) Impairment Assessment of Goodwill in the Notes to Consolidated Financial Statements; for information disclosure related to goodwill, please refer to Note 6(11) Intangible Assets in the Notes to Consolidated Financial Statements.

Explanation of key audit items:

Ennoconn Corporation has expanded its marketing locations and increased its product lines through investing in acquisitions, generating related goodwill from consolidation. The management conducted impairment assessment tests in accordance with International Accounting Standard No. 36 "Impairment of Assets". These goodwill mainly arose from major acquisitions of domestic and foreign listed companies, and the recoverable amount was measured using fair value less costs of disposal. Given that the impairment assessment has a significant impact on the financial statements and involves a high degree of uncertainty in management's measurement and calculation, the impairment assessment of goodwill has been considered a key audit matter in our audit of the financial statements.

The corresponding audit procedures:

The key audit procedures performed by our CPAs for the aforementioned key audit matters include understanding the design and implementation of relevant internal controls by management, reviewing and verifying the accuracy of calculations for recoverable amounts and carrying values, and performing sensitivity analyses to comprehensively evaluate the reasonableness of the goodwill impairment assessment.

Other Matters

Ennoconn Corporation has prepared the individual financial reports for the years 2023 and 2022, and these reports have been audited by CPAs with unqualified opinions and unqualified opinions with other matter paragraphs issued, which are available for reference.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is also responsible for assessing the

Group's ability to continue as a going concern, disclosing matters related to going concern, and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Ennoconn Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

The objective of an auditor's audit of consolidated financial statements is to obtain reasonable assurance regarding whether the consolidated financial statements as a whole, whether due to fraud or error, are free from material misstatement, and to issue an auditor's report. Reasonable assurance is a high level of assurance, however an audit conducted in accordance with the auditing standards does not guarantee that any material misstatement in the consolidated financial statements will be detected. Misrepresentation may result from fraud or error. Materiality is considered to exist if the individual amount or aggregation of misstatements can reasonably be expected to influence the economic decisions of users made on the basis of the consolidated financial statements.

The CPA applies professional judgment and maintains professional skepticism in accordance with auditing standards during the audit. We also:

1. Identify and assess the risks of material misstatement in consolidated financial statements arising from fraud or error; design and implement appropriate responses to the assessed risks; and obtain sufficient and appropriate audit evidence to provide a basis for the audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Ennoconn Group.
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, we conclude whether there is material uncertainty regarding events or circumstances that may cast significant doubt on the ability of Ennoconn Group to continue as a going concern based on the appropriateness of management's use of the going concern basis of accounting. If the auditor concludes that a material uncertainty exists, the auditor shall draw attention in the auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, modify the opinion on the consolidated financial statements. The conclusion of this CPA is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause Ennoconn Group to cease to continue its operations.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. This CPA is responsible for guiding, supervising and executing the audit cases of the group, and is also responsible for forming the audit opinion of the group.

The matters that we communicate with those charged with governance include the planned scope and timing of the audit, as well as significant audit findings (including any significant deficiencies in internal control that we identify during our audit).

The auditor also provides the governance unit with a statement that the personnel of the auditor's firm have complied with relevant ethical requirements regarding independence, and communicates with the governance unit all relationships and other matters that may reasonably be thought to bear on the auditor's independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of Ennoconn Group for the year ended December 31, 2023 and are therefore the key audit matters. The CPA firm described these matters in the audit report, unless laws or regulations prohibited public disclosure of specific matters, or in extremely rare circumstances where the CPA firm determined that a matter should not be communicated in the report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Taiwan

CPA: Hsiao, Pei-Ju

Yu, Chi-Lung

Financial Supervisory Commission
Approval Letter Number

Financial Supervisory Commission
Approval Letter No. 1040003949
Securities and Futures Commission
Approval Letter No. 0920122026

March 29, 2024

Notice to Reader

For the convenience of readers, this report has been translated into English from the original Chinese version. The English version has not been audited or reviewed by independent auditors. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

CONSOLIDATED BALANCE SHEET

December 31, 2023 and 2022 and January 1, 2022

Unit: NT\$ thousand

		2023.12.31		2022.12.31 (Restated)		2022.1.1 (Restated)						2023.12.31		2022.12.31 (Restated)		2022.01.01 (Restated)	
Assets		Amount	%	Amount	%	Amount	%			Liabilities and equity		Amount	%	Amount	%	Amount	%
Current assets:										Current liabilities:							
1100	Cash and Cash Equivalents (Notes 6(1) and (26))	\$ 24,060,954	19	25,963,256	22	17,522,321	17	2100	Short-term borrowings (Notes 6(14) and 6(26))	\$ 12,638,623	10	15,115,437	13	9,476,954	9		
1110	Current financial assets at fair value through profit or loss (Notes 6(26))	164,696	-	103,087	-	189,816	-	2120	Financial liabilities at fair value through profit or loss - current (Note 6(26))	-	-	215	-	713	-		
1120	Current financial assets at fair value through profit or loss (Note(26))	-	-	-	-	96,772	-	2130	Current contract liabilities (Note 6(23))	12,294,270	10	9,508,609	8	7,151,404	7		
1136	Current financial assets measured at amortized cost (Notes 6(26) and 8)	223,659	-	23,655	-	864,112	1	2150	Notes payable (Note 6(26))	1,766,628	1	2,159,990	2	1,721,962	2		
1140	Current contract assets (Notes 6(23) and 6(26))	14,825,773	12	10,834,081	9	9,538,944	10	2160	Notes payable - related parties (Note 7)	11,335	-	7,487	-	15,218	-		
1150	Net Notes Receivable (Notes 6(2) and (23))	268,107	-	42,133	-	60,171	-	2170	Accounts payable	18,930,714	15	19,229,648	16	18,718,569	19		
1170	Net accounts receivable (Notes 6(2), (23) and 8)	20,073,067	16	17,111,050	14	16,550,819	16	2180	Accounts payable - related parties (Note 7)	83,755	-	151,330	-	709,342	1		
1180	Net accounts receivable - related parties (Notes 6(2), (23) and 7)	67,243	-	279,448	-	769,363	1	2200	Other payables (including related parties) (Note 7)	5,470,927	4	5,210,456	4	5,181,431	5		
130X	Inventories (Notes 6(3) and 8)	21,685,112	17	21,987,870	19	15,971,415	16	2230	Current income tax liabilities	1,525,118	1	963,755	-	454,685	-		
1460	Non-current assets held for sale (Note 6(4))	-	-	206,496	-	-	-	2250	Provisions for Liabilities - Current	1,136,285	1	887,944	1	992,243	1		
1470	Other current assets (Note 6(13))	6,025,546	5	9,540,219	8	4,917,814	5	2260	Liabilities directly associated with non-current assets held for sale (Note 6(4))	-	-	155,725	-	-	-		
Total current assets		87,394,157	69	86,091,295	72	66,481,547	66	2280	Current lease liabilities (Note 6(17))	1,353,187	1	1,073,368	1	974,736	1		
Non-Current Assets:								2321	Current portion of convertible corporate bonds payable within one year or one operating cycle (Notes 6(16))	800,248	1	812,275	1	1,137,035	1		
1510	Financial assets at fair value through profit or loss - non-current (Note 6(26))	1,723,028	1	1,046,133	1	984,540	1	2322	Long-term borrowings due within one year or one operating cycle (Note 6(15))	4,554,479	4	1,369,006	1	11,926	-		
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 6(26))	1,577,610	1	1,031,281	1	829,983	1	2399	Other current liabilities	640,861	1	954,521	1	768,632	1		
1550	Investments accounted for using equity method (Note 6(5))	602,334	-	553,155	-	128,693	-	Total current liabilities		61,206,430	49	57,599,766	48	47,314,850	47		
1600	Property, plant and equipment (Note 6(10))	7,178,531	6	6,209,063	5	6,697,993	7	Non-current liabilities:									
1755	Right-of-use assets (Note 6(12))	4,894,351	4	3,263,759	3	2,977,436	3	2500	Non-current financial liabilities at fair value through profit or loss (Note 6(26))	-	-	1,423	-	-	-		
1760	Net investment property	49,650	-	51,099	-	51,656	-	2530	Corporate bonds payable (Note 6(16))	7,076,055	6	7,996,895	7	8,967,735	9		
1805	Goodwill (Notes 6(6) and (11))	14,463,663	11	13,300,272	11	13,285,999	13	2540	Long-term borrowings (Note 6(15))	2,716,721	2	6,713,309	6	7,833,098	8		
1821	Other intangible assets (Note 6(11))	5,970,103	5	5,174,060	5	6,374,149	6	2550	Provisions for Liabilities - Non-current	482,405	-	433,136	-	485,942	-		
1840	Deferred income tax assets (Note 6 (19))	2,088,376	2	1,534,717	1	1,614,123	2	2570	Deferred income tax liabilities	576,350	-	504,114	1	584,675	1		
1960	Prepaid investment	32,547	-	22,944	-	27,680	-	2580	Lease liabilities - non-current (Note 6(17))	3,985,321	3	2,591,985	2	2,485,942	2		
1990	Other non-current assets (Notes 6(13) and 6(18))	810,117	1	1,015,264	1	1,221,508	1	2640	Net defined benefit liabilities - non-current (Note 6 (18))	611,805	-	373,121	-	475,690	1		
Total non-current assets		39,390,310	31	33,201,747	28	34,193,760	34	2670	Other non-current liabilities	451,422	-	362,757	-	1,156,520	1		
								Total non-current liabilities		15,900,079	11	18,976,740	16	21,989,602	22		
								Total liabilities		77,106,509	60	76,576,506	64	69,304,452	69		
								Equity attributable to owners of parent (Notes 6(20) and 6(21)):									
								3110	Share capital	1,319,999	1	1,060,370	1	1,018,120	1		
								3200	Capital surplus	14,940,752	12	9,285,324	8	8,865,780	9		
								Retained earnings:									
								3310	Legal surplus reserve	1,161,514	1	812,521	1	754,561	1		
								3320	Special surplus reserve	905,934	1	1,768,490	1	1,010,924	1		
								3350	Undistributed earnings	4,612,432	4	3,515,665	3	1,157,465	1		
								Subtotal retained earnings		6,679,880	6	6,096,676	5	2,922,950	3		
								3400	Other equity	(1,039,929)	(1)	(905,934)	(1)	(1,768,490)	(2)		
								3500	Treasury stock	-	-	-	-	(233,608)	-		
								Equity attributable to owners of the parent company subtotal		21,900,702	18	15,536,436	13	10,804,752	11		
								36XX	Non-controlling interests (Note 6(9))	27,777,256	22	27,180,100	23	20,566,103	20		
								Total equity		49,677,958	40	42,716,536	36	31,370,855	31		
Total assets		\$ 126,784,467	100	119,293,042	100	100,675,307	100	Total liabilities and equity		\$ 126,784,467	100	119,293,042	100	100,675,307	100		

(Please refer to the notes to the consolidated financial statements attached)

Chairman: Fu-Chuan Chu

President: Neng-Chi Tsai

Accounting supervisor: Tsung-Hsien Chuang

ENNOCONN CORPORATION AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Ended December 31, 2023 and 2022

Unit: NT\$ thousand

		2023		2022 (Restated)	
		Amount	%	Amount	%
4100	Net operating revenue (Notes 6(23) and 7)	\$ 121,640,976	100	108,228,533	100
5000	Operating costs (Notes 6(3), (10), (11), (18), (24) and 7)	<u>98,042,051</u>	<u>81</u>	<u>88,617,581</u>	<u>82</u>
5900	Gross Profit	<u>23,598,925</u>	<u>19</u>	<u>19,610,952</u>	<u>18</u>
	Operating expenses (Notes 6(2), (10), (11), (18) and (24)):				
6100	Selling expenses	3,408,769	3	2,838,188	3
6200	Management expenses	5,661,886	5	5,436,466	5
6300	Research and development expenses	9,123,481	7	7,975,853	7
6450	Expected credit losses	<u>199,283</u>	<u>-</u>	<u>277,381</u>	<u>-</u>
	Total operating expenses	<u>18,393,419</u>	<u>15</u>	<u>16,527,888</u>	<u>15</u>
6900	Net operating income	<u>5,205,506</u>	<u>4</u>	<u>3,083,064</u>	<u>3</u>
	Non-Operating Income and Expenses:				
7100	Interest revenue	489,175	-	99,940	-
7190	Other intangible Revenue (Note 6(25))	50,366	-	48,866	-
7020	Other gains and loss (Notes 6(8) and 6(25))	2,224,815	3	1,044,039	1
7050	Finance costs (Note 6(25))	(1,095,097)	(1)	(617,750)	(1)
7060	Share of profit or loss of associates accounted for using equity method (Note 6(5))	<u>40,930</u>	<u>-</u>	<u>51,115</u>	<u>-</u>
	Total Non-operating Income and Expenses	<u>1,710,189</u>	<u>2</u>	<u>626,210</u>	<u>-</u>
	Profit before Tax	6,915,695	6	3,709,274	3
7950	Less: Income tax expense (Note 6(19))	<u>1,594,621</u>	<u>2</u>	<u>1,321,410</u>	<u>1</u>
8000	Continuing operations net income	<u>5,321,074</u>	<u>4</u>	<u>2,387,864</u>	<u>2</u>
8100	Profit or loss from discontinued operations (Note 12 (2))	<u>82,308</u>	<u>-</u>	<u>7,824,229</u>	<u>7</u>
8200	Net profit for the period	<u>5,403,382</u>	<u>4</u>	<u>10,212,093</u>	<u>9</u>
8300	Other comprehensive income:				
8310	Items that will not be reclassified to profit or loss				
8311	Remeasurement of defined benefit plans (Note 6(18))	(52,741)	-	134,396	-
8316	Unrealized gains or losses on equity instrument investments measured at fair value through other comprehensive income	(37,070)	-	9,741	-
8320	Share of other comprehensive income of associates accounted for using equity method	(406)	-	790	-
8349	Less: Income tax relating to items that will not be reclassified	<u>(10,618)</u>	<u>-</u>	<u>11,668</u>	<u>-</u>
	Total items not reclassified to profit or loss	<u>(79,599)</u>	<u>-</u>	<u>133,259</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign financial statements	530,942	-	1,639,822	2
8370	Share of other comprehensive income of associates accounted for using equity method (Note 6(5))	(8,492)	-	1,322	-
8399	Less: Income tax relating to items that may be reclassified	<u>(4,604)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Items that may be reclassified subsequently to profit or loss	<u>527,054</u>	<u>-</u>	<u>1,641,144</u>	<u>2</u>
8300	Other comprehensive income for the period	<u>447,455</u>	<u>-</u>	<u>1,774,403</u>	<u>2</u>
	Total comprehensive income	<u>\$ 5,850,837</u>	<u>4</u>	<u>11,986,496</u>	<u>11</u>
	This period's net profit attributable to:				
	Parent company	\$ 2,260,964	2	3,454,824	3
	Non-Controlling Interests	<u>3,142,418</u>	<u>2</u>	<u>6,757,269</u>	<u>6</u>
		<u>\$ 5,403,382</u>	<u>4</u>	<u>10,212,093</u>	<u>9</u>
	Total comprehensive income attributable to:				
	Parent company	\$ 2,053,929	2	4,354,393	4
	Non-Controlling Interests	<u>3,796,908</u>	<u>2</u>	<u>7,632,103</u>	<u>7</u>
		<u>\$ 5,850,837</u>	<u>4</u>	<u>11,986,496</u>	<u>11</u>
9750	Basic earnings per share (NT\$) (Note 6(22))	<u>\$ 19.01</u>		<u>32.62</u>	
9850	Diluted earnings per share (NT\$) (Note 6(22))	<u>\$ 15.42</u>		<u>24.33</u>	

ENNOCONN CORPORATION AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Ended December 31, 2023 and 2022

Unit: NT\$ thousand

	Equity attributable to owners of the parent												
	Retained earnings						Other equity items		Treasury stock	Attributable to the Parent Company Total Shareholders' Equity	Non-controlling interests	Total equity	
							Foreign operating corporation Preparation of financial statements Gains or losses due to currency exchange	Through other comprehensive losses Measured at fair value Unrealized valuation (losses) gains on financial assets measured at fair value					
													Total
shares	Capital surplus	Legal surplus reserve	Special surplus reserve	Undistribute d surplus	Total								
Balance as of January 1, 2022	\$ 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	20,565,729	31,370,187
The number of impacts from adjustments applying the new criteria retrospectively	-	-	-	-	294	294	-	-	-	-	294	374	668
Balance after recompiling on January 1, 2022	1,018,120	8,865,780	754,561	1,010,924	1,157,465	2,922,950	(1,673,323)	(95,167)	(1,768,490)	(233,608)	10,804,752	20,566,103	31,370,855
Net profit for the period	-	-	-	-	3,454,824	3,454,824	-	-	-	-	3,454,824	6,757,269	10,212,093
Other comprehensive income for the period	-	-	-	-	37,013	37,013	843,056	19,500	862,556	-	899,569	874,834	1,774,403
Total comprehensive income	-	-	-	-	3,491,837	3,491,837	843,056	19,500	862,556	-	4,354,393	7,632,103	11,986,496
Provision for legal surplus reserve	-	-	57,960	-	(57,960)	-	-	-	-	-	-	-	-
Provision for special surplus reserve	-	-	-	757,566	(757,566)	-	-	-	-	-	-	-	-
Common stock cash dividends	-	(424,148)	-	-	(318,111)	(318,111)	-	-	-	-	(742,259)	-	(742,259)
Cash capital increase	48,800	1,056,570	-	-	-	-	-	-	-	-	1,105,370	-	1,105,370
Cancellation of Treasury Stocks	(6,550)	(227,058)	-	-	-	-	-	-	-	233,608	-	-	-
Changes in equity of associates accounted for using the equity method	-	472	-	-	-	-	-	-	-	-	472	-	472
Changes in ownership interests in subsidiaries	-	13,708	-	-	-	-	-	-	-	-	13,708	(13,708)	-
Subsidiary Shareholder Cash Dividends	-	-	-	-	-	-	-	-	-	-	-	(1,179,005)	(1,179,005)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	174,607	174,607
Balance as of December 31, 2022	1,060,370	9,285,324	812,521	1,768,490	3,515,665	6,096,676	(830,267)	(75,667)	(905,934)	-	15,536,436	27,180,100	42,716,536
Net profit for the period	-	-	-	-	2,260,964	2,260,964	-	-	-	-	2,260,964	3,142,418	5,403,382
Other comprehensive income for the period	-	-	-	-	(11,366)	(11,366)	(251,185)	55,516	(195,669)	-	(207,035)	654,490	447,455
Total comprehensive income	-	-	-	-	2,249,598	2,249,598	(251,185)	55,516	(195,669)	-	2,053,929	3,796,908	5,850,837
Provision for legal surplus reserve	-	-	348,993	-	(348,993)	-	-	-	-	-	-	-	-
Provision for special surplus reserve	-	-	-	(862,556)	862,556	-	-	-	-	-	-	-	-
Common stock cash dividends	-	-	-	-	(1,604,720)	(1,604,720)	-	-	-	-	(1,604,720)	-	(1,604,720)
The content arises from the recognition of stock subscription rights due to the issuance of convertible corporate bonds.	-	166,193	-	-	-	-	-	-	-	-	166,193	-	166,193
Changes in associates accounted for using the equity method	-	2,981	-	-	-	-	-	-	-	-	2,981	-	2,981
Convertible corporate bond conversion	259,629	5,163,632	-	-	-	-	-	-	-	-	5,423,261	-	5,423,261
Changes in ownership interests in subsidiaries	-	322,622	-	-	-	-	-	-	-	-	322,622	(322,622)	-
Subsidiary Shareholder Cash Dividends	-	-	-	-	-	-	-	-	-	-	-	(2,419,788)	(2,419,788)
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	(61,674)	(61,674)	-	61,674	61,674	-	-	-	-
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(457,342)	(457,342)
Balance as of December 31, 2023	\$ 1,319,999	14,940,752	1,161,514	905,934	4,612,432	6,679,880	(1,081,452)	41,523	(1,039,929)	-	21,900,702	27,777,256	49,677,958

(Please refer to the notes to the consolidated financial statements attached)

Chairman: Fu-Chuan Chu

President: Neng-Chi Tsai

Accounting supervisor: Tsung-Hsien Chuang

ENNOCONN CORPORATION AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
 Ended December 31, 2023 and 2022

Unit: NT\$ thousand

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Continuing Operations Income Before Tax	\$ 6,915,695	3,709,274
Net income before tax from discontinued operations	84,714	8,173,256
Net profit before tax for the period	7,000,409	11,882,530
Adjustments for:		
Income and Expense Items		
Depreciation Expense	1,836,612	1,740,192
Amortization expenses	980,903	2,173,947
Expected credit losses	199,283	277,381
Net (gains) losses on financial assets and liabilities at fair value through profit or loss	(503,417)	135,296
Interest expense	1,095,097	662,604
Interest revenue	(489,175)	(104,472)
Dividend revenue	(29,462)	(16,437)
Share-based compensation cost	-	133
Share of profits of associates accounted for using the equity method	(40,930)	(51,115)
Loss on disposal and retirement of property, plant and equipment	(16,117)	19,734
Loss on disposal of intangible assets	465	-
Disposal of investment (gains) losses	(135,853)	27,196
NGains on disposal of non-current assets held for sale	(43,089)	(7,504,112)
Lease modification benefits	(470)	(1,950)
Gains on price recovery of inventory	319,272	328,975
Loss on inventory scrap	222,834	206,064
Impairment loss on non-financial assets	-	12,509
Total revenue expenses and losses	3,395,953	(2,094,055)
Changes in assets/liabilities related to operating activities:		
Contract asset	(3,889,202)	(1,264,546)
Notes and accounts receivable	(1,893,542)	837,828
Inventories	341,963	(6,740,764)
Other current assets	3,550,279	(4,753,079)
Contract liability	2,668,936	2,338,691
Notes payable (including related parties)	(389,514)	430,297
Accounts payable (including related parties)	(1,350,896)	664,271
Other payables	11,674	307,483
Provision for liabilities	(3,214)	(173,896)
Other current liabilities	(314,248)	233,104
Other liabilities	297,919	(773,392)
Total Item Adjustments	2,426,108	(10,988,058)
Cash inflow from operations	9,426,517	894,472
Interest received	480,085	104,472
Dividends received	46,131	16,437
Interest paid	(913,377)	(573,993)
Income taxes paid	(1,664,820)	(1,180,866)
Net cash flows from operating activities	7,374,536	(739,478)

ENNOCONN CORPORATION AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Ended December 31, 2023 and 2022

Unit: NT\$ thousand

	<u>2023</u>	<u>2022</u>
Cash flows from investing activities:		
Acquisition of financial assets measured at fair value through other comprehensive income	\$ (387,721)	(77,327)
Disposal of financial assets at fair value through other comprehensive income	136,448	-
Obtain financial assets measured at amortized cost	(224,534)	-
Derecognition of financial assets measured at amortized cost	26,569	840,457
Obtain financial assets measured at fair value through profit or loss	(318,388)	(130,302)
Disposal of financial assets at fair value through profit or loss	31,523	-
Redemption of financial assets measured at fair value through profit or loss	9,071	19,699
Acquisition of investments accounted for using equity method	(56,840)	(319,463)
Disposal of investments accounted for using the equity method	132,354	30,877
Prepaid investment	(99,490)	-
Acquisition of subsidiaries (net of cash acquired)	(1,732,148)	(358,998)
Disposal of subsidiary	61,612	23,985
Gains from disposal of non-current assets held for sale	31,506	6,143,064
Acquisition of property, plant and equipment	(1,470,172)	(1,022,623)
Disposal of Property, Plant and Equipment	61,591	165,176
Acquisitions of Intangible assets	(1,113,861)	(986,061)
Disposal of intangible assets	16,732	-
Obtain right-of-use assets	(7,663)	-
Other non-current assets	44,574	204,775
Cash classified as non-current assets held for sale	-	45,603
Net cash (outflow) inflow from investing activities	<u>(4,858,837)</u>	<u>4,578,862</u>
Cash flows from financing activities:		
Short-term borrowings	(2,390,188)	5,729,937
Issuing of convertible corporate bonds	5,505,947	-
Repayment of convertible corporate bonds	(153,557)	(1,139,508)
Borrowing of long-term loans	599,627	41,584
Repayment of long-term loans	(1,455,245)	(18,803)
Financial liabilities designated at fair value through profit or loss	(20)	-
Repayment of the principal portion of lease liabilities	(1,086,278)	(771,460)
Cash dividends distribution	(1,604,720)	(742,259)
Cash capital increase	-	1,105,370
Distribution of cash dividends to non-controlling interests	(2,419,788)	(1,179,005)
Change in non-controlling interests	(1,426,212)	10,754
Net cash (outflow) inflow from financing activities	<u>(4,430,434)</u>	<u>3,036,610</u>
Effect of exchange rate changes on cash and cash equivalents	12,433	1,564,941
Net (decrease) increase in cash and cash equivalents for the period	(1,902,302)	8,440,935
Beginning balance of cash and cash equivalents	<u>25,963,256</u>	<u>17,522,321</u>
Ending balance of cash and cash equivalents	<u>\$ 24,060,954</u>	<u>25,963,256</u>

(Please refer to the notes to the consolidated financial statements attached)

Chairman: Fu-Chuan Chu

President: Neng-Chi Tsai

Accounting supervisor: Tsung-Hsien Chuang

ENNOCONN CORPORATION AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
2023 and 2022

(Unless otherwise specified, all amounts are in NT\$ thousand)

1. Formation History

Ennoconn Corporation (“the Company”) was established on July 12, 1999 after approval from the Ministry of Economic Affairs, and registered at 3F-6F, No. 10, Jiankang Road, Zhonghe District, New Taipei City. The main business activities of the Company and its subsidiaries (hereinafter referred to as the "Consolidated Company") are the manufacturing and sale of data storage, processing equipment, and 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.

2. Financial statements approval dates and procedures

The Consolidated Financial Statements were approved by the Board of Directors and authorized for issue on March 29, 2024.

3. Adoption of newly issued and revised regulations and interpretations

- (1) 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 following newly amended International Financial Reporting Standards have been applied since January 1, 2023 for the Consolidated Company, with the impacts explained as follows:

1. Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”

The amendment to the article limits the scope of the exemption for recognizing deferred tax assets and liabilities arising from the initial recognition of assets or liabilities related to a particular transaction, so that it no longer applies to transactions that generate equal taxable and deductible temporary differences upon initial recognition, such as leases and decommissioning liabilities. In other words, the consolidating company should recognize deferred income tax separately for the temporary differences arising from the initial recognition of such transactions, and cannot measure them on a net basis. Regarding lease and decommissioning liabilities, according to regulations, they should be applied retrospectively from the beginning date of the earliest comparative period presented in these consolidated financial statements (January 1, 2022), and the cumulative effects of initially applying these

Ennoconn Corporation and its Subsidiaries Notes to Consolidated Financial Statements (Continued)

amendments should be recognized as an adjustment to the opening balance of retained earnings on that date. As for all other transactions, only those occurring after January 1, 2022, shall be subject to the amended provisions. Due to the aforementioned adjustments, the Consolidated Company recognized deferred tax assets and liabilities related to the transactions involving right-of-use assets and lease liabilities as of January 1, 2022.

The relevant impacts are listed below:

	<u>2023.12.31</u>	<u>2022.12.31</u>	<u>2022.1.1</u>
Deferred income tax assets	\$ 264,120	128,229	49,414
Deferred income tax liabilities	230,867	123,083	48,746
Retained earnings	20,768	2,202	294
Non-Controlling Interests	12,484	2,944	374
		<u>2023</u>	<u>2022</u>
Income tax expense (benefit)		<u>\$ 28,106</u>	<u>(4,478)</u>

2. Others

The following newly amended guidelines also come into effect from January 1, 2023, but do 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”

Furthermore, the Consolidated Company has applied the amendments to International Accounting Standard 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction" retrospectively since May 23, 2023, which provides a temporary exemption from accounting for deferred taxes on the initial recognition of certain transactions, and has added disclosures related to the income tax exposure under Pillar Two starting from the annual reporting period beginning on January 1, 2023. However, as of December 31, 2022, there were no countries where the Consolidated Company operates that have enacted or substantively enacted laws regarding supplementary tax, and no deferred income tax has been recognized accordingly. Therefore, the retrospective application of such amendments has no impact on the consolidated financial statements. The Consolidated Company is closely monitoring the progress of legislation introducing global minimum tax rates in the jurisdictions where we operate. Please refer to Note 6(19) Income Tax for details.

(2) Effect of not adopting IFRSs recognized by the FSC

The Consolidated Company have evaluated the newly revised International Financial Reporting Standards (IFRSs) applicable from January 1, 2024, and determined that their

adoption will not have a material impact on the consolidated financial statements.

- Amendment to IAS 1 “The classification of liabilities as current or non-current
- Amendment to IAS 1 “Non-current liabilities with covenants”
- Amendment to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendment to IFRS 16 “Lease Liability in a Sale and Leaseback”

(3) The impact of IFRSs issued by the IASB but not yet endorsed by the FSC

The Consolidated Company does not expect the following new releases and amended standards that have not yet been recognized to have a material impact on the consolidated financial statements.

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”
- Amendments to IFRS 17 "Insurance Contracts", including the amendment regarding the "Initial Application of IFRS 17 and IFRS 9 Comparative Information".
- Amendments to IAS 21 "Lack of Exchangeability"

4. Summary of significant accounting policies

(1) Statement of Compliance

This consolidated financial report is prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the "Preparation Regulations") and the International Financial Reporting Standards, International Accounting Standards, Interpretations and Interpretation Announcements recognized and issued into effect by the Financial Supervisory Commission (hereinafter referred to as the "IFRSs ratified by the FSC").

(2) Basis of Preparation

1. Measurement bases

Except for the following significant items in the consolidated balance sheets, these consolidated financial statements have been prepared on the historical cost basis:

- (1) Financial assets and liabilities measured at fair value through profit or loss;
- (2) Financial assets measured at fair value through other comprehensive income

Ennoconn Corporation and its Subsidiaries Notes to Consolidated Financial Statements (Continued)

- (3) The net defined benefit liability is measured at the fair value of the retirement fund assets less the present value of the defined benefit obligation and the effect of the asset ceiling mentioned in Note 4(18).

2. Functional currency and presentation currency

Each entity in the Consolidated Company uses the currency of the primary economic environment in which it operates as its functional currency. This consolidated financial report is expressed in New Taiwan Dollars, the functional currency of the Company. Unless otherwise stated, all financial information expressed in New Taiwan Dollars is presented in thousands of New Taiwan Dollars.

(3) Merger Fundamentals

1. Principles of Consolidated Financial Statements Preparation

The entity for preparing the consolidated financial statements includes the Company and the entities controlled by the Company (i.e., subsidiaries). The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

From the date of obtaining control over a subsidiary, its financial statements are included in the consolidated financial statements until the date of losing control. Transactions, balances, and any unrealized gains and losses between companies are fully eliminated in the preparation of consolidated financial statements. The total comprehensive income of subsidiaries is attributed to the owners of the Company and non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The financial statements of subsidiaries have been properly adjusted to ensure consistency with the accounting policies adopted by the Consolidated Company.

Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control over the subsidiary are accounted for as equity transactions between owners. The difference between the adjustment to non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When a Consolidated Company loses control over a subsidiary, the assets (including goodwill) and liabilities of the former subsidiary and non-controlling interests are derecognized from the consolidated financial statements at their carrying amounts at the date when control is lost, and any retained investment in the former subsidiary is remeasured at its fair value at the date when control is lost. The disposal gain or loss

is the difference between: (1) the fair value of the consideration received and the fair value of any retained investment in the former subsidiary at the date when control is lost, and (2) the aggregate carrying amounts of the subsidiary's assets (including goodwill) and liabilities and any non-controlling interests at the date when control is lost. As for the previous

All amounts related to that subsidiary recognized in other comprehensive income are accounted for on the same basis as would be required if the consolidated company had directly disposed of the related assets or liabilities.

2. Subsidiaries included in the consolidated financial statements

The subsidiaries included in these consolidated financial statements are:

Investment Company name	Subsidiary name	Business Nature	Percentage of shares held		Explanation
			2023.12.31	2022.12.31	
The Company	Innovative Systems Integration Limited (Innovative 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 (AIS Cayman)	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	31.70%	31.77%	Note 1.
Innovative Systems	Nanjing Asiatek Inc.	Engaging in research, development, and sales of software and hardware products, as well as providing installation, debugging, and technical consulting services.	100.00%	100.00%	
Innovative 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%	
Innovative Systems	Ennoconn (Suzhou) Technology Co., Ltd. (Ennoconn (Suzhou))	Import and export trading	100.00%	100.00%	
Innovative Systems	Victor Plus Holdings Ltd. (Victor Plus)	Import and export trading	100.00%	100.00%	
Innovative Systems	Suzhou HuaShiDa Intelligent Technology Co., Ltd.	Manufacture of intelligence vehicle equipment	100.00%	- %	Note 2
Innovative Systems	Ennoconn Investment Co., Ltd. (Ennoconn Investment)	Professional investment	- %	100.00%	Note 3
Innovative Systems and Ennoconn Investment	Ennoconn (Foshan) Investment Holdings Co., Ltd.	Professional investment	- %	100.00%	Note 3
Ennoconn (Suzhou)	Ennoconn (Kunshan) Technology Co., Ltd. (Ennoconn (Kunshan))	Intelligent technology development and hardware sales	70.00%	70.00%	
Ennoconn (Suzhou)	Ennoconn Investment Co., Ltd. (Ennoconn Investment)	Professional investment	100.00%	- %	Note 3
Ennoconn (Suzhou) and Ennoconn Investment	Ennoconn (Foshan) Investment Holdings Co., Ltd.	Professional investment	100.00%	- %	Note 3

Ennoconn Corporation and its Subsidiaries Notes to Consolidated Financial Statements

(Continued)

Investment Company name	Subsidiary name	Business Nature	Percentage of shares held		Explanation
			2023.12.31	2022.12.31	
Nanjing Asiatek Inc.	Shenzhen Asiatek Inc.	Engaged in research and development, production, and sales of electronic materials related to software and hardware products.	- %	25.00%	Note 4
Ennoconn International	Goldtek Technology Co., Ltd. and its Subsidiaries (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	Research, design and sales of mobile payment, electronic signature, and information security products	100.00%	100.00%	
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%	56.00%	
Ennoconn International	Marketch International Corp.. and its Subsidiaries (Marketch)	High-tech industry plant operations and manufacturing system planning and integration services	42.32%	42.80%	Note 5
Ennoconn International	Poslab Technology Corporation (Poslab)	Manufacturing, wholesale and sales of electronic and peripheral equipment	70.00%	70.00%	
Ennoconn International	EnnoRise Corporation	Other power generation, transmission and distribution machinery manufacturing	60.00%	- %	Note 6
Ennoconn International, Caswell, Marketch and Goldtek	Renown Information Technology Corp. (Renown Information Technology)	Electronic components, computer and peripheral equipment manufacturing, electronic material wholesale, and information software services	37.06%	37.14%	Note 7
Ennoconn International and EIH	Kontron AG and its Subsidiaries	Information system software and hardware integration service	27.86%	27.64%	Note 8
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.	Manufacture, processing, trading and import/export of telecommunication machinery equipment, electronic equipment and electronic devices, etc.	100.00%	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%	

Investment Company name	Subsidiary name	Business Nature	Percentage of shares held		Explanation
			2023.12.31	2022.12.31	
EnnoMech (Cayman)	HighAim Technology Inc. (HighAim)	Professional investment	67.65%	67.65%	
HighAim	Highaim Technology (Shenzhen) Inc. and its Subsidiaries	Design, research and 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 Technology	Thecus USA., Inc.	Sales of network storage devices and repair services	- %	100.00%	Note 9
ENNOWYSE CORPORATION	HCT capital Management Consulting Co., Ltd. (HCT)	General investment and investment consultancy	40.00%	40.00%	

Note 1: The Company and Ennoconn International hold 27.27% and 4.43% of the shares, respectively. The Consolidated Company gained the power to exercise majority voting rights in the board of directors of Caswell, giving it the ability to lead decisions on personnel, finance and operations. Therefore, Caswell is listed as a subsidiary. During the holding period, the number of shares increased due to the exercise of stock options issued by the company, resulting in a decrease in the shareholding ratio.

Note 2: The Consolidated Company was established in July 2023 for the development of intelligent vehicle-mounted device manufacturing.

Note 3: For the purpose of enhancing operational synergy, reducing management costs and improving operational efficiency, the Consolidated Company will reorganize the organizational structure of its subsidiaries Ennoconn (Suzhou), Ennoconn Investment and Ennoconn (Foshan) held by Hong Kong Innovation. Hong Kong Innovation contributed all of its equity interests in Ennoconn Investment and Ennoconn (Foshan) to increase the capital of Ennoconn (Suzhou), and Ennoconn (Suzhou) acquired all the equity interests in Ennoconn Investment and Ennoconn (Foshan) through a share swap. The record date for this stock conversion transaction is July 1, 2023.

Note 4: In June 2022, Nanjing Asiatek disposed of its 45% equity interest in Shenzhen Asiatek, and in March 2023, it disposed of its remaining equity interest in Shenzhen Asiatek, thereby losing control over the company.

Note 5: The Consolidated Company, considering the relative proportion of voting rights held by other shareholders, is determined to have substantive control and is therefore listed as a subsidiary. During the holding period, the shareholding ratio decreased due to an increase in equity resulting from the exercise of conversion rights of the convertible corporate bonds issued.

Note 6: The Consolidated Company was established in September 2023 for the development of other power generation, transmission and distribution machinery manufacturing.

Note 7: Renown Information was originally an equity-accounted investee of Ennoconn International. Ennoconn International originally held an indirect 21.03% equity stake in Renown Information through Caswell, Goldtek, and Marketch. Due to the participation of these companies in Renown Information's cash capital increase on May 27, 2022, Ennoconn International, Caswell, Goldtek, and Marketch' shareholding ratios in Renown Information increased to 20%, 12.4%, 12.4%, and 14.4% respectively, totaling 59.2%. The consolidated company's indirect shareholding ratio also increased to 37.14%, thereby gaining effective control over the company. Consequently, Renown Information has been listed as a subsidiary. This period, due to the partial conversion of the convertible corporate bonds issued by Marketch into common shares, the company and its subsidiaries' indirect shareholding in Renown Information has decreased to 37.06%.

Note 8: The company (formerly S&T AG, renamed Kontron AG in June 2022) is a publicly listed company in Frankfurt, Germany and serves as the holding company of the group. Since the company's shareholding structure is dispersed, and the consolidated company's shareholding ratio is relatively significant compared to other shareholders, being the largest shareholder and obtaining more than half of the board seats, it has substantial control. Therefore, it is listed as a subsidiary. During the holding period, the consolidated shareholding ratio increased due to Kontron AG's execution of treasury stock buyback.

Note 9: The company was liquidated and dissolved in June 2023.

Ennoconn Corporation and its Subsidiaries Notes to Consolidated Financial Statements (Continued)

3. Subsidiaries not included in the consolidated financial statements: None.

(4) Foreign Currency

1. Foreign currency transaction

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 hedges of a net investment in a foreign operation to the extent that the hedge is effective; or
- (3) For qualifying cash flow hedges, within the effective portion of the hedge.

2. Foreign operation organization

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.

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. When a partial disposal involves a subsidiary with foreign operations, the relevant accumulated exchange differences are reattributed to non-controlling interests on a proportionate basis. When a partial disposal involves an investment in an associate that includes a foreign operation, the relevant proportion of the cumulative amount of foreign currency translation differences is reclassified to profit or loss.

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.

(5) 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. The asset is held primarily for the purpose of transaction;
3. It is expected that the liability will be repaid within twelve months after the reporting period; 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. It is expected that the liability will be settled in the normal operating cycle;
2. The liabilities is held primarily for the purpose of transaction;
3. It is expected that the liability will be repaid within twelve months after the reporting period; or
4. Liabilities that have an unconditional right to defer settlement for at least twelve months after the reporting period. 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.

(6) Cash and Cash Equivalents

Cash includes cash on hand, checks on deposit, 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.

Ennoconn Corporation and its Subsidiaries Notes to Consolidated Financial Statements

(Continued)

(7) 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 asset

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 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 within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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.

(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 within a business model whose objective is achieved by both collecting contractual cash flows and selling.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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 fair value through profit or loss

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

Ennoconn Corporation and its Subsidiaries Notes to Consolidated Financial Statements (Continued)

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 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) Business Model Assessment

For the purpose of evaluating the business model for managing financial assets at the portfolio level, the way in which the business is managed and information is provided to management is considered. This includes information such as:

- The investment portfolio policies and objectives stated, and the operation of such policies. The strategy of management is to focus on earning contractual cash flows, maintaining a particular interest yield profile, matching the duration of financial assets with the duration of associated liabilities or expected cash outflows, or realizing cash flows through the sale of financial assets.
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- Risks affecting the performance of the business model (and financial assets held under that business model) and the methods of managing those risks
- The method for determining the compensation of the manager of that business, such as: whether such compensation is based on the fair value of the assets under management or the contractual cash flows received; and
- The frequency, amount and timing of sales of financial assets in prior periods, the reasons for such sales, and expectations about future sales activity.

According to the aforementioned operating purpose, if the transfer of financial assets to a third party does not meet the derecognition criteria, it is not considered a sale as mentioned above, which is consistent with the purpose of the Consolidated Company continuing to recognize the assets.

- (5) 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 contingency that would change the timing or amount of cash flows under 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).

- (6) Impairment of financial assets

For financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes receivable and accounts receivable, other receivables, finance lease receivables, refundable deposits, and other financial assets), investments in debt instruments measured at fair value through other comprehensive income, and expected credit losses on accounts receivable and contract assets, the Consolidated Company recognizes an allowance for losses.

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 the expected life of financial instruments) has not increased

Ennoconn Corporation and its Subsidiaries Notes to Consolidated Financial Statements (Continued)

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.

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 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
- 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.

(7) 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 Consolidated 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.

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.

Ennoconn Corporation and its Subsidiaries Notes to Consolidated Financial Statements (Continued)

(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 shares

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 instrument

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.

(5) Financial liability

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.

Ennoconn Corporation and its Subsidiaries Notes to Consolidated Financial Statements (Continued)

3. Derivative financial instruments

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.

(8) Inventory

Inventory shall be measured with the lower of the costs and net realizable value. The costs include the acquisition, production or processing costs, and other costs incurred in bringing the inventories to their present location and condition, and are calculated using the weighted average method. 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.

(9) Non-current assets (disposal groups) held for sale and discontinued operations

1. Non-current assets (disposal groups) held for sale

Kontron AG resolved at the Board of Directors meeting on August 11, 2022 to sell part of its IT service business, and received approval from the antitrust review on December 29, 2022. Therefore, it began to apply the accounting policies related to non-current assets (disposal groups) held for sale.

Non-current assets or disposal groups consisting of assets and liabilities are classified as held for sale when it is highly probable that their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Before the components of an asset or disposal group are originally classified as held for sale, they are remeasured in accordance with the Consolidated Company's accounting policies. After being classified as held for sale, it is measured at the lower of its carrying amount and fair value less costs to sell. Any impairment loss of a cash-generating unit is first allocated to goodwill, and then proportionately allocated to the remaining assets and liabilities, except that the loss is not allocated to assets that are not within the scope of IAS 36 Impairment of Assets. The aforementioned items continue to be measured in accordance with the Consolidated Company's accounting policies. The impairment losses recognized for assets initially classified as held for sale, and subsequent gains or losses on remeasurement, are recognized in profit or loss, except that gains cannot exceed the cumulative impairment losses previously recognized.

Intangible assets and property, plant and equipment are no longer depreciated or

amortized when classified as held for sale. Furthermore, when an associate accounted for using the equity method is classified as held for sale, the equity method is discontinued.

2. Discontinuing operation

A discontinued operation refers to a component of a Consolidated Company that has been disposed of or is classified as held for sale, and:

- (1) Represents a separate principal business line or operating area
- (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 solely for the purpose of resale.

An operating unit is classified as a discontinued operation at the earlier of disposal or meeting the criteria to be classified as held for sale.

(10) Investments in Associates

An associated company refers to a company over which the Consolidated Company has significant influence in terms of its financial and operating policies, but does not control or jointly control it.

The Consolidated Company adopts the equity method to account for interests in associated enterprises. Under the equity method, the investment is initially recognized at cost, which includes transaction costs. The carrying amount of investments in associates includes goodwill recognized at the time of initial investment, less any accumulated impairment losses.

Consolidated financial statements include the amount of profits or losses and other comprehensive income recognized by the Consolidated Company based on its equity interest in the associated companies, after making adjustments to conform to the Consolidated Company's accounting policies, from the date on which the Consolidated Company has significant influence over the associated companies until the date when it loses that significant influence. When an associate experiences equity changes that do not result in profit or loss or other comprehensive income, and these changes do not affect the Consolidated Company's ownership percentage in the associate, the Consolidated Company will recognize the equity changes attributable to its share in the associate as capital surplus, based on its ownership percentage.

Unrealized gains and losses arising from transactions between the Company and its associates are recognized in the entity's financial statements only to the extent that they are not related to the investor's interests in the associates. When the Consolidated Company's proportional share of losses of an associate equals or exceeds its interest in the associate, it

Ennoconn Corporation and its Subsidiaries Notes to Consolidated Financial Statements (Continued)

discontinues recognizing its share of further losses. The Consolidated Company recognizes additional losses and a liability only to the extent that it has incurred legal or constructive obligations or made payments on behalf of the associate.

When a Consolidated Company ceases to apply the equity method due to its investment no longer being an associate, it will stop applying the equity method from the date of losing significant influence, measure the retained interest at fair value, and recognize the difference between the fair value of the retained interest and the proceeds from disposal, and the carrying amount of the investment at the date when the equity method was discontinued, in profit or loss for the period. For all amounts previously recognized in other comprehensive income related to that investment, the accounting treatment is the same basis that the associate would have been required to follow if it had directly disposed of the related assets or liabilities. That is, if a gain or loss previously recognized in other comprehensive income would have been reclassified to profit or loss (or retained earnings) upon the disposal of the related assets or liabilities, the entity reclassifies that gain or loss from equity to profit or loss (or retained earnings) when it discontinues the use of the equity method. If the merger of companies results in a reduction of ownership interests in an associate but the equity method is still applicable, the acquirer shall reclassify to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest.

When an investment in an associate becomes an investment in a joint venture, or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

When an associate issues new shares, if the Consolidated Company does not subscribe in proportion to its shareholding, resulting in a change in its shareholding ratio and consequently causing an increase or decrease in the net value of its equity investment, the increased or decreased amount shall be adjusted to the capital surplus and investment accounted for using the equity method. If this adjustment offsets the capital surplus, but the remaining capital surplus arising from the investment accounted for using the equity method is insufficient, the difference shall be debited to retained earnings. If a Consolidated Company does not subscribe in proportion to its shareholding, causing its ownership interest in the associated company to decrease, the amount previously recognized in other comprehensive income related to that associated company is reclassified in proportion to the decrease. The accounting treatment basis is the same as the basis that the associated company must follow when directly disposing of the related assets or liabilities.

(11) Investment Property

Investment property refers to property held for earning rental income, capital appreciation, or both, rather than for normal business sales, use in production, supply of goods or services, or for administrative purposes. Investment properties are initially measured at cost, and

subsequently measured under the cost model. After initial recognition, depreciation expense is calculated based on the depreciable amount, with the depreciation method, useful life, and residual value following the regulations for property, plant and equipment. The cost includes expenses that are directly attributable to the acquisition of investment property.

When an investment property is reclassified as property, plant and equipment due to a change in its use, it is reclassified at its carrying amount at the date of the change in use.

(12) 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.

Ennoconn Corporation and its Subsidiaries Notes to Consolidated Financial Statements (Continued)

(13) Lease

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.

1. 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 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. 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.

Ennoconn Corporation and its Subsidiaries Notes to Consolidated Financial Statements (Continued)

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.

(14) 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 patent rights and computer software 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 other expenditures are recognized in profit or loss as incurred, including internally generated goodwill and brands.

3. Amortization

Except for goodwill, amortization is calculated based on the cost of assets less their estimated residual value, and is recognized in profit or loss on a straight-line basis over their estimated useful lives, starting from the date that the intangible assets are available for use.

The estimated useful lives for the current and comparative periods are as follows:

- (1) Patents and trademarks: 5-10 years
- (2) Computer software: 1-10 years
- (3) Customer Relations: 3-10 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.

(15) Impairment of Non-Financial Assets

On each reporting date, the Consolidated Company assesses whether there are any indications that the carrying amount of non-financial assets (excluding inventories, contract assets, deferred tax assets, and investment properties measured at fair value) 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 arising from a business combination is allocated to each cash-generating unit or group of cash-generating units that is expected to benefit from the synergies 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.

An impairment loss is recognized immediately in profit or loss, first reducing the carrying amount of any goodwill allocated to the cash-generating unit, and then pro-rata to the other assets of the unit based on their respective carrying amounts.

Impairment losses on goodwill are not reversed. Non-financial assets other than goodwill are reversed only to the extent that their carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized in prior years.

(16) Provision for liabilities

The recognition of provisions for liabilities is due to past events which have led to present

Ennoconn Corporation and its Subsidiaries Notes to Consolidated Financial Statements (Continued)

obligations that will probably require an outflow of resources embodying economic benefits in order to settle the obligations, and the amounts of the obligations can be reliably estimated. Provisions for liabilities are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as an interest expense.

1. Warranty

Provisions for warranty obligations are recognized upon the sale of goods or services and are estimated based on historical warranty data and a probability-weighted estimate of all possible outcomes.

2. Reorganization

Reorganization provisions are recognized when a detailed formal plan for the reorganization has been approved by the Consolidated Company, and the plan has either commenced or been publicly announced. Future operating losses should not be recognized as a provision.

3. Onerous contract

When the unavoidable costs of meeting the obligations under a contract exceed the economic benefits expected to be received under it, a provision for onerous contracts is recognized. The provision for the liability is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing the contract, and any impairment loss relating to the contract assets is recognized before recognizing the provision for an onerous contract.

(17) Income recognition

1. Revenue from Contracts with Customers

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.

When the other party is involved in selling goods to customers, the Consolidated Company will recognize the nature of the promised goods to be transferred. If the Consolidated Company has any performance obligations to transfer goods or services on behalf of the other party (i.e., the combined company acts as an agent), the Consolidated Company should recognize as revenue the consideration to which it expects to be entitled in exchange for satisfying that performance obligation.

The Consolidated Company is obligated to provide standard warranties on the products sold and is therefore liable for defective returns. Provisions for warranty liabilities have been recognized for these obligations.

The Consolidated Company recognizes accounts receivable at the time of delivery of goods, as the consolidated company has an unconditional right to receive consideration at that point.

(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 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) Construction Contract

For the engineering business undertaken by the Consolidated Company, as the assets are controlled by the customer during construction, revenue is recognized

Ennoconn Corporation and its Subsidiaries Notes to Consolidated Financial Statements (Continued)

gradually over time based on the proportion of engineering costs incurred to date to the estimated total contract costs. When the recognized revenue amount has not been billed, it is recognized as a contract asset. When there is an unconditional right to the consideration, the contract asset is transferred to accounts receivable.

If the degree of completion of the performance obligation in an engineering contract cannot be reasonably measured, revenue from the contract is recognized only to the extent of costs incurred that are expected to be recoverable.

When the unavoidable costs of meeting the obligations under a contract exceed the economic benefits expected to be received under it, a provision for onerous contracts is recognized.

If circumstances change, the estimates of revenue, costs, and degree of completion will be revised, and the resulting increase or decrease will be reflected in profit or loss for the period in which management becomes aware of the changes.

2. Cost of customer contracts

(1) Incremental costs of obtaining a contract

If a Consolidated Company expects to recover the incremental costs of acquiring customer contracts, those costs are recognized as assets. The incremental cost of obtaining a contract is the cost incurred in obtaining a customer contract that would not have occurred if the contract had not been obtained. Regardless of whether the contract is obtained or not, the costs of obtaining the contract that will occur are recognized as expenses when incurred, unless those costs are explicitly recoverable from the customer regardless of whether the contract has been obtained.

As an expedient practical measure for business combinations, if the incremental costs of obtaining a contract are recognized as an asset and the amortization period of that asset is one year or less, the incremental costs are expensed when incurred.

2. Cost of fulfilling the contract

The costs incurred in fulfilling a contract with a customer that are not within the scope of other standards (IAS 2 "Inventories", IAS 16 "Property, Plant and Equipment" or IAS 38 "Intangible Assets"), the Group recognizes an asset only if those costs directly relate to a contract or a specifically identifiable anticipated contract, generate or enhance resources that will be used in satisfying (or continuing to satisfy) performance obligations in the future, and are expected to

be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfill a contract but not reflected in the contract price, costs related to satisfied (or partially satisfied) performance obligations, and costs that cannot be distinguished as related to unsatisfied performance obligations or satisfied (or partially satisfied) performance obligations are recognized as expenses when incurred.

(18) Employee benefits

1. Defined contribution plans

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 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.

Ennoconn Corporation and its Subsidiaries Notes to Consolidated Financial Statements (Continued)

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.

(19) Government grants

When a Consolidated Company receives any government subsidies, subsidies received without conditions attached are recognized as non-operating income.

For grants related to assets other than property, plant and equipment, the Consolidated Company recognizes the fair value of the grant as deferred income when there is reasonable assurance that the conditions attached to the government grant will be complied with and that the grant will be received, and recognizes the deferred income as other operating income on a systematic basis over the useful life of the related asset.

Government subsidies to compensate the Consolidated Company for expenses or losses incurred are recognized in profit or loss on a systematic basis over the periods in which the related costs are incurred.

For government-assisted loans obtained from financial institutions through government credit guarantees, the Consolidated Company treats the guaranteed amount as part of the fair value of the bank loans.

(20) Share-based payment transaction

For equity-settled share-based payment arrangements, the fair value on the grant date is recognized as an expense over the vesting period of the awards, with a corresponding increase in equity. The expense recognized is adjusted for the number of awards expected to meet the service and non-market performance conditions. The final amount recognized is based on the number of awards that ultimately meet the service and non-market performance conditions at the vesting date.

Regarding the non-vesting conditions of share-based payment awards, they are reflected in the measurement of the grant-date fair value of the share-based payment, and the differences between expected and actual results do not require a true-up adjustment.

The fair value of the stock appreciation rights payable in cash to employees should be recognized as an expense and a corresponding increase in liabilities over the period that employees become unconditionally entitled to the rewards. The liability is remeasured at fair value for the share appreciation rights on each reporting date and settlement date, with any changes recognized in profit or loss.

(21) Income tax

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.

The Consolidated Company has determined that the top-up tax payable under the Global Anti-Base Erosion (GloBE) rules falls within the scope of IAS 12 "Income Taxes", and has applied the temporary mandatory exemption from applying deferred tax accounting for the top-up tax. Any actual top-up tax incurred will be recognized as current income tax.

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 recognized for temporary differences between the carrying amounts of assets and liabilities at the reporting date and their tax bases. In case of any of the following situations, the temporary differences will not be recognized as deferred income tax:

1. The transaction is not a business combination, and at the time of the transaction, (i) it does not affect accounting profit or taxable income (loss), and (ii) it does not create equal taxable and deductible temporary differences on initial recognition of an asset or liability
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.

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

Ennoconn Corporation and its Subsidiaries Notes to Consolidated Financial Statements (Continued)

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 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.

(22) Business combination

The Consolidated Company accounts for each business combination using the acquisition method. Goodwill is measured at the fair value of the consideration transferred, including the amount attributable to any non-controlling interests in the acquiree, less the net amount (usually at fair value) of the identifiable assets acquired and liabilities assumed on the acquisition date. If the remaining balance after deduction is negative, the Consolidated Company should reassess whether all acquired assets and all assumed liabilities have been correctly identified before recognizing the bargain purchase gain in profit or loss.

Except for those related to the issuance of debt or equity instruments, transaction costs related to a business combination should be recognized immediately as expenses by the acquirer when incurred.

For non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, the acquirer has the option on a transaction-by-transaction basis to measure them at either fair value on the acquisition date or the present ownership instruments' proportionate share in the recognized amounts of the acquiree's identifiable net assets. Other non-controlling interests are measured at their fair value on the acquisition date or on another basis as prescribed by the International Financial Reporting Standards endorsed by the Financial Supervisory Commission.

In a business merger achieved in stages, the acquirer remeasures its previously held equity interest in the acquiree at its acquisition-date fair value and recognizes any resulting gain or loss in profit or loss. For the changes in the equity value of the acquiree that were

recognized in other comprehensive income prior to the acquisition date, they should be treated in the same manner as if the combined company had directly disposed of its previously held equity interest. If the disposal of such equity interest would require reclassification to profit or loss, then the amount should be 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 the incomplete accounting items and retrospectively adjusts or recognizes additional assets or liabilities during the measurement period to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period should not exceed one year from the date of acquisition.

(23) 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.

(24) Department information

An operating segment is a component of a Consolidated Company that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same Consolidated Company). The operating results of all operating segments are regularly reviewed by the chief operating decision maker of the Consolidated Company to make decisions about resources to be allocated to the segment and to assess its performance. Each operating department has separate financial information.

5. Significant accounting judgments, estimates and major sources of estimation uncertainty

When the management prepares the Consolidated Financial Statements, the management is required to make judgments, estimates and assumptions in preparing this Consolidated 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

Ennoconn Corporation and its Subsidiaries Notes to Consolidated Financial Statements (Continued)

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, the relevant information is as follows:

(1) Allowance for doubtful 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. Please see Note 6 (2) for details on the provision for impairment.

(2) Subsequent measurement of inventory

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. Please refer to Note 6(3) for details of the inventory valuation assessment.

(3) Evaluation of Goodwill Impairment

The assessment process for goodwill impairment relies on the subjective judgment of the Consolidated Company, including identifying the cash-generating units, allocating goodwill to the relevant cash-generating units, and determining the recoverable amount of the relevant cash-generating units.

(4) Income recognition

For a Consolidated Company, contract revenue is recognized over time by reference to the stage of completion of the construction contract, measured by the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The Consolidated Company considers various factors such as the nature of the projects, estimated duration, project items, construction processes, construction methods, and expected contract amounts to estimate the total contract cost. Any changes in the aforementioned estimation bases may result in material adjustments to the estimated amounts.

6. Explanation of significant accounts

(1) Cash and Cash Equivalents

	2023.12.31	2022.12.31
Cash on hand	\$ 118,825	46,657
Demand deposits and check deposits	22,696,253	25,172,531
Deposit account	<u>1,245,876</u>	<u>744,068</u>
Cash and cash equivalents listed in the cash flow statement	<u>\$ 24,060,954</u>	<u>25,963,256</u>

Please refer to Note 6(26) for the disclosure of interest rate risk and sensitivity analysis of the financial assets and liabilities of the Consolidated Company.

(2) Notes receivable and accounts receivable

	2023.12.31	2022.12.31
Notes receivable	\$ 268,107	42,133
Accounts receivable	21,259,749	18,195,678
Accounts receivable – related parties	73,498	279,448
Less: Allowance for loss	<u>(1,192,937)</u>	<u>(1,084,628)</u>
	<u>\$ 20,408,417</u>	<u>17,432,631</u>

For all notes receivable and accounts receivable, the Consolidated Company adopts the simplified approach to estimate expected credit losses, i.e., using the lifetime expected credit losses, for this measurement purpose, these notes receivable and accounts receivable are evaluated based on the shared credit risk characteristics representing the customers' ability to pay all amounts due in accordance with the contractual terms, and forward-looking information has been incorporated. The analysis of expected credit losses on the Consolidated Company's notes receivable and accounts receivable is as follows:

	2023.12.31		
	Carrying amount of notes and accounts receivable	Weighted average expected credit loss rate	Expected credit loss during the allowance
Not past due	\$ 16,741,588	0.23%	37,800
1–30 days past due	1,478,789	1.52%	22,454
31–150 days past due	1,666,980	2.72%	45,269
151–270 days past due	296,723	12.24%	36,329
271–365 days past due	228,137	46.87%	106,933
1–2 years past due	660,656	62.92%	415,671
Over 2 years past due	<u>528,481</u>	100.00%	<u>528,481</u>
	<u>\$ 21,601,354</u>		<u>1,192,937</u>

Ennoconn Corporation and its Subsidiaries Notes to Consolidated Financial Statements
(Continued)

	2022.12.31		
	Carrying amount of notes and accounts receivable	Weighted average expected credit loss rate	Expected credit loss during the allowance
	\$ 14,019,317	0.61%	85,704
1–30 days past due	1,866,594	1.18%	21,972
31–150 days past due	1,242,737	5.78%	71,863
151–270 days past due	283,051	6.93%	19,626
271–365 days past due	197,791	13.20%	26,110
1–2 years past due	357,030	86.44%	308,614
Over 2 years past due	<u>550,739</u>	100%	<u>550,739</u>
	<u>\$ 18,517,259</u>		<u>1,084,628</u>

The changes in the allowance for doubtful notes and accounts receivable of the Consolidated Company are as follows:

	2023	2022
Beginning Balance	\$ 1,084,628	897,495
Impairment losses recognized	807,717	432,782
Reversal impairment loss	(609,346)	(155,401)
The amount written off as uncollectible for the current year	(75,774)	(23,326)
Foreign currency translation gains and losses	(19,370)	(49,125)
Merge acquisition	<u>5,082</u>	<u>(17,797)</u>
Ending Balance	<u>\$ 1,192,937</u>	<u>1,084,628</u>

For details on the situation where the Consolidated Company's accounts receivable are pledged as collateral for borrowing, please refer to Note 8.

The Consolidated Company signed a non-recourse accounts receivable factoring agreement with financial institutions. According to the agreement, the Consolidated Company does not need to bear the risk of uncollectible accounts receivable, but only needs to bear losses caused by commercial disputes. Since the Consolidated Company has transferred almost all the risks and rewards of ownership of the aforementioned accounts receivable and has not continued to be involved, it meets the criteria for derecognition of financial assets.

Please refer to Note 6 (26) for other credit risk information.

(3) Inventory

	<u>2023.12.31</u>	<u>2022.12.31</u>
Raw materials	\$ 14,089,734	15,734,400
Raw materials in transit	240,093	210,687
Work in process	2,217,786	1,419,205
Semi-finished products	1,163,733	1,016,661
Finished good	3,550,169	3,118,647
Merchandise inventory	2,901,019	2,580,757
Less: Allowance for inventory market price decline	<u>(2,477,422)</u>	<u>(2,092,487)</u>
	<u>\$ 21,685,112</u>	<u>21,987,870</u>

The Consolidated Company recognized inventory-related costs and losses of NT\$542,106 thousand and NT\$535,039 thousand in 2023 and 2022, respectively, which were included in operating costs. The details are as follows:

	<u>2023</u>	<u>2022</u>
Gains on price recovery of inventory	\$ 319,272	328,975
Loss on inventory scrap	<u>222,834</u>	<u>206,064</u>
Total	<u>\$ 542,106</u>	<u>535,039</u>

The details of the inventory costs recognized as operating costs and expenses for the years 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Inventory costs recognized as operating costs and expenses	\$ 97,644,611	89,070,107
Less: Operating costs of suspended business units	<u>(144,666)</u>	<u>(987,565)</u>
Total	<u>\$ 97,499,945</u>	<u>88,082,542</u>

For details on the situation where the Consolidated Company's inventory is provided as collateral for a pledge, please refer to Note 8.

(4) Disposal groups for sale

On August 11, 2022, the Board of Directors of Kontron AG resolved to sell part of its IT service business, and on December 29, 2022, the deal passed antitrust review. Consequently, the assets and liabilities related to this business have been reported as a disposal group held for sale. On December 31, 2022, the amount of the disposal group held for sale was assets of NT\$206,496 thousand and liabilities of NT\$155,725 thousand. These assets and liabilities were fully disposed of on June 30, 2023, with the details as follows:

Ennoconn Corporation and its Subsidiaries Notes to Consolidated Financial Statements
(Continued)

	<u>2022.12.31</u>
Property, plant, and equipment	\$ 12,478
Inventory	37,501
Accounts receivable and other receivables	110,914
Cash and Cash Equivalents	<u>45,603</u>
Assets of groups pending for sale	<u>\$ 206,496</u>
Accounts payable and other payables	<u>\$ 155,725</u>
Liabilities of groups pending for sale	<u>\$ 155,725</u>

(5) Investments accounted for using equity method

The investments of the Consolidated Company using the equity method on the reporting date are listed as follows:

	<u>2023.12.31</u>	<u>2022.12.31</u>
Associate	<u>\$ 602,334</u>	<u>553,155</u>

The Consolidated Company participated in the subscription of the private placement of new shares issued by Arbor Technology on February 24, 2022, with an investment of NT\$296,000 thousand to acquire 16,000 thousand shares of the company, representing an ownership interest of approximately 16.76%. As a result, the company obtained significant influence over Arbor Technology, whose main business operations are the research and development, manufacturing, and sales of industrial computers.

The Company acquired 900 thousand shares of Ennowell for NT\$90 million on May 23, 2022, representing a 30% equity interest, thereby obtaining significant influence over the company. The company's main business operations include intelligent building system integration, energy management services, and cloud services.

On April 2, 2022, the Consolidated Company disposed of a 20% equity interest in Shenzhen Icontech Co., Ltd. and lost its significant influence over it. The disposal price was NT\$31,238 thousand (RMB 7,000 thousand), and the disposal gain of NT\$1,671 thousand was included in other gains and losses in the consolidated statement of comprehensive income.

The Consolidated Company disposed of its equity interest in Shenzhen Akkord Electronics Co., Ltd. and lost significant influence over it in March 2023. The disposal price was NT\$132,354 thousand (RMB 30,000 thousand), and the resulting disposal gain of NT\$44,927 thousand was included in other gains and losses in the consolidated statement of profit or loss.

In July 2023, the Consolidated Company invested in the common and preferred shares of Radisen Co., Ltd. After evaluation, the consolidated voting rights shareholding ratio in the company was 30.88%, so the equity method was used for valuation.

The associates accounted for using the equity method of the Consolidated Company are individually immaterial, and the aggregate financial information is as follows. These financial amounts are included in the consolidated financial statements of the Consolidated Company:

	<u>2023.12.31</u>	<u>2022.12.31</u>
Aggregate carrying amount at the end of the period for interests in individual associates that are not individually material	<u>\$ 602,334</u>	<u>553,155</u>
	<u>2023</u>	<u>2022</u>
Portion attributable to the Consolidated Company:		
Net Profit from Continuing Operations for the Current Period	\$ 40,930	51,115
Other comprehensive income	(8,898)	2,112
Total comprehensive income	<u>\$ 32,032</u>	<u>53,227</u>

The investments in associates accounted for using the equity method by the Consolidated Company are not pledged, guaranteed or restricted.

(6) Business combination

The Consolidated Company has expanded its group business through the acquisition of the following companies and obtained relevant development, design, and production technologies.

	Main operating activities	Date of acquisition	Acquisition ratio	Consideration transferred Fair value
CNP GmbH/CNT GmbH	Information Services	2022.01.01	100.00%	14,739 (Note 1)
Renown Information Technology Corp.	Information Software Services	2022.05.27	59.20%	10,000
Nationgate Integration(M) SDN. BHD.	Electronic product manufacturing	2022.06.10	60.00%	4,072
LUCOM GmbH	Industrial Internet of Things	2022.09.01	100.00%	156,800
Arce Mobility Solutions S.A.U.	Industrial Internet of Things	2022.12.31	100.00%	238,336 (Note 1)
Comlab AG and its Subsidiaries	Information Services	2023.07.01	100.00%	- (Note 2)
Telit Cinterion Deutschland GmbH	Information Services	2023.08.01	N/A	825,650 (Note 3)
Hartmann Electronic GmbH and its Subsidiaries	Information Services	2023.11.01	100.00%	842,162 (Note 4)
Bsquare Corporation and its Subsidiaries	Information Services	2023.12.07	100.00%	1,164,450 (Note 5)

Note 1: It means to absorb and merge.

Note 2: Includes its subsidiaries Comlab Deutschland GmbH and Comlab Beijing Radio Frequency Technology Co., Ltd.

Note 3: Only acquiring part of the assets of its automotive digital division.

Note 4: Including its subsidiaries W-IE-NE-R Power Electronics GmbH and W-IE-NE-R Power Electronics Corp.

Note 5: Including its subsidiary Bsquare EMEA.

Ennoconn Corporation and its Subsidiaries Notes to Consolidated Financial Statements (Continued)

1. The Consolidated Company acquired part of the assets of Comlab AG and its subsidiaries, Telit Cinterion Deutschland GmbH, Hartmann Electronic GmbH and its subsidiaries, and Bsquare Corporation and its subsidiaries in 2023, with relevant information as follows:

- (1) The major classes of consideration transferred and their fair values at the acquisition date are as follows:

	Comlab AG and its Subsidiaries	Telit CinterionDeut schlandGmbH	HartmannEle ctronic GmbH and its Subsidiaries	Bsquare Corporation and its Subsidiaries
Consideration transferred				
Cash	\$ -	825,650	842,162	1,164,450

- (2) The fair value of the identifiable net assets acquired and liabilities assumed:

	Comlab AG and its Subsidiaries	Telit CinterionDeut schlandGmbH	HartmannEle ctronic GmbH and its Subsidiaries	Bsquare Corporation and its Subsidiaries
Cash and Cash Equivalents	\$ 31,464	-	54,718	1,013,932
Notes and accounts receivable	228,071	740,525	61,614	112,374
Inventories	328,981	258,688	225,258	1,359
Contract asset - Current	81,445	-	-	21,045
Other current assets	98,421	42,309	8,101	16,614
Property, plant, and equipment	15,969	65,905	89,472	632
right-of-use asset	59,153	20,344	18,774	21,612
Intangible assets	133,983	216,058	146,334	12,840
Deferred income tax assets	10,621	36,059	-	-
Other non-current assets	-	-	506	732
Short-term borrowings	(136,644)	-	(3,093)	-
Notes and accounts payable	(336,814)	(402,662)	(27,917)	(216,994)
Lease liabilities - Current	(14,951)	(20,344)	(7,515)	(11,689)
Provisions for Liabilities - Current	(25,822)	(159,805)	(28,696)	-
Contract liability - Current	(114,014)	-	(1,593)	(1,118)
Other payables	(336,589)	(24,523)	(19,887)	(9,902)
Other current liabilities	-	-	-	(587)
Long-term loans	(44,504)	-	-	-
Deferred income tax liabilities	(10,621)	-	(44,494)	-
Lease liabilities - Non-current	(44,202)	-	(11,258)	(23,868)
Provisions for Liabilities - Non-current	(7,191)	(185,575)	-	-
Identifiable net assets (liabilities) at fair value	<u>\$ (83,244)</u>	<u>586,979</u>	<u>460,324</u>	<u>936,982</u>

The fair value of the accounts receivable acquired from the companies in the merger transactions approximates the book value, and there were no expected uncollectible amounts as of the acquisition date.

- (3) Goodwill

The goodwill recognized from acquisitions is as follows:

	Comlab AG and its Subsidiaries	Telit CinterionDeut schlandGmbH	Hartmann Electronic GmbH and its Subsidiaries	Bsquare Corporation and its Subsidiaries
Consideration transferred	\$ -	825,650	842,162	1,164,450
Less: The fair value of the identifiable net assets (liabilities) acquired	(83,244)	586,979	460,324	936,982
Plus: Non-controlling interests (measured as the proportionate share of the identifiable net assets of non-controlling interests)	51,915	-	-	-
Goodwill arising from acquisition	<u>\$ 135,159</u>	<u>238,671</u>	<u>381,838</u>	<u>227,468</u>

The goodwill arising from the acquisition mainly comes from the control premium. Furthermore, the consideration paid for the merger includes expected merger synergies, revenue growth, and future market development. However, such benefits do not meet the recognition criteria for identifiable intangible assets, and therefore are not recognized separately.

- (4) From the acquisition date to December 31, 2023, the revenue and net income contributed by the acquired company are as follows:

	Comlab AG and its Subsidiaries	Telit CinterionDeut schlandGmbH	HartmannEle ctronic GmbH and its Subsidiaries	Bsquare Corporation and its Subsidiaries
Operating Revenue	<u>\$ 338,209</u>	<u>N/A</u>	<u>88,252</u>	<u>84,144</u>
Current net profit (loss)	<u>\$ 8,834</u>	<u>N/A</u>	<u>(4,185)</u>	<u>7,370</u>

2. The Consolidated Company acquired CNP GmbH/CNT GmbH, Renown Information, Nationgate Integration (M) SDN. BHD, LUCOM GmbH and Arce Mobility Solution S.A.U. in 2022. The relevant information is as follows:

- (1) The major classes of consideration transferred and their fair values at the acquisition date are as follows:

	CNP GmbH/CNT GmbH	Renown Information	Nationgate Integration (M) SDN. BHD.	LUCOM GmbH	Arce Mobility Solutions S.A.U.
Consideration transferred Cash	<u>\$ 14,739</u>	<u>10,000</u>	<u>4,072</u>	<u>156,800</u>	<u>238,336</u>

Ennoconn Corporation and its Subsidiaries Notes to Consolidated Financial Statements
(Continued)

(2) The fair value of the identifiable net assets acquired and liabilities assumed:

	CNP GmbH/CNT GmbH	Renown Information	Nationgate Integration (M) SDN. BHD.	LUCOM GmbH	Arce Mobility Solutions S.A.U.
Cash and Cash Equivalents	\$ -	25,354	6,330	2,365	30,900
Notes and accounts receivable	-	13,219	-	6,504	65,697
Inventories	-	11,244	-	27,912	10,589
Contract asset	-	-	-	-	30,592
Other current assets	-	6,449	-	2,301	1,264
Property, plant, and equipment	923	1,094	-	205	818
Right-of-use asset	11,035	-	-	6,959	3,372
Intangible assets	8,363	6,031	-	23,716	58,851
Deferred income tax assets	-	-	-	1,667	9,195
Other non-current assets	-	-	-	-	94
Short-term borrowings	-	-	-	-	(7,344)
Notes and accounts payable	-	-	-	(6,913)	(64,908)
Lease liabilities - Current	(1,991)	-	(93)	-	(1,657)
Contract liability	-	-	-	-	(18,513)
Other payables	(409)	(25,940)	-	(2,871)	-
Other current liabilities	-	(251)	-	(4,653)	(15,174)
Deferred income tax liabilities	(2,509)	-	-	(7,352)	(14,713)
Lease liabilities - Non-current	(9,044)	-	-	(4,541)	(1,714)
Provision for liabilities	-	-	-	(1,895)	(14,896)
Identifiable net assets (liabilities) at fair value	<u><u>\$ 6,368</u></u>	<u><u>37,200</u></u>	<u><u>6,237</u></u>	<u><u>43,404</u></u>	<u><u>72,453</u></u>

The fair value of the accounts receivable acquired from the companies in the merger transactions approximates the book value, and there were no expected uncollectible amounts as of the acquisition date.

(3) Goodwill

The goodwill recognized from acquisitions is as follows:

	CNP GmbH/CNT GmbH	Renown Information	Nationgate Integration (M) SDN. BHD.	LUCOM GmbH	Arce Mobility Solutions S.A.U.
Consideration transferred	\$ 14,739	10,000	4,072	156,800	238,336
Less: The fair value of the identifiable net assets (liabilities) acquired	6,368	37,200	6,237	43,404	72,453
Plus: Non-controlling interests (measured as the proportionate share of the identifiable net assets of non-controlling interests)	-	23,384	2,495	-	-
Plus: The fair value of the acquiree's existing equity interest	-	11,393	-	-	-
Goodwill arising from acquisition	<u><u>\$ 8,371</u></u>	<u><u>7,577</u></u>	<u><u>330</u></u>	<u><u>113,396</u></u>	<u><u>165,883</u></u>

The Consolidated Company recognized a gain of NT\$1,758 thousand from remeasuring the fair value of the 48% equity interest previously held in Renown Information Technology Corp. on the acquisition date when merging companies. The gain was recognized under "Gain on disposal of investments" in the consolidated statement of comprehensive income.

The goodwill arising from the acquisition mainly comes from the control premium. Furthermore, the consideration paid for the merger includes expected merger synergies, revenue growth, and future market development. However, such benefits do not meet the recognition criteria for identifiable intangible assets, and therefore are not recognized separately.

- (4) From the acquisition date to December 31, 2022, the revenue and net income contributed by the acquired company are as follows:

	CNP GmbH/CNT GmbH	Renown Information	Nationgate Integration (M) SDN. BHD.	LUCOM GmbH	Arce Mobility Solutions S.A.U.
Operating Revenue	<u>N/A</u>	<u>\$ 11,837</u>	<u>-</u>	<u>56,302</u>	<u>N/A</u>
Current net profit (loss)	<u>N/A</u>	<u>\$ 2,371</u>	<u>(5)</u>	<u>3,126</u>	<u>N/A</u>

- (7) Changes in ownership interests in subsidiaries

The changes in equity of subsidiaries of the Consolidated Company for the years 2023 and 2022 that did not result in a change in control over those companies are as follows:

Nanjing Asiatek did not subscribe to the cash capital increase of Shenzhen Asiatek in proportion to its shareholding ratio between January of 2022, resulting in a decrease in its shareholding ratio from 73.51% to 70%. Subsequently, in June of 2022 and March of 2023, it disposed of 45% and 25% of its shares in Shenzhen Asiatek respectively. After the disposal, it no longer held any shares.

In October 2022, Dexatek Technology increased its shareholding due to the exercise of stock options, resulting in a change in Ennoconn International's shareholding ratio.

Decreased from 56.36% to 56%.

In fiscal years 2023 and 2022, Marketch increased its share capital due to the conversion of convertible corporate bonds, resulting in a decrease in Ennoconn International's shareholding ratio from 42.80% to 42.32%, and from 44.04% to 42.80%, respectively.

In 2023, Kontron AG implemented a buyback of treasury shares, resulting in EIH and Ennowell International increasing their combined shareholding from 27.64% to 27.86%.

In 2023, Caswell increased its equity due to the conversion of convertible corporate bonds, resulting in a decrease in the shareholding percentage of the Company and Ennoconn International from 31.77% to 31.70%.

Ennoconn Corporation and its Subsidiaries Notes to Consolidated Financial Statements (Continued)

In the year 2023, due to the partial conversion of Renown Information's convertible corporate bonds into common shares, which increased its equity, the Company's indirect shareholding ratio in Ruey Infotech decreased from 37.14% to 37.06%.

Since the above transactions did not change the control over the subsidiaries, they are treated as equity transactions.

The list showing the effect of changes in ownership interests in the aforementioned subsidiaries due to the merger of the companies on the equity attributable to the Consolidated Company is as follows:

2023

	<u>Marketech</u>	<u>Kontron AG</u>	<u>Caswell Inc.</u>	<u>Renown Information</u>	<u>Total</u>
Cash consideration received	\$ -	40,194	-	-	40,194
The book value of the subsidiary's net assets is calculated based on the relative change in equity interests to transfer the amount out of (into) non-controlling interests	278,100	1,863	2,490	(25)	282,428
Equity trading differences	<u>\$ 278,100</u>	<u>42,057</u>	<u>2,490</u>	<u>(25)</u>	<u>322,622</u>

2022

	<u>Marketech</u>	<u>Kontron AG</u>	<u>Shenzhen Asiatek Inc.</u>	<u>Dexatek</u>	<u>Total</u>
The book value of the subsidiary's net assets is calculated based on the relative change in equity interests to transfer the amount out of (into) non-controlling interests	\$ 27,191	(11,278)	(1,672)	(533)	13,708
Equity trading differences	<u>\$ 27,191</u>	<u>(11,278)</u>	<u>(1,672)</u>	<u>(533)</u>	<u>13,708</u>

The above difference in equity transactions is adjusted as capital surplus.

(8) Loss of control over a subsidiary

In 2023, the Consolidated Company disposed of S&T Plus s.r.o, Thecus U.S.A.,Inc and Kontron Transportation Hungary Kft, and lost control over its subsidiaries. The relevant information is as follows:

1. Consideration received

	<u>Kontron Transportation Hungary Kft.</u>	<u>S&T Plus s.r.o</u>	<u>Thecus U.S.A., Inc</u>
Cash and Cash Equivalents	<u>\$ -</u>	<u>117,950</u>	<u>1,715</u>

2. Loss of control over assets and liabilities

	Kontron Transportation Hungary Kft.	S&T Plus s.r.o	Thecus U.S.A., Inc
Cash and Cash Equivalents	\$ 11,225	45,113	1,715
Other Receivables	1,191	107,566	-
Inventories	4,539	100,755	-
Property, plant, and equipment	-	39,202	-
Goodwill	-	41,373	-
Deferred income tax assets	-	-	4,005
Other payables	(35,015)	(264,918)	-
Other non-current liabilities	-	(8,181)	-
	<u>\$ (18,060)</u>	<u>60,910</u>	<u>5,720</u>

3. Disposal of subsidiary Losses

	Kontron Transportation Hungary Kft.	S&T Plus s.r.o	Thecus U.S.A., Inc
Consideration received	\$ -	117,950	1,715
Net liabilities (assets) from disposals	18,060	(60,910)	(5,720)
Reclassification of other comprehensive income	5,088	14,743	-
	<u>\$ 23,148</u>	<u>71,783</u>	<u>(4,005)</u>

4. Net cash outflow from disposal of subsidiaries

	Kontron Transportation Hungary Kft.	S&T Plus s.r.o	Thecus U.S.A., Inc
Consideration received	\$ -	117,950	1,715
Less: Disposal of cash and cash equivalents	11,225	45,113	1,715
Net cash flows from disposal of subsidiaries	<u>\$ (11,225)</u>	<u>72,837</u>	<u>-</u>

In 2022, the Consolidated Company disposed of Shenzhen Aster and RTSoft Project OOO, Russia, RTSoft Training Center, BeeIN d.o.o., Iskratel Ukraine LTD, S&T Services Bel, Kontron Transportation, and Shenzhen Plastics Co., Ltd., and lost control over its subsidiaries, with relevant information as follows:

1. Consideration received

	Shenzhen Asiatek Inc.	RTSoft Project OOO, Russia	RTSoft Training Center	BeeIN d.o.o.	Iskratel Ukraine LTD	S&T Services Bel	Kontron Transportation	Shenzhen Plastics Co., Ltd.
Cash and Cash Equivalents	<u>\$ 121,318</u>	<u>410</u>	<u>-</u>	<u>314</u>	<u>-</u>	<u>3</u>	<u>-</u>	<u>3,085</u>

Ennoconn Corporation and its Subsidiaries Notes to Consolidated Financial Statements (Continued)

2. Loss of control over assets and liabilities

	Shenzhen Asiatek Inc.	RTSoft Project OOO, Russia	RTSoft Training Center	BeeIN d.o.o.	Iskratel Ukraine LTD	S&T Services Bel	Kontron Transportation	Shenzhen Plastics Co., Ltd.
Cash and Cash Equivalents	\$ 45,691	30,689	129	51	16,429	1,120	6,409	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 income tax assets	-	5,151	-	-	-	-	-	-
Goodwill	-	14,582	-	-	-	-	-	-
Intangible assets	-	81,440	-	-	-	-	-	-
Short-term borrowings	(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)
Deferred income tax liabilities	-	(285)	-	-	-	(11)	-	-
Other non-current liabilities	-	(4,091)	-	(458)	-	-	-	(5)
	<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>5,620</u>	<u>10,538</u>

3. Disposal of subsidiary Losses

	Shenzhen Asiatek Inc.	RTSoft Project OOO, Russia	RTSoft Training Center	BeeIN d.o.o.	Iskratel Ukraine LTD	S&T Services Bel	Kontron Transportation	Shenzhen Plastics Co., Ltd.
1. Consideration received	\$ 121,318	410	-	314	-	3	-	3,085
Net assets from disposals	(172,617)	(62,211)	(1,101)	(37,844)	15,640	(6,274)	(5,620)	(10,538)
Non-Controlling Interests	51,785	-	-	-	-	-	-	3,582
Net income (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>(5,620)</u>	<u>(3,871)</u>

4. Net cash outflow from disposal of subsidiaries

	Shenzhen Asiatek Inc.	RTSoft Project OOO, Russia	RTSoft Training Center	BeeIN d.o.o.	Iskratel Ukraine LTD	S&T Services Bel	Kontron Transportation	Shenzhen Plastics Co., Ltd.
Consideration received	\$ 121,318	410	-	314	-	3	-	3,085
Less: Disposal of cash and cash equivalents	45,691	30,689	129	51	16,429	1,120	6,409	627
Net cash outflow from disposal of subsidiaries	<u>\$ 75,627</u>	<u>(30,279)</u>	<u>(129)</u>	<u>263</u>	<u>(16,429)</u>	<u>(1,117)</u>	<u>(6,409)</u>	<u>2,458</u>

(9) Subsidiaries with material non-controlling interests

The non-controlling interests in subsidiaries that are material to the Consolidated Company are as follows:

Subsidiary name	Main Business Location/ The country where the company is registered	<u>The proportion of ownership interests and voting rights for non-controlling interests</u>	
		2023.12.31	2022.12.31
Caswell Inc.	Taiwan	68.30%	68.23%
Kontron AG	Austria	72.14%	72.36%
Marketch	Taiwan	57.68%	57.20%

The summarized financial information of the aforementioned subsidiaries is as follows. This financial information is prepared in accordance with International Financial Reporting Standards recognized by the Financial Supervisory Commission, and reflects the fair value adjustments made by the Consolidated Company on the acquisition date and the adjustments made for differences in accounting policies. These amounts are before elimination of inter-company transactions.

1. Consolidated financial information of Caswell Inc. and its Subsidiaries

	2023.12.31	2022.12.31
Current assets	\$ 3,410,527	4,537,955
Non-Current Assets	2,016,004	761,511
Current liabilities	(980,208)	(1,646,584)
Non-current liabilities	(859,810)	(108,109)
Net Assets	\$ 3,586,513	3,544,773
Ending balance of non-controlling interests	\$ 2,555,834	2,578,755
	2023	2022
Operating Revenue	\$ 4,082,437	4,982,672
Net profit for the period	\$ 321,278	452,533
Other comprehensive income	(13,426)	12,217
Total comprehensive income	\$ 307,852	464,750
Net profit for the period attributable to non-controlling interests	\$ 171,363	268,915
Total comprehensive income attributable to non-controlling interests	\$ 161,981	8,834

Ennoconn Corporation and its Subsidiaries Notes to Consolidated Financial Statements
(Continued)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities	\$ 1,040,966	406,826
Cash flows from investing activities	(640,770)	(198,030)
Cash flows from financing activities	(389,677)	(185,619)
The effect of exchange rate fluctuations on cash amounts	<u>(9,231)</u>	<u>11,004</u>
Increase in cash and cash equivalents	<u>\$ 1,288</u>	<u>34,181</u>
Dividends paid to non-controlling interests	<u>\$ 198,064</u>	<u>99,878</u>

2. Consolidated Financial Information of Kontron AG and its Subsidiaries

	<u>2023.12.31</u>	<u>2022.12.31</u>
Current assets	\$ 29,839,575	33,661,106
Non-Current Assets	16,735,327	13,483,831
Current liabilities	(21,427,382)	(18,080,002)
Non-current liabilities	<u>(4,624,594)</u>	<u>(8,265,936)</u>
Net Assets	<u>\$ 20,522,926</u>	<u>20,798,999</u>
Ending balance of non-controlling interests	<u>\$ 17,048,079</u>	<u>17,423,504</u>

	<u>2023</u>	<u>2022</u>
Operating Revenue	<u>\$ 41,556,981</u>	<u>34,422,378</u>
Net profit for the period	\$ 2,637,612	7,412,625
Other comprehensive income	<u>(228,494)</u>	<u>195,435</u>
Total comprehensive income	<u>\$ 2,409,118</u>	<u>7,608,060</u>
Net profit for the period attributable to non-controlling interests	<u>\$ 1,691,139</u>	<u>5,168,276</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 2,484,738</u>	<u>774,652</u>

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities	\$ 3,484,996	1,122,128
Cash flows from investing activities	867,029	4,505,449
Cash flows from financing activities	(7,849,254)	(1,210,993)
The effect of exchange rate fluctuations on cash amounts	<u>(105,919)</u>	<u>12,922</u>
Net (decrease) increase in cash and cash equivalents	<u>\$ (3,603,148)</u>	<u>4,429,506</u>
Dividends paid to non-controlling interests	<u>\$ 1,503,952</u>	<u>502,818</u>

3. Consolidated financial information of Marketech International Corp. and its Subsidiaries

	2023.12.31	2022.12.31
Current assets	\$ 39,459,227	30,098,714
Non-Current Assets	7,237,477	5,356,573
Current liabilities	(30,223,059)	(23,946,207)
Non-current liabilities	<u>(5,237,606)</u>	<u>(2,022,932)</u>
Net Assets	<u>\$ 11,236,039</u>	<u>9,486,148</u>
Ending balance of non-controlling interests	<u>\$ 6,530,604</u>	<u>5,514,864</u>
	2023	2022
Operating Revenue	<u>\$ 56,279,732</u>	<u>50,366,704</u>
Net profit for the period	\$ 2,101,229	2,154,285
Other comprehensive income	<u>(46,685)</u>	<u>91,713</u>
Total comprehensive income	<u>\$ 2,054,544</u>	<u>2,245,998</u>
Net profit for the period attributable to non-controlling interests	<u>\$ 1,151,990</u>	<u>1,178,151</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 1,124,928</u>	<u>54,694</u>
	2023	2022
Cash flows from operating activities	\$ (4,174,266)	1,395,070
Cash flows from investing activities	(558,776)	(18,098)
Cash flows from financing activities	5,563,824	791,593
The effect of exchange rate fluctuations on cash amounts	<u>(101,993)</u>	<u>125,077</u>
Increase in cash and cash equivalents	<u>\$ 728,789</u>	<u>2,293,642</u>
Dividends paid to non-controlling interests	<u>\$ 635,190</u>	<u>496,151</u>

Ennoconn Corporation and its Subsidiaries Notes to Consolidated Financial Statements
(Continued)

(10) Property, plant, and equipment

The following are the details of the changes in the cost, depreciation, and impairment loss of property, plant, and equipment for the Consolidated Company:

		Land	Housing and Architecture	Machinery	Leasehold improvement	Other equipment	Total
Cost:							
Balance as of January 1, 2023	\$	596,263	5,652,411	3,408,266	43,114	1,009,414	10,709,468
Increase		267,316	351,146	522,081	31,886	297,743	1,470,172
Acquisition through business combinations		-	58,301	112,971	-	706	171,978
Discipline		-	(2,694)	(275,706)	(86)	(72,495)	(350,981)
Reclassification		83,580	180,987	135,530	10,890	(126,265)	284,722
The Effects of Changes in Foreign Exchange Rates		7	42,020	20,528	(313)	(4,309)	57,933
Balance as of December 31, 2023	\$	947,166	6,282,171	3,923,670	85,491	1,104,794	12,343,292
Balance as of January 1, 2022	\$	592,113	6,004,696	3,526,732	56,363	769,179	10,949,083
Increase		-	93,050	530,818	3,785	394,970	1,022,623
Acquisition through business combinations		-	475	1,798	86	3,280	5,639
Classified as non-current assets held for sale		-	-	(11,436)	-	-	(11,436)
Discipline		(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
The Effects of Changes in Foreign Exchange Rates		3,281	(255,151)	(299,092)	13,111	14,139	(523,712)
Balance as of December 31, 2022	\$	596,263	5,652,411	3,408,266	43,114	1,009,414	10,709,468
Depreciation							
Balance as of January 1, 2023	\$	-	1,943,357	2,025,550	18,141	513,357	4,500,405
Depreciation of the current year		-	244,391	433,230	16,653	114,185	808,459
Discipline		-	(1,910)	(101,427)	(86)	(48,921)	(152,344)
Reclassification		-	(714)	681	-	(580)	(613)
The Effects of Changes in Foreign Exchange Rates		-	3,235	9,061	(115)	(3,327)	8,854
Balance as of December 31, 2023	\$	-	2,188,359	2,367,095	34,593	574,714	5,164,761
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
Classified as non-current assets held for sale		-	-	(8,198)	-	-	(8,198)
Discipline		-	(430)	(267,398)	(12,101)	(54,044)	(333,973)
Reclassification		-	(149,228)	127,772	(11,036)	(4,460)	(36,952)
The Effects of Changes in Foreign Exchange Rates		-	(34,423)	(205,530)	183	6,157	(233,613)
Balance as of December 31, 2022	\$	-	1,943,357	2,025,550	18,141	513,357	4,500,405
Book value:							
December 31, 2023	\$	947,166	4,093,812	1,556,575	50,898	530,080	7,178,531
December 31, 2022	\$	596,263	3,709,054	1,382,716	24,973	496,057	6,209,063

Please refer to Note 8 for details on the real estate, plants and equipment of the Consolidated Company that were provided as collateral for the pledge.

(11) Intangible assets

The cost and amortization details of the intangible assets of the Consolidated Company are as follows:

	Goodwill	Trademark	Patents	Computer software cost	Customer relationships	Others	Total
Cost or cost determination:							
Balance as of January 1, 2023	\$ 13,368,787	2,098,787	619,206	5,441,115	2,040,585	2,137,107	25,705,587
Obtain individually acquired in a business merger	-	-	15,742	1,097,877	-	242	1,113,861
Discipline	983,136	-	-	184,848	-	324,367	1,492,351
Reclassification	(41,373)	(2,586)	(100)	(36,794)	-	(136,063)	(216,916)
	-	-	-	1,407	-	-	1,407
The Effects of Changes in Foreign Exchange Rates	221,617	61,781	-	171,174	68,268	51,300	574,140
Balance as of December 31, 2023	<u>\$ 14,532,167</u>	<u>2,157,982</u>	<u>634,848</u>	<u>6,859,627</u>	<u>2,108,853</u>	<u>2,376,953</u>	<u>28,670,430</u>
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
Obtain individually acquired in a business merger	-	-	515	975,362	-	10,184	986,061
Classified as non-current assets held for sale	295,557	4,704	-	10,252	-	86,226	396,739
Discipline	(4,002)	(141,272)	-	(113,404)	-	(533,772)	(792,450)
Reclassification	(887,261)	(8,165)	-	(794,625)	-	(21,604)	(1,711,655)
	-	-	(3,000)	(10,720)	-	(36,194)	(49,914)
The Effects of Changes in Foreign Exchange Rates	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>
Amortization and impairment loss:							
Balance as of January 1, 2023	\$ 68,515	605,130	437,187	3,271,650	1,289,794	1,558,979	7,231,255
Current amortization	-	82,652	62,305	401,697	247,508	186,741	980,903
Discipline	-	(2,586)	-	(19,696)	-	(136,063)	(158,345)
The Effects of Changes in Foreign Exchange Rates	(11)	7,764	-	100,530	43,405	31,163	182,851
Balance as of December 31, 2023	<u>\$ 68,504</u>	<u>692,960</u>	<u>499,492</u>	<u>3,754,181</u>	<u>1,580,707</u>	<u>1,640,820</u>	<u>8,236,664</u>
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
Obtain individually acquired in a business merger	-	-	-	4,221	-	-	4,221
Classified as non-current assets held for sale	-	(127,973)	-	(55,523)	-	(422,816)	(606,312)
Discipline	-	(5,519)	-	(640,760)	-	(18,365)	(664,644)
Reclassification	-	-	(3,000)	(10,720)	-	3,000	(10,720)
The Effects of Changes in Foreign Exchange Rates	6,680	15,531	-	270,490	46,114	75,236	414,051
Balance as of December 31, 2022	<u>\$ 68,515</u>	<u>605,130</u>	<u>437,187</u>	<u>3,271,650</u>	<u>1,289,794</u>	<u>1,558,979</u>	<u>7,231,255</u>
Book value:							
December 31, 2023	<u>\$ 14,463,663</u>	<u>1,465,022</u>	<u>135,356</u>	<u>3,105,446</u>	<u>528,146</u>	<u>736,133</u>	<u>20,433,766</u>
December 31, 2022	<u>\$ 13,300,272</u>	<u>1,493,657</u>	<u>182,019</u>	<u>2,169,465</u>	<u>750,791</u>	<u>578,128</u>	<u>18,474,332</u>

1. Impairment loss

The accumulated amortized amount of computer software includes an impairment loss of NT\$813,734 thousand, which was due to Kontron AG reorganizing its overall organization in 2022, including the disposal of the IT Service division, resulting in the termination of some software development projects, thus recognizing an impairment loss.

2. Indefinite-lived intangible assets

Part of the trademarks of the Consolidated Company can be extended for the statutory period at a minimal cost. The Consolidated Company plans to continue applying for extensions of the statutory period and continue producing the product series. Therefore, it is expected that the trademarks will continue to generate net cash inflows, so they are considered intangible assets with indefinite useful lives.

3. Guarantee

The intangible assets of the Consolidated Company have not been provided as collateral.

(12) Right-of-use asset

The Consolidated Company leases land, buildings and structures, machinery and equipment, office equipment, and other equipment. The relevant information is as follows:

	Land	Housing and Architecture	Machinery	Office equipment	Transportation equipment	Other equipment	Total
Right-of-use asset costs:							
Balance as of January 1, 2023	\$ 1,066,996	3,461,655	1,184	18,314	620,599	165	5,168,913
Increase	787,302	1,516,474	625	13,523	238,985	42	2,556,951
Discipline	(1,429)	(284,348)	(102)	(989)	(155,064)	-	(441,932)
Acquisition through business combinations	-	111,168	-	-	8,715	-	119,883
The Effects of Changes in Foreign Exchange Rates	(1,093)	38,830	4	746	26,424	-	64,911
Balance as of December 31, 2023	<u>\$ 1,851,776</u>	<u>4,843,779</u>	<u>1,711</u>	<u>31,594</u>	<u>739,659</u>	<u>207</u>	<u>7,468,726</u>
Balance as of January 1, 2022	\$ 981,482	3,085,796	878	153,450	834,921	91	5,056,618
Increase	46,815	1,228,536	1,182	29,513	210,786	166	1,516,998
Discipline	-	(643,016)	(878)	(21,474)	(137,907)	(92)	(803,367)
Acquisition through business combinations	-	17,868	-	-	3,498	-	21,366
Classified as non-current assets held for sale	-	(367,107)	-	(141,418)	(298,275)	-	(806,800)
Reclassification	40,214	3,374	-	(2,588)	(4,337)	-	36,663
The Effects of Changes in Foreign Exchange Rates	(1,515)	136,204	2	831	11,913	-	147,435
Balance as of December 31, 2022	<u>\$ 1,066,996</u>	<u>3,461,655</u>	<u>1,184</u>	<u>18,314</u>	<u>620,599</u>	<u>165</u>	<u>5,168,913</u>
Accumulated depreciation and impairment losses on right-of-use assets:							
Balance as of January 1, 2023	\$ 164,745	1,388,559	184	13,274	338,359	33	1,905,154
Depreciation of the current year	29,033	839,480	482	6,947	151,448	62	1,027,452
Discipline	(1,399)	(242,971)	(102)	(989)	(138,739)	-	(384,200)
The Effects of Changes in Foreign Exchange Rates	(349)	11,952	-	522	13,844	-	25,969
Balance as of December 31, 2023	<u>\$ 192,030</u>	<u>1,997,020</u>	<u>564</u>	<u>19,754</u>	<u>364,912</u>	<u>95</u>	<u>2,574,375</u>
Balance as of January 1, 2022	\$ 138,392	1,387,614	813	99,628	452,665	70	2,079,182
Depreciation of the current year	25,461	660,644	249	21,614	184,554	55	892,577
Discipline	-	(525,803)	(878)	(21,326)	(127,254)	(92)	(675,353)
Classified as non-current assets held for sale	-	(202,296)	-	(85,692)	(177,331)	-	(465,319)
Reclassification	1,020	3,374	-	(1,575)	(1,203)	-	1,616
The Effects of Changes in Foreign Exchange Rates	(128)	65,026	-	625	6,928	-	72,451
Balance as of December 31, 2022	<u>\$ 164,745</u>	<u>1,388,559</u>	<u>184</u>	<u>13,274</u>	<u>338,359</u>	<u>33</u>	<u>1,905,154</u>
Book value:							
December 31, 2023	<u>\$ 1,659,746</u>	<u>2,846,759</u>	<u>1,147</u>	<u>11,840</u>	<u>374,747</u>	<u>112</u>	<u>4,894,351</u>
December 31, 2022	<u>\$ 902,251</u>	<u>2,073,096</u>	<u>1,000</u>	<u>5,040</u>	<u>282,240</u>	<u>132</u>	<u>3,263,759</u>

(13) Other current assets and other non-current assets

	2023.12.31	2022.12.31
Other Receivables	\$ 1,037,483	1,099,860
Current tax assets	112,266	101,519
Prepayments	2,018,364	1,556,041
Other financial assets	282,559	44,525
Margin deposit	671,169	112,092
Prepayments for business facilities	22,001	16,165
Contract asset - Non Current	29,059	34,711
Others	<u>2,662,762</u>	<u>7,590,570</u>
	<u>\$ 6,835,663</u>	<u>10,555,483</u>
Current	\$ 6,025,546	9,540,219
Non-current	<u>810,117</u>	<u>1,015,264</u>
	<u>\$ 6,835,663</u>	<u>10,555,483</u>

For details on other current assets and other non-current assets of the Consolidated Company pledged as collateral for borrowings, please refer to Note 8.

(14) Short-term borrowings

	2023.12.31	2022.12.31
Unsecured bank borrowings	\$ 12,475,062	14,514,898
Unsecured bank borrowings	<u>163,561</u>	<u>600,539</u>
	<u>\$ 12,638,623</u>	<u>15,115,437</u>
Unused quota	<u>\$ 36,616,620</u>	<u>21,943,239</u>
Interest rate range	<u>0.70%~12.20%</u>	<u>0.50%~19.25%</u>

1. Issuance and repayment of loans

The Consolidated Company had no significant issuance, repurchase, or repayment of short-term borrowings in 2023 and 2022. For interest expenses, please refer to Note 6(25).

2. Collateral for bank loans

For details on the situation where assets were pledged as collateral for bank borrowings in the case of the Consolidated Company, please refer to Note 8.

(15) Long-term loans

	2023.12.31		
	Interest rate range (%)	Expiration year	Amount
Unsecured bank borrowings	0.50%~5.32%	115-117	\$ 6,337,507
Secured bank borrowings	0.44%~5.16%	119-132	933,693
Sum			7,271,200
Less: Portion due within one year			(4,554,479)
Total			<u>\$ 2,716,721</u>

	2022.12.31		
	Interest rate range (%)	Expiration year	Amount
Unsecured bank borrowings	1.05%~3.32%	112-120	\$ 7,106,552
Secured bank borrowings	0.44%~2.03%	119-127	975,763
Sum			8,082,315
Less: Portion due within one year			(1,369,006)
Total			<u>\$ 6,713,309</u>

For details on the situation where assets were pledged as collateral for bank borrowings in the case of the Consolidated Company, please refer to Note 8.

(16) Bonds payable

The balance of corporate bonds payable for the Consolidated Company is as follows:

	2023.12.31	2022.12.31
The 3rd domestic unsecured convertible bonds	\$ 800,248	5,560,778
The 1st privately placed unsecured convertible bonds	1,480,973	1,473,913
The 4th domestic unsecured convertible bonds	339,553	962,204
The 5th domestic unsecured convertible corporate bonds	2,863,817	-
Subsidiary's unsecured convertible corporate bonds	2,391,712	812,275
Less: Listed as the portion due within one year or redeemable within one year	(800,248)	(812,275)
Ending balance of corporate bonds payable	<u>\$ 7,076,055</u>	<u>7,996,895</u>

- 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: February 26, 2019-February 26, 2024
- (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 Its 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, 2023, the conversion price was adjusted to NT\$204.4.

- (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 Right

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.

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, 2023 is NT\$0 thousand at fair value cost and non-derivative financial liabilities on December 31, 2023 is NT\$800,248 thousand at amortized cost, and its effective interest rate initially recognized is 1.1542%.

Issue proceeds (less transaction costs of NT\$4,852 thousand)	\$ 6,007,148
Equity components	<u>(332,132)</u>
Current portion of long-term liabilities (including payable corporate bonds of NT\$5,665,424 thousand and non-current financial liabilities at fair value through profit or loss of NT\$9,592 thousand)	5,675,016
Interest calculated at effective interest rate of 1.1542%	283,011
Gain on valuation of financial product	(3,701)
Converting corporate bonds payable into ordinary shares	<u>(5,154,078)</u>
The liability components as of December 31, 2023	<u><u>\$ 800,248</u></u>

2. 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.

- (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: 110.09.02~115.09.02
- (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 Its 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 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, 2023, the conversion price was adjusted to NT\$196.7.

(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 Right

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, 2023 is NT\$(1,050) thousand at fair value cost and non-derivative financial liabilities on December 31, 2023 is NT\$1,480,973 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	<u>(35,396)</u>
Liabilities due at maturity date consist partly of payable corporate bonds in the amount of NT\$1,464,589 thousand and non-current financial assets at fair value through profit or loss of NT\$150 thousand.	1,464,439
Interest calculated at effective interest rate of 0.479%	\$ 16,384
Gain on valuation of financial product	<u>(900)</u>
The liability components as of December 31, 2023	<u>\$ 1,479,923</u>

3. 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.

(1) Total issuance: NT\$6,000,000 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: November 16, 2021.~November 16, 2026.
- (7) Conversion Period:

Except during the suspension of conversion period, the creditors may request at any time in accordance with the rules of the convertible corporate bonds to convert the convertible corporate bonds they hold into the company's common shares from the day following 3 months after the issuance date (February 17, 2021) until the maturity date on November 16, 2026. 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 Its 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, 2023, the conversion price was adjusted to NT\$202.5.

- (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 Right:

From the day following 3 years after the issuance of the corporate bonds (November 27, 2024) until 40 days before the maturity date (January 17, 2027), if the closing price of the Company's common shares exceeds 130% of the then-applicable conversion price for 30 consecutive trading days, or if the outstanding balance of the convertible corporate bonds falls below 10% of the originally issued amount, the Company may, in accordance with the conversion regulations, notify the bondholders to redeem all bonds at face value in cash.

A. Redemption 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, 2023 is NT\$(559) thousand at fair value cost and non-derivative financial liabilities on December 31, 2023 is NT\$339,553 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	<u>(49,428)</u>
Current portion of long-term liabilities (including payable corporate bonds of NT\$951,494 thousand and non-current financial liabilities at fair value through profit or loss of NT\$598 thousand)	952,092
Interest calculated at effective interest rate of 0.9994%	16,966
Gain on valuation of financial product	(849)
Converting corporate bonds payable into ordinary shares	<u>(629,215)</u>
The liability components as of December 31, 2023	<u>\$ 338,994</u>

4. To meet the needs of working capital and reinvestment, the Company issued the third domestic unsecured convertible corporate bonds on August 16, 2023. The issuance conditions are as follows:

- (1) Total issuance: NT\$3,000,000 thousand
- (2) Face value: NT\$100 thousand each
- (3) Coupon rate: 0%
- (4) Effective interest rate: 1.787%

- (5) Book value at issuance: NT\$2,844,753 thousand
- (6) Term: August 16, 2023~ August 16, 2026
- (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 (November 17, 2023) to the expiration date August 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 Its Adjustment:

The conversion price at the time of initial issuance is set at NT\$295. 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.

- (9) The Company's Redemption Right

From the day after the issuance of corporate bonds for 3 months (November 17, 2023) to 40 days before the maturity date (July 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.

A. Redemption 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, 2023 is NT\$(600) thousand at fair value cost and non-derivative financial liabilities on December 31, 2023 is NT\$2,863,817 thousand at amortized cost, and its effective interest rate initially recognized is 1.787%.

Issue proceeds (less transaction costs of NT\$5,550 thousand)	\$ 3,009,450
Equity components	<u>(166,194)</u>
Liability components on the date of issuance (including corporate bonds payable of NT\$2,844,753 thousand and financial liabilities at fair value through profit or loss - non-current of NT\$1,497 thousand)	2,843,256
Interest calculated at effective interest rate of 1.787%	19,064
Loss from financial product evaluation	<u>897</u>
The liability components as of December 31, 2023	<u><u>\$ 2,863,217</u></u>

5. The main conditions relating to the issuance of unsecured convertible corporate bonds by the subsidiary 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 request the conversion from the day following three months after the issuance date of this convertible corporate bond until the maturity date, except during the period when the transfer of common shares is suspended by law, the period of 15 business days before the company's ex-dividend date for stock dividends, ex-dividend date for cash dividends, or ex-rights date for cash capital increase, until the record date for distribution of rights, as well as the period from the record date for capital reduction to the day before

the re-issued shares start trading after the capital reduction, during which conversion cannot be requested.

Additionally, they shall at all times request through the trading broker to inform the Taiwan Depository & Clearing Corporation to request the share agency of the issuing company in accordance with the provisions of these Regulations to convert the convertible bonds held into common shares of the issuing company.

(7) Conversion Price and Its Adjustment:

The issuance conversion price is NT\$104.1, and from August 21, 2022, the conversion price was adjusted to NT\$96.5.

(8) Redemption Rights:

- A. Starting from the day after three months from the issuance date of this convertible corporate bond until forty days before the expiration of the issuance period, if the closing price of the issuing company's common shares at the business premises of the securities firm exceeds thirty percent (inclusive) of the conversion price at that time for thirty consecutive business days, the issuing company may, within the following thirty business days, redeem all outstanding convertible corporate bonds in cash at their par value.
- B. Starting from the day after three months from the issue date until 40 days before the expiration of the issue period, if the outstanding balance of these convertible bonds falls below 10% of the original issue amount, the issuing company may, at any time thereafter, redeem all the outstanding convertible bonds at their face value in cash.
- C. If the bondholders do not respond in writing to the company's share transfer agent before the bond redemption record date stated in the "Bond Redemption Notice", the issuing company will redeem all outstanding convertible corporate bonds in cash at par within five business days after the bond redemption record date.

6. The main conditions relating to the issuance of unsecured convertible corporate bonds by the subsidiary 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
- (6) Conversion Period: From the day following three months after the issuance date of these convertible corporate bonds, until the maturity date, except during the suspension period stipulated by the conversion regulations or laws, the holders of these convertible corporate bonds may request the subsidiary company to convert the bonds into common shares of the subsidiary company. The rights and obligations of the converted common shares shall be the same as those of the originally issued common shares.
- (7) Conversion Price and Its Adjustment:

The conversion price of this convertible bond is determined according to the prescribed formula in the conversion regulations. If there is a situation where the Company is subject to anti-dilution provisions, the conversion price will be adjusted according to the prescribed formula in the conversion regulations. Subsequently, on the prescribed base date, the conversion price will be re-determined according to the prescribed formula in the regulations. If the new conversion price is higher than the previous conversion price of that year, no adjustment will be made.

(8) Redemption Rights:

- A. Redemption at maturity: The subsidiary will redeem the principal in one lump sum upon maturity of the bond issue.
- B. Early Redemption: From the day after three months of the issuance of these convertible bonds until forty days before the maturity date, if the closing price of the subsidiary's common shares exceeds 130% of the then-prevailing conversion price for thirty consecutive trading days, or if from the day following three months after the issuance of the convertible corporate bonds until forty days before the expiration of the issuance period, if the outstanding balance of the convertible corporate bonds is less than 10% of the original issue total, the subsidiary may redeem all the bonds at any time thereafter at their face value in cash.

- C. According to the conversion method, all subsidiary bonds redeemed, repaid or converted by the convertible bonds will be cancelled, and all rights and obligations attached to the convertible bonds will also be extinguished and no longer issued.
7. The main conditions relating to the issuance of unsecured convertible corporate bonds by the subsidiary are as follows:
 - (1) Total Issuance Amount: NT\$25,000,000 thousand
 - (2) Face value: NT\$100 thousand each
 - (3) Coupon rate: 0%
 - (4) Effective interest rate: 1.7960%
 - (5) Term: 2023.06.26 - 2026.06.27
 - (6) Conversion Period: From the day following three months after the issuance date of these convertible corporate bonds, until the maturity date, except during the suspension period stipulated by the conversion regulations or laws, the holders of these convertible corporate bonds may request the subsidiary company to convert the bonds into common shares of the subsidiary company. The rights and obligations of the converted common shares shall be the same as those of the originally issued common shares.
 - (7) Conversion Price and Its Adjustment:

The conversion price of this convertible bond is determined according to the prescribed formula in the conversion regulations. If there is a situation where the Company is subject to anti-dilution provisions, the conversion price will be adjusted according to the prescribed formula in the conversion regulations. Subsequently, on the prescribed base date, the conversion price will be re-determined according to the prescribed formula in the regulations. If the new conversion price is higher than the previous conversion price of that year, no adjustment will be made.
 - (8) Redemption Rights:
 - A. Redemption at maturity: The subsidiary will redeem the principal in one lump sum upon maturity of the bond issue.
 - B. Early Redemption: From the day following three months after the issuance of this convertible corporate bond until forty days before the maturity of the issuance period, if the closing price of the subsidiary's common shares exceeds 30% of the then-effective conversion price for thirty consecutive

trading days, or from the day following three months after the issuance of this convertible corporate bond until forty days before the maturity of the issuance period, if the outstanding balance of this convertible corporate bond falls below 10% of the original total issued amount, the subsidiary may redeem all of the bonds at any time thereafter at their face value in cash.

- C. According to the conversion method, all subsidiary bonds redeemed, repaid or converted by the convertible bonds will be cancelled, and all rights and obligations attached to the convertible bonds will also be extinguished and no longer issued.

(17) Lease liabilities

The Consolidated Company's carrying amount of lease liabilities:

	2023.12.31	2022.12.31
Current	<u>\$ 1,353,187</u>	<u>1,073,368</u>
Non-current	<u>\$ 3,985,321</u>	<u>2,591,985</u>

For maturity analysis, please refer to Note 6(26) Financial Instruments.

Recognized lease profit/loss is below:

	2023	2022
Interest expense on lease liabilities	<u>\$ 138,514</u>	<u>77,140</u>
Short-term lease expenses	<u>\$ 392,464</u>	<u>231,951</u>
Lease modification benefit (loss)	<u>\$ 470</u>	<u>1,950</u>

Recognized lease on the cash flow statement is below:

	2023	2022
Total cash outflow for lease	<u>\$ 1,617,256</u>	<u>1,080,551</u>

The Consolidated Company leases land, buildings and structures, machinery and equipment, office equipment, and other equipment, with lease terms typically lasting three years. Some leases include an option to extend for a period equal to the original contract term upon expiration. Some contracts also stipulate that the Consolidated Company will advance the lessor's tax and insurance expenses related to the real estate, which are usually incurred once a year.

(18) 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:

	2023.12.31	2022.12.31
Present value of a defined benefit obligation	\$ 811,353	563,984
Fair value of plan assets	(200,440)	(191,803)
Net defined benefit liability	<u>\$ 610,913</u>	<u>372,181</u>
	2023.12.31	2022.12.31
Defined benefit asset (listed as other non-current assets)	\$ (892)	(940)
Defined benefit liability	611,805	373,121
Net defined benefit liability	<u>\$ 610,913</u>	<u>372,181</u>

The defined benefit plans of the Company and its domestic subsidiaries are deposited in the labor retirement reserve account at 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. The subsidiaries abroad also contribute and pay the relevant statutory institutions according to 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 2023 and 2022 are as follows:

	2023	2022
Defined benefit obligations on January 1	\$ 563,984	659,932
Current service cost and interest	28,988	18,646
— Actuarial gains and losses arising from changes in demographic assumptions	(617)	119
— Actuarial gains (losses) - changes in financial assumptions	25,500	(118,414)
— Actuarial gains (losses) - experience adjustments	2,337	11,298
Planned paid benefits	(7,102)	(19,027)
Debt settlement	-	(88)
Liabilities incurred from corporate mergers	186,124	-
Foreign plan conversion differences	12,139	11,518
Net defined benefit obligation	<u><u>\$ 811,353</u></u>	<u><u>563,984</u></u>

(3) Changes in fair value of plan assets

The changes in the fair value of defined benefit plan of the Consolidated Company in 2023 and 2022 are as follows:

	2023	2022
Fair value of plan assets on January 1	\$ 191,803	184,993
Interest revenue	3,327	1,295
— Plan asset remuneration (excluding current interest)	2,176	27,399
Amount contributed to the plan	5,005	5,056
Planned paid benefits	(3,076)	(3,484)
Foreign plan conversion differences	1,205	(23,456)
Fair value of plan assets on December 31	<u><u>\$ 200,440</u></u>	<u><u>191,803</u></u>

(4) Expenses recognized as profit or loss

The details of the expenses reported by the Consolidated Company for the years 2023 and 2022 are as follows:

	2023	2022
Current service cost	\$ 11,796	13,499
Net interest on the net defined benefit liability	13,865	3,852
	<u><u>\$ 25,661</u></u>	<u><u>17,351</u></u>

(5) Net remeasurement of defined benefit liabilities recognized in other comprehensive income

The remeasurements of net defined benefit liabilities recognized in other comprehensive income for the Consolidated Company were \$(52,741) thousand and \$134,396 thousand for the years 2023 and 2022, respectively.

(6) Actuarial assumptions

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:

	2023.12.31	2022.12.31
Discount rate	1.20%~4.50%	1.29%~4.21%
Increase in future salary	0.00%~4.00%	0.00%~3.00%
Turnover rate	0%~0.04%	0%~34%

The Consolidated Company is expected to pay NT\$23,926 thousand to the defined benefit plan within one year after the reporting date of 2023.

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, 2023 and 2022 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, 2023		
Discount rate	\$ 19,245	20,927
Increase in future salary	10,639	(10,756)
December 31, 2022		
Discount rate	(20,747)	22,164
Increase in future salary	13,287	(12,801)

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 plans

The Consolidated 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 Consolidated Company will not assume the legal or constructive obligations of paying extra amount. Overseas subsidiaries provide retirement funds to the relevant statutory agencies in accordance with local relevant laws and regulations.

The retirement pension expenses for the Consolidated Company under the defined contribution retirement pension plan in 2023 and 2022 were NT\$269,556 thousand and NT\$242,121 thousand, respectively, which have been contributed to the Labor Insurance Bureau or local competent authorities.

(19) Income tax

1. Income tax expense

The details of the income tax expense of the Consolidated Company in 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Income tax expenses for the period		
Recognized for the period	\$ 2,072,373	1,530,129
Adjustment of the income tax in the previous year	<u>(1,915)</u>	<u>29,206</u>
	<u>2,070,458</u>	<u>1,559,335</u>
Deferred income tax expenses		
The occurrence and (reversal) of temporary differences	<u>(473,431)</u>	<u>(126,802)</u>
income tax expense	1,597,027	1,432,533
Less: Income tax expense of discontinued operations	<u>2,406</u>	<u>111,123</u>
income tax expense	<u>\$ 1,594,621</u>	<u>1,321,410</u>

The details of income tax expenses under recognized other comprehensive profits/losses of the Consolidated Company in 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Profit Before tax	<u>\$ 6,915,695</u>	<u>3,709,274</u>
Income tax calculated at domestic tax rate	\$ 1,383,139	221,630
The amount affected by differences in foreign tax rates	1,210,148	202,216
Non-deductible expenses	(434,164)	(617,699)
Tax-exempt income	(249,371)	(46,016)
Tax incentives	(2,844)	-
Changes in unrecognized temporary differences	(187,246)	(405,246)
Early (over)underestimation	(87,134)	25,751
Surtax on undistributed retained earnings	177,909	5,943
Basic tax payable	-	491

	<u>2023</u>	<u>2022</u>
Repatriation of overseas profits subject to tax payment	-	50,786
Others	<u>(213,410)</u>	<u>-</u>
Income tax expense (excluding income tax expense attributable to discontinued operations)	1,597,027	1,432,533
Less: Income tax expense of discontinued operations	<u>2,406</u>	<u>111,123</u>
income tax expense	<u><u>\$ 1,594,621</u></u>	<u><u>1,321,410</u></u>

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, 2023 and 2022, 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:

	<u>2023.12.31</u>	<u>2022.12.31</u>
Summary amount of temporary differences related to investment in subsidiaries	<u><u>\$ 2,666,211</u></u>	<u><u>2,261,389</u></u>

(2) Deferred income tax assets not recognized

The items not recognized as deferred tax assets for the Consolidated Company are as follows:

	<u>2023.12.31</u>	<u>2022.12.31</u>
Deductible temporary difference	\$ 44,315	68,881
Summary amount of temporary differences related to investment in subsidiaries	324,100	312,775
Tax losses	<u>2,110,353</u>	<u>1,791,771</u>
Total	<u><u>\$ 2,478,768</u></u>	<u><u>2,173,427</u></u>

According to the Income Tax Law, tax losses refer to the losses from the previous ten years that have been approved by the tax authorities, which can be deducted from the current year's net income before income tax is levied. Those items were not recognized as deferred tax assets because the Consolidated Company is unlikely to have sufficient taxable income in the future to utilize those temporary differences.

As of December 31, 2023, the tax losses of the Consolidated Company not yet recognized as deferred tax assets, and their expiration periods, are as follows:

Unabsorbed losses	The final year to be deducted
\$ 29,740	2024
41,960	2025
39,712	2026
81,143	2027
23,267	2028
7,447	2029
43,812	2030
15,748	2031
20,111	2032
2,929,064	2033
<u>5,806,749</u>	Indefinite
<u>\$ 9,038,753</u>	

(3) Recognized deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities:

Deferred income tax liabilities:

	Share of profit or loss of associates accounted for using equity method	right-of-use asset	Others	Total
January 1, 2023	\$ 201,163	123,083	179,868	504,114
Debit/(credit) income statement	(30,685)	107,784	61,843	138,942
Debit/(credit) other comprehensive profit and loss	-	-	7,839	7,839
Debit/(Credit) Equity	-	-	(9,219)	(9,219)
Exchange differences on translation of foreign financial statements	-	-	(65,326)	(65,326)
December 31, 2023	<u>\$ 170,478</u>	<u>230,867</u>	<u>175,005</u>	<u>576,350</u>
	Share of profit or loss of associates accounted for using equity method	right-of-use asset	Others	Total
January 1, 2022	\$ 134,327	48,746	401,602	584,675
Debit/(credit) income statement	66,836	74,337	(278,528)	(137,355)
Debit/(credit) other comprehensive profit and loss	-	-	972	972
Debit/(Credit) Equity	-	-	722	722
Discontinued Department	-	-	(37,782)	(37,782)
Exchange differences on translation of foreign financial statements	-	-	92,882	92,882
December 31, 2022	<u>\$ 201,163</u>	<u>123,083</u>	<u>179,868</u>	<u>504,114</u>

Deferred income tax assets:

	Inventory write-down and obsolescence losses	Loss carryforward	Lease liabilities	Accounts receivable Allowance for doubtful accounts	Provision for liabilities	Others	Total
January 1, 2023	\$ 47,152	967,984	128,229	274,059	244,838	(127,545)	1,534,717
Debit/(credit) income statement	13,886	178,741	135,891	(25,191)	165,847	143,199	612,373
Debit/(credit) other comprehensive profit and loss	(41)	-	-	-	-	23,102	23,061
Debit/(Credit) Equity	-	-	-	-	14,730	-	14,730
Exchange differences on translation of foreign financial statements	(6)	47,248	-	(4,335)	20,903	(160,315)	(96,505)
December 31, 2023	\$ 60,991	1,193,973	264,120	244,533	446,318	(121,559)	2,088,376
January 1, 2022	\$ 58,526	1,149,800	49,414	254,604	294,275	(192,496)	1,614,123
Debit/(credit) income statement	(11,698)	(210,852)	78,815	19,136	76,484	37,562	(10,553)
Debit/(credit) other comprehensive profit and loss	34	-	-	-	-	(10,730)	(10,696)
Debit/(Credit) Equity	-	-	-	-	(31,541)	-	(31,541)
Discontinued Department	-	(9,695)	-	(18,671)	(109,459)	(2,285)	(140,110)
Exchange differences on translation of foreign financial statements	290	38,731	-	18,990	15,079	40,404	113,494
December 31, 2022	\$ 47,152	967,984	128,229	274,059	244,838	(127,545)	1,534,717

3. Income tax assessments

The profit-seeking enterprise income tax settlement and filing cases of the Company, Ennoconn International, Goldtek, Thecus Technology, Caswell and Marketch up to the year 2020 have been assessed and approved by the tax authorities. The Company disagrees with the approved contents of 2016 and 2018, and is currently applying for review. However, the Company has assessed the relevant income tax based on the principle of prudence.

4. The lowest tax burden globally

The new tax laws to be promulgated in the tax jurisdictions where the Consolidated Company operates will take effect on January 1, 2024 or have not yet been legislated. Therefore, as of December 31, 2023, the Consolidated Company has no impact on current income tax.

The Consolidated Company recognizes supplementary tax as current income tax when it actually occurs, and for the deferred income tax accounting treatment related to supplementary tax, a temporary mandatory exemption is applied. Please refer to Note 4(21) for the accounting policy.

(20) Capital and other equity

As of December 31, 2023 and 2022, 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 132,000 thousand ordinary shares and 106,037 thousand ordinary shares respectively.

1. Issuance of common stock

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.

The transfer of the aforementioned private placement of ordinary shares and the subsequently allotted shares without consideration must be handled in accordance with Article 43-8 of the Securities and Exchange Act, and after three years from the delivery date of the private placement of ordinary shares, an application for public offering must be filed with the Financial Supervisory Commission before applying for listing and trading on the stock exchange.

The company, according to the resolution passed by the Board of Directors on March 22, 2022, canceled the repurchased shares of NT\$233,608 thousand that had not been transferred for 5 years in accordance with Article 28-2 of the Securities and Exchange Act. As a result, the company reduced its capital by NT\$6,550 thousand and canceled 655 thousand shares. The base date for the capital reduction was May 8, 2022. The relevant statutory registration procedures have been completed, and the paid-in capital after the change is NT\$1,060,370 thousand.

In the fiscal year 2023, the company issued 25,963 thousand new shares with a total amount of NT\$259,629 thousand at par value due to the exercise of conversion rights by the holders of convertible corporate bonds. The aforementioned new shares have completed the statutory registration procedures, and the paid-in capital after the change is NT\$1,319,999 thousand.

2. Capital surplus

The components of the Company's capital reserve are as follows:

	December 31, 2023	December 31, 2022
Premium of issued shares	\$ 5,039,717	5,039,717
Issuance of new shares for other company's shares	1,372,670	1,372,670
Premium on conversion of convertible corporate bonds	7,260,995	1,797,651
Share options for convertible corporate bonds	263,238	396,757
Expired stock options	385,261	385,261
Changes in equity of subsidiaries and associates	618,871	293,268
	<u>\$ 14,940,752</u>	<u>9,285,324</u>

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.

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's industrial development is in a growth stage, and there are plans to expand production lines and capital needs for the next few years. Therefore, the residual dividend policy is adopted; first, the retained earnings are used to meet the capital needs, and the remaining surplus is paid out in the form of cash dividends. However, the cash dividend shall not be less than ten percent of the total dividend distribution 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, 2023 and 2022, the balance of such special reserve was NT\$905,934 thousand and NT\$1,768,490 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 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. 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

The Company passed resolutions at the Board of Directors' meeting on March 30, 2023 for the cash dividend distribution of the 2022 retained earnings, and at the shareholders' meeting on June 23, 2022 for the cash dividend distribution of the 2021 retained earnings. The details of the dividends distributed to the owners are as follows:

	2022		2021	
	Payout ratio (NT\$)	Amount	Payout ratio (NT\$)	Amount
Distributed to owners of ordinary shares:				
Cash	\$ 15.00	<u>1,604,720</u>	3.00	<u>318,111</u>

At the board meeting held on March 29, 2024, the Company resolved on the distribution of profits for the fiscal year 2023, with the amount of dividends to be distributed to shareholders as follows:

	2023	
	Payout ratio (NT\$)	Amount
Distributed to owners of ordinary shares:		
Cash	\$ 11.41	<u>1,559,072</u>

4. Other equity (net of 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, 2023	\$ (830,267)	(75,667)	27,177,156	26,271,222
Number of affects from regression and refactoring	-	-	2,944	2,944
Net profit for the period	-	-	3,142,418	3,142,418
Exchange differences on translating the net assets of foreign operations	(246,805)	-	782,351	535,546
Share of associates accounted for using the equity method	(4,380)	233	(4,112)	(8,259)
Unrealized gain or loss on financial assets at FVTOCI	-	55,283	(97,585)	(42,302)
Confirm the benefit plan remeasurement amount	-	-	(26,164)	(26,164)
Subsidiary Shareholder Cash Dividends	-	-	(2,419,788)	(2,419,788)
Disposal of equity instruments measured at fair value through other comprehensive income	-	61,674	-	61,674
Changes in ownership interests in subsidiaries	-	-	(322,622)	(322,622)
Others	-	-	(457,342)	(457,342)
Balance as of December 31, 2023	<u>\$ (1,081,452)</u>	<u>41,523</u>	<u>27,777,256</u>	<u>26,737,327</u>
Balance as of January 1, 2022	\$ (1,673,323)	(95,167)	20,565,729	18,797,239
Number of affects from regression and refactoring	-	-	374	374
Net profit for the period	-	-	6,757,269	6,757,269
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
Confirm the benefit plan remeasurement amount	-	-	86,018	86,018
Subsidiary Shareholder Cash Dividends	-	-	(1,179,005)	(1,179,005)
Changes in ownership interests in subsidiaries	-	-	(13,708)	(13,708)
Non-controlling interests acquired in a merger	-	-	23,384	23,384
Loss of control influence number	-	-	(90,053)	(90,053)
Other changes	-	-	241,276	241,276
Balance as of December 31, 2022	<u>\$ (830,267)</u>	<u>(75,667)</u>	<u>27,180,100</u>	<u>26,274,166</u>

(21) Share-based payment transaction

- Adat Technology (a subsidiary of Marketch) had the following share-based payment transactions in 2023 and 2022:

Issuing company	Type of protocol	Grant date	Number of Shares Granted (Thousands)	Contract Period	Vesting conditions
Adat Technology Co.,option plan Ltd.	Employee Share	2019.04.01	436	6 years	Service completed between 0 to 2 years
"	"	2019.09.01	314	"	"
"	"	2020.05.01	27	"	"
"	"	2020.09.01	137	"	"

- The aforementioned share-based payment agreements are equity-settled share-based payment transactions.
- Detailed information on the aforementioned share-based payment agreements is as follows:

	2022	
	Weighted Average Strike Price (NTD)	Stock options Quantity
January 1 outstanding subscription rights	10.00	122
The stock option was exercised during this period.	10.00	(116)
Options forfeited for the period	-	(6)
December 31 shares outstanding	-	- Note
December 31 exercisable stock options		- Note

Note: The employee stock option plan of the subsidiary, Adat Technology Co., Ltd., has been fully implemented as of December 31, 2022.

- (3) The expiration dates and exercise prices of the outstanding stock options on the balance sheet date are as follows:

	2022.12.31			
	Date of Approval for Issue	Maturity date	Number of shares (thousand shares)	Strike Price (NTD)
Issuing company				
Adat Technology Co., Ltd.	2019.04.01	2025.03.31	-	-
"	2020.05.01	2026.04.30	-	-
"	2020.09.01	2026.08.31	-	-

- (4) Adat Technology uses the Black-Scholes option pricing model to estimate the fair value of share-based payment transactions with share options granted, with the following information:

Issuing company	Type of protocol	Grant date	Stock Price (NTD)	Strike Price (NTD)	Expected volatility	Expected lifespan	Expected dividend yield	Risk-free interest rate	Fair value per unit (NTD)
Adat Technology Co., Ltd.	Employee Share option plan	2019.04.01	137	137	47.77%	3.550 years	0%	0.61%	137
"	"	2019.09.01	137	137	44.29%	3.550 years	0%	0.54%	137
"	"	2020.05.01	137	137	38.58%	3.550 years	0%	0.38%	137
"	"	2020.09.01	137	137	38.10%	3.550 years	0%	0.38%	137

- (5) The expenses from share-based payments incurred by Adat Technology were NT\$0 thousand and NT\$121 thousand for the years 2023 and 2022, respectively.

(22) Earnings per share

The relevant calculations of the Consolidated 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 holders of ordinary share equity of the Company

	2023			2022		
	Continuing operations	Discontinued department	Total	Continuing operations	Discontinued department	Total
Net profit attributable to the holders of ordinary share equity of the Company	\$ <u>2,238,054</u>	<u>22,910</u>	<u>2,260,964</u>	<u>1,292,494</u>	<u>2,162,330</u>	<u>3,454,824</u>

(2) Weighted average outstanding ordinary shares

	2023	2022
Ordinary shares issued as of January 1	106,037	101,812
Effects of treasury stock	-	(655)
Effect of conversion bonds	12,908	-
Effect of cash capital increase on the issuance of new shares	-	4,746
Weighted average share outstanding as of Dec 31	<u>118,945</u>	<u>105,903</u>

(3) Earnings per share (basic)

	2023			2022		
	Continuing operations	Discontinued department	Total	Continuing operations	Discontinued department	Total
Basic earnings per share	\$ <u>18.82</u>	<u>0.19</u>	<u>19.01</u>	<u>12.20</u>	<u>20.42</u>	<u>32.62</u>

2. Diluted earnings per share

(1) Net profit attributable to the holders of ordinary share equity of the Company

	2023			2022		
	Continuing operations	Discontinued department	Total	Continuing operations	Discontinued department	Total
Net profit attributable to the holders of ordinary share equity of the Company (basic)	\$ 2,238,054	22,910	2,260,964	1,292,494	2,162,330	3,454,824
After tax interest expenses and financial evaluation gains and losses of convertible corporate bonds	137	-	51,255	82,943	-	82,943
Net profit attributable to the holders of ordinary share equity of the Company (diluted)	<u>\$ 2,289,309</u>	<u>22,910</u>	<u>2,312,219</u>	<u>1,375,437</u>	<u>2,162,330</u>	<u>3,537,767</u>

(2) Weighted average outstanding ordinary shares

	2023	2022
Weighted average number of outstanding ordinary shares (basic)	118,945	105,903
Effect of conversion of convertible corporate bonds	30,616	38,977
Effect of employee remuneration	424	498
Weighted average outstanding ordinary shares (diluted) as of December 31	<u>149,985</u>	<u>145,378</u>

(3) Diluted earnings per share

	2023			2022		
	Continuing operations	Discontinued department	Total	Continuing operations	Discontinued department	Total
Diluted earnings per share	<u>\$ 15.26</u>	<u>0.16</u>	<u>15.42</u>	<u>9.46</u>	<u>14.87</u>	<u>24.33</u>

(23) Income from contracts

1. Income Statement

The income details of the Consolidated Company are as follows:

	2023	2022
Revenue from sales of goods	\$ 80,906,141	77,512,079
Service revenue	3,891,089	11,880,229
Engineering service revenue	<u>37,022,030</u>	<u>30,999,634</u>
	121,819,260	120,391,942
Less: Operating income from suspended business units	<u>178,284</u>	<u>12,163,409</u>
	<u>\$ 121,640,976</u>	<u>108,228,533</u>

2. Balance of contracts

	2023.12.31	2022.12.31
Notes and accounts receivable	\$ 21,601,354	18517259
Less: Allowance for loss	<u>1,192,937</u>	<u>1,084,628</u>
Total	<u>\$ 20,408,417</u>	<u>17,432,631</u>
	2023.12.31	2022.12.31
Contract asset	\$ 13,530,731	9,059,781
Contract Assets - Sales Contract	305,841	1,398,269
Contract asset - Service contract	<u>1,018,260</u>	<u>410,742</u>
Total	<u>\$ 14,854,832</u>	<u>10,868,792</u>
Contract liabilities - construction contracts	\$ 7,807,091	5,723,089
Contract liability - sales contract	2,353,440	1,688,212
Contract liabilities - Service contracts	<u>1,921,505</u>	<u>1,681,358</u>
Extended warranty service	<u>442,536</u>	<u>596,973</u>
Total	<u>\$ 12,524,572</u>	<u>9,689,632</u>

For disclosures related to notes receivable and accounts receivable and their impairment, please refer to Note 6(2).

(24) Employee and Director/Supervisor Compensation

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.

For the fiscal years of 2023 and 2022, the Company estimated the employee compensation at NT\$85,000 thousand and NT\$89,000 thousand, respectively, and the directors' and supervisors' remuneration at NT\$2,600 thousand and NT\$2,850 thousand, respectively. These amounts were calculated based on the Company's profit before income tax, deducting employee compensation and directors' and supervisors' remuneration, multiplied by the percentages of employee compensation and directors' and supervisors' remuneration as prescribed by the Company's Articles of Incorporation. These estimated amounts were reported as operating costs or operating expenses for the years 2023 and 2022, respectively. If there is a difference between the actual amount distributed and the estimated amount in the following year, it will be treated as a change in accounting estimate, and the difference will be recognized as profit or loss for the following year. 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 2023 and 2022. The related information is available on the Market Observation Post System (MOPS).

(25) Non-operating income and expenses

1. Other income

The details of other income from the Consolidated Company are as follows:

	2023	2022
Rent revenue/income	\$ 20,944	36,235
Dividend revenue	<u>29,462</u>	<u>16,437</u>
	50,406	52,672
Less: Other income from suspended business units	<u>40</u>	<u>3,806</u>
	<u>\$ 50,366</u>	<u>48,866</u>

2. Other gains and losses

The other benefits and losses of the Consolidated Company are detailed as follows:

	2023	2022
Losses on disposals of property, plant and equipment	\$ 16,117	(19,734)
Gains on disposals of investments	135,853	27,196
Gain on foreign exchange	12,254	453,048
Net benefits (losses) on financial assets and liabilities	503,417	(135,296)
Supplemental income	906,801	755,853
Impairment loss on non-financial assets	-	(1,029,708)
Lease modification benefits	470	1,950
Profit from discontinued operations (Note 12 (2))	43,089	7,504,112
Others	<u>676,824</u>	<u>1,102,299</u>
	2,294,825	8,659,720
Less: Other income from discontinued operations	<u>70,010</u>	<u>7,615,681</u>
Other net gains and losses	<u>\$ 2,224,815</u>	<u>1,044,039</u>

3. Financial cost

The detailed financial costs of the Consolidated Company are as follows:

	2023	2022
Interest on bank loans	\$ 921,903	478,351
Interest on lease liabilities	80,660	77,140
Accrued interest on corporate bonds payable	<u>95,716</u>	<u>107,113</u>
	1,098,279	662,604
Less: Financial costs of discontinued operations	<u>3,182</u>	<u>44,854</u>
	<u>\$ 1,095,097</u>	<u>617,750</u>

(26) Financial instruments

1. Credit risk

(1) Amount of maximum exposure to credit risk

The carrying amount of a financial asset represents the maximum amount of credit risk.

(2) Credit risk Situation

As the Consolidated 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 Consolidated Company are to trade only with well-reputed counterparties, the Consolidated 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.

For information on the credit risk exposure of notes and accounts receivable, please refer to Note 6(2).

Financial assets at amortized cost

Other financial assets measured at amortized cost include other receivables and time deposits, among others.

2. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest.

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	More than 1 year
December 31, 2023					
Non-derivative financial liabilities					
Non-interest bearing liabilities	\$ 26,263,359	26,263,359	26,263,359	-	-
Lease liabilities	5,338,508	5,842,634	1,229,810	53,235	4,559,589
Floating rate instruments	19,909,823	20,025,530	14,947,263	2,294,225	2,784,042
Instruments with fixed interest rates	7,876,303	7,984,492	-	800,248	7,184,244
	\$ 59,387,993	60,116,015	42,440,432	3,147,708	14,527,875
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	8,809,170	8,815,490	167,395	651,200	7,996,895
	\$ 62,431,186	63,673,487	42,298,675	3,668,064	17,706,748

The Consolidated 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 Consolidated Company's financial assets and liabilities exposed to significant foreign currency exchange rate risk are as follows:

2023.12.31	2022.12.31
------------	------------

	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
<u>Financial asset</u>						
<u>Monetary items</u>						
USD	\$ 362,007	30.71 (USD:NTD)	11,117,235	395,448	30.71 (USD:NTD)	12,144,208
USD	135,497	0.9038 (USD:NTD)	4,161,265	100,746	0.9386 (USD:NTD)	3,094,010
USD	10,303	7.0924 (USD:NTD)	316,406	43,616	6.9637 (USD:NTD)	1,339,444
<u>Financial liability</u>						
<u>Monetary items</u>						
USD	240,479	30.71 (USD:NTD)	7,385,110	170,153	30.71 (USD:NTD)	5,255,399
USD	94,757	0.9038 (USD:NTD)	2,910,094	70,469	0.9386 (USD:NTD)	2,164,173
USD	12,764	7.0924 (USD:NTD)	391,984	43,613	6.9637 (USD:NTD)	1,339,352

Note: The exchange rates of the Euro and RMB against NTD are as follows:

	<u>2023.12.31</u>	<u>2022.12.31</u>
Euro:NTD	\$ 33.98	32.72
RMB:NTD	4.33	4.41

The foreign exchange risk of the Consolidated Company's monetary items mainly arises from cash and cash equivalents, accounts receivable and other receivables, borrowings, accounts payable and other payables denominated in foreign currencies, which generate foreign exchange gains or losses upon translation. As of December 31, 2023 and 2022, 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\$49,077 thousand and NT\$78,187 thousand. The same basis is used for both periods of analysis.

Since the Consolidated Company's operations involve certain foreign currencies, the exchange gains and losses on monetary items are disclosed on a consolidated basis. The foreign exchange gains (including realized and unrealized) for the years 2023 and 2022 were NT\$12,254 thousand and NT\$453,048 thousand, respectively, which were accounted for under other gains and losses.

(2) Interest Rate Risk

The details of the Consolidated 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 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 increases or decreases by 1%, assuming all other variables remain constant, the Consolidated Company's pre-tax net profit for 2023 and 2022 will increase or decrease by NT\$199,098 thousand and NT\$216,014 thousand, respectively, mainly due to the Consolidated Company's variable-rate borrowings.

(3) Other price risk

If the equity securities prices had changed on the reporting date (the analysis for the two periods is performed on the same basis, and assuming that all other variables remained constant), the impact on profit or loss would have been as follows:

	2023		2022	
	Other comprehen sive income before tax	Profit before tax	Other comprehe nsive income before tax	Profit before tax
Securities price as of the reporting date				
Increased by 1%	\$ 18,877	15,776	10,313	11,492
Decreased by 1%	\$ (18,877)	(15,776)	(10,313)	(11,492)

4. Fair value information

(1) Classification and fair value of financial instruments

Financial assets and liabilities measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income for the Consolidated Company are measured at fair value on a recurring basis. Regarding non-FVPL financial assets and liabilities, the Consolidated Company considers their carrying amounts to be equal to or approximating their fair values, or their fair values cannot be reliably measured. The carrying amounts and fair value hierarchy information of financial assets and liabilities at fair value through profit or loss are listed as follows:

2023.12.31					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at FVTPL					
Hybrid instrument - Call option of convertible bonds	\$ 2,709	-	-	2,709	2,709
Non-financial assets					
— Listed stocks	217,331	217,331	-	-	217,331
— Unlisted (OTC) and Emerging Stocks	1,259,862	-	-	1,259,862	1,259,862
- Private equity fund	403,372	-	-	403,372	403,372
- Convertible corporate bonds	4,450	-	-	4,450	4,450
	1,887,724	217,331	-	1,670,393	1,887,724
Disposal of financial assets at fair value through other comprehensive income					
Equity investment instrument					
— Listed stocks	\$ 402,649	402,649	-	-	402,649
- Unlisted (over-the-counter) stocks and emerging stocks	1,174,961	-	-	1,174,961	1,174,961
	1,577,610	402,649	-	1,174,961	1,577,610
Total	\$ 3,465,334	619,980	-	2,845,354	3,465,334

2022.12.31					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at FVTPL					
Hybrid instrument - Call option of convertible bonds	\$ 195	-	-	195	195
Non-financial assets					
— Listed stocks	141,934	141,934	-	-	141,934
- Unlisted (over-the-counter) and emerging stocks	673,430	-	-	673,430	673,430
- Private equity fund	333,661	-	-	333,661	333,661
Sum	1,149,220	141,934	-	1,007,286	1,149,220
Financial assets measured at fair value through other comprehensive income					
Equity investment instrument					
— Listed stocks	208,131	208,131	-	-	208,131
— Listed stocks	823,150	-	-	823,150	823,150
Total	\$ 2,180,501	350,065	-	1,830,436	2,180,501
Financial liabilities at FVTPL					
Hybrid instrument - Call option of convertible bonds	\$ 1,638	-	-	1,638	1,638
Total	\$ 1,638	-	-	1,638	1,638

(2) Fair value measurement techniques for financial instruments not measured at fair value

The methods and assumptions used by the Consolidated Company for instruments not measured at fair value are estimated as follows:

For financial assets and liabilities measured at amortized cost, if there are quoted prices in an active market, the most recent quoted prices and market quotes are used as the basis for evaluating fair value. When there are no market prices available for reference, an evaluation method is adopted to estimate the value. The valuation methodology used in estimating the fair value of discounted cash flows involves estimations and assumptions made on the discounted cash flows.

(3) Fair value measurement techniques for financial instruments at fair value

A. Non-derivative financial instruments

When financial instruments have publicly quoted prices in an active market, their fair value is the publicly quoted price in the active market. The fair value of listed (OTC) equity instruments and debt instruments with active market quoted prices is based on the market prices announced by the main exchanges and the over-the-counter market, which are considered popular securities by the central government bond dealers.

If an entity is able to obtain quoted prices for the financial instrument from an exchange, broker, underwriter, industry association, pricing service, or regulatory agency on a timely and recurring basis, and those prices represent actual and regularly occurring market transactions on an arm's length basis, then the financial instrument is regarded as having an active market quoted price. If the above conditions are not met, then the market is considered to be inactive. In general, a significant bid-ask spread, a notable increase in the bid-ask spread, or very low trading volume are indicators of an illiquid market.

For the financial instruments held by the Consolidated Company that have an active market, their fair values by category and nature are listed as follows:

- Listed redeemable corporate bonds, listed (over-the-counter) company stocks, bills of exchange and corporate bonds, etc. are financial assets and financial liabilities with standard terms and conditions and traded in active markets, and their fair values are determined with reference to market quotes, respectively.

For financial instruments other than those with active markets as described above, their fair values are obtained through valuation techniques or by

reference to counterparty quotes. The fair value obtained through valuation techniques can refer to the current fair value of other financial instruments that are substantially similar in terms and characteristics, the present value technique of discounted cash flows, or other valuation techniques, including model calculations using market information available at the consolidated reporting date (e.g., OTC reference yield curves, Reuters commercial paper rate average quotes).

For financial instruments held by the Consolidated Company without an active market, please refer to the explanation in (5) for the determination of their fair value:

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 typically valued based on the current forward exchange rate. Structured interest rate derivative financial instruments are priced based on appropriate option pricing models (such as the Black-Scholes model) or other valuation methods, such as Monte Carlo simulation.

(4) Translation between the first and second grades

There were no transfers in the fiscal years of 2023 and 2022.

(5) Quantitative Information on Fair Value Measurement of Significant Unobservable Inputs (Level 3)

The fair value measurements categorized within Level 3 of the Consolidated Company mainly include financial assets at fair value through profit or loss - equity securities investments, derivative financial instruments, private equity fund investments, convertible corporate bonds, and financial assets at fair value through other comprehensive income - equity securities investments.

For most consolidated companies, the fair value classification is categorized as Level 3, having only a single significant unobservable input value, except for investments in equity instruments without an active market that have multiple significant unobservable input values. There is no interrelationship for significant unobservable inputs of equity investments without an active market as they are independent of each other.

The quantitative information of significant unobservable inputs is listed as follows:

Item	Valuation technique	Significant unobservable input	Significant unobservable inputs and their relationship to fair value
Investments in equity instruments without an active market	Comparable to Public and Over-the-Counter Company Law	<ul style="list-style-type: none"> Discount due to lack of market liquidity (15-25% as of 2023.12.31 and 2022.12.31) 	<ul style="list-style-type: none"> The higher the discount for lack of marketability, the lower the fair value.
Financial assets at fair value through profit or loss - investment in private equity funds	Net Asset Value Method	<ul style="list-style-type: none"> Net asset value 	<ul style="list-style-type: none"> The higher the net asset value, the higher the fair value.
Financial liabilities at fair value through profit or loss - convertible corporate bonds	Discounted Cash Flow Method	<ul style="list-style-type: none"> Long-term revenue growth rate, weighted average cost of capital, long-term pre-tax operating net profit, lack of market liquidity discount 	<ul style="list-style-type: none"> The higher the weighted average cost of capital, the lower the fair value; the higher the long-term revenue growth rate and long-term pre-tax operating profit, the higher the fair value; the higher the lack of market liquidity discount, the lower the fair value.
Hybrid instrument - Call option of convertible bonds	Binomial tree valuation model	<ul style="list-style-type: none"> Volatility 	<ul style="list-style-type: none"> The higher the stock price volatility, the higher the fair value.

(27) Financial risk management

1. Summary

The Consolidated Company is exposed to the following risks the use of financial instruments:

- (1) Credit risk
- (2) Liquidity risk
- (3) Market risk

This note discloses the Consolidated Company's exposure to the aforementioned risks, as well as the Consolidated Company's objectives, policies, and procedures for measuring and managing risks. Further quantitative disclosure is available in the respective notes to the consolidated financial statements.

2. Risk management structure

The Board of Directors has overall responsibility for establishing and overseeing the Consolidated Company's risk management framework. The financial management department of the Consolidated Company provides services to each business unit, coordinates access to domestic and international financial markets, and supervises and manages the financial risks related to the operations of the Consolidated Company by

analyzing exposures by degree and magnitude of risks. The Consolidated Company must comply with the relevant financial operation procedures on overall financial risk management and segregation of duties. Internal auditors continuously review policy compliance and exposure limits, and regularly report to the Board of Directors on the operation.

3. Credit risk

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 policy adopted by the Consolidated Company is to conduct transactions only with counterparties of good credit rating, and where necessary, to obtain collateral to mitigate the risk of financial loss caused by defaults. The Consolidated Company will only conduct transactions with companies rated equivalent to investment grade. Such information is provided by independent rating agencies; if such information is not available, the Consolidated Company will use other publicly available financial information and transaction records to rate major customers. The Consolidated Company continues to monitor credit exposure and the credit ratings of counterparties, and distributes the total transaction amount among qualified clients across various credit ratings. Credit exposure is controlled through counterparty credit limits reviewed and approved annually by the Risk Management Committee.

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. Due to the fact that the counterparties and obligors in the company's transactions are creditworthy banks and corporate organizations, there is no significant doubt about their performance, and thus no significant credit risk.

(3) Warranty

The Consolidated Company Policy stipulates that financial guarantees can only be provided to wholly-owned subsidiaries. As of December 31, 2023 and 2022, the details of the endorsement guarantees provided by the Consolidated Company are disclosed in Note 7.

4. Liquidity risk

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. The Consolidated Company's method of managing liquidity is to ensure, as far as possible, that the Consolidated Company always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Consolidated Company's reputation.

5. Market risk

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.

The Consolidated Company engages in derivative transactions to manage market risk, which results in financial liabilities. All transactions are executed in accordance with the risk management policies.

(1) Exchange Rate Risks

The Consolidated Company is exposed to foreign currency risk arising from sales, purchases and borrowings that are denominated in a currency other than the functional currency of the group entities. The functional currency of the group entities is primarily New Taiwan dollars, with some entities using Euros, USD, and RMB. These transactions are traded in NTD, Euro, USA and RMB.

The Company holds accounts receivable denominated in foreign currencies other than the functional currency, and the exchange gains or losses arising from exchange rate fluctuations are offset by the exchange gains or 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 Risk

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.

(28) Capital Management

Based on the current operational industry characteristics and the Consolidated Company's future development situation, as well as considering factors such as changes in the external environment, the Consolidated Company plans the operating capital and dividend expenditures needed for the future period to ensure the Consolidated Company's continued operation and maintain an optimal capital structure, in order to maximize shareholder returns and enhance shareholder 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.

(29) Investment and financing activities of non-cash transactions

The non-cash investing and financing activities of the Consolidated Company for the years ended December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Transfer from financial assets measured at fair value through profit or loss to investments accounted for using the equity method	<u>\$ 36,822</u>	<u>-</u>
Financial assets at fair value through profit or loss - investment in equipment asset-backed securities	<u>\$ 153,163</u>	<u>-</u>

Reconciliation of liabilities arising from financing activities is as follows:

			<u>Non-cash changes</u>		
			<u>Changes in ForeignExchange Rates</u>	<u>Change in Rental Payments</u>	
	<u>2023.1.1</u>	<u>Cash flows</u>			<u>2023.12.31</u>
Lease liabilities	\$ 3,665,353	(1,086,278)	127,079	2,632,354	5,338,508
Total liabilities from financing activities	<u>\$ 3,665,353</u>	<u>(1,086,278)</u>	<u>127,079</u>	<u>2,632,354</u>	<u>5,338,508</u>

			<u>Non-cash changes</u>		
			<u>Changes in ForeignExchange Rates</u>	<u>Change in Rental Payments</u>	
	<u>2022.1.1</u>	<u>Cash flows</u>			<u>2022.12.31</u>
Lease liabilities	\$ 3,460,678	(771,460)	(559,942)	1,536,077	3,665,353
Total liabilities from financing activities	<u>\$ 3,460,678</u>	<u>(771,460)</u>	<u>(559,942)</u>	<u>1,536,077</u>	<u>3,665,353</u>

7. Related party transaction

(1) Name and relationship of related party

The related parties that had transactions with the Consolidated Company during the coverage period of these consolidated financial statements are as follows:

Relationship	Relationship with the Consolidated Company
ARBOR SOLUTION, INC.	Associate
Cloud Network Technology Kft.	Associate
Cloud Network Technology Singapore Pte. Ltd.	Associate
Competition Team Ireland Limited	Associate
FOXCONN CZ s.r.o.	Associate
Foxconn Interconnect Technology Limited	Associate
Foxconn Singapore Pte. Ltd.	Associate
Radisen Co., Ltd.	Associate
Triple Win Technology (Shenzhen) Co., Ltd.	Associate
Chung Hsin Electric & Machinery Manufacturing Corp.	Associate
Taiyuan) Co. Fuchi Technology Co., Ltd.	Associate
Wt Microelectronics Co., Ltd.	Associate (Note 1)
Jusda International Logistics (Taiwan) Co., Ltd.	Associate
Anpinda Precision Industry (Huizhou) Co., Ltd.	Associate
Everlasting Digital ESG Co., Ltd.	Associate
Macrotec Technology Corp.	Associate
Premier Image Technology (China) Ltd.	Associate
E-Win Investment Corp.	Associate
Kunshan Fuchengke Precision Electronical Co.,Ltd.	Associate
Dongguan Oyu Precision Technology Co., Ltd.	Associate
Wuhan Jusda Supply Chain Management Limited	Associate
Henan Fuchi Technology Co., Ltd.	Associate
Henan Yuzhan Technology Limited	Associate
Fortune International Corporation	Associate
Glory Technology Service Inc.	Associate
Servtech Co., Ltd.	Associate (Note 2)
Chongqing Hongteng Technology Co., Ltd.	Associate
Chongqing Fugui Electronics Co., Ltd	Associate
Chongqing Jingmei Precision Electronic Co., Ltd.	Associate
Hong Kong Ennopower Information Technology Co., Limited	Associate
Triple Win Technology (Jincheng) Co., Ltd.	Associate
Jincheng Futaihua Precision Electronic Co., Ltd.	Associate
Jincheng Hongzhi Nano Optical-Mechanical-Electrical Institute Co., Ltd.	Associate

Relationship	Relationship with the Consolidated Company
Kangzhun Electronic Technology (Kunshan) Co., Ltd.	Associate
Shenzhen Zhuxuntong Technology Co., Ltd.	Associate
Shenzhen Fertile Plan International Logistics Co., Ltd.	Associate
Shenzhen Fu Rong Inclusive Finance Co., Ltd.	Associate
Shenzhen Xiangxing Technology Co., Ltd.	Associate (Note 3)
Shenzhen Hyper Power Information Technology Co., Ltd.	Associate
Yantian Jusda Supply Chain Management Co., Ltd.	Associate
Shenzhen Asiatek Inc.	Associate (Note 4)
Shenzhen Futaihong Precision Industry Co., Ltd.	Associate
Shenzhen Fugui Precision Industrial Co., Ltd.	Associate
Fugion Material Technology (Shenzhen) Co., Ltd.	Associate
Foxconn (Kunshan) Computer Connector Co., Ltd.	Associate
Foxconn Industrial Internet Co., Ltd.	Associate
Foxconn Technology Group Ltd.	Associate
Foxconn Precision Electronics (Taiyuan) Co., Ltd.	Associate
Fujin Precision Industrial (Jincheng) Co., Ltd.	Associate
Futaihua Industrial (Shenzhen) Co., Ltd.	Associate
Shenzhen Futaihong Precision Industry Co., Ltd.	Associate
Fih (Hong Kong) Limited	Associate
Fuxiang Precision Industrial (Kunshan) Co., Ltd.	Associate
Fuguikang Precision Electrons (Guizhou) Co., Ltd.	Associate
Fuding Electronic Technology (Jiashan) Co., Ltd.	Associate
Rich Dreams Network Technology Limited	Associate
Rich Dreams Network Technology Limited	Associate
Rich Dreams Network Technology Limited	Associate
Rich Dreams Network Technology Limited	Associate
Rich Dreams Network Technology Limited	Associate
Rich Dreams Network Technology Limited	Associate
Polight Technology (Shenzhen) Co., Ltd.	Associate
Langfang Yuzhan Technology Limited	Associate
Hongfujing Precision Electronics (Tianjin) Co., Ltd.	Associate
Hongfujing Precision Electronics (Guiyang) Co., Ltd.	Associate
Futaihua Precision Electronics (Zhenzhou) Co., Ltd.	Associate
Foxconn Global Network	Associate
Goldtek Technology (Shenzheng) Co., Ltd.	Associate
Altus Technology Inc.	Associate
Chiun Mai Communication Systems, Inc.	Associate
Internet Technology Corp.	Associate
Coiler Corporation	Associate

Relationship	Relationship with the Consolidated Company
Arbor Technology Corporation	Associate
Hon (ShenZheng) Co., Ltd.	Associate
Forward Science Corp.	Associate
Ennowell Co., Ltd.	Associate
Hengyang Futaihong Precision Industry Co., Ltd.	Associate
Ur Materials (Shenzhen) Co., Ltd.	Associate
Ur Hongxin Detection Technology (Shenzhen) Co., Ltd	Associate
Probeleader Co., Ltd.	Associate
Hongzhun Precision Tooling (Kunshan) Co., Ltd.	Associate
Hon Hai Precision Industry Co., Ltd.	Associate
Hongfujin Precision Industry (Wuhan) Co., Ltd.	Associate
Hongfujin Precision Electronics (Chengdu) Co., Ltd.	Associate
Honfujin Precision Electronics (Chongqing) Co., Ltd.	Associate
Hongfujin Precision Electronics (Yantai) Co., Ltd.	Associate
Hongfujin Precision Electronics (Zhenzhou) Co., Ltd.	Associate
Hongtu Company Ltd.	Associate
Ingrasys Technology Inc.	Associate
Lankao Yufu Precision Technology Co., Ltd.	Associate
Lankao Yude Environment Material Technology Inc.	Associate
Scienbizip Consulting (Shen Zhen) Co., Ltd.	Associate

Note 1: WT Microelectronics Co., Ltd. is no longer a related party of the Company from December 2022 onwards.

Note 2: WT Microelectronics Co., Ltd. is no longer a related party of the Company from December 2022 onwards.

Note 3: WT Microelectronics Co., Ltd. is no longer a related party of the Company from December 2022 onwards.

Note 4: WT Microelectronics Co., Ltd. is no longer a related party of the Company from December 2022 onwards.

(2) 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>2023</u>	<u>2022</u>
Sales revenue	Associates:		
	Polight Technology (Shenzhen) Co., Ltd.	\$ 122	42,776
	Hongfujing Precision Electronics (Tianjin) Co., Ltd.	29,068	26,895
	Hon Hai Precision Industry Co., Ltd.	53,632	6,078
	Others	<u>109,161</u>	<u>105,125</u>
		<u>191,983</u>	<u>180,874</u>
Engineering service revenue	Associates:		
	Foxconn Global Network	\$ 2,489	30,182
	Altus Technology Inc.	128,197	2,134
	Hon Hai Precision Industry Co., Ltd.	105,351	31,868
	Others (Note)	<u>36,787</u>	<u>(6,098)</u>
		<u>272,824</u>	<u>58,086</u>
		<u>\$ 464,807</u>	<u>238,960</u>

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

Note: The main reason is the reversal of recognized contract revenue due to the combination of construction contract projects and reduction.

2. Purchase and processing fees

The purchase amounts from related parties for the Consolidated Company are as follows:

<u>Category of related party/Name</u>	<u>2023</u>	<u>2022</u>
Associates:		
Shanghai Foxconn Co., Ltd.	\$ 110,256	79,798
Foxconn Interconnect Technology Limited	42,519	60,326
Wt Microelectronics Co., Ltd.	-	59,708
Ingrasys Technology Inc.	115,329	18,256
Others	<u>187,788</u>	<u>80,025</u>
	<u>\$ 455,892</u>	<u>298,113</u>

The sales transaction price of the Consolidated Company to the related parties according to the agreement of both parties, and the payment policy is 1-2 months of monthly settlement.

3. Overdue receivables from related parties

Details of accounts receivable from related parties of the Consolidated Company are as follows:

<u>Accounts Item</u>	<u>Category of related party/Name</u>	<u>2023.12.31</u>	<u>2022.12.31</u>
Accounts receivable – related parties	Associates:		
	Henan Fuchi Technology Co., Ltd.	\$ -	70,987
	Hong Kong Ennopower Information Technology Co., Limited	13,578	47,928
	Shenzhen Asiatek Inc.	-	30,128
	Shenzhen Fugui Precision Industrial Co., Ltd.	7,400	104
	Hon Hai Precision Industry Co., Ltd.	21,150	2,498
	Hongtu Company Ltd.	8,027	12,499
	Others	17,088	115,304
		<u>\$ 67,243</u>	<u>279,448</u>

Note: Including receivables from sub-contractors.

The outstanding receivables from related parties have not been secured. The allowance for doubtful accounts from related parties as of December 31, 2023 and 2022 was NT\$6,255 thousand and NT\$4,796 thousand, respectively.

4. Payables to related parties

Details of the amounts payable to related parties from the Consolidated Company are as follows:

Accounts Item	Category of related party/Name	2023.12.31	2022.12.31
Accounts payable to related parties	Associates:		
	Cloud Network Technology Kft. \$	-	50,520
	Shanghai Foxconn Co., Ltd.	12,062	38,365
	Macrotec Technology Corp.	12,073	11,392
	Foxconn Interconnect Technology Limited	15,010	3,990
	Arbor Technology Corporation	15,440	102
	Ingrasys Technology Inc.	18,492	1,522
	Others	10,678	45,439
		\$ 83,755	151,330
notes payable – related parties	Associates:		
	Macrotec Technology Corp. \$	7,327	2,048
	Chung Hsin Electric & Machinery Manufacturing Corp.	4,008	5,336
	Others	-	103
		\$ 11,335	7,487
Expenses payable (classified under other accounts payable)	Associate	\$ 8,461	31,940

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

5. Endorsements/guarantees

Name of endorsed guaranteed related party	2023	2022
Nanjing Asiatek Inc.	\$ -	132,240
Ennoconn International Investment Co., Ltd.	-	1,000,000
Dexatek Technology Ltd.	-	160,000
Thecus Technology Corp.	-	100,000
Highaim Technology Inc.	-	552,780
HighAim Technology Inc.	-	46,065
Kontron AG and its Subsidiaries	5,707,417	7,233,411
Subsidiaries of Marketch	6,368,574	5,704,038
Ennoconn Huangary kft	1,074,675	2,149,700
POSLAB TECHNOLOGY CORPORATION	-	50,000
	\$ 13,150,666	17,128,234

(3) Transactions with key management personnel

Remuneration for major managers include:

	2023	2022
Short-term employee benefits	\$ 323,670	356,044
Post-employment benefits	1,130	1,400
	<u>\$ 324,800</u>	<u>357,444</u>

For details regarding share-based payments, please refer to Note 6(21).

8. Assets pledged as security

The carrying value of the assets pledged as collateral by the Consolidated Company are as follows:

Name of asset	Subject of pledge guarantee	2023.12.31	2022.12.31
Pledged time deposits (financial assets measured at amortized cost)	Bank loans, customs guarantees, performance bonds and warranty bonds	\$ 21,669	24,687
Pledged demand deposits (listed under other financial assets)	Bank loans and performance guarantees	40,044	40,110
Accounts receivable	Bank loans and performance guarantees	41,930	136,314
Inventory	Performance Guarantee	-	17,302
Land	Bank loan	465,438	122,198
Buildings - Net	Bank loan	719,713	670,799
Investment Property	Bank loan	49,650	51,099
Margin deposit	Bid bond, performance bond and warranty bond	178,843	276,048
		<u>\$ 1,517,287</u>	<u>1,338,557</u>

9. Material contingent liabilities and unrecognized contractual commitments

The unrecognized contractual commitments of the Consolidated Company are as follows:

	2022.12.31	2022.12.31
Acquisition of property, plant and equipment	\$ -	491,360
Obtain financial assets measured at fair value through profit or loss	32,200	106,623
Notes and letters of guarantee issued for engineering contract performance and customs duties guarantees	3,463,142	3,863,599
Contracted but not yet incurred capital expenditure	281,814	-

10. Losses due to major disasters: None.

11. Subsequent events

- (1) The subsidiary company Kontron AG of the Consolidated Company resolved in the board meeting on January 18, 2023 to acquire Katek SE with cash at 15 euros per share, with a total price of approximately 128 million euros, accounting for approximately 59.4% of the shareholding. This case met the major settlement conditions of the Frankfurt Stock Exchange on February 28, 2023, and the share transfer began the next day, while a mandatory offer was simultaneously announced.
- (2) On January 26, 2024, the Board of Directors of the Consolidated Company's subsidiary Goldtek Technology, based on future operational planning and strategic layout, approved the investment in the ordinary shares of Ennovision Inc. acquiring a 60% stake in Jun Han Intelligent Co., Ltd. for NT\$90,000 thousand to obtain control of the Company.
- (3) On March 28, 2024, the Consolidated Company's subsidiary Kontron AG announced the distribution of a cash dividend for 2023, with a payout of 0.5 euros per share.

12. Others

- (1) Summary of employee benefits, depreciation, and amortization expenses by function for the current period:

Function Nature	2023			2022		
	Those belonging to operating costs	Those belonging to operating expenses	Total	Those belonging to operating costs	Those belonging to operating expenses	Total
Employee benefits expenses						
Wages and salaries	7,887,017	5,619,060	13,506,077	8,129,944	5,447,203	13,577,147
Labor Insurance and National Health Insurance expenses	1,362,110	738,804	2,100,914	1,550,664	706,808	2,257,472
Pension costs	156,030	139,187	295,217	137,185	122,287	259,472
Other Employee Benefit Expenses	272,679	217,539	490,218	286,125	173,720	459,845
Depreciation Expense	1,234,782	601,830	1,836,612	1,128,921	611,271	1,740,192
Amortization expenses	382,978	597,925	980,903	1,281,022	892,925	2,173,947
Less: Operating costs and operating expenses of discontinued operations	(28,255)	(12,110)	(40,365)	(2,325,204)	(734,275)	(3,059,479)

- (2) Discontinuing operations:

As stated in Note 6(4), Kontron AG resolved to dispose of part of its IT service business through a Board of Directors' resolution during 2022. Therefore, the consolidated statements of comprehensive income for previous periods have been restated to separately

present the discontinued operations and continuing operations.

Please refer to Note 6(22) for the amounts of income from continuing operations and discontinued operations attributable to owners of the parent.

The operating results and cash inflows of the discontinued operation are as follows:

	2023	2022
Operating Revenue	\$ 178,284	12,163,409
Operating costs	<u>(144,666)</u>	<u>(8,780,835)</u>
Gross Profit	<u>33,618</u>	<u>3,382,574</u>
Operating expenses	<u>(62,736)</u>	<u>(2,788,485)</u>
Total Non-Operating Income and Expenses	<u>70,743</u>	<u>75,055</u>
Pre-tax profit	41,625	669,144
income tax expense	<u>(2,406)</u>	<u>(111,123)</u>
Annual profit	<u>39,219</u>	<u>558,021</u>
Disposition of profits for suspended businesses	43,089	7,504,112
Disposal of income tax benefits	<u>-</u>	<u>(237,904)</u>
Net profit of discontinued operations for the period	<u>\$ 82,308</u>	<u>7,824,229</u>
	2023	2022
The interests of a terminated entity belong to:		
Owners of the Company	\$ 22,910	2,162,330
Non-Controlling Interests	<u>59,398</u>	<u>5,661,899</u>
	<u>\$ 82,308</u>	<u>7,824,229</u>

The cash flow information of the discontinued operation is as follows:

	2023	2022
Cash flows from operating activities	\$ 9,190	(490,536)
Cash flows from investing activities	3,771,202	5,778,622
Cash flows from financing activities	<u>(2,295)</u>	<u>(184,353)</u>
Estimated Cash Flow from Operating Activities	<u>\$ 3,778,097</u>	<u>5,103,733</u>

For the impact of the disposal of the IT service business on the financial condition of the Consolidated Company, please refer to Note 6(4).

13. Other disclosures

(1) Information on significant transactions

According to the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Consolidated Company should disclose the following information related to material transactions in fiscal year 2023:

1. Loans to others: Please refer to Appendix 1.
 2. Endorsements and guarantees for others: Please refer to the attached Table 2.
 3. Circumstances of holding marketable securities at the end of the period (excluding investments in subsidiaries, affiliated companies, and equity of joint ventures): Please refer to Appendix 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: None.
 5. Obtain an amount of real estate reaching NT\$300 million or 20% of the paid-in capital: Please refer to Appendix 4.
 6. Disposal of property reaching NT\$300 million or 20% of paid-in capital or more: None.
 7. For purchases or sales with related parties involving an amount of NT\$100 million or more, or 20% of the paid-in capital, please refer to Appendix 5.
 8. Receivables from related parties reaching NT\$100 million or 20% of the paid-in capital: Please refer to Appendix 6.
 9. Engagement in derivative transactions: None.
 10. The relationship between the parent and subsidiary companies and the details of important transactions: Please refer to Appendix 7.
- (2) Information regarding reinvested businesses (excluding investees in Mainland China): Please refer to Appendix 8.
- (3) Information on investments in mainland China: None
1. Name, major businesses, and related information about investees in mainland China: Please refer to Appendix 9-1.
 2. Investment limit in mainland China: Please refer to Appendix 9-2.
 3. Major transactions with investees in mainland China: None.

(4) Information on major shareholders:

Name of Major Shareholders	Shares	Number of shares held Increase (Decrease)	Shareholding ratio
Baoxin International Investments Ltd.		33,178,779	25.14%

14. Department information

The information provided to the chief operating decision maker for allocating resources and assessing segment performance is focused on the types of products delivered by the Consolidated Company. In the fiscal years of 2023 and 2022, the Consolidated Company was primarily engaged in manufacturing and selling data storage, processing equipment, industrial motherboards, network communications, and factory mechanical and electrical system services.

(1) Departmental Revenue and Operating Results

The income and operating results of the departments of the Consolidated Company should be reported as follows:

2023								
	Industrial Computer Software and Hardware Sales Department	Information System Department	Production and marketing of network communica tion Department	Plant and Mechatroni cs System Services Business Department	Other Departments	Adjustment and elimination	Discontinued Departments	Total
Income:								
Revenue from external customers	\$ 27,389,012	41,556,981	4,082,437	56,279,732	5,367,957	(12,856,859)	(178,284)	121,640,976
Total Income	<u>\$ 27,389,012</u>	<u>41,556,981</u>	<u>4,082,437</u>	<u>56,279,732</u>	<u>5,367,957</u>	<u>(12,856,859)</u>	<u>(178,284)</u>	<u>121,640,976</u>
Reportable departmental profits and losses	<u>\$ 2,855,464</u>	<u>2,717,863</u>	<u>409,652</u>	<u>2,837,160</u>	<u>2,732,331</u>	<u>(4,552,061)</u>	<u>(84,714)</u>	<u>6,915,695</u>
2022								
	Industrial Computer Software and Hardware Sales Department	Information System Department	Production and marketing of network communica tion Department	Plant and Mechatroni cs System Services Business Department	Other Departments	Adjustment and elimination	Discontinued Departments	Total
Income:								
Revenue from external customers	\$ 17,852,479	46,585,787	4,982,672	50,366,703	5,533,633	(4,929,332)	(12,163,409)	108,228,533
Total Income	<u>\$ 17,852,479</u>	<u>46,585,787</u>	<u>4,982,672</u>	<u>50,366,703</u>	<u>5,533,633</u>	<u>(4,929,332)</u>	<u>(12,163,409)</u>	<u>108,228,533</u>
Reportable departmental profits and losses	<u>\$ 3,589,698</u>	<u>7,810,608</u>	<u>575,518</u>	<u>2,996,438</u>	<u>2,557,822</u>	<u>(5,647,554)</u>	<u>(8,173,256)</u>	<u>3,709,274</u>

(2) Departmental assets and liabilities

The measurement amounts of assets/liabilities of the reportable departments of the Consolidated Company are not provided for operational decision making, hence the measurement amounts of assets/liabilities are not disclosed.

(3) Revenue from main products and services

The analysis of the revenue from the main products and services of the Consolidated Company are as follows:

	2023	2022
Motherboard production and sales	\$ 15,900,774	14,257,435
Motherboard repairs and maintenance	142	810
Production and marketing of network communication	3,990,752	4,948,667
Information system software and hardware integration service	40,837,701	46,274,720
Plant and Electromechanical Systems Services	56,279,732	50,366,703
Others	4,810,159	4,543,607
	121,819,260	120,391,942
Less: Operating income from suspended business units	178,284	12,163,409
	<u>\$ 121,640,976</u>	<u>108,228,533</u>

(4) Regional Information

The Consolidated Company operates mainly in three regions - Taiwan, China, and Europe.

Information on the breakdown of the Consolidated Company's revenue from external customers by location of operations and non-current assets by geographical area of assets is presented as follows:

Region	2023	2022
Revenue from external customers:		
Taiwan	\$ 21,123,052	21,455,921
China	14,560,802	17,867,408
Europe	44,796,246	49,442,326
Others	41,339,160	31,626,287
	121,819,260	120,391,942
Less: Operating income from suspended business units	178,284	12,163,409
	<u>\$ 121,640,976</u>	<u>108,228,533</u>

Region	2023.12.31	2022.12.31
Non-Current Assets:		
Taiwan	\$ 8,004,348	6,230,079
China	501,967	510,102
Europe	10,210,069	8,746,365
Others	106,928	114,607
	<u>\$ 18,823,312</u>	<u>15,601,153</u>

Non-current assets exclude financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income, investments accounted for using the equity method, goodwill, prepayments for investments, guarantee deposits paid, net defined benefit assets, and deferred income tax assets.

(5) Major Customer Information

	2023	2022
Plant and Mechatronics System Services Business	<u>\$ 16,048,194</u>	<u>8,759,312</u>
Division - Customer A		

Independent Auditors' Report

Board of Directors, Ennoconn Corporation

Audit Opinions

The balance sheets of Ennoconn Corporation as of December 31, 2023 and the restated balance sheets as of December 31, 2022 and January 1, 2022, and the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and the restated statements ended December 31, 2022, along with the notes to the parent company only financial statements (including a summary of significant accounting policies), have been audited by us.

In our opinion, the parent company only financial statements referred to above present fairly, in all material respects, the financial position of Ennoconn Corporation as of December 31, 2023, December 31, 2022 (restated), and January 1, 2022 (restated), and its financial performance and cash flows for the years ended December 31, 2023 and 2022 (restated) in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis of Audit Opinion

The CPA has performed the audit in accordance with the Regulations Governing the Examination and Certification of Financial Statements by Certified Public Accountants and auditing standards. The auditor's responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Individual Financial Statements section of our report. The personnel of the accounting firm to which this CPA belongs, who are subject to the independence regulations, have maintained independence from Ennoconn Corporation in accordance with the Code of Professional Ethics for Certified Public Accountants, and have fulfilled their other responsibilities under said Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

The key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the individual financial statements of Ennoconn Technology Co., Ltd. for the year ended December 31, 2023. These matters have been addressed in the process of auditing the individual financial statements as a whole and forming an audit opinion, and the auditor does not express an opinion on these matters individually. The key audit matters that the CPA judged should be communicated in the audit report are as follows:

Impairment of investments accounted for using the equity method:

For the accounting policies related to the impairment of investments accounted for using the equity method, please refer to Note 4(12) Impairment of Non-Financial Assets in the Individual Financial Statements. For accounting estimates and assumptions of uncertainty related to investments accounted for using the equity method, please refer to Note 5(3) Impairment Assessment of Investments Accounted for Using the Equity Method in the Individual Financial Statements. For information related to investments accounted for using the equity method, please refer to Note 6(6) Investments Accounted for Using the Equity Method in the Individual Financial Statements.

Explanation of key audit items:

Ennoconn Corporation's equity method investees, for the purpose of expanding marketing outlets and increasing product lines, the management evaluated the impairment assessment in accordance with International Accounting Standard 36 "Impairment of Assets" and adopted the fair value less costs of disposal as the recoverable amount. As the impairment assessment has a significant impact on the financial statements and involves a high degree of uncertainty in management's measurement and calculation, the impairment assessment of investments accounted for using the equity method is a matter of high importance for the auditors in the audit of the financial statements.

The corresponding audit procedures:

For the above key audit matters, the principal audit procedures performed by the auditors include understanding the design and implementation of relevant internal controls by the management, reviewing, and verifying the accuracy of the calculations for the recoverable amount and carrying value, and performing sensitivity analysis to comprehensively evaluate the reasonableness of the impairment assessment of investments accounted for using the equity method.

Management and Governance Body's Responsibilities for the Individual Financial Statements

Management's responsibility is to prepare individual financial statements that present fairly in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and to maintain internal control relevant to the preparation of individual financial statements that are free from material misstatement, whether due to fraud or error.

When preparing the individual financial statements, management is also responsible for assessing the Company's ability to continue as a going concern, disclosing related matters, and adopting the going concern basis of accounting unless management intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

The governing bodies (including the Audit Committee) of Ennoconn Corporation are responsible for supervising the financial reporting process.

Auditors' Responsibilities for the Audit of the Individual Financial Statements

The objective of an auditor's audit of individual financial statements is to obtain reasonable assurance regarding whether the individual financial statements as a whole, whether due to fraud or error, are free from material misstatement, and to issue an auditor's report. Reasonable assurance is a high level of assurance, however an audit conducted in accordance with the auditing standards does not guarantee that any material misstatement in the financial statements will be detected. Misrepresentation may result from fraud or error. An item is considered material if there is a reasonable expectation that omitting or misstating its individual amount or aggregated amount would influence the economic decisions made by users of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement in individual financial statements arising from fraud or error; design and implement appropriate responses to the assessed risks; and obtain sufficient and appropriate audit evidence to provide a basis for the audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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, we conclude whether there is material uncertainty regarding events or circumstances that may cast significant doubt on the ability of Ennoconn Corporation to continue as a going concern based on the appropriateness of management's use of the going concern basis of accounting. If the auditor concludes that a material uncertainty exists, the auditor shall draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, modify the opinion on the financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue its operations.
5. Evaluate the overall presentation, structure and content of the individual financial statements (including related notes), and whether the individual financial statements appropriately present the relevant transactions and events.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investee companies accounted for using the equity method to express an opinion on the individual financial statements. This Certified Public Accountant is responsible for directing, supervising, and executing the audit engagements, as well as forming the audit opinion on Ennoconn Corporation.

The matters that we communicate with those charged with governance include the planned scope and timing of the audit, as well as significant audit findings (including any significant deficiencies in internal control that we identify during our audit).

The auditor also provides the governance unit with a statement that the personnel of the auditor's firm have complied with relevant ethical requirements regarding independence and communicates with the governance unit all relationships and other matters that may reasonably be thought to bear on the auditor's independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine the key audit matters for the audit of the individual financial statements of Ennoconn Corporation for the year ended December 31, 2023. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Taiwan

Certified Public Accountant/CPA

Financial Supervisory Commission,
Approval Letter No.

March 29, 2024

Financial Supervisory Commission
Approval Letter No. 1040003949
Securities and Futures Commission
Approval Letter No. 0920122026

Notice to Reader

For the convenience of readers, this report has been translated into English from the original Chinese version. The English version has not been audited or reviewed by independent auditors. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

ENNOCONN CORPORATION

BALANCE SHEET

December 31, 2022 and 2023, and January 1, 2022

Unit: NT\$ thousand

Asset		2023.12.31		2022.12.31		2022.01.01(Restated)				December 31, 2023		2022.12.31(Restated)		2022.01.01(Restated)	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:										Liabilities and equity					
1100	Cash and Cash Equivalents (Note 6(1) and (21))	\$	769,602	3	623,358	2	1,355,059	6		Current liabilities					
1110	Current financial assets measured at fair value through profit or loss (Note 6(2) and (21))		-	-	-	-	4,343	-	2100	Short-term borrowing (Note 6(11))	\$	1,371,000	4	5,195,000	17
1136	Current financial assets measured at amortized cost (Note 6(3) and (21))		4,306	-	4,255	-	4,225	-	2120	Current financial liabilities measured at fair value through profit or loss (Note 6(2) and (21))		-	-	-	598
1170	Net accounts receivable (Note 6(4), (18) and (21))		726,362	3	855,432	3	540,586	2	2170	Accounts payable (Note 6(21))		469,821	2	515,876	2
1180	Accounts receivable - related parties, net (Note 6(4), (18) and (7))		547,072	2	396,692	1	246,805	1	2180	Accounts payable - related parties (Note 6(21) and (7))		127,435	-	165,939	-
130X	Inventories (Note 6(5))		750,926	2	784,767	3	457,845	2	2200	Other payables (including related parties) (Note 6(21) and (7))		602,195	2	462,744	2
1470	Other current assets (Note 6(10) and (7))		124,775	-	1,044,960	3	451,520	2	2230	Current tax liabilities (Note 6(15))		329,089	1	41,644	-
Total current assets			2,923,043	10	3,709,464	12	3,060,383	13	2280	Current Lease liabilities (Note 6(13) and (21))		6,896	-	6,824	-
Non-Current Assets:									2321	Current portion of convertible corporate bonds payable within one year or one operating cycle (Notes 6(12) and (21))		800,248	3	-	1,137,035
1510	Non-Current financial assets measured at fair value through profit or loss (Note 6(2) and (21))		2,209	-	-	-	300	-	2399	Other Current liabilities (Note 6(18)))		314,757	1	426,306	1
1550	Investments accounted for using equity method (Note 6(6))		27,087,520	88	26,057,267	85	19,553,143	85	Total current liabilities			4,021,441	13	6,814,333	22
1600	Property, plant, and equipment (Note 6(7))		492,339	2	497,107	2	504,566	2	Non-current liabilities:						
1755	Right-of-use assets (Note 6(8))		9,665	-	16,915	-	-	-	2500	Non-Current financial liabilities measured at fair value through profit or loss (Note 6(2) and (21))		-	-	1,423	-
1821	Intangible Assets (Note 6(9))		36,658	-	40,646	-	44,485	-	2530	Corporate bonds payable (Note 6(12) and (21))		4,684,343	15	7,996,895	26
1840	Deferred income tax assets (Note 6(15))		52,933	-	36,802	-	52,222	-	2570	Deferred income tax Liabilities (Note 6(15))		641	-	653	-
1990	Other non-current assets (Note 6(10) and (14))		45,631	-	306,408	1	1,042	-	2580	Lease liabilities -current (Note 6(13) and (21))		2,315	-	9,211	-
Total current assets			27,726,955	90	26,955,145	88	20,155,758	87	2670	Other non-current liabilities		40,556	-	305,658	1
Total assets			30,649,998	100	30,664,609	100	23,216,141	100	Total non-current liabilities			4,727,855	15	8,313,840	27
									Total liabilities			8,749,296	28	15,128,173	49
									Equity (Note 6(16) and (23)) :						
									3110	Share capital		1,319,999	4	1,060,370	4
									3200	Capital surplus		14,940,752	49	9,285,324	30
									Retained earnings						
									3310	Legal reserve		1,161,514	4	812,521	3
									3320	Special reserve		905,934	3	1,768,490	6
									3350	undistributed earnings		4,612,432	15	3,515,665	11
									Subtotal retained earnings			6,679,880	22	6,096,676	20
									3400	Other equity		(1,039,929)	(3)	(905,934)	(3)
									3500	Treasury shares		-	-	-	-
									Total equity			21,900,702	72	15,536,436	51
									Total liabilities and equity			30,649,998	100	30,664,609	100
												23,216,141	100	23,216,141	100

(Please refer to the notes to the individual financial statements attached)

Chairman: Fu-Chuan Chu

President: Neng-Chi Tsai

Accounting supervisor: Tsung-Hsien Chuang

ENNOCNN CORPORATION
STATEMENT OF COMPREHENSIVE INCOME
 Ended December 31, 2023 and 2022

Unit: NT\$ thousand

		2023		2022 (Restated)	
		Amount	%	Amount	%
4100	Net sales revenue (Note 6(18) and 7)	\$ 5,186,633	100	5,304,930	100
5110	Cost of sales (Note 6(5), (7), (8), (9), (14) and 7)	4,185,994	81	4,518,548	85
5900	Gross Profit	1,000,639	19	786,382	15
5910	Less: Unrealized gross profit/loss on sales	60,139	1	45,975	1
5920	Plus: Realized sales profit and loss	45,975	1	5,842	-
	Gross Operating Profit	986,475	19	746,249	14
	Operating Expenses (Note 6(4), (7), (8), (9), (14) and 7)				
6100	Selling expenses	79,413	1	110,029	2
6200	Management expenses	272,271	5	254,480	5
6300	Research and development expenses	88,072	2	191,340	3
6450	Expected credit losses	(1,077)	-	1,034	-
	Total operating expenses	438,679	8	556,883	10
6900	Net operating income	547,796	11	189,366	4
	Non-operating income and expenses (Note 6(6) and (20)) :				
7100	Interest revenue	49,605	1	11,433	-
7010	Other income	3,808	-	3,144	-
7020	Other gains and losses	51,078	1	90,821	2
7050	Financial costs	(140,925)	(3)	(135,051)	(3)
7070	Share of profit or loss of subsidiaries accounted for using the equity method	2,064,625	40	3,337,821	63
	Total Non-operating Income and Expenses	2,028,191	39	3,308,168	62
7900	Profit before Tax	2,575,987	50	3,497,534	66
7950	Less: Income tax expense (Note 6(15))	315,023	6	42,710	1
8200	Net profit for the period	2,260,964	44	3,454,824	65
8300	Other comprehensive income:				
8310	Items that will not be reclassified to profit or loss				
8311	Remeasurement of defined benefit plan	(61)	-	184	-
8330	Share of other comprehensive income of subsidiaries accounted for using the equity method	44,199	1	56,366	1
8349	Less: Income tax relating to items that will not be reclassified	(12)	-	37	-
	Total items not reclassified to profit or loss	44,150	1	56,513	1
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign financial statements	(246,805)	(5)	842,050	16
8380	Share of other comprehensive income of subsidiaries accounted for using the equity method	(4,380)	-	1,006	-
8399	Less: Income tax relating to items that may be reclassified	-	-	-	-
	Items that may be reclassified subsequently to profit or loss	(251,185)	(5)	843,056	16
8300	Other comprehensive income for the period	(207,035)	(4)	899,569	17
	Total comprehensive income	\$ 2,053,929	40	4,354,393	82
9750	Basic Earnings per Share (Note 6(17))	\$ 19.01		32.62	
9850	Diluted earnings per share (Note 6(17))	\$ 15.42		24.33	

ENNOCONN CORPORATION
STATEMENT OF CHANGES IN EQUITY
 Ended December 31, 2023 and 2022

Unit: NT\$ thousand

	Retained earnings						Exchange differences on translation of foreign financial statements	Other equity items		Treasury shares	Total equity
	Share capital	Capital surplus	Legal reserve	Special reserve	undistributed earnings	Total		Unrealized valuation (losses) gains on financial assets measured at fair value through other comprehensive income	Total		
Balance as of January 1, 2022	\$ 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
Adjusting amount for tracing back the application of new criteria	-	-	-	-	294	294	-	-	-	-	294
Beginning Balance after restatement	<u>1,018,120</u>	<u>8,865,780</u>	<u>754,561</u>	<u>1,010,924</u>	<u>1,157,465</u>	<u>2,922,950</u>	<u>(1,673,323)</u>	<u>(95,167)</u>	<u>(1,768,490)</u>	<u>(233,608)</u>	<u>10,804,752</u>
Net Income (Loss)	-	-	-	-	3,454,824	3,454,824	-	-	-	-	3,454,824
Other comprehensive income for the period	-	-	-	-	37,013	37,013	843,056	19,500	862,556	-	899,569
Total comprehensive income	-	-	-	-	<u>3,491,837</u>	<u>3,491,837</u>	<u>843,056</u>	<u>19,500</u>	<u>862,556</u>	-	<u>4,354,393</u>
Surplus allocation and distribution:											
Provision for legal surplus reserve	-	-	57,960	-	(57,960)	-	-	-	-	-	-
Provision for special surplus reserve	-	-	-	757,566	(757,566)	-	-	-	-	-	-
Cash dividends on common stock	-	(424,148)	-	-	(318,111)	(318,111)	-	-	-	-	(742,259)
Cash capital increase	48,800	1,056,570	-	-	-	-	-	-	-	-	1,105,370
Cancellation of Treasury Stocks	(6,550)	(227,058)	-	-	-	-	-	-	-	233,608	-
Changes in ownership interests in subsidiaries	-	14,180	-	-	-	-	-	-	-	-	14,180
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>3,515,665</u>	<u>6,096,676</u>	<u>(830,267)</u>	<u>(75,667)</u>	<u>(905,934)</u>	-	<u>15,536,436</u>
Net Income (Loss)	-	-	-	-	2,260,964	2,260,964	-	-	-	-	2,260,964
Other comprehensive income for the period	-	-	-	-	(11,366)	(11,366)	(251,185)	55,516	(195,669)	-	(207,035)
Total comprehensive income	-	-	-	-	<u>2,249,598</u>	<u>2,249,598</u>	<u>(251,185)</u>	<u>55,516</u>	<u>(195,669)</u>	-	<u>2,053,929</u>
Allocation and distribution of surplus:											
Provision for legal reserve	-	-	348,993	-	(348,993)	-	-	-	-	-	-
Provision for special reserve	-	-	-	(862,556)	862,556	-	-	-	-	-	-
Common stock cash dividends	-	-	-	-	(1,604,720)	(1,604,720)	-	-	-	-	(1,604,720)
Arising from the recognition of equity component of convertible corporate bonds issued	-	166,193	-	-	-	-	-	-	-	-	166,193
Convertible corporate bonds convert into common stock	259,629	5,163,632	-	-	-	-	-	-	-	-	5,423,261
Changes in ownership interests in subsidiaries	-	325,603	-	-	-	-	-	-	-	-	325,603
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	(61,674)	(61,674)	-	61,674	61,674	-	-
Balance as of December 31, 2023	<u>\$ 1,319,999</u>	<u>14,940,752</u>	<u>1,161,514</u>	<u>905,934</u>	<u>4,612,432</u>	<u>6,679,880</u>	<u>(1,081,452)</u>	<u>41,523</u>	<u>(1,039,929)</u>	<u>-</u>	<u>21,900,702</u>

(Please refer to the notes of the individual financial statements attached)

Chairman: Fu-Chuan Chu

Managers: Neng-Chi Tsai

Accounting supervisor, Tsung-Hsien Chuang

ENNOCONN CORPORATION
STATEMENT OF CASH FLOWS
 Ended December 31, 2023 and 2022

Unit: NT\$ thousand

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before tax for the period	\$ 2,575,987	3,497,534
Adjustments for:		
Income and Expense Items		
Depreciation Expense	14,918	11,156
Amortization expenses	3,988	4,035
Expected credit (revolving) loss impairment	(1,077)	1,034
Valuation (gains) losses on financial assets and liabilities at fair value through profit or loss	(5,542)	5,467
Interest expense	140,925	135,051
Interest revenue	(49,605)	(11,433)
Share of profit or loss of subsidiaries and associates accounted for using equity method	(2,064,625)	(3,337,821)
Inventory valuation loss (reversal gain)	52,255	(56,647)
Loss on inventory scrap	3,435	17,377
Unrealized Profit on Sales	60,139	45,975
Sales profits realized	(45,975)	(5,842)
Total of Revenue and Expense Items	(1,891,164)	(3,191,648)
Changes in assets/liabilities related to operating activities:		
Accounts receivable	(48,508)	(491,132)
Inventories	(21,848)	(287,653)
Other current assets	912,048	(587,348)
Accounts payable	(72,880)	282,212
Other payables	150,085	127,720
Other current liabilities	(107,243)	263,915
Total Item Adjustments	(1,079,510)	(3,883,934)
Cash flow from (used in) operations	1,496,477	(386,400)
Interest received	57,371	11,433
Interest paid	(74,875)	(118,664)
Income taxes paid	(43,710)	(18,269)
Net cash flows from operating activities	1,435,263	(511,900)
CASH FLOWS FROM INVESTING ACTIVITIES		
Obtain financial assets measured at amortized cost	(51)	(30)
Acquisition of investments accounted for using equity method	-	(3,102,589)
Acquisition of property, plant and equipment	(2,900)	(1,805)
Margin deposit	262,754	(305,177)
Acquisitions of Intangible assets	-	(196)
Obtain right-of-use assets	-	(1,077)
Dividends received	1,138,825	809,755
Net cash flow from (used in) investing activities	1,398,628	(2,601,119)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term borrowings	(3,824,000)	2,895,000
Issuing of convertible corporate bonds	3,009,450	-
Repayment of convertible corporate bonds	-	(1,139,508)
Deposit margin	(265,102)	256,797
Repayment of the principal portion of lease liabilities	(6,960)	(2,900)
Cash dividends distribution	(1,604,720)	(742,259)
Cash capital increase	-	1,105,370
Net cash (outflow) inflow from financing activities	(2,691,332)	2,372,500
Effect of exchange rate changes on cash and cash equivalents	3,685	8,818
Increase (decrease) in cash and cash equivalents for the period	146,244	(731,701)
Beginning balance of cash and cash equivalents	623,358	1,355,059
Ending balance of cash and cash equivalents	\$ 769,602	623,358

ENNOCONN CORPORATION
NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS
2023 and 2022

(Unless otherwise specified, all amounts are in NT\$ thousand)

1. Company History

Ennoconn Corporation (“the Company”) was established on July 12, 1999 after approval from the Ministry of Economic Affairs, and registered at 3F-6F, No. 10, Jiankang Road, Zhonghe District, New Taipei City. The main business items are the manufacturing and sales of data storage, processing equipment and 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.

2. Financial Statements' Approval Dates and Procedures

The Individual Financial Statements were approved by the Board of Directors and authorized for issue on March 29, 2024.

3. Application of newly released and revised guidelines and interpretations

- (1) 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, with the impacts described as follows:

1. Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction.”

The amendments limit the scope of the recognition exemption for deferred tax assets and liabilities arising from the initial recognition of an asset or liability in a transaction that is not a business combination, to transactions that do not give rise to equal taxable and deductible temporary differences upon initial recognition. Examples include leases and decommissioning liabilities. An entity is required to recognize deferred tax on such temporary differences and can no longer offset them. Regarding lease and decommissioning liabilities, according to regulations, they should be applied retrospectively from the beginning date of the earliest comparative period presented in the individual financial statements (January 1, 2022), and the cumulative effects of initially applying these amendments should be recognized as an adjustment to the opening balance of retained earnings on that date. As for all other transactions, only those occurring after January 1, 2022, shall be subject to the amended provisions. The Company's subsidiary recognizes deferred tax assets and liabilities for all deductible and taxable temporary differences associated with right-of-use assets and lease

liabilities as of January 1, 2022. Therefore, the impact of the aforementioned retrospective adjustments on the Company is summarized as follows:

	2023.12.31	2022.12.31	2022.01.01
Investments accounted for using equity method	\$ 20,768	2,202	294
Retained earnings	\$ 20,768	2,202	294

	2023	2022
Share of profit or loss of associates accounted for using equity method	<u>\$ 18,566</u>	<u>1,908</u>

2. Others

The following amended standards are also effective from January 1, 2023, but have no material impact on the Company's individual financial statements:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

Furthermore, the Company has applied the amendments to International Accounting Standard 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction" retrospectively since May 23, 2023, which provides a temporary exemption from accounting for deferred taxes on the initial recognition of certain transactions and has added disclosures related to the income tax exposure under Pillar Two starting from the annual reporting period beginning on January 1, 2023. However, as of December 31, 2022, there were no countries where the Company operates that have enacted or substantively enacted laws regarding supplementary tax, and no deferred income tax has been recognized accordingly. Therefore, the retrospective application of such amendments has no impact on the individual financial statements. Our company is closely monitoring the progress of legislation introducing global minimum tax rates in the jurisdictions where we operate.

(2) Effect of not adopting IFRSs recognized by the FSC

The Company adopts the amendments to the International Financial Reporting Standards (IFRS) from January 1, 2024, which did not result in significant changes on the parent company only financial reports.

- Amendment to IAS 1 “The classification of liabilities as current or non-current
- Amendment to IAS 1 “Non-current liabilities with covenants”
- Amendment to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendment to IFRS 16 “Lease Liability in a Sale and Leaseback”

(3) The impact of IFRSs issued by the IASB but not yet endorsed by the FSC

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”
- Amendments to IFRS 17 "Insurance Contracts", including the amendment regarding the "Initial Application of IFRS 17 and IFRS 9 Comparative Information".
- Amendments to IAS 21 "Lack of Exchangeability"

4. 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.

(1) Statement of Compliance

The Individual Financial Statements have been prepared in conformity with the Regulation of Financial Reports by Securities Issuers.

(2) Basis of Preparation

1. Measurement bases

The Individual Financial Statements have been prepared on the historical cost basis except for significant items in the balance statement:

- (1) Financial assets and liabilities measured at fair value through profit or loss;
- (2) The net defined benefit liability is measured as the present value of the defined benefit obligation, less the fair value of plan assets and the effect of the asset ceiling mentioned in Note 4(14).

2. Functional currency and presentation currency

The functional currency of the Company is the currency of the primary economic environment in which it operates. This parent company only financial report is expressed in the functional currency of the Company, i.e. new Taiwan dollars. Unless otherwise stated, all financial information expressed in New Taiwan Dollars is presented in thousands of New Taiwan Dollars.

(3) Foreign currency

1. Foreign currency transaction

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 hedges of a net investment in a foreign operation to the extent that the hedge is effective; or
- (3) For qualifying cash flow hedges, within the effective portion of the hedge.

2. Foreign operation organization

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.

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. When a partial disposal involves an investment in an associate that includes a foreign operation, the relevant proportion of the cumulative amount of foreign currency translation differences is reclassified to profit or loss.

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.

(4) 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. The asset is held primarily for the purpose of transaction
3. It is expected that the liability will be repaid within twelve months after the reporting period, 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. It is expected that the liability will be settled in the normal operating cycle
2. The liabilities is held primarily for the purpose of transaction
3. It is expected that the liability will be repaid within twelve months after the reporting period, or
4. Liabilities that have an unconditional right to defer settlement for at least twelve months after the reporting period. 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.

(5) Cash and Cash Equivalents

Cash includes cash on hand, checks on deposit, 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.

(6) 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 asset

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 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 within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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.

(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 within a business model whose objective is achieved by both collecting contractual cash flows and selling.

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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 fair value through profit or loss

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 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 contingency that would change the timing or amount of cash flows under 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 and deposits 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 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.

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.

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
- 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.

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 shares

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 instrument

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.

(5) Financial liability

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.

3. Derivative financial instruments

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.

(7) inventories

Inventory shall be measured with the lower of the costs and net realizable value. The costs include the acquisition, production or processing costs, and other costs incurred in bringing

the inventories to their present location and condition, and are calculated using the weighted average method. 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.

(8) Investment in subsidiaries

When preparing the Individual 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 Individual 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 Individual Financial Statements shall be the same as the equity attributable to the parent company's owners in the consolidated financial report.

Where the charge 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.

(9) 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 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.

(10) Lease

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. 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.

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 lease payments as expenses within the lease period on a straight-line basis.

2. 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.

(11) Intangible asset

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 patent rights and computer software 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.

3. Amortisation

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) Patents 5 years
- (2) computer software cost 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.

(12) Non-financial asset impairment

The Company evaluates on each reporting date whether there is any indication that the carrying amount of non-financial assets (excluding inventories and deferred 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 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.

(13) Income recognition

1. Revenue from Contracts with Customers

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 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.

(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.

(14) Employee benefits

1. Defined contribution plans

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 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.

(15) Income tax

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.

The Company has determined that the top-up tax payable under the Global Anti-Base Erosion (GloBE) rules falls within the scope of IAS 12 "Income Taxes", and has applied the temporary mandatory exemption from applying deferred tax accounting for the top-up tax. Any actual top-up tax incurred will be recognized as current income tax.

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 recognized for temporary differences between the carrying amounts of assets and liabilities at the reporting date and their tax bases. In case of any of the following situations, the temporary differences will not be recognized as deferred income tax:

1. Assets or liabilities arising from a transaction that is not a business combination, and at the time of the transaction, (1) does not affect accounting profit or taxable income (loss), and (2) does not create equal taxable and deductible temporary differences.
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.

(16) 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 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.

(17) Segment information

The Company has disclosed segment information in the consolidated financial statements, so no segment information is disclosed in the individual financial statements.

5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty

When the management prepares the Individual Financial Statements, the management is required to make judgments, estimates and assumptions in preparing this Individual 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, the relevant information is as follows:

(1) Allowance for doubtful 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. For details on the provision for impairment, please refer to Note 6(4).

(2) Subsequent measurement of inventories

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. For details on the valuation of inventories, please see Note 6(5).

(3) Impairment assessment for investments accounted for using the equity method

The impairment assessment process for investments accounted for using the equity method relies on the Company's subjective judgment, including identifying cash-generating units and determining the recoverable amount of the related cash-generating units.

6. Explanation of significant accounts

(1) Cash and Cash Equivalents

	<u>2023.12.31</u>	<u>2022.12.31</u>
Cash on hand	\$ 484	456
Demand deposits and check deposits	603,311	361,867
Deposit account	<u>165,807</u>	<u>261,035</u>
Cash and cash equivalents listed in the cash flow statement	<u><u>\$ 769,602</u></u>	<u><u>623,358</u></u>

Please refer to Note 6 (21) for the disclosure of interest rate risk and sensitivity analysis of the Company's financial assets and liabilities.

(2) Financial assets and liabilities at fair value through profit or loss

	<u>2023.12.31</u>	<u>2022.12.31</u>
Financial assets measured mandatorily at fair value through profit and loss:		
Non-hedging derivative instruments		
Redemption right for domestic convertible corporate bond	<u>\$ 2,209</u>	<u>-</u>
	<u>2023.12.31</u>	<u>2022.12.31</u>
Financial liabilities at FVTPL		
Non-hedging derivative instruments		
Redemption and sale rights of domestic convertible corporate bonds	<u>\$ -</u>	<u>1,423</u>

(3) Financial assets at amortized cost

	<u>2023.12.31</u>	<u>2022.12.31</u>
Domestic certificate deposit	<u>\$ 4,306</u>	<u>4,255</u>

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. The Company holds time deposits in Taiwan, with weighted average annual interest rates ranging from 5.05% to 5.45% in 2023 and from 3.4% to 4.15% in 2022. For credit risk information, please refer to Note 6(21).

Please refer to note 8 for details of the above financial assets as guarantees for loans and financing lines.

(4) Accounts receivable

	<u>2023.12.31</u>	<u>2022.12.31</u>
Accounts receivable	\$ 787,923	918,070
Accounts receivable – related parties	547,072	396,692
Less: Allowance for loss	<u>(61,561)</u>	<u>(62,638)</u>
	<u>\$ 1,273,434</u>	<u>1,252,124</u>

For all accounts receivable, the Company adopts the simplified approach to estimate expected credit losses, which uses the lifetime expected credit losses. For this purpose, these receivables are assessed by grouping customers based on shared credit risk characteristics that represent the ability to pay all amounts due in accordance with the contractual terms. The Company's expected credit loss analysis for accounts receivable is as follows:

	2023.12.31		
	Carrying amount of accounts receivable	Weighted average expected credit loss rate	Expected credit loss during the allowance
Not past due	\$ 990,259	-	-
1–60 days past due	276,469	-	-
61–150 days past due	6,706	-	-
Over 1 years past due	34,738	100%	34,738
Counterparty with indicator of default event	<u>26,823</u>	<u>100%</u>	<u>26,823</u>
	<u>\$ 1,334,995</u>		<u>61,561</u>

	2023.12.31		
	Carrying amount of accounts receivable	Weighted average expected credit loss rate	Expected credit loss during the allowance
Not past due	\$ 1,132,531	-	-
1–60 days past due	103,604	-	-
61–150 days past due	17,066	6.31%	1,077
Over 1 years past due	34,738	100%	34,738
Counterparty with indicator of default event	<u>26,823</u>	<u>100%</u>	<u>26,823</u>
	<u>\$ 1,314,762</u>		<u>62,638</u>

The change in the credit loss of the Company's accounts receivable is as follows:

	2023	2022
Beginning Balance	\$ 62,638	61,604
Impairment losses recognized	-	1,034
Reversal impairment loss	<u>(1,077)</u>	<u>-</u>
Ending Balance	<u>\$ 61,561</u>	<u>62,638</u>

As of December 31, 2023 and 2022, the Company did not use its accounts receivable asset as collateral on a loan.

Please refer to note 6(24) for other credit risk information.

(5) inventories

	<u>2023.12.31</u>	<u>2022.12.31</u>
raw materials	\$ 470,980	618,202
work in process	185,056	61,905
Semi-finished products	147,273	84,773
Finished good	62,171	82,059
Merchandise inventory	-	11
Stock in transit	-	116
Less: Allowance for inventory market price decline	<u>(114,554)</u>	<u>(62,299)</u>
	<u>\$ 750,926</u>	<u>784,767</u>

The cost of goods sold includes the loss of inventory falling price in 2023 at NT\$52,255 thousand and loss on property retired at NT\$3,435 thousand. The cost of goods sold includes the loss of inventory falling price in 2023 at NT\$56,647 thousand and loss on property retired at NT\$17,377 thousand.

As of December 31, 2023 and 2022, the Company had no inventory used as pledge guarantee.

(6) Investment using the Equity Method:

The investments of the Company using the equity method on the reporting date are listed as follows:

	<u>2023.12.31</u>	<u>2022.12.31</u>
Subsidiary	<u>\$ 27,087,520</u>	<u>26,057,267</u>

Please refer to the consolidated financial statement for the year ended December 31, 2023.

(7) Property, Plant and Equipment

The details of changes in the cost and depreciation of the Company's property, plant and equipment in 2023 and 2022 are as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Leasehold improvement</u>	<u>Other equipment</u>	<u>Total</u>
Cost:						
Balance as of January 1, 2023	\$ 251,536	288,190	581	12	67,051	607,370
Additions	-	-	98	-	2,802	2,900
Disposal	-	-	-	-	(4,144)	(4,144)
Balance as of December 31, 2023	<u>\$ 251,536</u>	<u>288,190</u>	<u>679</u>	<u>12</u>	<u>65,709</u>	<u>606,126</u>
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>
Depreciation:						
Balance as of January 1, 2023	\$ -	46,215	352	8	63,688	110,263
Depreciation of the current year	-	5,763	38	3	1,864	7,668
Disposal	-	-	-	-	(4,144)	(4,144)
Balance as of December 31, 2023	<u>\$ -</u>	<u>51,978</u>	<u>390</u>	<u>11</u>	<u>61,408</u>	<u>113,787</u>
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>
Book value:						
December 31, 2023	<u>\$ 251,536</u>	<u>236,212</u>	<u>289</u>	<u>1</u>	<u>4,301</u>	<u>492,339</u>
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>

As of December 31, 2023 and 2022, the Company did not provide any of its property, plant and equipment as collateral for long-term borrowings or credit facilities.

(8) Right-of-use asset

The relevant information of the leased houses and buildings of the Company is as follows:

	<u>Buildings</u>
Right-of-use asset costs:	
Balance as of January 1, 2023	\$ 19,935
Balance as of December 31, 2023	<u>\$ 19,935</u>
Balance as of January 1, 2022	\$ -
Additions	19,935
Balance as of December 31, 2022	<u>\$ 19,935</u>
Accumulated depreciation of right-of-use assets:	
Balance as of January 1, 2023	\$ 3,020
Provision for depreciation	7,250
Balance as of December 31, 2023	<u>\$ 10,270</u>
Balance as of January 1, 2022	\$ -
Provision for depreciation	3,020
Balance as of December 31, 2022	<u>\$ 3,020</u>
Book value:	
December 31, 2023	<u>\$ 9,665</u>
December 31, 2022	<u>\$ 16,915</u>

(9) Intangible asset

The details of changes in the cost, amortization and depreciation of the Company's intangible assets in 2023 and 2022 are as follows:

	Patents	Computer software cost	Total
Cost:			
Balance as of January 1, 2023	\$ 42,857	13,341	56,198
Disposal	-	(500)	(500)
Balance as of December 31, 2023	<u>\$ 42,857</u>	<u>12,841</u>	<u>55,698</u>
Balance as of January 1, 2022	\$ 42,857	13,145	56,002
Acquire for period	-	196	196
Balance as of December 31, 2022	<u>\$ 42,857</u>	<u>13,341</u>	<u>56,198</u>
Amortization:			
Balance as of January 1, 2023	\$ 4,511	11,041	15,552
Current amortization	2,461	1,527	3,988
Disposal	-	(500)	(500)
Balance as of December 31, 2023	<u>\$ 6,972</u>	<u>12,068</u>	<u>19,040</u>
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	<u>\$ 4,511</u>	<u>11,041</u>	<u>15,552</u>
Book value:			
December 31, 2023	<u>\$ 35,885</u>	<u>773</u>	<u>36,658</u>
December 31, 2022	<u>\$ 38,346</u>	<u>2,300</u>	<u>40,646</u>

(10) Other current assets and other non-current assets

	2023.12.31	2022.12.31
Other Receivables	\$ 31,025	42,672
Other receivables – related parties	89,947	956,073
Prepayments	3,803	46,215
Prepayments for business facilities	2,025	-
Guarantee deposits paid	42,715	305,468
Defined benefit assets(Note 6(14))	891	940
	<u>\$ 170,406</u>	<u>1,351,368</u>

(11) short-term debt

	2023.12.31	2022.12.31
Unsecured bank borrowings	<u>\$ 1,371,000</u>	<u>5,195,000</u>
Unused quota	<u>\$ 12,764,250</u>	<u>7,508,250</u>
Interest rate range	<u>1.68%~2.06%</u>	<u>1.67%~2.20%</u>

(12) Bonds payable

The Company has the following balance of corporate bonds payable:

	<u>2023.12.31</u>	<u>2022.12.31</u>
The 3rd domestic unsecured convertible bonds	\$ 800,248	5,560,778
The 1st privately placed unsecured convertible bonds	1,480,973	1,473,913
The 4th domestic unsecured convertible bonds	339,553	962,204
The 5th domestic unsecured convertible corporate bonds	2,863,817	-
Less: parts matured or able to exercise redemption rights within one year	<u>(800,248)</u>	<u>-</u>
Ending balance of corporate bonds payable	<u>\$ 4,684,343</u>	<u>7,996,895</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
- (6) Term: 108.02.26~113.02.26
- (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 Its 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, 2023, the conversion price was adjusted to NT\$204.4.

(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 Right

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, 2023 is NT\$0 thousand at fair value cost and non-derivative financial liabilities on December 31, 2023 is NT\$800,248 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 component	<u>(332,132)</u>
Liability components on the date of issuance (including corporate bonds payable of NT\$5,665,424 thousand and financial liabilities at fair value through profit or loss - non-current—NT\$9,592 thousand—have not been reviewed)	5,675,016
Interest calculated at effective interest rate of 1.1542%	283,011
Gain on valuation of financial product	(3,701)
Converting corporate bonds payable into ordinary shares	<u>(5,154,078)</u>
The liability components as of December 31, 2023	<u>\$ 800,248</u>

2. 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.

- (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: 110.09.02~115.09.02
- (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 Its 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 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, 2023, the conversion price was adjusted to NT\$196.7.

(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 Right

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.

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, 2023 is NT\$1,050 thousand at fair value cost and non-derivative financial liabilities on December 31, 2023 is NT\$1,480,973 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 component	<u>(35,396)</u>
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%	16,384
Gain on valuation of financial asset	<u>(900)</u>
The liability components as of December 31, 2023	<u>\$ 1,479,923</u>

3. 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.

- (1) Total issuance: NT\$6,000,000 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: November 16, 2021.~November 16, 2026.
- (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.

(8) Conversion Price and Its 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, 2023, the conversion price was adjusted to NT\$202.5.

(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 Right

From 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.

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, 2023 is NT\$559 thousand at fair value cost and non-derivative financial liabilities on December 31, 2023 is NT\$339,553 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 component	<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— NT\$598 thousand—have not been reviewed)	952,092
Interest calculated at effective interest rate of 0.9994%	16,966
Gain on valuation of financial product	(849)
Converting corporate bonds payable into ordinary shares	<u>(629,215)</u>
The liability components as of December 31, 2023	<u>\$ 338,994</u>

4. To meet the needs of working capital and reinvestment, the Company issued the third domestic unsecured convertible corporate bonds on August 16, 2023. The issuance conditions are as follows:

- (1) Total issuance: NT\$3,000,000 thousand
- (2) Face value: NT\$100 thousand each
- (3) Coupon rate: 0%
- (4) Effective interest rate: 1.787%
- (5) Book value at issuance: NT\$2,844,753 thousand
- (6) Term: August 16, 2023~ August 16, 2026
- (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 (November 17, 2023) to the expiration date August 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 Its Adjustment:

The conversion price at the time of initial issuance is set at NT\$295. 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.

(9) The Company's Redemption Right

From the day after the issuance of corporate bonds for 3 months (November 17, 2023) to 40 days before the maturity date (July 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.

(10) 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 30, 2023 is NT\$600 thousand at fair value cost and non-derivative financial liabilities on December 31, 2023 is NT\$2,863,817 thousand at amortized cost, and its effective interest rate initially recognized is 1.787%.

Issue proceeds (less transaction costs of NT\$5,550 thousand)	\$ 3,009,450
Equity components	<u>(166,194)</u>
Liability components on the date of issuance (including corporate bonds payable of NT\$2,844,753 thousand and financial liabilities at fair value through profit or loss - non-current of NT\$1,497 thousand)	2,843,256
Interest calculated at effective interest rate of 1.787%	19,064
Loss from financial product evaluation	<u>897</u>
The liability components as of December 31, 2023	<u><u>\$ 2,863,217</u></u>

(13) Lease liabilities

The Company's carrying amount of lease liabilities:

	2023.12.31	2022.12.31
Current	\$ 6,896	6,824
Non-current	\$ 2,315	9,211

Please refer to note 6(21) financial instruments for further information on the maturity analysis of lease liabilities.

Recognized lease profit/loss is below:

	2023	2022
Short-term lease expenses	\$ 326	876
Lease liabilities expenses	\$ 136	78

Recognized lease on the cash flow statement is below:

	2023	2022
Total cash outflow for lease	\$ 7,286	3,776

Buildings

The company leases houses and buildings as factories, with lease terms typically lasting three years. Some leases include an option to extend the lease for an additional period equivalent to the original contract upon expiration. 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.

Furthermore, the company leases office equipment on a short-term basis, and the company has chosen to apply the exemption and not recognize the related right-of-use assets and lease liabilities.

(14) 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>2023.12.31</u>	<u>2022.12.31</u>
Present value of a defined benefit obligation	\$ 1,334	1,239
Fair value of plan assets	<u>(2,225)</u>	<u>(2,179)</u>
	(891)	(940)
Number of assets affected by the limit	<u>-</u>	<u>-</u>
Net defined benefit asset (listed under other non-current assets)	<u><u>\$ (891)</u></u>	<u><u>(940)</u></u>

The Company's defined benefit plan is contributed to the labor retirement reserve account at the 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 balance of the Company's Labor Retirement Reserve Account with Taiwan Bank amounted to NT\$2,225 thousand. 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 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Defined benefit obligations on January 1	\$ 1,239	1,258
Current service cost and interest	16	9
Remeasurements of the net defined benefit liability (asset)		
— Actuarial gains (losses) - changes in financial assumptions	1	(92)
— Actuarial gains (losses) - experience adjustments	<u>78</u>	<u>64</u>
Defined benefit liabilities on December 31	<u><u>\$ 1,334</u></u>	<u><u>1,239</u></u>

(3) Changes in fair value of plan assets

The changes in the fair value of defined benefit plan of the Company in 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Fair value of plan assets on January 1	\$ 2,179	2,009
Interest revenue	28	14
Remeasurements of the defined benefit asset		
— Plan asset remuneration (excluding current interest)	<u>18</u>	<u>156</u>
Fair value of plan assets on December 31	<u><u>\$ 2,225</u></u>	<u><u>2,179</u></u>

(4) Recognized gain (revenue) expenses

The details of recognized costs of the Company in 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Net defined benefit liabilities (assets)	<u><u>\$ (12)</u></u>	<u><u>(5)</u></u>
Administrative expenses	<u><u>\$ (12)</u></u>	<u><u>(5)</u></u>

(5) Remeasurement of net defined benefit assets recognized as other comprehensive income and loss

The remeasured amounts of net defined benefit liabilities reported as other comprehensive income for the Company in 2023 and 2022 were NT\$(61) thousand and NT\$184 thousand, respectively.

(6) Actuarial assumptions

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>2023.12.31</u>	<u>2022.12.31</u>
Discount rate	1.28%	1.29%
Increase in future salary	3%	3%
Mortality Rate	90% of 6th Period Taiwan Life Tables	90% of 6th 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, 2023 is NT\$530 thousand.

The weighted average duration of defined benefit plans is 4 years.

(7) Sensitivity analysis

The effects of changes in the main actuarial assumptions adopted on Dec. 31, 2023 and 2022 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, 2023		
Discount rate	\$ (36)	38
Increase in future salary	34	(33)
December 31, 2022		
Discount rate	\$ (36)	37
Increase in future salary	34	(33)

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 plans

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.

The pension expense under the defined contribution retirement funds of the Company in the year of 2023 and 2022 are NT\$9,654 thousand and NT\$8,894 thousand respectively, which have been contributed to the Bureau of Labor Insurance.

(15) Income tax

1. Income tax expense

The details of the income tax expense of the Company in 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Income tax expenses for the period		
Recognized for the period	\$ 339,725	33,909
Adjustment of the income tax in the previous year	<u>(8,571)</u>	<u>(6,619)</u>
	<u>331,154</u>	<u>27,290</u>
Deferred income tax expenses		
Occurrence and reversal of temporary differences	<u>(16,131)</u>	<u>15,420</u>
income tax expense	<u><u>\$ 315,023</u></u>	<u><u>42,710</u></u>

The details of the income tax expense under other comprehensive income and loss of the Company in 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of defined benefit plan	<u><u>\$ (12)</u></u>	<u><u>37</u></u>

The details of income tax expenses under recognized other comprehensive profits/losses of the Company in 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Profit Before tax	<u><u>\$ 2,575,987</u></u>	<u><u>3,497,534</u></u>
Income tax calculated at domestic tax rate	\$ 515,197	699,507
Non-deductible expenses	(139,249)	(243,723)
Changes in unrecognized temporary differences	(172,292)	(406,455)
Adjustment of estimation differences from previous years	(8,571)	(6,619)
Surtax on undistributed retained earnings	<u>119,938</u>	<u>-</u>
income tax expense	<u><u>\$ 315,023</u></u>	<u><u>42,710</u></u>

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, 2023 and 2022, 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:

	<u>2023.12.31</u>	<u>2022.12.31</u>
Summary amount of temporary differences related to investment in subsidiaries	<u>\$ 1,111,916</u>	<u>939,624</u>

(2) Recognized deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities:

Deferred income tax liabilities:

	<u>Defined benefit plan</u>
January 1, 2023	\$ 653
Debit/(credit) other comprehensive profit and loss	(12)
December 31, 2023	<u>\$ 641</u>
January 1, 2022	\$ 616
Debit/(credit) other comprehensive profit and loss	37
December 31, 2022	<u>\$ 653</u>

Deferred income tax assets:

	<u>Defined benefit plan</u>	<u>Convertible bond</u>	<u>Inventory evaluation profit and loss</u>	<u>Unrealized gross margin</u>	<u>Others</u>	<u>Total</u>
January 1, 2023	\$ 208	-	12,460	9,195	14,939	36,802
Debit/(credit)						
income statement	(2)	-	10,451	2,833	2,849	16,131
December 31, 2023	<u>\$ 206</u>	<u>-</u>	<u>22,911</u>	<u>12,028</u>	<u>17,788</u>	<u>52,933</u>
January 1, 2022	\$ 209	14,033	23,789	1,169	13,022	52,222
Debit/(credit)						
income statement	(1)	(14,033)	(11,329)	8,026	1,917	(15,420)
December 31, 2022	<u>\$ 208</u>	<u>-</u>	<u>12,460</u>	<u>9,195</u>	<u>14,939</u>	<u>36,802</u>

3. Income tax assessments

The approval on the filing of final income tax return of the Company has lasted till the year 2021 as required by the taxing authority.

The Company disagrees with the approved contents of 2016 and 2018, and is currently applying for review. However, the Company has assessed the relevant income tax based on the principle of prudence.

4. The lowest tax burden globally

The new tax laws to be issued in the tax jurisdictions where the Company operates will take effect on January 1, 2024 or have not yet been legislated, therefore as of December 31, 2023, the Company had no impact on current income tax.

The Company recognizes supplementary tax as current income tax when it actually occurs, and for the deferred income tax accounting treatment related to supplementary tax, a temporary mandatory exemption is applied. Please refer to Note 4(15) for the accounting policy.

(16) Capital and other equity

As of December 31, 2023 and 2022, 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 132,000 thousand ordinary shares and 106,037 thousand ordinary shares respectively.

1. Issuance of common stock and preferred stock

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.

The transfer of the aforementioned private placement of ordinary shares and the subsequently allotted shares without consideration must be handled in accordance with Article 43-8 of the Securities and Exchange Act, and after three years from the delivery date of the private placement of ordinary shares, an application for public offering must be filed with the Financial Supervisory Commission before applying for listing and trading on the stock exchange.

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.

In the year 2023, the Company issued 25,963 thousand new shares at par value totaling NT\$259,629 thousand due to the exercise of conversion rights by holders of convertible corporate bonds. The issuance of the aforementioned new shares has completed the statutory registration procedures, and the paid-in capital has been changed to NT\$1,319,999 thousand after the issuance.

2. Capital surplus

The components of the Company's capital reserve are as follows:

	2023.12.31	2022.12.31
Premium of issued shares	\$ 5,039,717	5,039,717
Issuance of new shares for other company's shares	1,372,670	1,372,670
Premium on conversion of convertible corporate bonds	7,260,995	1,797,651
Share options for convertible corporate bonds	263,238	396,757
Expired stock options	385,261	385,261
Changes in percentage of ownership in subsidiaries	<u>618,871</u>	<u>293,268</u>
	<u>\$ 14,940,752</u>	<u>9,285,324</u>

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.

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, 2023 and 2022, the balance of such special reserve was NT\$905,934 thousand and NT\$1,768,490 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 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. 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

The transfer of the aforementioned private placement of ordinary shares and the subsequent shares issued through free distribution shall be handled in accordance with Article 43-8 of the Securities and Exchange Act. After three years from the delivery date of the private placement of ordinary shares, an application for public issuance shall be submitted to the Financial Supervisory Commission, and then an application for listing and trading on the stock exchange can be made.

	2022		2021	
	Payout ration (NT\$)	Amount	Payout ration (NT\$)	Amount
Distributed to owners of ordinary shares:				
Cash	\$ 15.00	<u>1,604,720</u>	3.00	<u>318,111</u>

At the board meeting held on March 29, 2024, the Company resolved on the distribution of profits for the fiscal year 2023, with the amount of dividends to be distributed to shareholders as follows:

	2023	
	Payout ration (NT\$)	Amount
Distributed to owners of ordinary shares:		
Cash	\$ 11.41	<u>1,559,072</u>

4. 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, 2023	\$ (830,267)	(75,667)	(905,934)
Exchange differences on translating the net assets of foreign operations	(246,805)	-	(246,805)
Share of associates accounted for using the equity method	(4,380)	233	(4,147)
Unrealized gain or loss on financial assets at FVTOCI	-	55,283	55,283
Disposal in equity instruments at fair value through other comprehensive income	-	61,674	61,674
Balance as of December 31, 2023	<u><u>\$ 1,081,452</u></u>	<u><u>41,523</u></u>	<u><u>(1,039,929)</u></u>
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	<u><u>\$ 830,267</u></u>	<u><u>(75,667)</u></u>	<u><u>(905,934)</u></u>

(17) 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

	2023	2022
(1) Net profit attributable to the holders of ordinary share equity of the Company	<u><u>\$ 2,260,964</u></u>	<u><u>3,454,824</u></u>

(2) Weighted average outstanding ordinary shares

	2023	2022
Ordinary shares issued as of January 1	\$ 106,037	101,812
Effects of treasury stock	-	(655)
Effect of conversion bonds	12,908	-
Effect of cash capital increase on the issuance of new shares	-	4,746
Weighted average share outstanding as of Dec 31	<u>\$ 118,945</u>	<u>105,903</u>
Basic earnings per share (NT\$)	<u>\$ 19.01</u>	<u>32.62</u>

2. Diluted earnings per share

	2023	2022
Net profit attributable to the holders of ordinary share equity of the Company (basic)	\$ 2,260,964	3,454,824
After tax interest expenses and financial evaluation gains and losses of convertible corporate bonds	51,255	82,943
Net profit attributable to the holders of ordinary share equity of the Company (diluted)	<u>\$ 2,312,219</u>	<u>3,537,767</u>
Weighted average number of outstanding ordinary shares (basic)	118,945	105,903
Effect of employee remuneration	424	498
Effect of conversion of convertible corporate bonds	30,616	38,977
Weighted average outstanding ordinary shares (diluted) as of December 31	<u>149,985</u>	<u>145,378</u>
Diluted earnings per share (NT\$)	<u>\$ 15.42</u>	<u>24.33</u>

(18) Revenue from Contracts with Customers

1. Income Statement

The income details of the Company are as follows:

	<u>2023</u>	<u>2022</u>
Main products/service lines		
Revenue from sales of goods	\$ 5,175,442	5,304,120
Service revenue	<u>11,191</u>	<u>810</u>
	<u>\$ 5,186,633</u>	<u>5,304,930</u>

2. Balance of contracts

	<u>December 31, 2023</u>	<u>December 31. 2022</u>	<u>January 01. 2022</u>
Accounts receivable	\$ 1,334,995	1,314,762	848,995
Less: Allowance for loss	<u>(61,561)</u>	<u>(62,638)</u>	<u>(61,604)</u>
Total	<u>\$ 1,273,434</u>	<u>1,252,124</u>	<u>787,391</u>
Contract liability - sales contract (recognized as other current liabilities)	<u>\$ 122,336</u>	<u>115,890</u>	<u>15,691</u>

Please refer to Note 6(2) for the disclosure of 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. The contract liabilities recognized as revenue in 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Beginning contract liabilities		
Sales of goods	<u>\$ 115,890</u>	<u>15,691</u>

(19) Employee bonus and director compensation:

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.

For the fiscal years 2023 and 2022, the Company estimated employee compensation of NT\$85,000 thousand and NT\$89,000 thousand, respectively, and director compensation of

NT\$2,600 thousand and NT\$2,850 thousand, respectively. These amounts were estimated based on the Company's profit before tax for each period, before deducting employee and director compensation, multiplied by the ratios for employee and director compensation as stipulated in the Company's Articles of Incorporation. The estimated amounts were recognized as operating expenses for the fiscal years 2023 and 2022. 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).

(20) Total Non-Operating Income and Expenses

1. Interest revenue

The details of interest income of the Company in 2022 and 2021 are as follows:

	<u>2023</u>	<u>2022</u>
Bank deposit interest	\$ 32,333	3,609
Other interest income	<u>17,272</u>	<u>7,824</u>
	<u>\$ 49,605</u>	<u>11,433</u>

2. Other income

The details of other income of the Company in 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Rent revenue/income	<u>\$ 3,808</u>	<u>3,144</u>

3. Other gains and losses

The details of other gains and losses of the Company in 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Gain on foreign exchange	\$ 15,784	55,930
Valuation gains (losses) on financial assets and financial liabilities	5,542	(5,467)
Others	<u>29,752</u>	<u>40,358</u>
Other net gains and losses	<u>\$ 51,078</u>	<u>90,821</u>

4. Financial cost

The details of the financial cost of the Company in 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Interest on bank loans	\$ 71,178	36,762
Interest on lease liabilities	136	78
Accrued interest on corporate bonds payable	<u>69,611</u>	<u>98,211</u>
Net financial cost	<u>\$ 140,925</u>	<u>135,051</u>

(21) Financial instruments

1. Credit risk

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(4) for details of credit risk exposure information of notes receivable and accounts receivable.

Other financial assets measured at amortized cost, including other receivables and time deposits, are financial assets with low credit risk, and therefore the allowance for losses is measured at the amount of expected credit losses over the lifetime (please refer to Note 4(6) for the Company's explanation of how it determines low credit risk).

2. Liquidity risk

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.

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	More than 1 year
December 31, 2023					
Non-derivative					
financial liabilities					
Non-interest bearing	\$ 1,199,451	1,199,451	1,199,451	-	-
liabilities					
Lease liabilities	9,211	9,280	3,480	3,480	2,320
Floating rate	1,371,000	1,371,667	1,371,667	-	-
instruments					
Instruments with	5,484,591	5,484,591	800,248	-	4,684,343
fixed interest rates					
	<u>\$ 8,064,253</u>	<u>8,064,989</u>	<u>3,374,846</u>	<u>3,480</u>	<u>4,686,663</u>
December 31, 2022					
Non-derivative					
financial liabilities					
Non-interest bearing	\$ 1,144,559	1,144,559	1,144,559	-	-
liabilities					
Lease liabilities	16,035	16,240	3,480	3,480	9,280
Floating rate	5,195,000	5,199,364	5,199,364	-	-
instruments					
Instruments with	7,996,895	7,996,895	-	-	7,996,895
fixed interest rates					
	<u>\$ 14,352,489</u>	<u>14,357,058</u>	<u>6,347,403</u>	<u>3,480</u>	<u>8,006,175</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 currency exchange rate risk are as follows:

	December 31, 2023			December 31, 2022			
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	
<u>Financial asset</u>							
<u>Monetary items</u>							
USD	\$	65,087	30.71	1,998,822	96,630	30.71	2,967,507
<u>Financial liability</u>							
<u>Monetary items</u>							
USD		29,350	30.71	901,339	35,093	30.71	1,077,706

(2) Sensitivity analysis

The foreign exchange risk of the Company's monetary items mainly arises from cash and cash equivalents, accounts receivable and other receivables, borrowings, accounts payable and other payables denominated in foreign currencies, which generate foreign exchange gains or losses upon translation. As of December 31, 2023 and 2022, 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\$10,975 thousand and NT\$18,898 thousand. The same basis is used for both periods of analysis.

(3) Exchange gains and losses of monetary items

As the Company's operations involve certain foreign currencies, information on exchange gains and losses on monetary items is disclosed using the consolidated method. The foreign currency exchange (losses) gains (including realized and unrealized) for the years 2023 and 2022 were NT\$15,784 thousand and NT\$55,930 thousand, respectively, which were recorded under "Non-operating income and expenses - Other gains and losses."

4. Interest rate risk

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 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 increases or decreases by 1%, with all other variables remaining constant, the Company's pre-tax net profit for the years 112 and 111 will decrease or increase by NT\$13,710 thousand and NT\$51,950 thousand, respectively.

5. Other price risk

The Company holds financial assets measured at fair value through profit or loss. If the equity securities prices had changed on the reporting date (the analysis for the two periods is performed on the same basis, and assuming that all other variables remained constant), the impact on profit or loss would have been as follows:

Securities price as of the reporting date	2023		2022	
	Other comprehensive income before tax	Profit before tax	Other comprehensive income before tax	Profit before tax
Increased by 1%	\$ -	22	-	(14)
Decreased by 1%	\$ -	(22)	-	14

6. Fair value information

(1) Classification and fair value of financial instruments

The Company's financial assets and liabilities at fair value through profit or loss are measured at fair value on a recurring basis. Regarding non-FVPL financial assets and liabilities, the Company considers their carrying amounts to be equal to or approximating their fair values, or their fair values cannot be reliably measured. The carrying amounts and fair value hierarchy information of financial assets and liabilities at fair value through profit or loss are listed as follows:

	2023.12.31				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at FVTPL					
Hybrid instrument - Call option of convertible bonds	\$ 2,209	-	-	2,209	2,209
Total	\$ 2,209	-	-	2,209	2,209

	2023.12.31				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities at FVTPL					
Hybrid instrument - call and put options of convertible bonds	\$ 1,423	-	-	1,423	1,423
Total	\$ 1,423	-	-	1,423	1,423

(2) Fair value measurement techniques for financial instruments at fair value

A. 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).

(3) Quantitative Information on Fair Value Measurement of Significant Unobservable Inputs (Level 3)

The quantitative information of significant unobservable inputs is listed as follows:

Item	Valuation technique	Significant unobservable input	Significant unobservable inputs and their relationship to fair value
Hybrid instrument - call and put options of convertible bonds	Binomial tree valuation model	• Volatility	• The higher the stock price volatility, the higher the fair value.

(22) Financial risk management

1. Overview

The Company is exposed to the following risks the use of financial instruments:

- (1) Credit risk
- (2) Liquidity risk
- (3) Market risk

This note discloses the Company's exposure to the aforementioned risks, as well as the Company's objectives, policies, and procedures for measuring and managing risks. For further quantitative disclosures, please refer to the respective notes to the consolidated financial statements.

2. Risk management structure

The Board of Directors has overall responsibility for establishing and overseeing the Company's risk management framework. The financial management department of the Company provides services to each business unit, coordinates access to domestic and international financial markets, and supervises and manages the financial risks related to the operations of the Company by analyzing exposures by degree and magnitude of risks. The Company must comply with the relevant financial operation procedures on overall financial risk management and segregation of duties. Internal auditors continuously review policy compliance and exposure limits, and regularly report to the Board of Directors on the operation.

3. Credit risk

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 Company has established a credit policy and appointed a dedicated team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that appropriate actions are taken to recover overdue receivables. In addition, the Company reviews the recoverable amount of each receivable at the balance sheet date to ensure that adequate allowance for impairment losses is made for irrecoverable amounts.

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. Due to the fact that the counterparties and obligors in the company's transactions are creditworthy banks and corporate organizations, there is no significant doubt about their performance, and thus no significant credit risk.

(3) Guarantee

The company policy stipulates that financial guarantees can only be provided to wholly-owned subsidiaries. Please refer to note 7 for details of endorsements and guarantees provided by the Company as of December 31, 2023 and 2022.

4. Liquidity risk

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. The Company's method of managing liquidity is to ensure, as far as possible, that the Company always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

5. Market risk

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.

(1) Exchange Rate Risks

The Company is exposed to foreign currency risk arising from sales, purchases and borrowings that are denominated in a currency other than the functional currency of the group entities. The functional currency of the group entities is primarily New Taiwan dollars, with some entities using Euros, USD, and RMB. These transactions are traded in NTD, Euro, USA and RMB.

The Company holds cash and accounts receivable denominated in foreign currencies other than the functional currency, and the resulting exchange gains or losses from exchange rate fluctuations are offset by exchange gains or losses from foreign currency-denominated accounts payable. 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 Risk

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.

(23) Capital Management

Based on the current operational industry characteristics and the company's future development situation, as well as considering factors such as changes in the external environment, the Company plans the operating capital and dividend expenditures needed for the future period to ensure the Company's continued operation and maintain an optimal capital structure, in order to maximize shareholder returns and enhance shareholder value in the long run. To maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares. In addition, the Company is not required to comply with other external capital requirements.

(24) Investment and financing activities of non-cash transactions

The non-cash investing and financing activities of the Company for the years ended December 31, 2023 and 2022 were as follows:

1. Right-of-use assets acquired through leases, please refer to Note 6(8).
2. Convertible corporate bonds convert into common stock, please refer to Note 6(12).

Reconciliation of liabilities arising from financing activities is as follows:

	2023.01.01	Cash flows	Non-cash changes Conversion of bonds	2023.12.31
Lease liabilities	\$ 16,035	(6,824)	-	9,211
Issuance and repayment of bonds	7,996,895	3,009,450	(5,521,754)	5,484,591
Total liabilities from financing activities	<u>\$ 8,012,930</u>	<u>3,002,626</u>	<u>(5,521,754)</u>	<u>5,493,802</u>

	2022.01.01	Cash flows	Non-cash changes Additions	Conversion of bonds	2022.12.31
Lease liabilities	\$ -	(2,823)	18,858	-	16,035
Issuance and repayment of bonds	9,053,935	(1,139,508)	-	82,468	7,996,895
Total liabilities from financing activities	<u>\$ 9,053,935</u>	<u>(1,142,331)</u>	<u>18,858</u>	<u>82,468</u>	<u>8,012,930</u>

7. Related party transaction

(1) Name and relationship of related party

The related parties that had transactions with the Company during the coverage period of these individual financial statements are as follows:

Relationship	Relationship with the Company
American Industrial Systems Inc.	Subsidiary
CASO, Inc.,	Subsidiary
Ennoconn Hungary Kft.	Subsidiary
HighAim Technology Inc.	Subsidiary
Kontron AG	Subsidiary
Kontron America Inc.	Subsidiary
Kontron Asia Pacific Design Sdn. Bhd.	Subsidiary
Kontron Canada Inc.	Subsidiary
Kontron Electronics GmbH, Germany	Subsidiary
Kontron Europe GmbH	Subsidiary
Kontron Modular Computers S.A.S.	Subsidiary
Victor Plus Holdings Ltd.	Subsidiary

Relationship	Relationship with the Company
Goldtek Technology Co., Ltd.	Subsidiary
Ezoom Information, Inc.	Subsidiary
Highaim Technology Inc.	Subsidiary
POSLAB TECHNOLOGY CORPORATION	Subsidiary
Innovative Systems Integration Limited	Subsidiary
Vecow Co., Ltd.	Subsidiary
Renown Information Technology Corp.	Subsidiary
Ennoconn International Investment Co., Ltd.	Subsidiary
EnnoMech Precision Co., Ltd.	Subsidiary
Dexatek Technology Ltd.	Subsidiary
Thecus Technology Corp.	Subsidiary
ENNOWYSE CORPORATION	Subsidiary
Ennoconn (Suzhou) Technology Co., Ltd.	Subsidiary
Fortunebay Technology Pte Ltd.	Associate
Wt Microelectronics Co., Ltd.	Associate(Note)
Jusda International Logistics (Taiwan) Co., Ltd.	Associate
Foxconn Interconnect Technology Limited Taiwan Branch (Cayman)	Associate
Shenzhen Futaihong Precision Industry Co., Ltd.	Associate
Foxconn Technology Group Ltd.(formerly Hongfujin Precision Industry (Shenzhen) Co., Ltd.)	Associate
Fih (Hong Kong) Limited	Associate
Foxconn Global Network	Associate
Chiun Mai Communication Systems, Inc.	Associate
Arbor Technology Corporation	Associate
Ennowell Co., Ltd.	Associate
Hon Hai Precision Industry Co., Ltd.	Associate

Note: WT Microelectronics Co., Ltd. is no longer a related party of the Company from December 2022 onwards.

(2) Significant transactions with related parties

1. Operating revenue

The Company has the following major sales with related parties:

Accounts Item	Category of related party/Name	2023	2022
Sales revenue	Subsidiary:		
	American Industrial Systems, Inc.	\$ 1,366,289	174,832
	Ennoconn Hungary Kft.	177,450	228,467
	Kontron Europe GmbH	50,196	728,162
	Kontron America Inc.	154,156	176,220
	Others	70,824	97,822
	Associates:		
	Others	1,362	652
		<u>\$ 1,820,277</u>	<u>1,406,155</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:

Category of related party/Name	2023	2022
Subsidiary:		
Victor Plus Holdings Ltd.	\$ 1,452,419	2,871,135
American Industrial Systems, Inc.	113,255	46,152
HighAim Technology Inc.	186,600	14,175
Other	12,595	6,076
Associates:		
Others	34,396	47,491
	<u>\$ 1,799,265</u>	<u>2,985,029</u>

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	2023.12.31	2022.12.31
Accounts receivable – related parties	Subsidiary:		
	American Industrial Systems, Inc.	\$ 489,686	171,087
	Ennoconn Hungary Kft.	31,742	139,285
	Kontron Europe GmbH	18	47,464
	Others	25,383	38,779
	Associates:		
	Others	243	77
		<u>\$ 547,072</u>	<u>396,692</u>
Other receivables – related parties	Subsidiary:		
	Victor Plus Holdings Ltd.	\$ 96	265,910
	ENNOWYSE CORPORATION	79,858	79,873
	Others	9,825	25,242
	Associates:		
	Hon Hai Precision Industry Co., Ltd.	168	1,558
		<u>\$ 89,947</u>	<u>372,583</u>

The Company does not receive any guarantee for the accounts receivable from related parties that are outstanding. No allowance for losses was provided for receivables from related parties in 2023 and 2022.

4. Payables to related parties (excluding loans to/from related parties)

Details of the Company's payables to related parties are as follows:

Accounts Item	Category of related party/Name	2023.12.31	2022.12.31
Accounts payable – related parties	Subsidiary:		
	Victor Plus Holdings Ltd.	\$ 41,182	147,778
	HighAim Technology Inc.	80,545	9,874
	Others	428	3,415
	Associates:		
	Others	5,280	4,872
		\$ 127,435	165,939
Expenses payable (classified under other accounts payable)	Subsidiary		
	Victor Plus Holdings Ltd.	\$ 88,082	22,775
	Others	968	5,433
	Associate:	-	-
	Others	426	1,198
		\$ 89,476	29,406

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

5. Other related party transactions

Accounts Item	Category of related party/Name	2023.12.31	2022.12.31
Production expenses	Subsidiary:		
	Victor Plus HoldingsLtd.	\$ 454	7,932
	Others	113	7
	Associate:		
	Hon Hai Precision Industry Co., Ltd.	151	-
		<u>\$ 718</u>	<u>7,939</u>
Operating expenses	Subsidiary:		
	Victor Plus Holdings Ltd.	\$ 1,645	8,993
	Vecow Co., Ltd.	-	8,268
	KONTRON AG	4,790	5,555
	Others	-	973
	Associates:		
	Others	2,066	1,263
		<u>\$ 8,501</u>	<u>25,052</u>

6. Endorsements/guarantees

Category of related party/Name	2023	2022
Ennoconn Hungary kft	\$ 1,074,675	2,149,700
Ennoconn International Investment Co., Ltd.	-	1,000,000
Dexatek Technology Ltd.	-	160,000
Thecus Technology Corp.	-	100,000
Highaim Technology Inc.	-	552,780
HighAim Technology Inc.	-	46,065
POSLAB TECHNOLOGY CORPORATION	-	50,000
	<u>\$ 1,074,675</u>	<u>4,058,545</u>

7. Loans to related parties

The Company's actual expenses for loans to related parties is as follows:

Category of related party/Name	2023.12.31	2022.12.31
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

(3) Transactions with key management personnel

Remuneration for major managers include:

	2023	2022
Short-term employee benefits	\$ 85,402	29,131
Post-employment benefits	216	193
	\$ 85,618	29,324

The compensation of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

8. Assets pledged as security

The carrying value of the assets pledged as collateral by the Company was as follows:

Name of asset	Subject of pledge guarantee	2023.12.31	2022.12.31
Financial assets at amortized cost	Tariff guarantee	\$ 4,306	4,255

9. Significant Contingent Liabilities and Unrecognized Contract Commitments: None.

10. Losses due to Major Disasters: None.

11. Subsequent events

- (1) On January 18, 2024, the Board of Directors of the Company's subsidiary Kontron AG resolved to acquire Katek SE for a cash consideration of approximately 15 euros per share, with a total price of approximately 128,000,000 euros, representing a shareholding ratio of about 59.4%. As of February 28, 2024, the major closing conditions of the Frankfurt Stock Exchange have been met, and the share transfer started on the next day, while a mandatory tender offer was announced.
- (2) On January 26, 2024, the Board of Directors of the Company's subsidiary Goldtek Technology, based on future operational planning and strategic layout, approved the investment in the ordinary shares of Ennovision Inc. acquiring a 60% stake in Jun Han Intelligent Co., Ltd. for NT\$90,000 thousand to obtain control of the company.
- (3) On March 28, 2024, the Company's subsidiary Kontron AG announced the distribution of a cash dividend for 2023, with a payout of 0.5 euros per share.

12. Others

- (1) Summary of employee benefits, depreciation, and amortization expenses by function for the current period:

By function By nature	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expenses						
Wages and salaries	-	344,875	344,875	-	348,497	348,497
Labor Insurance and National Health Insurance expenses	-	19,691	19,691	-	16,820	16,820
Pension costs	-	9,642	9,642	-	8,889	8,889
Remuneration to Directors	-	5,990	5,990	-	5,325	5,325
Other Employee Benefit Expenses	-	13,424	13,424	-	13,252	13,252
Depreciation Expense	7,727	7,191	14,918	3,272	7,884	11,156
Amortization expenses	-	3,988	3,988	-	4,035	4,035

Additional information regarding the number of employees and employee benefit expenses of the Company for the years 2023 and 2022 is as follows:

	2023	2022
Numbers of Employees	<u>189</u>	<u>198</u>
Directors who did not concurrently serve as employees	<u>6</u>	<u>5</u>
Average employee benefits expense	<u>\$ 2,118</u>	<u>2,008</u>
Average employee salary expense	<u>\$ 1,885</u>	<u>1,806</u>
Adjustment to average employee salary expense	<u>4.37%</u>	<u>42.32%</u>
Supervisor remuneration	<u>\$ -</u>	<u>-</u>

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. At the end of the year, if there is profit, employee remuneration shall be appropriated according to the Company's Articles of Incorporation. The remuneration received by the directors of the Company is determined in accordance with the provisions of the company's articles of incorporation. The Board of Directors proposes a remuneration distribution plan, which is then reported to the shareholders' meeting.

The salaries and remuneration of directors and managers are paid after being reviewed by the Remuneration Committee and approved by the Board of Directors. The remuneration of the Company's managers mainly consists of salaries, bonuses and employee remuneration. Salaries and bonuses are reviewed by the Remuneration Committee and approved by the Board of Directors. Employee remuneration is appropriated according to the Company's operating conditions and the proportion specified in the Articles of Incorporation, and is approved by the Board of Directors and reported to the shareholders' meeting. The assessment items for the remuneration of the Company's directors and managers include target achievement rate, company profitability, contribution, and whether any ethical risk events have occurred.

(2) Seasonality of operation:

The Company's operation is not subject to seasonal or periodical fluctuations.

13. Other disclosures

(1) Information on significant transactions

According to the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Company should disclose the following information related to material transactions in fiscal year 2023:

1. Loans to others: Please refer to Table 1.
2. Endorsements and guarantees for others: Please refer to Table 2.
3. Marketable securities held at the end of the period (excluding investments in 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: None.
5. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: Please refer to Table 4.
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 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.

(2) Information on investee companies (excluding investee companies in Mainland China): Please refer to Table 7.

(3) Information on investments in mainland China: None.

1. Information on investee companies in Mainland China, such as name and main business activities: Please refer to Table 8(1).
2. Ceiling on investments 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).

(4) Information on major shareholders

Name of Major Shareholders	Shares	Number of shares held Increase (Decrease)	Shareholding ratio
Baoxin International Investments Ltd.		33,178,179	25.14%

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 aforementioned information on shareholder includes shares that are delivered to trust, it is disclosed as a separate account of client that has set up trust with shareholder in the table. As for shareholders who report insider shareholdings exceeding 10 percent in accordance with securities trading laws and regulations, their shareholdings include their personal shareholdings plus the shares entrusted to the trust over which they have the decision-making power for the use of the trust property. For information on insider shareholding reports, please refer to the Public Information Observation Station.

14. Department information

Please refer to the consolidated financial statement for the year ended December 31, 2023.

ENNOCONN TECHNOLOGY CO., LTD. AND SUBSIDIARIES

LOANS TO OTHERS:

December 31, 2023

Table 1

Unit: NT\$ thousand

Code	Company providing loan	Borrower	Account item	Whether or not they are related parties	Highest balance for this period	Ending Balance	Actual amount drawn down	Interest rate range	Nature for loan	Amount of business transactions	Reasons for the need for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limit	Maximum amount loanable
													Name	Value		
0	Ennoconn Corporation	Ennoconn (Suzhou) Technology Co., Ltd.	Other receivables due from related parties	Yes	1,200,000	-	-	6.35%	2	-	Operating turnover	-	None	-	2,190,070	8,760,281
0	Ennoconn Corporation	Ennoconn Hungary KFT	Other receivables due from related parties	Yes	767,625	-	-	6.35%	2	-	Operating turnover	-	None	-	2,190,070	8,760,281
1	Caswell Inc.	Apligo GmbH	Other receivables due from related parties	Yes	24,564	24,564	24,564	2.45%	2	-	Operating turnover	-	None	-	340,147	680,293
1	Caswell Inc.	Hawkeye Tech Co., Ltd.	Other receivables due from related parties	Yes	50,000	-	-	1.60%	2	-	Operating turnover	-	None	-	340,147	680,293
2	KonTron AG	Kontron Romania S.R.L., Romania	Other receivables due from related parties	Yes	494,546	336,402	288,830	3.00%	2	-	Operating turnover	-	None	-	2,045,462	8,181,850
2	KonTron AG	Kontron Hungary Kft.	Other receivables due from related parties	Yes	237,860	237,860	50,970	3.00%	2	-	Operating turnover	-	None	-	2,045,462	8,181,850
2	KonTron AG	Kontron electronics AG	Other receivables due from related parties	Yes	119,610	115,532	105,338	3.00%	2	-	Operating turnover	-	None	-	2,045,462	8,181,850
2	KonTron AG	Kontron America Inc.	Other receivables due from related parties	Yes	74,756	-	-	2.00%	2	-	Operating turnover	-	None	-	2,045,462	8,181,850
2	KonTron AG	Kontron electronics GmbH (DE)	Other receivables due from related parties	Yes	507,045	413,961	413,961	3.00%	2	-	Operating turnover	-	None	-	2,045,462	8,181,850
2	KonTron AG	Kontron Transportation GmbH	Other receivables due from related parties	Yes	723,774	723,774	723,020	1.50%	2	-	Operating turnover	-	None	-	2,045,462	8,181,850
2	KonTron AG	Kontron Europe GmbH	Other receivables due from related parties	Yes	387,372	339,800	339,800	1.50%	2	-	Operating turnover	-	None	-	2,045,462	8,181,850
2	KonTron AG	Kontron AIS GmbH	Other receivables due from related parties	Yes	203,880	91,066	57,086	2.00%	2	-	Operating turnover	-	None	-	2,045,462	8,181,850
2	KonTron AG	S&T Medtech S.R.L.	Other receivables due from related parties	Yes	122,138	62,428	33,980	3.00%	2	-	Operating turnover	-	None	-	2,045,462	8,181,850
2	KonTron AG	Kontron d.o.o.	Other receivables due from related parties	Yes	221,083	125,726	106,737	1.75%	2	-	Operating turnover	-	None	-	2,045,462	8,181,850
2	KonTron AG	Kontron Beteiligungs GmbH	Other receivables due from related parties	Yes	883,480	798,530	798,530	2.00%	2	-	Operating turnover	-	None	-	2,045,462	8,181,850
2	KonTron AG	Comlab AG	Other receivables due from related parties	Yes	67,960	67,960	67,960	1.50%	2	-	Operating turnover	-	None	-	2,045,462	8,181,850
2	KonTron AG	Kontron Bulgaria EOOD	Other receivables due from related parties	Yes	237,860	237,860	33,919	1.00%	2	-	Operating turnover	-	None	-	2,045,462	8,181,850
2	KonTron AG	Kontron Modular Computers S.A.S.	Other receivables due from related parties	Yes	152,910	152,910	152,910	1.50%	2	-	Operating turnover	-	None	-	2,045,462	8,181,850
2	KonTron AG	Kontron Electronics Kft.	Other receivables due from related parties	Yes	7,646	3,058	3,058	3.00%	2	-	Operating turnover	-	None	-	2,045,462	8,181,850
2	KonTron AG	Kontron Austria GmbH	Other receivables due from related parties	Yes	182,643	135,920	135,920	1.50%	2	-	Operating turnover	-	None	-	2,045,462	8,181,850
2	KonTron AG	Iskra Technologies	Other receivables due from related parties	Yes	138,653	93,535	93,535	8.00%	2	-	Operating turnover	-	None	-	2,045,462	8,181,850
3	Kontron Europe GmbH	Kontron Asia Pacific Design sdn. Bhd.	Other receivables due from related parties	Yes	137,238	137,238	137,238	1.20%	2	-	Operating turnover	-	None	-	525,332	2,101,330
4	Techno Precision Co., Ltd.	T-lamma Tech Co.,Ltd.	Other receivables due from related parties	Yes	35,361	-	-	2.00%	2	-	Operating turnover	-	None	-	82,350	164,699
5	Ennoconn Investment Co., Ltd.	Ennoconn (Suzhou) Technology Co., Ltd.	Other receivables due from related parties	Yes	363,468	363,468	363,468	3.00%	2	-	Operating turnover	-	None	-	613,993	613,993
6	Nanjing Asiatek Inc.	Ennoconn (Suzhou) Technology Co., Ltd.	Other receivables due from related parties	Yes	203,369	-	-	0.00%	2	-	Operating turnover	-	None	-	207,331	207,331
6	Nanjing Asiatek Inc.	Ennoconn (Foshan) Investment Holdings Co., Ltd.	Other receivables due from related parties	Yes	173,080	173,080	79,184	3.00%	2	-	Operating turnover	-	None	-	207,331	207,331
7	Marketech International Corp.	Marketech Integrated Pte. Ltd.	Other Receivables	Yes	39,923	-	-	0.00%	2	-	Operating turnover	-	None	-	4,457,312	4,457,312
7	Marketech International Corp.	Marketech International Sdn. Bhd.	Other Receivables	Yes	55,278	24,564	-	4.87%	2	-	Operating turnover	-	None	-	4,457,312	4,457,312
7	Marketech International Corp.	MIC-Tech Viet Nam Co., Ltd.	Other Receivables	Yes	122,960	-	-	0.00%	2	-	Operating turnover	-	None	-	4,457,312	4,457,312
7	Marketech International Corp.	Marketech International Corporation USA	Other Receivables	Yes	2,431,875	2,302,875	614,100	5.26%	2	-	Operating turnover	-	None	-	4,457,312	4,457,312
8	Mic-Tech Electronics Engineering Corp.	Shanghai Maohua Electronics Engineering Co., Ltd.	Other Receivables	Yes	53,339	25,961	25,961	4.35%	2	-	Operating turnover	-	None	-	375,159	750,318
9	Marketech Integrated Manufacturing Co., Ltd.	Marketech Integrated Construction Co., Ltd.	Other Receivables	Yes	7,678	-	-	0.00%	2	-	Operating turnover	-	None	-	50,647	101,294
10	Ennomech Precision (Cayman) co.,Ltd	Ennoconn Investment Holdings co., ltd.	Other receivables due from related parties	Yes	12,282	-	-	0.00%	2	-	Operating turnover	-	None	-	725,999	725,999
11	Enga Technology co., Limited	Innovative Systems Integration Limited	Other receivables due from related parties	Yes	107,468	-	-	0.00%	2	-	Operating turnover	-	None	-	7	7
12	Ennoconn International Investment Co., Ltd.	Thecus Technology Corp.	Other receivables due from related parties	Yes	75,000	75,000	75,000	2.20%	2	-	Operating turnover	-	None	-	1,022,006	4,088,026
13	MIC-Tech Viet Nam Co., Ltd.	Marketech Co., Ltd	Other Receivables	Yes	5,240	5,000	5,000	4.50 ~6.00%	2	-	Operating turnover	-	None	-	174,381	174,381
14	Goldtek Technology Co., Ltd.	Goldtek Technology (Shenzheng) Co., Ltd.	Other receivables due from related parties	Yes	153,525	153,525	138,173	1.83%	1	551,194	For working capital needs	-	None	-	162,501	162,501
15	Ennoconn Investment Holdings co., ltd.	Ennoconn Hungary KFT	Other receivables due from related parties	Yes	399,165	399,165	300,909	6.45%	2	-	Operating turnover	-	None	-	1,318,534	5,274,137

Note 1: (1) Issuer is filled in as 0.
(2) The invested companies are numbered sequentially with Arabic numerals starting from 1 according to each company.

Note 2: Methods for filling in the nature of financing are as follows:
(1) Business transactions are filled in as 1.
(2) Short-term financing is filled in as 2.

Note 3: The limits for lending of funds approved by the Board of Directors.

ENNOCONN TECHNOLOGY CO., LTD. AND SUBSIDIARIES

TO PROVIDE GUARANTEES AND ENDORSEMENTS FOR OTHERS

December 31, 2023

Table 2

Unit: NT\$ thousand

Code	Endorser/guarantees Company name	Endorsed/guarantee subject		Maximum endorsement/ guarantee amount for an enterprise	Highest balance of endorsement/ guarantee during the period	Ending balance of endorsement/ guarantee	Actual amount drawn down	Amount of property pledged for endorsement/ guarantee	Ratio of accumulated endorsement/ guarantee amount to net worth on the latest financial statements	Maximum amount of endorsement/ guarantee	Endorsement/ guarantee provided by parent company to subsidiary	Endorsement/ guarantee provided by subsidiary to parent company	Endorsement/ guarantee provided to China
		Company name	Relationship										
0	Ennoconn Corporation	Ennoconn Hungary kft	2	32,851,055	2,149,350	1,074,675	647,082	-	4.91%	43,801,406	Y	N	N
0	Ennoconn Corporation	Highaim Technology Inc.	2	32,851,055	199,583	-	-	-	0.00%	43,801,406	Y	N	N
0	Ennoconn Corporation	Highaim Technology Inc.	2	32,851,055	736,920	-	-	-	0.00%	43,801,406	Y	N	Y
0	Ennoconn Corporation	Dexatek Technology Ltd.	2	32,851,055	160,000	-	-	-	0.00%	43,801,406	Y	N	N
		Ennoconn Corporation				1,074,675							
1	KonTron AG	S&T Slovakia s.r.o.	2	9,855,316	135,920	-	-	-	0.00%	19,710,633	Y	N	N
1	KonTron AG	S&T Plus s.r.o.	2	9,855,316	7,232	-	-	-	0.00%	19,710,633	Y	N	N
1	KonTron AG	S&T CZ s.r.o.	2	9,855,316	57,858	-	-	-	0.00%	19,710,633	Y	N	N
1	KonTron AG	Kontron Bulgaria e.o.o.d.	2	9,855,316	32,111	32,111	-	-	0.16%	19,710,633	Y	N	N
1	KonTron AG	Kontron Services Romania SRL	2	9,855,316	452,314	308,186	209,325	-	1.51%	19,710,633	Y	N	N
1	KonTron AG	Kontron Hungary Kft.	2	9,855,316	623,489	446,260	40,469	-	2.18%	19,710,633	Y	N	N
1	KonTron AG	S&T Poland Sp.z.o.o.	2	9,855,316	382,761	-	-	-	0.00%	19,710,633	Y	N	N
1	KonTron AG	S&T Deutschland GmbH	2	9,855,316	13,592	-	-	-	0.00%	19,710,633	Y	N	N
1	KonTron AG	Kontron Europe GmbH	2	9,855,316	169,900	50,970	-	-	0.25%	19,710,633	Y	N	N
1	KonTron AG	S&T Medtech Srl Gada Group Romania Srl)	2	9,855,316	101,940	97,111	97,111	-	0.47%	19,710,633	Y	N	N
1	KonTron AG	RTSoft Project OOO	2	9,855,316	89,681	-	-	-	0.00%	19,710,633	Y	N	N
1	KonTron AG	diverse / Factoring DACH	2	9,855,316	645,620	254,850	-	-	1.25%	19,710,633	Y	N	N
1	KonTron AG	Kontron America Inc (Factoring)	2	9,855,316	641,495	615,023	-	-	3.01%	19,710,633	Y	N	N
1	KonTron AG	Kontron electronics GmbH	2	9,855,316	10,194	10,194	-	-	0.05%	19,710,633	Y	N	N
1	KonTron AG	Kontron Public Transportation	2	9,855,316	128,299	47,159	-	-	0.23%	19,710,633	Y	N	N
1	KonTron AG	Kontron Transportation GmbH	2	9,855,316	1,993,732	1,993,732	33,980	-	9.75%	19,710,633	Y	N	N
1	KonTron AG	Kontron AIS GmbH	2	9,855,316	27,184	1,699	-	-	0.01%	19,710,633	Y	N	N
1	KonTron AG	S&T Crma Gora d.o.o.	2	9,855,316	10,345	-	-	-	0.00%	19,710,633	Y	N	N
1	KonTron AG	Kontron AG/ Kontron Transportation GmbH/Kontron Transportation s.r.o.	2	9,855,316	451,049	422,547	-	-	2.07%	19,710,633	Y	N	N
1	KonTron AG	Kontron Transportation France	2	9,855,316	8,495	8,495	-	-	0.04%	19,710,633	Y	N	N
1	KonTron AG	Kontron Austria GmbH	2	9,855,316	8,495	8,495	-	-	0.04%	19,710,633	Y	N	N
1	KonTron AG	RTSoft, AO	2	9,855,316	67,261	51,385	-	-	0.25%	19,710,633	Y	N	N
1	KonTron AG	Kontron Canada Inc.	2	9,855,316	641,495	-	-	-	0.00%	19,710,633	Y	N	N
1	KonTron AG	Factoring Kontron Europe / Kontron Modular Computer S.A.S.	2	9,855,316	1,359,200	1,359,200	108,830	-	6.64%	19,710,633	Y	N	N
1	KonTron AG	Comlab AG	2	9,855,316	67,960	-	-	-	0.00%	19,710,633	Y	N	N
		KonTron AG subtotal				5,707,417							
2	Marketech International Corp.	Mic-Tech Electronics Engineering Corp.	2	5,571,641	4,289,985	2,636,356	1,586,397	-	23.66%	11,143,281	Y	N	Y
2	Marketech International Corp.	Marketech Integrated Pte. Ltd.	2	5,571,641	158,733	79,487	54,986	-	0.71%	11,143,281	Y	N	N
2	Marketech International Corp.	Mic-Tech (Shanghai) Corp.	2	5,571,641	627,075	560,379	-	-	5.03%	11,143,281	Y	N	Y
2	Marketech International Corp.	Mic-Tech (Wuxi) Co., Ltd.	2	5,571,641	320,534	304,120	175,019	-	2.73%	11,143,281	Y	N	Y
2	Marketech International Corp.	Marketech International Sdn. Bhd.	2	5,571,641	125,020	122,820	17,932	-	1.10%	11,143,281	Y	N	N
2	Marketech International Corp.	Ezoom Information, Inc.	2	5,571,641	155,000	70,000	14,356	-	0.63%	11,143,281	Y	N	N
2	Marketech International Corp.	Marketech International Corporation USA	2	5,571,641	2,166,242	1,850,529	1,817,662	-	16.61%	11,143,281	Y	N	N
2	Marketech International Corp.	MIC-Tech Viet Nam Co., Ltd.	2	5,571,641	140,648	138,173	4,456	-	1.24%	11,143,281	Y	N	N
2	Marketech International Corp.	Shanghai Maohua Electronics Engineering Co., Ltd.	2	5,571,641	163,875	32,580	14,722	-			Y	N	Y
2	Marketech International Corp.	Te Chang Construction Co., Ltd.	5	5,571,641	88,418	21,854	21,854	-	0.20%	11,143,281	N	N	N
		Marketech International Corp.				5,816,298							
3	Mic-Tech Electronics Engineering Corp.	Marketech International Corp.	3	2,813,694	162,029	153,434	153,434	-	16.36%	4,689,490	N	Y	N
3	Mic-Tech Electronics Engineering Corp.	China Electronic Systems Engineering Second Construction Co., Ltd.	5	2,813,694	1,132	1,102	1,102	-	0.12%	4,689,490	N	N	Y
3	Mic-Tech Electronics Engineering Corp.	Mic-Tech (Shanghai) Corp.	4	2,813,694	102,990	97,527	97,527	-	10.40%	4,689,490	N	N	Y
		Mic-Tech Electronics Engineering Corp.				252,063							
4	Mic-Tech (Shanghai) Corp.	Mic-Tech Electronics Engineering Corp.	4	2,892,531	306,805	300,213	300,213	-	31.14%	4,820,885	N	N	Y

Note 1: The description of the number column is as follows:

- (1) The issuer fills in 0.
- (2) The invested companies are numbered sequentially with Arabic numerals starting from 1 according to each company. The same company should have the same number.

Note 2: The relationship between the endorser/guarantor and the endorsed/guaranteed entity is as follows:

- (1) Companies with business dealings.
- (2) Companies in which the company directly and indirectly holds more than 50% of the voting shares.
- (3) Companies in which the company directly and indirectly holds more than 50% of the voting shares.
- (4) Companies in which the company directly and indirectly holds 90% of the voting shares.
- (5) Companies that mutually endorse/guarantee each other's liabilities based on the needs of contracted projects or joint builders in accordance with contractual requirements.
- (6) Companies endorsed/guaranteed by all contributing shareholders in proportion to their shareholding due to a joint investment relationship.
- (7) Peer companies providing joint and several liability guarantees for pre-sale housing sales contracts in accordance with the Consumer Protection Act.

Note 3: The total amount of the company's accumulated external endorsements/guarantees shall not exceed 150% of the net value of the company's most recent financial statements.

Note 4: The limit of the company's endorsement/guarantee for a single enterprise shall not exceed 200% of the net value of the company's most recent financial statements.

ENNOCONN TECHNOLOGY CO., LTD. AND SUBSIDIARIES

HOLDING OF MARKETABLE SECURITIES AT THE END OF THE PERIOD (EXCLUDING EQUITY OF SUBSIDIARIES, ASSOCIATES, AND JOINT VENTURES)

December 31, 2023

Table 3

Unit: NT\$ thousand

Companies held	Type of marketable securities	Name of marketable securities	Relations with securities practitioners	Account Item	End of period				Remarks
					Number of shares/units	Carrying amount	Shareholding %	Fair value	
Ennoconn International Investment Co., Ltd.	Common stock	Q.P.T.I Corporation	None	Non-current financial assets measured at fair value through other comprehensive income	726	-	17.08%	-	
Ennoconn International Investment Co., Ltd.	Common stock	Augentix Technology Co., Ltd.	None	"	667	50,025	3.38%	50,025	
Ennoconn International Investment Co., Ltd.	Common stock	Gold Rain Enterprises Co., Ltd.	None	"	5,000	260,000	8.29%	260,000	
Innovative Systems Integration Limited	Common stock	AIXlink Technology (Chengdu) Ltd.	None	"	3,798	33,428	8.79%	33,428	
Ais Cayman Technology	Common stock	Gemini Data Inc.	None	"	65,634	187,331	10.13%	187,331	
Vecow Co., Ltd.	Common stock	Array Networks Co., Ltd.	None	"	6,000	142,649	10.32%	142,649	
Goldtek Technology Co., Ltd.	Common stock	Augentix Technology Co., Ltd.	None	"	333	8,011	1.36%	8,011	
"	Common stock	IPEVO Technology Co., Ltd.	None	"	150	4,908	0.55%	4,908	
Techno Precision (Shenzhen) Co., Ltd.	Common stock	T-lamma Tech Co.,Ltd.	Other related party	"	12,000	8,431	16.00%	8,431	
Keenest Electronic Corp.	Common stock	AIXlink Technology (Chengdu) Ltd.	None	"	-	253	6.00%	253	
Goldtek Technology (Shenzhen) Co., Ltd.	Common stock	Liuzhou Xinli Semiconductor Technology Co., Ltd.	None	"	-	8,653	5.00%	8,653	
Caswell Inc.	Common stock	Advanio Technology Co., Ltd.	None	"	1,045	-	19.00%	-	
"	Common stock	Altus Technology Inc.	None	"	1,600	40,000	10.65%	40,000	
Apligo GmbH	Common stock	Shares in Volksbank Karlsruhe	None	"	-	10	-%	10	
Ennoconn (Foshan) Investment Holdings Co., Ltd.	Common stock	Guoqi Zhiduan (Chengdu) Technology Co., Ltd.	None	"	-	129,690	6.98%	129,690	
						873,389		873,389	
Diverse	Common stock	Shares	None	Other financial assets	-	14	-%	14	
Kontron d.o.o. (formerly: Iskratel d.o.o.)	Common stock	Shares	None	"	-	5,371	-%	5,371	
Hartmann Electronic GmbH	Common stock	Shares	None	"	-	510	-%	510	
						5,895		5,895	
Marketech International Corp.	Common stock	Chung Hsin Electric & Machinery Manufacturing Corp.	None	Non-current financial assets measured at fair value through profit or loss	290	33,785	0.06%	33,785	
"	Common stock	ProMOS Technologies Co., Ltd.	None	"	250	-	0.56%	-	
"	Common stock	TCIT Technology Co., Ltd.	None	"	1,700	-	12.15%	-	
"	Common stock	ADAT Technology Co., Ltd.	None	"	4,084	492,498	6.72%	492,498	
"	Common stock	Yubo Advanced Technology Co., Ltd.	None	"	189	-	12.61%	-	
"	Common stock	VEEV Interactive Pte. Ltd.	None	"	840	-	6.32%	-	
"	Common stock	Taifo Co., Ltd.	None	"	3,220	34,388	1.41%	34,388	
"	Common stock	Civil Tech Holdings Ltd	None	"	336	-	0.58%	-	
"	Common stock	Probeleader Co., Ltd.	Entities controlled by or under significant influence of key management personnel	"	966	19,546	3.25%	19,546	
"	Common stock	Hyield Venture Capital Co., Ltd.	None	"	772	8,402	1.79%	8,402	
"	Common stock	Innorich Venture Capital Co., Ltd.	None	"	1,000	5,685	1.87%	5,685	
"	Common stock	Mic Techno Co., Ltd.	None	"	380	2,908	2.24%	2,908	
"	Common stock	Long Time Technology Co., Ltd.	None	"	346	6,972	0.29%	6,972	
"	Common stock	Paradigm Venture Capital Co., Ltd.	None	"	77	1,017	3.50%	1,017	
"	Common stock	TCSC Co., Ltd.	None	"	1,859	88,912	1.35%	88,912	
"	Common stock	Atech Totalsolution Co., Ltd.	None	"	128	-	0.19%	-	
"	Common stock	East Wind Life Science Systems Co.,Ltd.	None	"	124	-	12.87%	-	
"	Common stock	ATS Environment Ecological Green Energy Co., Ltd.	None	"	311	-	13.51%	-	
"	Common stock	Foresight Energy Technologies Co., Ltd.	None	"	675	14,886	1.30%	14,886	
Marketech International Corp.	Common stock	Wings Global Technology Co., Ltd.	None	Non-current financial assets measured at fair value through profit or loss	750	6,420	18.75%	6,420	
"	Common stock	Kcashin Technology Co., Ltd.	None	"	643	472	16.56%	472	
"	Common stock	Sum Capital Healthcare Investment Corp.	Entities controlled by or under significant influence of key management personnel	"	943	9,380	7.44%	9,380	
"	Common stock	Forward Science Corp.	Entities controlled by or under significant influence of key management personnel	"	2,650	41,992	8.41%	41,992	
"	Common stock	Mycopore Co., Ltd.	None	"	1,471	7,769	8.44%	7,769	
"	Common stock	STEK Co., Ltd.	None	"	634	14,373	6.21%	14,373	
"	Common stock	Lucens Technology Co., Ltd.	Entities controlled by or under significant influence of key management personnel	"	1,333	15,624	6.66%	15,624	
"	Common stock	Everlasting Digital ESG Co., Ltd.	Entities controlled by or under significant influence of key management personnel	"	100	500	5.88%	500	
"	Common stock	Artfil, Inc.	None	"	-	23,054	9.33%	23,054	
"	Common stock	True-Win Technology Co., Ltd.	None	"	965	55,126	2.08%	55,126	
"	Common stock	Mega Union Technology Inc.	None	"	660	67,864	1.08%	67,864	
"	Common stock	Infinesima Limited	None	"	3,667	62,524	5.24%	62,524	
"	Common stock	Brilliant Network & Automation Integrated System Co., Ltd.	None	"	150	19,350	0.43%	19,350	

Companies held	Type of marketable securities	Name of marketable securities	Relations with securities practitioners	Account Item	End of period				Remarks
					Number of shares/units	Carrying amount	Shareholding %	Fair value	
"	Common stock	Wonder Energy Co., Ltd.	None	"	5,800	58,000	Note 5	58,000	
"	Common stock	NanoSeeX Inc.	None	"	11,250	11,250	9.00%	11,250	
"	Common stock	Asia Hydrogen Energy Corp.	None	"	375	15,000	2.56%	15,000	
"	Common stock	Advanced Supply Chain & Logistics Management Ltd.	None	"	1,200	12,000	16.67%	12,000	
Mic-Tech (Shanghai) Corp.	Common stock	Kore Semiconductor Co.,Ltd.	None	"	37,500	173,073	7.38%	173,073	
						1,302,770		1,302,770	
Marketech International Corp.	Common stock	Aerospace Industrial Development Corporation	None	Current financial assets measured at fair value through profit or loss	51	2,730	-%	2,730	
"	Common stock	Lasertec Corporation	None	"	20	161,466	-%	161,466	
						164,196		164,196	
Marketech International Corp.	Convertible bond	Nitride Solutions Inc.	None	Non-current financial assets measured at fair value through profit or loss	-	-	-%	-	
"	Convertible bond	Hallys Corporation	None	"	-	-	-%	-	
"	Convertible bond	Halio, Inc.	None	"	-	-	-%	-	
						-		-	
Marketech International Corp.	Convertible notes	Adant Technologies Inc.	None	Non-current financial assets measured at fair value through profit or loss	-	4,450	-%	4,450	
						4,450		4,450	
Ennoconn International Investment Co., Ltd.	Preference share	Funp Co.Ltd	None	Non-current financial assets measured at fair value through other comprehensive income	464	95,457	2.24%	95,457	
"	Preference share	Reed Semiconductor Corp.	None	"	250	31,957	0.45%	31,957	
Goldtek Technology Co., Ltd.	Preference share	Ember Technologies, Inc.	None	"	862	24,566	1.81%	24,566	
Hawkeye Tech Co., Ltd.	Preference share	Veea Inc	None	"	1,049	58,957	1.15%	58,957	
						210,937		210,937	
Marketech International Corp.	Preference share	Adant Technologies Inc.	Note 4	Non-current financial assets measured at fair value through profit or loss	175	128	-%	128	
"	Preference share	Halio, Inc.	Note 4	"	502	-	-%	-	
						128		128	
Marketech International Corp.	Convertible preference share	Biomedical Corporation	Note 4	Non-current financial assets measured at fair value through profit or loss	156	10,099	-%	10,099	
						10,099		10,099	
Ennoconn International Investment Co., Ltd.	Private equity fund	Cathay Private Equity Smart Technology Limited Partnership	None	Non-current financial assets measured at fair value through profit or loss	-	16,122	-%	16,122	
Caswell Inc.	Private equity fund	Phi 2 Capital Limited Partnership	None	"	-	48,127	-	48,127	
Marketech International Corp.	Private equity fund	Phi 2 Capital Limited Partnership	None	Non-current financial assets measured at fair value through profit or loss	-	24,737	-%	24,737	
"	Private equity fund	Vertex Growth(SG) LP	None	"	-	38,951	-%	38,951	
"	Private equity fund	Vertex Growth II(SG) LP	None	"	-	7,839	-%	7,839	
Goldtek Technology Co., Ltd.	Private equity fund	Phi 2 Capital Limited Partnership	None	"	-	244,200	-%	244,200	
"	Private equity fund	Fuyu Private Equity Limited Partnership	None	"	-	23,396	-%	23,396	
						403,372		403,372	
Ennoconn (Foshan) Investment Holdings Co., Ltd.	Private equity fund	Guangdong Hongtu Venture Capital Partnership Enterprise	None	Non-current financial assets measured at fair value through other comprehensive income	-	216,150	11.11%	216,150	
"	Private equity fund	Foshan City Zhaoke Innovative Intelligent Industry Investment Fund Partnership Enterprise	None	"	-	277,134	18.57%	277,134	
						493,284		493,284	

Note 1: None of the above securities were provided as collateral, pledged, or restricted in use based on agreements as of December 31, 2023.

Note 2: For information on investments in subsidiaries, please refer to Tables 8 and 9.

Note 3: For those measured at fair value, the carrying amount is the book balance after fair value valuation adjustment and deduction of accumulated impairment; for those not measured at fair value, the carrying amount is the book balance of initial acquisition cost or post-sale cost after deduction of accumulated impairment.

Note 4: Refers to holding of preferred shares.

Note 5: In July 2023, our company made an advance investment in WWonder Energy Co., Ltd., and has obtained a letter of intent from its major shareholder. The company's capital increase plan is in progress, and our company has accounted for it as a financial asset measured at fair value through profit or loss.

ENNOCONN TECHNOLOGY CO., LTD. AND SUBSIDIARIES

ACQUISITION OF PROPERTY REACHING NT\$300 MILLION OR 20% OF PAID-IN CAPITAL OR MORE

Ended December 31, 2023

Table 4

Unit: NT\$ thousand

The Company who acquired real estate	Name of property	Actual transaction date	Transaction amount	Payment status	Counterparty	Relationship	Information on previous transfer of counterparty if it is a related party				Reference used in setting the price	Purpose of acquisition and status of utilization	Other terms and conditions
							Property owner	Relationship with the issuer	Date of transfer	Amount			
Caswell Inc.	Land and building	2023.08.09	635,000	Note 1	Huaku development Co., Ltd	-	N/A	N/A	N/A		Appraisal report	Group's business growth and development needs	Note 2

Note 1: As of December 31, 2023, \$190,500 thousand has been paid.

Note 2: From the delivery date of the contract to the date the Group obtains the property rights, the right-of-use of the property is acquired through lease, and recorded as right-of-use assets of \$618,599 thousand. After December 2026, when the property rights are obtained, it will be transferred to self-use property.

ENNOCONN TECHNOLOGY CO., LTD. AND SUBSIDIARIES

PURCHASES OR SALES OF GOODS FROM OR TO RELATED PARTIES REACHING NT\$100 MILLION OR 20% OF PAID-IN CAPITAL OR MORE

December 31, 2023

Table 5

Unit: NT\$ thousand

Company with purchases (sales)	Counterparty	Relationship	Transaction details				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Remarks
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit period	Unit price	Credit period	Balances	Percentage of total notes/accounts receivable (payable)	
American Industrial Systems Inc.	Ennoconn Corporation	Second-tier subsidiary to parent company	Purchases	1,368,113	1.57%	Net 90 days		- No significant deviation	(489,686)	(2.36)%	
Highaim Technology Inc.	ANDRIX INTERNATIONAL LIMITED	Second-tier subsidiary to second-tier subsidiary	Sales:	(431,519)	(0.35)%	Net 150 days		- No significant deviation	255,787	1.25%	
HighAim Technology Inc.	ANDRIX INTERNATIONAL LIMITED	Second-tier subsidiary to second-tier subsidiary	Purchases	436,333	0.50%	Net 150 days		- No significant deviation	(257,428)	(1.24)%	
Ennoconn Corporation	Victor Plus Holdings Ltd.	Parent Company to second-tier subsidiary	Purchases	1,471,167	1.68%	Net 60 days		- No significant deviation	(41,182)	(0.20)%	
Ennoconn Corporation	American Industrial Systems Inc.	Parent Company to second-tier subsidiary	Purchases	113,278	0.13%	Invoice 30 days T/T		- No significant deviation	(416)	-%	
Ennoconn Corporation	Ennoconn Hungary Kft.	Parent Company to second-tier subsidiary	Sales:	(177,450)	(0.15)%	Net 60 days by T/T		- No significant deviation	31,742	0.16%	
Ennoconn Corporation	HighAim Technology Inc.	Parent Company to second-tier subsidiary	Purchases	135,922	0.16%	Invoice 90 days T/T		- No significant deviation	(61,510)	(0.30)%	
Ennoconn Corporation	Kontron America Inc.	Parent Company to second-tier subsidiary	Sales:	(154,201)	(0.13)%	Net 120 days		- No significant deviation	762	-%	
Marketech International Corp.	Marketech International Corporation USA	Second-tier subsidiary to second-tier subsidiary	Sales:	(547,547)	(0.45)%	Note 2		- No significant deviation	73,722	0.36%	
Marketech International Corp.	Hon Hai Precision Industry Co., Ltd.	Second-Tier Subsidiary to associates	Sales:	(105,351)	(0.09)%	Note 2		- No significant deviation	922	-%	
Marketech International Corp.	Altus Technology Inc.	Second-Tier Subsidiary to associates	Sales:	(128,197)	(0.11)%	Note 2		- No significant deviation	-	-%	
Shanghai Maohua Electronics Engineering Co., Ltd.	Mic-Tech Electronics Engineering Corp.	Second-tier subsidiary to second-tier subsidiary	Sales:	(312,455)	(0.26)%	Note 2		- No significant deviation	-	-%	
MIC-Tech Global Corp.	Marketech International Corp.	Second-tier subsidiary to second-tier subsidiary	Sales:	(157,805)	(0.13)%	Note 2		- No significant deviation	2,794	0.01%	
Ezoom Information, Inc.	Marketech International Corp.	Second-tier subsidiary to second-tier subsidiary	Sales:	(166,970)	(0.14)%	Note 2		- No significant deviation	79,742	0.39%	
Goldtek Technology Co., Ltd.	Goldtek Technology (Shenzhen) Co., Ltd.	Second-tier subsidiary to second-tier subsidiary	Purchases	185,343	0.21%	Net 30 days		- No significant deviation	-	-%	
Techno Precision Co., Ltd.	Techno Precision (Shenzhen) Co., Ltd.	Second-tier subsidiary to second-tier subsidiary	Purchases	413,370	0.47%	Net 60 days		- No significant deviation	-	-%	
Goldtek Technology Co., Ltd.	Keenest Electronic Corp.	Second-tier subsidiary to second-tier subsidiary	Sales:	(141,361)	(0.12)%	Invoice 45 days T/T		- No significant deviation	49,973	0.24%	
Caswell Inc.	Caswell Americas Inc.	Subsidiaries Company to second-tier subsidiary	Sales:	(160,625)	(0.13)%	O/A 90 days		- No significant deviation	30,538	0.15%	
Caswell Inc.	CASO, inc.	Subsidiaries Company to second-tier subsidiary	Sales:	(207,774)	(0.17)%	O/A 70 days		- No significant deviation	23,776	0.12%	
EnnoMech Precision Co., Ltd.	Victor Plus Holdings Ltd.	Second-tier subsidiary to second-tier subsidiary	Purchases	1,502,277	1.72%	Net 60 days		- No significant deviation	(180,826)	(0.87)%	
EnnoMech Precision Co., Ltd.	Kontron Europe GmbH	Second-tier subsidiary to second-tier subsidiary	Sales:	(1,342,706)	(1.10)%	Net 120 days		- No significant deviation	116,903	0.57%	
EnnoMech Precision Co., Ltd.	Kontron America Inc.	Second-tier subsidiary to second-tier subsidiary	Sales:	(184,223)	(0.15)%	Net 120 days		- No significant deviation	63,110	0.31%	
Ennoconn (Suzhou) Technology Co., Ltd.	HighAim Technology Inc.	Second-tier subsidiary to second-tier subsidiary	Purchases	201,230	0.23%	Net 90 days		- No significant deviation	(50,907)	(0.24)%	
Ennoconn (Suzhou) Technology Co., Ltd.	Victor Plus Holdings Ltd.	Second-tier subsidiary to second-tier subsidiary	Sales:	(4,354,752)	(3.58)%	Net 30 days		- No significant deviation	293,169	1.44%	
Ennoconn (Suzhou) Technology Co., Ltd.	Kontron Asia Technology Inc.	Second-tier subsidiary to second-tier subsidiary	Purchases	611,271	0.70%	Net 45 days		- No significant deviation	(79,713)	(0.38)%	
Kontron Europe GmbH	Kontron America Inc.	Second-tier subsidiary to second-tier subsidiary	Sales:	1,268,502	1.04%	Net 30 days		- No significant deviation	333,004	1.63%	
Kontron Asia Technology Inc.	Kontron Europe GmbH	Second-tier subsidiary to second-tier subsidiary	Sales:	335,229	0.28%	Net 30 days		- No significant deviation	4,411	0.02%	
Kontron Europe GmbH	Ennoconn Corporation	Second-tier subsidiary to parent company	Purchases	481,039	0.55%	Net 30 days		- No significant deviation	45,068	0.22%	
Kontron Austria GmbH	Kontron Electronics AG	Second-tier subsidiary to second-tier subsidiary	Sales:	145,468	0.12%	Net 30 days		- No significant deviation	81,201	0.40%	
Kontron Europe GmbH	Kontron Technology Beijing Co. Ltd.	Second-tier subsidiary to second-tier subsidiary	Sales:	149,556	0.12%	Net 30 days		- No significant deviation	33,396	0.16%	
Kontron Transportation France S.A.S.	Kontron Transportation GmbH	Second-tier subsidiary to second-tier subsidiary	Sales:	154,643	0.13%	Net 30 days		- No significant deviation	84,141	0.41%	
Kontron Austria GmbH	Kontron Europe GmbH	Second-tier subsidiary to second-tier subsidiary	Sales:	789,543	0.65%	Net 30 days		- No significant deviation	52,851	0.26%	
Kontron Canada Inc.	Kontron America Inc.	Second-tier subsidiary to second-tier subsidiary	Sales:	597,430	0.49%	Net 30 days		- No significant deviation	113,913	0.56%	
Kontron d.o.o. (formerly: Iskratel d.o.o.)	AO IskraUralTel Yekaterinburg	Second-tier subsidiary to second-tier subsidiary	Sales:	223,353	0.18%	Net 30 days		- No significant deviation	115,190	0.56%	
Kontron Asia Technology Inc.	Kontron Austria GmbH	Second-tier subsidiary to second-tier subsidiary	Sales:	361,656	0.30%	Net 30 days		- No significant deviation	11,472	0.06%	
Kontron Electronics Kft.	Kontron Electronics GmbH	Second-tier subsidiary to second-tier subsidiary	Sales:	238,604	0.20%	Net 30 days		- No significant deviation	14,188	0.07%	
Kontron Europe GmbH	Kontron UK Ltd.	Second-tier subsidiary to second-tier subsidiary	Sales:	127,161	0.10%	Net 30 days		- No significant deviation	5,053	0.02%	
Kontron Transportation GmbH	Kontron Transportation Deutschland GmbH	Second-tier subsidiary to second-tier subsidiary	Sales:	182,640	0.15%	Net 30 days		- No significant deviation	42,526	0.21%	
Kontron d.o.o. (formerly: Iskratel d.o.o.)	Kontron Transportation GmbH	Second-tier subsidiary to second-tier subsidiary	Sales:	103,355	0.08%	Net 30 days		- No significant deviation	52,120	0.26%	
Kontron Transportation GmbH	Kontron Transportation France S.A.S.	Second-tier subsidiary to second-tier subsidiary	Sales:	180,679	0.15%	Net 30 days		- No significant deviation	49,086	0.24%	

Note 1: The above transactions related to consolidated entities have been eliminated when preparing the consolidated financial statements.

Note 2: Payments are made in installments according to the contract.

ENNOCONN TECHNOLOGY CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES REACHING NT\$100 MILLION OR 20% OF PAID-IN CAPITAL OR MORE

December 31, 2023

Table 6

Unit: NT\$ thousand

Company accounted for receivables	Name of counterparty	Relationship	Accounts receivable from related parties Account balance	Turnover rate	Overdue receivables from related parties		Amount subsequently recovered from receivables from related parties	Provision for bad debtsImpairment loss
					Amount	Action taken		
Marketch International Corp.	Marketch International Corporation USA	Second-tier subsidiary to second-tier subsidiary	614,100		-	-	-	-
Ennoconn Corporation	American Industrial Systems Inc.	Parent Company to second-tier subsidiary	489,686		-	-	-	-
Goldtek Technology Co., Ltd.	Goldtek Technology (Shenzhen) Co., Ltd.	Second-tier subsidiary to second-tier subsidiary	104,418	1.79%	-	-	-	-
Techno Precision Co., Ltd.	Techno Precision (Shenzhen) Co., Ltd.	Second-tier subsidiary to second-tier subsidiary	198,684	50.13%	-	-	-	-
Techno Precision (Shenzhen) Co., Ltd.	T-Paragon Die Casting Co., Ltd.	Second-tier subsidiary to second-tier subsidiary	137,068	24.02%	-	-	-	-
Victor Plus Holdings Ltd.	EnnoMech Precision Co., Ltd.	Second-tier subsidiary to second-tier subsidiary	180,826		-	-	-	-
Highaim Technology Inc.	ANDRIX INTERNATIONAL LIMITED	Second-tier subsidiary to second-tier subsidiary	255,787		-	-	-	-
ANDRIX INTERNATIONAL LIMITED	HighAim Technology Inc.	Second-tier subsidiary to second-tier subsidiary	257,428		-	-	-	-
EnnoMech Precision Co., Ltd.	Kontron Europe GmbH	Second-tier subsidiary to second-tier subsidiary	116,903		-	-	-	-
Kontron Transportation GmbH	Kontron Transportation Sp .z.o.o.	Second-tier subsidiary to second-tier subsidiary	114,599		-	-	-	-
Kontron Europe GmbH	Kontron America Inc.	Second-tier subsidiary to second-tier subsidiary	333,004		-	-	-	-
Kontron AG	Kontron Services Romania S.R.L. (formerly: S&T Romania S.R.L.))	Second-tier subsidiary to second-tier subsidiary	311,987		-	-	-	-
Kontron AG	Kontron Europe GmbH	Second-tier subsidiary to second-tier subsidiary	2,097,049		-	-	-	-
Kontron AG	Kontron Austria GmbH	Second-tier subsidiary to second-tier subsidiary	143,063		-	-	-	-
Kontron AG	Kontron Transportation GmbH	Second-tier subsidiary to second-tier subsidiary	778,901		-	-	-	-
Kontron Europe GmbH	Kontron Electronics GmbH	Second-tier subsidiary to second-tier subsidiary	510,130		-	-	-	-
Kontron Transportation Deutschland GmbH	Kontron Transportation GmbH	Second-tier subsidiary to second-tier subsidiary	202,443		-	-	-	-
Kontron d.o.o. (formerly: Iskratel d.o.o.)	JSC Iskra Technologies (formerly: AO IskraUralTel)	Second-tier subsidiary to second-tier subsidiary	235,676		-	-	-	-
Kontron Europe GmbH	Kontron Asia Pacific Design Sdn. Bhd.	Second-tier subsidiary to second-tier subsidiary	164,877		-	-	-	-
Kontron AG	Kontron Modular Computers S.A.S.	Second-tier subsidiary to second-tier subsidiary	156,852		-	-	-	-
Kontron AG	Kontron Electronics GmbH	Second-tier subsidiary to second-tier subsidiary	418,446		-	-	-	-
Kontron AG	Kontron Beteiligungs GmbH	Second-tier subsidiary to second-tier subsidiary	811,910		-	-	-	-
Kontron Beteiligungs GmbH	Kontron Europe GmbH	Second-tier subsidiary to second-tier subsidiary	811,168		-	-	-	-
Kontron Canada Inc.	Kontron America Inc.	Second-tier subsidiary to second-tier subsidiary	113,913		-	-	-	-
Kontron Transportation GmbH	Kontron Transportation Espana, S.L.U.	Second-tier subsidiary to second-tier subsidiary	339,287		-	-	-	-
Kontron AG	Kontron d.o.o. (formerly: Iskratel d.o.o.)	Second-tier subsidiary to second-tier subsidiary	117,193		-	-	-	-
Kontron Transportation s.r.o.	Kontron Transportation GmbH	Second-tier subsidiary to second-tier subsidiary	291,894		-	-	-	-
Kontron Transportation GmbH	Comlab AG	Second-tier subsidiary to second-tier subsidiary	396,520		-	-	-	-
Kontron Transportation UK Ltd.	Kontron Transportation GmbH	Second-tier subsidiary to second-tier subsidiary	220,959		-	-	-	-
Kontron Transportation GmbH	Kontron Transportation s.r.o.	Second-tier subsidiary to second-tier subsidiary	188,614		-	-	-	-
Comlab AG	Comlab Deutschland GmbH	Second-tier subsidiary to second-tier subsidiary	109,404		-	-	-	-
Kontron AG	Kontron Electronics AG	Second-tier subsidiary to second-tier subsidiary	107,434		-	-	-	-

Note 1: The above transactions related to consolidated entities have been eliminated when preparing the consolidated financial statements.
Note 2: Not applicable as they are other receivables arising from loans to related parties.

ENNOCONN TECHNOLOGY CO., LTD. AND SUBSIDIARIES

RE-INVESTMENT INFORMATION (EXCLUDING INVESTEEES IN MAINLAND CHINA):

December 31, 2023

Table 7 Unit: NT\$ thousand

Name of Investor	Name of Investor	Location	Main business activities	Original investment amount		Amount held at the end of the period			Highest shareholding ratio during the period	Net income (loss) of the investee company for the period	Investment income (loss) recognized for the period	Remarks
				Ending balance of the period	Last year end	Number of Shares	Ratio (%)	Carrying amount				
Ennoconn Corporation	Innovative Systems Integration Limited	Hong Kong	Professional investment	1,952,933	1,952,933	518,216,530	100.00%	2,094,181	518,216,530	79,211	79,211	
Ennoconn Corporation	Ennoconn International Investment Co., Ltd.	Taiwan	Professional investment	8,010,000	8,010,000	820,635,000	100.00%	10,234,145	820,635,000	1,134,137	1,134,137	
Ennoconn Corporation	Caswell Inc.	Taiwan	Electronic components, computer and peripheral equipment manufacturing, electronic material wholesale, and information software services	1,031,800	1,031,800	20,000,000	27.27%	927,580	20,000,000	322,707	69,026	
Ennoconn Corporation	Ennoconn Investment Holdings Co., Ltd.	Samoa	Professional investment	9,588,707	9,588,707	309,510,000	100.00%	13,181,459	309,510,000	679,575	679,575	
Ennoconn Corporation	AIS Cayman Technology	Cayman Islands	Professional investment	230,586	230,586	4,028,217	37.64%	509,248	4,028,217	272,779	102,677	
Innovative Systems Integration Limited	ENGA Technology Co., Ltd.	Hong Kong	Wholesale, manufacturing, service, import and export of software and hardware related to industrial computers and industrial control systems	-	107,151	3,500,000	100.00%	7	3,500,000	(448)	(448)	
Innovative Systems Integration Limited	Victor Plus Holdings Ltd.	Seychelles	Import and export trading	-	-	500,000	100.00%	3,570	500,000	(9,882)	(9,882)	
Ennoconn Investment Holdings Co., Ltd.	AIS Cayman Technology	Cayman Islands	Professional investment	292,774	292,774	6,672,469	62.36%	888,285	6,672,469	273,053	170,273	
Ennoconn Investment Holdings Co., Ltd.	Kontron AG	Austria	Information system software and hardware integration service	5,451,687	5,451,687	16,835,008	26.67%	9,327,174	16,835,008	2,619,062	617,431	
Ennoconn Investment Holdings Co., Ltd.	Ennoconn Hungary KFT	Hungary	Manufacturing and marketing of industrial computers	2,456,800	2,456,800	300,000	100.00%	2,562,033	300,000	26,971	26,971	
AIS Cayman Technology Group	American Industrial Systems Inc.	USA	Human-machine interface, industry 4.0, and other related products	46,065	46,065	1,500,000	100.00%	538,942	1,500,000	148,849	148,849	
AIS Cayman Technology Group	Vecow Co., Ltd.	Taiwan	Communication machinery and equipment, electronic equipment, and electronic devices	50,077	50,077	5,000,000	100.00%	602,068	5,000,000	125,084	125,084	
Ennoconn International Investment Co., Ltd.	Goldtek Technology Co., Ltd.	Taiwan	Wholesale and retail of telecommunications control RF equipment input and information software	492,221	492,221	17,022,831	56.74%	946,365	17,022,831	51,735	29,356	
Ennoconn International Investment Co., Ltd.	Caswell Inc.	Taiwan	Electronic components, computer and peripheral equipment manufacturing, electronic material wholesale, and information software services	149,500	149,500	3,250,000	4.43%	153,771	3,250,000	95,350	11,217	
Ennoconn International Investment Co., Ltd.	EnnoMech Precision (Cayman) Co., Ltd.	Cayman Islands	Professional investment	423,798	423,798	13,800,000	100.00%	726,117	13,800,000	98,227	98,227	
Ennoconn International Investment Co., Ltd.	ENNOWYSE CORPORATION	Taiwan	Research, design and sales of mobile payment, electronic signature, and information security products	95,029	95,029	10,400,000	100.00%	(56,062)	10,400,000	(95)	(1,305)	
Ennoconn International Investment Co., Ltd.	Thecus Technology Corp.	Taiwan	Electronic components, computer and peripheral equipment manufacturing, electronic material wholesale, and information software services	102,000	102,000	10,200,000	60.00%	(23,352)	10,200,000	(19,999)	(12,980)	
Ennoconn International Investment Co., Ltd.	Dexatek Technology Ltd.	Taiwan	Multimedia product R&D and design and manufacturing business	236,862	236,862	12,600,000	56.00%	379,294	12,600,000	113,063	56,114	
Ennoconn International Investment Co., Ltd.	Kontron AG	Austria	Information system software and hardware integration service	255,615	255,615	750,000	1.19%	495,520	750,000	2,587,262	27,611	
Ennoconn International Investment Co., Ltd.	Marketch International Corp.	Taiwan	Planning integration services for hightech industrial plants and process systems.	4,924,648	4,924,648	83,468,613	42.32%	6,937,709	83,468,613	2,161,833	901,146	
Ennoconn International Investment Co., Ltd.	POSLAB TECHNOLOGY CORPORATION	Taiwan	Manufacturing, wholesale and sales of electronic and peripheral equipment	132,317	132,317	9,100,000	70.00%	105,921	9,100,000	(5,462)	(3,823)	
Ennoconn International Investment Co., Ltd.	Rigo Global Co., Ltd.	Taiwan	Manufacturing, wholesale and sales of electronic and peripheral equipment	32,000	32,000	1,066,667	26.23%	28,575	1,066,667	(3,399)	(892)	
Ennoconn International Investment Co., Ltd.	Renown Information Technology Corp.	Taiwan	Electronic components, computer and peripheral equipment manufacturing, electronic material wholesale, and information software services	29,600	29,600	2,960,000	37.06%	22,125	2,960,000	4,425	1,637	
Ennoconn International Investment Co., Ltd.	Arbor Technology Corporation	Taiwan	Development, assembly, integration, processing, and manufacturing of industrial computer control board interface cards	296,000	296,000	16,000,000	16.76%	330,523	16,000,000	122,901	20,598	
Ennoconn International Investment Co., Ltd.	Ennowell Co., Ltd.	Taiwan	Intelligent building system integration, energy management services, cloud services	9,000	9,000	1,350,000	30.00%	26,694	1,350,000	40,755	12,227	
Ennoconn International Investment Co., Ltd.	EnnoRise Corporation	Taiwan	Other power generation, transmission and distribution machinery manufacturing	60,000	-	6,000,000	60.00%	54,586	6,000,000	(9,023)	(5,414)	
Ennomech Precision (Cayman) Co., Ltd.	HighAim Technology Inc.	Samoa	Professional investment	332,996	332,996	3,382,618	67.65%	445,394	3,382,618	51,173	34,619	
Ennomech Precision (Cayman) Co., Ltd.	EnnoMech Precision Co., Ltd.	Taiwan	Electronic components, computer and peripheral equipment manufacturing, electronic material wholesale, and information software services	12,166	12,166	1,000,000	100.00%	84,570	1,000,000	57,398	57,398	
HighAim Technology Inc.	ANDRIX INTERNATIONAL LIMITED	Angola	Cloud mechanical components	28	28	900	100.00%	24,740	900	6,852	6,852	
HighAim Technology Inc.	Funology Investment Inc.	Samoa	Cloud mechanical components	31	31	1,000	100.00%	16,883	1,000	1,139	1,139	
Caswell Inc.	CASO, Inc.	Japan	Import and sales of network equipment and computer peripheral products.	27,062	27,062	1,881	99.00%	118,863	1,881	19,067	18,876	
Caswell Inc.	Caswell International investment Co., Ltd.	Samoa	Overseas Investment	101,135	101,135	3,205,760	100.00%	163,658	3,205,760	(39,519)	(39,519)	
Caswell Inc.	Caswell Americas,Inc	USA	Sales of Netcom Products	92,460	92,460	3,000,000	100.00%	76,291	3,000,000	(354)	(354)	

Name of Investor	Name of Investor	Location	Main business activities	Original investment amount		Amount held at the end of the period			Highest shareholding ratio during the period	Net income (loss) of the investee company for the period	Investment income (loss) recognized for the period	Remarks
				Ending balance of the period	Last year end	Number of Shares	Ratio (%)	Carrying amount				
Caswell Inc.	Hawkeye Tech Co., Ltd.	Taiwan	Design and manufacturing of computers, networks and computing devices	602,041	602,041	9,096,667	60.64%	514,084	9,096,667	54,074	29,327	
Caswell Inc.	APLIGO GmbH	Germany	Hub and SI Service	60,275	60,275	24,000	66.67%	43,232	24,000	(35,608)	(23,983)	
Goldtek Technology Co., Ltd.	Keenest Electronic Corp.	Samoa	Professional investment	736,920	736,920	24,000,000	100.00%	190,722	24,000,000	(56,659)	(56,659)	
Keenest Electronic Corp.	Techno Precision Co., Ltd.	Hong Kong	Metal Stamping and Casting Industry	313,572	313,572	7,500,000	40.30%	181,612	7,500,000	25,592	10,118	
Techno Precision Co., Ltd.	T-Paragon Die Casting Co., Ltd.	Hong Kong	Finance/Logistics	29,477	29,477	7,500,000	50.00%	135,214	7,500,000	81,394	40,697	
T-Paragon Die Casting Co., Ltd.	Tairoun Products Co., Ltd. (Thailand)	Thailand	Metal Stamping and Casting Industry	199,276	167,716	221,000,000	100.00%	269,368	186,000,000	51,230	51,230	
Goldtek Technology Co., Ltd.	Nationgate Integration (M) Sdn.	Malaysia	Electronic Manufacturing Services	4,072	4,072	600,000	60.00%	4,135	600,000	58	35	
ENNOWYSE CORPORATION	HCT capital Management Consulting Co., Ltd.	Taiwan	General investment and investment consultancy	400	400	40,000	40.00%	102	40,000	(270)	(108)	
Marketech International Corp.	Marketech Integrated Pte. Ltd.	Singapore	Semiconductor Industry Automation Supply	331,733	292,147	14,636,958	100.00%	54,302	14,636,958	865	865	
Marketech International Corp.	Market Go Profits Ltd.	British Virgin Islands	Investment Holding and Reinvestment	1,299,429	1,299,429	40,119,104	100.00%	2,521,328	40,119,104	488,991	488,991	
Marketech International Corp.	MIC-Tech Global Corp.	South Korea	General International Trade Industry	19,147	19,147	131,560	100.00%	18,831	131,560	4,068	4,068	
Marketech International Corp.	Headquarter International Ltd.	British Virgin Islands	Investment Holding and Reinvestment	42,475	42,475	1,289,367	100.00%	36,547	1,289,367	(512)	(512)	
Marketech International Corp.	Tiger United Finance Ltd.	British Virgin Islands	Investment Holding and Reinvestment	46,475	46,475	1,410,367	100.00%	34,474	1,410,367	(194)	(194)	
Marketech International Corp.	Marketech Engineering Pte. Ltd.	Singapore	Contracting of Engineering Services	29,545	21,804	1,270,133	100.00%	2,815	1,270,133	(1,364)	(1,364)	
Marketech International Corp.	Marketech Integrated Manufacturing Company Limited	Myanmar	Services of Automatic Production, Machinery and Components	478,985	478,985	1,535,600	100.00%	126,617	1,535,600	(19,604)	(19,604)	
Marketech International Corp.	MIC-Tech Viet Nam Co., Ltd.	Vietnam	Trading, Installation, and Maintenance Business of various Factory Machinery Equipment and Peripheral Consumables	271,476	131,060	-	100.00%	217,976	-	(4,565)	(4,565)	
Marketech International Corp.	Marketech Co., Ltd.	Vietnam	Professional contracting and related maintenance services for engineering; purchase, sale and maintenance of machine tools; purchase and sale of cosmetics and daily necessities; production, development and implementation of software and programming services; installation services for industrial machinery and equipment	72,596	72,596	-	100.00%	(1,666)	-	(8,333)	(8,333)	
Marketech International Corp.	Ezoom Information, Inc.	Taiwan	Development, sale, consultancy and other services related to information system software and hardware applications; sale of medical equipment	280,737	230,737	11,100,000	100.00%	20,727	11,100,000	(90,761)	(90,761)	
Marketech International Corp.	Marketech International Sdn.Bhd.	Malaysia	Professional contracting and related maintenance services for engineering; sales of medical equipment	108,162	82,014	16,871,250	100.00%	33,826	16,871,250	(39,504)	(39,504)	
Marketech International Corp.	Marketech International Corporation USA	USA	Professional Contracting for Projects and Related Maintenance Services	556,886	259,794	18,450,000	100.00%	792,616	18,450,000	(180,857)	(180,857)	
Marketech International Corp.	Spiro Technology Systems Inc.	USA	General International Trade Industry	54,074	54,074	1,000,000	100.00%	83,886	1,000,000	1,279	1,279	
Marketech International Corp.	ADAT Technology Co., Ltd.	Taiwan	R&D , Application and Service of Information Software	84,119	84,119	5,005,940	25.62%	11,462	5,005,940	(68,201)	(17,469)	
Marketech International Corp.	PT Marketech International Indonesia	Indonesia	Trading of Machinery Equipments and Spare Parts	38,043	38,043	1,199,000	99.92%	34,490	1,199,000	(745)	(745)	
Marketech International Corp.	Marketech Netherlands B.V.	Netherlands	Services for Machinery, Equipment, and Components	40,510	40,510	1,200,000	100.00%	(2,793)	1,200,000	(8,309)	(8,309)	
Marketech International Corp.	Glory Technology Service Inc.	Taiwan	Trading and installation services for computer and communication equipment	42,714	42,714	6,208,320	29.24%	68,538	6,208,320	11,910	3,483	
Marketech International Corp.	Mic Techno Co., Ltd.	Taiwan	Engaged in the sale of panel equipment and materials	2,000	2,000	200,000	20.00%	1,809	200,000	10	2	
Marketech International Corp.	Taiwan Radisen HealthCare Co., Ltd.	Taiwan	Smart Medical Consulting Services and Investment	500	500	50,000	100.00%	333	50,000	(44)	(44)	
Marketech International Corp.	Vertex Corporation	Taiwan	Purchase and sale of 5G wireless communication private network equipment (micro base stations and core networks) and IoT intelligent control gateways; operation and maintenance of DMP cloud object management platform and provision of software management platform, vertical IT and CT communication system integration services	50,000	50,000	5,000,000	61.35%	23,198	5,000,000	(22,617)	(13,875)	
Marketech International Corp.	Bolite Co.,Ltd.	Taiwan	R&D, manufacturing and sales of precision laser-related modules and equipment, and provision of laser application solutions	27,200	19,200	2,240,000	37.33%	43,257	2,240,000	19,369	8,611	
Marketech International Corp.	MIC Healthcare Korea Co., Ltd.	South Korea	R&D, sales and professional technical services of medical devices and components; general international trade and import/export business	41,536	22,822	3,600,000	100.00%	4,464	3,600,000	(23,421)	(23,421)	
Marketech International Corp.	Marketech International Corp. Japan	Japan	General International Trade Industry	65,254	2,302	30,000	100.00%	55,214	30,000	(10,068)	(10,068)	
Marketech International Corp.	Advanced Technology Matrix United	USA	Warehouse logistics services; sales agency business for semiconductor equipment, parts, consumables, and semiconductor materials.	60,960	-	2,000,000	68.97%	61,342	2,000,000	(100)	(69)	
Marketech International Corp.	Radisen Co., Ltd.(Ordinary share)	South Korea	AI medical solutions and remote radiology medical platform	12,454	12,454	87,803	18.49%	7,638	87,803	(35,588)	(6,581)	
Marketech International Corp.	Radisen Co., Ltd.(Preference share)	South Korea	AI medical solutions and remote radiology medical platform	73,208	24,368	188,961	44.85%	88,645	188,961	(35,588)	-	
Marketech International Corp.	Marketech International Corporation Germany GmbH	Germany	Equipment and component sales business; technical service business, etc.	6,617	-	200,000	100.00%	5,642	200,000	(1,144)	(1,144)	
Marketech International Corp.	MIC Industrial Viet Nam Co., Ltd.	Vietnam	Assembly and Testing of Refrigeration Equipment on an OEM Basis.	39,567	-	-	100.00%	38,253	-	235	235	
Market Go Profits Ltd.	MIC-Tech Ventures Asia Pacific Inc.	Cayman Islands	Investment Holding and Reinvestment	1,293,932	1,293,932	40,016,604	100.00%	2,520,116	40,016,604	489,101	-	
Marketech Engineering Pte. Ltd.	Marketech Integrated Construction Co., Ltd.	Myanmar	Contracting of Engineering Services	27,083	19,342	88,500	98.33%	2,401	88,500	(1,143)	-	
MIC-Tech Ventures Asia Pacific Inc.	Russky H.K. Limited	Hong Kong	Investment Holding and Reinvestment	34,551	34,551	833,000	100.00%	9,335	833,000	17,507	-	
MIC-Tech Ventures Asia Pacific Inc.	Frontken MIC Co. Limited	Hong Kong	Investment Holding and Reinvestment	-	31,422	-	0.00%	-	2,337,608	15	-	
MIC-Tech Ventures Asia Pacific Inc.	Mict International Limited	Hong Kong	Investment Holding and Reinvestment	132,282	132,282	5,400,000	60.00%	27,034	5,400,000	(9,370)	-	
MIC-Tech Ventures Asia Pacific Inc.	Leader Fortune Enterprise Co., Ltd.	Samoa	Investment Holding and Reinvestment	8,990	8,990	303,000	31.43%	(5,036)	303,000	(1,707)	-	
MIC-Tech Ventures Asia Pacific Inc.	Fortune Blessing Co., Limited	Hong Kong	Investment Holding and Reinvestment	45,985	45,985	500,000	27.78%	6,654	500,000	237	-	

Name of Investor	Name of Investor	Location	Main business activities	Original investment amount		Amount held at the end of the period			Highest shareholding ratio during the period	Net income (loss) of the investee company for the period	Investment income (loss) recognized for the period	Remarks
				Ending balance of the period	Last year end	Number of Shares	Ratio (%)	Carrying amount				
Rusky H.K. Limited	PT Marketech International Indonesia	Indonesia	Trading of Machinery Equipments and Spare Parts	32	32	1,000	0.08%	31	1,000	(745)	-	
Kontron AG, Austria	S&T Plus s.r.o., Czech Republic	Prague, CZ	IoT Solutions Europe	-	101,379	-	0.00%	-	10,000,000	-	-	
Kontron AG, Austria	Kontron Bulgaria EOOD (formerly: S&T Bulgaria e.o.o.d., Bulgaria)	Sofia, BG	IoT Solutions Europe	134,221	43,187	13,126	100.00%	142,520	13,126	59,452	59,452	
Kontron AG, Austria	Kontron Services Romania S.R.L. (formerly: S&T Romania S.R.L., Romania)	Bucharest, RO	IoT Solutions Europe	109,657	109,657	2,461	31.00%	44,408	2,461	(321,051)	(99,750)	
Kontron AG, Austria	S&T Mold srl., Moldova	Chisinau, MD	IT Services	-	61,164	-	0.00%	-	-	11,169	5,696	
S&T Mold srl., Moldova	S&T IT Technologie S.R.L., Moldova	Chisinau, MD	IT Services	-	83	-	0.00%	-	-	(1,457)	(1,457)	
Kontron AG, Austria	Kontron Hungary Kft. (formerly: S&T Consulting Hungary Kft., Hungary)	Budapest, HU	IT Services	589,440	405,948	100,000	100.00%	193,115	100,000	19,649	19,649	
Kontron Hungary Kft. (formerly: S&T Consulting Hungary Kft., Hungary)	Kontron Operations Hungary Kft. (formerly:S&T Services Kft., Hungary)	Budapest, HU	IT Services	-	123,257	-	100.00%	-	-	(14,792)	(14,792)	
Kontron S&T AG, Germany	Kontron Asia Inc., Taiwan	Taipei, TW	IT Services	95,045	95,045	13,000	100.00%	213,854	13,000	72,968	72,968	
Kontron AG, Austria	CBCX Technologies GmbH (formerly: computer betting company gmbh, Austria)	Linz, AT	IT Services	1,283,518	1,282,329	36,336	100.00%	410,902	36,336	37,417	37,417	
computer betting company gmbh, Austria	Kontron Services Romania S.R.L. (formerly: S&T Romania S.R.L., Romania)	Bucharest, RO	IoT Solutions Europe	57,418	57,418	5,460	69.00%	98,521	5,460	(321,051)	(221,300)	
Kontron AG, Austria	SecureGUARD GmbH, Austria	Linz, AT	IT Services	-	80,567	-	0.00%	-	-	-	-	
Kontron Europe GmbH, Germany	Kontron Austria GmbH, Austria	Engerwitzdorf, AT	IT Services	2,399	2,399	3,634	10.00%	81,572	3,634	121,706	12,171	
Kontron Austria GmbH, Austria	Kontron Electronics AG, Switzerland	Rotkreuz, CH	IT Services	-	-	1,000	100.00%	(127,970)	1,000	(13,078)	(13,078)	
Kontron AG, Austria	Kontron Austria GmbH, Austria	Engerwitzdorf, AT	IT Services	640,346	249,576	32,702	90.00%	734,145	32,702	121,706	109,536	
Kontron AG, Austria	Kontron Technologies GmbH (former S&T Technologies GmbH), Austria	Linz, AT	IoT Solutions Europe	454,601	420,621	35,000	100.00%	432,875	35,000	14,107	14,107	
Kontron AG, Austria	S&T MEDTECH SRL (former GADA GROUP ROMANIA SRL), Romania	Bucharest, RO	IoT Solutions Europe	396,712	396,712	105,000	100.00%	317,245	105,000	38,751	38,751	
Kontron Europe GmbH, Germany	Kontron electronics GmbH, Germany	Großbettlingen, DE	IoT Solutions Europe	654,506	654,506	102,150	100.00%	648,453	102,150	(37,236)	(37,236)	
Kontron electronics GmbH, Germany	Kontron Electronics Kft.	Kapoly, HU	IT Services	4,927	4,927	3,000,000	100.00%	114,605	3,000,000	25,714	25,714	
Kontron Beteiligungs GmbH	Kontron Europe GmbH	Ismaning, DE	IoT Solutions Europe	8,041,509	7,114,553	23,600,000	100.00%	5,253,323	23,600,000	696,906	696,906	
Kontron Europe GmbH, Germany	Kontron America Inc.	San Diego / USA	IoT Solutions Europe	1,543,170	1,121,259	2,036,040	100.00%	875,315	2,036,040	107,751	107,751	
Kontron Europe GmbH, Germany	Kontron Canada Inc.	Boisbriand / Canada	IoT Solutions Europe	1,648,535	2,046,029	50,000,200	100.00%	983,566	50,000,200	15,967	15,967	
Kontron Europe GmbH, Germany	Kontron Asia Pacific Design Sdn. Bhd.	Penang / Malaysia	IoT Solutions Europe	172,323	172,323	44,581,102	100.00%	(133,199)	44,581,102	(4,396)	(4,396)	
Kontron Europe GmbH, Germany	Kontron Technology Beijing Co. Ltd.	Beijing / China	IoT Solutions Europe	31,203	31,203	15,398,961	100.00%	424,058	15,398,961	37,074	37,074	
Kontron Europe GmbH, Germany	Kontron Modular Computers S.A.S.	Toulon / France	IoT Solutions Europe	175,278	175,278	344,503	100.00%	206,088	344,503	55,254	55,254	
Kontron Europe GmbH, Germany	Kontron UK Ltd.	Chichester / UK	IoT Solutions Europe	58,162	58,162	172,550	100.00%	150,232	172,550	21,450	21,450	
Kontron AG, Austria	Kontron Transportation GmbH	Vienna, AT	IoT Solutions Europe	370,446	370,446	10,000,000	100.00%	1,110,597	10,000,000	448,258	448,258	
Kontron Transportation GmbH	Kapsch CarrierCom Sp. z o.o.	Warsaw, PL	IoT Solutions Europe	339	-	100,000	100.00%	(43,752)	100,000	3,154	3,154	
Kontron Transportation GmbH	Kontron Transportation Espana SL (former Kapsch CarrierCom Espana, S.L.U.)	Madrid, Spain	IoT Solutions Europe	16,650	-	250,000	100.00%	4,915	250,000	(6,993)	(6,993)	
Kontron Transportation GmbH	Kontron Transportation Portugal Unipessoal LDA (former Kapsch CarrierCom - Unipessoal LDA Co., Ltd)	Lisboa, Portugal	IoT Solutions Europe	27,354	-	5,000	100.00%	44,675	5,000	2,761	2,761	
Kontron Transportation GmbH	Kontron Transportation s.r.o.	Prague, CZ	IoT Solutions Europe	166,502	-	30,400,000	100.00%	121,259	30,400,000	45,232	45,232	
Kontron Transportation GmbH	Kontron Transportation Hungary Kft.	Budapest, HU	IoT Solutions Europe	-	-	-	100.00%	-	-	(13,448)	(13,448)	
Kontron Transportation GmbH	Kontron Transportation Deutschland GmbH (former Kapsch CarrierCom Deutschland GmbH)	Neu-Isenburg, GE	IoT Solutions Europe	33,810	-	25,000	100.00%	119	25,000	10,836	10,836	
Kontron Transportation GmbH	Kontron Transportation France S.A.S	Paris, FR	IoT Solutions Europe	506,302	-	8,600,000	100.00%	384,480	8,600,000	168,572	168,572	
Kontron Transportation GmbH	Kontron Transportation UK Ltd.	Harrow, UK	IoT Solutions Europe	16,869	-	415,950	100.00%	125,771	415,950	27,570	27,570	
Kontron Transportation GmbH	Kontron Public Transportation (former: Kontron Transportation NV)	Diegem, BE	IoT Solutions Europe	444,535	-	11,318,887	99.00%	(12,571)	11,318,887	(15,831)	(15,826)	
Kontron AG, Austria	Kontron AIS GmbH	Dresden, Germany	IoT Solutions Europe	549,630	447,690	51,000	100.00%	526,152	51,000	15,049	15,049	
Kontron AG, Austria	Kontron Beteiligungs GmbH	Augsburg, DE	IoT Solutions Europe	8,127,962	7,140,746	25,001	100.00%	8,041,608	25,001	(4)	(4)	
Kontron AG, Austria	Kontron d.o.o. (formerly: Iskratel d.o.o.)	Kranj, SI	IoT Solutions Europe	2,380,145	2,056,710	109,275	100.00%	1,895,048	109,275	24,083	24,083	

Name of Investor	Name of Investor	Location	Main business activities	Original investment amount		Amount held at the end of the period			Highest shareholding ratio during the period	Net income (loss) of the investee company for the period	Investment income (loss) recognized for the period	Remarks
				Ending balance of the period	Last year end	Number of Shares	Ratio (%)	Carrying amount				
Kontron d.o.o. (formerly: Iskratel d.o.o.)	ITS Softver d.o.o	Skopje, MK	IoT Solutions Europe	13,480	170	309,000	100.00%	17,822	309,000	3,639	3,639	
Kontron d.o.o. (formerly: Iskratel d.o.o.)	IskraCom	Almaty, KZ	IoT Solutions Europe	-	-	15,365,000	100.00%	8,139	15,365,000	2,149	2,149	
Kontron d.o.o. (formerly: Iskratel d.o.o.)	OOO Iskratel Tashkent	Tashkent, UZ	IoT Solutions Europe	65	65	8,798,207	76.00%	11,612	8,798,207	2,360	1,794	
Kontron d.o.o. (formerly: Iskratel d.o.o.)	JSC Iskra Technologies (formerly: AO IskraUralTel)	Yekaterinburg, RU	IoT Solutions Europe	38,430	38,430	760,000	48.00%	155,192	760,000	171,578	171,578	
JSC Iskra Technologies (formerly: AO IskraUralTel)	RTSoft, AO	Moscow, RU	IT Services	-	260,641	-	0.00%	-	-	(49,112)	(49,112)	
Kontron AIS GmbH	LUCOM GmbH	Fürth, DE	IoT Solutions Europe	-	169,900	-	0.00%	-	-	-	-	
Kontron Transportation Espana SL	Kontron Public Transport Arce S.A.U. (formerly: Arce Mobility Solutions S.A.U.)	Bilbao, ES	IoT Solutions Europe	258,248	258,248	60,000	100.00%	276,769	60,000	18,369	18,369	
Kontron Transportation GmbH	Kontron Transportation Schweiz AG	Ittigen, CH	IoT Solutions Europe	-	-	12,000,000	100.00%	(90,728)	12,000,000	(76,124)	(76,124)	
Kontron Transportation Schweiz AG	Comlab Deutschland GmbH	Hilden, DE	IoT Solutions Europe	5,746	-	100,000	100.00%	(91,494)	100,000	64,940	64,940	
Kontron AG	Hartmann Electronic GmbH	Stuttgart, DE	IoT Solutions Europe	564,518	-	222,000	100.00%	194,499	222,000	1,178	1,178	
Kontron AG	W-IE-NE-R Power Electronics GmbH	Köln, DE	IoT Solutions Europe	73,949	-	51,129	100.00%	143,264	51,129	(5,475)	(5,475)	
Kontron America Inc.	Bsquare Corporation	Washington, US	IoT Solutions Europe	3	-	153,621,779	100.00%	(94,215)	153,621,779	15,773	15,773	
Bsquare Corporation	Bsquare EMEA Ltd.	Trowbridge; UK	IoT Solutions Europe	135,278	-	246,243	100.00%	9,775	246,243	(8,402)	(8,402)	

Note 1:

Calculated based on the financial statements of the investee company for the same period audited by the CPA and the shareholding ratio of the investing company.

Note 2:

The investment income (loss) recognized for the period includes the amortization of the difference between the investment cost and equity.

Note 3:

Kontron AG, Austria originally held 100% direct ownership of Kontron S&T AG, Germany. Due to an organizational restructuring, it now indirectly holds Kontron S&T AG, Germany through the establishment of Kontron Beteijigungs GmbH.

Note 4:

The original investment amount in the information about the investee company is translated at the spot exchange rate at the end of the period of the Bank of Taiwan.

ENNOCONN TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA

Ended December 31, 2023

Table 8

Unit: NT\$ thousand

1. Name, major businesses, and related information about investees in mainland China:

Name of investee company in Mainland China	Main business activities	Paid-in capital	Method of investment	The cumulative outward investment amount from Taiwan at the beginning of this period	Investment amount exported or recovered this period		The cumulative outward investment amount from Taiwan at the ending of this period	Net income (loss) of investee company for the current period	Percentage of ownership directly or indirectly held by the Company	Highest shareholding or investment ratio during the period	Investment income (loss) recognized for the current period	Carrying amount of the investment at the end of the period	Investment income remitted back as of the end of the period
					Remittance	Recovery							
Nanjing Asiatek Inc.	Engage in R&D, Sales of Software and Hardware Products, and provide Installation, Commissioning and Technical Consulting	92,130	(2)	31,934	-	-	31,934	27,918	100.00%	100.00%	27,918	207,139	-
Shenzhen Asiatek Inc.	Metal products, plastic products	129,900	(3)	-	-	-	-	15,729	0.00%	25.00%	3,932	-	-
Ennoconn (Foshan) Investment Holdings Co., Ltd.	Professional investment	499,215	(3)	299,301	-	-	299,301	(1,418)	100.00%	100.00%	(1,083)	505,173	-
Ennoconn (Suzhou) Technology Co., Ltd.	R&D, production, and sales of industrial computers	1,857,955	(2)	921,300	-	-	921,300	61,245	100.00%	100.00%	61,245	1,645,192	-
Ennoconn (Kunshan) Technology Co., Ltd.	Intelligent technology development and hardware sales	16,608	(3)	-	-	-	-	1,282	70.00%	70.00%	898	883	-
Ennoconn Investment Co., Ltd.	Professional investment	581,207	(3)	614,200	-	-	614,200	7,152	100.00%	100.00%	3,826	617,335	-
Suzhou HuaShiDa Intelligent Technology Co., Ltd.	Manufacture of intelligence vehicle equipment	3,071	(2)	-	-	-	-	(57)	100.00%	100.00%	(57)	3,062	-
Beijing Caswell Ltd.	Production and Sales of Network Communication Products	116,679	(2)	95,677	-	-	95,677	(48,139)	25.99%	25.99%	(12,513)	56,659	-
Highaim Technology Inc.	Design, R&D, and Production of various Molds, Servers and Communication Equipment	614,200	(2)	459,148	-	-	-	31,187	67.65%	67.65%	21,098	410,204	-
Kunshan Liding Intelligent Equipment Co., Ltd.	Rental, Sales and After-sales Service of Intelligent and Machinery Equipment and its Accessories.	4,330	(3)	-	-	-	-	1,942	67.65%	67.65%	1,314	(7,399)	-
Highaim Technology (Shenzhen) Inc.	Automation Jigs, Fixtures and Molds	-	(3)	-	-	-	-	6,161	67.65%	67.65%	4,168	(1)	-
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.	399,165	(2)	399,165	-	-	399,165	(69,337)	56.74%	56.74%	(39,344)	(58,990)	-
Techno Precision (Shenzhen) Co., Ltd.	Stamping/Assembly	90,367	(2)	-	-	-	-	(343)	22.87%	22.87%	(79)	(29,055)	-
Techno Precision (Shenzhen) Co., Ltd.	Zinc/Aluminum Alloy Die Casting	19,645	(2)	-	-	-	-	24,823	11.43%	11.43%	2,838	19,642	-
Goldtek Technology (Shenzhen) Co., Ltd.	Sales of Electronic Products and Special Materials	4,327	(2)	-	-	-	-	(1,533)	56.74%	56.74%	(870)	1,175	-
Mic-Tech (Wuxi) Co., Ltd.	Production and Sales of Semiconductor Devices, Intelligent Warehousing Equipment, Lighting Fixtures, Masks and Labor Protection Products	782,978	(2)	629,453	-	-	629,453	(40,911)	42.32%	42.32%	(17,086)	42,055	-
Mic-Tech (Shanghai) Corp.	Sales, commission agency, import and export of semiconductor industry and other industries' equipment, consumables, chemicals, parts and components, and other related supporting businesses; equipment installation and maintenance services; bonded area trade agency and business consulting services.	253,040	(2)	15,353	-	-	15,353	264,091	42.32%	42.32%	111,763	408,040	217,487
Shanghai Maohua Electronics Engineering Co., Ltd.	Regeneration of exhaust drums, design, installation, commissioning and technical services for piping systems and related facilities used in the semiconductor manufacturing industry; equipment repair for semiconductor manufacturing industry.	18,423	(2)	18,515	-	-	18,515	20,510	36.82%	36.82%	7,551	2,925	-
Mic-Tech Electronics Engineering Corp.	Mechanical and Electrical Installation Construction , Professional Decorative Construction Contracting, Professional Intelligent Building Construction Contracting, Professional Electronic Construction Professional Contracting and related Technical Services and Technical Consulting.	540,991	(2)	261,607	-	-	261,607	164,865	42.32%	42.32%	69,771	396,919	112,742
Integrated Manufacturing & Services Co., Ltd.	Develop and Produce Special Equipment for Solar Cell Production, Manufacture Key Components of Large-screen Color Projection Displays, Manufacture new Electronic Components, and Provide Services such as Cleaning and Regeneration	214,935	(2)	119,750	-	-	119,750	(9,370)	25.39%	25.39%	(2,379)	11,116	-

Name of investee company in Mainland China	Main business activities	Paid-in capital	Method of investment	The cumulative outward investment amount from Taiwan at the beginning of this period	Investment amount exported or recovered this period		The cumulative outward investment amount from Taiwan at the ending of this period	Net income (loss) of investee company for the current period	Percentage of ownership directly or indirectly held by the Company	Highest shareholding or investment ratio during the period	Investment income (loss) recognized for the current period	Carrying amount of the investment at the end of the period	Investment income remitted back as of the end of the period
					Remittance	Recovery							
Mic-Tech China Trading (Shanghai) Co., Ltd.	Wholesale, commission agency, import and export, installation, maintenance and other related supporting businesses of chemical products, semiconductor and solar equipment consumables, machinery equipment and accessories; bonded area trade agency and business consulting services	46,058	(2)	46,058	-	-	46,058	123,611	42.32%	42.32%	52,312	99,542	-
Macrotec Technology (Shanghai) Co. Ltd.	Wholesale, commission agency, import and export, and related supporting businesses of electronic products, instruments and meters, metal products, and electromechanical equipment; international trade, entrepôt trade, bonded area enterprise trade, and intra-area trade agency.	29,382	(2)	9,234	-	-	9,234	(1,707)	13.30%	13.30%	(227)	(2,133)	-
Fortune International Corporation	Research and development, design, manufacturing, sales, installation, maintenance and technical services related to equipment and materials for semiconductors; supply chain and property management services; accommodation services for park management; venue rental, conference, exhibition, warehousing services	55,269	(2)	15,353	-	-	15,353	259	11.76%	11.76%	30	2,804	-
Comlab Beijing Radio Frequency Technology co. ltd.	Software and Solutions	121,506	(3)	-	-	-	-	20,018	12.79%	12.79%	2,560	8,272	-

2. Investment limit in mainland China:

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of the end of the period	Approved investment amount by the Investment Commission of the Ministry of Economic Affairs	Ceiling on investments in Mainland China imposed by the Investment Commission of the Ministry of Economic Affairs
Ennoconn Corporation	1,866,735	2,910,868	13,140,422
Goldtek Technology Co., Ltd.	713,977	713,977	975,008
Caswell Inc.	95,677	95,677	2,040,880
Ennoconn International Investment Co., Ltd.	332,996	444,738	6,132,039
Marketech International Corp.	1,203,329	1,883,291	6,741,623

Note 1: Investment methods are classified into the following three categories, just indicate the category:
 (1) Directly invest in a company in Mainland China.
 (2) Invest in Mainland China through a company in a third region (please specify the name of the company in the third region).
 (3).Others

Note 2: In the 'Investment income (loss) recognized for the current period' column:
 (1) It should be indicated if the investee is still in the incorporation stage and has not yet generated any profit or loss.
 (2) Indicate the basis for investment income (loss) recognition in (2), which should be one of the following three categories:
 A. The financial statements that are audited and attested by an international accounting firm which has a cooperative relationship with an accounting firm in R.O.C.
 B. The financial statements that are audited and attested by the parent company's CPA in Taiwan.
 C.Others

Note 3: The exchange rate is based on the spot average exchange rate of the Bank of Taiwan on December 31, 2023.

Note 4: They are non-material associates whose financial statements are unaudited, which does not result in material impact.

ENNOCONN CORPORATION
STATEMENT OF CASH AND CASH EQUIVALENTS

December 31, 2023

Unit: NT\$ thousand

Item	Summary (Exchange Rate)	Original Currency	Amount
Petty cash	NTD-	\$ -	190
Cash	USD(30.71)	1.00	42
	EUR (33.98)	5.00	160
	RMB (4.33)	4.00	18
	CAD(23.20)	1.00	30
	GBP(39.15)	1.00	41
	VND-	2,000.00	3
Demand deposits	NTD-	-	263,836
Foreign currency deposits	USD(30.71)	11,051.00	339,321
	JPY (0.22)	331.00	72
	GBP(39.15)	2.00	81
Deposit account	USD(30.71)	5,400.00	165,807
Checking accounts		-	1
			<u><u>\$ 769,602</u></u>

ENNOCONN CORPORATION
STATEMENT OF ACCOUNTS RECEIVABLE

December 31, 2023

Unit: NT\$ thousand

Name of clients	Summary	Amount
Non-related party		
Company A	Operation	\$ 424,508
Company B	Operation	82,284
Company C	Operation	64,466
Company D	Operation	45,775
Company E	Operation	44,762
Other (less than 5% of the balance in this account)	Operation	<u>126,128</u>
Subtotal		787,923
Less: Allowance for loss		<u>(61,561)</u>
Total		<u>\$ 726,362</u>
Related parties		
American Industrial Systems, Inc.	Operation	\$ 489,686
Ennoconn Hungary Kft.	Operation	31,742
Other (less than 5% of the balance in this account)	Operation	<u>25,644</u>
		<u>\$ 547,072</u>

ENNOCONN CORPORATION
STATEMENT OF INVENTORIES

December 31, 2023

Unit: NT\$ thousand

Item	Amount	
	Cost	Net realisable value
raw materials	\$ 470,980	386,948
work in process	185,056	185,056
Semi-finished products	147,273	138,820
Finished good	62,171	40,102
Less: Allowance for inventory devaluation losses	<u>(114,554)</u>	<u>-</u>
Total	<u>\$ 750,926</u>	<u>750,926</u>

ENNOCONN CORPORATION

INVESTMENT CHANGE BASED ON EQUITY METHOD

December 31, 2023

Unit: NT\$ thousand

Name	Beginning Balance		Increase for the current period		Decrease for the current period		Investment (loss) income amount	Conversion adjustment amount	Recognized other comprehensive income amount	Others	Ending Balance			Shareholders' equity	Conditions of Guarantee or Pledge Provided
	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount					Number of shares (thousand shares)	Shareholding Ratio	Amount		
Publicly quoted entity															
Caswell Inc.	20,000	\$ 1,141,970	-	-	-	-	69,026	(2,381)	(1,098)	(69,850)	20,000	27.27%	1,137,667	3,401,465	None
Note 1															
Non-TWSE/TPEX-Listed Companies															
Innovative Systems Integration Limited	518,217	2,053,086	-	-	-	-	79,211	(38,376)	-	-	518,217	100.00%	2,093,921	2,094,181	None
Ennoconn International Investment Co., Ltd.	820,635	9,915,175	-	-	-	-	1,134,136	(33,871)	(11,746)	(783,629)	820,635	100.00%	10,220,065	10,234,146	None
Note 2															
Ennoconn Investment Holdings Co., Ltd	309,510	12,560,430	-	-	-	-	679,575	(173,494)	32,598	26,093	309,510	100.00%	13,125,202	13,121,320	None
Note 3															
AIS Cayman Technology Group	4,028	386,606	-	-	-	-	102,677	(3,063)	24,445	-	4,028	37.64%	510,665	509,248	None
		<u>\$ 26,057,267</u>		<u>-</u>		<u>-</u>	<u>2,064,625</u>	<u>(251,185)</u>	<u>44,199</u>	<u>(827,386)</u>			<u>27,087,520</u>	<u>29,360,360</u>	

Note 1: Received cash dividends of (NT\$72,000) thousand, adjusted equity net worth of NT\$2,150 thousand.
Note 2: Received cash dividends of (NT\$1,066,825) thousand, adjusted equity net worth of NT\$283,196 thousand.
Note 3: Received cash dividends of NT\$40,257 thousand, adjusted equity net worth of NT\$(14,164) thousand.

ENNOCONN CORPORATION
STATEMENT OF SHORT-TERM BORROWINGS
December 31, 2023

Unit: NT\$ thousand

Type of loans	Explanation	Ending Balance	Term of the agreement	Interest rate range	Unused quota	Collaterals or guarantees
Credit loan	Taishin International Bank	\$ 170,000	July 27, 2023 - July 31, 2024	1.75%	1,030,000	None
Credit loan	Far Eastern International Bank	250,000	June 20, 2023 - June 20, 2024	1.70%	950,000	None
Credit loan	Bank SinoPac -	100,000	September 22, 2023 - September 30, 2024	1.70%	900,000	None
Credit loan	DBS Bank-	200,000	Indefinite	1.68%	800,000	None
Credit loan	E.Sun Bank, Ltd.	150,000	June 20, 2023 - June 20, 2024	1.70%	850,000	None
Credit loan	The Export-Import Bank of China	500,000	December 28, 2023 - December 28, 2024	1.70%~1.71%	300,000	None
Credit loan	Chang Hwa Commercial Bank, Ltd.	1,000	March 24, 2023 - March 24, 2024	2.06%	299,000	None
Credit loan	Sumitomo Mitsui Bank	-	Indefinite		1,535,250	None
Credit loan	KGI Commercial Bank -	-	January 13, 2023 - January 13, 2025		1,500,000	None
Credit loan	First Commercial Bank, Ltd.	-	December 22, 2023 - December 22, 2024		1,200,000	None
Credit loan	CTBC Bank	-	June 30, 2023 - June 30, 2024		800,000	None
Credit loan	Mega International Commercial Bank	-	January 3, 2023 - January 2, 2024		800,000	None
Credit loan	Cathay United Bank	-	November 20, 2023 - November 30, 2024		800,000	None
Credit loan	Taiwan Cooperative Bank	-	2023/12/21 - 2024/12/20		600,000	None
Credit loan	Chang Hwa Commercial Bank, Ltd.	-	2023/05/24 - 2024/04/30		400,000	
		<u>\$ 1,371,000</u>			<u>12,764,250</u>	

ENNOCONN CORPORATION
STATEMENT OF ACCOUNTS PAYABLE

December 31, 2023

Unit: NT\$ thousand

Name of clients	Summary	Amount
Non-related party		
Company A	Loan	\$ 86,834
Company B	Loan	59,374
Company C	Loan	35,431
Company D	Loan	29,285
Company E	Loan	29,113
Other (less than 5% of the balance in this account)	Loan	229,784
Total		<u>\$ 469,821</u>
Related parties		
HighAim Technology Inc.	Loan	\$ 80,545
Victor Plus Holdings Ltd.	Loan	41,182
Other (less than 5% of the balance in this account)	Loan	5,708
		<u>\$ 127,435</u>

ENNOCONN CORPORATION
STATEMENT OF TRADE PAYABLE

December 31, 2023

Unit: NT\$ thousand

Name of Bonds	Trustee	Issuance Date	Interest rate	Amount					Repayment method	Status of collateral
				Issued amount	Repaid amount	Ending Balance	Unamortized discount	Carrying amount		
Third domestic unsecured convertible bonds in 2019	Yuanta Securities	2019.02.26	- %	\$ 6,000,000	5,198,300	801,700	1,452	800,248	Note 6(12)	None
First unsecured privately placed convertible bonds in 2021		2021.09.02	- %	1,500,000	-	1,500,000	19,027	1,480,973	Note 6(12)	None
Fourth domestic unsecured convertible bonds in 2021	Bank SinoPac Co., Ltd.	2021.11.16	- %	1,000,000	650,601	349,399	9,846	339,553	Note 6(12)	None
Third domestic unsecured convertible bonds in 2019	Bank SinoPac Co., Ltd.	2023.08.16	- %	3,000,000	-	3,000,000	136,183	2,863,817	Note 6(12)	None
				<u>\$ 11,500,000</u>	<u>5,848,901</u>	<u>5,651,099</u>	<u>166,508</u>	<u>5,484,591</u>		

ENNOCONN CORPORATION
STATEMENT OF OPERATING REVENUE

Ended December 31, 2023

Unit: NT\$ thousand

Item	Amount
Motherboard	\$ 5,276,049
Repairs and maintenance	11,191
Allowance for sales returns and discounts	<u>(100,607)</u>
	<u>\$ 5,186,633</u>

ENNOCONN CORPORATION
STATEMENT OF OPERATING COST

Ended December 31, 2023

Unit: NT\$ thousand

Item	Amount
Raw materials, beginning	\$ 618,318
Materials purchased in the period	2,251,289
Transferred costs and others	(24,751)
Raw materials, ending (including inventory in transit)	<u>(470,980)</u>
Materials consumed in the period	2,373,876
Production expenses	<u>889,096</u>
Manufacturing cost	3,262,972
Work in progress, beginning	61,905
Work in progress, ending	<u>(185,056)</u>
Manufacturing cost of finished goods	3,139,821
Semi-finished goods, beginning	84,773
Semi-finished goods purchased in the period	520,567
Transferred costs and others	(3,186)
Semi-finished goods, ending	<u>(147,273)</u>
Cost of semi-finished goods and finished goods	3,594,702
Finished goods, beginning	82,059
Finished goods purchased in the period	516,462
Transferred costs and others	(759)
Finished goods, ending	<u>(62,171)</u>
Cost of finished goods sold	<u>4,130,293</u>
Merchandise cost	
Inventory, beginning	11
Cost of sales	<u>11</u>
Gains on price recovery of inventory	<u>52,255</u>
Loss on inventory scrap	<u>3,435</u>
Operating costs	<u>4,185,994</u>
Operating costs in this period	<u>\$ 4,185,994</u>

ENNOCONN CORPORATION
STATEMENT OF OPERATING EXPENSE

Ended December 31, 2023

Unit: NT\$ thousand

Item	Selling expenses	Administrative expenses	Research and development expense	Expected credit losses
Salary and bonus	\$ 60,491	195,109	104,907	-
Reverse expected credit impairment loss	-	-	-	(1,077)
Insurance expense	1,815	11,394	5,630	-
Miscellaneous purchases -	15	18,353	16	-
Services expense	-	11,671	-	-
Other professional services	296	2,247	(31,256)	-
Other (Note)	16,796	33,497	8,775	-
Total	\$ 79,413	272,271	88,072	(1,077)

Note: the amount of each item does not exceed 5% of the balance of this account.

Ennoconn Corporation



Chairman Fu-Chuan Chu



April 2, 2024



Solutions for a smart future