Wiwynn Corporation

(incorporated as a company limited by shares in Taiwan, the Republic of China)

US$600,000,000 Currency-Linked Zero Coupon Convertible Bonds due 2029

Wiwynn Corporation (the "Company," and together with its subsidiaries, the "Group", or, to the extent applicable, "we", "us", "our") is offering US$600,000,000 aggregate principal amount of currency-linked US dollar denominated zero coupon convertible bonds due 2029 (the "Bonds"), through Citigroup Global Markets Limited (the "Initial Purchaser").

The Bonds will be direct, unconditional, unsubordinated and unsecured obligations of the Company, and will rank *pari passu* without any preference or priority among themselves and with all of the Company's other present and future direct, unconditional, unsubordinated and unsecured obligations, except as otherwise provided herein. Unless the Bonds have been previously redeemed, repurchased and cancelled or converted, the Company will redeem the Bonds at the Settlement Equivalent (as defined herein) of 105.11% of the outstanding principal amount thereof at maturity. The Bonds will not bear any interest.

The Bonds will be convertible into common shares of the Company, par value NT$10.00 per share (the "Common Shares" or "Shares"), during the period from and including October 18, 2024 to and including July 7, 2029 (subject to certain restrictions) at a conversion price which will initially be NT$3,220.62 per Share (subject to adjustment as set forth in "Description of the Bonds —Conversion — Adjustments to the Conversion Price") determined on the basis of a fixed exchange rate of NT$32.576 = US$1.00 applicable on conversion of the Bonds. The Common Shares are currently listed under the trading code "6669" on the Taiwan Stock Exchange (the "TWSE") in the Republic of China (the "ROC") and application will be made to list the Common Shares issued on conversion of the Bonds on the TWSE. The closing sale price per Share on the TWSE on July 10, 2024 was NT$2,620 (equivalent to US$80.43 at the exchange rate of NT$32.576 to US$1.00 based on the Taipei Forex Inc. Taiwan Dollar 11:00 Fixing rate on July 10, 2024). See "Risk Factors — Risks Relating to Ownership of the Bonds and the Common Shares."

At any time after July 17, 2027, by giving the requisite notice, the Company may redeem the Bonds, in whole or in part, at the Settlement Equivalent (as defined herein) of the Early Redemption Amount (as defined herein), if the closing price of the Common Shares for 20 out of 30 consecutive Trading Days (as defined herein) immediately prior to the date upon which notice of such redemption was given, is at least 130% of the quotient of the prevailing Conversion Price (as defined herein) multiplied by the Early Redemption Amount and divided by US$200,000. In addition, the Company may, at our option and by giving the requisite notice, redeem the Bonds then outstanding, in whole but not in part, at the Settlement Equivalent of the Early Redemption Amount if (i) more than 90% in principal amount of the Bonds originally issued has been redeemed, repurchased and canceled or converted or (ii) the Company becomes obligated to pay Additional Amounts (as defined herein) as a result of certain changes in the tax laws of the ROC occurring on or after the Closing Date, which is expected to be on July 17, 2024.

You may require the Company to repurchase the Bonds, in whole or in part (being US$200,000 in principal amount or any integral multiple of US$100,000 in excess thereof), at the Settlement Equivalent of 103.04% of the principal amount in US dollars with respect to your Bonds on July 17, 2027. You may also require the Company to repurchase the Bonds at the Settlement Equivalent of the Early Redemption Amount, if the Common Shares cease to be listed or admitted to trading on the TWSE or there is a Change of Control (as defined herein).

Approval in-principle has been received for the listing and quotation of the Bonds on the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The SGX-ST assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained in this offering circular. Approval in-principle for the listing and quotation of the Bonds and admission of the Bonds to the Official List of the SGX-ST are not to be taken as an indication of the merits of this offering (the "Offering"), the Company, the Group, its subsidiaries, or any of their associated companies or the Bonds. Prior to this Offering, there has been no market anywhere for the Bonds, or any market outside Taiwan for the Common Shares.

Notification pursuant to Section 309B(1) of the Securities and Futures Act 2001 of Singapore — The Bonds are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore).

Investing in and holding the Bonds involve a high degree of risk. See "Risk Factors" beginning on page 18 **for a discussion of certain factors to be considered in connection with an investment in, and the holding of, the Bonds.**

The Bonds and the Common Shares to be issued upon conversion of the Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or any state securities laws. The Bonds are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the Securities Act ("Regulation S"). The Bonds are sold subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and the applicable securities laws of any state or other jurisdiction pursuant to registration thereunder or exemption from registration. As a prospective purchaser, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. The Bonds are not being directly or indirectly offered in the ROC. See "Transfer Restrictions" and "Plan of Distribution."

The Bonds will be represented by beneficial interests in one or more global bonds registered in the name of Citivic Nominees Limited as nominee for the common depositary for Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream"). Except as described herein, beneficial interests in the global bonds will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream and their participants. The Initial Purchaser expects to deliver the Bonds to purchasers accounts on or about July 17, 2024.

Bonds Issue Price: 100%

Sole Global Coordinator and Sole Bookrunner

citi

Offering circular dated July 10, 2024

You should rely only on the information contained in this offering circular. Neither the Company nor the Initial Purchaser has authorized anyone to provide you with different information. Neither the Company nor the Initial Purchaser is making an offer of these securities in any state or jurisdiction where the offer is not permitted. This offering circular does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities to which it relates or an offer to sell or the solicitation of an offer to buy such securities by any person in any circumstances in which such offer or solicitation is unlawful. You should not assume that the information contained in this offering circular is accurate as of any date other than the date of this offering circular. The Company's business, financial condition, results of operations and prospects may have changed since that date.

Except as described below, the Company accepts responsibility for the information contained in this offering circular. The Company, having made all reasonable enquiries, confirm that this offering circular contains all information with respect to the Company, its consolidated subsidiaries, the Bonds and the Common Shares to be delivered upon conversion of the Bonds that is material in the context of the issue and offering of the Bonds, that the information contained in this offering circular is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this offering circular are honestly held and have been reached after considering all relevant circumstances and are based on reasonable assumptions, that there are no other facts, the omission of which would, in the context of the issue and offering of the Bonds, make this offering circular as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respects and that all reasonable enquiries have been made by the Company to verify the accuracy of such information and that this offering circular does not contain an untrue statement of a material fact or omit to state a material fact required to be stated or necessary in order to make the statements, in the light of the circumstances under which they are made, not misleading. The information contained in the sections entitled "Appendix A — The Securities Markets of the ROC" and "Appendix B — Foreign Investment and Exchange Controls in the ROC" has been extracted from publicly available resources. However, such information has not been verified by the Company, the Initial Purchaser or any of the Company's or the Initial Purchaser's respective affiliates or advisors in connection with this offering.

The distribution of this offering circular and the offering and sale of the Bonds, in certain jurisdictions may be restricted by law. Persons into whose possession this offering circular comes are required by the Company and the Initial Purchaser to inform themselves about and to observe any such restrictions. For a description of certain further restrictions on the offering and sale of the Bonds, and distribution of this offering circular, see "Plan of Distribution" and "Transfer Restrictions." This offering circular does not constitute an offer of, or an invitation by or on behalf of the Company or the Initial Purchaser to subscribe for or purchase any of the Bonds in any jurisdiction in which such offer or invitation would be unlawful. This offering circular may be used only for the purposes for which it has been published.

In making an investment decision regarding the Bonds, you must rely on your own examination of our Company and the terms of the Bonds and this offering, including the merits and risks involved. The contents of this offering circular are not to be considered as legal, business, financial or tax advice. You should consult your own counsel, accountants and other advisors as to legal, tax, business, financial and related aspects with respect to the purchase of the Bonds. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted, by the Initial Purchaser, the Trustee or the Agents or any of their respective affiliates, as to the accuracy or completeness of the information contained in this offering circular or any other information supplied in connection with our Company, the issue and offering of the Bonds or the Shares. To the fullest extent permitted by law, none of the Initial Purchaser, the Trustee or the Agents accept any responsibility for the contents of this offering circular or for any other statement, made or purported to be made by the Initial Purchaser, the Trustee or the Agents or on their behalf in connection with our Company, the issue and offering of the Bonds or the Shares. The Initial Purchaser, the Trustee or the Agents accordingly disclaim any and all liabilities whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this offering circular or any such statement.

Important Notice to Prospective Investors

Prospective investors should be aware that certain intermediaries in the context of this Offering of the Bonds, including Citigroup Global Markets Limited (the "**Initial Purchaser**"), are "capital market intermediaries" ("CMIs") subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the "Code"). This notice to prospective investors is a summary of certain obligations the Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as "overall coordinators" ("OCs") for this Offering and are subject to additional requirements under the Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the Code as having an association ("Association") with the Issuer, the CMI or the relevant group company. Prospective investors associated with the Issuer or any CMI (including its group companies) should specifically disclose this when placing an order for the Bonds and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this Offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this Offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this Offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with the Initial Purchaser, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the Initial Purchaser or its group company has more than 50% interest, in which case it will be classified as a "proprietary order" and subject to appropriate handling by CMIs in accordance with the Code and should disclose, at the same time, if such "proprietary order" may negatively impact the price discovery process in relation to this Offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not such a "proprietary order". If a prospective investor is otherwise affiliated with the Initial Purchaser, such that its order may be considered to be a "proprietary order" (pursuant to the Code), such prospective investor should indicate to the Initial Purchaser when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not such a "proprietary order". Where prospective investors disclose such information but do not disclose that such "proprietary order" may negatively impact the price discovery process in relation to this Offering, such "proprietary order" is hereby deemed not to negatively impact the price discovery process in relation to this Offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private bank(s) which acts as a CMI in connection with this Offering ("Private Banks")) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the Initial Purchaser and/or any other third parties as may be required by the Code, including to the Issuer, any OCs, relevant regulators and/or any other third parties as may be required by the Code, it being understood and agreed that such information shall only be used for the purpose of complying with the Code, during the bookbuilding process for this Offering. Failure to provide such information may result in that order being rejected.

PRIIPS REGULATION / PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

UK MIFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET: Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended, the "**EUWA**") ("**UK MiFIR**"); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

UK PRIIPS REGULATION / PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 of the United Kingdom (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

In addition, prospective investors should be aware that this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at: (i) in the UK, persons having professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"), and/or high net-worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order; and (ii) persons who are outside the UK (all such persons together being referred to as "**relevant persons**"). This document must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to, and will be engaged in only with, relevant persons.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

We have made forward-looking statements in this offering circular. The words "anticipate," "believe," "estimate," "expect," "intend," "plan," "project," "seek" and similar words identify forward-looking statements. In addition, all statements other than statements of historical fact included in this offering circular are forward-looking statements. Our forward-looking statements contain information regarding:

- our future revenue and profitability;
- our business strategies;
- expected growth in consumer demand;
- the expected industry trends;
- our capital expenditure plans; and

other matters discussed in this offering circular regarding matters that are not historical facts, are only forecasts based on information currently available to us. We have based these forward-looking statements on our current expectations and projections about future events. Although we believe that these expectations and projections are reasonable, these forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. These risks, uncertainties and other factors include, among others:

- the intensely competitive industries in which we operate;
- industry risks;
- general economic, political and social conditions and developments in the ROC, the United States and other jurisdictions in which we operate our business;
- market acceptance of our products;
- risks associated with our entry into new markets or businesses;
- changes in market prices for our products;
- our rate of growth and ability to meet the demands in relation to our growth;
- changes in the availability and prices of raw materials and machinery and equipment we need to manufacture our products;
- our ability to meet financial and other covenants provided under our loan agreements;
- our continued ability to secure funding to meet our liquidity needs and investment objectives;
- legal proceedings, if any; and
- other risks identified in the "Risk Factors" section of this offering circular.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we can give no assurance that such expectations will be proven correct. We undertake no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events or otherwise. In light of the foregoing and the risks, uncertainties and assumptions in "Risk Factors" and elsewhere in this offering circular, the forward-looking events in this offering circular are not guarantees of future performance and might not occur and our actual results could differ materially from those anticipated in those forward-looking statements.

ENFORCEABILITY OF FOREIGN JUDGMENTS IN THE ROC

We are a company limited by shares and incorporated under the ROC Company Act. Most of our directors and executive officers named in this offering circular are residents of the ROC and a significant portion of our assets and the assets of such persons are located in the ROC. As a result, it may be difficult for investors to enforce judgments obtained outside the ROC against us or such persons in the ROC, including those predicated upon the civil liability provisions of the federal securities laws of the United States. Any final judgment obtained against us or such persons in any court other than the courts of the ROC in respect of any legal suit or proceeding arising out of or relating to our Bonds or Common Shares to be issued upon conversion of the Bonds will be enforced by the courts of the ROC without further review of the merits only if the court of the ROC in which enforcement is sought is satisfied that:

- the court rendering the judgment has jurisdiction over the subject matter according to the laws of the ROC;
- neither the judgment nor the court proceedings resulting in the judgment are contrary to the public order or good morals of the ROC;
- the judgment is a final judgment for which the period for appeal has expired or from which no appeal can be taken;
- if the judgment was rendered by default by the court rendering the judgment, (i) process was duly served on us or such persons within a reasonable period of time within the jurisdiction of such court in accordance with the laws and regulations of such jurisdiction or (ii) process was served on us or such persons with judicial assistance of the ROC; and
- judgments of the courts of the ROC are recognized and enforceable in the jurisdiction of the court rendering the judgment on a reciprocal basis.

A party seeking to enforce a foreign judgment in the ROC would, except under limited circumstances, be required to obtain foreign exchange approval from the Central Bank of the Republic of China (Taiwan) (the "**CBC**"), for the remittance out of the ROC of any amounts exceeding US$100,000 or its equivalent recovered in respect of such judgment denominated in a currency other than NT dollars. See "Appendix B – Foreign Investment and Exchange Controls in the ROC."

CERTAIN CONVENTIONS AND OTHER DATA

Except where the context otherwise requires, all references in this offering circular to "Wiwynn," "we," "us," "our company" or the "Company" are to Wiwynn Corporation itself, or to Wiwynn Corporation and its subsidiaries, as the context required. All references to "Group" are to Wiwynn Corporation and its subsidiaries. All references to "Taiwan" or the "ROC" are to Taiwan and other areas under the effective control of the Republic of China. All references to the "ROC Government" are references to the government of the Republic of China. All references to "China" or the "PRC" are to the People's Republic of China and excludes, for the avoidance of doubt, Taiwan, Hong Kong and Macau. All references to "the United States" or the "U.S." are to the United States of America. All references to "South Korea" are to the Republic of Korea. All references to "Taiwan IFRS" are to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China (collectively, "**Taiwan IFRS**"). All references to "IFRS" are to International Financial Reporting Standards as issued by International Accounting Standard Board. All references to "United States dollars," "US dollars" and "US$" are to United States dollars, and references to "New Taiwan dollars," "NT dollars" and "NT$" are to New Taiwan dollars.

As the Shares are listed on the TWSE, our financial statements are required to be presented in New Taiwan dollars, the lawful currency of the ROC. Except as otherwise specified, all translations from NT dollars to US dollars are made using the exchange rate of NT$31.93 to US$1.00 on March 29, 2024, as set forth in the statistical release published by the Federal Reserve Board of Governors of the United States (the "**Federal Reserve Board**"). No representation is made that the NT$ or US$ amounts referred to in this offering circular could have been or could be converted into US$ or NT$, as the case may be, at any particular rate, the above rates or at all.

Unless expressly stated otherwise, all financial information, description and other information regarding our financial condition and results of operations as of and for the years ended December 31, 2021, 2022 and 2023 and as of and for the three months ended March 31, 2023 and 2024 included in this offering circular are presented on a consolidated basis.

In this offering circular, where information has been presented in thousands, millions or billions of units, amounts may have been rounded up or down. Accordingly, the total of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding.

We have compiled all industry and market information and statistics contained in this offering circular from various published and private sources, which may be inconsistent with other information compiled elsewhere. Neither we, nor the Initial Purchaser, have independently verified the accuracy of any of such information.

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SUMMARY

The following is only a summary and it may not contain all the information you should consider before deciding to invest in the Bonds. You should read this entire offering circular carefully, including the "Risk Factors" section and the financial statements and related notes.

Overview

We are a leading pure-play cloud information technology ("**IT**") infrastructure provider embracing the brand-new artificial intelligence ("**AI**") era through the development of high-performance, high-density hyperscale data center products worldwide. Our vision is to "unleash the power of digitalization, ignite the innovation of sustainability". Our mission is to provide the best total cost of ownership ("**TCO**"), workload, and energy-optimized IT solutions from edge to cloud.

The data center industry is currently undergoing a transformative shift, evolving into AI factories characterized by higher computing power, condensed space, and sustainable operations with lower TCO and power usage effectiveness ("**PUE**"). Consequently, the AI server market is set to surge due to substantial demand for increased computing power, lower latency, and enhanced operational efficiency. Since our inception, we have positioned ourselves as a pure-play cloud IT infrastructure provider, and held approximately 30% market share of the global original design manufacturer direct ("**ODM-direct**") server market in terms of shipments in 2023. We offer a broad range of hyperscale data center products, including computing servers (e.g., multi-node servers, multi-purpose servers, and edge/AI servers), AI/High-Performance Computing ("**HPC**") servers, storage servers, storage systems, and rack integration. Dedicated mainly to hyperscale data centers, our full suite of product offerings aims to facilitate cloud adoption, digital transformation and AI deployment over the years. Our customers include some of the world's most sophisticated and technology-savvy companies, who choose us as a long-term partner.

Established in 2012, we are one of the pioneers in adopting the ODM-direct model to pursue emerging business opportunities arising from the massive demands of cloud service providers ("**CSPs**") who prefer to procure data center IT equipment directly from ODMs. We were listed on the Emerging Stock Board of the Taipei Exchange ("**TPEx**") in 2017, followed by a listing on the TWSE in 2019. We have built a team known for integrity, excellence, innovation, adaptability, and teamwork, enabling us to thrive in a changing industry landscape.

Competitive Strengths

- Singular focus on AI and cloud markets with massive tailwind.
- Indispensable strategic position within the AI and cloud value chain.
- Attractive value proposition for customers.
- Proven research and development ("**R&D**") and advanced cooling capabilities for AI and cloud IT infrastructure.
- Global manufacturing footprint to ensure time to market.
- Visionary and committed management team.

Business Strategies

- Focus on addressing massive AI and cloud markets through collaborative relationships with leading technology providers.
- Invest in technologies and product development capabilities to enhance our competitive positioning.

- Develop new business opportunities with existing customers and selectively pursue new customers focused on AI.

- Continue to expand and enhance global manufacturing footprint.

- Continue to attract, train and retain quality talent to support our rapid growth.

- Focus on sustainable operation and corporate social responsibility.

Recent Developments

Pursuant to the rules and regulations of the TWSE, the Company reports its consolidated operating revenue each month on the Market Observation Post System ("**MOPS**").

- The Company announced on May 8, 2024 that its consolidated operating revenue for April 2024 amounted to NT$21,963.2 million, representing a 20.8% increase from NT$18,182.3 million for April 2023.

- The Company announced on June 7, 2024 that its consolidated operating revenue for May 2024 amounted to NT$24,759.6 million, representing a 59.6% increase from NT$15,518.7 million for May 2023.

- The Company announced on July 8, 2024 that its consolidated operating revenue for June 2024 amounted to NT$30,758.1 million, representing a 36.1% increase from NT$22,607.1 million for June 2023.

These monthly results have not been audited or reviewed by KPMG and may not be indicative of the Company's operating revenue for the full year 2024.

THE OFFERING

The following is only a summary and is qualified in its entirety by reference to the "Description of the Bonds."

Issuer	Wiwynn Corporation
The Offering	US$600,000,000 aggregate principal amount of currency-linked US dollar denominated zero coupon convertible bonds due 2029, being offered outside the United States in reliance on Regulation S under the U.S. Securities Act.
Interest	The Bonds will not bear any interest.
Closing Date	July 17, 2024
Maturity Date and Final Redemption	Unless previously redeemed, repurchased and canceled or converted, the Bonds will mature, and the Company will redeem the Bonds, on July 17, 2029 at the Settlement Equivalent (as defined herein) of 105.11% of the outstanding principal amount thereof.
Issue Price	100.00%
Ranking.	The Bonds will be the Company's direct, unconditional, unsubordinated and unsecured obligations (but subject to a negative pledge, as described in "Negative Pledge" below), and will rank *pari passu* without any preference or priority among themselves and with all of its other direct, unconditional, unsubordinated and unsecured obligations.
Conversion	Subject to certain conditions, each holder of the Bonds (a "Holder") will have the right during the Conversion Period (as defined herein) to convert its Bonds (or any portion thereof being US$200,000 in principal amount or integral multiples of US$100,000 in excess) into Common Shares, provided, however, that the Conversion Right during any Closed Period (as defined herein) shall be suspended and the Conversion Period shall not include any such Closed Period. See "Description of the Bonds — Conversion" and "Risk Factors — Risks Relating to Ownership of the Bonds and the Common Shares — There are limitations on the Bondholders' ability to exercise conversion rights." Subject to changes to ROC laws and regulations, the Company shall as soon as practicable but in no event more than five Trading Days (as defined herein) from the Conversion Date (as defined herein) deliver Common Shares in book-entry form to the converting Holders for the purpose of trading the Common Shares on the TWSE.
Conversion Price	The conversion price will initially be NT$3,220.62 per share determined on the basis of a fixed exchange rate applicable on conversion of Bonds of NT$32.576 = US$1.00. The conversion price will be subject to adjustments for, among other things, subdivision or consolidation of shares, right issues, distributions, stock dividends,

	and other dilutive events. See "Description of the Bonds."
Settlement Equivalent	For the relevant Rate Calculation Date (as defined herein) in respect of any US Dollar-denominated amount payable in respect of the Bonds, means such US Dollar amount converted into NT Dollar amount using the Fixed Exchange Rate of NT$32.576 = US$1.00, and then converted back to US Dollar amount using the applicable Prevailing Rate (as defined herein) on such date.
Early Redemption Amount.....	The Early Redemption Amount for each US$100,000 principal amount of the Bonds is determined so that it represents for the Holder a yield of 1.00% per annum, calculated on a semi-annual basis.
Redemption at the Option of the Issuer	At any time after July 17, 2027, the Bonds may be redeemed at the option of the Company, in whole or in part, on not less than 30 nor more than 60 days' notice to the Holders (which notice shall be irrevocable) and upon written notice to the Trustee and the Agents, at the Settlement Equivalent of the Early Redemption Amount, provided that: (l) the Closing Price of the Common Shares for 20 out of 30 consecutive Trading Days immediately prior to the date upon which notice of such redemption was given, is at least 130% of the quotient of the prevailing Conversion Price multiplied by the Early Redemption Amount and divided by US$100,000; and (2) the applicable Redemption Date does not fall within a Closed Period. Notwithstanding the foregoing, the Company may redeem the Bonds, in whole but not in part, at any time, on not less than 30 nor more than 60 days' notice, at the Settlement Equivalent of the Early Redemption Amount if more than 90% in principal amount of the Bonds originally issued has been redeemed, repurchased and canceled or converted; provided that the applicable Redemption Date does not fall within a Closed Period.
Additional Amounts	Payment of principal of and other amounts on the Bonds will be made without withholding for or on account of taxes of the ROC or such other jurisdiction in which the Company is then organized or resident for tax purposes or from which any payment on the Bonds is made (or any political subdivision or authority or agency thereof), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required, the Company will, subject to certain exceptions, pay such Additional Amounts (as defined herein) on the Bonds as will result in receipt by the Holder of each Bond of such amounts as would have been received by such Holder had no such withholding or deduction been required.
Tax Redemption	If, as a result of certain changes relating to the tax laws in the ROC or such other jurisdiction in which the Company is then organized or resident for tax purposes (or any political subdivision or authority or agency thereof), the Company becomes obligated to pay Additional Amounts, the Bonds may be redeemed at the option of the Company, in whole but not in part, at the Settlement Equivalent of the Early Redemption Amount; provided that such right cannot be exercised earlier than 45 days prior to the first date on which the Company

	would be obligated to make an Additional Amounts payment with respect to all or substantially all of the outstanding Bonds were a payment then due. Notwithstanding the foregoing, if the outstanding principal amount of the Bonds at the time when such redemption notice is given is greater than 10% of the aggregate principal amount of the Bonds as of the Closing Date, Holders may elect not to have their Bonds redeemed but with no entitlement to any Additional Amounts or reimbursement of additional tax. See "Description of the Bonds — Redemption for Taxation Reasons."
Repurchase at the Option of the Holder	Unless the Bonds have been previously redeemed, repurchased and canceled or converted, each Holder shall have the right, at such Holder's option, to require the Company to repurchase, in whole or in part (being US$200,000 in principal amount or any integral multiple of US$100,000 in excess thereof), such Holder's Bonds, on July 17, 2027 at the Settlement Equivalent of 103.04% of the principal amount in US dollars with respect to such Holder's Bonds to be repurchased.
Repurchase in the Event of Change of Control	Unless the Bonds have been previously redeemed, repurchased and canceled or converted, each Holder shall have the right, at such Holder's option, to require the Company to repurchase, in whole or in part (being US$200,000 in principal amount or integral multiples of US$100,000 in excess), such Holder's Bonds at the Settlement Equivalent of the Early Redemption Amount upon the occurrence of a Change of Control, as defined herein. See "Description of the Bonds — Repurchase in the Event of Change of Control."
Repurchase in the Event of Delisting	Unless the Bonds have been previously redeemed, repurchased and canceled or converted, in the event that the Common Shares cease to be listed or admitted to trading on TWSE, each Holder shall have the right, at such Holder's option, to require the Company to repurchase, in whole or in part (being US$200,000 in principal amount or any integral multiple of US$100,000 in excess thereof), such Holder's Bonds on the 20th Business Day after the Issuer provides a notice to the Holders, the Trustee and the Paying Agent regarding such delisting at the Settlement Equivalent of the Early Redemption Amount with respect to such Holder's Bonds to be repurchased. See "Description of the Bonds — Repurchase in the Event of Delisting."
Negative Pledge	Subject to certain exceptions, the Company will not, and will ensure that none of its Principal Subsidiaries (as defined herein) will, create or permit to subsist any Lien (as defined herein) to secure for the benefit of the holders of any International Investment Securities (as defined herein) any sum owing in respect thereof or any guarantee or indemnity thereof without making effective provision to secure the Bonds (a) equally and ratably with such International Investment Securities with a similar Lien or (b) with such other security as shall be approved by registered Holders holding not less than 50% of the principal amount of the outstanding Bonds. See "Description of the Bonds — Certain Covenants — Negative Pledge."
Form and Denomination	The Bonds will be issuable only in book-entry form and only in denominations of US$200,000 in principal amount and any integral multiples of US$100,000 in excess thereof. Bonds will be represented by the Global Bond. On the closing date of the Offering,

	the Company will deliver the Global Bond to the common depositary for Euroclear and Clearstream. If (i) at any time, the Common Depositary advises the Company in writing that it is unwilling or unable to continue as a depository for the Global Bond and a successor depository is not appointed within 90 days, (ii) either Euroclear or Clearstream or any alternative clearing system on behalf of which the Bonds evidenced by the Global Bond may be held is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so, or (iii) an event of default has occurred and is continuing with respect to the Bonds and the Issuer has received a written request from a Holder, the Company shall issue individual certificated bonds in registered form in exchange for the Global Bond in any authorized denominations and in an aggregate principal amount equal to the principal amount of the Global Bond. The Bonds will not be issuable in a bearer form.
Use of Proceeds	The gross proceeds to be received by the Company from this offering will be US$600,000,000, before deducting underwriting commissions and related expenses. The Company intends to use the net proceeds of the Offering for the procurement of raw materials in foreign currencies. See "Use of Proceeds".
Listing	Approval in-principle has been received for the listing and quotation of the Bonds on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained in this offering circular. Approval-in-principle for the listing and quotation of the Bonds and admission of the Bonds to the Official List of the SGX-ST are not to be taken as an indication of the merits of the Offering, the Company, the Group, its subsidiaries or any of their associated companies or the Bonds. Prior to the Offering, there has been no market anywhere for the Bonds, or any market outside the ROC for the Common Shares. For so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, the Bonds will be traded on the SGX-ST in a minimum board lot size of US$200,000.
Lock-Ups	The Company and certain of its existing shareholders have agreed that subject to certain exceptions, for a period of 90 days after the Closing Date, the Company and such shareholders will not, without the Initial Purchaser's prior written consent, offer, pledge, sell, contract to sell or otherwise transfer or dispose of any Bonds or Common Shares or any securities convertible into or exercisable or exchangeable for Bonds or Common Shares. See "Plan of Distribution."
Trading Market for the Common Shares	The only trading market for the Common Shares is the TWSE. The Common Shares have been listed on the TWSE under the trading code "6669".

Governing law	The Indenture and the Bonds will be governed by, and construed in accordance with, the laws of the State of New York.
Trustee	Citicorp International Limited
Principal Paying Agent, Conversion Agent, and Transfer Agent	Citibank, N.A., London Branch
Registrar	Citicorp International Limited
Transfer restrictions	None of the Bonds or the Common Shares issuable upon conversion of the Bonds has been registered under the Securities Act, and those securities are subject to restrictions on transfer. See "Transfer Restrictions".
Delivery of the Bonds	Delivery of the Bonds, against payment in same-day funds, will be on the Closing Date.
Simultaneous GDS Offering	Concurrent with this Offering, the Company is making an offering of 11,000,000 Global Depositary Shares (the "**GDSs**"), representing 11,000,000 new Common Shares, par value NT$10.00 per Share, through Citigroup Global Markets Limited as initial purchaser, in the United States in reliance on Rule 144A, and outside the United States in reliance on Regulation S under the U.S. Securities Act, pursuant to certain terms and conditions governing the GDSs.

SUMMARY FINANCIAL DATA

The following summary financial information has been derived from our audited consolidated financial statements as of and for the years ended December 31, 2021, 2022 and 2023 and unaudited condensed consolidated financial statements as of and for the three months ended March 31, 2023 and 2024 included elsewhere in this offering circular, which have been prepared in accordance with the Taiwan IFRS and with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the FSC, respectively. You should read the following selected financial information together with our financial statements included elsewhere in this offering circular. Neither these data nor the format in which they are presented should be viewed as comparable to information prepared in accordance with IFRS or generally accepted accounting principles elsewhere. See "Summary of Certain Material Differences between Taiwan IFRS and IFRS."

Consolidated financial information

Consolidated Statements of Comprehensive Income Data

	For the year ended December 31,				For the three months ended March 31,		
	2021	2022	2023		2023	2024	
	NT$	NT$	NT$	US$[1]	NT$	NT$	US$[1]
	(in thousands, except for earnings per share information)						
Operating Revenue	192,625,942	292,876,040	241,900,989	7,575,978	74,225,838	69,628,237	2,180,653
Operating Costs	177,004,761	268,896,763	219,243,712	6,866,386	68,043,277	61,923,174	1,939,342
Gross Profit From Operations	15,621,181	23,979,277	22,657,277	709,592	6,182,561	7,705,063	241,311
Operating Expenses							
Selling expenses	936,512	1,305,756	1,053,544	32,995	298,824	240,455	7,531
Administrative expenses	835,779	1,307,577	1,722,189	53,936	367,532	406,813	12,741
Research and development expenses	2,459,313	3,528,532	4,018,816	125,864	914,296	1,201,291	37,622
Expected credit loss (gain)	2,501	3,132	(7,818)	(245)	121,310	0	0
Total operating expenses	4,234,105	6,144,997	6,786,731	212,550	1,701,962	1,848,559	57,894
Net Operating Income	11,387,076	17,834,280	15,870,546	497,042	4,480,599	5,856,504	183,417
Non-Operating Income And Expenses							
Interest income	61,593	155,871	455,501	14,266	95,985	218,636	6,847
Other income	48	809	0	0	0	0	0
Other gains and losses	(64,374)	855,905	134,754	4,220	(159,711)	177,206	5,550
Finance costs	(356,154)	(881,614)	(953,143)	(29,851)	(236,139)	(328,536)	(10,289)
Share loss of associates and joint ventures accounted for using equity method	(32,120)	(67,968)	(63,979)	(2,004)	(16,753)	(21,665)	(679)
Total non-operating income and expenses	(391,007)	63,003	(426,867)	(13,369)	(316,618)	45,641	1,429
Income Before Tax	10,996,069	17,897,283	15,443,679	483,673	4,163,981	5,902,145	184,846
Income Tax Expense	2,348,057	3,722,574	3,400,024	106,484	865,714	1,194,871	37,421
Net Income	8,648,012	14,174,709	12,043,655	377,189	3,298,267	4,707,274	147,425
Other Comprehensive Income (net of tax)	(197,004)	1,613,291	123,192	3,859	(73,705)	1,589,469	49,780
Total Comprehensive Income	8,451,008	15,788,000	12,166,847	381,048	3,224,562	6,296,743	197,205
Profit Attributable To:							
Owners of parent	8,648,012	14,174,709	12,043,655	377,189	3,298,267	4,707,274	147,425
Comprehensive Income Attributable To:							
Owners of parent	8,451,008	15,788,000	12,166,847	381,048	3,224,562	6,296,743	197,205
Earnings Per Share							

Basic earnings per share	49.46	81.07	68.88	2.16	18.86	26.92	0.84
Diluted earnings per share	49.28	80.49	68.65	2.15	18.78	26.87	0.84

Consolidated Balance Sheet Data

	As of December 31,				As of March 31,		
	2021	2022	2023		2023	2024	
	NT$	NT$	NT$	US$[1]	NT$	NT$	US$[1]
				(in thousands)			
Total current assets	82,025,003	84,051,090	79,195,299	2,480,278	93,762,188	99,924,651	3,129,491
Total non-current assets	2,712,455	4,786,692	9,650,098	302,227	5,718,707	11,587,397	362,900
Total assets	**84,737,458**	**88,837,782**	**88,845,397**	**2,782,505**	**99,480,895**	**111,512,048**	**3,492,391**
Total current liabilities	47,165,833	38,562,438	36,494,015	1,142,937	44,499,848	52,329,263	1,638,875
Total non-current liabilities	10,201,599	11,488,338	10,117,330	316,860	12,969,479	10,651,990	333,604
Total equity	27,370,026	38,787,006	42,234,052	1,322,708	42,011,568	48,530,795	1,519,912
Total liabilities and equity	**84,737,458**	**88,837,782**	**88,845,397**	**2,782,505**	**99,480,895**	**111,512,048**	**3,492,391**

Consolidated Statements of Cash Flow Data

	For the year ended December 31,				For the three months ended March 31,		
	2021	2022	2023		2023	2024	
	NT$	NT$	NT$	US$[1]	NT$	NT$	US$[1]
				(in thousands)			
Net cash flows from (used in) operating activities	(14,212,457)	30,677,601	23,060,424	722,218	(9,172,402)	(8,699,166)	(272,444)
Net cash used in investing activities	(1,039,493)	(1,929,605)	(4,695,648)	(147,061)	(1,088,441)	(1,416,025)	(44,348)
Net cash flows from (used in) financing activities	14,854,553	(26,180,630)	(7,114,513)	(222,816)	11,789,171	427,580	13,391
Effect of exchange rate changes on cash and cash equivalents	(98,942)	991,662	12,665	397	(62,603)	701,799	21,979
Net increase (decrease) in cash and cash equivalents	(496,339)	3,559,028	11,262,928	352,738	1,465,725	(8,985,812)	(281,422)

Other Financial Data

	For the year ended December 31,			For the three months ended March 31,	
	2021	2022	2023	2023	2024
Gross margin[2]	8.1%	8.2%	9.4%	8.3%	11.1%
Operating margin[3]	5.9%	6.1%	6.6%	6.0%	8.4%
Net margin[4]	4.5%	4.8%	5.0%	4.4%	6.8%

(1) Translation of amounts from NT dollars into US dollars has been made at the rate prevailing on March 29, 2024 of NT$31.93 = US$1.00. The exchange rate is not derived from the audited or unaudited financial statements.
(2) Gross margin is calculated by dividing gross profit from operations by operating revenue, multiplied by 100%.
(3) Operating margin is calculated by dividing net operating income by operating revenue, multiplied by 100%.
(4) Net margin is calculated by dividing net income by operating revenue, multiplied by 100%.

RISK FACTORS

Investing in the Bonds involves risks, and you should carefully consider the risks described below before making an investment decision. In addition, you should also carefully consider all of the information contained in this offering circular, including our financial statements and related notes. You should note that we are governed in the ROC and the PRC by a legal and regulatory environment that in some material respects may be different from that prevailing in other countries.

Risks Relating to our Business and Industry

Geopolitical tensions and volatile global economic conditions may put downward pressure on demand for our products and services, as well as our business, financial condition, liquidity and results of operations.

The global economy has experienced significant volatility in recent years, including due to the global financial crisis and economic slowdown, rising interest rates, the conflicts of Russia-Ukraine and Israel-Hamas, trade tensions between the United States and the PRC, the novel coronavirus 2019 ("**COVID-19**") pandemic and volatility in the global stock markets, which have led to less favorable financial and economic conditions.

The uncertain nature, magnitude, and duration of hostilities stemming from the conflicts between Russia and Ukraine, the conflicts involving Hamas and Israel, and further escalation of tensions between Israel and various countries in the Middle East and North Africa, including the potential effects of sanctions limitations, retaliatory cyber-attacks on the world economy and markets, and potential shipping delays, have contributed to increased market volatility and uncertainty, which could have an adverse impact on macroeconomic factors that affect our business and could amplify the existing supply chain challenges faced by the Company. As a result of Russia's invasion of Ukraine, the United States, the United Kingdom and the European Union governments, among others, have developed coordinated economic and financial sanctions packages. As the invasion of Ukraine continues, there can be no certainty regarding whether such governments or other governments will impose additional sanctions, or other economic or military measures against Russia. Although we have not been materially adversely affected by the Russian-Ukraine conflicts, the impact of the invasion of Ukraine, including economic sanctions or additional war or military conflict, as well as potential responses to them by Russia, is still uncertain and they could adversely affect our business, supply chain, suppliers, customers and potential demand for our products as the current geopolitical conflicts continue, new geopolitical conflicts occur, and consequential sanctions and countermeasures develop. It is not possible to predict the broader consequences of this conflict, which could include further sanctions, embargoes, regional instability, geopolitical shifts and adverse effects on macroeconomic conditions, the availability and cost of raw materials, supplies, freight and labor, currency exchange rates and financial markets, all of which could impact our business, financial condition and results of operations.

There has been sustained tension between the United States and the PRC over trade policies including tariffs and barriers on imports and exports and government incentives to onshore and/or nearshore production and supply chains to favored jurisdictions. Our current results of operations have not been materially affected by the export control regulations or the overall trade tensions between the United States and the PRC. We cannot assure you that any trade-relevant regulations, rules, or measures will not have an adverse impact on our business, financial condition and results of operations. To the extent changes in the political environment have a negative impact on us or on the markets in which we operate our business, results of operations and financial condition could be materially and adversely impacted in the future.

Our business is sensitive to global economic conditions. There are ongoing concerns relating to the political gridlock in the United States over government spending and debt levels and the consequences for economic growth and investor confidence in the United States. Central banks of some countries, including the Federal Reserve Board, have also accelerated their shifts in monetary policies and increased interest rates. There can be no assurance that monetary and fiscal policy measures adopted by central banks or national governments will have the intended effect or that a global economic downturn will not occur or market volatilities will not persist. In 2023, the global financial markets have experienced further turmoil with the collapse of Silicon Valley Bank, followed by Signature Bank, the crisis of Credit Suisse, and the seizure of First Republic Bank, which has resulted in the tightening of bank credit and reduced capital reduced investment activities. This could adversely affect growth rates globally and could materially and adversely affect our business, financial condition, and results of operations. The volatile global market conditions may adversely affect the demand for our products. The potential decrease and slowdown in demand for such products may inflict significant downward pressure

on prices, and we could have reduced revenues, lower profit margins and/or loss of market share, any of which would have a material adverse effect on our business, reputation, financial condition and results of operations.

A substantial portion of our business is derived from a limited number of major customers. Our customer concentration exposes us to the risks faced by our major customers and may subject us to risks relating to significant fluctuations or declines in revenue and profitability.

We derive a significant portion of our business from a limited number of major customers. In 2022 and 2023, our three largest customers accounted for 90.2% and 94.7% of our operating revenue, respectively.

There can be no assurance that we will be able to continue to retain these major customers or maintain the current levels of business with them. The concentration of our sales among a limited number of major customers also exposes us to a variety of risks that could have a material adverse impact on our revenue and profitability, including reductions in any major customer's demand for our hyperscale data center products or loss of any major customer. If one or more of our key customers reduces, delays or cancels their orders, or their financial condition or market share deteriorates, our financial condition, results of our business operations and financial performance could be significantly impacted. Similarly, a failure to provide customized products to meet our customers' demands, our inability to keep pace with the evolving advanced technology or the exclusion of our products from new products introduced by our customers may cause us to lose customers, which may adversely affect our results of operations, financial condition and cash flows. If we lose any of our key customers, it may be difficult to attract new customers or generate comparable levels of business with other existing customers to offset the loss. To attract new customers or retain existing end customers, we may offer certain customers favorable prices for our products. In that event, our revenue and gross margins may also decline. Also, as we have significant capital expenditures and depreciation expenses that are fixed in nature in 2023 and 2024, any fluctuations in demand from our major customers could negatively affect our profitability. Furthermore, litigation and other challenges as to the products, technologies or intellectual properties of any of our major customers may also reduce the sale of our hyperscale data center products to such customers or in certain key markets. If any of these were to happen, our business, results of operations and financial condition could be materially and adversely affected.

In addition, it is possible that our major customers may develop their own products that may compete with our products and services, or adopt a competitor's products and services that they currently purchase from us. If that happens, our sales would be adversely impacted and our business, financial condition, and results of operations would be materially and adversely affected.

We must work closely with our suppliers to make timely new product introductions.

We rely on our close working relationships with our suppliers such as NVIDIA, Advanced Micro Devices ("**AMD**") and Intel to anticipate and deliver new products on a timely basis when new generation materials and components are made available. If we are not able to maintain our relationships with our suppliers or continue to leverage their R&D capabilities to develop new technologies desired by our customers, our ability to quickly offer advanced technology and product innovations to our customers would be impaired. We have no long-term agreements that obligate our suppliers to continue to work with us or to supply us with products.

Our cost structure, working capital and ability to deliver hyperscale data center products to customers in a timely manner may be adversely affected by fluctuation of the market price for raw materials and components for our products.

Prices of certain raw materials and high-value components utilized in the manufacture of our hyperscale data center products, such as graphic processing unit ("**GPU**"), central processing unit ("**CPU**"), memory, hard disk drive ("**HDD**"), solid state drive ("**SSD**"), and motherboard, represent a significant portion of our operating costs. We do not have long-term supply contracts for raw materials and components, but instead often purchase these raw materials and components on a purchase order basis. Prices of these raw materials and components may fluctuate, and, as a result, it is difficult to predict cost and expense levels and operating results. For example, in certain new AI server products, the cost of GPU accounts for a majority portion of the servers' bill of materials, which may negatively impact our gross margin. While previously, we were generally able to adjust the price of our products to reflect the increase in component price and our customers were usually willing to accept, we cannot guarantee that we will be able to do so in the future. If we fail to do so, our exposure to component pricing fluctuations can adversely affect our financial results. In addition, if our business

growth renders it necessary or appropriate to transition to contracts with raw materials and component suppliers, our costs may increase, the amount of cash available for working capital or capital expenditures may decrease and our gross margins could correspondingly decrease.

We may be limited in our ability to effectively and efficiently respond to customer orders because of the then-current availability or the terms and pricing of raw materials and components. If shortages, supply or demand imbalances or delays arise, the prices of these raw materials and components may increase or the raw materials and components may not be available at all. Our industry has experienced materials shortages and delivery delays in the past, including as a result of the negative impact of the COVID-19 pandemic on global supply chains, and we may experience shortages or delays of materials or increased logistics costs to obtain necessary materials in a timely manner in the future. There were shortages of certain specific types of integrated circuit chips ("**IC chips**") on the motherboard of our products from 2021 to 2022, resulting from manufacturers' limited capacity to meet our increasing demand. The shortages brought challenges to our management of raw materials and components. Since these IC chips are necessary for the production of our products, we had to pay higher-than-normal prices to ensure supply of these IC chips. Currently, in general, we are able to pass through the costs to our customers, however, we cannot guarantee that if there is a significant increase in the costs of raw materials or components in the future, our customers will continue to be willing to do so and not reduce their orders of our products. Certain events, including the lockdown in Shanghai due to COVID-19 pandemic from March to May 2022, the U.S. government's restrictions on selling AI chips to Chinese customers, and the demand for NVIDIA GPU products in AI market outpacing its supply, also brought challenges to certain players in our industry with respect to the supply of raw materials and components. While the supply of our raw materials and components has not been materially adversely affected by these events, there is no assurance that our operations will not be affected by such events in the future. From time to time, we have been forced to delay the introduction of certain of our products or the fulfillment of customer orders as a result of shortages of raw materials and components, which can adversely impact on our revenue. Moreover, in the event of shortages, some of our larger competitors may have greater abilities to obtain raw materials and components due to their larger purchasing power. We may not be able to secure enough raw materials or components at reasonable prices or of acceptable quality to build new products to meet customer demand, which could adversely affect our business, results of operations and financial condition.

If we were to lose any of our current supply or contract manufacturing relationships, the process of identifying and qualifying a new supplier or contract manufacturer who meets our quality and delivery requirements, and who will appropriately safeguard our intellectual property, may require a significant investment of time and resources, adversely affecting our ability to satisfy customer purchase orders and delaying our ability to rapidly introduce new products to market. Similarly, if any of our suppliers were to cancel, materially change contracts or commitments to us or fail to meet the quality or delivery requirements needed to satisfy customer demand for our products, whether due to shortages or other reasons, our reputation and relationships with customers could be damaged. We could lose orders, be unable to develop or sell some products cost-effectively or on a timely basis, if at all, and have significantly decreased revenues, margins and earnings, which would have a material adverse effect on our business, results of operations and financial condition.

Our industry is subject to rapid technological change, uncertainty and shifting market opportunities, and we may be unable to capitalize or keep pace with these developments.

Our success depends, in part, on our ability to define and keep pace with changes in industry trends, technological developments and varying customer requirements. Changes in industry trends and needs could adversely affect the development of, and demand for, our technology, rendering our technology currently under development obsolete and unmarketable. The patents and applications comprising our portfolio have fixed terms, and, if we fail to anticipate or respond adequately to these changes through the development or acquisition of new patentable inventions, patents or other technology, we could miss a critical market opportunity, reducing or eliminating our ability to capitalize on our patents, technology solutions or both.

As part of the evolution of our business, we have made substantial investments to develop new products and enhancements to existing products through our R&D efforts and cooperation with our partners. If the market of our products does not grow as we expect, or if we fail to adapt and respond effectively to rapidly changing technology, evolving industry standards, changing regulations, and changing customer needs, requirements or preferences, our products and solutions may become less competitive.

If we are unable to anticipate technological changes in our industry by introducing new or enhanced products in a timely and cost-effective manner, or if we fail to introduce products that meet market demands, we may lose our competitive position, our products may become obsolete, and our business, financial condition or results of operations could be adversely affected. Difficulties in any of our new product development efforts could adversely affect our operating results and financial condition.

The market in which we participate is highly competitive, and if we do not compete effectively, our share of wallet with our existing key customers may decline and we may not be able to deepen our market penetration, grow our operating revenue or improve our gross margins.

The market for hyperscale data center products is intensely competitive and rapidly changing. The market continues to evolve with the growth of AI, cloud and edge computing. It is possible that new competitors could emerge and acquire significant market share. In addition, increased exposure to international markets further creates new areas with which we may not be familiar with and could place us in competition with new market players. We cannot assure you that we will be successful in adapting into the new competitive environment. Some of our competitors may offer hyperscale data center products at a lower price, which has resulted in pricing pressures on sales of our hyperscale data center products. We expect further downward pricing pressure from our competitors. If we are unable to maintain the margins on our hyperscale data center products, our operating results could be negatively impacted. In addition, if we do not develop new innovative solutions, enhance the reliability, performance, efficiency and other features of our existing hyperscale data center products or reduce their overall costs, our products may become uncompetitive and obsolete and our customers may turn to our competitors for alternatives. In order to succeed in this environment, we must successfully meet our customers' technology requirements and increase the value of our products, while also striving to reduce their overall costs and our own operating costs. If we fail to successfully manage these competitive factors, fail to successfully balance the conflicting demands for innovative technology with lower overall costs, or fail to address new competitive forces, our business and financial condition will be adversely affected. In addition, pricing pressures and increased competition generally may also result in decreased share of wallet with our existing key customers, reduced sales, less efficient utilization of our manufacturing operations, lower margins or the failure of our products to achieve or maintain widespread market acceptance, any of which could have a material adverse effect on our business, results of operations and financial condition.

Our competitors include other ODM-direct cloud IT infrastructure players, such as Quanta, Foxconn and Inventec. In addition, we also compete with conventional cloud IT infrastructure original equipment manufacturer ("**OEM**") brands, such as Dell, Hewlett-Packard Enterprise, Lenovo and Super Micro.

Many of our competitors may have competitive advantages, such as:

- greater name recognition and deeper market penetration;
- longer operating histories;
- larger sales and marketing organizations and R&D teams and budgets;
- more established relationships with customers, contract manufacturers and suppliers and better channels to reach larger customer bases and larger sales volume allowing for better costs;
- larger customer service and support organizations with greater geographic scope;
- a broader and more diversified array of products and services; and
- substantially greater financial, technical and other resources.

Some of our current or potential competitors are also currently or have in the past been suppliers to us. As a result, they may possess sensitive knowledge or experience which may be used against us competitively and/or which may require us to alter our supply arrangements or sources in a way which could adversely impact our cost of sales or results of operations.

Our competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards or customer requirements. Competitors may seek to copy our innovations and use cost advantages from greater size to compete aggressively with us on price. Certain customers are also current or prospective competitors and as a result, assistance that we provide to them as customers may ultimately result in increased competitive pressure against us. Furthermore, because of these advantages, even if our application optimized hyperscale data center products are more effective than the products that our competitors offer, potential customers might accept competitive products in lieu of purchasing our products. The challenges we face from larger competitors will become even greater if consolidation or collaboration between or among our competitors occurs in our industry. These changes could have a significant impact on the market and impact our results of operations. For all of these reasons, we may not be able to compete successfully against our current or future competitors, and if we do not compete effectively, our ability to increase our operating revenue may be impaired.

We may incur high costs in our expansion into new businesses.

As we continually expand the supply of new products and services, we expect to incur higher costs, including R&D costs, as we scale the "learning curve" in these new products and services. These new products and services may require expertise that we are still building up, and higher costs may be incurred due to efforts to gather the required expertise and capabilities. These higher costs may result in lower profit margins for us, which in turn may adversely affect our business, financial condition, results of operations and prospects. In addition, there is no guarantee that we will be successful in expanding into these new businesses.

If we do not successfully manage the expansion of our international manufacturing capacity and business operations, our business could be harmed.

Our own production facilities are currently located in Tainan, the ROC, Johor, Malaysia and Juarez, Mexico. We continue to expand our plants in Johor, Malaysia and Juarez, Mexico to increase our international manufacturing capacity. In order to successfully construct the new production facilities and increase our operations in the Mexico and Malaysia, we must efficiently manage our operations in the Mexico and Malaysia from our headquarters in the ROC and develop a strong local management team. If we are unable to successfully ramp up our international manufacturing capacity, including the associated increased logistics and warehousing, we may incur unanticipated costs, difficulties in making timely delivery of products or suffer other business disruptions which could adversely impact our results of operations.

We may not be able to successfully manage our business for growth and expansion.

Over time we expect to continue to make investments to pursue new customers and expand our product and service offerings to grow our business. We also expect that our annual operating expenses will continue to increase as we invest in sales and marketing, R&D, manufacturing and production infrastructure, software and product service offerings, and strengthening customer service and support resources for our customers. Our failure to expand operational and financial or internal control systems timely or efficiently could result in additional operating inefficiencies, which could increase our costs and expenses more than we had planned and prevent us from successfully executing our business plan. We may not be able to offset the costs of operation expansion by leveraging the economies of scale from our growth in negotiations with our suppliers and contract manufacturers. Additionally, if we increase our operating expenses in anticipation of the growth of our business and this growth does not meet our expectations, our financial results will be negatively impacted.

If our business grows, we will have to manage additional product design projects, materials procurement processes and sales efforts and marketing for an increasing number of the stock-keeping units, provide and update an increasing amount of software utilized in our hardware offerings, provide more sophisticated product service offerings to support our customers, and expand the number and scope of our relationships with suppliers, distributors and end customers. If we fail to manage these additional responsibilities and relationships successfully, we may incur significant costs, which may negatively impact our operating results. Additionally, in our efforts to be first to market new products with innovative functionality and features, we may devote significant R&D resources to products and product features for which a market does not develop quickly, or at all. If we are not able to predict market trends accurately, we may not benefit from such R&D activities, and our results of operations may suffer.

Managing our business for long-term growth also requires us to successfully manage our employee headcount. We must continue to hire, train and manage new employees as needed. If our new hires perform poorly, or if we are unsuccessful in hiring, training, managing and integrating these new employees, or if we are not successful in retaining our employees, our business may be harmed. While in the past we have had significant growth in headcount, particularly during periods of rapid growth, our headcount has remained relatively flat in recent periods. A growth in headcount would continue to increase our cost base, which would make it more difficult for us to offset any future revenue shortfalls by offsetting expense reductions in the short term. See "– If we are unable to attract and integrate additional key employees in a manner that enables us to scale our business and operations effectively, or if we do not maintain competitive compensation policies to retain our employees, our ability to operate effectively and efficiently could be limited." If we fail to successfully manage our growth, we will be unable to execute our business plan.

Conflicts of interest may arise between us and Wistron, and those conflicts may adversely affect our operations.

From time to time we have engaged in a variety of transactions with our affiliates as partnerships to acquire customers, including Wistron Corporation and its subsidiaries (collectively, "**Wistron**"), among others. Wistron is a technology service provider supplying innovative information and communications technology products, service solutions, and systems to top branded companies worldwide. Wistron Corporation is our parent company, direct shareholder and the ultimate controlling party of the Group. As of March 31, 2024, it owns 37.7% of all outstanding Shares of the Company. See "Transactions with Related Parties." In particular, we outsource some part of manufacturing activities to Wistron. Our purchase amount from Wistron Corporation represented 26.8%, 27.3%, 22.7%, 26.3% and 16.7% of our total purchase amount in 2021, 2022, 2023 and the three months ended March 31, 2023 and 2024, respectively. We may not negotiate or enforce contractual terms as aggressively with Wistron as we might with an unrelated party, and the commercial terms of our agreements may be less favorable than we might obtain in negotiations with third parties. If our business dealings with Wistron are not as favorable to us as arms-length transactions, our results of operations may be harmed.

If the Company is sold or disposed of, new ownership could reassess the Company's business and strategy, and as a result, our supply chain could be disrupted or the terms and conditions of our agreements with Wistron may change. As a result, our operations could be negatively impacted or costs could increase, either of which could adversely affect our margins and results of operations.

We may also engage in transactions with related parties in the future. Conflicts of interests arise when we transact business with related parties. These transactions, individually or in the aggregate, may have an adverse effect on our business and results of operations or may result in government enforcement actions or other litigation.

Our reliance on Wistron could be subject to risks and uncertainties.

We plan to continue to maintain our business cooperation with Wistron. We also anticipate that we will continue to maintain our manufacturing relationship with Wistron and lease manufacturing factories from Wistron in Mexico.

If our commercial relationship with Wistron deteriorates, we may encounter delays in expanding our presence in the AI industry and fulfilling customer orders. Similarly, if Wistron's facilities are subject to damage, destruction or other disruptions, our inventory may be damaged or destroyed, and we may be unable to find adequate alternative providers of contract manufacturing services in the time that we or our customers require. We could lose orders and be unable to develop or sell some products cost-effectively or on a timely basis, if at all.

We outsource the manufacturing of certain cloud data center products to Wistron. If our commercial relationship with Wistron were to deteriorate or terminate, establishing direct relationships with those entities supplying Wistron with key materials for our products or identifying and negotiating agreements with alternative providers of contract manufacturing services might take a considerable amount of time and require a significant investment of resources. If we need to use other suppliers, we may not be able to establish business arrangements that are, individually or in the aggregate, as favorable as the terms and conditions we have established with Wistron. If any of these things should occur, our operating revenue, margins and earnings could significantly decrease, which would have a material adverse effect on our business, results of operations and financial condition.

Raw materials and components shortages may adversely affect us.

We purchase certain of our raw materials and components from certain suppliers which we believe currently satisfy our quality standards and can meet our volume requirements. However, the capacity of these suppliers may not be equipped to cope with our increasing orders. Our revenue and earnings could decline if we are unable to obtain adequate supplies of the raw materials and components in a timely manner or if there are significant increases in the costs of raw materials and components.

We are also required, in certain circumstances, to source certain components from suppliers who have been qualified by our customers. Should any shortage of supply occur in the future, we may not be able to obtain an adequate alternative supply of raw materials and components to meet the requirements and production demand.

We may incur high R&D costs with advanced technology and there is no guarantee that our R&D efforts will yield fruitful results.

We have been continuously upgrading our technologies to integrate new technology innovation into our production. Our long-term investments are situated in advanced technology, including cooling technology enabling us to offer comprehensive thermal solutions, spanning from air, single-phase and two-phase direct-to-chip ("**D2C**") liquid cooling, as well as single-phase and two-phase immersion cooling. The development of such advanced technology may incur and may continue to incur high R&D costs. However, there is no guarantee that our R&D investments will yield fruitful results enabling us to achieve a significant growth in operating revenue. If we cannot achieve certain technology breakthrough and successfully apply them into products which generate adequate gross margins so as to compensate for such investment in R&D, our financial performance and business operations may be materially and adversely affected.

Furthermore, some of our new product lines are technologically intensive, and the direction and pace of development of the market for these new products are uncertain. For instance, the rapid evolution of AI and cloud technology may lead some companies to delay purchasing decisions regarding relevant products to assess the new offerings, which was part of the reason the server market experienced a slowdown in 2023. This trend could affect our operating revenue or cause increase in our inventories. Additionally, we face competition from existing market players who may have specific expertise and are better positioned in developing high-end and advanced technology. Consequently, there is no assurance that our R&D investments will be successful. Should our attempt to develop advanced technology fail, it will adversely affect our business, financial condition, and results of operations.

We may impact significant capital in developing, qualifying, and ramping up production of new products without any assurance of product sales.

Our products must undergo extensive customer qualification processes before being selected by customers for inclusion in their end products. To meet our customers' product launch schedules, we may invest capital and allocate substantial resources, including research, design, engineering, sales and marketing efforts, based on non-binding forecasts provided by these customers. However, there is no assurance that our products will be designed into a customer's end product or qualified by the customer as satisfying its requirements. If our product is not designed into or qualified by the customer, we may not recover or realize any return on the capital that it has invested and its results of operations and profitability may be materially adversely affected. In addition, the time and costs required to ramp-up production for new products can be significant. We often incur certain non-recurring costs and expenditures for tooling and other equipment which may not be reusable in manufacturing products for other customers or different products for the same customer. Production of ramp-ups typically involve greater volumes of scrap and execution risks such as higher costs due to inefficiencies and delays in production. All of these factors can materially and adversely affect our results of operations and profitability.

We may experience difficulties in demonstrating to customers the value of our new products or newer generations of our existing products.

As we are directing our efforts in developing and introducing new products or newer generations of our existing products, we face the risk that customers may not value or be willing to bear the cost of incorporating these newer products into their facilities and may forego adopting one or more newer generations of our existing products. Regardless of the

improved features or superior performance of the newer products, customers may be unwilling to adopt our new products due to design or pricing constraints, among other reasons. Furthermore, even if customers decide to adopt our new or updated products, the transition may be gradual, potentially leading to prolonged periods where certain products outsell others. Given the significant time and resources we invest in research and development, an inability to sell these new or updated products could lead to a decline in our revenue and adversely impact our business, financial condition, and operational results.

We are vulnerable to any force majeure events or natural disasters and other disruptive events that could severely disrupt the normal operation of our business and adversely affect earnings.

The ROC is susceptible to earthquakes and has experienced severe earthquakes in the past, which caused significant property damage and loss of life. For example, on April 3, 2024, a 7.2 magnitude earthquake recorded off the coast of Hualien, the ROC. Although we did not experience significant structural damage to the facilities in recent years, there can be no assurance that future earthquakes will not occur and result in major damage to the facilities, which could have a material adverse effect on our results of operations.

The ROC is also susceptible to typhoons, which may cause damage and business interruptions to companies. Flooding is another potential risk that may disrupt our operations or the operations of our customers or suppliers, potentially leading to a decline in the demand for our respective products or shortage of the supply of raw materials and components. In addition, our global presence exposes us to potential threat of natural disasters and incidents in other geographic regions. Any temporary or sustained adverse impact from future natural disasters or incident may negatively affect the results of operations.

If the Company's or any of the major subsidiaries' customers are affected by an earthquake, a typhoon, a flood or other natural disasters, it could result in a decline in the demand for our respective products or services. If our respective suppliers and providers of raw materials, components or transport services are affected, our respective operations could be interrupted or delayed. As a result, a major drought, earthquake, typhoon, flood, natural disaster, climate change or other disruptive events in the ROC could severely disrupt our normal business operations and have a material adverse effect on our respective financial conditions and results of operations. Similarly, acts of terrorism, wars, threats of war, social unrest and the corresponding heightened travel security measures instituted in response to such events, as well as geopolitical uncertainty and international conflict and tension, could affect economic development and the stability of the global economy, which in turn, could have a material adverse effect on our business, financial condition and results of operations. In addition, we may not be adequately prepared in terms of contingency planning or have recovery capabilities in place to deal with a major incident or crisis. As a result, our operational continuity may be materially and adversely affected, and our reputation may be negatively impacted.

Our quarterly operating results have fluctuated and will likely fluctuate in the future.

We believe that our quarterly operating results will continue to be subject to fluctuation due to various factors, many of which are beyond our control. Factors that may affect quarterly operating results include:

- Fluctuations in demand for our products, in part due to changes in the global economic environment;
- The occurrence of global pandemics, including the COVID-19 pandemic, and other events that impact the global economy or one or more sectors of the global economy;
- The ability of our customers and suppliers to obtain financing or fund capital expenditures;
- Fluctuations in the timing and size of large customer orders, including with respect to changes in sales and implementation cycles of our products into our customers' spending plans and associated revenue;
- Variability of our margins based on the mix of server and storage systems, subsystems, rack integration, and accessories we sell and the percentage of our sales to internet data center, cloud computing customers or certain geographical regions;

- Fluctuations in availability and costs associated with components like semiconductors and memory and other materials needed to satisfy customer requirements, especially during a period of global market disruption, and, in particular, the impact of the extended duration of the COVID-19 pandemic on our supply chain and the supply chain of our suppliers;

- The timing of the introduction of new products by leading microprocessor vendors and other suppliers;

- The introduction and market acceptance of new technologies and products, and our success in new and evolving markets, and incorporating emerging technologies in our products, as well as the adoption of new standards;

- Changes in our product pricing policies, including those made in response to new product announcements;

- Mix of whether customer purchases are of partially or fully integrated systems or subsystems and accessories;

- The effect of mergers and acquisitions among our competitors, suppliers, customers, or partners;

- General economic conditions in our geographic markets;

- Geopolitical tensions, including trade wars, tariffs and/or sanctions in our geographic markets;

- Impact of regulatory changes on our cost of doing business; and

- Costs associated with remediation and legal proceedings.

The fluctuation of quarterly operating results may render less meaningful period-to-period comparisons of our operating results, and you should not rely upon them as an indication of future performance.

Our revenue and margins for a particular period are difficult to predict, and a shortfall in revenue or decline in margins may harm our operating results.

As a result of a variety of factors discussed in this offering circular, our revenue and margins for a particular quarter are difficult to predict, especially in light of a challenging and inconsistent global macroeconomic environment, diseases and pandemic, increased competition, the effects of the sustained tensions between the United States and the PRC, Israel-Hamas, Ukraine-Russia military conflicts and related market uncertainty. Our revenue may grow at a slower rate than in past periods or decline.

The timing of large orders can also have a significant effect on our business and operating results from quarter to quarter. From time to time, we receive large orders that have a significant effect on our operating results in the period in which the order is recognized as revenue. For instance, our larger customers may seek to fulfill all or substantially all of their requirements in a single or a few orders, and not make another significant purchase for a substantial period of time. The timing of such orders is difficult to predict, and the timing of revenue recognition from such orders may affect period to period changes in revenue. As a result, our operating results could vary materially from quarter to quarter based on the receipt of such orders and their ultimate recognition as revenue.

We plan our operating expense levels based primarily on forecasted revenue levels. These expenses and the impact of long-term commitments are relatively fixed in the short term. A shortfall in revenue could lead to operating results being below expectations because we may not be able to quickly reduce these fixed expenses in response to short-term business changes.

Any of the above factors could have a material adverse impact on our operations and financial results.

The capacity issue is likely to sustain and may further limit our capability to penetrate into existing and new customers.

We currently have our own manufacturing facilities located in Tainan, the ROC, Johor, Malaysia and Juarez, Mexico. Given that our own production capacity is limited, we outsource part of our manufacturing activities to Wistron. In an effort to alleviate the constraint of production capacity on our expansion, lessen our reliance on Wistron, and meet the rising demand of our customers, we are expanding our production lines in Johor, Malaysia and Juarez, Mexico. In Mexico, our rack integration facilities are expected to have approximately 900 test stations and 11 automation lines in the second half of 2024. In Johor, Malaysia, Phase I of the server rack integration plant for hyperscale data centers has been in mass production since the second half of 2023. We expect that Phase II, the server Printed Circuit Board Assembly ("**PCBA**") plant, will start operation in the second half of 2024, providing comprehensive services to data center customers. We have allocated advanced cooling technology capacity to both the Malaysia and Mexico facilities. Some aspects of our manufacturing processes may not be easily scalable to allow for production in larger volumes, resulting in higher than anticipated material, labor and overhead costs per unit. As a result, manufacturing and quality control problems may arise as we increase our level of production. We may not be able to increase our manufacturing capacity in a timely and cost-effective manner and we may experience delays in manufacturing new products, which could prevent us from meeting demand for our products. We may be unable to complete expansions in time to take advantage of the rising demand of our customers. As a result, we may lose sales and fail to penetrate into existing and new customers, generate increased revenue and remain profitable.

Increases in average selling prices ("ASPs") for our racks have historically contributed to increases in operating revenue in some of the periods covered by this offering circular. Such prices are subject to decline if customers do not continue to purchase our latest generation products or additional components, which could harm our results of operations.

Increases in ASPs for our hyperscale data center products, which were primarily driven by more complicated rack design or applying more expensive components such as GPUs used in our AI related products, have contributed to increases in operating revenue in some of the periods covered by this offering circular. As with most electronics-based products, ASPs of hyperscale data center products are typically the highest at the time of introduction of new products, which utilize the latest technology, and tend to decrease over time as such products become commoditized and are ultimately replaced by even newer generation products. We cannot predict the timing or amount of any decline in the ASPs of our hyperscale data center products that we may experience in the future. If we are unable to decrease the average per unit manufacturing costs faster than the rate at which ASPs continue to decline, our business, financial condition and results of operations will be harmed.

We may lose sales, incur unexpected expenses or deplete working capital relating to insufficient, excess or obsolete inventory.

To offer greater choices and optimization of our products to benefit our customers, we maintain a high level of inventory, which requires a substantial amount of investment and may deplete our working capital. If we fail to maintain sufficient inventory, we may not be able to meet demand for our products on a timely basis, and our sales may suffer. If we overestimate customer demand for our products, we could experience excess inventory of our products and be unable to sell those products at a reasonable price, or at all. As a result, we may need to record higher inventory reserves. In addition, from time to time we assume greater inventory risk in connection with the purchase or manufacture of more specialized components in connection with higher volume sales opportunities. Our days inventory outstanding, defined as the average inventories of the beginning and ending balance as of the balance sheet date divided by operating costs per day, decreased from 67 days for the year ended December 31, 2021 to 55 days for the years ended December 31, 2022 and December 31, 2023 and increased to 58 days for three months ended March 31, 2024 on an annualized basis. Nevertheless, no assurances can be given that such efforts will be successful to manage inventory, and we could be exposed to risks of insufficient, excess, or obsolete inventory. We have from time-to-time experienced inventory write downs associated with higher volume sales that were not completed as anticipated. We expect that we will experience such write downs from time to time in the future related to existing and future commitments. Excess or obsolete inventory levels for these or other reasons could result in unexpected expenses or increases in our reserves against potential future charges which would adversely affect our business, results of operations and financial condition.

Any failure to adequately expand or retain our sales force will impede our growth.

We expect that our sales force will continue to grow as larger customers increasingly require a direct sales approach. Competition for sales personnel with the advanced sales skills and technical knowledge we need is intense, and we face significant competition for sales personnel from our competitors. Our ability to grow our revenue in the future will depend, in large part, on our success in recruiting, training, retaining and successfully managing sufficient qualified sales personnel. New hires require significant training and may take six months or longer before they reach full productivity. Our recent hires and planned hires may not become as productive as we would like, and we may be unable to hire sufficient numbers of qualified individuals in the future in the markets where we do business. If we are unable to hire, develop and retain sufficient numbers of productive sales personnel, our customer relationships and resulting sales of our hyperscale data center products will suffer.

If negative publicity arises with respect to us, our employees, our third-party service providers or our partners, our business and operating results could be adversely affected, regardless of whether the negative publicity is true.

Negative publicity about us or our products, even if inaccurate or untrue, could adversely affect our reputation and the confidence in our products, which could harm our business and operating results. Harm to our reputation can also arise from many other sources, including employee misconduct, and misconduct by our partners and outsourced service providers. Additionally, negative publicity with respect to our partners or service providers could also affect our business and operating results to the extent that we rely on these partners or if our customers or prospective customers associate our company with these partners.

If we are unable to attract and integrate additional key employees in a manner that enables us to scale our business and operations effectively, or if we do not maintain competitive compensation policies to retain our employees, our ability to operate effectively and efficiently could be limited.

Our future success depends in large part upon the continued service of our current executive management team and other key employees. We are particularly dependent on the continued service of our existing R&D personnel because of the complexity of our products and technologies. Our employment arrangements with our executives and employees do not require them to provide services to us for any specific length of time, and they can terminate their employment with us at any time without penalty. The loss of services of any of these executives or of one or more other key members of our team could seriously harm our business.

To execute our growth plan, we must attract additional highly qualified personnel, including additional engineers and executive staff. Competition for qualified personnel is intense. We have experienced and may continue to experience difficulty in hiring and retaining highly skilled employees with appropriate qualifications. If we are unable to attract and integrate additional key employees in a manner that enables us to scale our business and operations effectively, or if we do not maintain competitive compensation policies to retain our employees, our ability to operate effectively and efficiently could be limited.

We are subject to operational risks.

The operation of manufacturing facilities involves many risks and hazards, including fire, the breakdown, failure or substandard performance of equipment, delays in delivery of equipment or improper installation or operation of equipment, difficulties in upgrading or expanding existing facilities in changing manufacturing line technologies, capacity constraints, labor disturbances, natural disasters such as earthquakes, floods, droughts or typhoons, environmental hazards and industrial accidents. The occurrence of any such or other problems could materially and adversely affect our manufacturing plants and cause delivery delays and reduced output, which would have a material and adverse effect on our business, financial condition and results of operations.

Foreign exchange fluctuations may adversely affect our results of operations and financial conditions.

While we headquarter in the ROC and need NT dollars for our daily operations, both our products are usually sold and our procurements are usually made in US dollars. Accordingly, we are exposed to foreign exchange risks in exchange

rate fluctuations between among US dollar and NT dollar exchange rates and, to a lesser extent, exchange rates between other currencies, which would affect our operating revenue as well as our non-operating income.

The impact of future exchange rate fluctuations among these currencies on our results of operations and financial condition cannot be accurately predicted, and there can be no assurance that our attempt to mitigate the adverse effects of exchange rate fluctuations will be successful or that such exchange rate fluctuations will not in the future have a material adverse effect on our financial performance.

Our efforts to enhance production capabilities are subject to risks and uncertainties, and we operate multiple manufacturing facilities across continent that may be subject to geopolitical risk or supply chain constraint.

In order to fulfill the increasing customer demand, we intend to continue to expand our existing production capabilities. Our expansion plans and business growth require significant capital expenditure and the dedicated attention of our management. We intend to fund such purchases and expansions by using cash generated from our operations. Nevertheless, we may require additional financing to achieve our expansion plans and may have difficulty obtaining such financing. See "– We may have capital requirements in connection with building manufacturing facilities and there is no assurance that we will be able to obtain the financing to satisfy our capital requirements."

Our efforts to enhance our production capabilities are subject to other significant risks and uncertainties, including but not limited to:

- unexpected delays and cost overruns resulting from a number of factors, many of which may be beyond our control, including increases in the prices and availability of materials, electrical components, shortages of skilled employees, transportation constraints, disputes with customers or suppliers as well as equipment malfunctions;

- lower production efficiency and yield during the initial mass production phase of our new server and storage systems and other products before achieving our expected economies of scale, which may have a substantial impact on our gross profit margin during a given period;

- our ability to obtain the required permits, licenses and approvals from relevant government authorities;

- availability of the necessary technology or equipment from third parties or our internal R&D;

- diversion of management attention and other resources; and

- interruptions caused by natural disasters or other unforeseen events.

In addition, our efforts to enhance our production capabilities may not achieve the expected benefits. If the demand for our hyperscale data center products is weaker than anticipated, we may experience problems associated with overcapacity and under-utilization of personnel and other resources, which may have an adverse effect on our business, financial condition and results of operations.

On the other hand, if we fail to accurately estimate the ramp-up time required for a new production facility or we fail to achieve the anticipated production yield of a newly launched product in a timely manner, we may incur additional cost of raw materials, outsourcing or sub-contracting expenses in order to ensure timely delivery of our products to customers.

Moreover, we operate multiple manufacturing facilities across continent. Should any of the facilities become unavailable either temporarily or permanently for any number of reasons, including geopolitical risks, labor disruptions, supply chain disruptions, the occurrence of a contagious disease or illness, such as the COVID-19 pandemic, or catastrophic weather events, whether or not as a result of climate change, the inability to manufacture at the affected facility may result in harm to our reputation, increased costs, lower revenues and the loss of customers. We may not be able to easily shift production to other facilities or to make up for lost production. Any new facility needed to replace an

inoperable manufacturing facility would need to comply with the necessary regulatory requirements, need to satisfy our specialized manufacturing requirements and require specialized equipment.

We depend upon the development of new products and enhancements to our existing products, and if we fail to predict or respond to emerging technological trends and our customers' changing needs, our operating results and market share may suffer.

The markets for our products are characterized by rapidly changing technology, evolving industry standards, new product introductions, and evolving methods of operations. Our operating results depend on our ability to develop and introduce new products into existing and emerging markets and to reduce the production costs of existing products. If our customers do not purchase our products, our business will be harmed. In the post-COVID-19 pandemic era, the escalating demands for digital transformation are driving the adoption of cloud services. The palpable rise in customers' needs for cloud, remote conferencing, and digital video is evident. Furthermore, the growing demand for products manufactured with GPUs due to increased AI usage is also significantly impacting the server industry.

The process of developing products incorporating new technologies is complex and uncertain, and if we fail to accurately predict customers' changing needs and emerging technological trends our business could be harmed. We must commit significant resources, including the investments we have been making in our strategic priorities to developing new products before knowing whether our investments will result in products and services the market will accept. If the industry does not evolve as we believe it will, or if our strategy for addressing this evolution is not successful, many of our strategic initiatives and investments may be of no or limited value. Also, suppliers of our components may introduce new technologies that are critical to the functionality of our products at a slower rate than their competitors, which could adversely impact our ability to timely develop and provide competitive offerings to our customers. Similarly, our business could be harmed if we fail to develop, or fail to develop in a timely fashion, offerings to address other transitions, or if the offerings addressing these other transitions that ultimately succeed are based on technology, or an approach to technology, different from ours. In addition, our business could be adversely affected in periods surrounding our new product introductions if customers delay purchasing decisions to qualify or otherwise evaluate the new product offerings.

Furthermore, we may not execute successfully on our vision or strategy because of challenges with regard to product planning and timing, technical hurdles that we fail to overcome in a timely fashion, or a lack of appropriate resources. This could result in competitors, some of which may also be our suppliers, providing those solutions before we do and loss of market share, revenue, and earnings. The success of new products depends on several factors, including proper new product and service definition, component costs, timely completion and introduction of these products, differentiation of new products from those of our competitors, market acceptance of these products, and providing appropriate support of these products. There can be no assurance that we will successfully identify new product opportunities, develop and bring new products to market in a timely manner, or achieve market acceptance of our products or that products and technologies developed by others will not render our products or technologies obsolete or noncompetitive. The products and technologies in our other product categories and key priority and growth areas may not prove to have the market success we anticipate, and we may not successfully identify and invest in other emerging or new products.

We may fail to protect our proprietary technology.

Our success depends in part upon protecting our proprietary technology. As of March 31, 2024, we had 365 granted patents and 203 pending patents. Our efforts to protect our technology may be costly and unsuccessful. We rely on agreements with customers, employees and other third parties as well as intellectual property laws worldwide to protect our proprietary technology. These agreements may be breached, and we may not have adequate remedies for any breach. Additionally, despite our measures to prevent piracy, other parties may attempt to illegally copy or use our products, which could result in lost revenue if their efforts are successful. Some foreign countries do not provide effective legal protection for intellectual property, and our ability to prevent the unauthorized use of our products in those countries is therefore limited. Our trade secrets may also be stolen, otherwise become known, or be independently developed by competitors.

From time to time, we may need to commence litigation or other legal proceedings to:

- assert claims of infringement of our intellectual property;

- defend our products from piracy;
- protect our trade secrets or know-how; or
- determine the enforceability, scope and validity of the propriety rights of others.

If we do not obtain or maintain appropriate patent, copyright or trade secret protection, for any reason, or cannot fully defend our intellectual property rights in certain jurisdictions, our business and operating results would be harmed. In addition, intellectual property litigation is lengthy, expensive and uncertain. Legal fees related to such litigation will increase our operating expenses and may reduce our net income.

We generally do not obtain long-term volume purchase commitments from customers, and therefore, cancelations, reductions in production quantities and delays in production by customers could adversely affect our operating results.

We generally do not obtain firm, long-term purchase commitments from customers. See "Business — Sales, Marketing and Customers." Some of our customers have experienced significant decreases in demand for their products and services in the past and may experience such decreases again in the future. The uncertain economic conditions in several of the markets in which our customers operate have prompted and may prompt some of the customers to cancel orders, delay the delivery of some of the products that we manufacture or place purchase orders for fewer products than we previously anticipated.

Cancelations, reductions or delay of orders by customers may:

- adversely affect our operating results by reducing the volumes of products that we manufacture for its customers;
- delay or eliminate recoupment of our expenditures for inventory purchased in preparation for customer orders; and
- lower our asset utilization, which would affect our results of operations.

Our suppliers' failure to improve the functionality and performance of raw materials and components for our products may impair or delay our ability to deliver innovative products to our customers.

We need our raw material and component suppliers to provide us with components that are innovative, reliable and attractive to our customers. Due to the pace of innovation in our industry, many of our customers may delay or reduce purchase decisions until they believe that they are receiving best of breed products that will not be rendered obsolete by an impending technological development. Accordingly, demand for new server and storage systems that incorporate new products and features is significantly impacted by our suppliers' new product introduction schedules and the functionality, performance and reliability of those new products. If our raw materials and component suppliers fail to deliver new and improved raw materials and components for our products, we may not be able to satisfy customer demand for our products in a timely manner, or at all. If our suppliers' components do not function properly, we may incur additional costs and our relationships with our customers may be adversely affected.

The loss of any third-party suppliers, service providers or other business partners, or any significant interruption in their operations may negatively impact our business.

In terms of our customer ecosystem, we rely on third-party suppliers, service providers and other business partners to serve our customers. Any interruptions in these third parties' operations, any failure to accommodate our fast-growing business scale, any termination or suspension of supply arrangements, any change in cooperation terms, the deterioration of cooperative relationships, or any disputes with our third-party suppliers, may materially and adversely affect our results of operations. For example, the production and integration of our products involve several third-party suppliers, ranging from providers of certain components to the shipment of our products. A significant interruption in the operations of our suppliers could cause a significant interruption impacting our operations and/or customers' operation, whether as a result of a natural disaster, labor difficulties, fire or other causes. In addition, our current agreements with our

suppliers generally do not prohibit them from working with our competitors. We cannot assure you that we would be able to find replacement suppliers on commercially reasonable terms or a timely basis. If we could not solve the impact of the interruptions of operations of our third-party suppliers or service providers, our business operations and financial results may be materially and adversely affected.

Our failure to deliver high quality server and storage systems could damage our reputation and diminish demand for our products.

Our hyperscale data center products are critical to our customers' business operations. Our customers require our hyperscale data center products to perform at a high level, contain valuable features and be extremely reliable. The design of our hyperscale data center products is sophisticated and complex, and the process for manufacturing, assembling and testing our hyperscale data center products is challenging. Occasionally, our design or manufacturing processes may fail to deliver products of the quality that our customers require. For example, in the past certain vendors have provided us with defective components that failed under certain applications. As a result, our products needed to be repaired and we incurred costs in connection with the recall.

New flaws or limitations in our hyperscale data center products may be detected in the future. Part of our strategy is to bring new products to market quickly, and first-generation products may have a higher likelihood of containing undetected flaws. If our customers discover defects or other performance problems with our products, our customers' businesses, and our reputation, may be damaged. Customers may elect to delay or withhold payment for defective or underperforming hyperscale data center products, request remedial action, terminate contracts for untimely delivery, or elect not to order additional products, which could result in a decrease in revenue, an increase in our provision for doubtful accounts or in collection cycles for accounts receivable or subject us to the expense and risk of litigation. We may incur expense in recalling, refurbishing or repairing defective hyperscale data center products sold to our customers or remaining in our inventory. If we do not properly address customer concerns about our products, our reputation and relationships with our customers may be harmed. For all of these reasons, customer dissatisfaction with the quality of our products could substantially impair our ability to grow our business.

We may be delayed or unable to renew existing license agreements.

Some of our license agreements have fixed terms. For example, we entered into a patent cross license agreement with Wistron with fixed terms. Although we endeavor to renew license agreements with fixed terms prior to the expiration of the license agreements, due to various factors, including the technology and business needs and competitive positions of our licensees and, at times, reluctance on the part of our licensees to participate in renewal discussions, we may not be able to renegotiate the license agreements on acceptable terms before or after the expiration of the license agreement, or at all. If there is a delay in renegotiating and renewing a license agreement prior to its expiration, there could be a gap in time during which we may be unable to recognize revenue from that licensee or we may be forced to renegotiate and renew the license agreement on terms that are more favorable to such licensee, and, as a result, our revenue and cash flow could be materially adversely affected. In addition, if we fail to renegotiate and renew our license agreements at all, our revenue and cash flow could be materially adversely affected.

The global nature of our operations exposes us to increased risks inherent in engaging in international business and compliance obligations.

We derived substantially all of our revenue from sales outside of the ROC, and we expect our orders and revenue to continue to depend on sales to customers outside the ROC, particularly given our business focus in the United States and Europe. This strategy requires us to recruit and retain qualified technical and managerial employees, manage multiple remote locations performing complex software development projects and ensure intellectual property protection outside of the ROC. Our international operations and sales subject us to increased risks, including:

- ineffective or weaker legal protection of intellectual property rights in certain jurisdictions in which we have less experience;

- greater uncertainty in the economic and political conditions in countries where we do business;

- the potential for government trade restrictions, including tariffs, export licenses, or other trade barriers, and changes to existing trade arrangements between various countries such as the PRC and the United States;

- financial risks, such as longer payment cycles and difficulty in collecting accounts receivable in certain countries;

- additional taxes, interest, and potential penalties, and uncertainty around changes in tax laws of various countries; and

- other factors beyond our control such as natural disasters, terrorism, civil unrest, war, and infectious diseases and pandemics, including the COVID-19 pandemic.

There is also a risk, based on the complex relationships between the ROC and certain countries, such as the PRC, that political, diplomatic, or military events could result in trade disruptions, including tariffs, trade embargoes, export restrictions and other trade barriers. A significant trade disruption, export restriction, or the establishment or increase of any trade barrier in any area where we do business could reduce customer demand and cause customers to search for substitute products and services, make our products and services more expensive or unavailable for customers, increase the cost of our products and services, have a negative impact on customer confidence and spending, make our products less competitive, or otherwise have a materially adverse impact on our future revenue and profits, our customers' and suppliers' businesses and our results of operations.

We may undertake mergers, acquisitions or investments to expand our business, which may pose risks to our businesses and dilute the ownership of existing shareholders, and may not be able to realize the anticipated benefits of these mergers, acquisitions or investments.

As part of the growth strategy to invest in next-generation technologies and product development to enhance competitiveness, we may continue to evaluate opportunities to acquire or invest in other companies. In March 2021, we acquired 20% of the issued share capital of LiquidStack Holding B.V. ("**LiquidStack**"), a liquid cooling company, at a consideration of US$10 million, to establish strategic partner relationship in order to speed up the development of liquid cooling technology. As we did not participate in the capital increase of LiquidStack in 2023, our shareholding in LiquidStack was decreased to 15.13% as of March 31, 2024. In the first quarter of 2024, we acquired 7.92% of the private preferred shares of ZutaCore Ltd, a liquid cooling company, at a consideration of US$8 million. In the first quarter of 2024, we also invested US$5 million in Andra Capital Fund LP, a private equity fund whose main focus is to invest in AI companies. Mergers, acquisitions or investments that we have entered into, and may enter into in the future, entail a number of risks that could materially and adversely affect our businesses, operating and financial results, including, among others:

- problems integrating the acquired operations, technologies or products into our existing business and products;

- diversion of management's time and attention from our other segments;

- conflicts with joint venture partners;

- adverse effects on our existing business relationships with customers;

- need for financial resources above our planned investment levels;

- failures in realizing anticipated synergies;

- difficulties in retaining business relationships with suppliers and customers of the acquired company;

- risks associated with entering markets in which we lack experience;

- potential loss of key employees of the acquired company; and

- potential write-offs of acquired assets.

Our failure to address these risks successfully may have a material adverse effect on our financial condition and results of operations. Any such acquisition or investment will likely require a significant amount of capital investment, which would decrease the amount of cash available for working capital or capital expenditures.

Difficulties we encounter relating to automating internal controls utilizing our enterprise resource planning ("ERP") systems or integrating processes that occur in other IT applications could adversely impact our controls environment.

Many companies have experienced challenges with their ERP systems that have had a negative effect on their business. We have incurred and expect to continue to incur additional expenses related to our ERP systems, particularly as we continue to further enhance and develop them including by automating certain internal controls. Any future disruptions, delays or deficiencies relating to automating internal controls utilizing our ERP systems or integrating processes that occur in other IT applications could adversely affect our ability to deliver accurate financial statements and otherwise impact our controls environment. Any of these consequences could have an adverse effect on our business, results of operations and financial condition.

System security violations, data protection breaches, cyber-attacks and other related cyber-security issues could disrupt our internal operations or compromise the security of our products, and any such disruption could reduce our expected revenues, increase our expenses, damage our reputation and adversely affect our business.

Malicious computer programmers and hackers may be able to penetrate our network and misappropriate or compromise our confidential information or that of third parties, create system disruptions or cause shutdowns. Computer programmers and hackers also may be able to develop and deploy viruses, worms and other malicious software programs that attack our products or otherwise exploit any security vulnerabilities of our products. While we employ a number of protective measures, including firewalls, anti-virus and endpoint detection and response technologies, these measures may fail to prevent or detect attacks on our systems. While there have not been any unauthorized intrusions into our network in the past, there can be no assurance that future intrusions will not occur and that, if such intrusions occur, our business, operations, or products may be adversely affected. In addition, our hardware and software or third-party components and software that we utilize in our products may contain defects in design or manufacture, including "bugs" and other problems that could unexpectedly interfere with the operation or security of the products. The costs to us to eliminate or mitigate cyber or other security problems, bugs, viruses, worms, malicious software programs and security vulnerabilities could be significant and, if our efforts to address these problems are not successful, could result in interruptions, delays, cessation of service and loss of existing or potential customers that may impede our sales, manufacturing, distribution or other critical functions. Any claim that our products or systems are subject to a cyber-security risk, whether valid or not, could damage our reputation and adversely impact our revenues and results of operations.

We manage and store various proprietary information and sensitive or confidential data relating to our business as well as information from our suppliers and customers. Breaches of our or any of our third party suppliers' security measures or the accidental loss, inadvertent disclosure or unapproved dissemination of proprietary information or sensitive or confidential data about us or our customers or suppliers, including the potential loss or disclosure of such information or data as a result of fraud, trickery or other forms of deception, could expose us or our customers or suppliers to a risk of loss or misuse of this information, result in litigation and potential liability for us, damage our brand and reputation or otherwise harm our business.

To the extent we experience cyber-security incidents in the future, our relationships with our customers and suppliers may be materially impacted, our brand and reputation may be harmed and we could incur substantial costs in responding to and remediating the incidents and in resolving any investigations or disputes that may arise with respect to them, any of which would cause our business, operations, or products to be adversely affected. In addition, the cost and operational consequences of implementing and adding further data protection measures could be significant.

Our operations could involve the use of regulated materials, and we may incur substantial cost to comply with applicable environmental, health and safety laws and regulations.

We are subject to laws and regulations relating to the use, handling, storage, disposal and human exposure to materials, including hazardous materials. If we were to violate or become liable under environmental, health and safety laws in the future as a result of our inability to obtain permits, human error, accident, equipment failure or other causes, we could be subject to fines, costs or civil or criminal sanctions, face third-party property damage or personal injury claims or be required to incur substantial investigation or remediation costs, any of which could have a material adverse effect on business, results of operations and financial condition.

We also face increasing complexity in our product design as we adjust to new requirements relating to the materials composition, energy efficiency and recyclability of our products, including EU eco-design requirements for servers and data storage products. We expect that our operations will be affected by other new environmental laws and regulations on an ongoing basis that will likely result in additional costs, and could require that we change the design and/or manufacturing of products, and could have a material adverse effect on business, results of operations or financial condition.

Any failure to protect our intellectual property could impair our brand and our competitiveness.

Our ability to prevent competitors from gaining access to our technology is essential to our success. If we fail to protect our intellectual property rights adequately, we may lose an important advantage in the markets in which we compete. Trademark, patent, copyright and trade secret laws in the ROC and other jurisdictions as well as our internal confidentiality procedures and contractual provisions are the core of our efforts to protect our proprietary technology and our brand. Our patents and other intellectual property rights may be challenged by others or invalidated through administrative process or litigation, and we may initiate claims or litigation against third parties for infringement of our proprietary rights. Such administrative proceedings and litigation are inherently uncertain and divert resources that could be put towards other business priorities. We may not be able to obtain a favorable outcome and may spend considerable resources in our efforts to defend and protect our intellectual property.

Furthermore, legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain. Effective patent, trademark, copyright and trade secret protection may not be available to us in every country in which our products are available. The laws of some foreign countries may not be as protective of intellectual property rights as those in the ROC, and mechanisms for enforcement of intellectual property rights may be inadequate.

Accordingly, despite our efforts, we may be unable to prevent third parties from infringing upon or misappropriating our intellectual property and using our technology for their competitive advantage. Any such infringement or misappropriation could have a material adverse effect on our business, results of operations and financial condition.

Resolution of claims that we have violated or may violate the intellectual property rights of others could require us to indemnify others, or pay significant royalties to third parties.

Our industry is marked by a large number of patents, copyrights, trade secrets and trademarks and by frequent litigation based on allegations of infringement or other violation of intellectual property rights. Our primary competitors have substantially greater numbers of issued patents than we have which may position us less favorably in the event of any claims or litigation with them. Other third parties have in the past sent us correspondence regarding their intellectual property or filed claims that our products infringe or violate third parties' intellectual property rights. In addition, increasingly non-operating companies are purchasing patents and bringing claims against technology companies. We have been subject to several such claims and may be subject to such claims in the future.

Successful intellectual property claims against us from others could result in significant financial liability or prevent us from operating our business or portions of our business as we currently conduct it or as we may later conduct it. In addition, resolution of claims may require us to redesign our technology to obtain licenses to use intellectual property belonging to third parties, which we may not be able to obtain on reasonable terms, to cease using the technology covered by those rights, and to indemnify our customers, indirect sales channel partners or vendors. Any claim, regardless of its

merits, could be expensive and time consuming to defend against, and divert the attention of our technical and management resources.

Our insurance coverage may not adequately protect us against certain operating and other hazards which may have an adverse effect on our business.

We believe that the coverage from insurance policies for production facilities is in line with industry norms, adequate for present operations and includes adequate coverage for risks relating to fires and public liability. However, there can be no assurance that any claim under the insurance policies maintained will be timely honored in full or at all. To the extent that we suffer loss or damage that is not covered by insurance or exceeds insurance coverage, our business, results of operations and financial condition may be materially and adversely affected. There can also be no assurance that insurance will continue to be available to provide reasonable, or any, coverage on reasonable commercial terms.

We may be sued for product liability or experience problems with product quality or performance which could result in adverse publicity or subject us to unexpected expenses, including potentially significant monetary damages.

We typically provide a warranty to our customers for our products, and our products are typically produced and sold to customers to meet their specifications. If our products fail to meet the specifications, we will usually inspect and replace the defected component of our products. However, we may be subject to claims from our customers that our products had failed to perform or caused damage. While we had immaterial replacements for our products and has purchased product liability insurance coverage, the possibility of future product failures could cause us to incur substantial expense to replace defective products, provide refunds or resolve disputes with our customers through litigation, arbitration or other means.

If any product liability claims are successfully asserted against us, we could be required to pay significant monetary damages. Even if a product liability claim does not result in a judgment in favor of a claimant, we may still incur substantial legal expenses defending against such a claim. In addition, product failures and the assertion of product liability claims against us, even if unsuccessful, could also result in adverse publicity that may damage our reputation and customer relationships, which would have a material adverse effect on our business.

Our products may not be viewed as supporting climate change mitigation in the IT sector and we are subject to risks associated with our customers' substantial demand for electrical power to support their operations.

As the power of processing units increases significantly, the global electricity consumption of data center is expected to constitute a large portion of global electricity consumption, with cooling energy being expected to account for a significant part of the total data center power consumption. Our ability to create energy saving products is key to climate change mitigation, and business success. In addition, climate change reporting and product certification are increasingly sought by customers and regulators. If we do not satisfy customer requirements for products that help mitigate climate change, and document how they contribute to such change, it could have a material adverse impact on our business, operating results, and financial conditions.

In addition, the operation of our products by our customers can require massive amounts of electrical power. The demand for our products can only increase or remain sustainable if the costs, including electrical power expenses, associated with using our products are not burdensome for our clients. For instance, our AI platform servers rely on a reliable and cost-effective power supply to ensure optimal performance. Any shortage of electricity supply or an increase in electricity costs in a jurisdiction could negatively impact customer demand in that area. We may have capital requirements in connection with building manufacturing facilities and there is no assurance that we will be able to obtain the financing to satisfy our capital requirements.

In order to build and expand our manufacturing facilities, we are required to obtain significant financial resources to fund our capital expenditures. The increase in our capital expenditures to fund the expansion could drain our financial resources, and we could suffer loss if we are unable to successfully expand our manufacturing facilities. We anticipate funding our capital requirements with proceeds from existing cash balances and credit lines, and cash inflow from operations, together with existing and future bank borrowings. However, in the event of adverse market conditions in the future or changes in our growth plan, manufacturing process, product technologies, prices of machinery and equipment or

interest rates, our actual expenditures may exceed our planned expenditures and we may not have sufficient sources of liquidity to affect our current operational plan and would need to secure additional financing from external sources. There can be no assurance that external sources of liquidity will be available to fund our ongoing operations or the expansion of our manufacturing facilities. The failure to obtain financing would hinder our ability to implement our business strategies as planned, which could materially and adversely affect our business, results of operations and financial condition.

Our future effective income tax rates could be affected by changes in the relative mix of our operations and income among different geographic regions and by changes in domestic and foreign income tax laws.

We are subject to taxation in the ROC, the United States, and other countries. Significant judgment is required to determine and estimate worldwide tax liabilities. Any significant change in our future effective tax rates could adversely impact our consolidated financial position, results of operations and cash flows.

Our future effective income tax rates could be adversely affected if tax authorities challenge our international tax structure or if the relative mix of our ROC and international income changes for any reason, or due to changes in the ROC or international tax laws. The application of tax laws and regulations is subject to legal and factual interpretation, judgment and uncertainty. Tax laws themselves are subject to change as a result of changes in fiscal policy, changes in legislation and the evolution of regulations and court rulings. Consequently, taxing authorities may impose tax assessments or judgments against us that could materially impact our tax liability and/or our effective income tax rate.

In addition, the tax rates applicable to us could be rescinded or changed. The Organization for Economic Co-operation and Development ("**OECD**") has released guidance covering various international tax standards as part of its "base erosion and profit shifting" ("**BEPS**"), an initiative which is currently in its implementation phase. The anticipated implementation of BEPS by non-U.S. jurisdictions in which we operate could result in changes to tax laws, rules, and regulations, including with respect to transfer pricing, which could materially increase our effective tax rate. On October 8, 2021, the OECD issued a statement announcing that 137 of its 140 members had agreed upon two groups of proposals for global tax reform, labelled "Pillar One" and "Pillar Two." Pillar One is focused on providing a mechanism for taxing rights more closely aligned with market engagement (generally where people or consumers are located). Pillar Two is focused on establishing a global minimum tax rate and would apply when a jurisdiction's effective tax rate is below a minimum tax rate of 15%. On December 20, 2021, the OECD published model rules consistent with Pillar Two announced in its October 2021 statement, and the model rules included the 15% global minimum tax rate previewed as part of Pillar Two in the OECD's October 2021 statement.

Based on the framework announced by the OECD, we believe there is no impact to us for Pillar One. For Pillar Two, the impact may need further analysis and depends on the details regarding the exact steps (and timing) of the framework's implementation, which remain to be confirmed. This framework is wide ranging and could affect all multinational enterprises across all industries, including us, by affecting our effective tax rate on earnings. As such, the Group is monitoring the manner in which countries will implement Pillar Two and how that could impact the Group's business. Various jurisdictions, including Japan, South Korea and Malaysia where our subsidiaries are located, have enacted relevant legislations, though the implementation schedule may vary. No assurances can be given that future legislative, regulatory, or judicial developments will not result in an increase in the amount of taxes payable by us. Any of the foregoing development could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Failure to comply with the U.S. Foreign Corrupt Practices Act, other applicable anti-corruption and anti-bribery laws, and applicable trade control laws could subject us to penalties and other adverse consequences.

We sell our products in the United States and several other countries. Our operations are subject to the U.S. Foreign Corrupt Practices Act (the "**FCPA**") as well as the anti-corruption and anti-bribery laws in the countries where we do business. The FCPA prohibits covered parties from offering, promising, authorizing or giving anything of value, directly or indirectly, to a "foreign government official" with the intent of improperly influencing the official's act or decision, inducing the official to act or refrain from acting in violation of lawful duty or obtaining or retaining an improper business advantage. The FCPA also requires publicly traded companies to maintain records that accurately and fairly represent their transactions, and to have an adequate system of internal accounting controls. In addition, other applicable anti-corruption laws prohibit bribery of domestic government officials, and some laws that may apply to our operations

prohibit commercial bribery, including giving or receiving improper payments to or from non-government parties, as well as so-called "facilitation" payments.

In addition, we are subject to U.S. and other applicable trade control regulations that restrict with whom we may transact business, including the trade sanctions enforced by the U.S. Treasury, Office of Foreign Assets Control. If we fail to comply with laws and regulations restricting dealings with sanctioned countries or companies and/or persons on restricted lists, we may be subject to civil or criminal penalties. Any future violations could have an adverse impact on our ability to sell our products to U.S. federal, state and local government and related entities. Although we do not have business relationships with companies who have been added to the restricted party list, there can be no assurance we will not have such business partners in the future. We take steps to minimize business disruption when these situations arise; however, we may be required to terminate or modify such relationships if our activities are prohibited by U.S. laws. Further, our association with these parties could subject us to greater scrutiny or reputational harm among current or prospective customers, partners, suppliers, investors, other parties doing business with us or using our products, or the general public. The United States and other countries continually update their lists of export-controlled items and technologies, and may impose new or more-restrictive export requirements on our products in the future. As a result of regulatory changes, we may be required to obtain licenses or other authorizations to continue supporting existing customers or to supply existing products to new customers in China and elsewhere. Further escalations in trade restrictions, particularly between the United States and China, could impede our ability to sell or support our products.

In addition, while we have implemented policies, internal controls and other measures reasonably designed to promote compliance with applicable anti-corruption and anti-bribery laws and regulations, and certain safeguards designed to ensure compliance with U.S. trade control laws, our employees or agents may in the future engage in improper conduct for which we could be held responsible. If we, or our employees or agents acting on our behalf, are found to have engaged in practices that violate these laws and regulations, we could suffer severe fines and penalties, profit disgorgement, injunctions on future conduct, securities litigation, bans on transacting government business and other consequences that may have a material adverse effect on our business, results of operations and financial condition. In addition, our brand and reputation, our sales activities or our stock price could be adversely affected if we become the subject of any negative publicity related to actual or potential violations of anti-corruption, anti-bribery or trade control laws and regulations.

We are subject to U.S. and certain foreign export and import controls, sanctions, embargoes, anti-corruption laws, and anti-money laundering laws and regulations. In the event of noncompliance, we can face serious consequences, which can harm our business, results of operations and reputation.

We are subject to export control and import laws and regulations, including the U.S. Export Administration Regulations, U.S. Customs regulations, various economic and trade sanctions regulations administered by the U.S. Treasury Department's Office of Foreign Assets Controls, the FCPA, the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, the USA PATRIOT Act, and other state and national anti-bribery and anti-money laundering laws in the countries in which we conduct activities. Anti-corruption laws are interpreted broadly and prohibit companies and their employees, agents, contractors, and other collaborators from authorizing, promising, offering, or providing, directly or indirectly, improper payments or anything else of value to recipients in the public or private sector. We can be held liable for the corrupt or other illegal activities of our employees, agents, contractors, and other collaborators, even if we do not explicitly authorize or have actual knowledge of such activities. Any violations of the laws and regulations described above may result in substantial civil and criminal fines and penalties, imprisonment, the loss of export or import privileges, debarment, tax reassessments, breach of contract and fraud litigation, reputational harm, and other consequences, which can harm our business, results of operations and reputation. Our products that were sold outside of the ROC amounted to NT$192,466 million, NT$292,417 million, NT$240,523 million and NT$69,392 million, accounting for 99.9%, 99.8%, 99.4% and 99.7% of our total amount of operating revenue in 2021, 2022, 2023 and for the three months ended March 31, 2024, respectively.

We may be subject to litigation proceedings that could harm our business.

We may be subject to legal claims or regulatory matters involving shareholder, consumer, employment, customer, supplier, competition, and other issues on a global basis. For example, Alacritech Inc. ("**Alacritech**") filed a patent infringement complaint against us in the United States District Court for the Eastern District of Texas in June 2016. Acqis LLC filed a patent infringement complaint against the Company in the United States District Court for the Western District of Texas in October 2020. Both of these cases were dismissed and closed. For details, see "Business – Legal Proceedings."

Litigation is subject to inherent uncertainties, and unfavorable rulings could occur. An unfavorable ruling could include monetary damages or, in cases for which injunctive relief is sought, an injunction prohibiting us from licensing or selling one or more products. If we were to receive an unfavorable ruling on a matter, our business and results of operations could be materially harmed.

Backlog does not provide a substantial portion of our operating revenue in any quarter.

Our operating revenue is difficult to forecast because we do not have sufficient backlog of unfilled orders or sufficient recurring revenue to meet our quarterly operating revenue targets at the beginning of a quarter. Rather, a majority of our operating revenue in any quarter depend upon customer orders that we receive and fulfill in that quarter. Because our expense levels are based in part on our expectations as to future operating revenue and to a large extent are fixed in the short term, we might be unable to adjust spending in time to compensate for any shortfall in operating revenue. Accordingly, any significant shortfall of revenues in relation to our expectations would harm our operating results.

Our operations may be interrupted, and our expansion may be limited, by power, water or other utility shortages.

We may suffer power outages or interruptions in the ROC or other jurisdictions caused by unstable electricity supply or sudden surges in electricity usage by other power consumers on the same power grid. Our production facilities consume substantial amounts of power in manufacturing processes. Any power shortage, brownout or blackout for a significant period of time may disrupt our manufacturing, and as a result, could have a material adverse impact on our business, financial condition and results of operations. For example, in August 2022, Taiwan suffered a massive electrical power outage, which left thousands of homes, offices and factories without power. Such shortages or interruptions in electricity supply could further be exacerbated by changes in the energy policy of the ROC government which intends to make the ROC a nuclear-free region by 2025. Although the electrical power outage did not have a material impact on our operations, there is no assurance that our operations in such countries will not be affected by power shortages or such administrative measures in the future, thereby causing material production disruption and delay in delivery schedules. If such event occurs, our business, results of operations, financial condition and future prospects could be materially and adversely affected. If we are unable to secure reliable and uninterrupted supply of electricity to power our operations for the production of our products, our ability to fill customers' orders would be severely jeopardized.

The recent water shortage crisis has also been impacting the semiconductor industry in the ROC, which consumes a huge amount of water. Since early 2021, the ROC has suffered the worst drought in decades. The storage capacity of most reservoirs in central and southern regions of the Taiwan Island has plummeted to 10% of normal reserves. Future expansions of our operations could be limited by shortages in electricity, water, or other utility, and the limited availability of commercial-use land.

If we fail to comply with environmental regulations, we may be subject to adverse publicity and potentially monetary damages and fines.

Some of our manufacturing processes employ or create various hazardous substances, including waste water. We are subject to a variety of regulations in the relevant jurisdictions relating to the use, storage, discharge and disposal of chemicals and waste used in our manufacturing processes. It cannot be assured that we will never fail to comply with these environmental regulations. Any failure to comply with present and future regulations or obtain the necessary certificates and permits could subject us to future fines and liabilities or other government sanctions. In addition, if more stringent regulations are adopted in the future, the costs of compliance with these new regulations could be substantial. Any failure to control the use of or to restrict adequately the discharge of hazardous substances could subject us to monetary fines and liabilities or other government sanctions. If we are held liable for damages in the event of contamination or injury, it could have a material and adverse effect on our business, financial condition and results of operations.

In accordance with the environmental regulations, we are required to obtain relevant licenses and permits. Our ability to obtain, maintain, or renew such licenses and permits on acceptable terms is subject to change, as, among other things, the regulations and policies of applicable governmental authorities may change. It cannot be assured that we will be successful and timely in obtaining the required approvals, licenses and permits. Failure to do so may subject the Group to monetary fines and liabilities or government sanctions.

We have adopted various environmental, social, governance ("**ESG**") measures in response to the increase in ESG rules and regulations applicable to our business, and we expect this trend to continue. Given the pace of evolution of rules and regulations in these areas, we may not be able to timely comply with such rules and regulations fully or at all. We are also exposed to the risk that future ESG rules and regulations may adversely affect our ability to run our business, face increased compliance costs or take other steps which may have a material adverse effect on our business, financial condition and results of operations.

Risks Relating to the ROC

Our business prospects, financial condition and results of operations could be adversely affected by political considerations relating to the ROC.

We are incorporated in the ROC. Our principal executive office and certain of the Company's assets are located in the ROC and our Shares are listed on the TWSE. Accordingly, our business, results of operations and financial condition and the market price of the Shares may be affected by changes in the ROC governmental policies, law, taxation, inflation, interest rates, social instability and other political, economic, diplomatic or social developments in or affecting the ROC which are outside our control. Taiwan has a unique international political status. Since 1949, Taiwan and the PRC have been separately governed. The PRC asserts sovereignty over all of the ROC, including Taiwan and certain other islands, and does not recognize the legitimacy of the ROC Government. The ROC Government, however, does not recognize the legitimacy of the PRC government's claim of sovereignty over Taiwan. Although significant economic and cultural relations have been established in the past decades between the ROC and the PRC, the PRC government has indicated that it may use military force to gain control over Taiwan in certain circumstances, such as the declaration of independence by Taiwan. The PRC government adopted an anti-secession law relating to Taiwan on March 14, 2005.

Relations between the ROC and the PRC at times in the past have been particularly strained for a number of reasons, including the PRC government's position on the "One China" policy and tensions concerning arms sales to Taiwan by the U.S. government. Strained relations could result in future military actions or economic sanctions or other disruptive activities undertaken by either government. Past tensions between the ROC and the PRC have from time to time adversely affected the value of securities listed on the TWSE, including the price of the Shares. Relations between the ROC and the PRC and other factors affecting the political or economic conditions of the ROC could also materially adversely affect our business, operations and prospects, as well as the market price and liquidity of our securities. In addition, political conditions in the ROC can be unstable due to party politics and other factors, which in turn could have a material adverse effect on our business prospects, financial condition and results of operations.

If economic conditions in the ROC deteriorate, our current business and future growth would be materially and adversely affected.

Our business, financial condition and results of operations may be affected by changes in ROC governmental policies, taxation, inflation and interest rates, as well as its general economic conditions. In addition, the banking and financial sectors in the ROC have been seriously harmed by the general economic downturn in Asia and the ROC in recent years, in particular the recent global financial crisis and the resulting global economic downturn, which has resulted in a volatile property market, and an increase in the number of companies filing for corporate reorganization and bankruptcy protection. As a result, financial institutions are more cautious about providing credit to businesses in the ROC. Therefore, we cannot assure you that we will have access to credit at commercially reasonable rates of interest or at all.

Due to our location in the ROC, natural disasters and other events outside of our control may disrupt our business operations.

The ROC is vulnerable to natural disasters and other calamities. Fire, floods, typhoons, earthquakes, power loss, telecommunications failures, break-ins, wars, riots, terrorist attacks or similar events may give rise to server interruptions, breakdowns, system failures or internet failures, which could cause the loss or corruption of data or malfunctions of software or hardware as well as adversely affect our business. Although we have not been adversely affected in the past by natural disasters and other calamities, any natural disasters and other events outside of our control in Taiwan in the future could seriously disrupt our business operations.

Failure to obtain, maintain or renew approvals in connection with inbound or outbound investments from the ROC Department of Investment Review ("DIR") may materially and adversely affect our financial condition and results of operations.

The DIR, an agency under the administration of the ROC Ministry of Economic Affairs ("**MOEA**"), has supervisory and regulatory authority for matters relating to, among other things, inbound investments in ROC companies by non-ROC persons and overseas ROC nationals, and outbound investments by ROC companies or individuals. Under current ROC law, ROC individuals and companies are required to obtain prior approval from the DIR before making certain investments or make a report to the DIR within the period of time prescribed by relevant laws and regulations after investment in any other jurisdictions outside the ROC under certain circumstances. There is no assurance that we will be able to continue to satisfy the requirements for, or otherwise obtain, permits or approvals for future and current projects. Failure to obtain, maintain or renew such permits and approvals may impede or hinder our operations, and adversely affect our business prospects, financial condition and results of operations.

The imposition of foreign exchange restrictions may have an adverse effect on foreign investors' abilities to acquire securities listed in the ROC, including the Bonds and the Shares, or to repatriate the interest, dividends or sale proceeds from those securities.

The ROC Government may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the ROC Government experiences extreme difficulty in stabilizing the balance of payments or where there are substantial disturbances in the financial and capital markets in the ROC. These restrictions may require foreign investors to obtain the ROC Government's approval before acquiring securities listed in the ROC, repatriating the interest or dividends from those securities or repatriating the proceeds from the sale of those securities. There can be no assurance that these restrictions, if imposed, will not adversely affect, among other things, the secondary market price of the Bonds.

Financial reporting requirements and accounting standards in the ROC differ from those of other countries, which may be material to investors' assessment of our results, prospects, financial condition and results of operations.

We are subject to financial reporting requirements in the ROC that differ in significant respects from those applicable to companies in certain other countries, including the United States. In addition, the Company's consolidated financial statements are prepared in accordance with Taiwan IFRS, and are not intended to present the financial condition, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions, including the United States, other than those in the ROC. Taiwan IFRS differs from IFRS in certain significant respects, including, but not limited to, the extent that any new or amended standards or interpretations applicable under IFRS may not be timely endorsed by the FSC. See "Summary of Certain Material Differences between Taiwan IFRS and IFRS." In making their investment decision, potential investors should consult their own professional advisors for an understanding of such differences and how they might affect the financial information contained herein.

We publish monthly operating revenue information as part of our ongoing reporting obligations and such information is subject to change due to normal quarter-end closing procedures and excludes certain expenses and other information necessary to be indicative of actual financial results.

We post monthly operating revenues on the MOPS, as part of our ongoing reporting obligations as a listed entity on the TWSE. Such information does not form part of this offering circular and is preliminary and subject to change, such as due to adjustments upon the completion of our normal quarter-end closing process. In addition, the interim financial statements we publish on MOPS may be reviewed but qualified. Actual operating revenues could differ materially from this preliminary information. Furthermore, this preliminary information does not include non-operating income or operating costs, operating expenses or other expenses or losses and therefore is not indicative of our actual financial results for the relevant months, any current quarter or future periods. Consequently, prospective investors should not place undue reliance on such information.

Potential investors should not place undue reliance on the financial information that is not audited.

The Company publishes annual, semi-annual and/or quarterly consolidated financial information in the ROC to satisfy its continuing disclosure obligations relating to its shares listed on TWSE according to applicable ROC regulations and rules of the TWSE. Certain consolidated financial information may not be audited by the Company's independent auditors and should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit. Such unaudited consolidated financial information is not necessarily indicative of the results that may be expected for the full financial year or any period thereafter. Consequently, potential investors should not take such financial information as an indication of our expected financial condition or results of operations for the relevant full financial year. Potential investors should exercise caution when using such data to evaluate our financial condition and results of operations.

You may not be able to enforce a judgment of a foreign court in the ROC.

We are a company limited by shares and incorporated under the ROC Company Act. Most of our directors and executive officers named in this offering circular are residents of the ROC and a significant portion of our assets and the assets of such persons are located in the ROC. As a result, it may be difficult for investors to enforce judgments obtained outside the ROC against us or such persons in the ROC, including those predicated upon the civil liability provisions of the federal securities laws of the United States. It is also not entirely certain that an action for civil liability predicated solely on the United States federal securities laws could be brought directly in the ROC courts.

Risks Relating to Ownership of the Bonds and the Common Shares

There are limitations on the Bondholders' ability to exercise conversion rights.

The Bondholders will not be able to exercise conversion rights during any Closed Period, as defined in "Description of the Bonds". In addition, under the current ROC laws, regulations and policies, a PRC person is not permitted to convert the Bonds or to register as the Company's shareholder unless (i) it is a qualified domestic institutional investor, or a QDII, who will hold less than 10% of the Issuer's issued shares after conversion of the Bonds, or (ii) it otherwise obtains the approval of the Ministry of Economic Affairs if all the business items are within the positive list promulgated by the ROC government from time to time and it will hold 10% or more (or other threshold required by the regulators) of the Issuer's issued shares after conversion of the Bonds. There are also restrictions on the amount remitted to the ROC for investments by QDIIs, separately and jointly. Accordingly, the qualification criteria for a PRC person to make investment and the investment threshold imposed by the FSC and the TWSE may cause a Bondholder who is a PRC person to be unable to convert the Bonds and hold the Common Shares. Under current ROC laws, "PRC person" means an individual holding a passport issued by the PRC, a resident of any area of the PRC under the effective control or jurisdiction of the PRC (but not including a special administrative region of the PRC such as Hong Kong and Macau, if so excluded by applicable laws of the ROC), any agency or instrumentality of the PRC and any corporation, partnership or other entity organized under the laws of any such area, or in countries outside of the ROC or PRC that is directly or indirectly controlled by, or directly or indirectly having more than 30% of its capital owned by, or beneficially owned by any such person, resident, agency, instrumentality, corporation, partnership or entity.

Common Shares or any securities that are substantially similar to the Common Shares, including any securities that may be convertible into, or exchangeable for, the Common Shares that are eligible for future sale by the Company or the Company's current shareholders, may adversely affect the value of your investment.

The market prices of the Bonds and the Common Shares could decline as a result of sales of a large number of the Company's Common Shares or any securities that are substantially similar to the Common Shares including, but not limited to any securities that may be convertible into, or exchangeable for, the Common Shares after this offering or the perception that such sales could occur. In connection with the Offering, the Company agreed to certain lock-ups, subject to certain exceptions, for a period of 90 days after the Closing Date not to offer, pledge, sell, contract to sell or otherwise dispose of any Bonds or Common Shares or any securities convertible into or exercisable or exchangeable for Bonds or Common Shares without the prior written consent of the Initial Purchaser. Nevertheless, the Initial Purchaser may lift or waive all or some of these restrictions at their sole discretion, and when the applicable restrictive period expires, the Company will be able to sell or otherwise dispose of the Common Shares, subject to legal restrictions. In addition, we cannot assure you that any of the Company's shareholders will not sell, or otherwise dispose of, the Common Shares. If the

Company's shareholders sell a large number of the Common Shares after this offering, the market price of the Bonds and the Common Shares could be depressed and the value of your investment could substantially decrease. The market prices of the Common Shares and the Bonds could also decline if substantial amounts of the Common Shares or securities convertible or exchangeable into the Common Shares are sold after the closing of this offering, or if there is a perception that these sales could occur.

A liquid market for the Bonds may not develop, and the market for the Common Shares may not be liquid.

Prior to this offering, there has been no market for the Bonds. Approval in-principle has been received for the listing and quotation of the Bonds on the SGX-ST. An active trading market for the Bonds might not develop.

The Bonds have not been registered under the securities laws of the United States or elsewhere and cannot be publicly offered, sold, pledged or otherwise transferred in any jurisdiction where such registration may be required. The Bonds may not be publicly offered or sold, directly or indirectly, in the ROC. Furthermore, there has been no trading market for the Common Shares outside the ROC, and the only trading market for the Common Shares is the TWSE.

Holders of the Bonds will bear the risk of fluctuations in the price of the Common Shares.

The market price of the Bonds at any time will be affected by fluctuations in the price of the Common Shares. It is impossible to predict how the price of the Common Shares will change. Trading prices of the Common Shares will be influenced by, among other things, our results of operations and political, economic, financial and other factors that affect capital markets generally. Any decline in the price of the Common Shares would adversely affect the market price of the Bonds.

Fluctuations in the exchange rate between the NT Dollar and the US dollar may have a material adverse effect on the value of the Bonds in US dollar terms.

Although the principal amount of the Bonds is denominated in US dollars, the Common Shares are listed on the TWSE, which quotes and trades the Common Shares in NT dollars. As a result, fluctuations in the exchange rate between the NT Dollar and the US dollar will affect, among other things, the market price of the Bonds and the US dollar equivalent of the Common Shares received upon conversion of the Bonds.

Furthermore, the Bonds are currency-linked debt instruments. Bondholders are required to pay the subscription money for the Bonds in US dollars, while all amounts due from the Company under the Bonds, will be settled in US dollars, translated to NT dollars at the Fixed Exchange Rate and then translated back to US dollars at the Prevailing Rate. Accordingly, the US dollar return on the Bonds, or yield to maturity, will depend on the principal amount converted into US dollars at the prevailing exchange rate at the time of payment. Any volatility of the exchange rate between NT dollar and the US dollar during the term of the Bonds will affect the return on the Bonds, or yield to maturity, in US dollars. In particular, any devaluation of the NT dollar against the US dollar during the term of the Bonds will decrease the US dollar return on the Bonds and will result in the yield to maturity of the Bonds in US dollars being less than the stated yield to maturity of the Bonds. In the event of a material devaluation of the NT dollar against the US dollar, Bondholders may not receive the full US dollar subscription amount upon redemption of the Bonds.

Holders of the Bonds will have no rights as shareholders until they acquire the Common Shares upon conversion of the Bonds.

Unless and until the holders of the Bonds acquire the Common Shares upon conversion of the Bonds, the holders of the Bonds will have no rights as shareholders, including any voting rights or rights to receive any dividends or other distributions with respect to the Common Shares. Subject to the Indenture and other applicable ROC laws, holders of the Bonds who acquire the Common Shares upon the exercise of their conversion rights will be entitled to exercise the rights of shareholders only as to actions for which the applicable record date occurs after the Conversion Date.

Holders of the Bonds are subject to government-imposed requirements of appointing a tax guarantor and local agent in the ROC.

Under current ROC laws, if a non-ROC person is an overseas Chinese or foreign national or entity having not been registered with the TWSE, when exercising the conversion right, such non-ROC person will be required to first register with the TWSE and then appoint a local agent to, among other things, open a securities trading account with a local securities brokerage firm to hold or trade the common shares, open an NT dollar bank account, remit funds, pay ROC tax, exercise shareholders' rights, and perform such other matters as may be designated by the converting holder. In addition, under the current ROC laws, a non-ROC person is required to appoint a local bank to act as custodian for handling confirmation and settlement of trades, safekeeping of securities and cash proceeds, and reporting and declaration of information. Under existing ROC laws and regulations, without satisfying these requirements, a non-ROC person will not be able to hold or to sell or otherwise transfer the Company's Common Shares on the TWSE or otherwise.

In addition, when a non-ROC person converts the Bonds or registers as the Company's shareholder, such non-ROC person will be required under the current ROC laws and regulations to appoint an agent, or a tax guarantor, in the ROC for filing tax returns and making tax payments. A tax guarantor must meet certain qualifications set by the Ministry of Finance of the ROC and, upon appointment, becomes a guarantor of your ROC tax obligations. We cannot assure that such non-ROC person will be able to appoint and obtain approval for a tax guarantor in a timely manner, if at all.

Holders of the Bonds may be subject to the income tax imposed by the ROC when they sell the Common Shares delivered upon conversion of the Bonds.

As used in this section, a "Non-ROC Resident Individual" is a foreign national individual who owns the Bonds or the Common Shares and is not physically present in the ROC for 183 days or more during any calendar year, and a "Non-ROC Resident Entity" is a corporation or a non-corporate body that owns the Bonds or the Common Shares and is organized under the laws of a jurisdiction other than the ROC and has no fixed place of business or business agent in the ROC. "Non-ROC Resident Individuals" and "Non-ROC Resident Entities" are jointly referred to as "Non-ROC Holders".

Starting from January 1, 2016, capital gains realized from the sale or disposal of the Company's Common Shares are exempt from ROC income tax under Article 4-1 of the ROC Income Tax Act. Nevertheless, capital gains realized from the sale or disposal of the Bonds are exempt from ROC income tax. There is no assurance that capital gains realized from the sale or disposal of the Company's Common Shares may be able to be exempted from ROC income tax in the future.

A holder of the Bonds or its designee requesting the conversion of the Bonds may be required to provide certain information to the Company or the Conversion Agent, and failure to provide such information may result in a delay of the conversion.

A holder of the Bonds or its designee requesting the conversion of the Bonds may be required to provide certain information to the Company or the Conversion Agent, including the name and nationality of the person to be registered as the shareholder, the number of Common Shares the person is acquiring and has acquired in the past as a result of the conversion of the Bonds it holds, the Conversion Date, or such other information as may be reasonably required, before such conversion is effected. Under applicable ROC laws, the Company is required to report to the FSC if the person to be registered as a shareholder (i) is a "related party" of the Company as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuer or (ii) will hold, immediately following such conversion, more than 10% of the total number of the Common Shares deliverable upon conversion of the aggregate principal amount of all such Bonds at the time of issue. Failure to provide such information may cause the delay or rejection of such conversion of the Bonds.

The value of the Common Shares and the Bonds may be adversely affected by the volatility of the ROC securities market.

The ROC securities market is smaller and more volatile than the securities markets in the United States and in certain European countries. The TWSE has experienced substantial fluctuations in the prices, and has shown particular volatility following certain political events, market events and scandals. Also, there are currently limits on the range of daily price movements on the TWSE. From time to time, the ROC regulatory agencies have intervened in the ROC stock market during periods of extreme volatility. In 2023, the TWSE Index fell to a low of 14,199.13 on April 1, and subsequently reached a peak of 17,930.81 on December 29. On March 29, 2024, the TWSE Index closed at 20,294.45. See "Appendix A — The Securities Market of the ROC". The TWSE has experienced problems such as market manipulation, insider trading and payment defaults. The recurrence of these or similar problems could adversely affect the market price

and liquidity of the securities of ROC companies, including the Bonds and the Common Shares, in both domestic and international markets.

In response to major past declines and volatility in the securities markets in the ROC, and in line with similar activities by other countries in Asia, the ROC government formed the National Stabilization Fund in 2000, which has purchased, and may from time to time purchase, shares listed on the TWSE to support these securities markets in the ROC. In addition, other funds associated with the ROC government have in the past purchased, and may from time to time purchase, shares listed on the TWSE or other securities markets in the ROC. In the future, market activity by government entities, or the perception that such activity is taking place, may take place or has ceased, may cause fluctuations in the market prices and liquidity of the Common Shares.

The Company's public shareholders may have more difficulty in protecting their interests than they would as a shareholder of a corporation of other jurisdictions.

The Company's corporate affairs are mainly governed by its Articles of Incorporation and ROC Company Act. The rights of its shareholders to bring shareholders' suits against its management, controlling shareholders or board of directors under ROC laws are much more limited than those of the shareholders of corporations of some other jurisdictions. Therefore, the Company's public shareholders may have greater difficulty in protecting their interests in connection with actions taken by its management, members of board of directors or controlling shareholders than they would as shareholders of corporations of other jurisdictions.

A Bondholder's right to receive payments on the Bonds is structurally subordinated.

The Bonds will be effectively subordinated to any of the Company's secured obligations with respect to assets that secure such obligations. The terms of the Bonds do not prevent the Company from incurring additional debt in the future, and the Company is generally permitted to secure this indebtedness, although the Company's existing financial covenants may restrict the Company's future borrowings. If the Company incurs further indebtedness, its ability to make payments on the Bonds and, if required, to redeem the Bonds may be adversely affected.

The Company may not have the ability to redeem the Bonds in cash if investors exercise the early redemption right upon the occurrence of a change of control, delisting or upon their option in certain circumstances.

The Company may be required by Bondholders to redeem for cash all or some of their Bonds upon a transaction or event constituting a change of control, delisting or upon their option in certain circumstances as described under "Description of the Bonds". The Company may not have sufficient funds or other financial resources to make the required redemption in cash at such time or the ability to arrange necessary financing on acceptable terms. In addition, the Company's ability to redeem the Bonds in cash may be limited by law, by the terms of other agreements relating to the Company's senior debt, and by indebtedness and agreements that the Company may enter into in the future which may replace, supplement or amend its existing or future indebtedness. If the exercise of the redemption right upon the occurrence of a change of control or delisting occurs at a time when the Company is prohibited from redeeming the Bonds, the Company could seek the consent of lenders to redeem the Bonds or could attempt to refinance the borrowings that contain this prohibition. If the Company is not able to obtain consent or refinance these borrowings, the Company could remain prohibited from redeeming the Bonds. The Company's failure to redeem Bonds would constitute an event of default, which might constitute a default under the terms of the Company's other indebtedness at that time.

The Company may call the Bonds prior to maturity if the Company has or will become obligated to pay additional amounts as a result of certain changes in applicable tax law.

The Company may call the Bonds prior to maturity if the Company has or will become obligated to pay additional amounts as a result of any change in, or amendment to, the laws or regulations of any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations. In such an event, each Bondholder will have the right to elect that his Bond(s) shall not be redeemed but, in that case, subject as provided in "Description of the Bonds— Redemption of the Bonds — Redemption for Taxation Reasons", no additional amounts will be payable on the electing Bondholder's Bonds after the relevant tax redemption date

and payment of all amounts shall be made subject to the deduction of withholding of any taxation required to be withheld or deducted. See "Description of the Bonds — Redemption of the Bonds — Redemption for Taxation Reasons".

Bondholders have limited anti-dilution protection.

The conversion price of the Bonds will be adjusted in the event that there is a free distribution, bonus issue, division, consolidation and reclassification, declaration of dividends, rights issue, warrants issue, capital distribution or other adjustment, but only in the circumstances and only to the extent provided in "Description of Bonds — Conversion — Adjustments to the Conversion Price". There is no requirement that there should be an adjustment for every corporate or other event that may affect the value of Common Shares. Events in respect of which no adjustment is made may adversely affect the value of Common Shares and, therefore, adversely affect the value of the Bonds.

Future issues, offers or sales of Common Shares may hurt the value of the Bonds.

The market price of the Bonds and Common Shares could decline as a result of future issues, offers or sales of a large number of Common Shares, or securities convertible into or exercisable for Common Shares, or any securities or financial instruments whose economic value is determined, directly or indirectly, by reference to the market price of Common Shares, or the perception that such issues, offers or sales could occur. If a large number of Common Shares is sold, the market price for the Bonds or Common Shares could be depressed.

The Trustee may request that the Bondholders provide indemnity, security and/or prefunding to its satisfaction.

In certain circumstances, the Trustee may (at its sole discretion) request the Bondholders to provide indemnity, security, and/or prefunding to its satisfaction before it takes steps and/or actions and/or institutes proceedings on behalf of Bondholders. The Trustee shall not be obligated to take any such steps and/or actions and/or institute such proceedings if not indemnified, secured, and/or prefunded to its satisfaction. Negotiating and agreeing to any indemnity, security, and/or prefunding can be a lengthy process and may impact when such steps and/or actions can be taken and/or such proceedings can be instituted. The Trustee may not be able to take such steps and/or actions and/or institute proceedings, notwithstanding the provision of indemnity, security or prefunding to it, in breach of the terms of the indenture governing the Bonds and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Bondholders to take such actions directly.

USE OF PROCEEDS

The gross proceeds to be received by the Company from the Offering is estimated to be US$600 million. The Company plans to use the net proceeds of the Offering for the procurement of raw materials in foreign currencies.

DIVIDENDS AND DIVIDEND POLICY

Dividend Policy

Pursuant to our Articles of Incorporation, as amended at the shareholders' meeting held on May 31, 2022, and certain ROC regulatory requirements, we are generally not permitted to distribute dividends or make other distributions to shareholders for any year in which we have no current or retained earnings. Before we can distribute a dividend or make any distribution to shareholders from profits, we must pay all outstanding taxes and duties, offset our losses incurred in previous years, and set aside 10% of our annual net profit as legal capital reserve, unless the accumulated legal capital reserve has equaled the total capital of the Company. In addition, we must set aside special capital reserve in accordance with relevant laws or regulations or as requested by the authorities in charge. Afterwards, no less than 10% of the remaining profits plus accumulated retained earnings shall be available for distribution as dividends to shareholders. The board of directors may propose the distribution for approval at the shareholders' general meeting.

In consideration that we are in a capital and technology-intensive industry and that our expansion and continual and steady growth requires a long-term investment plan, we adopt the residual dividend policy as our dividend policy. Dividends paid by cash shall be no less than 10% of the total dividends.

Our dividend distribution policy is made in accordance with our Articles of Incorporation, taking into account various factors, including, among others, our capital, financial structure, earnings, future development and the market environment. Subject to our Articles of Incorporation, our dividend policy may be adjusted from time to time in accordance with economic and market conditions and, in particular, our future development and profitability.

Recent Historical Dividends

On February 26, 2024, our board of directors resolved to propose the distribution of a cash dividend of NT$42.0 per Share in the total amount of NT$7,343.3 million in respect of the 2023 financial year. Our shareholders approved dividend distribution plans at the shareholder's general meeting held on May 24, 2024. We expected to pay this dividend on July 10, 2024.

On February 22, 2023, our board of directors resolved to propose the distribution of a cash dividend of NT$50.0 per Share in the total amount of NT$8,742.0 million in respect of the 2022 financial year. Our shareholders approved dividend distribution plans at the shareholder's general meeting held on May 29, 2023. We paid this dividend on July 7, 2023.

On April 18, 2022, our board of directors resolved to propose the distribution of a cash dividend of NT$25.0 per Share in the total amount of NT$4,371.0 million in respect of the 2021 financial year. Our shareholders approved dividend distribution plans at the shareholder's general meeting held on May 31, 2022. We paid this dividend on July 15, 2022.

On March 8, 2021, our board of directors resolved to propose the distribution of a cash dividend of NT$32.0 per Share in the total amount of NT$5,594.9 million in respect of the 2020 financial year. Our shareholders approved dividend distribution plans at the shareholder's general meeting held on July 8, 2021. We paid this dividend on August 10, 2021.

Our historical dividends payment history is not, and should not be taken as, an indication of our potential future practice with respect to dividend payments.

CAPITALIZATION

The following table sets forth under Taiwan IFRS (i) our unaudited condensed consolidated capitalization as of March 31, 2024 on an actual basis, and (ii) our unaudited condensed consolidated capitalization as of March 31, 2024, as adjusted for (a) the issuance of the Bonds and (b) the simultaneous GDS offering. The following table should be read in conjunction with our financial statements and the notes thereto included elsewhere herein.

The as adjusted basis gives effect to the issuance of the Bonds and the simultaneous GDSs before deducting underwriting discount and concession and other offering expenses.

	As of March 31, 2024			
	Actual		As Adjusted for the Bond Offering and the GDS Offering	
	NT$	US$[1]	NT$	US$[1]
	(in thousands)			
Short-term borrowing	941,948	29,500	941,948	29,500
Current portion of long-term liabilities	2,500,000	78,296	2,500,000	78,296
Bonds payable	6,943,727	217,467	26,489,327[2]	829,606
Long-term borrowings	1,500,000	46,978	1,500,000	46,978
Equity				
Common shares	1,748,408	54,758	1,858,408[3]	58,203
Capital surplus	8,839,619	276,844	35,981,072[3]	1,126,874
Retained earnings	35,043,019	1,097,495	35,043,019	1,097,495
Other equity	2,899,749	90,816	2,899,749	90,816
Total equity	48,530,795	1,519,913	75,782,248	2,373,388
Total capitalization[4]	60,416,470	1,892,154	107,213,523	3,357,768

Notes:

(1) Translation of amounts from NT dollars into US dollars has been made at the rate prevailing on March 29, 2024 of NT$31.93 = US$1.00.

(2) Reflecting the issuance of the Bonds of US$600,000 thousand. The translation of amounts of the Bonds from US dollars into NT dollars has been made at the rate on July 10, 2024 of NT$32.576 = US$1.00. The bifurcation of the equity component and derivatives embedded in the Bonds is not taken into consideration for this as adjusted basis.

(3) Reflecting the simultaneous GDS offering of US$836,550 thousand. The translation of amounts of the simultaneous GDS offering from US dollars into NT dollars has been made at the rate on July 10, 2024 of NT$32.576 = US$1.00. The total GDS offering of NT$27,251,453 thousand reflects common shares of NT$110,000 thousand and capital surplus of NT$27,141,453 thousand.

(4) Total capitalization comprises short-term borrowings, current portion of long-term liabilities, bonds payable, long-term borrowings and total equity.

SELECTED FINANCIAL DATA

The following summary financial information has been derived from our audited consolidated financial statements as of and for the years ended December 31, 2021, 2022 and 2023 and unaudited condensed consolidated financial statements as of and for the three months ended March 31, 2023 and 2024 included elsewhere in this offering circular, which have been prepared in accordance with the Taiwan IFRS and with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the FSC, respectively. You should read the following selected financial information together with our financial statements included elsewhere in this offering circular. Neither these data nor the format in which they are presented should be viewed as comparable to information prepared in accordance with IFRS or generally accepted accounting principles elsewhere. See "Summary of Certain Material Differences between Taiwan IFRS and IFRS."

Consolidated financial information

Consolidated Statements of Comprehensive Income Data

	For the year ended December 31,				For the three months ended March 31,		
	2021	2022	2023		2023	2024	
	NT$	NT$	NT$	US$[(1)]	NT$	NT$	US$[(1)]
	(in thousands, except for earnings per share information)						
Operating Revenue	192,625,942	292,876,040	241,900,989	7,575,978	74,225,838	69,628,237	2,180,653
Operating Costs	177,004,761	268,896,763	219,243,712	6,866,386	68,043,277	61,923,174	1,939,342
Gross Profit From Operations	15,621,181	23,979,277	22,657,277	709,592	6,182,561	7,705,063	241,311
Operating Expenses							
Selling expenses	936,512	1,305,756	1,053,544	32,995	298,824	240,455	7,531
Administrative expenses	835,779	1,307,577	1,722,189	53,936	367,532	406,813	12,741
Research and development expenses	2,459,313	3,528,532	4,018,816	125,864	914,296	1,201,291	37,622
Expected credit loss (gain)	2,501	3,132	(7,818)	(245)	121,310	0	0
Total operating expenses	4,234,105	6,144,997	6,786,731	212,550	1,701,962	1,848,559	57,894
Net Operating Income	11,387,076	17,834,280	15,870,546	497,042	4,480,599	5,856,504	183,417
Non-Operating Income And Expenses							
Interest income	61,593	155,871	455,501	14,266	95,985	218,636	6,847
Other income	48	809	0	0	0	0	0
Other gains and losses	(64,374)	855,905	134,754	4,220	(159,711)	177,206	5,550
Finance costs	(356,154)	(881,614)	(953,143)	(29,851)	(236,139)	(328,536)	(10,289)
Share loss of associates and joint ventures accounted for using equity method	(32,120)	(67,968)	(63,979)	(2,004)	(16,753)	(21,665)	(679)
Total non-operating income and expenses	(391,007)	63,003	(426,867)	(13,369)	(316,618)	45,641	1,429
Income Before Tax	10,996,069	17,897,283	15,443,679	483,673	4,163,981	5,902,145	184,846
Income Tax Expense	2,348,057	3,722,574	3,400,024	106,484	865,714	1,194,871	37,421
Net Income	8,648,012	14,174,709	12,043,655	377,189	3,298,267	4,707,274	147,425
Other Comprehensive Income (net of tax)	(197,004)	1,613,291	123,192	3,859	(73,705)	1,589,469	49,780
Total Comprehensive Income	8,451,008	15,788,000	12,166,847	381,048	3,224,562	6,296,743	197,205
Profit Attributable To:							
Owners of parent	8,648,012	14,174,709	12,043,655	377,189	3,298,267	4,707,274	147,425
Comprehensive Income Attributable To:							
Owners of parent	8,451,008	15,788,000	12,166,847	381,048	3,224,562	6,296,743	197,205
Earnings Per Share							
Basic earnings per share	49.46	81.07	68.88	2.16	18.86	26.92	0.84

Diluted earnings per share	49.28	80.49	68.65	2.15	18.78	26.87	0.84

Consolidated Balance Sheet Data

	As of December 31,				As of March 31,		
	2021	2022	2023		2023	2024	
	NT$	NT$	NT$	US$[1]	NT$	NT$	US$[1]
				(in thousands)			
Total current assets	82,025,003	84,051,090	79,195,299	2,480,278	93,762,188	99,924,651	3,129,491
Total non-current assets	2,712,455	4,786,692	9,650,098	302,227	5,718,707	11,587,397	362,900
Total assets	**84,737,458**	**88,837,782**	**88,845,397**	**2,782,505**	**99,480,895**	**111,512,048**	**3,492,391**
Total current liabilities	47,165,833	38,562,438	36,494,015	1,142,937	44,499,848	52,329,263	1,638,875
Total non-current liabilities	10,201,599	11,488,338	10,117,330	316,860	12,969,479	10,651,990	333,604
Total equity	27,370,026	38,787,006	42,234,052	1,322,708	42,011,568	48,530,795	1,519,912
Total liabilities and equity	**84,737,458**	**88,837,782**	**88,845,397**	**2,782,505**	**99,480,895**	**111,512,048**	**3,492,391**

Consolidated Statements of Cash Flow Data

	For the year ended December 31,				For the three months ended March 31,		
	2021	2022	2023		2023	2024	
	NT$	NT$	NT$	US$[1]	NT$	NT$	US$[1]
				(in thousands)			
Net cash flows from (used in) operating activities	(14,212,457)	30,677,601	23,060,424	722,218	(9,172,402)	(8,699,166)	(272,444)
Net cash used in investing activities	(1,039,493)	(1,929,605)	(4,695,648)	(147,061)	(1,088,441)	(1,416,025)	(44,348)
Net cash flows from (used in) financing activities	14,854,553	(26,180,630)	(7,114,513)	(222,816)	11,789,171	427,580	13,391
Effect of exchange rate changes on cash and cash equivalents	(98,942)	991,662	12,665	397	(62,603)	701,799	21,979
Net increase (decrease) in cash and cash equivalents	(496,339)	3,559,028	11,262,928	352,738	1,465,725	(8,985,812)	(281,422)

Other Financial Data

	For the year ended December 31,			For the three months ended March 31,	
	2021	2022	2023	2023	2024
Gross margin[2]	8.1%	8.2%	9.4%	8.3%	11.1%
Operating margin[3]	5.9%	6.1%	6.6%	6.0%	8.4%
Net margin[4]	4.5%	4.8%	5.0%	4.4%	6.8%

(1) Translation of amounts from NT dollars into US dollars has been made at the rate prevailing on March 29, 2024 of NT$31.93 = US$1.00. The exchange rate is not derived from the audited or unaudited financial statements.
(2) Gross margin is calculated by dividing gross profit from operations by operating revenue, multiplied by 100%.
(3) Operating margin is calculated by dividing net operating income by operating revenue, multiplied by 100%.
(4) Net margin is calculated by dividing net income by operating revenue, multiplied by 100%.

BUSINESS

Overview

We are a leading pure-play cloud IT infrastructure provider embracing the brand-new AI era through the development of high-performance, high-density hyperscale data center products worldwide. Our vision is to "unleash the power of digitalization, ignite the innovation of sustainability". Our mission is to provide the best TCO, workload, and energy-optimized IT solutions from edge to cloud.

The data center industry is currently undergoing a transformative shift, evolving into AI factories characterized by higher computing power, condensed space, and sustainable operations with lower TCO and PUE. Consequently, the AI server market is set to surge due to substantial demand for increased computing power, lower latency, and enhanced operational efficiency. According to Omdia, IT infrastructure capital expenditures are projected to increase by over 37% in 2024 compared to 2023. This growth is bolstered by the burgeoning market for AI servers, expected to grow from US$73 billion in 2023 to US$210 billion by 2028 at a compound annual growth rate ("**CAGR**") of 23%.

Since our inception, we have positioned ourselves as a pure-play cloud IT infrastructure provider, and held approximately 30% market share of the global ODM-direct server market in terms of shipments in 2023. We have shipped our products to over 550 data centers worldwide since our inception until 2023. Leveraging the technical know-hows and managerial expertise accumulated from years in the cloud value chain, we are well-positioned to capture the massive opportunities in the AI era. For example, over 20% of our revenue in the fourth quarter of 2023 came from our AI products. The contribution is expected to further increase given our continued investments. As of December 31, 2023, over half of our proof-of-concept projects were related to AI solutions, highlighting our commitment to this transformative technology. Additionally, we plan to achieve a capacity to integrate approximately 50 megawatt ("**MW**") of global electricity for system integration and approximately 20MW for global cooling by the end of 2024, which are crucial for next-generation data centers.

We have been fully committed to investing in next-generation technologies for workload and TCO optimization, actively participating in advanced computing and storage system design. We offer a broad range of hyperscale data center products, including computing servers (e.g., multi-node servers, multi-purpose servers, and edge/AI servers), AI/HPC servers, storage servers, storage systems, and rack integration. Dedicated mainly to hyperscale data centers, our full suite of product offerings aims to facilitate cloud adoption, digital transformation and AI deployment over the years. For example, we shipped our first AI inference product in 2019, shipped application-specific integrated circuit ("**ASIC**") AI rack in 2023, and shipped immersion-cooled GPU server and introduced liquid-cooled GPU server racks based on NVIDIA GB200 with advanced cooling system in 2024.

Our customers include some of the world's most sophisticated and technology-savvy companies, who choose us as a long-term partner. Our high-quality, workload-optimized, and cost-effective solutions enable their data centers to operate 24/7 with minimal downtime and low power consumption. Our comprehensive product suite meets the demands of hyperscale data centers in customization levels, energy efficiency, maintenance and downtime reduction, warranty and returns policies, and ease of operation. We have established manufacturing facilities and offices across the Americas, Europe, and Asia to serve customers globally and ensure time to market.

We have also established solid and collaborative relationships with critical suppliers, characterized by longstanding partnerships and multifaceted collaborations, such as the synergy we share with Wistron. We have been at the forefront of the industry by engaging in the early development of CSPs and next-generation AI accelerator systems in collaboration with top-tier chip providers like NVIDIA, AMD and Intel. Additionally, our early investment in advanced cooling technologies and deep collaboration within the ecosystem have paved the way for new business opportunities, positioning us to capitalize on evolving market demands and technological advancements.

Established in 2012, we are one of the pioneers in adopting the ODM-direct model to pursue emerging business opportunities arising from the massive demands of CSPs who prefer to procure data center IT equipment directly from ODMs. We were listed on the Emerging Stock Board of the TPEx in 2017, followed by a listing on the TWSE in 2019. We have built a team known for integrity, excellence, innovation, adaptability, and teamwork, enabling us to thrive in a changing industry landscape.

We have achieved strong growth during the past three years. Our operating revenue has increased by 25.6% from NT$192.6 billion in 2021 to NT$241.9 billion in 2023. Our gross profit from operations has increased from NT$15.6 billion in 2021 to NT$22.7 billion in 2023 with gross margin increasing from 8.1% to 9.4%. Our net income has increased from NT$8.6 billion in 2021 to NT$12.0 billion in 2023 with net margin increasing from 4.5% to 5.0%.

Competitive Strengths

We believe our success is primarily attributable to the following competitive strengths:

Singular focus on AI and cloud markets with massive tailwind.

Our strategic positioning and innovative focus align with industry trends, positioning us to harness powerful tailwinds of growth and opportunity in AI and cloud markets.

The data center industry is currently undergoing a transformative shift, evolving into AI factories characterized by higher computing power, highly condensed space, and sustainable operations with lower TCO and PUE. According to Omdia, IT infrastructure capital expenditures are projected to increase by over 37% in 2024 compared to 2023. The development in data centers will propel the growth of AI servers, driven by demand for higher computing power, lower latency, and more efficient operation. Omdia forecasts the global AI server market to grow from US$73 billion in 2023 to US$210 billion in 2028, at a CAGR of 23%.

Embracing the AI era, we stand as a 100% pure-play in cloud IT infrastructure. Our products have been shipped to more than 550 data centers globally since inception. We offer a full suite of product offerings mainly dedicated to hyperscale data centers, aimed at facilitating cloud adoption, digital transformation and AI deployment of the world. For example, over 20% of our revenue in the fourth quarter of 2023 came from our AI products. The contribution is expected to further increase given our continued investments. In addition, as of December 31, 2023, over half of our proof-of-concept projects were related to AI solutions, highlighting our commitment to this transformative technology.

Given the expanding AI and cloud markets, we are dedicated to developing and offering cloud IT infrastructure products, positioning ourselves to fully capitalize on these attractive growth opportunities.

Our focus on the cloud and AI markets has positioned us at the forefront of a massive tailwind of opportunity. With the AI and cloud markets expanding, we are poised to seize the growth opportunities presented by these dynamic markets, solidifying our role as a key player in the AI revolution.

Indispensable strategic position within the AI and cloud value chain

We are uniquely positioned in the AI and cloud value chain and serve as the critical bridge between our customers and suppliers, connecting them with the right products and solutions in this dynamic, ever-changing AI era.

We have established deep bonds and long-lasting partnerships with three out of the top four CSPs globally, co-developing products tailored to their specific needs. Additionally, we provide proprietary AI system development for workload and TCO optimization. Together, these efforts enable us to achieve strong financial upside through non-recurring engineering ("**NRE**") collaborations.

In anticipation of emerging leaders in the second wave of AI revolution that will be more vertical and application specific, such as GPU-focused cloud providers, regional clouds, and vertical AI/HPC players, we have been engaging with different computing accelerators since the early stages of their development**.** This preparation enables us to assist customers to catch up on the GPU roadmap when the time comes and seize opportunities proactively. Furthermore, our deep industry understanding and market intelligence pave the way for us to offer various value-added services in server design and solutions.

We have established a solid and collaborative relationship with critical suppliers, characterized by longstanding partnerships and multifaceted collaborations, such as the synergy we share with Wistron, our parent company, to continuously develop and diversify product categories. Our extensive collaborations and longstanding relationships with

suppliers also ensure a steady supply of high-quality components, which is essential for us to continue ramping up our business amidst uncertainties in the supply chain. Additionally, we have initiated early development of next-generation AI accelerator systems with top AI chip providers and global CSPs to pioneer cutting-edge technology. These collaborations not only provide greater visibility of supply but also foster the development of the value chain through the application of new technologies and research outcomes. Furthermore, our early investment in advanced cooling technologies and deep collaboration within the ecosystem have paved the way for new business opportunities, positioning us to capitalize on evolving market demands and technological advancements.

Our strategic partnerships with CSPs and proactive development of next-generation AI products underscore our commitment to staying ahead of the curve. With a robust supplier network and forward-looking approach, we are well-positioned to navigate the complexities of the supply chain and capitalize on the evolving demands of the AI-driven market.

Attractive value proposition for customers

We are determined to provide our customers with the best workload performance and TCO-optimized products.

Capitalizing on our advanced technologies and strong product design capabilities, we offer our customers excellent workload performance, including:

- Advanced technology – Our products adopt the most advanced technologies, especially in HPC and cooling. For instance, our NVIDIA GB200 NVL72 rack can deliver an exaFLOPS computing power. Our advanced Two-Phase Immersion Cooling technology can further increase server power density up to six times per 1U rack height compared to traditional air cooling; and
- High level of customization – We have also developed a range of add-ons to help customers tailor their servers to exact needs and enhance workload performance. For performance-driven CSP customers, we provide GPU clusters with increased input/output ("**I/O**") bandwidth and storage volume. For efficiency-driven social media customers, we offer optimized AI inference with scalable architecture.

On the other hand, we offer our customers products with low TCO. TCO holds particular importance in assessing the long-term value of purchasing cloud IT infrastructure for data center customers. Products with lower TCO assist data centers in deploying resources more efficiently and further enhancing business growth. We are proud to help our customers save on capital expenditure and operating expenses by leading the forefront of technological development and leveraging our best-in-class manufacturing excellence. Our vanity-free and shared components design as well as the enablement of AI ASIC solutions can reduce customers' capital expenditure. With deep industry knowledge and years of collaboration with our customers, we fully understand the demands for AI and cloud IT infrastructure products. Our design ensures high functionality at reasonable prices to meet customer expectations. We help customer to reduce operational expense to achieve lower TCO from the following perspectives to save customers on operational expenses:

- Low energy consumption – Our advanced heat dissipation solutions, shared power design, and ventilation technologies meet our customers' demands for power efficiency;
- Ease of operation – The front access design and customized configuration help to reduce daily operational difficulties;
- Low returns and warranty – Our best-in-class manufacturing excellence enables us to deliver defect-free and competitive products to our customers in a timely manner, according to their data center deployment schedules; and
- Green products – We consider all aspects of the product life cycle, from design to recycling, reducing the environmental impact and resource consumption of our products to provide customers with safe, low-pollution, and recyclable green products.

Our expertise in cloud IT infrastructure allows us to achieve optimized workload performance through increased flexibility in AI customization and improved performance gains, while driving down TCO by saving on capital expenditures and operating expenses, thereby offering our customers the most attractive value proposition.

Our dedication to providing high-performance, TCO-optimized products is evident in our customer-centric approach and industry-leading innovations. By understanding the intricate needs of our clients and applying our deep expertise, we believe that our solutions will continue to deliver value to our customers.

Proven R&D and advanced cooling capabilities for AI and cloud IT infrastructure

Our unwavering dedication to R&D has been instrumental in advancing cooling capacities within AI and cloud IT infrastructure.

Our products require advanced technologies to achieve high product quality, power efficiency, computing speed, and reliability. In order to meet rapidly evolving market demand, we have dedicated significant resources to R&D, identifying key trends and emerging technologies that create incremental opportunities for us in the long run.

As a result of our R&D and design capabilities, as of March 31, 2024, we have accumulated an intellectual property portfolio of 365 patents worldwide, of which approximately 91.0% are invention patents and approximately 29.0% are U.S. patents. Additionally, in 2023, our submitted patent applications marked a growth of over 35% compared to our patent applications submitted in 2022. To sustain our R&D success, we have made tremendous efforts to attract, retain, and develop qualified R&D personnel. As of March 31, 2024, we employ 1,573 engineers across our organization, with 46.5% holding a master's degree or higher. All of our R&D division heads have many years of experiences in this industry. We believe that our R&D and design capabilities will continue to drive technological breakthroughs and generate new business opportunities.

Our early investments in technologies and understanding of data center requirements have provided us with unique insights and proprietary know-how to bridge the gap between our in-house capabilities and our customers' functional demands. This, in turn, helps our customers reduce the time from data center equipment design to mass production and deployment. Our strong system integration abilities also empower us to deliver quality hyperscale data center products, achieved through seamless cooperation among our design, validation, and manufacturing teams.

As a platinum member of Open Compute Project ("**OCP**"), an organization that shares designs of data center products and best practices, with members including certain well-known IT and data center leading companies, we apply design concepts from OCP to all product lines and provide solutions. We actively participate in OCP summits to establish industry standards and implement our OCP design concepts in our product offerings. Additionally, we play active roles in various OCP projects including servers, hazardous waste management, storage, open system firmware, rack & power, sustainability, and cooling environments.

We are leading in advanced cooling technology, which is a technological breakthrough to be used in data centers. We have developed two cutting-edge cooling technologies: liquid cooling and immersion cooling. For liquid cooling, we have engineered single-phase D2C liquid cooling and are working on verification with partners for the two-phase solution, which is capable of supporting up to 10KW per 1U rack. Our solutions are highly compatible with existing setups, easily integrated into current data center infrastructures with minimal adjustments, and boast lower maintenance and operational costs. In immersion cooling, we offer single-phase and two-phase systems that efficiently dissipate heat, and tailored to specific customer requirements. Our Two-Phase Immersion Cooling system is capable of supporting over 10KW per 1U rack height and supports multiple power supplies, including 12VDC and 48VDC bus bar supplies, meeting diverse customer needs with high power efficiency. Beyond our in-house developments, we also invested in industry-leading cooling innovators. For example, we invested in ZutaCore Ltd in the first quarter of 2024 for two-phase, D2C liquid cooling technology. We also invested in LiquidStack in 2021 for two-phase immersion cooling technology. By adopting our advanced cooling systems, data centers can achieve superior performance with efficient power consumption and manageable maintenance.

Our dedication to R&D and advanced cooling solutions have been pivotal in establishing us as a leader in AI and cloud IT infrastructure. We believe our R&D and design capabilities will continue to drive technological breakthroughs and bring in new business opportunities.

Global manufacturing footprint to ensure time to market

We leverage an extensive network of international manufacturing plants worldwide, enabling us to swiftly respond to market demands and deliver products with agility and precision.

We have six constructed manufacturing facilities and two manufacturing facilities under construction located in Mexico, Malaysia and the ROC. We operate manufacturing processes of PCBA, New Product Introduction for System / Rack ("**L10/11 NPI**"), rack integration, and cooling. We also leveraged Wistron's manufacturing facilities in the Czech Republic and in Mexico. Our global manufacturing footprint brings our supply closer to customers, significantly shortening production and logistics lead times with higher cost efficiency. This approach fosters extensive collaboration with customers on product design and development, while mitigating supply chain risks stemming from geopolitical uncertainty. By locating manufacturing plants near customers' data center locations, we maintain cost efficiency and effectively cater to customer demand in diverse geographical areas.

We possess multiple manufacturing capabilities to deliver high-quality products to our customers. By the end of 2024, we plan to achieve a global electricity capacity of approximately 50MW for system integration, in particular, L10/11 NPI, rack integration and approximately 20MW for advanced cooling capacity.

We believe our global manufacturing footprint is crucial for meeting increasing customer demands amidst supply chain uncertainty and technological advancements.

Visionary and committed management team

We are led by a visionary and committed management team with deep experience and complementary backgrounds in IT, server and storage industries. With an innovative mindset, our visionary management team creates differentiated strategies to lead technology development and meet the demands of top-tier customers.

In particular, Emily Hong, the chairwoman of our board of directors and our chief strategy officer, brings many years of experience in IT industries and remains actively involved in our day-to-day operations. Ms. Hong envisions positioning us as a pure-play cloud IT infrastructure provider embracing the AI wave. She is supported by a professional management team passionate about the upcoming AI era and possessing in-depth understanding of the cloud IT infrastructure industry.

Under our management's leadership, we have nurtured core corporate values including integrity, excellence, a pioneering mindset, agility, and team spirit.

We believe our management team will continue to guide our business expansion and sustain our leadership in the cloud IT infrastructure industry, riding the wave of AI.

Business Strategies

We plan to pursue the following strategies to accomplish our vision and mission:

Focus on addressing massive AI and cloud markets through collaborative relationships with leading technology providers

In pursuit of the vast market potential of AI and cloud technologies, we highly value our longstanding strategic partnerships with supply chain partners. We aim to strengthen relationships with existing suppliers and forge new business ties with top-tier technology providers. Our commitment includes enhancing value propositions for suppliers by integrating their technologies and innovations into our product designs.

Additionally, we plan to co-develop cutting-edge AI and cloud-related products with our partners, ensuring seamless integration of their technologies to deliver optimized workload performance and TCO benefits to our customers. Moreover, we will strategically review, forecast, and manage raw material and component demands to maintain reasonable lead times for fulfilling customer orders.

Invest in technologies and product development capabilities to enhance our competitive positioning

We place great emphasis on technological capabilities to develop innovative and effective solutions for our customers. With the exponential growth in demand for computing power and speed, we recognize immense potential for expansion and will persistently invest in key technologies demanded by hyperscale data centers in the AI era. These include modular design, HPC, high-speed interconnection, signal integrity, advanced cooling, liquid-cooling management system, edge solutions, smart factory solutions, and high efficiency power solutions.

Additionally, we are committed to open initiatives especially OCP, one of the most important open hardware communities backed by Meta, Microsoft and Intel. Through active participation in working groups for system hardware, software and cooling technologies, we aim to stay current with emerging technology trends, respond promptly to market opportunities, and establish industry standards to further penetrate the cloud IT infrastructure market.

Develop new business opportunities with existing customers and selectively pursue new customers focused on AI

Demand for AI and cloud IT infrastructure from our existing hyperscale customers is expected to remain strong. We intend to continue strengthening strategic relationships with our existing customers by engaging more deeply in technological and product development and pursuing new opportunities. We aim to gain a first-mover advantage in securing our customers' orders and becoming a crucial partner in certain hyperscale data center products. We believe that extensive collaboration between us and our customers sets a high barrier to entry against our competitors. Moreover, riding the wave of AI and leveraging our track record in serving industry-leading CSPs, we will selectively seek opportunities to work with new and emerging customers looking to build their AI infrastructure, which have the potential to generate high demand for our products and services.

Continue to expand and enhance global manufacturing footprint

In anticipation of increasing demand for data center-related products from existing and potential new customers, we intend to strategically expand and enhance our self-owned production facilities and attract, develop, and retain local talent. For example, we are building new production facilities in Johor, Malaysia, all adopting smart manufacturing technologies and green building standards, to increase our manufacturing capacity. We also expand power and cooling capacity to be ready for high-power-density production. We expect that our global production facilities and capable local talent will enable us to engage in product design, development, and production with higher cost efficiency. The diversified geographical locations of our production facilities connect us more efficiently with customers, mitigate potential geopolitical and supply chain risks, and synchronize our worldwide manufacturing and delivery network.

Continue to attract, train and retain quality talent to support our rapid growth

We appreciate the valuable contributions made by our talented employees. We are committed to attracting, developing, and retaining the most skilled individuals in our field. Given the rapid technological advancements and changing customer demands in our industry, we have embedded the principle of "agility" into our corporate culture. This empowers our employees to effectively grasp challenges and trends, cultivate a flexible mindset, and adapt to changes. It enables us to engage with diverse stakeholders and provide high-quality solutions across all areas of our operations.

We have continually upgraded our talent management system, wherein we: (i) encourage internal rotation for employees to gain a holistic understanding of our business; (ii) establish job leveling and clearly define responsibilities; and (iii) maintain regular communication with startups to gather new ideas for potential business opportunities.

Focus on sustainable operation and corporate social responsibility

We are committed to sustainable operations and corporate social responsibility. We achieved a top 10% score in the Sustainability Yearbook 2024 published by S&P Global, and were selected as Industry Mover. In addition, we were awarded the Sustainability Resilience Outstanding Award by the British Standards Institution ("**BSI**") in both 2022 and 2023. Some of our major R&D focuses, such as power converters and advanced cooling solutions, can facilitate energy saving and carbon reduction.

With our mission to consistently develop sustainable products and through our participation in the Carbon Disclosure Project ("**CDP**") and Taiwan Climate Partnership, we have set goals to achieve net-zero emissions by 2040 and aim for 100% green energy usage by 2030. We also plan to leverage the Microsoft Sustainable Cloud to develop a dedicated sustainability roadmap, expanding carbon management from the enterprise level to the product level.

We have complied and will continue to ensure compliance with environmental protection regulations in the countries where we operate. Additionally, we will continuously monitor the financial risks posed by climate change and improve the environmental, safety, and health requirements of our manufacturing facilities. We will also stay abreast of the latest ESG requirements and optimize our corporate structure to focus on sustainable development and fulfill our corporate social responsibility.

Our History

We were incorporated in Taiwan, the ROC on March 3, 2012. Our register number is 53687704 and we have indefinite length of life. In 2013, we launched the alphanumeric pager ("**AP700**") and were recognized as the annual Cool Vendor by Gartner. In 2014, we shipped OCP server, and launched the first server in the world that was certified by the OCP. In 2015, we successfully entered the CSPs' rack system integration business, shipped our first rack of servers and launched Just a Bunch of Disks ("**JBOD**").

In 2017, our Shares were listed on the Emerging Stock Board of the TPEx. In 2019, we launched the OCP OpenEDGE server for 5G Open Radio Access Network and started Surface Mount Technology lines at the Tainan plant. In the same year, our Shares were listed on the TWSE and we shipped the AI inference product. We also received the Microsoft Supplier Program Excellence Award.

In 2020, we achieved the milestone of shipping our 100,000th rack and launched the ARM-based Ampere Altra server. We were also included in the FTSE TWSE Taiwan 50 index, and received an A- for Climate Change in CDP.

In 2022, we shipped the AI training product and CSP edge server. In 2023, we shipped our ASIC AI rack in volume and achieved the milestone of shipping our 200,000th rack. We also expanded the production capacity of our Malaysia and Tainan plants and began mass production at our third plant in Mexico.

In 2024, we began shipping immersion-cooling-based GPU servers and introduced liquid-cooled GPU server racks based on NVIDIA GB200, along with the cooling system management UMS 100. We also invested in ZutaCore Ltd, a company specializing in two-phase D2C liquid cooling technology, to advance our thermal management capabilities. Additionally, we invested in Andra Capital Fund LP, which focuses on AI software investments, to enhance our proximity to AI market end-users.

Our headquarters are located at 8F, 90, Sec.1, Xintai 5th Rd., Xizhi Dist., New Taipei City 221411 (886-2-6615-8888). Our website is https://www.wiwynn.com.

Our Products

We are a supplier of cloud IT computing infrastructure solutions and provide hyperscale data centers, high-quality computing and storage equipment as well as system integration solutions. Our products include computing servers (multi-node servers, multi-purpose servers, edge/AI servers), AI/HPC servers, storage servers, storage systems, and rack integration. A substantial portion of our major products are customized to meet our customers' requirements and specifications. These solutions are designed to serve CSPs and communication service providers to address a variety of markets, such as public cloud service, social media, AI computing and digital entertainment. In addition to the sever systems and server racks, we also provide some accessories, and provide certain software and services to help our customers upgrade and maintain their computing infrastructure.

As a platinum member of OCP, we apply design concepts from OCP to all product lines and provide solutions. Additionally, we play active roles in various OCP projects including servers, hazardous waste management, storage, open system firmware, rack & power, sustainability, and cooling environments.

In 2021, 2022, 2023, and for the three months ended March 31, 2023 and 2024, the revenue from the sales of hyperscale data center products, which constitutes 100% of our operating revenue, was NT$192,625.9 million, NT$292,876.0 million, NT$241,901.0 million (US$7,576.0 million), NT$74,225.8 million, NT$69,628.2 million (US$2,180.7 million), respectively.

Hyperscale data center products

Our key product lines include:

1) **Computing Servers**:

- **Multi-node server:** this is a flexible combination of up to multiple servers in the space of two or four OpenUs, which are rack units with a height of 48mm, for computing-intensive application with enhanced I/O performance. We have three different series for 21-inch racks and the other two as 19-inch racks. These series focus on different potential needs, including, for example, enhanced memory performance, efficient AI inference acceleration and modularized configurations for different workloads. Customers can choose the one that fits their needs.

- **Multi-purpose server:** this is a type of server that is best suited for multi-purpose applications with large storage and considerable cost. These servers are designed with main specifications tailored for web services, achieving cost effectiveness with simplified and compact design. The different series have different features, from built-in platform trust and protection technologies to built-in AI and security acceleration, enabling customers to find suitable solutions.

- **Edge/AI platform:** this is a type of short-depth server designed for diverse edge locations with flexible configurations for various edge computing, especially for AI workloads.

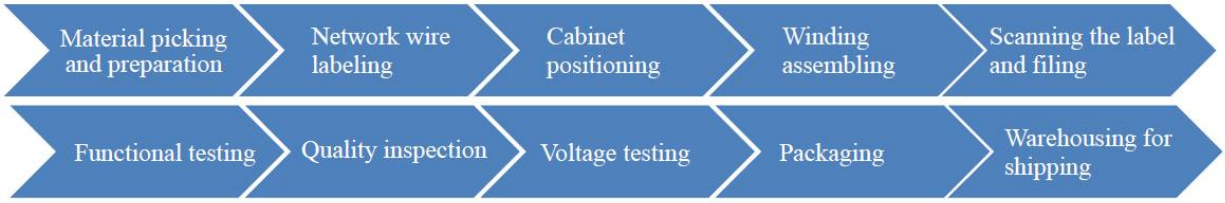
2) **AI/HPC servers:** This type of server delivers unparalleled performance in the AI applications to support training and inference. It usually integrates high-speed network for all kinds of AI applications, including, for example, recommendation system and generative AI ("**GenAI**") in large language models ("**LLMs**"). Depending on the customer's workload requirements, it can utilize either GPUs or ASICs as accelerators, offering flexibility and power for diverse AI tasks.

3) **Storage servers:** This is a type of server designed for large capacity storage applications. It is a high-density storage system designed with redundant controllers, providing full redundant data paths to each HDD.

4) **Storage:** this is a type of unique and high-capacity storage system with high availability and flexibility. Hot-plug HDDs can be swapped immediately, saving lots of time and effort for maintenance and repair.

Production Process

The production process of our products including the following major steps:



- **Material selection and preparation:** We procure raw materials and components from our suppliers based on the requirements of our products. Sometimes our customers would designate suppliers for us. We inspect raw materials and components upon their arrival at our production facilities, and store them at our warehouses.

- **Network wire labeling:** We label each of the network wire used in the system before pulling the cables. Network wire labeling is the most important step in pre-wire cable installation.

- **Cabinet positioning:** We ensure that there would be enough room in a server around the front, rear, sides and top of a rack for cooling air flows and access for engineers.

- **Winding assembling:** We assemble our products with robotic assistance to the extent appropriate and conduct inspections to ensure accurate assembling of products throughout the process.

- **Scanning the label and filing:** We scan product labels and make necessary filing to record assembled products information.

- **Functional testing:** We conduct functional testing to stabilize the performance of our products and reduce the time for our customers to test the performance of our products.

- **Quality inspection:** We conduct comprehensive quality inspections on our products to ensure that the products meet our quality requirements. The electric components, mechanics, board and cable of a product would be checked multiple times before delivery.

- **Voltage testing:** We conduct voltage testing to prevent voltage drop or other voltage issues and reduce the safety risks of our products.

- **Packaging:** After the completion of testing and inspection, our packaging team or third-party vendors will pack the products and we closely monitor the quality of the packaging process.

- **Warehousing for shipping:** The packaged products will be transferred to our warehouses and are ready for shipping pursuant to customer instructions. We contract with third-party logistics service providers to transport and deliver products from our warehouses to our customers. For more information, see "– Logistics." The ownership of our products is transferred to the customer upon shipment pursuant to the trade terms with the customer. We allow our customers to track the status of delivery of their finished devices.

Raw Materials, Components and Suppliers

Our major raw materials and components include semiconductor, printed circuit board, power supply, thermal module, guides, switch case and motherboard. Among them, there are certain high-value components like GPU, CPU, memory, HDD and SSD. Securing an adequate supply of raw materials and components at commercially reasonable prices and terms is critical to our business operations.

We both purchase from suppliers directly and from distributors, and, in the first quarter of 2024, the latter constitutes around 35% of our purchases and mainly for high-value commodities such as GPU, CPU, memory, HDD and SSD. We select the suppliers and distributors based on various criteria, including price, quality assurance, supply continuity, technical capacity, engineering ability, manufacturing technology, and financial sustainability. Sometimes certain suppliers are selected by our customers. We enter into supply orders with the suppliers or distributors, the terms of which may range from one to two months. Our supply orders generally include terms, estimated quantity, pricing, delivery schedule, product warranty, product exchange or refund policy, and packaging.

For 2021, 2022, and 2023, and the three months ended March 31, 2023 and 2024, purchases from our four largest suppliers, including Wistron Corporation, in aggregate amounted to NT$133,023.5 million, NT$171,209.7 million, NT$121,912.8 million (US$3,813.1 million), NT$48,664.3 million and NT$40,979.0 million (US$1,283.4 million), respectively, accounting for 65.2%, 67.1%, 58.3%, 72.1% and 51.5% of our total purchases, respectively. We believe that we maintain stable relationships with our major suppliers.

As some raw materials and components are facing global shortage, we are subject to the risks of supply disruptions. To mitigate the risk of supply disruptions, we closely monitor market conditions and our inventory on a continuous basis, and seek alternative solutions during the shortage of raw materials or components. For more information,

see “Risk Factors – Risks Relating to Our Business and Industry – Our cost structure, working capital and ability to deliver hyperscale data center products to customers in a timely manner may be adversely affected by fluctuation of the market price for raw materials and components for our products.” and “Risk Factors – Risks Relating to Our Business and Industry – Raw materials and components shortages may adversely affect us.”

Production Facilities and Capacity

We have six constructed manufacturing facilities and two manufacturing facilities under construction in Mexico, Malaysia and the ROC. We operate manufacturing processes of PCBA, L10/11 NPI, rack integration, and cooling. The table below sets forth details of our production capacity for the periods indicated:

	For the year ended December 31,		
	2021	**2022**	**2023**
Production capacity (thousand units).....	1,665,986	1,730,985	1,784,059
Production volume (thousand units).....	2,107,156	2,199,764	1,423,543

We intend to increase the capacity of our own production facilities. We expect that our capital expenditures will increase to fund these expansions, in an effort to alleviate the constraint of production capacity on our expansion, lessen our reliance on Wistron, and meet rising demand of our customers. This process is divided into two stages: the first stage primarily focuses on the production of L10/L11 NPI, while the second stage concentrates on the production of PCBA. In addition, we continue to expand our plants in Mexico and Malaysia. For Mexico, our rack integration facilities are expected to have approximately 900 test stations, 11 automation lines in the second half of 2024. We have two Phases of production facilities in Johor, Malaysia. Phase I of the server rack integration plant for hyperscale data centers has been in mass production since the second half of 2023. We expect that Phase II, the server PCBA plant, will start operation in the second half of 2024, providing comprehensive services to data center customers. Both Malaysia and Mexico plants have been allocated advanced cooling technology capacity.

We believe these arrangements will effectively increase our overall production capacity, and will strengthen our ability to satisfy the growing demands globally. We plan to achieve a global electricity capacity to integrate approximately 50MW for system integration, in particular, L10/11 NPI, rack integration and approximately 20MW for advanced cooling by the end of 2024. For more information, see “Risk Factors – Risks Relating to Our Business and Industry – The capacity issue is likely to sustain and may further limit our capability to penetrate into existing and new customers.”

Currently, we also outsource some part of manufacturing activities to Wistron in its manufacturing facilities in Juarez, Mexico and Brno, Czech Republic. Such arrangement allows us to retain effective control over the supply chain, manufacturing process, and quality control with minimum initial capital expenditure, at the early stage of our development. As of March 31, 2024, approximately 24% and 23% of our PCBA process and rack integration process, respectively, was outsourced to Wistron.

Quality Control

Our management experience and advanced production technologies have allowed us to maintain a high standard of production quality and reliability. Our senior management team is actively involved in setting quality control process and monitoring the implementation of such process to ensure that we are able to deliver products with high level of reliability.

We have established quality control measures at all stages of our product development and manufacturing processes. For example, during the design and development stage, we apply failure mode and analysis test to identify potential production problems at the early stage. We ensure that the product fulfills user requirements and performs reliably in the intended environment. This includes conducting tests across diverse scenarios to meet various requirements. During the manufacturing stage, we carefully select reputable suppliers of raw materials and components, inspect raw materials and components upon their arrival at our production facilities, improve the performance of our manufacturing processes and conduct product testing to ensure production efficiency and product quality. Our products need to pass

functional testing, quality inspection, and voltage testing before being packaged and sold. During the after-sales stage, we offer technical support, handle customer complaints and resolve quality issues with a view to achieve high customer satisfaction.

In addition, we have in place a stringent internal control system, identifying and preventing potential issues with respect to: (i) internal control governance; (ii) risk assessment criteria; (iii) remedial internal control policies and procedures; (iv) communication and information management; and (v) continuous monitoring activities. We have also established policies and procedures to facilitate the execution of our internal control objectives. In recognition of our quality management system, we have received the ISO 9001:2015 since 2022, evidencing our commitment to safety and quality control.

Logistics

We contract with third-party logistics service providers to transport and deliver raw materials and components from our suppliers to our production facilities, i.e. inbound transportation and transport and deliver products from the warehouses to our customers, i.e. outbound transportation. The logistics service providers that we select are either Authorized Economic Operator ("**AEO**") certified or Customs-Trade Partnership against Terrorism ("**C-TPAT**") certified, both of which are certificates for supply chain security and important indicators of the quality and trustworthiness of their services to us.

For inbound transportation, most raw materials and components are transported from the Asia to the PCBA facilities in the ROC or Mexico. The transportation is usually conducted via cargo vessels and by road. As we have shifted all of our PCBA work from the PRC to Malaysia, the costs of inbound transportation will increase, which shall be reflected in our pricing.

For outbound transportation, we transport our products from rack integration facilities located in Mexico, Malaysia, or Czech Republic to our customers via land carriage and air freight. Third-party logistics service providers transport and deliver the products from locations to customers. After the products arrive at port, we engage third-party logistics service providers to transport and deliver the products to our customers. Our logistics service providers customize their transportation procedures in accordance with our quality standards to ensure the quality of our products delivered. The logistics service providers are liable for damages resulting from any accidents during transportation. As of the date of this offering circular, we have shifted all of our rack integration from the PRC to Malaysia and Mexico, which are more closed to the data centers located in southern, western Asia and the United States, respectively, the costs for outbound transportation for most of customers will decrease. Since the outbound transportation fees constitute a larger part of the overall transportation fees, the general influence on the price brought by our shift of production lines will be positive for our customers.

In 2021, 2022 and 2023, and the three months ended March 31, 2024, we did not experience any material disruption or delay in the transportation of our products or any material damage to our products during transportation.

Sales, Marketing and Customers

We sell and market our products through our sales team located in the ROC, the Mexico and the United States. As of March 31, 2024, our sales team comprised of 95 members. Our sales and marketing team works closely with our R&D team to coordinate our product development activities as well as business development planning. Our marketing channels primarily include direct visits, industry conferences, trade fairs, open community and public relations events. Most of our products were sold outside of the ROC. In 2021, 2022, 2023 and for the three months ended March 31, 2023 and 2024, 99.9%, 99.8%, 99.4%, 99.8% and 99.7% of operating revenue were generated from the products sold outside of the ROC. We sold approximately 78.0% of our products to the United States, and approximately 13.5% of our products to Europe on average during 2021, 2022 and 2023.

Our customers are primarily CSPs operating hyperscale data centers. A substantial portion of our major products are customized to meet our customers' requirements and specifications. Our product development team works closely with our customers from the initial design stage to the production stage. This process usually takes approximately 18 to 24

months, depending on the specifications of the product, the qualification processes of individual customers and the availability of certain raw materials and components.

Historically, sales to major customers account for a substantial portion of our operating revenue. Our key customers include three internationally renowned leading CSPs and we have established deep bonds and long-lasting partnerships with these three CSPs. Additionally, we provide proprietary AI system development for workload and TCO optimization. Together, these efforts enable us to achieve strong financial upside through NRE collaborations. In 2022, 2023 and for the three months ended March 31, 2023 and 2024, sales to these three largest customers accounted for 90.2%, 94.7%, 92.7% and 96.5% of our operating revenue, respectively. We do not enter into sales contracts that specify minimum purchase amounts and fixed prices for a fixed term, but our key customers typically provide us annual estimates and monthly or quarterly rolling forecasts. The purchase amounts, pricing terms and delivery terms depend on the actual purchase orders.

In an effort to minimize concentration risks, we have been committed to diversifying our customer base. In order to do so, we strive to improve our production capacity and locate potential customers. For more information, see "Risk Factors – Risks Relating to Our Business and Industry – A substantial portion of our business is derived from a limited number of major customers. Our customer concentration exposes us to the risks faced by our major customers and may subject us to risks relating to significant fluctuations or declines in revenue and profitability." and "Risk Factors – Risks Relating to Our Business and Industry – The capacity issue is likely to sustain and may further limit our capability to penetrate into existing and new customers."

Research and Development

We believe that R&D is critical to our success. Our products require advanced technology to achieve high product quality, power efficiency, computing speed and reliability. In order to meet the market demand involving rapidly with times, we actively invest in R&D to meet demands from data centers of next generation.

R&D is not only our core competence, but also the way that we contribute to the society. From the establishment of our Company, we have been actively participated in the OCP and opened source our designs, which contributed to the free flow of knowledge and the establishment of industry standard. Leveraging our R&D efforts, we believe that we can adapt to the technology innovations, keep competitive in cloud IT infrastructure market, and make contribution to the new era of digitalization.

We perform most of our R&D activities in-house in the ROC. We established a R&D and experiment center in Tainan to carry out new product verification and trail (mass) production and strengthen our R&D capabilities in order to attract more business opportunities. As of March 31, 2024, our R&D team consisted of 526 members, among which 73.8% received master's degree or higher in the ROC. Our R&D expenses were NT$2,459.3 million, NT$3,528.5 million, NT$4,018.8 million (US$125.9 million), and NT$1,201.3 million (US$37.6 million) for 2021, 2022 and 2023, and the three months ended March 31, 2024, respectively.

One of our R&D strengths is that we provide end-to-end integrated technology and product development. After conducting early investments in the development of technologies, we reach out to our major customers and co-develop the new products with them, so that the products can be better customized and fit with their data centers. We believe that this approach saves the time from concept to product for our customers and provides workload optimization with competitive TCO. Through this process, we own the fundamental technologies and will be able to implement them to develop and customize new products for other customers later.

Our R&D efforts are focused on (1) technologies to improve cooling effectiveness and power-efficiency of our solutions; (2) product development for edge and AI computing that can satisfy different edge computing demands.

Recent products from our R&D efforts include the following:

- **AI/HPC Servers**: We provide a diverse array of rack-level AI solutions paired with our advanced cooling system. Over 20% of our revenue in the fourth quarter of 2023 came from our AI products. The contribution is expected to further increase given our continued investments. As of December 31, 2023, over half of our

proof-of-concept projects were related to AI solutions, highlighting our commitment to this transformative technology. We possess AI-accelerating platforms from leading technology providers, including NVIDIA. As a close partner of NVIDIA, we are among the first to adopt NVIDIA GB200 NVL72 readiness, capable of delivering an exaFLOPS computing power. Through our GB200-enabled AI racks, we deliver substantial computing power and ensure customizable adaptability to meet diverse needs such as scalability, flexibility, and efficient data center management. NVIDIA MGX™ AI servers support multiple NVIDIA H200 NVL GPUs and its Peripheral Component Interconnect Express (PCIe) Tensor Core successors, enabling accelerated computing in data centers with modular server designs. NVIDIA HGX™ AI servers integrate the NVIDIA HGX 8-way Server PCI Express Module (SXM) GPU baseboard with Wiwynn's in-house designed CPU motherboard, offering a range of diversified AI server solutions.

In addition to NVIDIA GPU solutions, we also have long-term partnerships with AMD and Intel, each offering their own GPU dies and architectures. Our modularity system and rack-scale design enable us to seamlessly integrate AMD and Intel GPU solutions into our AI product portfolio.

Custom ASIC AI/HPC accelerators are a trend to accommodate specific user applications and workloads. They can also mitigate the risks associated with GPU supply in the market. As a leading ODM and direct product vendor, we collaborate with end customers developing their own ASICs to design and manufacture AI ASIC servers that meet customer demands. These customers include hyperscale service providers.

- **Advanced Cooling Systems:** Our advanced cooling systems include Cold-Plate Liquid Cooling and Immersion Cooling, which address the cooling challenges in next-generation data centers as processing unit power increases significantly.

  In our Cold-Plate Liquid Cooling system, liquid coolant is distributed to high-power components covered by cold plates, transferring heat through liquid-to-liquid facility water, while other parts are air-cooled by fans. This system enables higher power density and improves cooling efficiency compared to traditional air cooling, without requiring extensive facility changes in data centers. The coolant used for D2C liquid cooling systems is commonly applied in the autonomous industry. We have engineered single-phase D2C liquid cooling and are verifying a two-phase solution capable of supporting up to 10KW per 1U rack. Our solutions are highly compatible with existing setups, easily integrating into current infrastructures with minimal adjustments, and boasting lower maintenance and operational costs.

  Additionally, we collaborate on a two-phase, dielectric D2C liquid cooling solution with ZutaCore Ltd, a leading provider of D2C liquid cooling and waterless liquid cooling solutions. This partnership advances cooling efficiency and thermal capability, starting from 132KW per rack, with phase change for further enhancement, while safeguarding IT gear from water damage.

  Our Immersion Cooling system immerses servers and components in a tank filled with non-conductive fluid. It uses boiling or fluent liquid to remove heat through vapor or various coolants. This system does not require facility air conditioners or system fans, enabling high power density and stability with excellent cooling efficiency, surpassing that of Cold-Plate Liquid Cooling. Additionally, the immersion cooling system is versatile enough to be deployed in challenging environments.

  We offer both single-phase and two-phase systems that efficiently dissipate heat, tailored to specific customer requirements and capable of supporting over 10KW per 1U rack. This system supports multiple power supplies, including 12VDC and 48VDC bus bar supplies, meeting diverse customer needs. Compared to traditional air cooling, our Two-Phase Immersion Cooling technology can increase server power density up to six times per 1U rack height. Furthermore, we collaborate on two-phase immersion cooling technology with LiquidStack.

- **Liquid-cooling management system:** Our universal management system, designed for D2C liquid cooling racks, immersion cooling tanks, and data center facilities, is compatible with various in-row CDUs and sidecars. It offers real-time monitoring, cooling energy optimization, rapid leak detection, and containment capabilities for the entire infrastructure.

- **Modular design:** Our company standardizes the transmission interfaces and component fixed structures of various signal power supplies in servers, and then plans and designs corresponding modules to achieve product modular design. The advantages of modular design allow the same series of products to support different system configurations more flexibly, providing greater choices for data centers. Additionally, because the modules are highly interchangeable, they save time in designing new modules and developing new molds, thereby reducing product development costs. When replacing old products with new ones, the original system chassis can be replaced with a new one. Considering ESG, Green IT, and Net-Zero emissions, we develop modules with recyclable and reusable possibilities.

In addition, our R&D team is currently focused on developing a 48V-12V conversion module to better achieve space utilization and power efficiency even go with GaN based power solution. We keep investing in key technologies demanded by hyperscale data centers in the AI era, which include: (i) AI/machine learning on LLMs and multimodal language models, as well as GenAI; (ii) generic compute servers, storage system with the latest processors (iii) advanced cooling; (v) smart factory; (vi) compute express link and ultra accelerator link; and (vii) silicon photonics based high speed communication, IOWN Global Forum and co-packaged optics technology. These efforts are critical in ensuring that we will be able to enhance the quality of our products offered to our customers and to remain response to their demands in the future.

Intellectual Property

Intellectual property is an important aspect of our business, and we actively seek protection for our intellectual property as appropriate. We currently rely on a combination of patents, trade secrets, copyrights, trademarks, contractual commitments and other legal rights to protect our intellectual property. In addition to the protection provided by our intellectual property rights, we enter into confidentiality and proprietary rights or similar agreements that restrict the disclosure of our intellectual property with our employees, customers and suppliers. We further control the use of our proprietary technology and intellectual property through provisions in both general and product-specific terms of use.

We regularly review our R&D efforts to assess the existence and patentability of new intellectual property and generally apply for patent protection if our intellectual property carries the potential for wide application across our sectors or is able to give our business a competitive advantage over our competitors.

As of March 31, 2024, we have a broad portfolio of 365 patents worldwide, of which approximately 91.0% are invention patents and approximately 29.0% are U.S. patents. Additionally, in 2023, our submitted patent applications marked a growth of over 35% compared to our patent applications submitted in 2022. As of March 31, 2024, we have 203 pending patent applications in various jurisdictions around the world including the ROC, the United States, the PRC, Malaysia, Mexico, and European Patent Office.

We also have access to some third-party patents and other know-how as a result of our licensing arrangements with third parties including Wistron.

Our trademark, Wiwynn®, is a registered trademark in the ROC, the PRC, Hong Kong, South Korea, Japan, Malaysia, European Union, United States, and Mexico.

Competition

The market for our products is highly competitive, rapidly evolving and subject to new technological developments, changing customer needs and new product introductions. We believe our principal competitors include: ODM-direct cloud IT infrastructure players such as Quanta, Foxconn and Inventec, and conventional cloud IT infrastructure OEM brands such as Dell, Hewlett-Packard Enterprise, Lenovo and Super Micro.

The principal competitive factors in our market include the following:

- New emerging technologies;
- High product performance, efficiency and reliability;

- Early engagement and integrated partnership with customers;
- Collaborative and longstanding relationship with suppliers;
- Capacity management;
- Cost-effectiveness;
- Interoperability of products;
- Scalability;
- Localized and responsive customer support on a worldwide basis; and
- Working capital management.

We believe that we compete favorably with respect to most of these factors. However, most of our competitors have longer operating histories, significantly greater resources, greater name recognition and deeper market penetration. They may be able to devote greater resources to the development, promotion and sale of their products than we can, which could allow them to respond more quickly to new technologies and changes in customer needs. In addition, it is possible that new competitors could emerge and acquire significant market share. See "Risk Factors – Risks Relating to Our Business and Industry – The market in which we participate is highly competitive, and if we do not compete effectively, our share of wallet with our existing key customers may decline and we may not be able to increase our market penetration, grow our operating revenue or improve our gross margins."

Employees

We had 4,764, 6,812, 7,268 and 7,999 employees as of December 31, 2021, 2022, 2023 and as of March 31, 2024, respectively. The following table sets forth a breakdown of the number of our employees by geography as of March 31, 2024:

Country / Region	Number
Taipei, the ROC	1,152
Tainan, the ROC	2,925
The United States	64
Mexico	3,450
Malaysia	408
Total	7,999

The following table sets forth a breakdown of the number of our employees by function as of March 31, 2024:

Function	Number
Sales	95
Engineering	1,573
Operational support	502
Direct personnel	5,829
Total	7,999

Our continued success is dependent in large part on our ability to attract, retain and maintain qualified personnel. As of March 31, 2024, approximately 46.4% of our employees received bachelor's degree, and approximately 21.3% of our employees received master's degree or higher in the ROC. We primarily hire through online job postings, referrals and campus recruiting, which we believe have enabled us to successfully recruit qualified personnel. As of March 31, 2024, we have 1,573 engineers, including 1,216 engineers in the ROC, 219 engineers in the Mexico, 118 engineers in Malaysia, and

20 engineers in the United States. Approximately 46.5% of all our engineers hold a master's degree or higher. Additionally, approximately 74.7% of our total employees at our headquarters in Taipei, ROC, are engineers. All of our R&D division heads have many years of experience in this industry. Our employees are not covered by any collective bargaining agreement. For the years ended December 31, 2021, 2022 and 2023, and the three months ended March 31, 2024, we did not experience any material labor dispute with our employees or any strike, and we believe that we maintain good working relationships with our employees. We believe that our compensation packages are competitive with those of our competitors. We make contribution to employee pension plans in compliance with local laws in the various jurisdictions in which we operate, including the ROC, the United States, Malaysia, and Mexico as of March 31, 2024. We also provide relevant insurances in accordance with local laws, e.g., labor insurance, health insurance, and group insurance. In 2021, 2022 and 2023, and for the three months ended March 31, 2024, we incurred employee benefit expenses, including employee remuneration, pension, insurance expenses, meal expenses and training expenses of NT$2,965.2 million, NT$4,878.0 million, NT$5,850.5 million (US$183.2 million), and NT$1,808.0 million (US$56.6 million), respectively.

As of March 31, 2024, we do not have outstanding employee stock option.

Properties

As of March 31, 2024, we owned a total of approximately 2,273,236 square feet of land and leased a total of approximately 2,759,994 square feet properties, which are mainly used for office space, manufacturing space, R&D facilities, warehouse, and employee dormitory.

As of March 31, 2024, we leased approximately 847,219 square feet of office space and manufacturing space in the ROC under leases expiring between January 2025 and February 2029. We have also leased approximately 459,631 square feet of land in the ROC since May 2024, which is mainly used for office space, manufacturing space and R&D facilities. Our principal executive offices and R&D center are located in New Taipei City, the ROC, and our production facilities are located in Tainan, the ROC.

Aside from the properties in the ROC, we also leased approximately 13,112 square feet of dormitories in Asia. We acquired 1,364,037 square feet of land in Malaysia in September 2021, which will be mainly used as manufacturing space of cloud data center equipment.

In the United States, we lease approximately 14,733 square feet of office space and 268,715 square feet of manufacturing space and warehouse under leases that expire in a range from February 2025 to May 2029.

In Mexico, we lease approximately 105,166 square feet of office space and 1,511,049 square feet of manufacturing space under leases that expire in a range from February 2025 to June 2031. In addition, as of March 31, 2024, we also acquired 909,198 square feet of land in Mexico in April and October 2022, respectively, which will be mainly used for local operation.

We believe that our existing properties, including both owned and leased, are in good condition and are suitable for the conduct of our business.

Environmental, Safety and Health Matters

We are committed to sustainable operations and corporate social responsibility. We achieved a top 10% score in the Sustainability Yearbook 2024 published by S&P Global, and were selected as Industry Mover. We were awarded the Sustainability Resilience Outstanding Award by the BSI in both 2022 and 2023.

We entrust a qualified clearance and disposal organization to carry out procedures of waste disposal. We also declare relevant data according to Taiwan Waste Disposal Act to ensure the waste generated under the business operation of the Company meets the handling procedures for environment, safety, and health. The overall recoverability rate in two years achieved more than 80% of the set management goal. We have installed waste treatment facilities and implemented waste treatment procedures in our production facilities to treat waste discharged during the production process. The types of waste discharged during our production process include domestic sewage, exhaust emissions, and industrial waste.

Waste produced during the production process is treated before being discharged in accordance with applicable environmental standards and procedures in the relevant jurisdiction where our facilities are located. In recognition of our environmental compliance, we have been accredited with ISO 14064-1:2018 for our greenhouse gas emissions management, ISO 50001:2018 for our energy management, ISO 45001:2018 for our occupational safety and health management, ISO 9001:2015 for our quality management, ISO 14001:2015 for our environmental management system standard and IECQ QC 080000:2017 for our hazardous substance process management. In addition, we plan to use recycled water for manufacturing process in the new plant in Malaysia to use water resources effectively.

We have not been subject to any material fines or legal actions involving non-compliance with any relevant environmental regulations, nor are we aware of any threatened or pending action by any environmental regulatory authority in any of the jurisdictions where we operate.

Our health and safety standards and our implementations of such are reviewed on an ongoing basis. Our operations are also subject to periodic inspections by the government.

Insurance

We maintain property insurance policies with reputable insurance companies covering our buildings, production plants, equipment and inventories. Our insurance policies cover losses due to fire, earthquake, flood and other natural disasters. In addition, we may carry stock throughput insurance in connection with the transportation and storage of our products pursuant to our purchase orders with customers. We also maintain insurance policies for directors' and officers' liabilities. We believe that our insurance policies are adequate and in line with the industry norm in the ROC.

Legal Proceedings

We may from time to time be subject to legal proceedings, which include intellectual property disputes and other disputes arising from our ordinary course of business. As of the date of this offering circular, we are not involved in any pending proceedings. In 2021, 2022 and 2023, we have been subject to the following material legal proceedings:

(i) Alacritech filed a patent infringement complaint against the Company in the United States District Court for the Eastern District of Texas in June 2016, alleging that the Company infringed six patents held by it. In July 2016, this case was consolidated with other cases filed by Alacritech, and Alacritech later reduced the total number of the asserted claims raised by it against the defendants to 16 claims across six patents. In November 2018, the defendants, including the Company, filed petitions on the asserted claims before the U.S. Patent and Trademark Office's Patent Trial and Appeal Board ("**PTAB**"), which later invalidated 13 of the 16 claims and took no actions on the other three claims as it vacated on procedural grounds the institution of the petitions concerning those three claims. Alacritech then filed an appeal with the Federal Circuit concerning the invalidation of the 13 claims. The Federal Circuit affirmed part of PTAB's decision and remanded the rest to the PTAB, and PTAB's final decision left four claims across three patents survived the challenges and ready for trial in the United States District Court for the Eastern District of Texas. A joint stipulation and motion to dismiss was filed on November 21, 2023. The litigation is dismissed and closed.

(ii) Acqis LLC filed a patent infringement complaint against the Company in the United States District Court for the Western District of Texas in October 2020, alleging that the Company infringed eight patents held by it. A stipulation of dismissal was filed on June 30, 2023.The litigation is dismissed and closed.

Except as mentioned above, we are not involved in any material legal, arbitration or regulatory proceedings that have had or may have a material adverse effect on our financial condition or results of operations.

Corporate Structure and Principal Subsidiaries

We currently have eight subsidiaries. The following table highlights key information of our subsidiaries as of March 31, 2024:

Company Name	Place of Incorporation	Date of Incorporation	Our Shareholding	Principal Business	Original Investment Amount/Total Paid-In Capital (NT$ thousands)
Wiwynn Technology Service Japan, Inc. (“**WYJP**”)	Japan	March 1, 2013	100.0%	Sales of cloud data center equipment	6,620
Wiwynn International Corporation (“**WYUS**”)	Delaware, United States (converted to Nevada, United States on August 18, 2016)	February 11, 2013	100.0%	Sales of cloud data center equipment	28,733,581
Wiwynn Technology Service Hong Kong Limited (“**WYHK**”)	Hong Kong	September 11, 2013	100.0%	Investment activities and sales of cloud data center equipment	12,181
Wiwynn Korea Ltd. (“**WYKR**”)	South Korea	May 3, 2016	100.0%	Sales of cloud data center equipment	2,903
Wiwynn Technology Service Malaysia SDN. BHD. (“**WYMY**”)	Malaysia	July 13, 2017	100.0%	Manufacturing and sales of cloud data center equipment	6,972,733
Wiwynn Mexico S.A. de C.V. (“**WYMX**”)	Mexico	February 14, 2019	100.0%	Human resource service provision and cloud data center equipment manufacturing	1,741,251
Wiwynn Technology Service Mexico, S.A. de C.V. (“**WYSMX**”)	Mexico	May 6, 2022	100.0%	Sales of cloud data center equipment	58,025
Wiwynn Technology Service KunShan Ltd. (“**WYKS**”)	China	February 12, 2014	100.0% [(1)]	Sales of cloud data center equipment	10,659

Note:

(1) WYKS is wholly owned by WYHK, a wholly-owned subsidiary of the Company. Except for WYKS, the other subsidiaries are all directly wholly owned by the Company.

MANAGEMENT

Directors

Our Articles of Incorporation permits our board of directors to consist of no less than seven persons and no more than nine persons. As of June 1, 2024, we had nine directors. Each director will serve an officer term of three years and may be re-elected. Except as specifically noted, the following table contains certain information about each of our directors as of June 1, 2024.

Name	Representative	Position	Position Held Since	Expiration Date of the Current Term	Number and Percentage of Shares held as of March 26, 2024
Emily Hong		Chairwoman of the Board	May 22, 2015	May 28, 2026	2,418,624 (1.38%)
Wistron Corporation	Sylvia Chiou	Director	November 25, 2019	May 28, 2026	-
Wistron Corporation	Frank Lin	Director	February 20, 2012	May 28, 2026	189,980 (0.11%)
Sunlai Chang		Director	May 31, 2017	May 28, 2026	517,235[(1)] (0.30%)
Steven Lu		Director	June 25, 2019	May 28, 2026	366,455[(2)] (0.20%)
Simon Dzeng		Independent Director	January 17, 2018	May 28, 2026	-
Charles Kau		Independent Director	June 15, 2020	May 28, 2026	-
Cathy Han		Independent Director	June 15, 2020	May 28, 2026	-
Victor Cheng		Independent Director	June 15, 2020	May 28, 2026	-

(1) Representing 468,235 shares held by Sunlai Chang and 49,000 shares beneficially held through his spouse and minor children.
(2) Representing 340,455 shares held by Steven Lu and 26,000 shares beneficially held through his spouse and minor children.

Emily Hong, aged 66, is the chairwoman of our board of directors. She has been our director since May 22, 2015, and was elected by the board of directors as chairwoman on May 29, 2023. She concurrently serves as the chief strategy officer of the Company. She is also an independent director of Momo.com Inc. Prior to the establishment of our Company, Ms. Hong was the general manager of Enterprise Product Group and Cloud Business Group of Wistron Corporation. She also served as a vice general manager of Acer Inc. She has many years of experience in the IT industry. Ms. Hong participates in the Alumni Association of Executives Program, Graduate School of Business Administration, National Chengchi University and holds a Bachelor of Political Science degree from National Taiwan University.

Sunlai Chang, aged 63, is a member of our board of directors. He concurrently serves as the technology advisor of our Company. He is also a director of LiquidStack, WYJP, WYUS, WYHK, WYSMX, and WYKR. He previously served as a director of mechanical design in Enterprise Business Group of Wistron Corporation. He has many years of product development experience from automation, defense, semi-conductor equipment and IT software industries. Mr. Chang holds a Ph.D. degree from the University of Maryland at College Park and a Bachelor of Science degree in Mechanical Engineering from National Taiwan University. Mr. Chang resigned as the chief executive officer of our Company due to health reasons on June 1, 2024.

Frank Lin, aged 69, is a member of our board of directors. He is also the chief of staff officer of Wistron Corporation, the chairman of each of B-Temia Asia Pte. Ltd., Wise Cap Limited Company, LE BEN Investment Ltd., and Wise Cap (Hong Kong) Limited, a supervisor of a Enrich Technology Corporation, and a director of each of Wistron

NeWeb Corporation, Wistron ITS Corporation, Changing Information Technology Inc., IP Fund Six, Join-Link International Technology Co., Ltd., Maya International Co., Ltd., Wistron Medical Tech Holding Company, Wistron Digital Technology Holding Company, Wistron Medical Tech Corporation, Pell Bio-Med Technology Co., Ltd., Hartec Asia Pte. Ltd., and Hukui Biotechnology Corporation. He also previously served as the chief financial officer of Acer Inc. Mr. Lin holds a Bachelor of Accounting degree from Feng Chia University.

Sylvia Chiou, aged 53, is a member of our board of directors. She is also the director of staff office I and vice president of sustainability of Wiwynn Corporation, a director of each of T-Conn Precision Corporation, Finemat Applied Materials Co., Ltd, Retronix Technology Inc., AiSails Power Inc., Diagnostics For The Real World Limited, Mobility Technology Group Inc., Wibase Industrial Solutions Inc. and a supervisor of Wistron Green Energy Holding Company. She also previously served as the director of staff officer of Wistron Corporation. She holds a Master of Business Administration from University of Pittsburgh.

Steven Lu, aged 61, is a member of our board of directors. He concurrently works as the executive vice president of our Company. He is also a director of WYKS, WYKR, WYJP and WYHK. He previously served as a senior manager of Enterprise Business Group of Wistron Corporation, and as a senior director of Server and Storage Group of Acer Inc. He has more than 30 years of experience in server, storage and communication industries. Mr. Lu holds a Master of Business Administration degree from the Fuqua School of Business, Duke University, and a Bachelor of Science degree as well as a Master of Science degree, both in Computer Science and Information Engineering from National Taiwan University.

Simon Dzeng, aged 67, is an independent director of our Company. He is also the chairman of each of Hopewell Asset Management, Inc., Hopewell Investments, Inc., Capstone Investments, Inc., and Formacell Inc. He also serves as an independent director of E&E Recycling, Inc. and as a director of Jinwen University of Science and Technology. He previously served as the vice president of Mega Financial Holding Co., Ltd., as the chairman of Mega Bills Finance Co., Ltd., as an executive vice president of China Development Financial Holding Corporation, and as a president of China Development Industrial Bank. Mr. Dzeng holds a Ph.D. degree in Accounting from Drexel University, a Master of Business Administration degree in Finance from Drexel University, and a Bachelor of Business Administration degree from National Taiwan University.

Charles Kau, aged 70, is an independent director of our Company. He is also an independent director of Hauman Technologies Corporation. He previously served as the chairman of Inotera Memories, Inc., and as a general manager of Nanya Technology Corporation. Mr. Kau holds a Master of Chemical Engineering degree from North Carolina State University.

Cathy Han, aged 59, is an independent director of our Company. She also serves as an independent director of each of Apacer Technology Inc., Macroblock, Inc. and AUO Corporation. She previously served as a senior vice president of Principal Investment Department of China Development Industrial Bank, as an executive vice president of Business Development Department of CDIB Capital Group, as a supervisor of CDIB Capital Management Corporation, as a supervisor of CDIB Capital Healthcare Ventures Limited, and as a director of CDIB Private Equity (China) Corporation. Ms. Han holds a Master of Business Administration degree from University of Connecticut.

Victor Cheng, aged 75, is an independent director of our Company. He also serves as a director of Throughtek Co., Ltd. and an independent director of Yodn Lighting Corporation. He previously served as a professor at National Taiwan University of Science and Technology and the School of Law of Shih Hsin University, and as the director and dean of the Institute of Intellectual Property at Shih Hsin University. He also served as a legal supervisor of Acer Inc. previously. Mr. Cheng holds a doctorate degree from Stanford Law School and a bachelor degree from the School of Law of Soochow University.

There is no family relationship among the directors listed above and the senior management listed below.

We have not entered into service contract with our directors. No compensation is payable to our directors upon termination of their services with us, except that pursuant to the ROC Company Act, a director discharged by the shareholders' meeting during his or her term of office without justifiable reason may claim indemnification against the company.

Board Practices

Audit Committee

The audit committee consists of four independent directors. Mr. Simon Dzeng, Mr. Charles Kau, Ms. Cathy Han and Mr. Victor Cheng are the members of the audit committee.

The primary responsibilities of our audit committee include:

- examining the Company's internal control systems, internal audit executions, as well as major financial activities; and
- communicating with internal auditors and certified public accountants to supervise the Company's operations and risk controls.

A regular meeting will be held every quarter before the meeting of the board of directors to review the implementation of internal control and internal audit as well as material financial business behavior.

Compensation Committee

The compensation committee consists of three independent directors. Mr. Charles Kau, Mr. Simon Dzeng and Mr. Victor Cheng are the members of the compensation committee.

The primary responsibilities of our compensation committee include:

- establishing and regularly reviewing the policies, systems, standards, and structure of performance evaluation and remuneration for directors and managers; and
- determining and regularly evaluating the remuneration for directors and managers.

The compensation committee holds at least two meetings every year.

Corporate Sustainability Committee

The corporate sustainability committee consists of four directors. Ms. Emily Hong, Mr. Sunlai Chang, Ms. Sylvia Chiou and Mr. Simon Dzeng are the members of the corporate sustainability committee.

The primary responsibilities of our corporate sustainability committee include:

- developing corporate social responsibility initiatives, sustainable development strategies and goals, and crafting pertinent management policies and detailed promotion plans.
- advocating for and executing the integrity management and sustainable supply chain management protocols of the Company.
- monitoring, evaluating, and updating the implementation and efficacy of the Company's sustainable development efforts.

The corporate sustainability committee holds at least two meetings every year.

Nominating Committee

The nominating committee consists of four directors. Ms. Emily Hong, Mr. Frank Lin, Mr. Charles Kau, Mr. Victor Cheng and Ms. Cathy Han are the members of nominating committee.

The primary responsibilities of our nominating committee include:

- assessing and evaluating the composition, qualifications, and succession plans of directors and executives as well as the independence of independent directors.
- establishing and evaluating the structure, responsibilities, and functioning of sub-committees under the board of directors, assessing the qualifications of sub-committee members, and identifying any potential conflicts of interest.
- deploying and executing the director training program

The nominating committee shall hold meetings whenever deemed necessary.

Senior Management

Except as specifically noted, the following table contains certain information about each of our senior executive officers as of June 1, 2024.

Name	Position	Position held since	Number and Percentage of Shares held as of March 26, 2024
Emily Hong	Chief Strategy Officer and Chairwoman	May 22, 2015	2,418,624 (1.38%)
William Lin	President	June 1, 2024	0
Steven Lu	Executive Vice President	July 16, 2014	366,455[(1)] (0.20%)
Robin Wang	Vice President and Chief Manufacturing Officer	May 3, 2016	307,119[(2)] (0.18%)
Harry Chen	Chief Financial Officer and Chief Sustainability Officer	April 2, 2012	516,495 (0.30%)

(1) Representing 340,455 shares held by Steven Lu and 26,000 shares beneficially held through his spouse and minor children.
(2) Representing 259,905 shares held by Robin Wang and 47,214 shares beneficially held through his spouse and minor children.

Emily Hong, aged 66, has served as our chief strategy officer and chairwoman of the board since 2023. For details, see "—Directors."

William Lin, aged 61, has served as our president since June 1, 2024. He previously held various management positions at Wistron and served as the group president of the enterprise and networking business group at Wistron. He has many years of experience in the IT industry. He holds an MBA degree from Wright State University in Ohio, USA.

Steven Lu, aged 61, has been our Executive vice president since 2014. For details, see "—Directors."

Robin Wang, aged 63, has been our vice president and Chief Manufacturing Officer since 2016. He is also a director of each of WYUS, WYMX, WYSMX and WYMY. He previously served as a manufacturing director of Enterprise Products Group of Wistron Corporation. He also served several positions in Acer Inc., including Procurement Manager, Plant Manager, and General Manager of Overseas Plant. He has many years of experience in the IT industry operations include but not limited to manufacturing engineering, supply chain management, program management, and factory setup and management. Mr. Wang holds an Executive Master of Business Administration degree from Ateneo de Manila University and a Bachelor of Mechanical Engineering degree from National Taiwan University of Science and Technology.

Harry Chen, aged 50, has been our Chief Financial Officer and Chief Sustainability Officer since 2014. He is also a supervisor of WYKS. He previously served as a senior manager of Financial Strategy Planning of Wistron Corporation. He has many years of experience in accounting, financial planning and merger and acquisition. Mr. Chen holds a bachelor degree in Accounting from Tunghai University.

PRINCIPAL SHAREHOLDERS

The following table sets forth certain information with respect to the ten largest shareholders of Wiwynn Corporation as of March 26, 2024:

Ranking	Shareholders	Number of Shares	Percentage of Shares
1	Wistron Corporation	65,895,129	37.69%
2	LE BEN Investment Ltd.	5,063,927	2.90%
3	Simon Lin	3,913,111	2.24%
4	Wise Cap Company	3,645,513	2.09%
5	New Labor Retirement Reserve Fund	2,725,167	1.56%
6	Emily Hong	2,418,624	1.38%
7	FUBON LIFE INSURANCE CO., LIMITED.-TWOTC-FFI	2,269,000	1.30%
8	Government of Singapore	1,977,000	1.13%
9	Chingkai Tseng	1,687,000	0.96%
10	Fidelity Investment Trust: Fidelity Series Emerging Markets Opportunities Fund	1,615,373	0.92%

Each of our Shares has one vote, and none of our shareholders have any different voting rights. As of March 26, 2024, 66.21% of our Shares, being 115,763,457 Shares, were held by shareholders in the ROC, with the remaining 33.79% of our Shares, being 59,077,334 Shares, were held by foreign entities or individuals. As of March 31, 2024, none of our directors or executive officers held any outstanding options.

CHANGES IN ISSUED SHARE CAPITAL

According to our Articles of Incorporation, as amended at the shareholders' meeting held on May 31, 2022, we only have Common Shares. As of the date of this offering circular, our authorized share capital registered with the MOEA was NT$2,500,000,000, and our paid-in share capital was NT$1,748,407,910, divided into 174,840,791 Common Shares with a par value of NT$10.00 per share. All issued Shares are in registered form. For the past three years through the date of this offering circular, there was no change of our issued and outstanding ordinary shares.

TRANSACTIONS WITH RELATED PARTIES

From time to time we have engaged in a variety of transactions with our affiliates, including Wistron, among others. Wistron Corporation is our parent company and the ultimate controlling party of the Group. As of March 31, 2024, it owns 37.7% of all Shares outstanding of the Company.

There are no significant differences in prices and trading terms between transactions with our affiliates and arms-length transactions with our non-affiliates, except for the trading terms of certain transactions with our affiliates that are not comparable with third-party vendors due to product specifications. For more information on our related party transactions presented on a consolidated basis, see note 7 to the consolidated financial statements for the three years ended December 31, 2021, 2022 and 2023, and note 7 to the unaudited consolidated financial statements for the three months ended March 31, 2023 and 2024. The transactions among us and our subsidiaries were eliminated during the consolidation process.

Sales and Purchases of Goods

In 2021, 2022 and 2023, and for the three months ended March 31, 2023 and 2024, we mainly purchased raw materials from our related parties in the aggregate amount of NT$55,826.4 million, NT$74,151.3 million, NT$50,243.4 million, NT$18,747.5 million, and NT$13,860.6 million, respectively, among which the amount of transactions with Wistron Corporation was NT$54,737.6 million, NT$69,645.2 million, NT$47,422.2 million, NT$17,740.7 million, and NT$13,288.0 million, respectively.

In 2021, 2022 and 2023, and for the three months ended March 31, 2023 and 2024, we sold cloud data center equipment to our related parties in the aggregate amount of NT$953.8 million, NT$2,374.2 million, NT$1,085.6 million, NT$148.8 million, and NT$12.3 million, respectively, among which the amount of transactions with Wistron Corporation was NT$45.7 million, NT$47.9 million, NT$18.9 million, NT$1.0 million, and NT$3.3 million, respectively.

Processing Fees

In 2021, 2022 and 2023, and for the three months ended March 31, 2023 and 2024, we paid processing fees to Wistron Mexico S.A. de C.V., a wholly owned subsidiaries of Wistron Corporation, since it conducted assembly for us, the aggregate amount of which was NT$646.0 million, NT$545.5 million, NT$4.9 million, NT$0 million, and NT$0 million, respectively.

Operating Expenses

In 2021, 2022 and 2023, and for the three months ended March 31, 2023 and 2024, we paid operating expenses to our related parties for sample fees, service fees and import/export clearance fees, etc., the aggregate amount of which was NT$549.8 million, NT$486.9 million, NT$348.4 million, NT$61.5 million, and NT$94.7 million, respectively. Among the operating expenses paid to our related parties, the amount that we paid to Wistron Corporation was NT$393.8 million, NT$181.3 million, NT$45.5 million, NT$4.7 million, and NT$5.1 million, respectively.

Receivables and Payables

Due to our transactions with our related parties, we generated certain receivables and payables.

As of December 31, 2021, 2022 and 2023, and March 31, 2023 and 2024, accounts receivable generated from our sales to the related parties amounted to NT$443.5 million, NT$1,090.4 million, NT$232.0 million, NT$198.2 million, and NT$25.2 million, respectively, among which the amount due from Wistron Corporation was NT$41.6 million, NT$ 15.7 million, NT$3.2 million, NT$1.0 million and NT$0.6 million, respectively.

As of December 31, 2021, 2022 and 2023, and March 31, 2023 and 2024, accounts payable generated from our purchases from the related parties amounted to NT$9,307.0 million, NT$11,321.9 million, NT$5,024.5 million, NT$11,894.6 million, and NT$9,308.7 million, respectively, among which the amount due to Wistron Corporation was NT$8,480.1 million, NT$9,838.7 million, NT$4,395.8 million, NT$10,884.4 million, and NT$8,741.2 million, respectively.

As of December 31, 2021, 2022 and 2023, and March 31, 2023 and 2024, accounts payable for processing fees amounted to NT$0 million, NT$59.2 million, NT$0 million, NT$0 million, and NT$0 million, respectively, all of which were due to Wistron Mexico S.A. de C.V.

As of December 31, 2021, 2022 and 2023, and March 31, 2023 and 2024, other receivables due from our related parties amounted to NT$381.3 million, NT$1,307.0 million, NT$57.9 million, NT$492.4 million, and NT$36.8 million, respectively, among which the amount due from Wistron Corporation was NT$138.7 million, NT$1,200.2 million, NT$1.9 million, NT$288.2 million, and NT$27.3 million, respectively. These receivables were mainly generated since the Group purchased raw materials on behalf of related parties, and provided human outsourcing service.

As of December 31, 2021, 2022 and 2023, and March 31, 2023 and 2024, other payables due to our related parties amounted to NT$79.7 million, NT$45.8 million, NT$222.5 million, NT$65.6 million, and NT$77.2 million, respectively, among which the amount due to Wistron Corporation was NT$54.2 million, NT$10.2 million, NT$21.2 million, NT$8.3 million, and NT$5.1 million, respectively. These receivables were mainly generated since the Group purchased research and development materials and used testing services on behalf of the Group.

Acquisitions of Assets

In 2021, we acquired assets that amounted to NT$75.0 million from related parties, among which NT$55.4 million of assets was acquired from Wistron Mexico, S.A. de C.V., mainly office equipment and other equipment.

In 2022, we acquired assets that amounted to NT$57.4 million from related parties, among which NT$37.5 million of assets was acquired from Wistron Corporation, mainly office equipment.

In 2023, we acquired assets that amounted to NT$259.9 million from related parties, among which NT$228.4 million of assets was acquired from Wistron Corporation, mainly manufacturing software system.

Leases

The Group signed a lease contract for ten years with Wistron InfoComm Mexico S.A. de C.V., a company that Wistron Corporation owned 100% of its outstanding shares as of December 31, 2023, in July 2021 in relation to renting office space and manufacturing space. The total value of the contract was NT$899.9 million.

The Group signed a lease contract for seven years with Wistron NeWeb Corporation, a company that Wistron Corporation owned 19.92% of its outstanding shares as of December 31, 2023, in January 2019 in relation to renting office space and manufacturing space. The total value of the contract was NT$326.5 million.

DESCRIPTION OF SHARE CAPITAL

Set forth below is a summary of information relating to our share capital including brief summaries of the relevant provisions of our Articles of Incorporation, the ROC Securities and Exchange Act and the ROC Company Act, all as currently in effect.

General

As of the date of this offering circular, our authorized share capital registered with the MOEA was NT$2,500,000,000, and our paid-in share capital was NT$1,748,407,910, divided into 174,840,791 Common Shares with a par value of NT$10.00 per share. Any change in the authorized share capital of a public company limited by shares, such as us, requires an amendment to our Articles of Incorporation (which requires approval at a shareholders' meeting).

Authorized but unissued shares may also be issued at such times and, subject to the provisions of the applicable laws and the approval of, or registration with, the MOEA and the FSC, upon terms that our board of directors may determine.

Dividends and Distributions

Dividend payments and distributions are generally governed by the ROC Company Act as well as our Articles of Incorporation.

Except in limited circumstances, we are not permitted to distribute dividends or make other distributions to shareholders for any year in which we do not have current or retained earnings (excluding reserves). Pursuant to our Articles of Incorporation, as amended at the shareholders' meeting held on May 31, 2022, before we can distribute a dividend or make any distribution to shareholders from profits, we must pay all outstanding taxes and duties, offset our losses incurred in previous years, and set aside 10% of our annual net profit as legal capital reserve, unless the accumulated legal capital reserve has equaled the total capital of the Company. In addition, we must set aside special capital reserve in accordance with relevant laws or regulations or as requested by the authorities in charge. Afterwards, no less than 10% of the remaining profits plus accumulated retained earnings shall be available for distribution as dividends to shareholders.

In consideration that we are in a capital and technology-intensive industry and that our expansion and continual and steady growth requires a long-term investment plan, we adopt the residual dividend policy as our dividend policy. Dividends paid by cash shall be no less than 10% of the total dividends.

In addition to permitting dividends to be paid out of net income, if we do not have losses, the ROC Company Act permits that we can make distributions in cash or in stock to our shareholders from the legal reserve and capital surplus of premium from issuing shares and earnings from gifts received. However, the portion payable out of our legal reserve is limited to the portion that the accumulated legal reserve exceeds 25% of our paid-in capital. Under the ROC Civil Act, if the shareholder of the Company fails to receive dividends within five years from the distribution, the dividends will be included in the capital reserve of the Company.

Our Articles of Incorporation provide that upon the final settlement of accounts, if there is any net profit (meaning the profit before tax, excluding the amounts of employees' and directors' compensation), such profit will be distributed in accordance with the following, once the Company's accumulated losses have been covered:

(i) No less than 5% of profit shall be distributed as employees' compensation. The employees' compensation may be distributed in the form of shares or in cash. The qualification requirements of employees, including the employees from the Company's controlling companies or subsidiaries, which are entitled to receive compensation, shall be determined by the board of directors.

(ii) No more than 1% of profit shall be distributed as the compensation in cash to the directors.

Pre-emptive Rights

According to the ROC Company Act, when a company issues new common shares for cash, 10% to 15% of the issue must be offered to its employees. In addition, the ROC Securities and Exchange Act and the relevant securities regulations require that, if a public company listed on the TWSE or whose shares are traded on the TPEx (formerly known as GreTai Securities Market) intends to offer new shares for cash, at least 10% of the issue must be offered to the public, except under certain circumstances or when exempted by the FSC. This percentage can be increased by a resolution passed at a shareholders' meeting, thereby reducing the number of new shares subject to the pre-emptive rights of existing shareholders. Unless the percentage of shares to be offered to the public is increased by the shareholders, existing shareholders who are listed on the shareholders' register as of the record date have a pre-emptive right to acquire the remaining 75% to 80% of the issue. The shares not subscribed for by the employees and shareholders at the expiration of the period for the exercise of their rights may be sold to the public or specified persons at the direction of our board of directors. The pre-emptive rights provisions will not apply to offering of new shares through a private placement approved at a shareholders' meeting.

Meetings of Shareholders

Meetings of our shareholders may be annual general shareholders' meeting or extraordinary shareholders' meeting. Annual general meetings of our shareholders shall be duly convened within six months following the end of each fiscal year.

Extraordinary shareholders' meetings may be convened when necessary in accordance with laws and regulations.

Shareholders' meetings may be convened via virtual meetings or through other methods announced by the competent authority. When we hold a virtual meeting, shareholders who participate in the meeting through a video call shall be deemed as attending the meeting in person.

Electronic copies of meeting notice, the form of proxy, and materials of all proposals shall be posted on MOPS no less than 30 days before the general shareholders' meetings and no less than 15 days before the extraordinary shareholders' meeting.

Voting Rights

Our Articles of Incorporation provide that holders of Common Shares have one vote for each Share. Except as otherwise provided by applicable laws, a resolution can be adopted by holders of a majority of the Common Shares represented at a shareholders' meeting at which the holders of a majority of all issued and outstanding Common Shares are present. According to our Articles of Incorporation, the directors (including independent directors) shall be nominated by adopting the candidate nomination system specified in the ROC Company Act. In an election of directors, the holders of Common Shares shall elect directors from the list of nominated candidates by the Company.

As a public company listed on the TWSE, in order for us to approve certain major corporate actions, including any amendment to our Articles of Incorporation, entering into, modification or termination of any contracts regarding leasing of all business, outsourcing of operations or joint operations, the dissolution or amalgamation or spin-off, the transfer of the whole or a substantial part of our business or our property, the taking over of a whole of the business or property of any other entity which would have a significant impact on our operations, removal of directors, the distribution of any stock dividend, the exemption of non-compete restriction imposed on directors or the application for ceasing to be a public company, a resolution must be adopted by a shareholders' meeting convened with a quorum of holders of at least two-thirds of all issued and outstanding Common Shares at which the holders of at least a majority of the shares represented at the meeting. Alternatively, such a resolution may be adopted by the shareholders' meeting convened with a quorum of holders of at least a majority of all issued and outstanding Common Shares at which the holders of at least two-thirds of the shares represented at the meeting vote in favor of the resolution. For the termination of listing on the TWSE, it requires holders of at least two-thirds of all issued and outstanding Common Shares vote in favor of the resolution.

A shareholder unable to attend the shareholders' meeting in person may vote by proxy with a duly executed appointment form issued by the Company specifying the authorized powers.

Registration of Shareholders

With respect to shareholders who have opened book-entry accounts at TDCC, our register of such shareholders is maintained by the database of TDCC. With respect to shareholders who have not opened TDCC book-entry accounts, we currently maintain the register of our shareholders through the Stock Transfer Agent Department of Yuanta Securities Co., Ltd. at B1F., No. 210, Sec. 3, Chengde Road, Datong District, Taipei City 103432, the ROC, and enter transfers of these Shares in our register of shareholders upon presentation of the certificates in respect of the Shares transferred accompanied by other required documents.

For the purpose of determining certain rights, including right to dividends attached to the Shares, the registration for transfer of Shares shall be suspended for a period of sixty days immediately before the date of annual general shareholders' meeting, thirty days immediately before the date of extraordinary shareholders' meeting, and five days before the day on which dividend, bonus, or any other benefit is scheduled to be paid by the Company.

Annual Financial Statements

Under the ROC Company Act, ten days before our annual general shareholders' meeting, the statements and records of accounts prepared by the board of directors and the report approved by the audit committee must be made available at our registered office in New Taipei City for inspection by our shareholders. The shareholders may bring their lawyers or certified public accountants for such an inspection. According to the regulations of the FSC, we are required to publish our annual and quarterly financial statements on a consolidated basis.

Transfer of Shares

The transfer of shares in registered form is effected by endorsement and delivery of the related share certificates. However, settlement of trading of share of a listed company, such as our company, is generally carried out on the book-entry system maintain by TDCC. In order to assert shareholder's rights against us, the transferee must have its name and address registered on our register of shareholders. Shareholders are required to file their respective specimen seals, also known as chops, with our share registrar.

Repurchase of Shares by Us

With minor exceptions, we cannot acquire our own Shares under the ROC Company Act.

Under the ROC Securities and Exchange Act, we may, by resolution adopted by a majority of our board of directors at a meeting where more than two-thirds of the directors are present, repurchase the Shares on the TWSE or by a tender offer in accordance with the procedures prescribed by the FSC for the following purposes:

- for delivery upon conversion of bonds with warrants, preferred shares with warrants, convertible bonds and convertible preferred shares or certificates of warrants issued by us into capital stock;
- to transfer to our employees, or
- if necessary, to maintain our credit and shareholders' equity, provided that the Shares so repurchased shall be canceled thereafter.

The total Shares repurchased by us may not exceed 10% of our total issued and outstanding Shares. In addition, the total cost of the purchased Shares may not exceed the aggregate amount of our retained earnings, any premium from share issuance and the realized portion of our capital reserve. Shares repurchased in the first two instances mentioned above are to be transferred to the intended transferees within five years from the repurchase, failing which they will be canceled and we are required to complete an amended registration for the cancelation. In the third instance mentioned above, the Shares repurchased by us must be canceled, and we shall complete an amended registration for such cancelation within six months after the repurchase. The Shares repurchased by us may not be pledged or hypothecated. In addition, we may not exercise any of the shareholder's rights attached to these Shares. Our affiliates, as defined in Article 369-1 of the

ROC Company Act, directors, managers, shareholders holding more than 10% of our Shares and their respective spouses and minor children and nominees, are prohibited from selling the Shares until our repurchase period has lapsed.

Liquidation Rights

Pursuant to the ROC Company Act, in the event of our liquidation, the remaining assets after payment of all debts, liquidation expenses, taxes and distribution to holders of preferred shares, if any, will be distributed pro rata to the holders of Common Shares in accordance with the relevant provisions of the ROC Company Act.

Substantial Shareholders and Transfer Restrictions

Our directors, managers and shareholders (each together with his or her spouse, minor children or nominees) holding more than 10% of our Shares are required to report to us, on a monthly basis, any changes in their shareholding in our Company. The number of Shares that they may sell or transfer on the TWSE on any given day is limited by ROC laws. In addition, they may only sell or transfer such Shares on the TWSE at least three days after they have filed a notification with the FSC in connection with such sale or transfer, provided that such notification is not required if the number of Shares to be sold or transferred does not exceed 10,000. A person who individually or together with other persons (as defined under the FSC regulations) acquires more than 5% of our issued and outstanding shares shall report to the FSC, within ten days from the acquisition date, the acquisition purpose, funding sources and other information required by the FSC.

Rights to Bring Shareholder Suits

Under the ROC Company Act, a shareholder may bring a suit against us in the following events:

Within 30 days after the date of the shareholders' meeting, any shareholder has the right to annul any resolution adopted at a shareholders' meeting where the procedures or the method of resolution were or was legally defective. However, if the court is of the opinion that such violation is not material and does not affect the result of the resolution, the court may reject or dismiss the shareholder's lawsuit.

If the substance of a resolution adopted at a shareholders' meeting contradicts any applicable law or regulation or our Articles of Incorporation, a shareholder may bring a suit to determine the validity of such resolution.

Shareholders may bring suit against our directors under the following circumstances:

Shareholders who have continuously held 1% or more of the total number of issued and outstanding shares for a period of six months or longer may request in writing that an audit committee member institute an action against a director on our behalf. In case the audit committee member fails to institute an action within 30 days after receiving such request, the shareholders may institute an action on our behalf. In the event that shareholders institute an action, a court may, upon application of the defendant, order such shareholders to furnish appropriate security.

Shareholders holding 3% or more of the total number of issued and outstanding shares may institute an action with a court to remove a director who has materially violated the applicable laws or our Articles of Incorporation or has materially damaged our interests if a resolution for removal on such grounds has first been voted on and rejected by the shareholders and such suit is filed within 30 days of such shareholders' vote.

In the event that any director, officer or shareholder holding more than 10% of the issued and outstanding shares and their respective spouse and minor children and/or nominees sells shares within six months after the acquisition of such shares, or repurchases the shares within six months after the sale, we may make a claim for recovery of any profits realized from the sale and purchase. If our board of directors fails or fail to make a claim for recovery, any shareholder may request our board of directors to make such claim within 30 days. After such 30-day period, the requesting shareholder will have the right to make a claim for such recovery, and our directors will be jointly and severally liable for damages suffered by us as a result of their failure to exercise the right of claim.

Other Rights of Shareholders

Under the ROC Company Act and the Mergers and Acquisitions Act, dissenting shareholders are entitled to appraisal rights in the event of merger, spin-off and various other major corporate actions. A dissenting shareholder may request us to redeem all of the shares owned by such shareholder at a fair price to be determined by mutual agreement. If an agreement cannot be reached, the valuation will be determined by a court order.

In addition, one or more shareholders who have held more than 3% of our issued and outstanding Shares for over a year may require our board of directors to convene an extraordinary shareholders' meeting by sending a written request to our board of directors. Furthermore, shareholders holding over 50% of our issued Shares for a period of three months or longer may convene our special shareholders' meeting by themselves.

The ROC Company Act allows shareholders holding 1% or more of the total issued shares of a company to submit, during the period of time prescribed by the company, one proposal in writing for discussion at the ordinary meeting of shareholders. The ROC Company Act also provides that a company may adopt a nomination procedure for election of directions or supervisors. If a company wishes to adopt the nomination procedure, it must be stipulated in its articles of incorporation. With such provision in the articles of incorporation of a company, shareholders representing 1% or more of the total issued shares of such company may submit a candidate list along with relevant information and supporting documents to the company within the period prescribed by the company. Our Articles of Incorporation currently offer such nomination procedure.

DESCRIPTION OF THE BONDS

The Bonds are to be issued under an indenture, to be dated as of July 10, 2024 (the "Indenture"), between Wiwynn Corporation (the "Issuer" or the "Company") and Citicorp International Limited, in its capacity as trustee (the "Trustee", which expression shall include its successor(s) and all persons for the time being the trustee or trustees under the Indenture). The following summary of certain provisions of the Bonds and the Indenture does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the provisions of the Bonds and Indenture, including the definitions of certain terms therein. Whenever particular Sections or defined terms of the Indenture not otherwise defined herein are referred to, such Sections or defined terms are incorporated herein by reference. Copies of the Indenture will be available for inspection by any Holder (as defined below) on or after the Closing Date (as defined below) at the office of the Trustee.

General

Except in certain limited circumstances, the Bonds will only be issued in book-entry form.

The Bonds will be issued on or about July 17, 2024 (the date on which the Bonds are issued under the Indenture being referred to herein as the "Closing Date") as direct, unconditional, unsecured and unsubordinated obligations of the Issuer limited in aggregate principal amount to US$600,000,000 and will be redeemed on July 17, 2029 (the "Maturity Date") unless earlier redeemed, repurchased and canceled or converted pursuant to the terms thereof and of the Indenture.

The Bonds will not bear interest.

Each Bond will be convertible into the Common Shares (as defined below), subject to compliance with certain conditions and procedures (see "— Conversion — Procedures; Conversion Notice; Taxes and Duties" below), at the Holder's election on any Business Day (as defined below) during the period (the "Conversion Period") commencing on October 18, 2024 (the next day immediately after the end of a three-month period following the Closing Date) and ending at the close of business in the location of the Paying Agent (as defined below) on (i) July 7, 2029 (the 10th day prior to the Maturity Date) or (ii) the fifth (5th) Business Day prior to the applicable Purchase Date of such Bonds or date fixed for redemption (other than the Maturity Date) of such Bond pursuant to a notice of redemption given by the Issuer in accordance with the provisions of the Indenture. The Conversion Period shall not include any Closed Period (as defined below).

The principal of and other amounts on the Bonds will be payable in US Dollars by the Issuer pursuant to the Indenture, and the Bonds may be presented for registration of transfer, exchange or conversion, at the office of the Issuer or Citibank, N.A., London Branch, a banking corporation organized and existing under the laws of the State of New York with limited liability, the agent of the Issuer maintained for such purpose (the "Paying Agent", including any successor paying agent), located in 1 North Wall Quay, Dublin 1, Ireland.

The Issuer reserves the right, subject to the provisions of the Indenture and the Paying Agent and Registrar Appointment Letter, at any time to vary or terminate the appointment of the Paying Agent and to appoint further or other Paying Agents, provided that the Issuer will at all times maintain a Paying Agent having offices in a European Union member state. Notice of any such termination or appointment and of any changes in the specified offices of the Paying Agent will be given promptly by the Issuer to the Holders (and other applicable parties) in accordance with the notice provisions of the Indenture as described below under "— Notices".

The Bonds will be issued only in fully registered form, without interest coupons, at 100% of par value in denominations of US$200,000 and any integral multiples of US$100,000 in excess thereof. See "— Book Entry; Delivery and Form" below. No service charge will be payable for any registration of transfer or exchange of the Bonds, for the conversion thereof or for the charges of the Paying Agents in connection therewith, but the Issuer may require payment by a Holder of a sum sufficient to cover any transfer or stamp tax or other similar governmental charge payable in connection therewith.

The Issuer and its Affiliates (as defined below) may at any time, subject to applicable law, purchase the Bonds in the open market, or otherwise, at any price. The Bonds which are purchased by the Issuer (including purchase in the open

market), early redeemed, repurchased and repaid when due, converted or sold back by the Holders will be canceled and will not be re-issued. A Bond does not cease to be outstanding because any of the Issuer's Affiliates holds such Bond; provided, however, any Bonds owned by any Affiliate of the Issuer will be deemed not to be outstanding in determining whether the Holders of the requisite principal amount of Bonds have given or concurred in any request, demand, authorization, direction, notice, consent or waiver under the Indenture.

Further Issues

To the extent permitted by applicable laws of the ROC, the Issuer may from time to time, without the consent of the Holders, create and issue, pursuant to the Indenture, additional bonds, having the same terms and conditions under the Indenture as the previously outstanding Bonds in all respects, except for issue date, issue price, and amount of the applicable first payment of interest thereon. Additional bonds may be consolidated with and form a single series with the previously outstanding Bonds; provided, however, that such additional bonds will not be issued under the same CUSIP, ISIN or other identifying number as the outstanding Bonds unless such additional bonds are fungible with the outstanding Bonds for U.S. federal income tax purposes.

Book Entry; Delivery and Form

The Bonds will only be represented by a permanent global certificate in fully registered book-entry form (the "Global Bond") and will be deposited with a common depositary (the "Common Depositary") for Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, S.A. ("Clearstream") and registered in the name of a nominee of the Common Depositary. If (i) at any time, the Common Depositary advises the Issuer in writing that it is unwilling or unable to continue as a depository for the Global Bond and a successor depository is not appointed within 90 days, (ii) either Euroclear or Clearstream or any alternative clearing system on behalf of which the Bonds evidenced by the Global Bond may be held is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so, or (iii) an Event of Default has occurred and is continuing with respect to the Bonds and the Issuer has received a written request from a Holder, the Issuer shall issue individual certificated bonds in registered form in exchange for the Global Bond in any authorized denominations and in an aggregate principal amount equal to the principal amount of the Global Bond. The Bonds will have minimum denominations of US$200,000 and any integral multiples of US$100,000 in excess thereof.

The Bonds are not issuable in bearer form.

Transfers of interests in the Bonds evidenced by the Global Bond will be effected in accordance with the rules of the relevant clearing systems. In addition, transfers of the Bonds and Common Shares are subject to certain restrictions. See "Transfer Restrictions".

Ranking

The Bonds will (i) be direct, unconditional, unsecured and unsubordinated obligations of the Issuer, (ii) rank pari passu without any preference or priority among themselves and with all other direct, unconditional, unsecured and unsubordinated Debt (as defined below) of the Issuer now or hereafter outstanding (except to the extent that such other Debt (x) ranks above such obligation solely by reason of Liens (as defined below) permitted under the Indenture or (y) is preferred by mandatory provisions of law), and (iii) be senior in right of payment to all Debts of the Issuer that is expressed to be subordinated in right of payment to the Bonds.

The Bonds will be effectively subordinated to all secured obligations but subject to the negative pledge as described in "Certain Covenants — Negative Pledge" of the Issuer with respect to claims against the assets securing such obligations ("Secured Debt"). As of March 31, 2024, we had no outstanding Secured Debt.

Sinking Fund

The Bonds will not be entitled to the benefit of a sinking fund.

Transfer of Certificated Bonds and Delivery of New Certificated Bonds

In the event Certificated Bonds are issued, the following provisions will apply:

(i) Transfer of Certificated Bonds

A Certificated Bond may be transferred upon the surrender at the specified office of any Paying Agent of the Certificated Bonds to be transferred, together with the form of transfer endorsed thereon (the "Form of Transfer") duly completed and executed and any other evidence that such Paying Agent may require. In the case of a transfer of only part of a holding of Certificated Bonds, a new Certificated Bond shall be issued to the transferee in respect of the part transferred and a further new Certificated Bond in respect of the balance of the holding not transferred shall be issued to the transferor. The Form of Transfer will be available at the specified office of the Paying Agent.

(ii) Delivery of New Certificated Bonds

Each new Certificated Bond shall be available for delivery upon receipt by the Paying Agent at its specified office of the relevant Certificated Bond and the Form of Transfer.

Delivery of the new Certificated Bonds shall be made at the specified office of such Paying Agent to whom the relevant Certificated Bond and the Form of Transfer shall have been surrendered or delivered or, at the option of the Holder making such delivery or surrender as aforesaid and as specified in the relevant Form of Transfer or otherwise in writing, be mailed by uninsured post at the risk of the Holder entitled to the new Certificated Bond to such address as may be so specified, unless such Holder requests otherwise and pays in advance to the relevant Paying Agent the costs of such other method of delivery and/or such insurance as it may specify.

(iii) Formalities Free from Charge

Transfers of the Certificated Bonds will be effected without charge by or on behalf of the Issuer or any Paying Agent, but only upon confirmation of payment (or the giving of such indemnity as such Paying Agent may require in respect) of any tax or other governmental charges which may be imposed in relation thereto.

(iv) Restricted Transfer Periods

No Holder may require the transfer of a Certificated Bond to be registered (i) during the period of 15 days ending on (and including) a Redemption Date, (ii) after such Bond has been selected by the Issuer or the Holder for redemption, pursuant to the terms of the Indenture or (iii) after such Holder has exercised its Conversion Right (as defined below).

Payments

All amounts due under, and all claims arising out of or pursuant to, the Bonds and/or the Indenture or the Agency Agreement from or against the Issuer shall be payable and settled in US Dollars only.

The definitions of certain terms used in this section and the Indenture are listed below.

"*Fixed Exchange Rate*" means the fixed rate of US$1.00=NT$32.576.

"*Independent Investment Bank*" means (i) an independent investment bank of international repute or (ii) leading independent securities company or bank in the ROC (in each case of (i) and (ii), acting as an expert) selected by the Issuer at the expense of the Issuer and notified in writing to the Trustee and the Paying Agent.

"*NT Dollars*" or "*NT$*" means the lawful currency for the time being of the ROC.

"*Prevailing Rate*" for each Rate Calculation Date, means a rate determined by the Issuer in good faith as follows:

(a) the fixing rate at 11:00 a.m., expressed as the number of NT Dollars per one US Dollar, quoted by Taipei Forex Inc.;

(b) if no such rate is available under sub-paragraph (a), the prevailing rate determined by the Issuer in good faith on the basis of quotations provided by the Reference Dealers of the specified exchange rate for the Rate Calculation Date as obtained in accordance with the provisions below; and

(c) if fewer than two quotations are provided under sub-paragraph (b), the exchange rate for the Rate Calculation Date as shall be determined by an Independent Investment Bank in good faith.

In determining the prevailing rate under sub-paragraph (b), the Issuer will request the Taipei office of each of the Reference Dealers to provide a quotation of what the specified screen rate would have been had it been published, reported or available for the Rate Calculation Date, based upon each Reference Dealer's experience in the foreign exchange market for NT Dollars and general activity in such market on the Rate Calculation Date. The quotations used to determine the Prevailing Rate for a Rate Calculation Date will be determined in each case for such Rate Calculation Date, and will be requested at 3:30 p.m. (Taipei time) on such Rate Calculation Date or as soon as practicable after it is determined that the specified screen rate was not available.

If four quotations are provided, the rate for a Rate Calculation Date will be the arithmetic mean of the rates, without regard to the rates having the highest and lowest value. For this purpose, if more than one quotation has the same highest value or lowest value, then the rate of only one of such quotations shall be disregarded. If two or three quotations are provided, the rate for a Rate Calculation Date will be the arithmetic mean of the rates provided.

As soon as practicable after the Prevailing Rate has been determined, the Issuer will notify the Paying Agent and the Trustee by email or facsimile of the Prevailing Rate and the applicable Settlement Equivalent on the Rate Calculation Date.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of determining the Prevailing Rate, whether by the Reference Dealers (or any of them), the Issuer or the Independent Investment Bank, will (in the absence of fraud, willful misconduct or gross negligence) be binding on the Issuer, the Trustee, the Agents and all Bondholders.

"*Rate Calculation Date*" means the day which is two Business Days before the due date of the relevant amount.

"*Reference Dealers*" means four leading dealers engaged in the foreign exchange market of the relevant currency selected by the Issuer.

"*Settlement Equivalent*" for the relevant Rate Calculation Date in respect of any US Dollar-denominated amount payable in respect of the Bonds, means such US Dollar amount converted into NT Dollar amount using the Fixed Exchange Rate, and then converted back to US Dollar amount using the applicable Prevailing Rate on such date.

"*US Dollars*" or "*US$*" means the lawful currency for the time being of the United States of America.

Interest

The Bonds will not bear interest.

In any case where the date of the payment of the principal of the Bonds or the date fixed for redemption of the Bonds is not a Business Day (as defined below), then payment of such principal or the Early Redemption Amount (as defined below) shall be made on the next succeeding Business Day, with the same force and effect as if made on the Maturity Date or the date fixed for redemption, as the case may be, and no interest shall accrue for the period after such date.

Additional Amounts

All payments of the principal of and other amounts on the Bonds and all deliveries of Common Shares (as defined below) made on conversion of the Bonds are to be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or other governmental charges ("Taxes") imposed, levied, collected, withheld or assessed by or

within the ROC or any other jurisdiction in which the Issuer is organized or resident for tax purposes or from which any payment on the Bonds is made (or any political subdivision or Taxing Authority (as defined below) thereof or therein), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required, the Issuer will pay such additional amounts on the Bonds (all such additional amounts being referred to herein as "Additional Amounts") as will result in receipt by the Holder of each Bond of such amounts as would have been received by such Holder had no such withholding or deduction been required, except that no Additional Amounts shall be payable for or on account of:

(i) any Taxes that would not have been imposed but for:

(A) the existence of any present or former connection between the Holder of such Bond and the ROC or any other jurisdiction in which the Issuer is organized or resident for tax purposes, other than merely holding such Bond or receiving payments or enforcing rights thereunder, including such Holder being or having been a national, domiciliary or resident of or treated as a resident thereof or being or having been present or engaged in a trade or business therein or having had a permanent establishment therein;

(B) the presentation of such Bond (if presentation is required) more than 30 days after the later of the date on which the payment of the principal of or other amounts on such Bond became due and payable pursuant to the terms thereof or the date that such payment was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Bond for payment on any date within such 30 day period; or

(C) the presentation of such Bond (if presentation is required) for payment in the ROC, unless such Bond could not have been presented for payment elsewhere;

(ii) any estate, inheritance, gift, sale, transfer, stamp, personal property or similar tax, assessment or other governmental charge; or

(iii) any combination of Taxes referred to in the preceding clauses (i) and (ii),

The Issuer will not pay Additional Amounts if the registered Holder of the Bond is a fiduciary, partnership or person other than the sole beneficial owner of any payment to the extent that the beneficiary, partner or settler with respect to such fiduciary, partnership or person, or the beneficial owner of that payment, would not have been entitled to the Additional Amounts if it had been the registered Holder of the Bonds.

Whenever there is mentioned, in any context, (i) the payment of the principal of and other amounts on any Bond, or (ii) the delivery of Common Shares or cash payments (if any) on conversion of any Bond, such mention shall be deemed to include the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable with respect thereto.

Subject to certain exceptions, the Issuer will pay any present or future stamp, court or documentary taxes, or any other excise or property taxes, charges or similar levies which arise in any jurisdiction from the issue, initial delivery or registration of the Bonds or any other document or instrument referred to herein, including those resulting from or required to be paid in connection with, the enforcement of the Bonds or any other document or instrument following the occurrence of any Event of Default with respect to the Bonds and excluding those payable upon issue and delivery of Bonds to the order of a person other than a Holder.

The Paying Agent and the Trustee will make payments free of withholdings or deductions on account of taxes unless required by applicable law. If such a deduction or withholding is required, the Paying Agent or the Trustee will not be obligated to pay any Additional Amount to the recipient unless such an Additional Amount is received by the Paying Agent or the Trustee.

Redemption of the Bonds

Redemption for Taxation Reasons

The Bonds may be redeemed, in whole but not in part (subject to the provision of the paragraph below), at the option of the Issuer, at any time, upon giving not less than 30 nor more than 60 days' notice to the Holders (which notice shall be irrevocable) and upon written notice to the Trustee, the Registrar and the Paying Agent, at the Settlement Equivalent of the Early Redemption Amount on the Redemption Date (as defined below), if the Issuer determines and certifies to the Trustee in an officer's certificate immediately prior to the giving of such notice that, as a result of any change in, or amendment to the laws (including any regulations or rulings promulgated thereunder) of the ROC or such other jurisdiction in which the Issuer is then organized or resident for tax purposes (or any political subdivision or Taxing Authority thereof or therein), affecting taxation, or any change in official position regarding the application, interpretation or administration of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction), which change, amendment, application, interpretation or administration is proposed and becomes effective on or after the Closing Date (or, in the case of any jurisdiction other than the ROC, the date (if later than the Closing Date) on which the Issuer first becomes organized or resident for tax purposes in such other jurisdiction) with respect to any payment due or to become due on the Bonds, the Issuer is required to pay Additional Amounts in connection therewith and such requirement to pay Additional Amounts cannot be avoided by the taking of reasonable measures by the Issuer; provided that such right cannot be exercised earlier than 45 days prior to the first date on which the Issuer would be obligated to make an Additional Amounts payment with respect to all or substantially all of the outstanding Bonds were a payment then due. Prior to the giving of any such notice of redemption, the Issuer is required to deliver to the Trustee and the Paying Agent (i) an officer's certificate stating that such change or amendment has occurred, describing the facts related thereto and stating that such requirement cannot be avoided by the Issuer taking reasonable measures and (ii) an opinion of counsel or written advice of a qualified tax expert that the circumstances referred to in the preceding sentence exist as a result of such change, amendment, application, interpretation or administration. The Trustee shall be entitled to rely conclusively on such certificate, opinion and notice as sufficient evidence of the satisfaction of the conditions precedent described above. The Trustee is not obligated to verify any information in any certificate, opinion or notice.

Notwithstanding the foregoing, if the Issuer has given a redemption notice for taxation reasons in accordance with the paragraph above and if the outstanding principal amount of the Bonds at the time when such redemption notice is given is greater than 10% of the aggregate principal amount of the Bonds as of the Closing Date, each Holder of the Bonds will have the right to elect, and the redemption notice will state that each Holder will have the right to elect, that all or a portion of its Bonds should not be redeemed. Upon the exercise of such right by the Holder, the provisions set forth in "— Additional Amounts" will not apply to any payment in respect of such Bonds that is due after the relevant Redemption Date, and such payment will be made subject to the deduction of any ROC tax (or tax of such other jurisdiction in which the Issuer is then organized or resident for tax purposes) required to be withheld or deducted. To exercise such right the Holder must give notice to the Issuer in the manner set out in the Indenture no later than 15 days prior to the relevant Redemption Date.

Redemption at the Option of the Issuer

At any time after July 17, 2027, the Issuer may, on not less than 30 nor more than 60 days' notice to the Holders (which notice shall be irrevocable) and upon written notice to the Trustee and the Agents, redeem the Bonds, in whole or in part, at the Settlement Equivalent of the Early Redemption Amount; provided, however, that no such redemption may be made unless:

(1) the Closing Price of the Common Shares for 20 out of 30 consecutive Trading Days (the "Calculation Period") immediately prior to the date upon which notice of such redemption was given, is at least 130% of the quotient of the prevailing Conversion Price multiplied by the Early Redemption Amount and divided by US$100,000; and

(2) the applicable Redemption Date does not fall within a Closed Period (as defined below).

If there shall occur an event giving rise to a change in the Conversion Price during any Calculation Period, appropriate adjustments for the relevant days, determined by an opinion of an Independent Investment Bank, shall be made for the purpose of calculating the Closing Price for such days. Notice of any such adjustments in the Conversion Price will be given promptly by the Issuer to the Trustee and the Paying Agent.

Notwithstanding the foregoing, the Issuer may redeem the Bonds, in whole but not in part, at any time, on not less than 30 nor more than 60 days' notice, at the Settlement Equivalent of the Early Redemption Amount if more than 90% in principal amount of the Bonds originally issued has been redeemed, repurchased and canceled or converted; provided that the applicable Redemption Date does not fall within a Closed Period.

Notice of any such redemption will be given by the Issuer to the Holders (and other applicable parties) in accordance with the notice provisions of the Indenture as described below under "— Notices".

Redemption at Maturity

Unless the Bonds have been previously redeemed, repurchased and canceled or converted, the Issuer will redeem the Bonds on the Maturity Date at the Settlement Equivalent of a redemption price equal to 105.11% of the outstanding principal amount thereof. The Bonds may be redeemed prior to the Maturity Date only as described herein.

Redemption Procedures

Payment of the relevant redemption price for a Certificated Bond is conditioned upon delivery of such Bond (together with necessary endorsements) to any Paying Agent. Payment of the relevant redemption price for any Bond will be made on the Redemption Date or, if such Bond is a Certificated Bond and has not been so delivered on or prior to the Redemption Date, at the time of delivery of such Bond. If the Paying Agent holds, in accordance with the terms of the Indenture, cash sufficient to pay the relevant redemption price of such Bond on the Redemption Date, then, immediately after such Redemption Date, such Bond will cease to be outstanding, whether or not such Bond is delivered to a Paying Agent, and all other rights of the Holder shall terminate (other than the right to receive the relevant redemption price).

In the case of any redemption other than on the Maturity Date, notice of redemption to each Holder shall specify the Redemption Date, the price at which such Bonds will be redeemed and the place or places of payment and that payment will be made upon presentation and surrender of the Bonds to be redeemed. Such notice shall also specify the Conversion Price then in effect and the date on which the right to convert such Bonds will expire.

Repurchase of the Bonds

Repurchase at the Option of the Holder

Unless the Bonds have been previously redeemed, repurchased and canceled or converted, each Holder shall have the right (the "Holder's Put Right"), at such Holder's option, to require the Issuer to repurchase, in whole or in part (being US$200,000 in principal amount or any integral multiple of US$100,000 in excess thereof), such Holder's Bonds, on July 17, 2027 (the "Bondholder's Put Option Date") at a price equal to the Settlement Equivalent of 103.04% of the principal amount in US dollars with respect to such Holder's Bonds to be repurchased (the "Holder's Put Price").

Repurchase in the Event of Delisting

In the event that the Common Shares cease to be listed or admitted to trading on the TWSE (a "Delisting") each Holder shall have the right (the "Delisting Put Right"), at such Holder's option to require the Issuer to repurchase, in whole or in part (being US$200,000 in principal amount or any integral multiple of US$100,000 in excess thereof), such Holder's Bonds on the 20th Business Day after the Issuer provides a notice to Holders, the Trustee and the Paying Agent regarding the Delisting referred to under "— Repurchase Procedures" below (the "Delisting Put Date") at the Settlement Equivalent of the Early Redemption Amount with respect to such Holder's Bonds to be repurchased on the Delisting Put Date (the "Delisting Put Price").

Repurchase in the Event of Change of Control

If a Change of Control (as defined below) occurs with respect to the Issuer, each Holder shall have the right (the "Change of Control Put Right"), at such Holder's option, to require the Issuer to repurchase, in whole or in part (being US$200,000 in principal amount or any integral multiple of US$100,000 in excess thereof), such Holder's Bonds on the date set by the Issuer for such repurchase (the "Change of Control Put Date"), which shall be not less than 30 nor more

than 60 days following the date on which the Issuer notifies the Holders, the Trustee and the Paying Agent in writing of the Change of Control, at the Settlement Equivalent of the Early Redemption Amount with respect to such Holder's Bonds to be repurchased on the Change of Control Put Date (the "Change of Control Put Price").

Repurchase Procedures

Not less than 30 nor more than 60 days prior to the Bondholder's Put Option Date and not less than 30 nor more than 60 days promptly after becoming aware of a Delisting or Change of Control, the Issuer will provide a notice to the Holders, the Trustee and the Paying Agent regarding such Holder's Put Right, Delisting Put Right or Change of Control Put Right, as the case may be, which notice shall state, as appropriate:

(A) the Bondholder's Put Option Date, the Delisting Put Date or the Change of Control Put Date, as the case may be (each, a "Purchase Date");

(B) in the case of a Delisting, the date of such Delisting and, briefly, the events causing such Delisting;

(C) in the case of a Change of Control, the date of such Change of Control and, briefly, the events causing such Change of Control;

(D) the date by which the Holder Purchase Notice (as defined below) must be given;

(E) the Holder's Put Price, the Delisting Put Price or the Change of Control Put Price, as the case may be, and the method by which such amount will be paid;

(F) the names and addresses of the Paying Agent;

(G) briefly, the Conversion Right (as defined below) of the Holders and the then current Conversion Price and the date on which the right to convert such Bond will expire;

(H) the procedures that Holders must follow and the requirements that Holders must satisfy in order to exercise their repurchase rights and/or Conversion Right; and

(I) that a Holder Purchase Notice, once validly given, may not be withdrawn.

To exercise its right to require the Issuer to repurchase its Bonds, the Holder must deliver a written irrevocable notice of the exercise of such right (a "Holder Purchase Notice") to any Paying Agent on any Business Day prior to the close of business at the location of such Paying Agent on such day and which day is not less than ten (10) Business Days prior to the Purchase Date.

Payment of the Holder's Put Price upon exercise of the Holder's Put Right, Delisting Put Price upon exercise of the Delisting Put Right or Change of Control Put Price upon exercise of the Change of Control Put Right for any Certificated Bond for which a Holder Purchase Notice has been delivered is conditioned upon delivery of such Certificated Bond (together with any necessary endorsements) to any Paying Agent on any Business Day together with the delivery of such Holder Purchase Notice and will be made promptly following the later of the Purchase Date and the time of delivery of such Certificated Bond. If the Paying Agent holds on the Purchase Date money sufficient to pay the Holder's Put Price, Delisting Put Price or the Change of Control Put Price, as the case may be, of Bonds for which Holder Purchase Notices have been delivered in accordance with the provisions of the Indenture upon exercise of such right, then, whether or not such Bond is delivered to the Paying Agent, on and after such Purchase Date, (i) such Bond will cease to be outstanding, (ii) such Bond will be deemed paid, and (iii) all other rights of the Holder shall terminate (other than the right to receive the Holder's Put Price, the Delisting Put Price or the Change of Control Put Price, as the case may be).

Certain Definitions

Set forth below is a summary of certain of the defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for the full definition of all such terms, as well as any other capitalized terms

used herein for which no definition is provided.

"*Affiliate*" means, with respect to any Person (the "Specified Person"), (i) any Person other than the Specified Person directly or indirectly controlling, controlled by or under direct or indirect common control with, the Specified Person or (ii) any Person who is a director or executive officer (A) of the Specified Person, (B) of any Subsidiary of such Specified Person or (C) of any Person described in clause (i) above. For purposes of this definition, the term "control" when used with respect to any Person means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or by contract or otherwise.

"*Agent*" means any registrar, paying agent, conversion agent and transfer agent, including any successor registrar, paying agent, conversion agent and transfer agent.

"*Business Day*" means any day except a Saturday, Sunday or other day on which commercial banks in Taipei, Hong Kong, London, and the City of New York (or, if applicable, in the city where the relevant Paying Agent is located) are authorized by law to close or are otherwise not open for business.

"*Capital Stock*" means, with respect to any Person, any and all shares, ownership interests, participation or other equivalents (however designated), including all common stock and all preferred stock, of such Person.

"*Certificated Bonds*" means the individual certificated Bonds executed and delivered by the Issuer and authenticated by the Trustee or the Registrar, which may be delivered in exchange for the Global Bond in certain circumstances.

"*Change of Control*" occurs when:

(1) any Person or Persons (as defined below) acting together acquires Control of the Issuer if such Person or Persons does not or do not have, and would not be deemed to have, control of the Issuer on the Closing Date; or

(2) the Issuer consolidates with or merges into or sells or transfers all or substantially all of the Issuer's assets to any other Person.

"*Closing Price*" means for any Trading Day (a) with respect to the Common Shares, the closing sales price of the Common Shares on the TWSE on such day or, if no reported sales take place on such day, the average of the reported closing bid and offered prices, in either case as reported by the TWSE for such day as furnished by an Independent Investment Bank, and (b) with respect to Capital Stock of the Issuer (other than Common Shares), the closing bid price for such Capital Stock (other than Common Shares) on the Selected Exchange (as defined under "Trading Day" below); provided that for the purpose of determining the Closing Price used in "— Redemption at the Option of the Issuer" above for all Trading Days on or between the ex-rights or ex-dividends date and the record date for the determination of the shareholders entitled to receive such rights or dividends, the Closing Price shall be adjusted upwards to include the value of such rights or dividends.

"*Common Shares*" means shares of the common stock of the Issuer, par value NT$10.0 per share.

"*Control*" means (i) the right to appoint and/or remove all or the majority of the members of the Issuer's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise; or (ii) the acquisition or control of more than 50% of the voting rights of the issued share capital of the Issuer.

"*Conversion Price*" means the initial conversion price of NT$3,220.62 per Common Share set forth on the cover of this offering circular, subject to adjustment in the manner provided in "— Conversion — Adjustments to the Conversion Price" below.

"*Debt*" means, with respect to any Person at any date, without duplication, (i) all obligations of such Person for

borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of trading, (iv) all obligations of such Person as lessee which are capitalized in accordance with the generally accepted accounting principles applicable to such Person, (v) all Debt secured by a Lien on any asset of such Person, whether or not such Debt is otherwise an obligation of such Person, (vi) all obligations of such Person to purchase securities or other property that arise out of or in connection with the sale of the same or substantially similar securities or property, (vii) all non-contingent obligations of such Person to reimburse any bank or other Person in respect of amounts paid under a letter of credit or similar instrument and (viii) all Debt of others guaranteed by such Person.

"*Default*" means any condition or event which, with the giving of notice or lapse of time or both, would become an Event of Default (as defined below).

"*Early Redemption Amount*" means, for each US$100,000 principal amount of the Bonds, the amount calculated in accordance with the following formula, rounded (if necessary) to two decimal places with 0.005 being rounded upwards:

Early Redemption Amount = $I \times (1 + r/2)^{d/180}$

where:

I = Issue price (100 % of principal amount) of the Bonds.

r = 1.00% expressed as a decimal.

d = number of days from, and including, the Closing Date to, but excluding, the date for redemption, calculated on the basis of a 360-day year consisting of 12 months of 30 days each, and in the case of an incomplete month, the actual number of days elapsed.

Semi-Annual Date	**Early Redemption Amount (in US Dollars)**
July 17, 2024	100,000.00
January 17, 2025	100,500.00
July 17, 2025	101,002.50
January 17, 2026	101,507.51
July 17, 2026	102,015.05
January 17, 2027	102,525.13
July 17, 2027	103,037.75
January 17, 2028	103,552.94
July 17, 2028	104,070.70
January 17, 2029	104,591.06
July 17, 2029	105,114.01

"*FSC*" means the Financial Supervisory Commission of the ROC.

"*Holder*", "*holder*" and "*Bondholder*" in relation to a Bond means the person in whose name a Bond is registered in the Bond register.

"*Lien*" means, with respect to any property or asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such property or asset, including, without limitation, the right of a vendor, lessor or similar party under any conditional sales agreement, capital lease or other title retention agreement relating to such property or asset, and any other right of or arrangement with any creditor to have its claims satisfied out of any property or assets, or the proceeds therefrom prior to any general creditor of the owner thereof.

"*Market Value*" means (i) in the case of Common Shares, the average of the Closing Prices of the Common Shares for the most recent 30 Trading Days, (ii) in the case of Capital Stock (other than Common Shares) which is listed on the Selected Exchange, the average of the Closing Prices of such Capital Stock (other than Common Shares) for the most recent 30 Trading Days and (iii)in the case the market value cannot be determined pursuant to the procedures above, the market value determined by an opinion of an Independent Investment Bank.

"*Person*" means any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organization, trust, state or agency of a state (in each case whether or not being a separate legal entity) limited liability company, government or political subdivision or agency or instrumentality thereof, or any other entity or organization; provided that in the context of a Change of Control, a Person does not include the Issuer's board of directors or any other governing board and does not include the Issuer's wholly-owned direct or indirect subsidiaries.

"*Principal Subsidiary*" means any Subsidiary (as defined below) of the Issuer (i) whose gross revenues, as shown by the latest audited income statement (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary, exceed 10% of the consolidated gross revenues as shown by the then latest published audited consolidated income statement of the Issuer and its Subsidiaries; (ii) whose gross assets, as shown by the latest audited balance sheet (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary, exceed 10% of the gross consolidated assets as shown by the then latest published audited consolidated balance sheet of the Issuer and its Subsidiaries; or (iii) to which is transferred the whole or substantially the whole of the assets and undertaking of a Subsidiary which immediately prior to such transfer is a Principal Subsidiary, provided that, in such a case, the Subsidiary so transferring its assets and undertaking shall thereupon cease to be a Principal Subsidiary unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provisions of paragraph (i) above. References to the audited income statement and balance sheet of a Subsidiary which has subsidiaries shall be construed as references to the audited consolidated income statement and consolidated balance sheet of such Subsidiary and its subsidiaries, if such are required by law to be produced, or if no such income statement or balance sheet is required by law to be produced or is not produced when the Subsidiary becomes a Principal Subsidiary, to a pro forma income statement or balance sheet for the purpose of such determination.

"*Purchase Date*" has the meaning specified under the caption "— Repurchase Procedures" above.

"*Redemption Date*" means, with respect to any Bond, (i) the date fixed for redemption of such Bond pursuant to a notice of redemption given by the Issuer in accordance with the provisions of the Indenture; or (ii) the Maturity Date of such Bond if such Bond has not been redeemed, repurchased and canceled or converted in accordance with its terms prior to the Maturity Date.

"*Securities Act*" means the United States Securities Act of 1933, as amended.

"*Subsidiary*" means, with respect to any Person, (a) any entity which is controlled or of which more than 50% of its Capital Stock is owned directly or indirectly by such Person, or (b) any entity which at any time has its accounts consolidated with those of that Person or which, under the law, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such Person from time to time, should have its accounts consolidated with those of that Person.

"*Taxing Authority*" means any government or political subdivision or any authority or agency thereof, having the legal power and authority to levy a mandatorily payable charge, assessment or tax.

"*Trading Day*" means (a) with respect to the Common Shares, a day when the TWSE is open for business, provided, however, if no transaction price or closing bid and offered prices are reported by the TWSE in respect of the Common Shares for one or more Trading Days, such day or days will be disregarded in any relevant calculation and will be deemed not to have existed when ascertaining any period of consecutive Trading Days and (b) with respect to Capital Stock of the Issuer (other than Common Shares), a day on which any securities exchange or quotation system selected by the Issuer and notified to the Paying Agent for this purpose (the "Selected Exchange") on which shares of such Capital Stock (other than Common Shares) are quoted or traded is open for trading or quotation; provided, however, if no bid price is reported by the Selected Exchange in respect of such Capital Stock (other than Common Shares) for one or more Trading Days, such day or days will be disregarded in any relevant calculation and will be deemed not to have existed when ascertaining any period of consecutive Trading Days.

"*TWSE*" means Taiwan Stock Exchange Corporation.

Certain Covenants

Negative Pledge

So long as any Bond remains outstanding, the Issuer shall not, and shall ensure that none of its Principal Subsidiaries will, create or permit to subsist any Lien on any of its or, as the case may be, such Principal Subsidiary's, property, assets or revenues, present or future, to secure for the benefit of the holders of any International Investment Securities (as defined below) (i) payment of any sum owing in respect of any such International Investment Securities, (ii) any payment under any guarantee of any such International Investment Securities or (iii) any payment under any indemnity or other like obligation relating to any such International Investment Securities, unless contemporaneously therewith effective provision is made to secure the Bonds (a) equally and ratably with such International Investment Securities with a similar Lien on the same property, assets or revenues securing such International Investment Securities for so long as such International Investment Securities are secured by such Lien or (b) with such other security, guarantee, indemnity or other arrangement as shall be approved by registered Holders holding not less than 50% of the principal amount of the outstanding Bonds.

As used herein, "International Investment Securities" means bonds, debentures, notes or other similar investment securities of the Issuer or any other person evidencing indebtedness with a maturity of not less than one year from the issue date thereof, or any guarantees thereof, which (i) either (A) are by their terms payable, or confer a right to receive payment, in any currency other than NT Dollars or (B) are denominated in NT Dollars and more than 50% of the aggregate principal amount thereof is initially distributed outside the ROC by or with the consent of the Issuer and (ii) are for the time being, or are intended to be, quoted, listed, ordinarily dealt in or traded, in each case primarily, on any stock exchange or over-the-counter or other securities market outside the ROC.

Consolidation, Amalgamation or Merger

The Issuer shall not consolidate with, merge or amalgamate into or transfer or convey all or substantially all of its properties and assets to, any Person (the consummation of any such event, a "Merger"), unless:

(i) the corporation formed by such Merger or the Person that acquired such properties and assets shall expressly assume, by an indenture supplemental to the Indenture, all obligations of the Issuer under the Indenture and the performance of every covenant and agreement applicable to it contained therein;

(ii) immediately after giving effect to any such Merger, no Default or Event of Default shall have occurred or be continuing or would result therefrom;

(iii) the Issuer at least 20 Business Days prior to the Merger has delivered to the Trustee an officer's certificate stating that such Merger complies with the provisions of the Indenture relating to this matter and that all conditions precedent therein provided for or relating to such Merger have been complied with;

(iv) the corporation formed by such Merger, or the Person that acquired such properties and assets, shall expressly agree to (A) indemnify each holder of a Bond against any tax, assessment or governmental charge payable by withholding or deduction thereafter imposed on such holder solely as a consequence of such Merger with respect to the payment of principal of and other amounts on the Bonds and (B) if organized under the laws of a jurisdiction other than the ROC, to deliver a substitute undertaking to the Trustee to pay any additional amounts as may be necessary in order that the net amounts received by the holders of the Bonds, after any withholding or deduction of any such tax, assessment or other governmental charge shall equal the respective amounts of the principal of and Additional Amounts on the Bonds, which would have been receivable in respect of the Bonds in the absence of such Merger. No successor corporation or other Person shall have the right to redeem the Bonds unless the Issuer would have been entitled to redeem the Bonds pursuant to the Indenture in the absence of the Merger; and

(v) the Issuer shall as soon as practicable on or prior to the Merger, deliver to the Trustee an opinion satisfactory to the Trustee of counsel(s) of recognized standing that the condition in paragraph (i) above has been satisfied.

In the event of any such Merger, the provisions described under "— Additional Amounts" and "— Redemption for Taxation Reasons" above will be applicable to the corporation formed by such Merger or the Person acquiring such properties and assets as appropriate, and any reference to the Issuer shall be read to include such successor person.

Conversion

Conversion Right

Each Holder will have the right (the "Conversion Right") during the Conversion Period to convert its Bonds (being US$200,000 in principal amount or an integral multiple of US$100,000 in excess thereof), at the option of such converting Holder, upon delivery of an irrevocable notice (the "Conversion Notice") at the office of any Paying Agent, on any Business Day prior to the close of business at the location of the Paying Agent to which such Conversion Notice is delivered, into Common Shares; provided, however, that the Conversion Right during any Closed Period (as defined below) shall be suspended and the Conversion Period shall not include any such Closed Period. "Closed Period" means (i) the 60-day period immediately prior to the date of any of the Issuer's ordinary shareholders' meetings; (ii) the 30-day period immediately prior to the date of any of the Issuer's extraordinary shareholders' meetings; (iii) in the event of free distribution of shares, distribution of cash dividend or capital increase by cash, the period from the fifteenth business day prior to the fifth day before the record date for the determination of the shareholders entitled to the receipt of dividends, subscription of new Common Shares due to capital increase or other benefits and bonuses to such record date; (iv) in the event of capital reduction of the Issuer, the period from the record date of any capital reduction to the day immediately preceding the date on which the Common Shares resume trading after such capital reduction; (v) in the event of change of par value of the Common Shares of the Issuer, the period from the commencement of the suspension of the conversion in respect of the change of par value of the Common Shares to the day immediately preceding the date on which the reissued Common Shares resume trading after such change of par value of the Common Shares; and (vi) such other periods during which the Issuer may be required to close its stock transfer books under the ROC laws and regulations and the rules of the TWSE applicable from time to time. The Issuer shall procure that Holders (and the Trustee and the Paying Agent) are given at least 7 days' but not more than 60 days' prior notice of any Closed Period in accordance with the provisions of the Indenture.

The number of Common Shares to be issued upon conversion will be determined by dividing the aggregate principal amount of all the Bonds to be converted by such Holder (translated into NT Dollars at the Fixed Exchange Rate) by the Conversion Price in effect on the Conversion Date (as defined below). Fractions of Common Shares will not be issued on conversion, and the Issuer will pay in US Dollars for any fraction of a Common Share not issued as aforesaid, net of remittance fees, rounding to one US Dollar with US$0.50 being rounded upwards.

The Conversion Price shall at all times be subject to Anti-dilution Adjustment (as defined below).

On the Conversion Date, the Paying Agent shall be entitled to write down and cancel the relevant Bonds subject to such exercised Conversion Right with no further liability. The Trustee and the Paying Agent shall not be required to monitor or assist with the delivery of Common Shares or cash for any registration that may arise pursuant to an exercise of a Conversion Right.

Restrictions on Shareholdings by PRC Persons

Under current ROC laws, regulations and policies, a PRC person is not permitted to convert the Bonds or to register as the Company's shareholder unless (i) it is a qualified domestic institutional investor or a QDII who will hold less than 10% of the Issuer's issued shares after conversion of the Bonds, or (ii) it otherwise obtains the approval of the Ministry of Economic Affairs if all the business items are within the positive list promulgated by the ROC government from time to time and it will hold 10% or more (or other threshold required by the regulators) of the Issuer's issued shares after conversion of the Bonds. There are also restrictions on the amount remitted to the ROC for investments by QDIIs, separately and jointly. Accordingly, the qualification criteria for a PRC person to make investment and the investment

threshold imposed by the FSC and the TWSE may cause a Bondholder who is a PRC person to be unable to convert the Bonds and hold the Common Shares. Under current ROC laws, "PRC person" means an individual holding a passport issued by the PRC, a resident of any area of the PRC under the effective control or jurisdiction of the PRC (but not including a special administrative region of the PRC such as Hong Kong and Macau, if so excluded by applicable laws of the ROC), any agency or instrumentality of the PRC and any corporation, partnership or other entity organized under the laws of any such area, or in countries outside of the ROC or PRC that is directly or indirectly controlled by, or directly or indirectly having more than 30% of its capital owned by, or beneficially owned by any such person, resident, agency, instrumentality, corporation, partnership or entity.

ROC Procedures for Foreign Persons Holding Common Shares

Under current ROC laws, if a non-ROC person is an overseas Chinese or foreign national or entity having not been registered with the TWSE, when exercising the conversion right, such non-ROC person will be required to first register with the TWSE and then appoint a local agent to, among other things, open a securities trading account with a local securities brokerage firm to hold or trade the common shares, open an NT dollar bank account, remit funds, pay ROC tax, exercise shareholders' rights, and perform such other matters as may be designated by the converting holder. In addition, under current ROC laws, a non-ROC person is required to appoint a local bank to act as custodian for handling confirmation and settlement of trades, safekeeping of securities and cash proceeds, and reporting and declaration of information. Under current ROC laws and regulations, without satisfying these requirements, a non-ROC person will not be able to hold or to sell or otherwise transfer the Company's Common Shares on the TWSE or otherwise.

In addition, when a non-ROC person converts the Bonds or registers as the Company's shareholder, such non-ROC person will be required under current ROC laws and regulations to appoint an agent, or a tax guarantor, in the ROC for filing tax returns and making tax payments. A tax guarantor must meet certain qualifications set by the Ministry of Finance of the ROC and, upon appointment, becomes a guarantor of your ROC tax obligations. We cannot assure that such non-ROC person will be able to appoint and obtain approval for a tax guarantor in a timely manner, if at all.

Delivery of Common Shares upon Conversion

Upon a converting Holder exercising its Conversion Right, the Issuer shall as promptly as practicable issue Common Shares upon conversion of Bonds in accordance with the ROC law.

The Issuer's delivery to the Bondholder of the number of Common Shares into which the Bonds are convertible, together with any cash payment for any fraction of Common Shares, will be deemed to satisfy the Issuer's obligation to pay the principal of and other amounts on such Bonds.

See "Risk Factors — Risks Relating to Ownership of the Bonds and the Common Shares — A liquid market for the Bonds may not develop, and the market for the Common Shares may not be liquid."

Procedures; Conversion Notice; Taxes and Duties

In order to effect a conversion, each Holder must complete, execute and deliver at such Holder's expense during the Conversion Period to the office of any Paying Agent on any Business Day prior to the close of business at the location of the Paying Agent, a Conversion Notice, in the form then obtainable from the office of any Paying Agent, together, in the case of Certificated Bonds, with the certificate representing the Bonds to be converted, and any certificates and other documents as may be required under applicable law and any expenses or other payments required to be paid by the Holder pursuant to the terms of the Indenture. The Conversion Notice shall contain, inter alia, an appointment of a local agent by such converting Holder and the name and address of such local agent.

Upon receipt of such Conversion Notices, the Paying Agent shall have to process and transmit such Conversion Notices to the Issuer as soon as reasonably practicable.

A Conversion Notice once so delivered may not be withdrawn without the consent in writing of the Issuer. Holders who deposit a Conversion Notice during a Closed Period will not be permitted to convert their Bonds until the first Business Day which is a Trading Day following the last day of that Closed Period which (if all other conditions to

conversion have been fulfilled) will be the Conversion Date for such Bonds. Such Holders will not be registered as holders until the Conversion Date. The price at which such Bonds will be converted will be the Conversion Price in effect on the Conversion Date.

As conditions precedent to conversion, the Holder must confirm that all stamp, issue, registration and similar taxes and duties (if any) arising on conversion in the country in which the Bond is deposited for conversion, or payable in any jurisdiction consequent upon the issue and delivery of Common Shares or any other property or cash upon conversion to or to the order of a person other than the converting Bondholder have been paid to the relevant authority. Except as aforesaid, the Issuer will pay the expenses arising in the ROC on the issue of Common Shares on conversion of Bonds and all charges of the Paying Agents in connection therewith as provided in the Indenture. The date on which any Bond and the Conversion Notice (in duplicate) relating thereto, together with any certificates and other documents as may be required under applicable law, are deposited with a Paying Agent and the payments, if any, required to be paid by the Bondholder are made is hereinafter referred to as the "Deposit Date". The "Conversion Date" applicable to a Bond shall mean the next Business Day following the Deposit Date (or the first Business Day which is a Trading Day following the last day of a Closed Period if the related Conversion Notice was deposited during such Closed Period), which day must be a Trading Day and must fall within the Conversion Period. The Holder must therefore satisfy all such conditions on or before the Business Day prior to the end of the Conversion Period.

With effect from the opening of business in the ROC on the Conversion Date, the Issuer will deem the person designated in the Conversion Notice as the person in whose name the Common Shares to be issued upon such conversion are to be registered as the holder of record of the number of Common Shares (disregarding any retroactive adjustment of the Conversion Price referred to below prior to the time such retroactive adjustment shall have become effective), and at such time the rights of such converting Holder as a Holder with respect to the Bonds deposited for conversion shall cease.

On the Conversion Date, the Issuer will register the converting Holder (or its designee) in the Issuer's register of shareholders as the owner of the number of Common Shares to be issued upon conversion of such Bonds and, subject to any applicable limitations then imposed by ROC laws and regulations, according to the request made in the relevant Conversion Notice, procure that, as soon as practicable, and in any event within five Trading Days from the Conversion Date (subject to changes to ROC laws and regulations) (or where the converting Holder has not appointed a local agent, after such local agent is appointed), there be delivered to the local agent appointed by the converting Holder through book-entry system of Taiwan Depository & Clearing Corporation ("TDCC") or through physical delivery of a certificate or certificates for the relevant Common Shares, registered in the name specified for that purpose in the relevant Conversion Notice, together with any other property or cash required to be delivered upon conversion and such assignments and other documents (if any) as may be required by law to effect the delivery thereof.

Adjustments to the Conversion Price

Anti-dilution. The Conversion Price will be subject to adjustment ("Anti-dilution Adjustment") in the circumstances described below:

(i) If the Issuer shall issue Common Shares as a dividend in Common Shares or make a free distribution or bonus issue of Common Shares which is treated as a capitalization issue for accounting purposes (including but not limited to capitalization of retained earnings or capital reserves), then adjustment shall be made, in accordance with the following formula, to the Conversion Price in effect on (i) the record date for the determination of the shareholders entitled to receive such dividend and/or distribution; or (ii) (if the increase in the total number of Common Shares outstanding is due to a reduction in the par value of the Common Shares) the record date for the issuance of new Common Shares; or (iii) (if the Common Shares are issued upon upfront payment by such shareholders) the date on which the newly issued Common Shares are fully paid up:

$$NCP = OCP \times [N / (N + n)]$$

where:

NCP = the Conversion Price after such adjustment.

OCP = the Conversion Price before such adjustment.

N = the number of Common Shares outstanding at the time of issuance of such dividend and/or distribution (or at the close of business in Taipei on such record date, as the case may be), which shall exclude the treasury shares that have not been cancelled or transferred.

n = the number of Common Shares to be distributed to the shareholders as a dividend and/or distribution.

(ii) If the Issuer shall (a) subdivide its outstanding Common Shares, (b) combine its outstanding Common Shares into a smaller number of Common Shares, or (c) re-classify any of its Common Shares into other securities of the Issuer, then the Conversion Price shall be appropriately adjusted so that the Holder, in respect of the Conversion Date which occurs after the coming into effect of the adjustment described in this subsection (ii), shall be entitled to receive the number of Common Shares and/or other securities of the Issuer which it would have held or have been entitled to receive after the happening of any of the events described above had such Bond been converted immediately prior to the happening of such event (or, if the Issuer has fixed a prior record date for the determination of the shareholders entitled to receive any such securities issued upon any such subdivision, combination or reclassification, immediately prior to such record date), but without prejudice to the effect of any other adjustment to the Conversion Price made with effect from the date of the happening of such event (or such record date) or any time thereafter.

(iii) If the Issuer shall grant, issue or offer to the holders of Common Shares rights entitling them to subscribe for or purchase Common Shares, which expression shall include those Common Shares which are required to be offered to employees and persons other than shareholders in connection with such grant, issue or offer, at a consideration per Common Share receivable by the Issuer which is fixed:

(A) on or prior to the record date mentioned below and is less than the Market Value per Common Share on such record date; or

(B) after the record date mentioned below and is less than the Market Value per Common Share on the date the Issuer fixes the said consideration,

then the Conversion Price in effect (in the case of (A) above) on the record date for the determination of the shareholders entitled to receive such rights or (in the case of (B) above) on the date the Issuer fixes the said consideration shall be adjusted in accordance with the following formula:

NCP = OCP x [(N + v) / (N + n)]

where:

NCP and OCP have the meanings ascribed thereto in subsection (i) above.

N = the number of Common Shares outstanding at the close of business in the ROC (in the case of (A) above) on such record date or (in the case of (B) above) on the date the Issuer fixes the said consideration, which shall exclude the treasury shares that have not been cancelled or transferred.

n = the number of Common Shares to be issued in connection with such rights issue at the said consideration.

v = the number of Common Shares which the aggregate consideration receivable by the Issuer would purchase at such Market Value specified in (A) or, as the case may be, (B) above.

Subject as provided below, such adjustment shall become effective immediately after the latest date for the submission of applications of such Common Shares by shareholders entitled to the same pursuant to such rights or (if later) immediately after the Issuer fixes the said consideration but retroactively to immediately after the record date mentioned above.

If, in connection with a grant, issue or offer to the holders of Common Shares of rights entitling them to subscribe for or purchase Common Shares, any Common Shares which are not subscribed for or purchased by the persons entitled thereto are purchased by other persons after the latest date for the submission of applications for such Common Shares, an adjustment shall be made to the Conversion Price in accordance with the above provisions which shall become effective immediately after the date the Issuer receives the consideration in full, from such other persons but retroactively to immediately after the record date mentioned above.

If, in connection with a grant, issue or offer to the holders of Common Shares of rights entitling them to subscribe for or purchase Common Shares, any such Common Shares which are not subscribed for or purchased by such other persons as referred to above or by the persons entitled thereto (or persons to whom shareholders have transferred such rights) who have submitted applications for such Common Shares as referred to above are offered to and/or subscribed by others, no further adjustment shall be made to the Conversion Price by reason of such offer and/or subscription.

(iv) If the Issuer shall grant, issue or offer to the holders of Common Shares warrants entitling them to subscribe for or purchase Common Shares at a consideration per Common Share receivable by the Issuer which is fixed:

(A) on or prior to the record date for the determination of the shareholders entitled to receive such warrants and is less than the Market Value per Common Share at such record date; or

(B) after the record date mentioned above and is less than the Market Value per Common Share on the date the Issuer fixes the said consideration,

then the Conversion Price in effect (in a case within (A) above) on the record date for the determination of the shareholders entitled to receive such warrants or (in a case within (B) above) on the date the Issuer fixes the said consideration shall be adjusted in accordance with the following formula:

NCP = OCP x [(N + v) / (N + n)]

where:

NCP and OCP have the meanings ascribed thereto in subsection (i) above.

N = the number of Common Shares outstanding at the close of business in the ROC (in the case of (A) above) on such record date or (in the case of (B) above) on the date the Issuer fixes the said consideration, which shall exclude the treasury shares that have not been cancelled or transferred.

n = the number of Common Shares initially to be issued upon exercise of such warrants at the said consideration where no applications by shareholders entitled to such warrants are required. Where applications by shareholders entitled to such warrants are required, n equals the number of such Common Shares that equals (A) the number of warrants which underwriters have agreed to underwrite as referred to below or, as the

case may be, and (B) the number of warrants for which applications are received from shareholders as referred to below except to the extent already adjusted for under (A).

v = the number of Common Shares which the aggregate consideration receivable by the Issuer would purchase at such Market Value per Common Share specified in (A) or, as the case may be, (B) above.

Subject as provided below, such adjustment shall become effective, where applications by shareholders entitled to the same are required as aforesaid, immediately after the latest date for the submission of such applications or (if later) immediately after the Issuer fixes the said consideration but retroactively to immediately after the record date mentioned above.

If, in connection with a grant, issue or offer to the holders of Common Shares of warrants entitling them to subscribe for or purchase Common Shares where applications by shareholders entitled to the same are required, any warrants which are not subscribed for or purchased by the shareholders entitled thereto are purchased by other persons after the latest date for the submission of applications for such warrants, an adjustment shall be made to the Conversion Price in accordance with the above provisions which shall become effective immediately after the date the Issuer receives the consideration in full, from such other persons but retroactively to immediately after the record date mentioned above.

If, in connection with a grant, issue or offer to the holders of Common Shares of warrants entitling them to subscribe for or purchase Common Shares where applications by shareholders entitled to the same are required, any such warrants which are not subscribed for or purchased by such other persons as referred to above or by the shareholders entitled thereto (or persons to whom shareholders have transferred the right to purchase such warrants) who have submitted applications for such warrants as referred to above are offered to and/or subscribed by others, no further adjustment shall be made to the Conversion Price by reason of such offer and/or subscription.

(v) In case the Issuer or any Subsidiary of the Issuer shall distribute to all holders of Common Shares, any shares of Capital Stock of the Issuer other than Common Shares, evidences of indebtedness or other assets (other than cash distributions described below) of the Issuer, or rights or warrants to subscribe for or purchase any Capital Stock of the Issuer (other than Common Shares) at less than the Market Value of such indebtedness, assets or Capital Stock, determined as of the date on which the Board of Directors of the Issuer approves such distribution, then in each such case the Conversion Price shall be adjusted in accordance with the following formula:

NCP = OCP x [(M - fmv) / M]

where:

NCP and OCP have the meanings ascribed thereto in subsection (i) above.

M = the Market Value per Common Share on the record date for the determination of shareholders entitled to receive such distribution.

fmv = the Fair Market Value (as determined by an independent financial institution selected by the Issuer, at the expense of the Issuer and promptly notified in writing to the Trustee and the Paying Agent) of the portion of Capital Stock other than Common Shares, evidences of indebtedness or other assets so distributed applicable to one Common Share less any consideration payable for the same by the relevant Shareholder.

(vi) In case the Issuer shall, by dividend or otherwise, distribute to all holders of Common Shares cash then, in such case, the Conversion Price shall be adjusted downward, not upward (with such adjustment to be effective on the record date for the determination of the shareholders entitled to receive such distribution)

in accordance with the following formula and rounded to the nearest cent of a NT Dollar;

NCP = OCP x [1 - (C/M)]

where:

NCP and OCP have the meanings ascribed thereto in subsection (i) above.

C = the amount of cash so distributed applicable to one Common Share.

M = the Market Value per Common Share on such record date.

If such dividend or distribution is not so paid or made, the Conversion Price shall again be adjusted to be the Conversion Price which would then be in effect if such dividend or distribution had not been approved.

(vii) (A)If the Issuer shall reduce its share capital other than by means of canceling any Common Shares repurchased for the purpose of holding such Common Shares in treasury and does not distribute any cash in connection with such share capital reduction, then the Conversion Price in effect on the record date of such capital reduction shall be adjusted in accordance with the following formula:

NCP = OCP x (N/n)

where:

NCP and OCP have the meanings ascribed thereto in subsection (i) above.

N = the number of Common Shares outstanding immediately prior to such capital reduction.

n = the number of Common Shares outstanding immediately after such capital reduction.

For the avoidance of doubt, no adjustment to the Conversion Price under this subsection will be required if the Issuer cancels any Common Shares repurchased for the purpose of holding such Common Shares in treasury.

(B) If the Issuer shall reduce its share capital other than by means of canceling any Common Shares repurchased for the purpose of holding such Common Shares in treasury and shall distribute cash in connection with such share capital reduction, the Conversion Price then in effect on the record date of such capital reduction shall be adjusted in accordance with the following formula:

NCP = OCP x (1 – C/c) x N/n

where:

NCP and OCP have the meanings ascribed thereto in subsection (i) above.

N and n have the meanings ascribed thereto in clause (A) of this subsection above.

C = the amount of cash distributed per Common Share.

c = the Closing Price on the last trading day prior to such capital reduction.

For the avoidance of doubt, no adjustment to the Conversion Price under this subsection will be required if the Issuer cancels any Common Shares repurchased for the purpose of holding such Common Shares

in treasury.

(C) Effective date of adjustment: Such adjustment shall become effective immediately on the record date of such capital reduction.

(viii) In case a tender or exchange offer made by the Issuer or any Subsidiary of the Issuer for all or any portion of the Common Shares shall expire and such tender or exchange offer shall involve the payment by the Issuer or such Subsidiary of consideration per Common Share having a Fair Market Value (as determined by an independent financial institution selected by the Issuer, at the expense of the Issuer and promptly notified in writing to the Trustee and the Paying Agent) at the last time (the "Expiration Date") tenders or exchanges could have been made pursuant to such tender or exchange offer (as it shall have been amended) that exceeds the Market Value per Common Share, as of the Expiration Date, the Conversion Price shall be adjusted in accordance with the following formula:

NCP = OCP x [(N x M) / (a + [(N - n) x M])]

where:

NCP and OCP have the meanings ascribed thereto in subsection (i) above.

N = the number of Common Shares outstanding (including any tendered or exchanged Common Shares) on the Expiration Date.

M = Market Value per Common Share as of the Expiration Date.

a = the Fair Market Value of the aggregate consideration payable to the holders of Common Shares based on the acceptance (up to a maximum specified in the terms of the tender or exchange offer) of all Common Shares validly tendered or exchanged and not withdrawn as of the Expiration Date (the Common Shares deemed so accepted up to any such maximum, being referred to as the "Purchased Shares").

n = the number of Purchased Shares.

such reduction to become retroactively effective immediately prior to the opening of business on the day following the Expiration Date.

If the Issuer is obligated to purchase Common Shares pursuant to any such tender or exchange offer, but the Issuer is permanently prevented by applicable law from effecting any such purchase or all such purchases are rescinded, the Conversion Price shall again be adjusted to be the Conversion Price which would then be in effect if such tender or exchange offer had not been made.

(ix) In case the Issuer issues Common Shares (other than (A) Common Shares issued upon conversion or exchange of any convertible or exchangeable securities (including the Bonds) issued by the Issuer; (B) Common Shares issued upon exercise of any rights or warrants granted, offered or issued by the Issuer; (C) Common Shares issued as stock-based employee compensation; or (D) Common Shares issued in any of the circumstances described in subsections (i) and (ii)) or the Issuer or any Subsidiary of the Issuer shall issue any securities initially convertible into or exchangeable for Common Shares at a price per Common Share less than the Market Value per Common Share determined as of the date on which the Board of Directors or shareholders' meeting of the Issuer or such Subsidiary, if applicable, approves such issuance, the Conversion Price in effect immediately prior to the date of issue of such Common Shares or convertible or exchangeable securities shall be adjusted and become effective in accordance with the following formula:

NCP = OCP x [(N + v) / (N + n)]

where:

NCP and OCP have the meanings ascribed thereto in subsection (i) above.

N = the number of Common Shares outstanding on the date of issuance of such Common Shares or initially convertible or exchangeable securities, immediately prior to such issuance.

n = the number of Common Shares issued or issuable upon conversion or exchange of such initially convertible or exchangeable securities.

v = the number of Common Shares which the aggregate consideration issue price of the total amount of Common Shares would purchase at Market Value; in the case of convertible or exchangeable securities, the number of Common Shares which the conversion price or exchange price of the newly issued securities multiply by "n" would purchase at Market Value; provided that if the new Common Shares are issued by the Issuer to exchange for the total outstanding shares of an entity to be consolidated with, merged or amalgamated into the Issuer, such "aggregate consideration issue price of the total amount of Common Shares" shall mean the aggregate amount of the fair value per common share of such entity multiplied by "n" and further multiplied by the applicable share swap ratio under such consolidation, merger or amalgamation. The fair value per common share of such entity shall be (x) in the case of a listed company, the closing price of its common share on the date on which the share swap ratio was approved by the shareholder's meeting; or (y) in the case of a private company, the fair value falling into the fair value of such entity as determined by an independent expert in its fairness opinion, times the share swap ratio.

If the conversion or exchange right of any such convertible or exchangeable securities expires prior to exercise, the Conversion Price shall be readjusted to reflect the actual securities converted or exchanged.

(x) In case the Issuer reissues the Common Shares to change the par value of the Common Shares, then the Conversion Price shall be adjusted in accordance with the following formula:

NCP = OCP x (N / n)

where:

NCP and OCP have the meanings ascribed thereto in subsection (i) above.

N = the number of Common Shares outstanding immediately prior to such change of par value of Common Shares.

n = the number of Common Shares outstanding immediately after such change of par value of Common Shares.

Such adjustment shall become effective immediately on the record date for exchanging the Common Share with new par value for the Common Shares with original par value.

(xi) If the Issuer shall declare a dividend in, or make a free distribution or bonus issue of, Common Shares which dividend, issue or distribution is to be paid or made to shareholders as of a record date which is also:

(A) the record date for the issue of any rights or warrants which requires an adjustment of the Conversion Price pursuant to subsections (iii) or (iv) above;

(B) the day immediately before the date of issue of any securities convertible into or exchangeable for Common Shares which requires an adjustment of the Conversion Price pursuant to subsection (ix) above;

(C) the day immediately before the date of a distribution which requires an adjustment of the Conversion Price pursuant to subsection (v) above;

(D) the record date for distribution of cash which requires an adjustment of the Conversion Price pursuant to subsection (vi) above;

(E) the record date of capital reduction which requires an adjustment of the Conversion Price pursuant to subsection (vii) above;

(F) the record date for exchanging the Common Share with new par value for the Common Shares with original par value which requires an adjustment of the Conversion Price pursuant to subsection (x) above;

(G) the Expiration Date with respect to any tender or exchange offer which requires an adjustment to the Conversion Price pursuant to subsection (viii) above; or

(H) the relevant date for an analogous event or circumstance which requires an adjustment to the Conversion Price;

then (except where such dividend, bonus issue or free distribution gives rise to a retroactive adjustment of the Conversion Price under subsections (i) or (ii) above) no adjustment of the Conversion Price in respect of such dividend, bonus issue or free distribution shall be made under the relevant subsections, but in lieu thereof an adjustment shall be made (A) under subsections (iii), (ix) or (x) above, as applicable, by including in the denominator of the fraction described therein the aggregate number of Common Shares to be issued pursuant to such dividend, bonus issue or free distribution and (B) under subsections (v), (vi), (vii) and (viii) above, as applicable, by multiplying the Conversion Price after the adjustment under such subsections by a fraction the numerator of which is the number of Common Shares outstanding on the record date and the denominator of which is the sum of such number of Common Shares outstanding and the aggregate number of Common Shares to be issued pursuant to such dividends, bonus issue or free distribution.

(xii) In case of a Merger of the Issuer, each Bond then outstanding shall, without the consent of any Bondholders, become convertible only into the kind and amount of securities, cash and other property receivable upon such Merger by a holder of the number of Common Shares, into which such Bonds could have been converted immediately prior to such Merger. The corporation formed by such Merger or the Person that acquired such properties and assets shall enter into a supplemental indenture with the Trustee to provide for the continuation of the Conversion Rights to continue after such Merger and such supplemental indenture shall provide for adjustments to the Conversion Price which shall be as nearly equivalent as practicable to the adjustments provided in the Indenture provided that where there has been a Change of Control pursuant to such a Merger, a Holder may exercise its Change of Control Put Right as set forth in "— Repurchase in the Event of Change of Control".

If any event or circumstance analogous to the events and circumstances described in subsections (i) through (x) occur, the Conversion Price shall be adjusted as set forth in the analogous subsection in the Indenture.

For the avoidance of doubt, no adjustment to the Conversion Price will be required if an equity placement is conducted by the Issuer concurrently with the Offering of the Bonds.

Provisions Applicable to All Conversions and Adjustments of Conversion Price

No adjustment of the Conversion Price will be required to be made until cumulative adjustments, required to be

made in the circumstances set forth above, amount to 1.0% or more of the Conversion Price as last adjusted. However, any adjustment, required to be made in the circumstances set forth above, which is not made because of failure to meet the 1.0% threshold, will be carried forward. Except as otherwise described below, the Conversion Price may at any time be reduced by the Issuer.

The Issuer will not take any action which would reduce the Conversion Price per Common Share below the par value of the Common Shares (currently NT$10 per share), unless, under applicable law then in effect, the Bonds could be converted at such reduced Conversion Price into legally issued, fully-paid and non-assessable Common Shares.

All calculations relating to conversion, including adjustments of the Conversion Price, will be made to the lower 0.001 of a share of securities or other property or nearest cent, as the case may be.

Whenever the Conversion Price is adjusted, the Issuer will promptly file with the Trustee and the Paying Agent an officer's certificate setting forth the date on which such adjustment became effective, the Conversion Price after such adjustment and prior to such adjustment and setting forth a brief statement of the facts requiring such adjustment. Promptly after receipt of such certificate, the Issuer will prepare a notice of such adjustment of the Conversion Price setting forth the adjusted Conversion Price, the Conversion Price prior to such adjustment, a brief statement of the facts requiring such adjustment and the date on which such adjustment became effective and shall give such notice of such adjustment of the Conversion Price to each Holder of a Bond.

Events of Default; Notice and Waiver

The Indenture provides that, if one or more of the following events or conditions (each an "Event of Default") shall have occurred, either the Trustee or the Holders of not less than 25% in aggregate principal amount of the Bonds then outstanding (by notice in writing to the Issuer and to the Trustee) may, and the Trustee at the written direction of Holders of not less than 25% in aggregate principal amount of the Bonds then outstanding (subject to being indemnified and/or secured and/or prefunded by such Holders to its satisfaction) shall declare the Bonds to be immediately due and payable at the Settlement Equivalent of the Early Redemption Amount, Additional Amounts, if any, and other amounts. In the case of certain events of bankruptcy or insolvency, the Bonds shall automatically become and be immediately due and payable at the Settlement Equivalent of the Early Redemption Amount, Additional Amounts, if any, and other amounts. Under certain circumstances, the Holders of a majority in aggregate principal amount of the outstanding Bonds may rescind any such acceleration with respect to the Bonds and its consequences.

Under the Indenture, Events of Default include:

(i) default in payment of the principal of or premium (if any) on any Bond, as and when the same becomes due and payable, and continuance of such default for three Business Days;

(ii) default in the payment of Additional Amounts upon any Bond as and when the same becomes due and payable, and continuance of such default for five Business Days;

(iii) failure by the Issuer to deliver the Common Shares as and when such Common Shares are required to be delivered following conversion of a Bond and which default is not remedied within five Business Days;

(iv) failure on the part of the Issuer duly to observe or perform any of the covenants or agreements provided in the Bonds or the Indenture (other than those referred to in clauses (i), (ii) or (iii) above) which failure cannot be remedied or, if such failure is capable of being remedied, is not remedied within 30 days after the date on which written notice thereof requiring the Issuer to remedy the same shall have been given to the Issuer by the Trustee or the Holders of at least 25% in aggregate principal amount of the Bonds then outstanding;

(v) there shall have been entered against the Issuer or any of its Principal Subsidiaries a final judgment, decree or order by a court of competent jurisdiction for the payment of money in excess of US$30 million with respect to the Issuer or any of its Principal Subsidiaries (or its equivalent in any other currency or currencies) and 60 days shall have passed since the entry of the order without it being

bonded, satisfied, discharged or stayed;

(vi) (A) the Issuer or any of its Principal Subsidiaries shall fail to make any payment with respect to present or future Debt (other than the Bonds) in an aggregate principal amount in excess of US$30 million with respect to the Issuer or any of its Principal Subsidiaries (or its equivalent in any other currency or currencies) when and as the same shall become due and payable, if such failure shall continue for more than the period of grace, if any, originally applicable thereto or (B) the Issuer or any of its Principal Subsidiaries shall fail to perform or observe any covenant or agreement to be performed or observed by the Issuer or any of its Principal Subsidiaries contained in any agreement or instrument evidencing Debt (other than the Bonds) in an aggregate principal amount in excess of US$30 million with respect to the Issuer or any of its Principal Subsidiaries (or its equivalent in any other currency or currencies) and such failure results in the acceleration of the maturity of any amount owing thereunder;

(vii) a decree or order by a court having jurisdiction shall have been entered under any applicable bankruptcy, insolvency, reorganization or other similar law (A) adjudging the Issuer or any of its Principal Subsidiaries as bankrupt or insolvent, or approving as properly filed a petition seeking reorganization of the Issuer or any of its Principal Subsidiaries or (B) appointing a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of the Issuer or any of its Principal Subsidiaries or of its property or (C) ordering the winding up or liquidation of the affairs of the Issuer or any of its Principal Subsidiaries and in any such case such decree or order shall have continued undischarged and unstayed for a period of 60 days;

(viii) the Issuer or any of its Principal Subsidiaries shall voluntarily commence proceedings to be adjudicated a bankrupt or insolvent, or shall consent to the filing of a bankruptcy or insolvency proceeding against it, or shall file a petition or answer or consent seeking reorganization under any applicable bankruptcy, insolvency, reorganization or other similar law or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of it or its property, or shall make an assignment for the benefit of creditors;

(ix) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any material part of the property, assets or revenues of the Issuer or any of its Principal Subsidiaries and is not discharged within 60 days;

(x) any step is taken by any person with a view to the expropriation or nationalization of all or a material part of the assets of the Issuer or any of its Principal Subsidiaries;

(xi) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorization, exemption, filing, license, order, recording or registration) at any time required to be taken, fulfilled or done in order (a) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Bonds and the Indenture, (b) to ensure that those obligations are legally binding and enforceable, and (c) to make the Bonds and the Indenture admissible in evidence in the courts of the ROC is not taken, fulfilled or done and, in the case of paragraph (c), if capable of being remedied, is not remedied within 30 days after the date of the Trustee's notice;

(xii) it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Bonds or the Indenture; or

(xiii) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of paragraphs (i) to (xii) (both inclusive).

If an Event of Default shall have occurred and be continuing, interest shall accrue on the overdue sum at the rate of 3.00% per annum from the due date and ending on the date on which payment is made to the Holders in respect thereof (both dates inclusive). Such default interest shall accrue on the basis of the actual number of days elapsed and a 360-day year consisting of 12 months of 30 days each.

The Trustee shall, within 90 days after the occurrence of any Default or Event of Default or, if later, within 15 days of receipt of written notice of any Default or Event of Default, give Holders notice of all Defaults or Events of Default, unless such Defaults or Events of Default shall have been cured or waived and the Trustee shall have been notified so in writing before the giving of such notice.

The Holders of a majority in aggregate principal amount of the outstanding Bonds may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee; provided that such direction shall not be in conflict with any law or the Indenture and subject to certain other limitations. The Trustee may refuse to perform any duty, exercise any right or power, extend or risk its own funds or otherwise incur any financial liability, unless it receives indemnity, pre-funding and/or security satisfactory to it against any loss, liability or expense. For the avoidance of doubt, for so long as the Bonds are represented by one or more Global Bond and such Global Bond are registered in the name of the Common Depository or its nominee or held through Euroclear or Clearstream, the Trustee may treat the beneficial owner(s) of the Global Bond as the "Holder" of such principal amount of the Bonds so held by such beneficial owner(s) (as shown in the records of Euroclear or Clearstream at the relevant time) for purposes of the provision of directions or instructions to the Trustee. No Holder will have the right to pursue any remedy with respect to the Indenture or the Bonds, unless:

(i) such Holder shall have previously given the Trustee written notice of a continuing Event of Default;

(ii) the Holders of at least 25% in aggregate principal amount of the outstanding Bonds shall have made a written request to the Trustee to pursue such remedy;

(iii) such Holder or Holders shall have offered to the Trustee security and/or indemnity and/or prefunding against any loss, liability or expense satisfactory to it;

(iv) the Trustee shall have failed to comply with the request within 60 days after receipt of such notice, request and provision of security and/or indemnity and/or prefunding; and

(v) the Holders of a majority in aggregate principal amount of the outstanding Bonds shall not have given the Trustee a direction inconsistent with such request within 60 days after receipt of such request.

The right of any Holder (i) to receive payment of the principal of the Bonds, Additional Amounts, the Holder's Put Price upon exercise of the Holder's Put Right, the Delisting Put Price upon exercise of the Delisting Put Right or the Change of Control Put Price upon exercise of the Change of Control Put Right, or to receive Common Shares on or after any Redemption Date, Purchase Date or Conversion Date, as the case may be, (ii) to convert its Bonds or (iii) to bring suit for the enforcement of any such right, shall not be materially impaired or materially adversely affected without such Holder's consent.

The Holders of a majority in aggregate principal amount of Bonds at the time outstanding may waive any existing Default and its consequences, except (i) any default in any payment on the Bonds, (ii) any default with respect to the Conversion Rights of Holders or (iii) any default with respect to certain covenants or provisions in the Indenture which may not be modified without the consent of the Holder as described in "— Meeting of Bondholders; Modification and Waiver" below. When a Default is waived, it is deemed cured and shall cease to exist, but no such waiver shall extend to any subsequent or other Default or impair any consequent right.

The Trustee and the Agents shall not be required to take any steps to ascertain whether a Default or an Event of Default or any event which could lead to the occurrence of a Default or an Event of Default has occurred and will not be responsible to Holders or any other person for any loss arising from any failure by it to do so. The Trustee or the Agents shall be entitled to assume that no such event has occurred and that the Issuer is performing all its obligations under the Indenture and the Bonds until they have received written notice to the contrary from the Issuer. The Trustee is entitled to rely on any opinion of counsel or officer's certificate regarding whether a Default or an Event of Default has occurred.

The Issuer will be required to furnish to the Trustee annually, and within 14 days at the request of the Trustee, a statement concerning the performance and observance of its obligations under the Bonds or the Indenture. In addition, the Issuer is required to file promptly with the Trustee written notice of the occurrence of any Default or Event of Default,

specifying each such default and the nature and status thereof.

Prescription

Claims in respect of payment of the principal of or other amounts on the Bonds will be prescribed unless made within a period of six years from the relevant due date of payment in respect thereof.

Under ROC laws, claims in respect of the payment of (a) principal and premium and (b) default interest would become unenforceable after 15 years and 5 years, respectively from the relevant due date of payment in respect thereof.

Meeting of Bondholders; Modification and Waiver

The Indenture contains provisions for convening meetings (including by way of teleconference or videoconference call) of the Holders to consider any matter affecting their interests, including the approval of certain amendments or modifications of the Bonds or the provisions of the Indenture upon either the written consent of the Holders of a majority in aggregate principal amount of the outstanding Bonds or the approval at a meeting of the Holders duly called by persons entitled to vote a majority in principal amount of the outstanding Bonds. The quorum at any such meeting shall be two or more persons entitled to vote a majority in principal amount of the outstanding Bonds.

Modifications and amendments of the Indenture or the Bonds may be made by the Issuer and the Trustee with the written consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Bonds; provided that no such modification or amendment may, without the consent of the Holders of not less than 75% in aggregate principal amount of the outstanding Bonds:

(i) change the Maturity Date of the principal of any Bond;

(ii) change the Bondholder's Put Option Date;

(iii) reduce the principal of or other amounts on any Bond or Settlement Equivalent payable in respect of the Bonds, or change the method of calculation of the Settlement Equivalent;

(iv) increase the then current Conversion Price (except as required by the anti-dilution provisions of the Indenture);

(v) change the place or currency of payment of the principal of or other amounts on any Bond or the method of calculating any such payment;

(vi) alter the obligations of the Issuer under "— Certain Covenants — Negative Pledge", "— Certain Covenants — Consolidation, Amalgamation or Merger" or "— Additional Amounts" above;

(vii) materially adversely affect the Conversion Right, the Holder's Put Right, the Delisting Put Right or the Change of Control Put Right;

(viii) modify the obligations of the Issuer to maintain an office or agency in Dublin, Ireland or London, England;

(ix) reduce the above-stated percentage of outstanding Bonds the consent of whose Holders is necessary to modify or amend the Indenture;

(x) reduce the percentage or aggregate principal amount of outstanding Bonds the consent of whose Holders is necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain Defaults;

(xi) modify any of the percentage voting and quorum provisions described under "—Meeting of Bondholders; Modification and Waiver"; or

(xii) release the Issuer from any obligation under the Indenture other than in accordance with the provisions of the Indenture, or amend or modify any provision relating to such release in a manner that materially adversely affects the rights of the Holders.

Neither the Issuer nor any of its Subsidiaries will, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise to any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Bonds, unless such consideration is offered to be paid or agreed to be paid to all Holders that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or amendment.

Without the consent of any Holder, the Issuer together with the Trustee may amend the Indenture to:

(i) cure any ambiguity, manifest errors, defect or inconsistency in the Indenture or the Bonds;

(ii) provide for the assumption of the Issuer's obligations under the Bonds and the Indenture by the surviving Person in a Merger effected in accordance with the provisions of the Indenture described under "— Certain Covenants — Consolidation, Amalgamation or Merger" above;

(iii) make any other change that does not materially adversely affect the rights of any Holder;

(iv) make any change necessary to comply with applicable ROC laws and regulations;

(v) add to the covenants or obligations of the Issuer under the Indenture or decrease the Conversion Price at the discretion of the Issuer or surrender any right, power or option conferred by the Indenture on the Issuer; or

(vi) to effect any changes to the Indenture in a manner necessary to comply with the procedures of Euroclear or Clearstream or any applicable clearing system.

Notices

Whenever the Indenture provides for notice to be given to Holders, such notice will be validly given (except as otherwise expressly provided) if in writing and delivered to each Holder entitled thereto, at such Holder's address as it appears on the Bond register. Any such notice shall be deemed to have been given on the seventh day after being so delivered. Notwithstanding the foregoing, so long as the Bonds are represented by the Global Bonds and the Global Bonds are held on behalf of Euroclear and Clearstream, notice to Holders may be given by delivery of the relevant notice to Euroclear and Clearstream or their successor clearing systems for communication by them to entitled accountholders in substitution for notification as required by the foregoing sentence.

Concerning the Trustee

The Indenture provides that, prior to the occurrence of an Event of Default, the Trustee will not be liable except for the performance of such duties as are specifically set forth in such Indenture and no implied covenant, duty or obligation shall be read into the Indenture, the Bonds or any documents to which the Trustee is a party against the Trustee. If an Event of Default has occurred and is continuing, the Trustee will be obligated to use the same degree of care and skill as a prudent person would exercise under the circumstances in the conduct of such person's own affairs. The Trustee will not be responsible for any loss, liability, cost, claim, actions, demand, expense or inconvenience which may result from their exercise or non-exercise of any rights or powers conferred under the Indenture for the benefit of the Holders. Whenever in the Indenture, the Bonds or by law, the Trustee shall have discretion or permissive power it may decline to exercise the same in the absence of approval by the Bondholders. In the exercise of its duties, the Trustee shall not be responsible for the verification of the accuracy or completeness of any certification submitted to it by the Issuer and is entitled to rely exclusively on the certification contained therein, and take action based on the information contained in, the certification or legal opinion. Notwithstanding anything described herein, the Trustee has no duty to monitor the performance or compliance of the Issuer in the fulfillment of its obligations under the Indenture and the Bonds. Furthermore, the Trustee shall not be deemed to have knowledge of any event unless it has been actually notified in writing

of such event.

The Trustee shall not be responsible for the performance by any other person appointed by the Issuer in relation to the Bonds and, unless notified in writing to the contrary, shall assume that the same are being duly performed. The Trustee shall not be liable to any Holders or any other person for any action taken by the Holders or the Trustee in accordance with the instructions of the Holders.

The Trustee is entitled to rely on all instructions, notices, declarations and certifications received pursuant to the Indenture without investigating or being responsible for the accuracy, authenticity and validity of these instructions, notices, declarations and certifications.

Neither the Trustee nor the Agents will be responsible for making calculations or for verifying calculations performed by the Issuer or any other persons.

Pursuant to the terms of the Indenture and the Bonds, the Issuer will reimburse the Trustee and the Agents for all properly incurred expenses except to the extent that any such expense was due to the Trustee's fraud, willful misconduct or gross negligence.

The Indenture contains limitations on the rights of the Trustee, should it become a creditor of the Issuer to obtain payment of claims in certain cases or to realize on certain property received by it in respect of any such claims, as security or otherwise. The Trustee is permitted to engage in other transactions with the Issuer and its Affiliates and shall not be obligated to account for any profits therefrom; *provided, however*, that if it becomes aware it has acquired any conflicting interest that may have a materially prejudicial effect upon the Holders, it must eliminate such conflict or resign. The Trustee and the Agents may have an interest in, may be providing, or may in the future provide financial or other services to other parties.

If an Event of Default occurs and is continuing, the Trustee may, but will not be obliged to, and shall, upon written request of Holders of at least 25% in aggregate principal amount of outstanding Bonds (subject to receiving indemnity, prefunding and/or security to its satisfaction), pursue, in its own name or as trustee of an express trust, any available remedy by proceeding at law or in equity to collect the payment of principal of and interest on the Bonds or to enforce the performance of any provision of the Bonds or this Indenture. The Trustee may maintain a proceeding even if it does not possess any of the Bonds or does not produce any of them in the proceeding.

The Trustee will not be under any obligation to exercise and have absolute and uncontrolled discretion as to exercise or non-exercise of any rights or powers conferred under the Indenture for the benefit of the Holders unless such Holders have instructed the Trustee in writing and offered to the Trustee indemnity and/or security and/or pre-funding satisfactory to the Trustee against any loss, liability or expense. Furthermore, each Holder, by accepting the Bonds will agree, for the benefit of the Trustee, that it is solely responsible for its own independent appraisal of and investigation into all risks arising under or in connection with the Indenture and has not relied on and will not at any time rely on the Trustee in respect of such risks.

Disclosure Obligations

The Indenture provides that the Issuer may have certain disclosure obligations and reporting obligations under ROC law if:

(i) the person to be registered as a shareholder of the Issuer is a "related party" of the Issuer under the Regulations Governing the Preparation of Financial Reports by Securities Issuers of the ROC and such person beneficially owns Common Shares converted from the Bonds; or

(ii) the person to be registered as a shareholder owns Common Shares issued upon conversion of the Bonds and the Common Shares so issued on conversion exceed 10% of the total number of Common Shares expected to be issued upon conversion of the Bonds based on the conversion price at the time of issue of the Bonds.

Due to these obligations, the Issuer may ask the converting Holders to disclose the name of the person to be registered as the shareholder and to provide proof of identity and genuineness of any signature and other documents before it will convert the Bonds. The conversion of Bonds may be delayed until the Issuer receives the requested information and satisfactory evidence of the compliance with all laws and regulations by the Holders. The information the Holder is required to provide may include the name and nationality of the person to be registered as a shareholder of the Issuer and the total number of Common Shares such person is converting or has converted in the past.

Governing Law and Jurisdiction

The Indenture and the Bonds are governed by, and shall be construed in accordance with, the laws of the State of New York. In relation to any legal action or proceedings arising out of or in connection with the Indenture and the Bonds, the Issuer has in the Indenture irrevocably submitted to the non-exclusive jurisdiction of the New York State and United States Federal courts sitting in the Borough of Manhattan, The City of New York. The Issuer has appointed CCS Global Solutions, Inc., now at 99 Washington Avenue, Suite 805A, Albany, New York, as its agent for service of process.

Bondholders should note that exercise of a Conversion Right is subject not only to the provisions of the Indenture but also to the applicable ROC law.

TAXATION

The following is a summary addresses the principal ROC tax consequences of the ownership and disposition of the Bonds or the Common Shares to a Non-ROC Resident Individual or Non-ROC Resident Entity (each a "Non-ROC Holder"). As used in the preceding sentence, a "Non-ROC Resident Individual" is a foreign national individual who owns the Bonds or the Company Common Shares and does not reside in the ROC for 183 days or more during any calendar year, and a "Non-ROC Resident Entity" is a corporation or a non-corporate body that owns the Bonds or the Company Common Shares and is organized under the laws of a jurisdiction other than the ROC and has no fixed place of business or business agent in the ROC.

You should consult your tax advisors concerning the ROC tax consequences of owning the Bonds or Common Shares and the laws of any relevant taxing jurisdiction to which you are subject.

Bonds

Possible Interest Payments

Payments of interest or premium (if any ever becomes payable on the Bonds) to a Non-ROC Holder constitute interest income derived from the ROC and, therefore, are subject to ROC withholding tax at a rate of 15% at the time of payment unless a lower withholding rate is provided under a tax treaty between the ROC and the jurisdiction where the Non-ROC Holder is a resident. The Company has agreed to pay Additional Amounts in respect of such withholding tax on the payments of interest or premium. See "Description of the Bonds — Additional Amounts".

Sale

The sale of convertible bonds which were issued and offered by ROC companies outside of the ROC is not subject to ROC securities transaction tax according to a tax directive issued by the ROC Ministry of Finance dated March 23, 2010. Accordingly, the sale of the Bonds will not be subject to the securities transaction tax.

Gains from the sale of property in the ROC are generally subject to ROC income tax. However, under current ROC law, capital gains in transactions of corporate bonds issued by ROC companies are exempt from income tax. This exemption applies to capital gains derived from the sale of the Bonds.

Conversion into Common Shares

The conversion of the Bonds into Common Shares is not subject to ROC tax. However, securities transaction tax, gift tax and/or income tax may be imposed in relation to the converting holder's designation of other person to be the holder of Common Shares upon conversion of the Bonds.

Common Shares

Dividends on the Common Shares

Dividends (whether in cash or Common Shares) distributed by the Company out of retained earnings and paid out to Non-ROC Holders of Common Shares are normally subject to ROC income tax collected by way of withholding at the time of distribution. The current rate of withholding for Non-ROC Holders of Common Shares is 21% of the amount of the distribution, unless a lower withholding rate is provided under a tax treaty between the ROC and the jurisdiction where the Non-ROC Holder is a resident.

Distributions of stock dividends declared by the Company out of capital reserves are not subject to withholding tax, except under limited circumstances.

In accordance with the ROC Income Tax Act, a 5% retained earnings tax will be imposed on a company for its after-tax earnings generated after January 1, 1998 which are not distributed in the following year. The retained earnings tax so paid will further reduce the retained earnings available for future distribution.

Preemptive Rights

Distributions of statutory subscription rights for the Common Shares in compliance with the ROC Company Act are not subject to ROC tax. Proceeds derived from sales of statutory subscription rights evidenced by securities are subject to securities transactions tax, currently at the rate of 0.3% of the gross amount received. Non-ROC Holders are exempt from income tax on any capital gains from such sales. However, proceeds derived from sales of statutory subscription rights which are not evidenced by securities are subject to income tax at the rate of 20% of the gains realized. Subject to compliance with ROC law, the Company has the sole discretion to determine whether statutory subscription rights shall be evidenced by the issuances of securities.

Sale

Under current ROC law, Non-ROC Holders are exempt from income tax on any capital gains generated from the sale of Common Shares.

The ROC Government imposes a securities transaction tax that will apply to sales of the Common Shares. The transaction tax, which is payable by the seller, is levied on sales of Common Shares at the rate of 0.3% of the gross amount received.

Estate Tax and Gift Tax

ROC estate tax is payable on any property within the ROC of a deceased Non-ROC Resident Individual, and ROC gift tax is payable on any property within the ROC donated by a Non-ROC Resident Individual. Estate tax and gift tax are currently imposed at progressive rates of 10%, 15% and 20%. Under ROC estate and gift tax laws, the Bonds and Common Shares are deemed located in the ROC without regard to the location of the owner.

Tax Treaty

At present, the ROC has double tax treaties with Indonesia, Singapore, New Zealand, Australia, South Africa, Gambia, Senegal, Sweden, Eswatini, Malaysia, North Macedonia, the Netherlands, Belgium, Denmark, the UK, Vietnam, Israel, Paraguay, Hungary, France, India, Slovakia, Switzerland, Germany, Thailand, Kiribati, Luxembourg, Austria, Italy, Japan, Canada, Poland, Czech Republic, Saudi Arabia and South Korea. These tax treaties may provide a reduced withholding tax rate on interests and dividends paid with respect to bonds or shares in ROC companies.

TRANSFER RESTRICTIONS

Transfer Restrictions on the Bonds

Because of the following restrictions, we encourage you to consult a legal counsel prior to making any offer, resale, pledge or other transfer of the Bonds or the Common Shares issuable upon conversion of the Bonds.

The Bonds may not be offered or sold directly or indirectly in the ROC. The Bonds and the Common Shares issuable upon conversion of the Bonds have not been registered under the Securities Act and the Bonds may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Bonds are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the Securities Act.

Except in certain limited circumstances, interests in the Bonds may only be held through interests in the Global Bond. Such interests in the Global Bond will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream and their respective direct and indirect participants.

Each purchaser of the Bonds, by accepting delivery of the Bonds, will be deemed to have acknowledged and represented to and agreed as follows (terms used herein that are defined in Regulation S are used as defined therein):

1. the Bonds and the Common Shares issuable upon conversion of the Bonds have not been and are not expected to be registered under the Securities Act or with any securities regulatory authority of any state of the United States and are subject to significant restrictions on transfer;

2. it is purchasing such Bonds outside the United States in an offshore transaction meeting the requirements of Regulation S;

3. it agrees (or if it is a broker-dealer, its customer has confirmed to it that such customer agrees) that it (or such customer) will not offer, sell, pledge or otherwise transfer such Bonds except as permitted by the applicable legend set forth in paragraph (4) below;

4. it understands that the Regulation S Global Bond and any physical certificate evidencing the Bonds will bear a legend to the following effect, unless the Company determines otherwise in compliance with applicable law, and that it will observe the restrictions contained therein:

   THE ZERO COUPON CONVERTIBLE BONDS DUE 2029 (THE "BONDS") AND THE COMMON SHARES ISSUABLE UPON CONVERSION OF THE BONDS HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ALL APPLICABLE SECURITIES LAWS. EACH HOLDER AND BENEFICIAL OWNER, BY ITS ACCEPTANCE OF THE BONDS EVIDENCED HEREBY, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS;

5. it understands that the Bonds will be represented initially by a Global Bond; and

6. we, the Trustee, the Initial Purchaser and its affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each purchaser of Bonds that may wish to resell any Bonds pursuant to Regulations S is advised that approval in-principle has been received for the listing and quotation of the Bonds on the SGX-ST. The SGX-ST is a "designated offshore securities market" (within the meaning of Regulation S) and accordingly, a resale transaction could be effected in, on or through the facilities of such exchange in reliance upon the safe harbor provided by Rule 904 of Regulation S, subject to compliance with the conditions of Rule 904.

PLAN OF DISTRIBUTION

Citigroup Global Markets Limited is the sole bookrunner and the Initial Purchaser of this offering.

Subject to the terms and conditions stated in a purchase agreement, dated as of July 10, 2024, entered into between the Company and the Initial Purchaser, the Initial Purchaser have agreed to purchase, and the Company has agreed to sell to that Initial Purchaser, the following principal amounts of the Bonds:

Initial Purchaser	Principal Amount
Citigroup Global Markets Limited	US$600,000,000
Total	US$600,000,000

The purchase agreement provides that the obligations of the Initial Purchaser to purchase the Bonds included in this offering are subject to certain conditions, including receipt of certain legal opinions, and entitles the Initial Purchaser to terminate it in certain circumstances prior to payment being made to the Company.

The Initial Purchaser or its affiliates may purchase the Bonds for their own account and enter into transactions, including (a) credit derivatives including asset swaps, repackaging and credit default swaps relating to the Bonds and/or the Company's securities or (b) equity derivatives and stock loan transactions relating to the Common Shares at the same time as the offer and sale of the Bonds or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counter-parties and separately from any existing sale or resale of the Bonds to which this offering circular relates (notwithstanding that such selected counterparties may also be purchasers of the Bonds). The Initial Purchaser or its affiliates may purchase Bonds and be allocated Bonds for asset management and/or proprietary purposes and not with a view to distribution. The Initial Purchaser or any of its affiliates is not expected to disclose such transactions or the extent of any such investment, except as required by any legal or regulatory obligation to do so. These transactions may involve a substantial portion of the Bonds.

The Bonds and the Common Shares (to be delivered upon conversion of the Bonds) have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. See "Transfer Restrictions." The Bonds will not be offered or sold directly or indirectly in the ROC, or to, or for the account or benefit of, any ROC person.

Approval in-principle has been received for the listing and quotation of the Bonds on the SGX-ST. However, the Company cannot assure you that the prices at which the Bonds will sell in the market after this offering will not be lower than the initial offering price or that an active trading market for the Bonds will develop and continue after this offering.

For a period of 90 days after the date of this offering circular, without the prior written consent of the Initial Purchaser of this offering, the Company will not (a) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, or file with the SEC a registration statement under the Securities Act relating to, any Common Shares or any securities convertible into or exercisable or exchangeable for the Common Shares, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, or (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Common Shares or any such other securities, whether any such transaction described in clause (a) or (b) above is to be settled by delivery of the Common Shares or such other securities, in cash or otherwise, other than the Bonds to be sold in this offering and the Common Shares issuable upon conversion of the Bonds. Notwithstanding the foregoing, the Company may (i) issue or declare stock dividends consistent with past practice, (ii) implement stock splits, (iii) transfer the Common Shares repurchased by the Company to its employees consistent with past practice and in accordance with the Measures on Transfer of Repurchased Common Shares to Employees of the Company (買回股份轉讓員工辦法), and (iv) issue Common Shares issuable upon the conversion of securities or the exercise of warrants outstanding as of the date of the purchase agreement and as described in this offering circular.

The Initial Purchaser has performed commercial banking, investment banking and advisory services for us from time to time for which it has received customary fees and reimbursement of expenses. The Initial Purchaser may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business for which they may receive customary fees and reimbursement of expenses. In addition, affiliates of the Initial Purchaser are lenders, and in some cases agents or managers for the lenders, under our credit facility.

Pursuant to the purchase agreement, the Company has agreed to indemnify the Initial Purchaser against certain losses and liabilities, including civil liabilities under the Securities Act in certain situation, or to contribute to payments that the Initial Purchaser may be required to make in respect thereof.

The Bonds are being sold outside of the United States to non-U.S. persons in reliance on Regulation S.

Restriction on related party subscription under ROC law

The Bonds may not be offered or sold directly or indirectly in the ROC, or to, or for the account or benefit of, any ROC person.

Under applicable ROC laws and regulations, the Company and the Initial Purchaser are prohibited from offering and selling the Bonds to the "related parties" as set forth in the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the persons as specified in Section 36 of the ROC Securities Association Rules Governing Underwriting and Resale of Securities by Securities Firms. Therefore, each subscriber or purchaser of the Bonds described in this offering circular will be deemed to have acknowledged and represented to us and the Initial Purchaser that he, she or it is not: (a) a related party to the Company, (b) a business entity that is invested by us using equity method in the Company's accounting reporting, (c) a business entity that invests in the Company and uses equity method in its accounting reporting, (d) a company whose chairperson of the board or president is the same as that of the Company or is the spouse thereof, (e) a foundation with one-third or more of its total paid-in fund donated by the Company, (f) our director, president, vice-president, assistant vice president, and other department head under the immediate supervision by the Company's president, (g) a spouse of the Company's director or president, (h) a director or employee of any member of the underwriting syndicate or a spouse thereto, and (i) a securities firm that participates in the underwriting syndicate, (j) a securities firm serving as a recommending securities firm for the public sale of new shares issued by an Emerging Stock company for cash capital increase in connection with its initial listing on a stock exchange or an OTC market, (k) in a case involving an application for an initial listing of stock on the Taiwan Innovation Board, a prospective subscriber that is not qualified as a qualified investor as set out in Article 43-1, Paragraph 2 of Taiwan Securities Association Rules Governing Underwriting and Resale of Securities by Securities Firms, and (l) a person subscribing for the Bonds on behalf of or for the benefit of any person set forth in items (b) to (k) above.

Notice to Capital Market Intermediaries and Prospective Investors Pursuant to Paragraph 21 of the Code – Important Notice to CMIs (including Private Banks)

This notice to CMIs (including Private Banks) is a summary of certain obligations the Code imposes on CMIs, which require the attention and cooperation of other CMIs (including Private Banks). Certain CMIs may also be acting as OCs for this Offering and are subject to additional requirements under the Code.

Paragraph 21.3.3(c) of the Code requires that a CMI should take all reasonable steps to identify whether its investor clients may have any associations with the Issuer, a CMI or a company in the same group of companies as the CMI and provide sufficient information to the OC to enable it to assess whether orders placed by these investors may negatively impact the price discovery process.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the Code as having an Association with the Issuer, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the Bonds. In addition, Private Banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer or any CMI (including its group companies) and inform the Initial Purchaser accordingly.

CMIs are informed that the marketing and investor targeting strategy for this Offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions and any MiFID II product governance language (if applicable) set out elsewhere in this offering circular.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the Bonds (except for omnibus orders where underlying investor information should be provided to the OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place "X-orders" into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including Private Banks as the case may be) in the order book and book messages.

CMIs (including Private Banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer. In addition, CMIs (including Private Banks) should not enter into arrangements which may result in prospective investors paying different prices for the Bonds.

The Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, the Initial Purchaser in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the Bonds, Private Banks should disclose, at the same time, if such order is placed other than on a "principal" basis (whereby it is deploying its own balance sheet for onward selling to investors). Private Banks who do not provide such disclosure are hereby deemed to be placing their order on such a "principal" basis. Private Banks who disclose that they are placing their order other than on a "principal" basis (i.e. they are acting as an agent) should note that such order may be considered to be an omnibus order pursuant to the Code. Private Banks should be aware that if any of their group companies is a CMI of this Offering, placing an order on a "principal" basis may require the Initial Purchaser to apply the "proprietary orders" of the Code to such order and will require the Initial Purchaser to apply the "rebates" requirements of the Code (if applicable) to such order.

In relation to omnibus orders, when submitting such orders, CMIs (including Private Banks) are requested to provide the following underlying investor information, preferably in Excel Workbook format, in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including Private Banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to the OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to the OCs. By submitting an order and providing such information to the OCs, each CMI (including Private Banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by the OCs and/or any other third parties as may be required by the Code, including to the Issuer, relevant regulators and/or any other third parties as may be required by the Code, for the purpose of complying with the Code, during the bookbuilding process for the Offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in the Offering. The Initial Purchaser may be asked to demonstrate compliance with its obligations under the Code, and may request other CMIs (including Private Banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including Private Banks) are required to provide the relevant Initial Purchaser with such evidence within the timeline requested.

Notice to prospective investors in the European Economic Area

The Initial Purchaser has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds which are the subject of the offering contemplated by this offering circular to any retail investor in the EEA. For the purposes of this provision, (a) the expression "retail investor" means a person who is one (or more) of the following: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a

professional client as defined in point (10) of Article 4(1) of MiFID II; and (b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds.

Notice to prospective investors in the United Kingdom

Each of the Initial Purchaser has represented and agreed that: (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or the sale of the Bonds in circumstances in which section 21(1) of the FSMA does not apply to us; and (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Bonds in, from or otherwise involving the UK.

Each of the Initial Purchaser has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds which are the subject of the offering contemplated by this offering circular to any retail investor in the UK. For the purposes of this provision: (a) the expression "retail investor" means a person who is one (or more) of the following: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; and (b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds.

Notice to prospective investors in Canada

The Bonds may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are both accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Bonds must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable Canadian securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering circular (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Under Canadian securities laws, National Instrument 33-105 *Underwriting Conflicts* (NI 33-105) provides disclosure requirements with respect to potential conflicts of interest between an issuer and underwriters, dealers or placement agents, as the case may be. To the extent any conflict of interest between us and any of the underwriters (or any other placement agent acting in connection with this offering) may exist in respect of this offering, the applicable parties to this offering are relying on the exemption from these disclosure requirements provided to them by section 3A.3 of NI 33-105 (Exemption based on U.S. disclosure).

Upon receipt of this document, each Canadian purchaser hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the securities described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque acheteur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

Notice to prospective investors in Hong Kong

The securities may not be offered or sold in Hong Kong by means of any document other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "C(WUMP)O") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and no advertisement, invitation or document relating to the securities may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the SFO and any rules made thereunder.

Notice to prospective investors in Japan

The securities offered in this offering circular have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948) (as amended) (the "FIEA"). Accordingly, the securities have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to, or for the account of, any resident of Japan, or to others for re-offering or re-sale, directly or indirectly in Japan or to, for the benefit of, any resident of Japan, except pursuant to any exemption from the registration requirements of the FIEA and otherwise in compliance with the FIEA and other applicable provisions of Japanese laws, regulations and governmental guidelines. As used in this paragraph, "resident of Japan" means any person residing in Japan, including any corporation or other entity organized under the laws of Japan.

Notice to prospective investors in Singapore

Each dealer has acknowledged that this offering circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each dealer has represented and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, the offering circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore (the "**SFA**")) pursuant to Section 274 of the SFA, or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore.

Investors should note that there may be restrictions on the secondary sale of the Securities under Section 276 of the SFA.

Any reference to the SFA is a reference to the Securities and Futures Act 2001 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Notice to prospective investors in the PRC

This offering circular is not intended to constitute a public offer of the Bonds, whether by way of sale or subscription, in the PRC. The Bonds are not being offered and may not be offered or sold, directly or indirectly, in the PRC to or for the benefit of, legal or natural persons of the PRC other than to QDIIs in the PRC. Pursuant to the Measures for the Administration of Overseas Securities Investment by Qualified Domestic Institutional Investors, with the exception of QDIIs in the PRC, the Bonds may, subject to the laws and regulations of the relevant jurisdictions, only be offered or sold to non-PRC natural or legal persons in any country other than the PRC.

SUMMARY OF CERTAIN MATERIAL DIFFERENCES BETWEEN TAIWAN IFRS AND IFRS

Our audited financial statements as of and for the years ended December 31, 2021, 2022, 2023 are prepared and presented in accordance with Taiwan IFRS whereas our unaudited consolidated financial statements as of and for the three months ended March 31, 2023 and 2024 are prepared and presented in accordance with the guidelines of IAS 34 "Interim Financial Reporting" which are endorsed and issued into effect by FSC, and do not include all of the information required by Taiwan IFRS for a complete set of the annual consolidated financial statements. Taiwan IFRS differs in certain material respects from IFRS. Certain material differences between Taiwan IFRS applicable to us and IFRS are summarized below. The summary should not be taken as inclusive of all Taiwan IFRS/IFRS differences. Additionally, no attempt has been made to quantify all differences or identify all disclosure, presentation or classification differences that would affect the manner in which events and transactions are presented in the financial statements or notes thereto. Further, no attempt has been made to identify future differences between Taiwan IFRS and IFRS as a result of prescribed changes in accounting standards. Regulatory bodies that promulgate Taiwan IFRS and IFRS have significant projects ongoing that could affect future comparisons such as this one.

If we were to prepare a complete reconciliation between Taiwan IFRS and IFRS additional accounting and disclosure differences might have come to our attention.

Subject	Taiwan IFRS	IFRS
Tax on undistributed earnings	Under Taiwan IFRS, companies in the ROC are subject to 10% surtax on profits earned and retained since December 31, 1997. If the retained profits are distributed to the shareholders in the fiscal year following the year of earnings, the surtax could be avoided. If the earnings are not fully distributed to the shareholders, surtax is recorded as income tax expenses in the fiscal year when shareholders' decision on distribution is made. In addition, starting from 2018, the rate of the corporate surtax applicable to the unappropriated earnings is reduced from 10% to 5%.	Under IFRS, current and deferred tax assets and liabilities are measured at the tax rate applicable to the undistributed profits. Consequently, tax on undistributed earnings should be accrued during the period the earnings arise and adjusted to the extent of the distributions approved by the shareholders in the following year.

The information set forth above does not in any way attempt to quantify the effects of the aforementioned differences between Taiwan IFRS and IFRS and the impact of such differences would have on net income or shareholder's equity under IFRS.

LEGAL MATTERS

Certain legal matters with respect to the Bonds will be passed upon for us by LCS & Partners, Attorneys-at-Law as to ROC law and for the Initial Purchaser by Sullivan & Cromwell (Hong Kong) LLP as to U.S. Federal and New York law.

INDEPENDENT AUDITORS

The consolidated financial statements of Wiwynn Corporation and its subsidiaries as of and for the years ended December 31, 2021, 2022 and 2023 included in this offering circular have been audited by KPMG, independent auditors, as stated in their reports appearing herein, which includes an other matter paragraph stating that Wiwynn Corporation has prepared its parent-company-only financial statements.

With respect to the unaudited condensed interim consolidated financial statements as of March 31, 2023 and 2024 and for the three-month periods then ended included herein, KPMG, the independent auditors, have reported that they applied limited procedures in accordance with professional standards for a review of such information. However, their report with respect thereto, included herein, states that they did not audit and they do not express an opinion on that condensed interim consolidated financial statements. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

GENERAL INFORMATION

We are incorporated as a company limited by shares in the ROC on March 3, 2012. Our registered office is located at 8th Floor, No. 90, Section 1, Xintai 5th Road, Xizhi District, New Taipei City 221411, the ROC. As of the date of this offering circular, our authorized share capital registered with the MOEA was NT$2,500,000,000, and our paid-in share capital was NT$1,748,407,910, divided into 174,840,791 Common Shares with a par value of NT$10 per share. We are the subsidiary of Wistron Corporation.

Our business scope as provided under the Article 2 of our Articles of Incorporation are: (1) electric appliances and audiovisual electric products manufacturing; (2) manufacture of electronic components and parts; (3) manufacture of computer and peripheral equipment, (4) data storage media manufacturing and duplicating; (5) retail sale of computer software; (6) import/export trading and dealer businesses, (7) management consulting services, (8) IT service, (9) data processing services; and (10) all business items that are not prohibited or restricted by law, except those that are subject to special approval. Our Articles of Incorporation do not contain any provision that would have an effect of delaying, deferring or preventing a change in control of the Company.

Our Legal Entity Identifier is 254900FV2R15PMKXFL69.

The Bonds have been accepted for clearance and settlement by Euroclear and Clearstream. Relevant trading information is set forth below.

	ISIN	Common Code
Bonds	XS2853493117	285349311

Approval in-principle has been received for the listing and quotation of the Bonds on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained in this offering circular.

The Company has obtained all necessary consents, approvals and authorizations in connection with the issue of the Bonds, including the approvals of the CBC and the FSC which have been duly obtained and are, and will be on the Closing Date, in full force and effect.

The issue of the Bonds was authorized by the resolutions of the Company's board of directors passed on June 13, 2024.

Except as disclosed, there has been no significant change in the Company's financial or trading position since March 31, 2024 or any material adverse change in the Company's financial position or prospects since March 31, 2024.

Except as disclosed in "Our Business – Legal Proceedings", neither the Company nor any of its subsidiaries is involved in any litigation or arbitration proceedings which may have, or have had during the period recently preceding the date of this offering circular, a material adverse effect on the Company's financial position, nor, so far as the Company or any of its subsidiaries is aware, are any such proceedings pending or threatened except as may be otherwise disclosed or referred to herein.

No company in which the Company has a direct or indirect holding of more than 50% of capital or issued shares holds any Shares.

Copies (and certified English translations where the documents are not in English) of the following documents may be inspected, free of charge, at the specified offices of the Issuer, so long as the Bonds remain outstanding:

- the Company's Articles of Incorporation;
- the Indenture relating to the Bonds;
- the purchase agreement relating to the Bonds;
- this offering circular; and

- a copy of the Company's audited consolidated financial statements as of and for the years ended December 31, 2021 and 2022 and as of and for the years ended December 31, 2022 and 2023 and the Company's unaudited consolidated financial statements as of and for the six months ended March 31, 2023 and 2024.

Trades for the Bonds on the SGX-ST will be cleared through Clearstream and Euroclear in accordance with their respective rules and operating procedures.

For so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, the Company will appoint and maintain a paying agent in Singapore, where the Bonds may be presented or surrendered for payment or redemption. In addition, in the event that any of the Global Bonds is exchanged for individual definitive Bonds, announcement of such exchange will be made by the Company or on its behalf through the SGX-ST. Such announcement will include all material information with respect to the delivery of the individual definitive Bonds, including details of the paying agent in Singapore. For so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, the Bonds will be traded on the SGX-ST in a minimum board lot size of US$200,000.

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Stock Code:6669

WIWYNN CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

With Independent Auditors' Review Report
for the Three Months Ended March 31, 2024 and 2023

Address: 8F, No. 90, Sec.1, Xintai 5th Rd., Xizhi Dist., New Taipei City, Taiwan
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Independent Auditors' Review Report

To the Board of Directors Wiwynn Corporation:

Introduction

We have reviewed the accompanying condensed consolidated balance sheets of Wiwynn Corporation and its subsidiaries as of March 31, 2024 and 2023, and the condensed consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2024 and 2023, and notes to the condensed consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the condensed consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the condensed consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standard on Review Engagements 2410, " Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated financial statements as of March 31, 2024 and 2023 are not prepared, in all material respects, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards 34, " Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Chen, Ya-Ling and Huang, Ming-Hung.

KPMG

KPMG

Taipei, Taiwan (Republic of China)
May 7, 2024

KPMG, a Taiwan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Wiwynn Corporation and Subsidiaries

Condensed Consolidated Balance Sheets

March 31, 2024, December 31, and March 31, 2023

(Expressed in Thousands of New Taiwan dollars)

		March 31, 2024		December 31, 2023		March 31, 2023	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current assets:						
1100	Cash and cash equivalents (note 6(a))	$ 28,509,036	26	37,494,848	42	27,697,645	28
1110	Financial assets at fair value through profit or loss-current (note 6(b))	71	-	-	-	7,337	-
1170	Accounts receivable, net (notes 6(c) and (r))	21,652,907	19	10,131,202	11	30,047,422	30
1180	Accounts receivable-related parties, net (notes 6(c), (r) and 7)	25,200	-	232,029	-	198,188	-
1200	Other receivables (note 6(d))	31,707	-	866	-	238	-
1210	Other receivables-related parties (notes 6(d) and 7)	36,803	-	57,861	-	492,371	-
130X	Inventories (notes 6(e) and 8)	48,649,614	44	30,179,170	35	34,463,752	35
1479	Other current assets (note 6(j))	1,019,313	1	1,099,323	1	855,235	1
	Total current assets	99,924,651	90	79,195,299	89	93,762,188	94
	Non-current assets:						
1510	Financial assets at fair value through profit or loss-non-current (note 6(b))	406,518	-	-	-	-	-
1550	Investments accounted for using equity method (note 6(f))	145,206	-	159,246	-	181,651	-
1600	Property, plant and equipment (notes 6(g), 7 and 9)	6,855,661	6	5,625,693	7	2,754,863	3
1755	Right-of-use assets (notes 6(h) and 7)	2,095,761	2	1,473,002	2	975,272	1
1780	Intangible assets (notes 6(i) and 7)	125,496	-	132,389	-	129,852	-
1840	Deferred tax assets	1,017,508	1	1,012,261	1	639,469	1
1990	Other non-current assets (notes 6(j) and 8)	941,247	1	1,247,507	1	1,037,600	1
	Total non-current assets	11,587,397	10	9,650,098	11	5,718,707	6
	Total assets	**$ 111,512,048**	**100**	**88,845,397**	**100**	**99,480,895**	**100**

		March 31, 2024		December 31, 2023		March 31, 2023	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current liabilities:						
2100	Short-term borrowings (note 6(k))	$ 941,948	1	383,793	-	10,354,360	10
2120	Financial liabilities at fair value through profit or loss-current (note 6(b))	2,447	-	-	-	-	-
2130	Contract liabilities-current (note 6(r))	5,420,658	5	5,950,026	7	3,900,403	4
2170	Notes payable and accounts payable	25,641,037	23	15,144,834	17	10,862,420	11
2180	Accounts payable-related parties (note 7)	9,308,702	8	5,024,520	6	11,894,622	12
2200	Other payables (note 6(s))	3,860,521	4	4,114,698	5	2,956,202	3
2220	Other payables-related parties (note 7)	77,203	-	222,494	-	65,633	-
2230	Current tax liabilities	2,323,192	2	1,233,004	1	3,705,177	4
2280	Lease liabilities-current (notes 6(m) and 7)	432,290	-	332,877	-	213,986	-
2320	Current portion of long-term liabilities (note 6(l))	2,500,000	2	2,500,000	3	-	-
2399	Other current liabilities	1,821,265	2	1,587,769	2	547,045	1
	Total current liabilities	52,329,263	47	36,494,015	41	44,499,848	45
	Non-current liabilities:						
2530	Bonds payable (note 6(l))	6,943,727	6	6,942,918	8	9,440,492	9
2540	Long-term borrowings (note 6(k))	1,500,000	1	1,500,000	2	1,500,000	2
2570	Deferred tax liabilities	465,702	-	465,674	-	286,411	-
2580	Lease liabilities-non-current (notes 6(m) and 7)	1,721,835	2	1,188,100	1	790,021	1
2640	Net defined benefit liabilities-non-current	6,726	-	6,638	-	8,481	-
2645	Guarantee deposits received	14,000	-	14,000	-	944,074	1
	Total non-current liabilities	10,651,990	9	10,117,330	11	12,969,479	13
	Total liabilities	62,981,253	56	46,611,345	52	57,469,327	58
	Equity (notes 6(f) and (p)):						
3110	Common shares	1,748,408	2	1,748,408	2	1,748,408	2
3200	Capital surplus	8,839,619	8	8,839,619	10	8,817,380	9
3300	Retained earnings	35,043,019	30	30,335,745	34	30,337,825	30
3400	Other equity	2,899,749	4	1,310,280	2	1,107,955	1
	Total equity	48,530,795	44	42,234,052	48	42,011,568	42
	Total liabilities and equity	**$ 111,512,048**	**100**	**88,845,397**	**100**	**99,480,895**	**100**

See accompanying notes to condensed consolidated financial statements.

Wiwynn Corporation and Subsidiaries

Condensed Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2024 and 2023

(Expressed in Thousands of New Taiwan dollars, Except for Earnings Per Common Share)

		For the three months ended March 31			
		2024		2023	
		Amount	%	Amount	%
4000	**Operating revenue (notes 6(r) and 7)**	$ 69,628,237	100	74,225,838	100
5000	**Operating costs (notes 6(e), (g), (h), (i), (m), (n), (s), 7 and 12)**	61,923,174	89	68,043,277	92
	Gross profit from operations	7,705,063	11	6,182,561	8
	Operating expenses (notes 6(c), (g), (h), (i), (m), (n), (s), 7 and 12):				
6100	Selling expenses	240,455	-	298,824	-
6200	Administrative expenses	406,813	1	367,532	1
6300	Research and development expenses	1,201,291	2	914,296	1
6450	Expected credit loss	-	-	121,310	-
	Total operating expenses	1,848,559	3	1,701,962	2
	Net operating income	5,856,504	8	4,480,599	6
	Non-operating income and expenses (notes 6(b), (f), (g), (h), (l), (m), (t) and 7):				
7100	Interest income	218,636	-	95,985	-
7020	Other gains and losses	177,206	-	(159,711)	-
7050	Finance costs	(328,536)	-	(236,139)	-
7370	Share of loss of associates and joint ventures accounted for using equity method	(21,665)	-	(16,753)	-
	Total non-operating income and expenses	45,641	-	(316,618)	-
7900	**Income before tax**	5,902,145	8	4,163,981	6
7950	**Income tax expense (note 6(o))**	1,194,871	1	865,714	1
	Net income	4,707,274	7	3,298,267	5
8300	**Other comprehensive income (loss) (notes 6(f) and (p)):**				
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	1,581,844	2	(73,219)	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	7,625	-	(486)	-
8399	Income tax related to items that may be reclassified to profit or loss	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	1,589,469	2	(73,705)	-
8300	**Other comprehensive income (net of tax)**	1,589,469	2	(73,705)	-
8500	**Total comprehensive income**	**$ 6,296,743**	**9**	**3,224,562**	**5**
	Profit attributable to:				
8610	Owners of parent	**$ 4,707,274**	**7**	**3,298,267**	**5**
	Comprehensive income attributable to:				
8710	Owners of parent	**$ 6,296,743**	**9**	**3,224,562**	**5**
	Earnings per share (expressed in New Taiwan dollars) (note 6(q))				
9750	**Basic earnings per share**	**$ 26.92**		**18.86**	
9850	**Diluted earnings per share**	**$ 26.87**		**18.78**	

See accompanying notes to condensed consolidated financial statements.

Wiwynn Corporation and Subsidiaries

Condensed Consolidated Statements of Changes in Equity

For the three months ended March 31, 2024 and 2023

(Expressed in Thousands of New Taiwan dollars)

		Retained earnings				Other equity	
	Common shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Total equity
Balance on January 1, 2023	$ 1,748,408	8,817,380	3,094,770	431,020	23,513,768	27,039,558	1,181,660	38,787,006
Net income	-	-	-	-	3,298,267	3,298,267	-	3,298,267
Other comprehensive income	-	-	-	-	-	-	(73,705)	(73,705)
Total comprehensive income	-	-	-	-	3,298,267	3,298,267	(73,705)	3,224,562
Balance on March 31, 2023	**$ 1,748,408**	**8,817,380**	**3,094,770**	**431,020**	**26,812,035**	**30,337,825**	**1,107,955**	**42,011,568**
Balance on January 1, 2024	$ 1,748,408	8,839,619	4,512,302	-	25,823,443	30,335,745	1,310,280	42,234,052
Net income	-	-	-	-	4,707,274	4,707,274	-	4,707,274
Other comprehensive income	-	-	-	-	-	-	1,589,469	1,589,469
Total comprehensive income	-	-	-	-	4,707,274	4,707,274	1,589,469	6,296,743
Balance on March 31, 2024	**$ 1,748,408**	**8,839,619**	**4,512,302**	**-**	**30,530,717**	**35,043,019**	**2,899,749**	**48,530,795**

See accompanying notes to condensed consolidated financial statements.

Wiwynn Corporation and Subsidiaries

Condensed Consolidated Statements of Cash Flows

For the three months ended March 31, 2024 and 2023

(Expressed in Thousands of New Taiwan dollars)

	For the three months ended March 31	
	2024	**2023**
Cash flows from (used in) operating activities:		
Income before tax	$ 5,902,145	4,163,981
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	352,983	191,785
Amortization expense	32,132	31,156
Expected credit loss	-	121,310
Net profit on financial assets or liabilities at fair value through profit	(6,232)	(11,958)
Interest expense	328,536	236,139
Interest income	(218,636)	(95,985)
Share of loss of associates and joint ventures accounted for using equity method	21,665	16,753
Losses on disposal of property, plant and equipment	67	1,053
Total adjustments to reconcile profit	510,515	490,253
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease in financial assets mandatorily measured at fair value through profit or loss-current	6,161	4,621
Increase in accounts receivable, net	(11,337,132)	(11,586,235)
Decrease in accounts receivable-related parties, net	302,072	892,187
Decrease (increase) in other receivable	(30,313)	2,255
Decrease in other receivable-related parties	21,058	826,213
Decrease (increase) in inventories	(17,167,957)	1,267,267
Decrease (increase) in other current assets	105,360	(59,212)
Total changes in operating assets	(28,100,751)	(8,652,904)
Changes in operating liabilities:		
Increase in held-for-trading financial liabilities	2,447	-
Decrease in contract liabilities-current	(529,369)	(1,396,567)
Increase (decrease) in notes and accounts payable	9,975,182	(4,097,915)
Increase in accounts payable-related parties	3,997,366	708,062
Decrease in other payable	(294,946)	(196,308)
Increase (decrease) in other payable-related parties	(145,291)	19,863
Increase in other current liabilities	176,061	21,256
Increase in net defined benefit liabilities	88	50
Total changes in operating liabilities	13,181,538	(4,941,559)
Total changes in operating assets and liabilities	(14,919,213)	(13,594,463)
Total adjustments	(14,408,698)	(13,104,210)
Cash outflow generated from operations	(8,506,553)	(8,940,229)
Interest received	211,556	93,458
Interest paid	(313,674)	(192,231)
Income taxes paid	(90,495)	(133,400)
Net cash used in operating activities	(8,699,166)	(9,172,402)
Cash flows from (used in) investing activities:		
Acquisition of financial assets designated at fair value through profit or loss	(406,518)	-
Acquisition of property, plant and equipment	(971,660)	(617,303)
Proceeds from disposal of property, plant and equipment	3,867	62
Acquisition of intangible assets	(24,207)	(22,760)
Decrease (increase) in other non-current assets	138,600	(245,804)
Increase in prepayments for equipment	(156,107)	(202,636)
Net cash used in investing activities	(1,416,025)	(1,088,441)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	316,653,572	16,280,479
Decrease in short-term borrowings	(316,107,475)	(5,939,214)
Increase in long-term borrowings	-	1,500,000
Payment of lease liabilities	(118,517)	(52,094)
Net cash flows from financing activities	427,580	11,789,171
Effect of exchange rate changes on cash and cash equivalents	701,799	(62,603)
Net increase (decrease) in cash and cash equivalents	(8,985,812)	1,465,725
Cash and cash equivalents at beginning of period	37,494,848	26,231,920
Cash and cash equivalents at end of period	**$ 28,509,036**	**27,697,645**

See accompanying notes to condensed consolidated financial statements.

Wiwynn Corporation and Subsidiaries

Notes to the Condensed Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(Expressed in Thousands of New Taiwan dollars, Unless Otherwise Specified)

(1) Company history

Wiwynn Corporation (the "Company") was incorporated on March 3, 2012, as a company limited by shares under the laws of the Republic of China (ROC). Wiwynn Corporation and subsidiaries (the Group) were engaged in research, development, design, testing and sales of below products, semi-products, peripheral equipments and parts:

(i) Computer and peripheral equipments

(ii) Data storage media

(iii) Electric appliances and media products

(iv) Information software

(v) Export business relating to the business of the Company

(vi) Management consult services

(vii) Information software services

(viii) Data processing services

(2) Approval date and procedures of the condensed consolidated financial statements:

The condensed consolidated financial statements were authorized for issuance by the Board of Directors on May 7, 2024.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its condensed consolidated financial statements, from January 1, 2024:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

(b) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities. ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.	January 1, 2027

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

The Group is evaluating the impact on its condensed consolidated financial position and condensed consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS21 "Lack of Exchangeability"

(4) Summary of material accounting policies:

(a) Statement of compliance

These condensed consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 "Interim Financial Reporting" which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS Accounting Standards endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the material accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2023. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2023.

(b) Basis of consolidation

(i) List of subsidiaries in the condensed consolidated financial statements

Subsidiaries included in the condensed consolidated financial statements:

			Shareholding			
Name of investor	Name of subsidiary	Principal activity	March 31, 2024	December 31, 2023	March 31, 2023	Description
The Company	Wiwynn Technology Service Japan, Inc. (WYJP)	Sales of cloud data center equipment	100%	100%	100%	-
The Company	Wiwynn International Corporation (WYUS)	Sales of cloud data center equipment	100%	100%	100%	-
The Company	Wiwynn Technology Service Hong Kong Limited (WYHK)	Investment activities and sale of cloud data center equipment	100%	100%	100%	-
The Company	Wiwynn Korea Ltd. (WYKR)	Sales of cloud data center equipment	100%	100%	100%	-
The Company	Wiwynn Technology Service Malaysia SDN. BHD. (WYMY)	Manufacturing and sales of cloud data center equipment	100%	100%	100%	-

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Shareholding			Description
			March 31, 2024	December 31, 2023	March 31, 2023	
The Company	Wiwynn Mexico, S.A.de C.V. (WYMX)	Human resource service provision and cloud data center equipment manufacturing	100%	100%	100%	-
The Company	Wiwynn Technology Service Mexico, S.A. de C.V. (WYSMX)	Sales of cloud data center equipment	100%	100%	100%	-
WYHK	Wiwynn Technology Service KunShan Ltd. (WYKS)	Sales of cloud data center equipment	100%	100%	100%	-

Note 1: The financial statements of the aforementioned subsidiaries were reviewed by the certified accountant.

(ii) List of subsidiaries which are not included in the consolidated financial statements: None.

(c) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-time events.

(d) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are measured by multiplying together the pre-tax income for the interim reporting period and the management's best estimate of effective annual tax rate. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs Accounting Standards (in accordance with IAS34 "Interim Financial Reporting" and endorsed by the FSC) requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Significant accounting estimates and assumptions made by the management may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2023. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2023.

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

(6) Explanation of significant accounts

Except for the following disclosures, there is no material difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2023. Please refer to note 6 of the 2023 annual consolidated financial statements.

(a) Cash and cash equivalents

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand	$ 332	330	327
Demand and checking deposits	17,566,386	27,608,712	12,524,501
Time deposits	10,942,318	9,885,806	15,172,817
	$ 28,509,036	**37,494,848**	**27,697,645**

(b) Financial assets and liabilities at fair value through profit or loss

(i) Financial assets at fair value through profit or loss-current

	March 31, 2024	December 31, 2023	March 31, 2023
Mandatorily measured at fair value through profit or loss:			
Derivative instruments not used for hedging			
Foreign currency forward contracts	$ 71	-	7,337
Total	**$ 71**	**-**	**7,337**

(ii) Financial liabilities at fair value through profit or loss-current

	March 31, 2024	December 31, 2023	March 31, 2023
Held-for-trading financial liabilities:			
Foreign currency forward contracts	$ 2,447	-	-
	$ 2,447	**-**	**-**

The Group holds derivative financial instruments to hedge certain foreign exchange risk that the Group is exposed to, arising from its operating activities. The following derivative financial instruments, without the application of hedge accounting, were classified as mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities:

	March 31, 2024		
	Contract amount (in thousand)	Currency	Maturity date
Foreign currency forward contracts:			
Foreign currency forward sold	USD**$ 21,000**	USD to NTD	2024/4/22~2024/4/30

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

	March 31, 2023		
	Contract amount (in thousand)	**Currency**	**Maturity date**
Foreign currency forward contracts:			
Foreign currency forward purchased	USD**$ 8,000**	NTD to USD	2023/8/2~2023/8/7
Foreign currency forward sold	USD**$ 6,000**	USD to NTD	2023/8/2~2023/8/7

(iii) Financial assets at fair value through profit or loss-non-current

	March 31, 2024	**December 31, 2023**	**March 31, 2023**
Mandatorily measured at fair value through profit or loss:			
Derivative instruments not used for hedging			
Non-derivative financial assets			
Private Preferred stock	$ 250,624	-	-
Private fund	155,894	-	-
Total	**$ 406,518**	-	-

Please refer to Note 6(t) for the measurement of fair value recognized in profit or loss.

(c) Accounts receivable

	March 31, 2024	**December 31, 2023**	**March 31, 2023**
Accounts receivable－measured at amortized cost	$ 8,354,636	5,980,128	22,589,266
Accounts receivable－related parties－measured at amortized cost	25,200	232,029	198,188
Accounts receivable－measured at fair value through other comprehensive income	13,298,271	4,151,074	7,587,501
Less: loss allowance	-	-	(129,345)
	$ 21,678,107	**10,363,231**	**30,245,610**

The Group has assessed a portion of its accounts receivable that was held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; therefore, such accounts receivable were measured at fair value through other comprehensive income.

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

The Group applies the simplified approach to provide for expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The loss allowance were determined as follows:

	March 31, 2024		
	Gross carrying amount	Weighted - average loss rate	Loss allowance
Current	$ 21,632,583		-
Past due under 30 days	43,263		-
Past due 31 to 60 days	2,261		-
Total	**$ 21,678,107**		**-**

	December 31, 2023		
	Gross carrying amount	Weighted - average loss rate	Loss allowance
Current	$ 10,266,249		-
Past due under 30 days	96,959		-
Past due 31 to 60 days	23		-
Total	**$ 10,363,231**		**-**

	March 31, 2023		
	Gross carrying amount	Weighted - average loss rate	Loss allowance provision
Current	$ 29,493,581		-
Past due under 30 days	161,421		-
Past due 31 to 60 days	46,353		-
Past due 61 to 90 days	457,835	5%	22,892
Past due 91 to 180 days	214,473	49%	105,161
Past due 181 to 270 days	1,292	100%	1,292
Total	**$ 30,374,955**		**129,345**

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

The movement in the allowance for accounts receivable were as follows:

	For the three months ended March 31	
	2024	**2023**
Balance on January 1	$ -	7,818
Impairment losses recognized	-	121,310
Effect of changes in foreign exchange rates	-	217
Balance on March 31	**$ -**	**129,345**

As of March 31, 2024, December 31 and March 31, 2023, the accounts receivable were not pledged.

For further credit risk information, please refers to note 6(u).

The Group entered into separate factoring agreements with different financial institutions to sell its trade receivables. Under the agreements, the Group does not have the responsibility to assume the default risk of the transferred trade receivables but is liable for the losses incurred on any business dispute. The Group derecognized the above trade receivables because it has transferred substantially all of the risks and rewards of their ownership, and it does not have any continuing involvement in them. As of March 31, 2024, December 31 and March 31, 2023, the Group sold its accounts receivable without recourse as follows:

Unit: USD in thousands

March 31, 2024

Purchaser	Assignment Facility	Amount Advanced Unpaid	Amount Advanced Paid	Amount Recognized in Other Receivables	Range of Interest Rate	Collateral
Financial institutions	**$ 563,969**	**657,963** (Note)	**563,969**	-	5.70%-6.30%	None

December 31, 2023

Purchaser	Assignment Facility	Amount Advanced Unpaid	Amount Advanced Paid	Amount Recognized in Other Receivables	Range of Interest Rate	Collateral
Financial institutions	**$ 791,295**	**531,662** (Note)	**791,295**	-	5.74%~6.21%	None

March 31, 2023

Purchaser	Assignment Facility	Amount Advanced Unpaid	Amount Advanced Paid	Amount Recognized in Other Receivables	Range of Interest Rate	Collateral
Financial institutions	**$ 367,750**	**595,340** (Note)	**367,750**	-	5.29%~5.93%	None

(Note): For vender financing transactions, the factoring credit limit was the credit line that the financial institution provided to the Group’s client.

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

(d) Other receivables

	March 31, 2024	December 31, 2023	March 31, 2023
Other receivables	$ 31,707	866	238
Other receivables - related parties	36,803	57,861	492,371
Less: loss allowance	-	-	-
	$ 68,510	**58,727**	**492,609**

As of March 31, 2024, December 31 and March 31, 2023, the other receivables were not pledged.

For further credit risk information, please refers to note 6(u).

(e) Inventories

	March 31, 2024	December 31, 2023	March 31, 2023
Raw materials	$ 24,844,179	9,449,699	13,883,994
Finished goods	20,345,956	17,037,030	16,428,761
Inventory in transit	3,459,479	3,692,441	4,150,997
	$ 48,649,614	**30,179,170**	**34,463,752**

Except cost of goods sold, the remaining gains or losses which were recognized as cost of sales were as follows:

	For the three months ended March 31,	
	2024	2023
Losses on valuation of inventories	$ 32,164	1,395,219
Royalty	3,251	15,746
Others	(904)	(936)
	$ 34,511	**1,410,029**

As of March 31, 2024, December 31 and March 31, 2023, the inventories of the Group had pledged, please refer to note 8.

(f) Investments accounted for using equity method

The components of investments accounted for using the equity method at the reporting date were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Associates	**$ 145,206**	**159,246**	**181,651**

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

(i) Associates

On March, 2021, the Group acquired 1,000 thousand shares, equivalent to 20% of LiquidStack Holding B.V. (LiquidStack) for $276,609 thousand (USD 10,000 thousand) in cash, resulting in the Group to have significant influence over LiquidStack. In the 2nd quarter of 2023, the Group did not subscribe proportionately in the capital increase of LiquidStack, resulting in its shareholding in LiquidStack to decrease from 20.00% to 15.13%. Since the above transactions did not have any impact on the Group's significant influence over LiquidStack, the equity change was regarded as an equity transaction. The following summarizes the changes in equity of the associate due to changes in the equity of associates amounting to $22,239, recognized as capital surplus. The relevant information was as follows:

Name of associate	Nature of Relationship with the Group	Main operating location / Registered Country of the Company	Proportion of Shareholding and voting rights		
			March 31, 2024	December 31, 2023	March 31, 2023
LiquidStack Holding B.V.	R&D of liquid cooling technology	Netherlands	15.13%	15.13%	20.00%

The Group's financial information on investments accounted for using the equity method that are individually insignificant was as follows. This financial information is included in the consolidated financial statements.

	March 31, 2024	December 31, 2023	March 31, 2023
Carrying amount of individually insignificant associates' equity	**$ 145,206**	**159,246**	**181,651**

	For the three months ended March 31,	
	2024	2023
Attributable to the Group:		
Net loss from continuing operations	$ (21,665)	(16,753)
Other comprehensive (loss) income	7,625	(486)
Comprehensive income	**$ (14,040)**	**(17,239)**

(ii) Pledge

As of March 31, 2024, December 31 and March 31, 2023, the investments accounted for using equity method were not pledged.

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

(g) Property, plant and equipment

The cost and accumulated depreciation of the property, plant and equipment of the Group for the three months ended March 31, 2024 and 2023, were as follows:

	Land	Buildings	Research and development equipment	Machinery and equipment	Lease improvements	Other equipment	Construction in progress	Total
Cost or deemed cost:								
Balance on January 1, 2024	$ 678,890	819,526	243,258	1,476,758	545,285	1,511,568	2,345,332	7,620,617
Additions	-	-	1,499	85,872	26,842	46,971	810,476	971,660
Disposals	-	-	-	(9,436)	-	(1,327)	(15)	(10,778)
Reclassification (Note)	-	-	-	126,360	517,558	225,250	(533,911)	335,257
Effect of changes in foreign exchange rates	17,124	8,539	-	3,372	24,220	44,712	80,830	178,797
Balance on March 31, 2024	**$ 696,014**	**828,065**	**244,757**	**1,682,926**	**1,113,905**	**1,827,174**	**2,702,712**	**9,095,553**
Balance on January 1, 2023	$ 168,929	-	225,454	839,654	429,162	1,066,182	851,023	3,580,404
Additions	-	-	395	2,351	33,580	47,395	533,582	617,303
Disposals	-	-	-	(1,670)	(4,600)	(819)	-	(7,089)
Reclassification (Note)	-	-	4,876	-	24,996	72,106	(37,014)	64,964
Effect of changes in foreign exchange rates	11,423	-	-	(450)	3,186	13,289	21,726	49,174
Balance on March 31, 2023	**$ 180,352**	**-**	**230,725**	**839,885**	**486,324**	**1,198,153**	**1,369,317**	**4,304,756**
Accumulated depreciation:								
Balance on January 1, 2024	$ -	19,986	174,819	553,373	352,911	893,835	-	1,994,924
Depreciation	-	10,293	8,140	64,251	47,604	97,391	-	227,679
Disposals	-	-	-	(5,635)	-	(1,209)	-	(6,844)
Effect of changes in foreign exchange rates	-	360	-	2,028	1,818	19,927	-	24,133
Balance on March 31, 2024	**$ -**	**30,639**	**182,959**	**614,017**	**402,333**	**1,009,944**	**-**	**2,239,892**
Balance on January 1, 2023	$ -	-	144,942	399,481	273,142	606,261	-	1,423,826
Depreciation	-	-	8,475	36,212	18,064	68,085	-	130,836
Disposals	-	-	-	(939)	(4,438)	(597)	-	(5,974)
Effect of changes in foreign exchange rates	-	-	-	(314)	134	1,385	-	1,205
Balance on March 31, 2023	**$ -**	**-**	**153,417**	**434,440**	**286,902**	**675,134**	**-**	**1,549,893**
Carrying value:								
Balance on January 1, 2024	**$ 678,890**	**799,540**	**68,439**	**923,385**	**192,374**	**617,733**	**2,345,332**	**5,625,693**
Balance on March 31, 2024	**$ 696,014**	**797,426**	**61,798**	**1,068,909**	**711,572**	**817,230**	**2,702,712**	**6,855,661**
Balance on January 1, 2023	**$ 168,929**	**-**	**80,512**	**440,173**	**156,020**	**459,921**	**851,023**	**2,156,578**
Balance on March 31, 2023	**$ 180,352**	**-**	**77,308**	**405,445**	**199,422**	**523,019**	**1,369,317**	**2,754,863**

(Note): Reclassified from prepayment for equipment and construction in progress reclassified to machinery and equipment, lease improvements and other equipment.

As of March 31, 2024, December 31 and March 31, 2023, the property, plant and equipment were not pledged.

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

(h) Right-of-use assets

The cost and accumulated depreciation of the Group leases land, buildings and other equipment for the three months ended March 31, 2024 and 2023, were as follows:

	Land	Buildings	Other equipment	Total
Cost:				
Balance on January 1, 2024	$ 11,880	2,213,314	9,673	2,234,867
Acquisitions	-	657,199	79	657,278
Effect of changes in foreign exchange rates	-	117,554	72	117,626
Balance on March 31, 2024	**$ 11,880**	**2,988,067**	**9,824**	**3,009,771**
Balance on January 1, 2023	$ -	1,427,500	2,747	1,430,247
Acquisitions	-	7,032	-	7,032
Disposals	-	(250)	-	(250)
Effect of changes in foreign exchange rates	-	44,377	(4)	44,373
Balance on March 31, 2023	**$ -**	**1,478,659**	**2,743**	**1,481,402**
Accumulated depreciation:				
Balance on January 1, 2024	$ 247	760,385	1,233	761,865
Depreciation	149	124,350	805	125,304
Effect of changes in foreign exchange rates	-	26,822	19	26,841
Balance on March 31, 2024	**$ 396**	**911,557**	**2,057**	**914,010**
Balance on January 1, 2023	$ -	433,266	1,547	434,813
Depreciation	-	60,797	152	60,949
Disposals	-	(250)	-	(250)
Effect of changes in foreign exchange rates	-	10,619	(1)	10,618
Balance on March 31, 2023	**$ -**	**504,432**	**1,698**	**506,130**
Carrying amount:				
Balance on January 1, 2024	**$ 11,633**	**1,452,929**	**8,440**	**1,473,002**
Balance on March 31, 2024	**$ 11,484**	**2,076,510**	**7,767**	**2,095,761**
Balance on January 1, 2023	**$ -**	**994,234**	**1,200**	**995,434**
Balance on March 31, 2023	**$ -**	**974,227**	**1,045**	**975,272**

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

(i) Intangible assets

	Software	Other	Total
Carrying amount:			
Balance on January 1, 2024	**$ 131,349**	**1,040**	**132,389**
Balance on March 31, 2024	**$ 124,456**	**1,040**	**125,496**
Balance on January 1, 2023	**$ 136,511**	**1,040**	**137,551**
Balance on March 31, 2023	**$ 128,812**	**1,040**	**129,852**

There were no significant additions, disposal, impairment loss or reversal gain for intangible assets for the three months ended March 31, 2024 and 2023. Please refer to note 12 for the amounts of amortization. For other related information, please refer to the note 6(h) of the consolidated financial statements for the year ended December 31, 2023.

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

	March 31, 2024	December 31, 2023	March 31, 2023
Other current assets:			
Tax refundable	$ 486,515	632,625	298,203
Other prepayments	352,734	303,489	218,386
Others	180,064	163,209	338,646
	$ 1,019,313	**1,099,323**	**855,235**
Other non-current assets:			
Refundable deposits	$ 91,903	246,153	314,904
Restricted deposits	60,817	43,608	29,337
Prepayments for equipment	788,527	957,746	193,631
Prepayments for land	-	-	499,728
	$ 941,247	**1,247,507**	**1,037,600**

(k) Bank Loans

(i) Short-term borrowings

The details of the Group for short-term borrowings were as follows:

	March 31, 2024			
	Currency	Interest rate collars	Expiration	Amount
Unsecured bank borrowings	USD	6.23%~6.29%	2024/4/16~2024/6/14	**$ 941,948**
Unused credit line				**$ 64,912,988**

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

	December 31, 2023			
	Currency	**Interest rate collars**	**Expiration**	**Amount**
Unsecured bank borrowings	USD	6.35%~6.36%	2024/1/15~2024/1/25	**$ 383,793**
Unused credit line				**$ 64,335,748**

	March 31, 2023			
	Currency	**Interest rate collars**	**Expiration**	**Amount**
Unsecured bank borrowings	USD	5.35%~5.52%	2023/4/7~2023/4/27	**$ 10,354,360**
Unused credit line				**$ 45,007,868**

(ii) Long-term borrowings

	March 31, 2024			
	Currency	**Interest rate collars**	**Expiration**	**Amount**
Unsecured bank borrowings	NTD	2.71%	2026/1/6	**$ 1,500,000**
Unused credit line				**$ -**

	December 31, 2023			
	Currency	**Interest rate collars**	**Expiration**	**Amount**
Unsecured bank borrowings	NTD	2.74%	2026/1/6	**$ 1,500,000**
Unused credit line				**$ -**

	March 31, 2023			
	Currency	**Interest rate collars**	**Expiration**	**Amount**
Unsecured bank borrowings	NTD	2.76%	2026/1/6	**$ 1,500,000**
Unused credit line				**$ -**

(iii) Breach of covenant－Long-term borrowings

According to the loan agreement, during the loan repayment periods, the Company must comply with certain financial covenants, such as current ratio, net debt to equity ratio, interest coverage ratio and tangible net worth, based on its audited annual consolidated financial statements, which shall be reviewed after issuance. Also, the Company is required to provide its financial statements semi-annually. Furthermore, if the financial ratios mentioned above cannot be maintained, the Company shall be granted an improvement period of 6 months, starting from the day after the audited annual consolidated financial statements were issued. However, if the Company failed to do so, the financial covenants may be renegotiated with the bank.

(iv) The Group complied with the covenant at the end of the first quarter of 2024. Accordingly, the loan is classified as a non-current liability on 31 March 31, 2024. Moreover, the Group expects to comply with the quarterly covenants for at least 12 months after the reporting date.

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

(l) Bonds payable

The details of unsecured ordinary bonds were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Total ordinary corporate bonds issued	$ 9,450,000	9,450,000	9,450,000
Unamortized discounted bonds payable	(6,273)	(7,082)	(9,508)
Subtotal	9,443,727	9,442,918	9,440,492
Less: current portion	(2,500,000)	(2,500,000)	-
Bonds payable balance at year-end	**$ 6,943,727**	**6,942,918**	**9,440,492**

	For the three months ended March 31,	
	2024	2023
Interest expense	**$ 17,991**	**17,954**

The Group issued 4,450 unsecured 5-years ordinary corporate bonds, and pays interest yearly at a fixed interest rate of 0.63% in Taiwan on August 6, 2021. It is agreed that half of principal will be repaid in the fourth and fifth years.

The Group issued 5,000 unsecured 5-years ordinary corporate bonds, and pays interest yearly at a fixed interest rate of 0.83% in Taiwan on October 20, 2020. It is agreed that half of principal will be repaid in the fourth and fifth years.

(m) Lease liabilities

The carrying amounts of lease liabilities were as follow:

	March 31, 2024	December 31, 2023	March 31, 2023
Current	**$ 432,290**	**332,877**	**213,986**
Non-current	**$ 1,721,835**	**1,188,100**	**790,021**

For the maturity analysis, please refer to note 6(u).

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31,	
	2024	2023
Interest expenses on lease liabilities	**$ 37,611**	**13,754**
Cost and expenses relating to short-term leases	**$ 31,754**	**38,198**

(Continued)

The amounts recognized in the statement of cash flows were as follows:

	For the three months ended March 31	
	2024	2023
Total cash outflow for leases	$ 187,882	104,046

(i) Real estate leases

The Group leases land and buildings for its office space and factory. The leases of land run for 20 years, of office space typically for a period of 2 to 5 years, of factory for 2 to 10 years and of staff dormition for 2 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

The Group leases other equipment, with lease terms of 3 to 5 years. In some cases, the Group has options to purchase the assets at the end of the contract term.

(n) Employee benefits

(i) Defined benefit plans

The expenses recognized in expense for the Group were as follows:

	For the three months ended March 31	For the three months ended March 31
	2024	2023
Operating expense	$ 1,896	472

(ii) Defined contribution plans

The Group’s expenses under the pension plan for the three months ended March 31, 2024 and 2023 were as follows:

	For the three months ended March 31	
	2024	2023
Operating cost	$ 81,007	59,787
Operating expenses	14,097	14,360
	$ 95,104	74,147

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

(o) Income taxes

(i) Income tax expense

The components of income tax were as follows:

	For the three months ended March 31	
	2024	**2023**
Current tax expense		
Current period	**$ 1,194,871**	**865,714**

(ii) There were no income tax expense recognized in other comprehensive for the three months ended March 31, 2024 and 2023.

(iii) The ROC income tax authorities have examined the Company's income tax returns for all years through 2022.

(p) Capital and other equity

Except for the following disclosures, there was no significant difference in capital and other equity for the three months ended March 31, 2024 and 2023. For the related information, please refer to the note 6(o) of the consolidated financial statements for the year ended December 31, 2023.

(i) Retained earnings

The Company's Articles of Incorporation stipulate that if the Company has a profit as a result of the yearly accounting closing, ten percent of the profit net of tax and the amount for making up of any accumulated loss shall be set aside as legal reserve, and thereafter an amount, including the reserved special reserve, shall be set aside, along with any undistributed profits accumulated from previous years to be identified as profits to be distributed. The amount of dividends to shareholders shall not less than 10% of profit from the currency year.

As the Company is a technology and capital-intensive enterprise and is in its growth phase, it has adopted a more prudent approach in the appropriation of its remaining earnings as its dividend policy, in order to sustain its long-term capital needs and thereby maintain continuous development and steady growth. Under this approach, the distribution of cash dividend is not lower than 10% of total distribution of dividends.

1) Earnings distribution

On February 26, 2024, the Company's board of directors resolved to appropriation the 2023 earnings. On May 29, 2023, the shareholder's meetings resolved to distribute the 2022 earnings. These earnings were appropriated as follows:

	2023	**2022**
Dividends distributed to ordinary shareholders		
Cash	**$ 7,343,313**	**8,742,040**

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

(ii) Other equity (net of tax)

	Exchange differences on translation of foreign financial statements
Balance on January 1, 2024	$ 1,310,280
Exchange differences on translation of foreign financial statements	1,581,844
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	7,625
Balance on March 31, 2024	**$ 2,899,749**
Balance on January 1, 2023	$ 1,181,660
Exchange differences on translation of foreign financial statements	(73,219)
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(486)
Balance on March 31, 2023	**$ 1,107,955**

(q) Earnings per share

The calculation of basic and diluted earnings per share (unit: NTD in dollar) is as follows:

	For the three months ended March 31,	
	2024	**2023**
Basic earnings per share:		
Profit attributable to common shareholders of the Company	**$ 4,707,274**	**3,298,267**
Weighted-average common stock outstanding (in thousands)	**174,841**	**174,841**
	$ 26.92	**18.86**
Diluted earnings per share:		
Profit attributable to common shareholders of the Company	**$ 4,707,274**	**3,298,267**
Weighted-average common stock outstanding (in thousands)	174,841	174,841
Effect of potentially dilutive common stock (in thousands):		
Employee compensation	368	832
Weighted average common stock outstanding plus the effect of potentially dilutive common stock (in thousands)	**175,209**	**175,673**
	$ 26.87	**18.78**

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

(r) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended March 31,	
	2024	**2023**
Primary geographical markets		
America	$ 49,600,399	57,110,318
Europe	13,016,634	9,582,781
Asia	6,199,744	6,694,840
Other	811,460	837,899
	$ 69,628,237	**74,225,838**
Major products		
Hyperscale data center	**$ 69,628,237**	**74,225,838**

(ii) Contract balance

	March 31, 2024	**December 31, 2023**	**March 31, 2023**
Accounts receivable	$ 21,652,907	10,131,202	30,176,767
Accounts receivable – related parties	25,200	232,029	198,188
Less: loss allowance	-	-	(129,345)
	$ 21,678,107	**10,363,231**	**30,245,610**

	March 31, 2024	**December 31, 2023**	**March 31, 2023**
Contract liabilities – warranty and advance receivable	**$ 5,420,658**	**5,950,026**	**3,900,403**

For details on accounts receivable and loss allowance, please refer to note 6(c).

The contract liabilities were primarily related to the advance received from customers due to the warranty service and sales of goods. The major change in the balance of contract liabilities was the difference between the time frame of the performance obligation to be satisfied and the payment to be received. The amounts of revenue recognized for the three months ends March 31, 2024 and 2023 that were included in the contract liability balances at the beginning of January 1, 2024 and 2023 were $691,042 and $1,922,375, respectively.

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WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

(s) Employee's and directors' compensation

According to the Company's Article of Incorporation, if the Company has profit (which means income before tax excluding the amounts of employees' and directors' compensation) shall be contributed by the following rules. However, if the amount Company have accumulated deficit, it shall reserve the amount for offsetting deficit.

(i) No less than 5% of profit as employees' compensation. The Company may distributed in the form of shares or in cash, and the qualification requirements of employees, including the employees of subsidiaries of the Company meeting certain specific requirement shall be determined by the Board of Directors.

(ii) No more than 1% of profit as the compensation in cash to the Directors.

The Company estimated its employees' and directors' compensation as follows:

	For the three months ended March 31,	
	2024	**2023**
Employees' compensation	$ 310,000	215,000
Directors' compensation	9,000	9,000
	$ 319,000	**224,000**

These amounts were calculated using the Company's net income before tax without the remunerations to employees and directors for each period, multiplied by the proposed percentage which is stated under the Company's proposed Article of Incorporation. These remunerations were expensed under operating expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholder's meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

For the years ended December 31, 2023 and 2022, the employees' compensation amounted to $800,000 thousand and $935,000 thousand, respectively, and directors' compensation amounted to $30,000 thousand and $36,000 thousand, respectively. The amounts, as stated in the consolidated financial statements, are identical to those of the board of directors resolved for 2024 and 2023. The related information can be available on Market Observation Post System Website.

(t) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	For the three months ended March 31,	
	2024	**2023**
Interest income from bank deposits	**$ 218,636**	**95,985**

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WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

(ii) Other gains and losses

The details of other gains and losses were as follows:

	For the three months ended March 31,	
	2024	**2023**
Foreign exchange gains (losses), net	163,775	(178,789)
Gains on valuation of financial assets and liabilities at fair value	6,232	11,958
Others	7,199	7,120
Total	**$ 177,206**	**(159,711)**

(iii) Finance costs

The details of finance costs were as follows:

	For the three months ended March 31,	
	2024	**2023**
Interest expenses		
Bank loans	$ (272,934)	(204,431)
Bonds payable	(17,991)	(17,954)
Others	(37,611)	(13,754)
Total	**$ (328,536)**	**(236,139)**

(u) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to note 6(t) of the consolidated financial statements for the year ended December 31, 2023.

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

(Continued)

2) Concentration of credit risk

The Group's majority customers are in Cloud Infrastructure and Hyperscale Data Center industries. To reduce concentration of credit risk, the Group evaluates customers' financial positions periodically and requires customers to provide collateral, if necessary. In addition, the Group evaluates the aging of accounts receivable periodically, accrue allowance for doubtful accounts and purchasing insurance contracts of accounts receivable, if necessary. Historically, impairment losses has always been under management's expectation. As of March 31, 2024, December 31 and March 31, 2023, 99.38%, 94.38% and 96.85% of the Group's accounts receivable were concentrated on 3, 3 and 4 specific customers, respectively. Accordingly, concentrations of credit risk exist.

3) Receivable and debt securities

For credit risk exposure of accounts receivable, please refer to note 6(c). Other financial assets at amortized cost includes other receivables.

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses.

As of March 31, 2024, December 31 and March 31, 2023, the other receivables were not accrue any loss allowance.

(ii) Liquidity risk

The followings table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flow	Within 1 year	1-5 years	More than 5 years
March 31, 2024					
Non-derivative financial liabilities					
Short-term borrowings	$ 941,948	952,458	952,458	-	-
Long-term borrowings	1,500,000	1,581,435	40,773	1,540,662	-
Bonds payable (including current portion)	9,443,727	9,545,715	2,560,325	6,985,390	
Notes and accounts payable (including related parties)	34,949,739	34,949,739	34,949,739	-	-
Other payables (including related parties)	3,916,054	3,916,054	3,916,054	-	-
Lease liabilities (including current and non-current)	2,154,125	2,405,212	553,725	1,716,740	134,747
Other current liabilities	1,311,590	1,311,590	1,311,590	-	-
Guarantee deposits received	14,000	14,000	-	14,000	-
Subtotal	54,231,183	54,676,203	44,284,664	10,256,792	134,747
Derivative financial liabilities					
Foreign currency forward contracts:					
Outflow	2,447	2,447	2,447	-	-
Carrying amount	2,447	2,447	2,447	-	-
Subtotal	2,447	2,447	2,447	-	-
Total	**$ 54,233,630**	**54,678,650**	**44,287,111**	**10,256,792**	**134,747**

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WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

	Carrying amount	Contractual cash flow	Within 1 year	1-5 years	More than 5 years
December 31, 2023					
Non-derivative financial liabilities					
Short-term borrowings	$ 383,793	385,957	385,957	-	-
Long-term borrowings	1,500,000	1,592,624	41,129	1,551,495	-
Bonds payable (including current portion)	9,442,918	9,562,860	2,565,442	6,997,418	-
Notes and accounts payable (including related parties)	20,169,354	20,169,354	20,169,354	-	-
Other payables (including related parties)	4,317,222	4,317,222	4,317,222	-	-
Lease liabilities (including current and non-current)	1,520,977	1,701,769	413,582	1,125,386	162,801
Other current liabilities	952,785	952,785	952,785	-	-
Guarantee deposits received	14,000	14,000	-	14,000	-
Total	**$ 38,301,049**	**38,696,571**	**28,845,471**	**9,688,299**	**162,801**
March 31, 2023					
Non-derivative financial liabilities					
Short-term borrowings	$ 10,354,360	10,402,381	10,402,381	-	-
Long-term borrowings	1,500,000	1,624,209	41,403	1,582,806	-
Bonds payable	9,440,492	9,615,249	69,535	9,545,714	-
Notes and accounts payable (including related parties)	22,757,042	22,757,042	22,757,042	-	-
Other payables (including related parties)	3,003,825	3,003,825	3,003,825	-	-
Lease liabilities (including current and non-current)	1,004,007	1,156,525	258,227	674,969	223,329
Guarantee deposits received	944,074	944,074	944,074	-	-
Total	**$ 49,003,800**	**49,503,305**	**37,476,487**	**11,803,489**	**223,329**

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Market risk

1) Currency risk

The Group's significant exposure to foreign currency risk of financial assets, financial liabilities and others were as follows:

	March 31, 2024			
	Foreign currency (in thousands)	Exchange rate		NTD
Financial assets				
Monetary items				
USD	721,398	USD/NTD=	31.990	23,077,534
	50,743	USD/JPY=	151.380	1,623,283
	30,717	USD/MXN=	16.596	982,637
	14,930	USD/MYR=	4.724	477,612
	-	USD/CNY=	7.220	12
	-	USD/KRW=	1,346.500	2

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WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

	March 31, 2024			
	Foreign currency (in thousands)	Exchange rate		NTD
Non-monetary items				
USD	4,539	USD/NTD=	31.990	145,206
Financial liabilities				
Monetary items				
USD	662,504	USD/NTD=	31.990	21,193,511
	142,956	USD/MYR=	4.724	4,573,177
	56,402	USD/JPY=	151.380	1,800,430
	159	USD/MXN=	16.596	5,100

	December 31, 2023			
	Foreign currency (in thousands)	Exchange rate		NTD
Financial assets				
Monetary items				
USD	503,680	USD/NTD=	30.735	15,480,581
	16,741	USD/MXN=	16.953	514,528
	10,569	USD/JPY=	141.670	324,839
	5,299	USD/MYR=	4.590	162,872
	-	USD/CNY=	7.108	12
	-	USD/KRW=	1,291.350	2
Non-monetary items				
USD	5,181	USD/NTD=	30.735	159,246
Financial liabilities				
Monetary items				
USD	343,527	USD/NTD=	30.735	10,558,295
	33,566	USD/MYR=	4.590	1,031,639
	13,539	USD/JPY=	141.670	416,119
	227	USD/MXN=	16.953	6,989

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Notes to the Condensed Consolidated Financial Statements

	March 31, 2023			
	Foreign currency (in thousands)	Exchange rate		NTD
Financial assets				
Monetary items				
USD	1,139,445	USD/NTD=	30.454	34,700,664
	16,420	USD/JPY=	132.570	500,064
	25,564	USD/MXN=	18.093	778,519
Non-monetary items				
USD	5,965	USD/TWD=	30.454	181,651
Financial liabilities				
Monetary items				
USD	660,492	USD/NTD=	30.454	20,114,625
	24,571	USD/JPY=	132.570	748,275
	445	USD/MXN=	18.093	13,567
	909	USD/MYR=	4.413	27,678

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable (including related parties) and other receivables (including related parties), loans and borrowings, notes and accounts payable (including related parties) and other payables (including related parties) that are denominated in foreign currency. A strengthening (weakening) 5 % of appreciation (depreciation) of the NTD against the USD for the three months ended March 31, 2024 and 2023, the net income would be changed by $(56,600) thousand and $603,004 thousand, respectively. The analysis assumes that all other variable remain constant.

Since the Group has many kinds of functional currency, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For the three months ended March 31, 2024 and 2023, foreign exchange gains (losses) (including realized and unrealized portions) amounted to $163,775 thousand and $(178,789) thousand, respectively.

2) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of non-derivative financial instruments on the reporting date. Regarding liabilities with variable rates, the analysis is based on the assumption that the liabilities were outstanding for lifetime on the reporting date.

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WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

If the interest rate increased / decreased by 1%, the Group's net income would have been changed by $6,950 thousand and $11,835 thousand, respectively, for the three months ended March 31, 2024 and 2023, with all other variable factors that remain constant. This is mainly due to the Group's borrowings at floating variable rate.

(iv) Fair value information

1) Categories and fair values of financial instruments

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It shall not include fair value information of the financial assets, financial liabilities and lease liabilities not measured at fair value if the carrying amount is a reasonable approximation of the fair value and lease liabilities.

	March 31, 2024				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets	$ 71	-	71	-	71
Private preferred stock	250,624	-	-	250,624	250,624
Private fund	155,894	-	-	155,894	155,894
Subtotal	**$ 406,589**	**-**	**71**	**406,518**	**406,589**
Financial assets at fair value through other comprehensive income					
Accounts receivable	**$ 13,298,271**	-	-	-	-
Financial assets measured at amortized cost					
Cash and cash equivalents	28,509,036	-	-	-	-
Accounts receivable (including related parties)	8,379,836	-	-	-	-
Other receivable (including related parties)	68,510	-	-	-	-
Other non-current assets	152,720	-	-	-	-
Subtotal	**$ 37,110,102**	-	-	-	-
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	**$ 2,447**	-	**2,447**	-	**2,447**

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

	March 31, 2024				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 941,948	-	-	-	-
Long-term borrowings	1,500,000	-	-	-	-
Bonds payable (including current portion)	9,443,727	-	-	-	-
Notes and accounts payable (including related parties)	34,949,739	-	-	-	-
Other payables (including related parties)	3,916,054	-	-	-	-
Lease liabilities (including current and non-current)	2,154,125	-	-	-	-
Other current liabilities	1,311,590	-	-	-	-
Guarantee deposits received	14,000	-	-	-	-
Subtotal	**$ 54,231,183**	-	-	-	-

	December 31, 2023				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Accounts receivable	**$ 4,151,074**	-	-	-	-
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 37,494,848	-	-	-	-
Accounts receivable (including related parties)	6,212,157	-	-	-	-
Other receivable (including related parties)	58,727	-	-	-	-
Other non-current assets	289,761	-	-	-	-
Subtotal	**$ 44,055,493**	-	-	-	-
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 383,793	-	-	-	-
Long-term borrowings	1,500,000	-	-	-	-
Bonds payable (including current portion)	9,442,918	-	-	-	-
Notes and accounts payable (including related parties)	20,169,354	-	-	-	-
Other payables (including related parties)	4,317,222	-	-	-	-
Lease liabilities (including current and non-current)	1,520,977	-	-	-	-
Other current liabilities	952,785	-	-	-	-
Guarantee deposits received	14,000	-	-	-	-
Subtotal	**$ 38,301,049**	-	-	-	-

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

	March 31, 2023				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets	**$ 7,337**	-	7,337	-	7,337
Financial assets at fair value through other comprehensive income					
Accounts receivable	**7,587,501**	-	-	-	-
Financial assets measured at amortized cost					
Cash and cash equivalents	27,697,645	-	-	-	-
Accounts receivable (including related parties)	22,658,109	-	-	-	-
Other receivable (including related parties)	492,609	-	-	-	-
Other non-current assets	344,241	-	-	-	-
Subtotal	**$ 51,192,604**	-	-	-	-
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 10,354,360	-	-	-	-
Long-term borrowings	1,500,000	-	-	-	-
Bonds payable	9,440,492	-	-	-	-
Notes and accounts payable (including related parties)	22,757,042	-	-	-	-
Other payables (including related parties)	3,003,825	-	-	-	-
Lease liabilities (including current and non-current)	1,004,007	-	-	-	-
Guarantee deposits received	944,074	-	-	-	-
Subtotal	**$ 49,003,800**	-	-	-	-

2) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

The fair value of financial instruments which traded in an active market was based on the quoted market price. The quotation announced by the stock exchange center or exchange center of central government bond, might be regarded as the fair value of the listed equity securities and debt instruments which was traded in an active market.

A financial instrument was regarded as being quoted in an active market if quoted prices were readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm’s-length basis. Whether transactions taking place ‘regularly’ was a matter of judgment and depended on the facts and circumstances of the market for the instrument. Quoted market prices might not be indicative of the fair value of an instrument if the activity in the market was infrequent, the market was not well-established, only small volumes were traded, or bid-ask spreads were very wide. Determining whether a market was active involves judgment.

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

Measurements of fair value of financial instruments without an active market were based on valuation technique or quoted price from a competitor. Fair value, measured by using valuation technique that could be extrapolated from either similar financial instruments or discounted cash flow method or the market transaction prices of the similar companies or other valuation techniques, including models, was calculated based on available market data at the reporting date.

b) Derivative financial instruments

Measurement of the fair value of derivative instruments was based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models.

Fair value of forward currency was usually determined by the forward and swap currency exchange rate.

3) Transfers between Level 1 and Level 2: none.

4) Changes between Level 3:

	Fair value through profit or loss
	Non-derivative financial assets mandatorily measured at fair value through profit or loss
Balance at January 1, 2024	$ -
Acquisition	406,518
Balance at March 31, 2024	**$ 406,518**

5) Quantified information on significant unobservable inputs (level 3) used in fair value measurement

The Group’s financial instruments that used level 3 inputs to measure fair value include “financial assets measured at fair value through equity investments and private fund investments”.

Most of the fair value measurements categorized within level 3 used the single and significant unobservable input. Equity investments without an active market contained multiple significant unobservable inputs. The significant unobservable inputs of the equity investments were independent from each other, as a result, there was no relevance between them.

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets measured at fair value through profit or loss-equity investments without an active market	Net asset value method	·Net asset value	·The estimated fair value would increase if the Net assets higher
Financial assets measured at fair value through profit or loss-private fund investments	Net asset value method	·Net asset value	·The estimated fair value would increase if the Net assets higher

6) Fair value measurements in level 3-sensitivity analysis of reasonably possible alternative assumptions.

The Group’ s measurement on the fair value of financial instruments was deemed reasonable despite different valuation models or assumptions might lead to different results. For fair value measurements in level 3, changing one or more of the assumptions would have the following effects on profit or loss and other comprehensive income:

			Profit or loss		Other comprehensive income	
	Inputs	Increase or decrease	Favorable	Unfavorable	Favorable	Unfavorable
March 31, 2024						
Financial assets measured at fair value through profit or loss- equity investments without an active market	Net asset value method	5%	$ 12,531	(12,531)	-	-
Financial assets measured at fair value through profit or loss-private fund investments	Net asset value method	5%	7,795	(7,795)	-	-

The favorable and unfavorable effects represented the changes in fair value, which was based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflected the effects of changes in a single input, and it did not include the interrelationships with another input.

7) Offsetting financial assets and financial liabilities

The Group has financial instruments transactions applicable to the International Financial Reporting Standards Sections 42 NO. 32 approved by the FSC which required for offsetting. Financial assets and liabilities relating to those transactions are recognized in the net amount of the balance sheets.

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

March 31, 2024						
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amounts (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Other receivable	$ 953,803	953,803	-	-	-	-

March 31, 2024						
Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amounts (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Notes payable and accounts payable	$ 9,517,346	953,803	8,563,543	-	-	8,563,543

December 31, 2023						
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amounts (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Other receivable	$ 303,828	303,828	-	-	-	-

December 31, 2023						
Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amounts (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Notes payable and accounts payable	$ 4,545,469	303,828	4,241,641	-	-	4,241,641

March 31, 2023						
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amounts (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Other receivable	$ 87,897	87,897	-	-	-	-

March 31, 2023						
Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amounts (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Notes payable and accounts payable	$ 11,000,238	87,897	10,912,341	-	-	10,912,341

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

(v) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note 6(u) of the consolidated financial statements for the year ended December 31, 2023.

(w) Capital management

The Group's objectives, policies and processes of capital management were the same as those described in the consolidated financial statements for the year ended December 31, 2023. There were no significant changes in the quantified data for capital management as disclosed in the consolidated financial statements for the year ended December 31, 2023. For the related information, please refer to note 6(v) of the consolidated financial statements for the year ended December 31, 2023.

(x) Investing and financing activities not affecting current cash flow

For the three months ended March 31, 2024 and 2023, reconciliations of liabilities arising from financing activities were as follows:

			Non-cash changes					
	January 1, 2024	Cash flows	Change in lease payments	Addition	Interest expenses	Reclassification	Foreign exchange movement	March 31, 2024
Short-term borrowings	$ 383,793	546,097	-	-	-	-	12,058	941,948
Long-term borrowings	1,500,000	-	-	-	-	-	-	1,500,000
Bonds payable	6,942,918	-	-	-	809	-	-	6,943,727
Current portion of long-term liabilities	2,500,000	-	-	-	-	-	-	2,500,000
Lease liabilities	1,520,977	(118,517)	-	657,278	-	-	94,387	2,154,125
Guarantee deposits received	14,000	-	-	-	-	-	-	14,000
Total liabilities from financing activities	**$ 12,861,688**	**427,580**	**-**	**657,278**	**809**	**-**	**106,445**	**14,053,800**

			Non-cash changes					
	January 1, 2023	Cash flows	Change in lease payments	Addition	Interest expense	Reclassification	Foreign exchange movement	March 31, 2023
Short-term borrowings	$ -	10,341,265	-	-	-	-	13,095	10,354,360
Long-term borrowings	-	1,500,000	-	-	-	-	-	1,500,000
Bonds payable	9,439,683	-	-	-	809	-	-	9,440,492
Lease liabilities	1,013,208	(52,094)	-	7,032	-	-	35,861	1,004,007
Guarantee deposits received	951,948	-	-	-	-	-	(7,874)	944,074
Total liabilities from financing activities	**$ 11,404,839**	**11,789,171**	**-**	**7,032**	**809**	**-**	**41,082**	**23,242,933**

(7) Related-party transactions:

(a) Parent company and ultimate controlling party

Wistron Corporation is the parent company and the ultimate controlling party of the Group. As of March 31, 2024, December 31 and March 31, 2023, it owns 37.68%, respectively, of all shares outstanding of the Company.

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WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

(b) Names and relationship with related parties

The followings are related parties that have had transactions with the Group during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Wistron Corporation (WHQ)	Parent Company
Wistron InfoComm (Czech), s.r.o. (WCCZ)	Other related parties
Wistron Mexico, S.A. de C.V. (WMX)	Other related parties
ICT Service Management Solutions (India) Private Limited (WIN)	Other related parties
International Standards Laboratory Corp. (ISL)	Other related parties
Wistron InfoComm (Zhongshan) Corporation (WZS)	Other related parties
SMS InfoComm Technology Services and Management Solutions Ltd. (WBR)	Other related parties
Wistron InfoComm (Kushan) Co., Ltd. (WAKS)	Other related parties
SMS InfoComm Corporation (WTX)	Other related parties
Wistron InfoComm Technology (Texas) Corporation (WITT)	Other related parties
Wistron InfoComm Technology (America) Corporation (WITX)	Other related parties
WiAdvance Technology Corporation (AGI)	Other related parties
Wistron K.K. (WJP)	Other related parties
Wistron NeWeb Corporation (WNC)	Other related parties
Wistron Information Technology and Services Corporation (WITS)	Other related parties
T-CONN Precision Corporation (TPE)	Other related parties
SMS InfoComm (Singapore) Pte. Ltd. (WSSG)	Other related parties
ANWITH Technology Corporation (WCHQ)	Other related parties
Wistron InfoComm Mexico S.A. de C.V. (WIMX)	Other related parties
WIEDU CORPORATION (WETW)	Other related parties
Wistron InfoComm Technology Service (Kunshan) Co., Ltd (WRKS)	Other related parties
Wistron Medical Technology Corporation (WMT)	Other related parties

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

(c) Significant transactions with related parties

(i) Sales

The amounts of significant sales and outstanding balances between the Group and related parties were as follows:

	Sales		Receivables from related parties		
	For the three months ended March 31		March 31,	December 31,	March 31,
	2024	2023	2024	2023	2023
WHQ	$ 3,312	958	558	3,231	959
Other related parties	9,000	147,848	24,642	228,798	197,229
	$ 12,312	**148,806**	**25,200**	**232,029**	**198,188**

The selling price and payment terms of sales to related parties depend on the economic environment and market competition, and are not significantly different from those with third-party customers.

(ii) Purchases

The amounts of significant purchase and outstanding balances between the Group and related parties were as follows:

	Purchases		Payables to related parties		
	For the three months ended March 31		March 31,	December 31,	March 31,
	2024	2023	2024	2023	2023
WHQ	$ 13,287,951	17,740,661	8,741,216	4,395,834	10,884,394
Other related parties	572,621	1,006,875	567,486	628,686	1,010,228
	$ 13,860,572	**18,747,536**	**9,308,702**	**5,024,520**	**11,894,622**

Trading terms of purchase transactions with related parties can't be compared with third-party vendors due to product specifications.

(iii) Operating Expense

The amounts of operating expense between the Group and related parties were as follows:

	For the three months ended March 31,	
	2024	2023
WHQ	$ 5,050	4,692
Other related parties	89,667	56,828
	$ 94,717	**61,520**

Trading terms of operating expense with related parties are not significantly different from those with third-party vendors.

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

(iv) Acquisitions of assets

The acquisitions of assets from related parties were as follows:

	For the three months ended March 31,	
	2024	**2023**
WHQ	$ 14,860	-
Other related parties	1,476	3,736
	$ 16,336	**3,736**

Trading terms of acquisitions of assets with related parties are not significantly different from those with third-party vendors.

(v) Other receivables

The Group purchased raw materials on behalf of related parties, provide of human outsourcing service and etc. The outstanding balance were as follows:

	Other receivables from related parties		
	March 31, 2024	**December 31, 2023**	**March 31, 2023**
WHQ	$ 27,263	1,860	288,211
Other related parties:			
WZS	97	48,171	156,709
WITX	9,443	7,830	42,644
Other related parties	-	-	4,807
Total	**$ 36,803**	**57,861**	**492,371**

(vi) Other payables

The Group purchased research and development materials, testing services and etc. The outstanding balance were as follows:

	Other payables to related parties		
	March 31, 2024	**December 31, 2023**	**March 31, 2023**
WHQ	$ 5,124	21,168	8,289
Other related parties	72,079	201,326	57,344
Total	**$ 77,203**	**222,494**	**65,633**

(Continued)

(vii) Leases

The Group signed a lease contract for its factory and warehouse with WIMX and WNC, and the total value of the contract was amount to $899,924 thousand and $326,523 thousand, respectively. The outstanding balance of lease liabilities and interest expense were as follows:

	Lease liabilities (including current and non-current)		
	March 31, 2024	December 31, 2023	March 31, 2023
WIMX	$ 626,745	602,477	526,034
WNC	174,594	200,447	70,206
	$ 801,339	**802,924**	**596,240**

	Interest expense	
	For the three months ended March 31,	
	2024	2023
WIMX	$ 21,158	10,467
WNC	915	367
	$ 22,073	**10,834**

(d) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended March 31,	
	2024	2023
Short-term employee benefits	$ 52,611	35,965
Post-employment benefits	182	184
	$ 52,793	**36,149**

(8) Pledged assets:

The carrying amounts of pledged assets were as follows:

Pledged assets	Object	March 31, 2024	December 31, 2023	March 31, 2023
Inventory	Inventory guarantee	$ 1,311,590	952,785	944,074
Other non-current assets	Guarantee	46,817	29,608	29,337
Other non-current assets	Performance guarantee	14,000	14,000	-
		$ 1,372,407	**996,393**	**973,411**

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

(9) Commitments and contingencies:

(a) Unrecognized contractual commitments

The Group's unrecognized contractual commitments are as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Acquisition of property, plant and equipment	$ 429,896	1,000,213	2,142,497

(b) As of March 31, 2024, the unused letters of credit were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Unused letters of credit	$ 209,992	-	-

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

(12) Other:

(a) A summary of employee benefits, depreciation, and amortization by function, were as follows:

	For the three months ended March 31					
By function	2024			2023		
By item	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	904,916	549,373	1,454,289	631,072	554,113	1,185,185
Labor and health insurance	118,689	40,601	159,290	92,976	40,307	133,283
Pension	81,007	15,993	97,000	59,787	14,832	74,619
Remuneration of directors	-	9,180	9,180	-	9,180	9,180
Others	86,720	10,717	97,437	13,535	7,869	21,404
Depreciation	298,114	54,869	352,983	132,434	59,351	191,785
Amortization	5,147	26,985	32,132	12,881	18,275	31,156

(b) Seasonality of operations

The Group's operations were not affected by seasonality or cyclicality factors.

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WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following were the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" of the Group for the three months ended March 31, 2024:

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties: Table 1 attached.

(iii) Securities held as of March 31, 2024 (excluding investment in subsidiaries, associates and joint ventures): Table 2 attached.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: Table 3 attached.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: Table 4 attached.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: Table 5 attached.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: Table 6 attached.

(ix) Trading in derivative instruments: Please refer to note 6(b).

(x) Significant intercompany transactions and business relationships between parent company and its subsidiaries: Table 7 attached.

(b) Information on investments:

The following are the information on investments for the three months ended March 31, 2024 (excluding information on investments in mainland China): Table 8 attached.

(c) Information on investment in mainland China: Table 9 attached.

(d) Major shareholders:

Unit: Share

Shareholding Shareholder's Name	Shares	Percentage
Wistron Corporation	65,895,129	37.68%

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WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

(14) Segment information:

The Group’s core profession is to provide the products and service in data center, and there is no significant segment division. Therefore, the Group’s operating decision maker considered it has one reportable segment. Please refer to the consolidated balance sheets and the consolidated statements of comprehensive income.

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Condensed Consolidated Financial Statements

Table 1 Guarantees and endorsements for other parties
(March 31, 2024)

No.	Name of guarantor	Counter - party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 2)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements	Ratio of accumulated amounts of endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 1)	Parent company endorsements/ guarantees to subsidiary	Subsidiary endorsements/ guarantees to parent company	Endorsements/ guarantees to subsidiary in Mainland China	Notes
		Name	Relationship with the company (Note 3)											
0	The Company	WYMX	2	14,559,238	1,179,726	1,169,423	1,169,423	30,817	2.41%	24,265,397	Y	N	N	(Note 4)
0	The Company	WYUS	2	14,559,238	57,532	57,532	57,532	-	0.12%	24,265,397	Y	N	N	(Note 4)

(Note 1) The total amount for guarantees and endorsements provided by the Company to other entities shall not exceed 50% of the Company's lastest net worth, which was audited or reviewed by Certified Public Accountant.

(Note 2) The total amount for guarantees and endorsements provided by the Company to any individual entity shall not exceed 30% of the Company's lastest net worth, which was audited or reviewed by Certified Public Accountant.

(Note 3) Relationship with the Company:

1. Ordinary business relationship.
2. Subsidiary which owned more than 50% by the guarantor.
3. An investee owned more than 50% in total by both the guarantor and its subsidiary.
4. An investee owned more than 90% by the guarantor or its subsidiary.
5. Fulfillment of contractual obligations by providing mutual endorsements and guarantees for peer or joint builders in order to undertake a construction project.
6. An entity that is guaranteed and endorsed by all capital contributing shareholders in proportion to their shareholding percentages.
7. The companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre - construction homes pursuant to the Consumer Protection Act for each other.

(Note 4) The aforementioned inter - company transactions have been eliminated in the consolidated financial statements.

Table 2 Market Securities Held (excluding investment in subsidiaries, associates and joint ventures) (March 31, 2024)

securities held by	Category and name of securities		Relationship	Financial statement Account	Ending balance				Notes
					Number of Shares	Book value	Percentage of Ownership	Fair value	
The Company	ZUTA-CORE LTD	Stock	–	Financial assets measured at fair value through profit or loss-non-current	568	250,624	7.92%	250,624	–
The Company	Andra Capital Fund LP	Fund	–	Financial assets measured at fair value through profit or loss-non-current	-	155,894	-	155,894	–

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Condensed Consolidated Financial Statements

Table 3 Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of share capital

(March 31, 2024)

Name of company	Category and name of security		Account name	Name of counter - party	Relationship with the company	Beginning balance		Purchases		Sales				Ending balance		Notes
						Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount	
The Company	WYMY	Stock	Investment accounted for using equity method	Cash subscription	The company's subsidiary	568,392	3,634,746	477,620	3,132,800	-	-	-	-	1,046,012	6,992,135	(Note)

(Note): The aforementioned inter - company transactions have been eliminated in the consolidated financial statements.

Table 4 Acquisition of real estate with amount exceeding the lower of NT$300 million or 20% of share capital (March 31, 2024)

Company name	Type of property	Transaction Date	Transaction Amount	Payment Term	Counter-party	Name of Relationships	Prior Transaction of Related Counter-party				Price Reference	Purpose of Acquistion	Other Terms
							Owner	Relationships	Tranfer Date	Amount			
WYMY	Property,plant and equipment-Building	2022/3	860,761	payment:98%	HWA HIN SDN. BHD.	non-related party	-	-	-	-	Not applicable because of engaging others to build on its own land	For the Company's future operations	-
WYMY	Property,plant and equipment-Building	2022/8	2,128,158	payment:81%	HWA HIN SDN. BHD.	non-related party	-	-	-	-	Not applicable because of engaging others to build on its own land	For the Company's future operations	-

Table 5 Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock
(March 31, 2024)

Name of company	Related Party	Nature of relationship	Transaction details				Transaction with terms different from others		Notes/ Accounts receivable (payable)		Notes
			Purchase/Sales	Amount	Percentage of total purchases / sales	Payment terms	Unit price	Payment Terms	Ending balance	Percentage of total notes / accounts receivable (payable)	
The Company	WYUS	The Company's subsidiary	Sale	12,684,132	38.63%	OA150	-	-	6,271,350	28.16%	(Note)
"	WYJP	The Company's subsidiary	Sale	1,853,145	5.64%	OA90	-	-	1,804,300	8.10%	(Note)
"	WYKR	The Company's subsidiary	Sale	280,779	0.86%	OA90	-	-	283,890	1.27%	(Note)
"	WYKS	The Company's subsidiary	Sale	114,793	0.35%	OA90	-	-	116,939	0.53%	(Note)
"	WHQ	The Company's parent company	Purchase	13,125,022	44.36%	OA45	-	-	(8,563,543)	(44.61%)	-
"	WYUS	The Company's subsidiary	Purchase	1,360,073	4.60%	OA90	-	-	(1,394,253)	(7.26%)	(Note)
"	WYMY	The Company's subsidiary	Purchase	3,893,646	13.16%	OA30	-	-	(449,286)	(2.34%)	(Note)
WYUS	The Company	WYUS's parent company	Sale	1,360,073	2.89%	OA90	-	-	1,394,253	17.75%	(Note)
"	WITX	WYUS's other related company	Purchase	546,682	0.87%	OA90	-	-	(540,921)	(2.50%)	-
"	The Company	WYUS's parent company	Purchase and Service cost	12,684,132	20.95%	OA150	-	-	(6,271,350)	(29.02%)	(Note)
"	WYMX	WYUS's affiliate company	Processing fee	1,060,543	1.69%	OA60	-	-	(767,104)	(3.53%)	(Note)
WYJP	The Company	WYJP's parent company	Purchase	1,853,145	100.00%	OA90	-	-	(1,804,300)	(100.00%)	(Note)
WYKR	The Company	WYKR's parent company	Purchase	280,779	100.00%	OA90	-	-	(283,890)	(100.00%)	(Note)
WYHK	WYMY	WYHK's affiliate company	Sale	115,424	73.57%	OA90	-	-	117,441	99.93%	(Note)
WYKS	The Company	WYKS's parent company	Purchase	114,793	100.00%	OA90	-	-	(116,939)	(100.00%)	(Note)
WYMY	The Company	WYMY's parent company	Sale	3,893,646	100.00%	OA30	-	-	449,286	100.00%	(Note)
"	WYHK	WYMY's affiliate company	Purchase	115,424	1.74%	OA90	-	-	(117,441)	(1.77%)	(Note)
WYMX	WYUS	WYMX's affiliate company	Processing income	1,060,543	100.00%	OA60	-	-	767,104	100.00%	(Note)

(Note): The aforementioned inter - company transactions have been eliminated in the consolidated financial statements.

Table 6 Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock
(March 31, 2024)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Loss allowance	Notes
					Amount	Action taken			
Account Receivables									
The Company	WYUS	The Company's subsidiary	6,271,350	879.98%	-	-	-	-	(Note)
"	WYJP	The Company's subsidiary	1,804,300	734.18%	-	-	-	-	(Note)
"	WYKR	The Company's subsidiary	283,890	605.75%	-	-	-	-	(Note)
"	WYKS	The Company's subsidiary	116,939	240.36%	-	-	-	-	(Note)
WYUS	The Company	WYUS's parent company	1,394,253	720.63%	-	-	-	-	(Note)
WYMY	The Company	WYMY's parent company	449,280	6454.21%	-	-	-	-	(Note)
WYMX	WYUS	WYMX's affiliate company	767,104	782.53%	-	-	767,104	-	(Note)
WYHK	WYMY	WYHK's affiliate company	117,441	668.22%	-	-	-	-	(Note)
Other Receivables									
The Company	WYMY	The Company's subsidiary	329,914	-	-	-	478	-	(Note)
WYUS	The Company	WYUS's parent company	663,178	-	155	-	-	-	(Note)
WYUS	WYMY	WYUS's affiliate company	138,618	-	-	-	4,720	-	(Note)

(Note): The aforementioned inter - company transactions have been eliminated in the consolidated financial statements.

Table 7 Significant intercompany transactions and business relationships between parent company and its subsidiaries
(March 31, 2024)

No.	Name of company	Name of counter-party	Nature of relationship (Note 1)	Intercompany transactions			
				Account name	Amount	Trading Terms	Percentage of the consolidated net revenue or total assets (Note 3)
0	The Company	WYUS	1	Sale	12,684,132	OA150	18.22%
0	The Company	WYJP	1	Sale	1,853,145	OA90	2.66%
0	The Company	WYKR	1	Sale	280,779	OA90	0.40%
0	The Company	WYKS	1	Sale	114,793	OA90	0.16%
1	WYUS	The Company	2	Sale	1,360,073	OA90	1.95%
1	WYMY	The Company	2	Sale	3,893,646	OA30	5.95%
1	WYHK	WYMY	3	Sale	115,424	OA90	0.17%
1	WYMX	WYUS	3	Processing income	1,060,543	OA60	1.52%
0	The Company	WYUS	1	Account receivable	6,271,350	OA150	5.62%
0	The Company	WYJP	1	Account receivable	1,804,300	OA90	1.62%
0	The Company	WYKR	1	Account receivable	283,890	OA90	0.25%
0	The Company	WYKS	1	Account receivable	116,939	OA90	0.10%
1	WYUS	The Company	2	Account receivable	1,394,253	OA90	1.25%
1	WYMY	The Company	2	Account receivable	449,286	OA30	0.40%
1	WYHK	WYMY	3	Account receivable	117,441	OA90	0.11%
1	WYMX	WYUS	3	Account receivable	767,104	OA60	0.69%

Note 1: relationship:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 2: The section only discloses the information of sales and accounts receivable of inter-company transactions, as well as is not disclosed the purchase and accounts payable of counter-party due to duplicate.

Note 3: Calculated by using the transaction amount, divided by the consolidated net revenues and total assets.

Table 8 Information on investments (excluding investees in mainland China)
The following are the information on investees for January 1 to March 31, 2024 (excluding information on investees in mainland China):

Name of the investor	Name of investee	Location	Main business and products	Original investment amount		Balance as of March 31, 2024			Net income (losses) of the investee	Share of profits/losses of investee	Notes
				March 31, 2024	December 31, 2023	Shares(In thousands)	Percentage of ownership	Carrying value			
The Company	WYJP	Japan	Sales of cloud data center equipment	6,620	6,620	-	100.00%	390,517	39,821	39,821	(Note)
"	WYUS	U.S.A	Sales of cloud data center equipment	28,773,581	28,773,581	969,010	100.00%	32,183,202	131,337	131,337	(Note)
"	WYHK	Hong Kong	Investing activities and sales of cloud data center equipment	12,181	12,181	400	100.00%	307,760	9,245	9,245	(Note)
"	WYKR	South Korea	Sales of cloud data center equipment	2,903	2,903	20	100.00%	197,544	(3,250)	(3,250)	(Note)
"	WYMY	Malaysia	Manufacturing and sales of cloud data center equipment	6,972,733	3,839,933	1,046,012	100.00%	6,992,135	89,862	89,862	(Note)
"	WYMX	Mexico	Human resources service provision and cloud data center equipment manufacturing	1,741,251	1,741,251	1,113,761	100.00%	3,159,843	92,855	92,855	(Note)
"	WYSMX	Mexico	Sales of cloud data center equipment	58,025	58,025	40,444	100.00%	71,249	1,579	1,579	(Note)
"	LiquidStack	Netherlands	R&D of liquid cooling technology	276,609	276,609	1,000	15.13%	145,206	(142,872)	(21,665)	-

(Note): The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

Table 9 Information on investment in mainland China

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 2)	Accumulated outflow of investment from Taiwan as of January 1, 2024	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2024	Net income (loss) of the investee	Percentage of ownership	Investment income (losses) (Note 3)2.	Book value	Accumulated remittance of earnings in current period	Notes
					Outflow	Inflow							
WYKS	Sales of cloud data center equipment	10,659	2	10,659 (Note 1)	-	-	10,659	5,311	100.00%	5,311	128,317	-	(Note 5)

(ii) Limitation on investment in mainland China

Accumulated Investment in mainland China as of March 31, 2024 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA(Note 6)	Upper Limit on Investment (Note 4)
10,659(USD 350,000)	11,197(USD 350,000)	29,118,477

(Note 1) Wiwynn Technology Service Hong Kong Limited used its own capital to invest in WYKS.

(Note 2) Ways to invest in mainland China:

1.Direct investment in mainland China.

2.Reinvestment in mainland China through third place.

3.Others

(Note 3) The three categories of investment income (losses) recognized were as follows:

1. The financial statements of the investee company were reviewed by the global accounting firm in cooperation with ROC. accounting firm.

2. The financial statements of the investee company were reviewed by the same auditor of the Taiwan parent company.

3. Others

(Note 4) Amount of upper limit on investment was the higher between sixty percent of total equity or total consolidated equity.

(Note 5) The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(Note 6) Translated using the ending rates on March 31, 2024.

(iii) Significant transactions

For the year ended March 31, 2024, the significant inter-company transactions with the subsidiary in mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.

Stock Code:6669

WIWYNN CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

With Independent Auditors' Report
for the Years Ended December 31, 2023 and 2022

Address: 8F, No. 90, Sec.1, Xintai 5th Rd., Xizhi Dist., New Taipei City, Taiwan
Telephone: (02)6615-8888

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Representation Letter

The entities that are required to be included in the combined financial statements of Wiwynn Corporation as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 "Consolidated Financial Statements." endorsed by the Financial Supervisory Commission of Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Wiwynn Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Wiwynn Corporation
Chairman: Emily Hung
Date: February 26, 2024

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Independent Auditors' Report

To the Board of Directors of Wiwynn Corporation:

Opinion

We have audited the consolidated financial statements of Wiwynn Corporation and its subsidiaries (" the Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. 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.

1. Revenue recognition

   Refer to note 4(n) "Revenue" and note 6(q) to the consolidated financial statements for the disclosure of revenue recognition.

KPMG, a Taiwan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Description of key audit matter

The Group is a listed Company in related to public interest, and the investors are highly expecting the financial performance, resulting in revenue recognition is one of the key judgmental areas of our audit.

How the matter was addressed in our audit

Our principle audit procedures included understanding the types of revenue, contract provisions and transaction terms to assess the accuracy of the timing of revenue recognition; conducting the variance analysis on the revenue from major customers to evaluate if there are any significant unusual transactions; as well as testing the design, operation and implantation of the effectiveness of internal control on revenue recognition. Furthermore, we also selected some samples of transaction records of sales during the period before and after the balance sheet date in order to obtain the related transaction documents to evaluate the appropriateness of timing of recognition.

2. Valuation for slow-moving inventories

Please refer to note 4(h) for "Inventories", note 5 "Significant accounting assumptions and judgments, and major sources of estimation uncertainty" as well as note 6(d) for the disclosure of valuation of inventory.

Description of key audit matter

In order to meet the rapid development of the cloud computing industry and shipping demands, the Group has increased its stock volume, which requires the management to use its subjective judgment in valuating the slow-moving inventories. Therefore, the valuation for slow-moving inventories has been identified as one of our key audit matters.

How the matter was addressed in our audit

Our principal audit procedures included understanding the policies adopted by the management in valuating the slow-moving inventories; assessing the historical reasonableness of the management' s estimates on inventory provisions; selecting samples to verify the accuracy of the inventory aging report; evaluating the appropriateness of management' s methodology to determine inventory reserve percentages; as well as recalculating the inventory reserve for the application of the reserve percentages with the inventory aging categories.

Other Matter

Wiwynn Corporation has prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for 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 responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, 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 the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our 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 Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our 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 the current period and are therefore the key audit matters. 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.

The engagement partners on the audit resulting in this independent auditors' report are Chen, Ya-Ling and Huang, Ming-Hung.

KPMG

KPMG

Taipei, Taiwan (Republic of China)
February 26, 2024

Wiwynn Corporation and Subsidiaries

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan dollars)

		December 31, 2023		December 31, 2022	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 37,494,848	42	26,231,920	30
1170	Accounts receivable, net (notes 6(b) and (q))	10,131,202	11	18,690,495	21
1180	Accounts receivable-related parties, net (notes 6(b), (q) and 7)	232,029	-	1,090,375	1
1200	Other receivables (note 6(c))	866	-	2,493	-
1210	Other receivables-related parties (notes 6(c) and 7)	57,861	-	1,307,048	1
130X	Inventories (notes 6(d) and 8)	30,179,170	35	36,011,736	41
1479	Other current assets (note 6(i))	1,099,323	1	717,023	1
	Total current assets	79,195,299	89	84,051,090	95
	Non-current assets:				
1550	Investments accounted for using equity method (note 6(e))	159,246	-	198,890	-
1600	Property, plant and equipment (notes 6(f), 7 and 9)	5,625,693	7	2,156,578	2
1755	Right-of-use assets (notes 6(g) and 7)	1,473,002	2	995,434	1
1780	Intangible assets (notes 6(h) and 7)	132,389	-	137,551	-
1840	Deferred tax assets (note 6(n))	1,012,261	1	639,799	1
1990	Other non-current assets (notes 6(i) and 8)	1,247,507	1	658,440	1
	Total non-current assets	9,650,098	11	4,786,692	5
	Total assets	**$ 88,845,397**	**100**	**88,837,782**	**100**

		December 31, 2023		December 31, 2022	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (note 6(j))	$ 383,793	-	-	-
2130	Contract liabilities-current (note 6(q))	5,950,026	7	5,296,970	6
2170	Notes payable and accounts payable	15,144,834	17	15,083,798	17
2180	Accounts payable-related parties (note 7)	5,024,520	6	11,381,122	13
2200	Other payables (note 6 (r))	4,114,698	5	3,104,403	3
2220	Other payables-related parties (note 7)	222,494	-	45,770	-
2230	Current tax liabilities	1,233,004	1	2,912,316	3
2280	Lease liabilities-current (notes 6(l) and 7)	332,877	-	211,343	-
2320	Current portion of long-term liabilities (note 6(k))	2,500,000	3	-	-
2399	Other current liabilities	1,587,769	2	526,716	1
	Total current liabilities	36,494,015	41	38,562,438	43
	Non-current liabilities:				
2530	Bonds payable (note 6(k))	6,942,918	8	9,439,683	11
2540	Long-term borrowings (note 6(j))	1,500,000	2	-	-
2570	Deferred tax liabilities (note 6(n))	465,674	-	286,411	-
2580	Lease liabilities-non-current (notes 6(l) and 7)	1,188,100	1	801,865	1
2640	Net defined benefit liabilities (note 6(m))	6,638	-	8,431	-
2645	Guarantee deposits received	14,000	-	951,948	1
	Total non-current liabilities	10,117,330	11	11,488,338	13
	Total liabilities	46,611,345	52	50,050,776	56
	Equity (notes 6(e), (m), (n) and (o)):				
3110	Common shares	1,748,408	2	1,748,408	2
3200	Capital surplus	8,839,619	10	8,817,380	10
3300	Retained earnings	30,335,745	34	27,039,558	31
3400	Other equity	1,310,280	2	1,181,660	1
	Total equity	42,234,052	48	38,787,006	44
	Total liabilities and equity	**$ 88,845,397**	**100**	**88,837,782**	**100**

See accompanying notes to consolidated financial statements.

Wiwynn Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan dollars, Except for Earnings Per Common Share)

		2023		2022	
		Amount	%	Amount	%
4000	**Operating revenue (notes 6(q) and 7)**	$ 241,900,989	100	292,876,040	100
5000	**Operating costs (notes 6(d), (f), (g), (h), (l), (m), (r), 7 and 12)**	219,243,712	91	268,896,763	92
	Gross profit from operations	22,657,277	9	23,979,277	8
	Operating expenses (notes 6(b), (f), (g), (h), (l), (m), (r), 7 and 12):				
6100	Selling expenses	1,053,544	-	1,305,756	-
6200	Administrative expenses	1,722,189	-	1,307,577	1
6300	Research and development expenses	4,018,816	2	3,528,532	1
6450	Expected credit loss (gain)	(7,818)	-	3,132	-
	Total operating expenses	6,786,731	2	6,144,997	2
	Net operating income	15,870,546	7	17,834,280	6
	Non-operating income and expenses (notes 6(e), (f), (g), (k), (l), (s) and 7):				
7100	Interest income	455,501	-	155,871	-
7010	Other income	-	-	809	-
7020	Other gains and losses	134,754	-	855,905	-
7050	Finance costs	(953,143)	-	(881,614)	-
7370	Share of loss of associates and joint ventures accounted for using equity method	(63,979)	-	(67,968)	-
	Total non-operating income and expenses	(426,867)	-	63,003	-
7900	**Income before tax**	15,443,679	7	17,897,283	6
7950	**Income tax expense (note 6(n))**	3,400,024	2	3,722,574	1
	Net income	12,043,655	5	14,174,709	5
8300	**Other comprehensive income (loss) (notes 6(e), (m), (n) and (o)):**				
8310	**Items that may not be reclassified subsequently to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefits plans	(6,785)	-	764	-
8349	Income tax related to items that may not be reclassified to profit or loss	1,357	-	(153)	-
	Total items that may not be reclassified subsequently to profit or loss	(5,428)	-	611	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	126,524	-	1,612,680	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	2,096	-	-	-
8399	Income tax related to items that may be reclassified to profit or loss	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	128,620	-	1,612,680	-
8300	**Other comprehensive income (net of tax)**	123,192	-	1,613,291	-
8500	**Total comprehensive income**	**$ 12,166,847**	**5**	**15,788,000**	**5**
	Profit attributable to:				
8610	Owners of parent	**$ 12,043,655**	**5**	**14,174,709**	**5**
	Comprehensive income attributable to:				
8710	Owners of parent	**$ 12,166,847**	**5**	**15,788,000**	**5**
	Earnings per share (expressed in New Taiwan dollars) (note 6(p))				
9750	**Basic earnings per share**	**$ 68.88**		**81.07**	
9850	**Diluted earnings per share**	**$ 68.65**		**80.49**	

See accompanying notes to financial statements.

Wiwynn Corporation and Subsidiaries

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan dollars)

			Retained earnings				Other equity	
	Common shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Total equity
Balance on January 1, 2022	$ 1,748,408	8,817,380	2,230,357	237,894	14,767,007	17,235,258	(431,020)	27,370,026
Appropriation and distribution of retain earnings:								
Legal reserve	-	-	864,413	-	(864,413)	-	-	-
Special reserve	-	-	-	193,126	(193,126)	-	-	-
Cash dividends	-	-	-	-	(4,371,020)	(4,371,020)	-	(4,371,020)
Net income	-	-	-	-	14,174,709	14,174,709	-	14,174,709
Other comprehensive income	-	-	-	-	611	611	1,612,680	1,613,291
Total comprehensive income	-	-	-	-	14,175,320	14,175,320	1,612,680	15,788,000
Balance on December 31, 2022	1,748,408	8,817,380	3,094,770	431,020	23,513,768	27,039,558	1,181,660	38,787,006
Appropriation and distribution of retain earnings:								
Legal reserve	-	-	1,417,532	-	(1,417,532)	-	-	-
Special reserve	-	-	-	(431,020)	431,020	-	-	-
Cash dividends	-	-	-	-	(8,742,040)	(8,742,040)	-	(8,742,040)
Net income	-	-	-	-	12,043,655	12,043,655	-	12,043,655
Other comprehensive income	-	-	-	-	(5,428)	(5,428)	128,620	123,192
Total comprehensive income	-	-	-	-	12,038,227	12,038,227	128,620	12,166,847
Changes in equity of associates and joint ventures accounted for using equity method	-	22,239	-	-	-	-	-	22,239
Balance on December 31, 2023	**$ 1,748,408**	**8,839,619**	**4,512,302**	**-**	**25,823,443**	**30,335,745**	**1,310,280**	**42,234,052**

See accompanying notes to consolidated financial statements.

Wiwynn Corporation and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan dollars)

	2023	2022
Cash flows from (used in) operating activities:		
Income before tax	$ 15,443,679	17,897,283
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	882,114	676,513
Amortization expense	120,025	85,072
Expected credit loss (gain)	(7,818)	3,132
Net loss (profit) on financial assets or liabilities at fair value through profit or loss	(40,517)	100,986
Interest expense	953,143	881,614
Interest income	(455,501)	(155,871)
Share of loss of associates and joint ventures accounted for using equity method	63,979	67,968
Losses on disposal of property, plant and equipment	638	711
Gain on disposal of investments	(5,339)	-
Prepayments for equipment reclassified as expenses	-	66
Lease modification gains	(21)	(395)
Total adjustments to reconcile profit	1,510,703	1,659,796
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in financial assets mandatorily measured at fair value through profit or loss-current	40,517	(100,986)
Decrease (increase) in accounts receivable, net	8,665,043	(5,297,511)
Decrease (increase) in accounts receivable-related parties, net	858,346	(646,837)
Decrease in other receivable	2,773	1,169
Decrease (increase) in other receivable-related parties	1,316,434	(1,094,203)
Decrease in inventories	5,943,784	13,408,726
Increase in other current assets	(442,482)	(58,998)
Total changes in operating assets	16,384,415	6,211,360
Changes in operating liabilities:		
Increase in contract liabilities-current	653,056	1,935,998
Increase in notes and accounts payable	1,774	5,164,163
Increase (decrease) in accounts payable-related parties	(6,541,388)	369,381
Increase in other payable	968,908	742,375
Increase (decrease) in other payable-related parties	176,724	(33,882)
Increase (decrease) in other current liabilities	105,633	(183,926)
Decrease in net defined benefit liabilities	(8,578)	(4,395)
Total changes in operating liabilities	(4,643,871)	7,989,714
Total changes in operating assets and liabilities	11,740,544	14,201,074
Total adjustments	13,251,247	15,860,870
Cash inflow generated from operations	28,694,926	33,758,153
Interest received	457,737	150,636
Interest paid	(926,472)	(886,260)
Income taxes paid	(5,165,767)	(2,344,928)
Net cash flows from operating activities	23,060,424	30,677,601
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(3,670,905)	(1,270,869)
Proceeds from disposal of property, plant and equipment	583	109
Acquisition of intangible assets	(113,541)	(123,220)
Decrease (increase) in other non-current assets	303,148	(340,843)
Increase in prepayments for equipment	(1,214,933)	(194,782)
Net cash used in investing activities	(4,695,648)	(1,929,605)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	306,716,211	114,696,533
Decrease in short-term borrowings	(306,323,708)	(137,257,215)
Increase in long-term borrowings	1,500,000	-
Increase in guarantee deposits received	14,000	924,953
Payment of lease liabilities	(278,976)	(173,881)
Cash dividends paid	(8,742,040)	(4,371,020)
Net cash used in financing activities	(7,114,513)	(26,180,630)
Effect of exchange rate changes on cash and cash equivalents	12,665	991,662
Net increase in cash and cash equivalents	11,262,928	3,559,028
Cash and cash equivalents at beginning of period	26,231,920	22,672,892
Cash and cash equivalents at end of period	**$ 37,494,848**	**26,231,920**

See accompanying notes to consolidated financial statements.

Wiwynn Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan dollars, Unless Otherwise Specified)

(1) Company history

Wiwynn Corporation (the "Company") was incorporated on March 3, 2012, as a company limited by shares under the laws of the Republic of China (ROC). Wiwynn Corporation and subsidiaries (the Group) were engaged in research, development, design, testing and sales of below products, semi-products, peripheral equipments and parts:

(i) Computer and peripheral equipments

(ii) Data storage media

(iii) Electric appliances and media products

(iv) Information software

(v) Export business relating to the business of the Company

(vi) Management consult services

(vii) Information software services

(viii) Data processing services

(2) Approval date and procedures of the consolidated financial statements:

The consolidated financial statements were authorized for issuance by the Board of Directors on February 26, 2024.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The Group has initially adopted the following new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 "International Tax Reform—Pillar Two Model Rules"

(Continued)

(b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS21 "Lack of Exchangeability"

(4) Summary of material accounting policies:

The material accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

1) Financial instruments at fair value through profit or loss are measured at fair value;

2) The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(Continued)

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it 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.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Principal activity	Shareholding		Description
			December 31, 2023	December 31, 2022	
The Company	Wiwynn Technology Service Japan, Inc. (WYJP)	Sales of cloud data center equipment	100%	100%	-
The Company	Wiwynn International Corporation (WYUS)	Sales of cloud data center equipment	100%	100%	-
The Company	Wiwynn Technology Service Hong Kong Limited (WYHK)	Investment activities and sale of cloud data center equipment	100%	100%	-
The Company	Wiwynn Korea Ltd. (WYKR)	Sales of cloud data center equipment	100%	100%	-
The Company	Wiwynn Technology Service Malaysia SDN. BHD. (WYMY)	Manufacturing and sales of cloud data center equipment	100%	100%	-
The Company	Wiwynn Mexico, S.A.de C.V. (WYMX)	Human resource service provision and cloud data center equipment manufacturing	100%	100%	-

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Shareholding		Description
			December 31, 2023	December 31, 2022	
The Company	Wiwynn Technology Service Mexico, S.A. de C.V. (WYSMX)	Sales of cloud data center equipment	100%	100%	(Note 1)
WYHK	Wiwynn Technology Service KunShan Ltd. (WYKS)	Sales of cloud data center equipment	100%	100%	-

Note 1: WYSMX was incorporated on May 6, 2022.

Note 2: The financial statements of the aforementioned subsidiaries were audited by the certified accountant.

(iii) List of subsidiaries which are not included in the consolidated financial statements: None.

(d) Foreign currency

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- an investment in equity securities designated as at fair value through other comprehensive income;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

(Continued)

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current. An entity shall classify a liability as current when:

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and cash in bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(Continued)

(g) Financial instruments

Accounts receivable and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. An accounts receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at amortized cost; fair value through other comprehensive income (FVOCI) – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

(Continued)

Some accounts receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Group; therefore, those receivables are measured at FVOCI. However, they are included in the 'accounts receivable' line item.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established, which is normally the ex-dividend date.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable, other receivable, refundable deposits and other financial assets), debt investments measured at FVOCI .

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

(Continued)

Loss allowance for accounts receivable and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group holds time deposits for domestic financial institutions, and it is considered to be low credit risk.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 180 days past due or the borrower is unlikely to pay its credit obligations to the Group in full.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses financial assets carried at amortized cost credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

(Continued)

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(Continued)

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(h) Inventories

Inventories are measured individually at the lower of cost and net realizable value. The standard cost method is adopted for inventory costing and the difference between standard cost and actual cost is allocated proportionately to inventory except for an unfavorable variance from normal capacity. Net realizable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses at the end of the period.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

(Continued)

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate. When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straightline basis over the estimated useful lives of each component of an item of property, plant and equipment.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings: 15~30 years

2) Research and developments equipment: 4 years

3) Machinery and equipment: 4~10 years

4) Lease improvements: 3~10 years

5) Other equipment: 1~10 years

(Continued)

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a leasee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including substantively fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

(Continued)

— there is a change of its assessment on whether it will exercise a extension or termination option; or

— there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of short-term lease that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(l) Intangible assets

(i) Recognition and measurement

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Intangible assets is software. Amortization is recognized in profit or loss on a straight-line basis 1~3 years for the estimated useful lives of intangible assets, from the date that they are available for use.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(Continued)

(m) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's 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.

(n) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Sale of goods

The Group manufactures and sells data storage equipment to customer. The Group recognizes revenue when control of the products has been transferred, being when the products are 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 products. 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 Group has objective evidence that all criteria for acceptance have been satisfied.

(Continued)

The Group provides customers with the extended warranty. This kind of contract contains two performance obligations and, therefore, the transaction price is allocated to each performance obligation on a relative stand-alone selling price basis. Management estimates the stand-alone selling prices at contract inception based on the observable prices at which the Group would sell the product and the extended warranty separately in similar circumstances and to similar customers.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

2) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plan

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(Continued)

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

The Group has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the below exceptions:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(Continued)

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) The Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(q) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee stock options and employee compensation.

(r) Operating segments

An operating segment is a component of the Group 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 Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

(Continued)

The Group likely to be facing economic uncertainties such as natural disasters, international political uncertainties and inflation. Those events may have a significant impact in the next financial year on the following accounting estimates, which depend on the future forecasts.

Information about judgments made in applying accounting policies do not have significant effects on the amounts recognized in the consolidated financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of economic uncertainties:

Valuation of inventories

The Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to note 6(d) for further description of the valuation of inventories.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 330	325
Demand and checking deposits	27,608,712	17,178,555
Time deposits	9,885,806	9,053,040
	$ 37,494,848	**26,231,920**

Please refer to note 6(t) for the sensitivity analysis and interest rate risk of the financial assets and liabilities of the Group.

(b) Accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable－measured at amortized cost	$ 5,980,128	18,463,307
Accounts receivable－related parties－measured at amortized cost	232,029	1,090,375
Accounts receivable－measured at fair value through other comprehensive income	4,151,074	235,006
Less: loss allowance	-	(7,818)
	$ 10,363,231	**19,780,870**

(Continued)

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The Group has assessed a portion of its accounts receivable that was held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; therefore, such accounts receivable were measured at fair value through other comprehensive income.

The Group applies the simplified approach to provide for expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The loss allowance were determined as follows:

	December 31, 2023		
	Gross carrying amount	Weighted - average loss rate	Loss allowance
Current	$ 10,266,249		-
Past due under 30 days	96,959		-
Past due 31 to 60 days	23		-
Total	**$ 10,363,231**		**-**

	December 31, 2022		
	Gross carrying amount	Weighted - average loss rate	Loss allowance
Current	$ 19,160,799		-
Past due under 30 days	97,603		-
Past due 31 to 60 days	504,913	1%	3,877
Past due 61 to 90 days	10,818	22%	2,388
Past due 91 to 180 days	14,555	11%	1,553
Total	**$ 19,788,688**		**7,818**

The movement in the allowance for accounts receivable were as follows:

	2023	2022
Balance on January 1	$ 7,818	4,686
Impairment losses recognized	-	12,431
Impairment losses reversed	(7,818)	(9,299)
Balance on December 31	**$ -**	**7,818**

As of December 31, 2023 and 2022, the accounts receivable were not pledged.

For further credit risk information, please refers to note 6(t).

(Continued)

The Group entered into separate factoring agreements with different financial institutions to sell its trade receivables. Under the agreements, the Group does not have the responsibility to assume the default risk of the transferred trade receivables but is liable for the losses incurred on any business dispute. The Group derecognized the above trade receivables because it has transferred substantially all of the risks and rewards of their ownership, and it does not have any continuing involvement in them. As of December 31, 2023 and 2022, the Group sold its accounts receivable without recourse as follows:

Unit: USD in thousands

December 31, 2023						
Purchaser	**Assignment Facility**	**Amount Advanced Unpaid**	**Amount Advanced Paid**	**Amount Recognized in Other Receivables**	**Range of Interest Rate**	**Collateral**
Financial institutions	**$ 791,295**	**531,662** (Note)	**791,295**	-	5.74%~6.21%	None

December 31, 2022						
Purchaser	**Assignment Facility**	**Amount Advanced Unpaid**	**Amount Advanced Paid**	**Amount Recognized in Other Receivables**	**Range of Interest Rate**	**Collateral**
Financial institutions	**$ 841,848**	**202,080** (Note)	**841,848**	-	4.87%~5.37%	None

(Note): For vender financing transactions, the factoring credit limit was the credit line that the financial institution provided to the Group’s client.

(c) Other receivables

	December 31, 2023	**December 31, 2022**
Other receivables	$ 866	2,493
Other receivables - related parties	57,861	1,307,048
Less: loss allowance	-	-
	$ 58,727	**1,309,541**

As of December 31, 2023 and 2022, the other receivables were not pledged.

For further credit risk information, please refers to note 6(t).

(d) Inventories

	December 31, 2023	**December 31, 2022**
Raw materials	$ 9,449,699	12,131,458
Finished goods	17,037,030	19,540,141
Inventory in transit	3,692,441	4,340,137
	$ 30,179,170	**36,011,736**

(Continued)

Except cost of goods sold, the remaining gains or losses which were recognized as cost of sales were as follows:

	2023	2022
Losses on valuation of inventories	$ 1,086,848	1,197,700
Royalty	32,266	47,541
Others	(3,887)	(6,901)
	$ 1,115,227	**1,238,340**

As of December 31, 2023 and 2022, the inventories of the Group had pledged, please refer to note 8.

(e) Investments accounted for using equity method

The components of investments accounted for using the equity method at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Associates	**$ 159,246**	**198,890**

(i) Associates

On March, 2021, the Group acquired 1,000 thousand shares, equivalent to 20% of LiquidStack Holding B.V. (LiquidStack) for $276,609 thousand (USD 10,000 thousand) in cash, resulting in the Group to have significant influence over LiquidStack. In the 2nd quarter of 2023, the Group did not subscribe proportionately in the capital increase of LiquidStack, resulting in its shareholding in LiquidStack to decrease from 20.00% to 15.13%. Since the above transactions did not have any impact on the Group's significant influence over LiquidStack, the equity change was regarded as an equity transaction. The following summarizes the changes in equity of the associate due to changes in the equity of associates amounting to $22,239, recognized as capital surplus. The relevant information was as follows:

Name of associate	Nature of Relationship with the Group	Main operating location / Registered Country of the Company	Proportion of Shareholding and voting rights: December 31, 2023	Proportion of Shareholding and voting rights: December 31, 2022
LiquidStack Holding B.V.	R&D of liquid cooling technology	Netherlands	15.13%	20.00%

The Group's financial information on investments accounted for using the equity method that are individually insignificant was as follows. This financial information is included in the consolidated financial statements.

	December 31, 2023	December 31, 2022
Carrying amount of individually insignificant associates' equity	**$ 159,246**	**198,890**

(Continued)

	2023	2022
Attributable to the Group:		
Net loss from continuing operations	$ (63,979)	(67,968)
Other comprehensive (loss) income	2,096	16,767
Comprehensive income	**$ (61,883)**	**(51,201)**

(ii) Pledge

As of December 31, 2023 and 2022, the investments accounted for using equity method were not pledged.

(f) Property, plant and equipment

The cost and accumulated depreciation of the property, plant and equipment of the Group for the years ended December 31, 2023 and 2022, were as follows:

	Land	Buildings	Research and development equipment	Machinery and equipment	Lease improvements	Other equipment	Construction in progress	Total
Cost or deemed cost:								
Balance on January 1, 2023	$ 168,929	-	225,454	839,654	429,162	1,066,182	851,023	3,580,404
Additions	495,405	76,665	15,412	522,103	47,266	199,315	2,314,739	3,670,905
Disposals	-	-	(2,484)	(1,670)	(4,600)	(5,900)	-	(14,654)
Reclassification (Note)	-	761,458	4,876	117,317	67,290	219,976	(861,022)	309,895
Effect of changes in foreign exchange rates	14,556	(18,597)	-	(646)	6,167	31,995	40,592	74,067
Balance on December 31, 2023	**$ 678,890**	**819,526**	**243,258**	**1,476,758**	**545,285**	**1,511,568**	**2,345,332**	**7,620,617**
Balance on January 1, 2022	$ -	-	185,806	784,754	275,357	678,649	40,056	1,964,622
Additions	159,233	-	40,645	25,537	17,333	180,375	847,746	1,270,869
Disposals	-	-	(3,056)	-	-	(6,893)	-	(9,949)
Reclassification (Note)	-	-	2,059	24,237	134,039	163,884	(74,264)	249,955
Effect of changes in foreign exchange rates	9,696	-	-	5,126	2,433	50,167	37,485	104,907
Balance on December 31, 2022	**$ 168,929**	**-**	**225,454**	**839,654**	**429,162**	**1,066,182**	**851,023**	**3,580,404**
Accumulated depreciation:								
Balance on January 1, 2023	$ -	-	144,942	399,481	273,142	606,261	-	1,423,826
Depreciation	-	20,440	32,360	154,981	83,781	286,243	-	577,805
Disposals	-	-	(2,483)	(939)	(4,438)	(5,573)	-	(13,433)
Effect of changes in foreign exchange rates	-	(454)	-	(150)	426	6,904	-	6,726
Balance on December 31, 2023	**$ -**	**19,986**	**174,819**	**553,373**	**352,911**	**893,835**	**-**	**1,994,924**
Balance on January 1, 2022	$ -	-	118,683	256,576	173,911	377,032	-	926,202
Depreciation	-	-	29,313	139,849	99,149	216,868	-	485,179
Disposals	-	-	(3,054)	-	-	(6,075)	-	(9,129)
Effect of changes in foreign exchange rates	-	-	-	3,056	82	18,436	-	21,574
Balance on December 31, 2022	**$ -**	**-**	**144,942**	**399,481**	**273,142**	**606,261**	**-**	**1,423,826**
Carrying value:								
Balance on December 31, 2023	**$ 678,890**	**799,540**	**68,439**	**923,385**	**192,374**	**617,733**	**2,345,332**	**5,625,693**
Balance on December 31, 2022	**$ 168,929**	**-**	**80,512**	**440,173**	**156,020**	**459,921**	**851,023**	**2,156,578**
Balance on January 1, 2022	**$ -**	**-**	**67,123**	**528,178**	**101,446**	**301,617**	**40,056**	**1,038,420**

(Note): Reclassified from prepayment for equipment and construction in progress reclassified to buildings, machinery and equipment, lease improvements and other equipment.

(Continued)

As of December 31, 2023 and 2022, the property, plant and equipment were not pledged.

(g) Right-of-use assets

The cost and accumulated depreciation of the Group leases land, buildings and other equipment for the years ended December 31, 2023 and 2022, were as follows:

	Land	Buildings	Other equipment	Total
Cost:				
Balance on January 1, 2023	$ -	1,427,500	2,747	1,430,247
Acquisitions	11,880	667,732	9,344	688,956
Disposals	-	(1,806)	(2,304)	(4,110)
Effect of changes in foreign exchange rates	-	119,888	(114)	119,774
Balance on December 31, 2023	**$ 11,880**	**2,213,314**	**9,673**	**2,234,867**
Balance on January 1, 2022	$ -	916,328	5,309	921,637
Acquisitions	-	424,054	430	424,484
Disposals	-	(21,437)	(3,042)	(24,479)
Effect of changes in foreign exchange rates	-	108,555	50	108,605
Balance on December 31, 2022	**$ -**	**1,427,500**	**2,747**	**1,430,247**
Accumulated depreciation:				
Balance on January 1, 2023	$ -	433,266	1,547	434,813
Depreciation	247	302,598	1,464	304,309
Disposals	-	(1,806)	(1,766)	(3,572)
Effect of changes in foreign exchange rates	-	26,327	(12)	26,315
Balance on December 31, 2023	**$ 247**	**760,385**	**1,233**	**761,865**
Balance on January 1, 2022	$ -	247,566	2,545	250,111
Depreciation	-	189,323	2,011	191,334
Disposals	-	(21,437)	(3,042)	(24,479)
Effect of changes in foreign exchange rates	-	17,814	33	17,847
Balance on December 31, 2022	**$ -**	**433,266**	**1,547**	**434,813**
Carrying amount:				
Balance on December 31, 2023	**$ 11,633**	**1,452,929**	**8,440**	**1,473,002**
Balance on December 31, 2022	**$ -**	**994,234**	**1,200**	**995,434**
Balance on January 1, 2022	**$ -**	**668,762**	**2,764**	**671,526**

(Continued)

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Notes to the Consolidated Financial Statements

(h) Intangible assets

The cost and accumulated amortization of the intangible assets for the years ended December 31, 2023 and 2022, were as follows:

	Software	Others	Total
Costs:			
Balance on January 1, 2023	$ 282,840	1,040	283,880
Additions	113,541	-	113,541
Effect of changes in foreign exchange rates	4,288	-	4,288
Balance on December 31, 2023	**$ 400,669**	**1,040**	**401,709**
Balance on January 1, 2022	$ 158,004	1,040	159,044
Additions	123,220	-	123,220
Effect of changes in foreign exchange rates	1,616	-	1,616
Balance on December 31, 2022	**$ 282,840**	**1,040**	**283,880**
Accumulated amortization:			
Balance on January 1, 2023	$ 146,329	-	146,329
Amortization	120,025	-	120,025
Effect of changes in foreign exchange rates	2,966	-	2,966
Balance on December 31, 2023	**$ 269,320**	**-**	**269,320**
Balance on January 1, 2022	$ 60,312	-	60,312
Amortization	85,072	-	85,072
Effect of changes in foreign exchange rates	945	-	945
Balance on December 31, 2022	**$ 146,329**	**-**	**146,329**
Carrying value:			
Balance on December 31, 2023	**$ 131,349**	**1,040**	**132,389**
Balance on December 31, 2022	**$ 136,511**	**1,040**	**137,551**
Balance on January 1, 2022	**$ 97,692**	**1,040**	**98,732**

(i) Amortization

For the years ended December 31, 2023 and 2022, the amortization of intangible assets is included in the statement of comprehensive income:

	2023	2022
Operating costs	$ 34,721	33,093
Operating expenses	85,304	51,979
	$ 120,025	**85,072**

(ii) Pledge

As of December 31, 2023 and 2022, the intangible assets were not pledged.

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

	December 31, 2023	December 31, 2022
Other current assets:		
Tax refundable	$ 632,625	236,445
Other prepayments	303,489	210,875
Others	163,209	269,703
	$ 1,099,323	**717,023**
Other non-current assets:		
Refundable deposits	$ 246,153	334,990
Restricted deposits	43,608	29,582
Prepayments for equipment	957,746	55,700
Prepayments for land	-	238,168
	$ 1,247,507	**658,440**

(j) Bank Loans

(i) Short-term borrowings

The details of the Group for short-term borrowings were as follows:

	December 31, 2023			
	Currency	**Interest rate collars**	**Expiration**	**Amount**
Unsecured bank borrowings	USD	6.35%~6.36%	2024/1/15~2024/1/25	**$ 383,793**
Unused credit line				**$ 64,335,748**

	December 31, 2022			
	Currency	**Interest rate collars**	**Expiration**	**Amount**
Unsecured bank borrowings	-	-	-	**$ -**
Unused credit line				**$ 57,658,356**

(ii) Long-term borrowings

	December 31, 2023			
	Currency	**Interest rate collars**	**Expiration**	**Amount**
Unsecured bank borrowings	NTD	2.74%	2026/1/6	**$ 1,500,000**
Unused credit line				**$ -**

There was no such transaction as of December 31, 2022.

(Continued)

(iii) Breach of covenant－Long-term borrowings

According to the loan agreement, during the loan repayment periods, the Company must comply with certain financial covenants, such as current ratio, net debt to equity ratio, interest coverage ratio and tangible net worth, based on its audited annual consolidated financial statements, which shall be reviewed after issuance. Also, the Company is required to provide its financial statements semi-annually. Furthermore, if the financial ratios mentioned above cannot be maintained, the Company shall be granted an improvement period of 6 months, starting from the day after the audited annual consolidated financial statements were issued. However, if the Company failed to do so, the financial covenants may be renegotiated with the bank.

(k) Bonds payable

The details of unsecured ordinary bonds were as follows:

	December 31, 2023	December 31, 2022
Total ordinary corporate bonds issued	$ 9,450,000	9,450,000
Unamortized discounted bonds payable	(7,082)	(10,317)
Subtotal	9,442,918	9,439,683
Less: current portion	(2,500,000)	-
Bonds payable balance at year-end	**$ 6,942,918**	**9,439,683**

	2023	2022
Interest expense	**$ 72,770**	**72,770**

The Group issued 4,450 unsecured 5-years ordinary corporate bonds, and pays interest yearly at a fixed interest rate of 0.63% in Taiwan on August 6, 2021. It is agreed that half of principal will be repaid in the fourth and fifth years.

The Group issued 5,000 unsecured 5-years ordinary corporate bonds, and pays interest yearly at a fixed interest rate of 0.83% in Taiwan on October 20, 2020. It is agreed that half of principal will be repaid in the fourth and fifth years.

(l) Lease liabilities

The carrying amounts of lease liabilities were as follow:

	December 31, 2023	December 31, 2022
Current	**$ 332,877**	**211,343**
Non-current	**$ 1,188,100**	**801,865**

For the maturity analysis, please refer to note 6(t).

(Continued)

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest expenses on lease liabilities	**$ 70,749**	**60,491**
Cost and expenses relating to short-term leases	**$ 141,835**	**161,081**

The amounts recognized in the statement of cash flows were as follows:

	2023	2022
Total cash outflow for leases	**$ 491,560**	**395,453**

(i) Real estate leases

The Group leases land and buildings for its office space and factory. The leases of land run for 20 years, of office space typically for a period of 2 to 5 years, and of factory for 2 to 10 years and staff dormition for 2 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

The Group leases other equipment, with lease terms of 3 to 5 years. In some cases, the Group has options to purchase the assets at the end of the contract term.

(m) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value is as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$ 69,534	67,182
Fair value of plan assets	(62,896)	(58,751)
Net defined benefit liabilities	**$ 6,638**	**8,431**

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan and Taipei Fubon commercial bank that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

(Continued)

The Group's Bank of Taiwan and Taipei Fubon commercial bank labor pension reserve account balance amounted to $62,896 thousand and $58,751 thousand, respectively, as of December 31, 2023 and 2022. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the Group were as follows:

		2023	2022
Defined benefit obligations at January 1	$	67,182	67,270
Current service cost		444	401
Interest expenses		1,021	370
Net remeasurements of defined benefit liability		6,176	(859)
Benefit paid by the plan		(5,289)	-
Defined benefit obligations at December 31	**$**	**69,534**	**67,182**

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group were as follows:

		2023	2022
Fair value of plan assets at January 1	$	58,751	53,680
Interest income		885	288
Net remeasurements of defined benefit assets		(609)	(95)
Amounts contributed to plan		9,158	4,878
Benefit paid by the plan		(5,289)	-
Fair value of plan assets at December 31	**$**	**62,896**	**58,751**

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follow:

		2023	2022
Current service cost	$	444	401
Net interest of net liabilities for defined benefit obligations		136	82
	$	**580**	**483**
Operating expense	**$**	**580**	**483**

5) Remeasurements of the net defined benefit liability recognized in other comprehensive income

(Continued)

The Group's remeasurement of the net defined benefit liability recognized in other comprehensive income for the years ended December 31, 2023 and 2022, was as follows:

		2023	2022
Accumulated amount at January 1	$	12,517	13,281
Recognized during the period		6,785	(764)
Accumulated amount at December 31	**$**	**19,302**	**12,517**

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.625%	1.750%
Future salary increases	4.000%	4.000%

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is $5,868 thousand.

The weighted-average lifetime of the defined benefits plans is 14.04 years.

7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

		Effects to the defined benefit obligation	
		Increase 0.25%	Decrease 0.25%
December 31, 2023:			
Discount rate (change in 0.25%)	$	(1,295)	1,352
Future salary increases (change in 0.25%)		1,297	(1,250)
December 31, 2022:			
Discount rate (change in 0.25%)		(1,437)	1,497
Future salary increases (change in 0.25%)		1,441	(1,386)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above.

The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

(Continued)

(i) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The subsidiaries of the Group are under defined contribution plan in accordance with local regulations, and they recognized pension cost and were made to local government.

The Group's pension costs under the defined contribution plan were $309,464 thousand and $216,759 thousand for the years 2023 and 2022, respectively. Payments were made to the Bureau of Labor Insurance and to local government for the overseas subsidiaries.

(n) Income taxes

(i) Income tax expense

The components of income tax were as follows:

		2023	2022
Current tax expense			
Current period	$	3,574,868	4,018,745
Adjustments for prior periods		16,998	(27,918)
		3,591,866	3,990,827
Deferred tax expense (profit)			
Origination and reversal of temporary different		(191,842)	(268,253)
Current period	**$**	**3,400,024**	**3,722,574**

(ii) The amount of income tax recognized in other comprehensive income (loss) for 2023 and 2022 were as follows:

	2023	2022
Items that may not be reclassified subsequently profit or loss:		
Gains (loss) on remeasurements of defined benefit plans	**$ 1,357**	**(153)**

(Continued)

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Notes to the Consolidated Financial Statements

(iii) Reconciliation of income tax and profit before tax for 2023 and 2022 are as follows:

	2023	2022
Income before tax	$ 15,443,679	17,897,283
Income tax using the Company's domestic tax rate	3,088,736	3,579,457
Effect of tax rates in foreign jurisdiction	339,734	167,178
Additional tax on undistributed earnings	150,537	57,511
Tax incentives	(218,728)	(67,525)
Prior-period tax adjustments	16,998	(27,918)
Others	22,747	13,871
Income tax expense	**$ 3,400,024**	**3,722,574**

(iv) Deferred tax assets and liabilities

1) Unrecognized deferred tax asset and liability

As of December 31, 2023 and 2022, the details of unrecognized deferred tax assets were as follows:

	December 31, 2023	December 31, 2022
Unrecognized deferred tax asset:		
Tax effect of deductible temporary difference	**$ 20,467**	**20,449**

There was no significant unrecognized deferred tax liabilities as of December 31, 2023 and 2022.

2) Recognized deferred tax assets and liabilities

Changes in the amounts of deferred tax assets and liabilities for 2023 and 2022 were as follows:

	Unrealized exchange loss	Unrealized inter-company profits	Accrued expense	Other	Total
Deferred tax assets:					
Balance at January 1, 2023	$ 47,290	150,825	365,986	75,698	639,799
Recognized in profit or loss	(2,868)	152,342	42,022	179,609	371,105
Recognized in other comprehensive income	-	-	-	1,357	1,357
Balance at December 31, 2023	**$ 44,422**	**303,167**	**408,008**	**256,664**	**1,012,261**
Balance at January 1, 2022	$ 27,422	99,257	140,645	37,210	304,534
Recognized in profit or loss	19,868	51,568	225,341	38,641	335,418
Recognized in other comprehensive income	-	-	-	(153)	(153)
Balance at December 31, 2022	**$ 47,290**	**150,825**	**365,986**	**75,698**	**639,799**

(Continued)

	Recognized share of gain of subsidiaries and associates accounted for equity method	Other	Total
Deferred tax liabilities:			
Balance at January 1, 2023	$ 284,073	2,338	286,411
Recognized in profit or loss	180,932	(1,669)	179,263
Balance at December 31, 2023	**$ 465,005**	**669**	**465,674**
Balance at January 1, 2022	$ 199,143	20,103	219,246
Recognized in profit or loss	84,930	(17,765)	67,165
Balance at December 31, 2022	**$ 284,073**	**2,338**	**286,411**

(v) The ROC income tax authorities have examined the Company's income tax returns for all years through 2021.

(o) Capital and other equity

As of December 31, 2023 and 2022, the Company's authorized common shares consisted of 250,000 thousand shares with a par value of $10 per share, amounted to $2,500,000 thousands, of which 174,841 thousand shares, were issued and outstanding.

(i) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2023	December 31, 2022
A premium issuance of common shares for cash	$ 8,436,510	8,436,510
Employee stock options	364,685	364,685
Changes in equity of associates and joint ventures accounted for using equity method	22,239	-
others	16,185	16,185
	$ 8,839,619	**8,817,380**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(Continued)

(ii) Retained earnings

The Company's Articles of Incorporation stipulate that if the Company has a profit as a result of the yearly accounting closing, ten percent of the profit net of tax and the amount for making up of any accumulated loss shall be set aside as legal reserve, and thereafter an amount, including the reserved special reserve, shall be set aside, along with any undistributed profits accumulated from previous years to be identified as profits to be distributed. The amount of dividends to shareholders shall not less than 10% of profit from the currency year.

As the Company is a technology and capital-intensive enterprise and is in its growth phase, it has adopted a more prudent approach in the appropriation of its remaining earnings as its dividend policy, in order to sustain its long-term capital needs and thereby maintain continuous development and steady growth. Under this approach, the distribution of cash dividend is not lower than 10% of total distribution of dividends.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with regulations by the FSC, a special reserve equal to the contra account of other shareholders' equity is appropriated from current and prior period earnings. For the year 2022 and 2021 earnings distribution in 2023 and 2022, the amount to be reclassified to special reserve shall be a portion of current–period after-tax net profit plus items other than current-period after-tax net profit in the undistributed retained earnings and undistributed prior-period earning. When the debit balance of any of the contra accounts in the shareholders' entity is reserved, the related special reserve can be reversed. The subsequent reversals of the contra accounts in shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

The appropriation of 2022 and 2021 earnings that were approved by the shareholders' meeting on May 29, 2023 and May 31,2022, respectively, were as follow:

	2022	2021
Dividends distributed to ordinary shareholders		
Cash	**$ 8,742,040**	**4,371,020**

The amount of cash dividends for 2023 has been approved during the board meeting held on February 26, 2024. The relevant dividend distributions to shareholder was as follow:

	2023
Dividends distributed to ordinary shareholders	
Cash	**$ 7,343,313**

(Continued)

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Notes to the Consolidated Financial Statements

(iii) Other equity (net of tax)

	Exchange differences on translation of foreign financial statements
Balance on January 1, 2023	$ 1,181,660
Exchange differences on translation of foreign financial statements	126,524
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	2,096
Balance on December 31, 2023	**$ 1,310,280**
Balance on January 1, 2022	$ (431,020)
Exchange differences on translation of foreign financial statements	1,612,680
Balance on December 31, 2022	**$ 1,181,660**

(p) Earnings per share

The calculation of basic and diluted earnings per share (unit: NTD in dollar) is as follows:

	2023	2022
Basic earnings per share:		
Profit attributable to common shareholders of the Company	**$ 12,043,655**	**14,174,709**
Weighted-average common stock outstanding (in thousands)	**174,841**	**174,841**
	$ 68.88	**81.07**
Diluted earnings per share:		
Profit attributable to common shareholders of the Company	**$ 12,043,655**	**14,174,709**
Weighted-average common stock outstanding (in thousands)	174,841	174,841
Effect of potentially dilutive common stock (in thousands):		
Employee compensation	596	1,263
Weighted average common stock outstanding plus the effect of potentially dilutive common stock (in thousands)	**175,437**	**176,104**
	$ 68.65	**80.49**

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(q) Revenue from contracts with customers

(i) Disaggregation of revenue

	2023	2022
Primary geographical markets		
America	$ 190,096,753	233,994,036
Europe	28,795,628	36,285,287
Asia	20,075,549	19,456,058
Other	2,933,059	3,140,659
	$ 241,900,989	**292,876,040**
Major products		
Hyperscale data center	**$ 241,900,989**	**292,876,040**

(ii) Contract balance

	December 31, 2023	December 31, 2022	January 1, 2022
Accounts receivable	$ 10,131,202	18,698,313	12,727,277
Accounts receivable – related parties	232,029	1,090,375	443,538
Less: loss allowance	-	(7,818)	(4,686)
	$ 10,363,231	**19,780,870**	**13,166,129**

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities – warranty and advance receivable	**$ 5,950,026**	**5,296,970**	**3,360,972**

For details on accounts receivable and loss allowance, please refer to note 6(b).

The contract liabilities were primarily related to the advance received from customers due to the warranty service and sales of goods. The major change in the balance of contract liabilities was the difference between the time frame of the performance obligation to be satisfied and the payment to be received. The amounts of revenue recognized for the year ended December 31, 2023 and 2022 that were included in the contract liability balances at the beginning of the years were $3,580,566 and $1,861,424, respectively.

(iii) Transaction price allocated to the remaining performance obligations

The Group recognizes revenue in the amount to which the Group has a right to invoice, thus the Group applies the practical expedient of IFRS 15 and does not disclose information about the transaction price allocated to the remaining performance obligations of the contract.

(Continued)

(r) Employee's and directors' compensation

According to the Company's Article of Incorporation, if the Company has profit (which means income before tax excluding the amounts of employees' and directors' compensation) shall be contributed by the following rules. However, if the amount Company have accumulated deficit, it shall reserve the amount for offsetting deficit.

(i) No less than 5% of profit as employees' compensation. The Company may distributed in the form of shares or in cash, and the qualification requirements of employees, including the employees of subsidiaries of the Company meeting certain specific requirement shall be determined by the Board of Directors.

(ii) No more than 1% of profit as the compensation in cash to the Directors.

The Company estimated its employees' and directors' compensation as follows:

	For the years ended December 31,	
	2023	**2022**
Employees' compensation	$ 800,000	935,000
Directors' compensation	30,000	36,000
	$ 830,000	**971,000**

The amount of employees' and directors' compensation were estimated based on profit before tax, net of the amount of compensation, and multiplied by the rule of Company's Article of Incorporation. The amounts were accounted for under cost of sales and operating expenses. The differences between the estimated amounts in the financial statements and the actual amounts approved by the Board of Directors, if any, shall be accounted for as a change in accounting estimate and recognized in next year.

The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2023 and 2022. Related information would be available at the Market Observation Post System website.

(s) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	2023	**2022**
Interest income from bank deposits	**$ 455,501**	**155,871**

(Continued)

(ii) Other income

The details of other income were as follows:

	2023	2022
Others	**$ -**	**809**

(iii) Other gains and losses

The details of other gains and losses were as follows:

	2023	2022
Foreign exchange gains, net	59,077	930,598
Gains (losses) on valuation of financial assets and liabilities at fair value	40,517	(100,986)
Gains on disposal of investments	5,339	-
Others	29,821	26,293
Total	**$ 134,754**	**855,905**

(iv) Finance costs

The details of finance costs were as follows:

	2023	2022
Interest expenses		
Bank loans	$ (809,624)	(748,353)
Bonds payable	(72,770)	(72,770)
Others	(70,749)	(60,491)
Total	**$ (953,143)**	**(881,614)**

(t) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

(Continued)

2) Concentration of credit risk

The Group's majority customers are in Cloud Infrastructure and Hyperscale Data Center industries. To reduce concentration of credit risk, the Group evaluates customers' financial positions periodically and requires customers to provide collateral, if necessary. In addition, the Group evaluates the aging of accounts receivable periodically, accrue allowance for doubtful accounts and purchasing insurance contracts of accounts receivable, if necessary. Historically, impairment losses has always been under management's expectation. As of December 31, 2023 and 2022, 94.38%, 92.18% of the Group's accounts receivable were concentrated on 3 and 5 specific customers, respectively. Accordingly, concentrations of credit risk exist.

3) Receivable and debt securities

For credit risk exposure of accounts receivable, please refer to note 6(b). Other financial assets at amortized cost includes other receivables.

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses(Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(g)).

As of December 31, 2023 and 2022, the other receivables were not accrue any loss allowance.

(ii) Liquidity risk

The followings table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flow	Within 1 year	1-5 years	More than 5 years
December 31, 2023					
Non-derivative financial liabilities					
Short-term borrowings	$ 383,793	385,957	385,957	-	-
Long-term borrowings	1,500,000	1,592,624	41,129	1,551,495	-
Bonds payable (including current portion)	9,442,918	9,562,860	2,565,442	6,997,418	
Notes and accounts payable (including related parties)	20,169,354	20,169,354	20,169,354	-	-
Other payables (including related parties)	4,317,222	4,317,222	4,317,222	-	-
Lease liabilities (including current and non-current)	1,520,977	1,701,769	413,582	1,125,386	162,801
Other current liabilities	952,785	952,785	952,785	-	-
Guarantee deposits received	14,000	14,000	-	14,000	-
Total	**$ 38,301,049**	**38,696,571**	**28,845,471**	**9,688,299**	**162,801**

(Continued)

	Carrying amount	Contractual cash flow	Within 1 year	1-5 years	More than 5 years
December 31, 2022					
Non-derivative financial liabilities					
Bonds payable	$ 9,439,683	9,632,396	69,535	9,562,861	-
Notes and accounts payable (including related parties)	26,464,920	26,464,920	26,464,920	-	-
Other payables (including related parties)	3,132,145	3,132,145	3,132,145	-	-
Lease liabilities (including current and non-current)	1,013,208	1,223,825	261,489	590,143	372,193
Guarantee deposits received	951,948	951,948	951,948	-	-
Total	**$ 41,001,904**	**41,405,234**	**30,880,037**	**10,153,004**	**372,193**

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Market risk

1) Currency risk

The Group's significant exposure to foreign currency risk of financial assets, financial liabilities and others were as follows:

	December 31, 2023			
	Foreign currency (in thousands)	Exchange rate		NTD
Financial assets				
Monetary items				
USD	503,680	USD/NTD=	30.735	15,480,581
	16,741	USD/MXN=	16.953	514,528
	10,569	USD/JPY=	141.670	324,839
	5,299	USD/MYR=	4.590	162,872
	-	USD/CNY=	7.108	12
	-	USD/KRW=	1,291.350	2
Non-monetary items				
USD	5,181	USD/NTD=	30.735	159,246
Financial liabilities				
Monetary items				
USD	343,527	USD/NTD=	30.735	10,558,295
	33,566	USD/MYR=	4.590	1,031,639
	13,539	USD/JPY=	141.670	416,119
	227	USD/MXN=	16.953	6,989

(Continued)

	December 31, 2022			
	Foreign currency (in thousands)	Exchange rate		NTD
Financial assets				
Monetary items				
USD	1,027,386	USD/NTD=	30.708	31,548,967
	18,606	USD/JPY=	133.090	571,372
	8,494	USD/MXN=	19.498	260,832
Non-monetary items				
USD	6,477	USD/NTD=	30.708	198,890
Financial liabilities				
Monetary items				
USD	405,373	USD/NTD=	30.708	12,448,197
	29,573	USD/JPY=	133.090	908,143
	120	USD/MXN=	19.498	3,674

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable (including related parties) and other receivables (including related parties), loans and borrowings, notes and accounts payable (including related parties) and other payables (including related parties) that are denominated in foreign currency. A strengthening (weakening) 5 % of appreciation (depreciation) of the NTD against the USD for the years ended December 31, 2023 and 2022, the net income would be changed by $178,792 thousand and $760,846 thousand, respectively. The analysis assumes that all other variable remain constant.

Since the Group has many kinds of functional currency, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For the years ended December 31, 2023 and 2022, foreign exchange gains (including realized and unrealized portions) amounted to $59,077 thousand and $930,598 thousand, respectively.

2) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of non-derivative financial instruments on the reporting date. Regarding liabilities with variable rates, the analysis is based on the assumption that the liabilities were outstanding for lifetime on the reporting date.

(Continued)

If the interest rate increased / decreased by 1%, the Group's net income would have been changed by $5,706 thousand and $6,845 thousand, respectively, for the years ended December 31, 2023 and 2022, with all other variable factors that remain constant. This is mainly due to the Group's borrowings at floating variable rate.

(iv) Fair value information

1) Categories and fair values of financial instruments

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It shall not include fair value information of the financial assets, financial liabilities and lease liabilities not measured at fair value if the carrying amount is a reasonable approximation of the fair value and lease liabilities.

	December 31, 2023				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Accounts receivable	**$ 4,151,074**	-	-	-	-
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 37,494,848	-	-	-	-
Accounts receivable (including related parties)	6,212,157	-	-	-	-
Other receivable (including related parties)	58,727	-	-	-	-
Other non-current assets	289,761	-	-	-	-
Subtotal	**$ 44,055,493**	-	-	-	-
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 383,793	-	-	-	-
Long-term borrowings	1,500,000	-	-	-	-
Bonds payable (including current portion)	9,442,918	-	-	-	-
Notes and accounts payable (including related parties)	20,169,354	-	-	-	-
Other payables (including related parties)	4,317,222	-	-	-	-
Lease liabilities (including current and non-current)	1,520,977	-	-	-	-
Other current liabilities	952,785	-	-	-	-
Guarantee deposits received	14,000	-	-	-	-
Subtotal	**$ 38,301,049**	-	-	-	-

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	December 31, 2022				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Accounts receivable	**$ 235,006**	-	-	-	-
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 26,231,920	-	-	-	-
Accounts receivable (including related parties)	19,545,864	-	-	-	-
Other receivable (including related parties)	1,309,541	-	-	-	-
Other non-current assets	364,572	-	-	-	-
Subtotal	**$ 47,451,897**	-	-	-	-
Financial liabilities measured at amortized cost					
Bonds payable	$ 9,439,683	-	-	-	-
Notes and accounts payable (including related parties)	26,464,920	-	-	-	-
Other payables (including related parties)	3,132,145	-	-	-	-
Lease liabilities (including current and non-current)	1,013,208	-	-	-	-
Guarantee deposits received	951,948	-	-	-	-
Subtotal	**$ 41,001,904**	-	-	-	-

2) Valuation techniques for financial instruments measured at fair value: None

3) Transfers between Level 1 and Level 2: none.

4) Changes between Level 3: none.

5) Offsetting financial assets and financial liabilities

The Group has financial instruments transactions applicable to the International Financial Reporting Standards Sections 42 NO. 32 approved by the FSC which required for offsetting. Financial assets and liabilities relating to those transactions are recognized in the net amount of the balance sheets.

	December 31, 2023					
	Financial assets that are offset which have an exercisable master netting arrangement or similar agreement					
				Amounts not offset in the balance sheet (d)		
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Financial instruments	Cash collateral received	Net amounts (e)=(c)-(d)
Other receivable	**$ 303,828**	**303,828**	-	-	-	-

(Continued)

	December 31, 2023					
	Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement					
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amounts (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Notes payable and accounts payable	$ 4,545,469	303,828	4,241,641	-	-	4,241,641

	December 31, 2022					
	Financial assets that are offset which have an exercisable master netting arrangement or similar agreement					
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amounts (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Other receivable	$ 169,444	169,444	-	-	-	-

	December 31, 2022					
	Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement					
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amounts (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Notes payable and accounts payable	$ 9,965,364	169,444	9,795,920	-	-	9,795,920

(u) Financial risk management

There Group have exposures to the following risks form its financial instruments:

(i) Overview

1) Credit risk

2) Liquidity risk

3) Market risk

The following likewise discusses the Group’s objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Group’s finance management department provides business services for the overall internal department. It sets the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both the domestic and international financial market operations.

(Continued)

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to financial instruments fails to meet its contractual obligations that arise principally from the Group's accounts receivable and investment.

1) Accounts and other receivable

The Group's credit policy is transacting with creditworthy customers, and obtains collateral to mitigate risks arising from financial loss due to default. The Group will transact with corporations of credit ratings equivalent to investment grade and such ratings are provided by independent rating agencies. Where it is not possible to obtain such information, the Group will assess the ratings based on other publicly available financial information and transactions records with its major customers. The Group continues to monitor the exposure to credit risk and counterparty credit rating, and evaluate the customers' credit rating and credit limit via automatic finance system to manage the credit exposure.

The Group did not have any collateral or other credit enhancements to avoid credit risk of financial assets.

2) Investment

The credit risk exposure in the bank deposits and other financial instruments are measured and monitored by the Group's finance department. Since the Group's transactions resulted from the external parties with good credit standing and investment grade above financial institutions, publicly-traded stocks companies and non publicly-traded stocks companies, with good credit ratings, there are no incompliance issues and therefore no significant credit risk.

3) Guarantee

According to the Group's policy, the Group can only provide guarantee to which is listed under the regulation. The Group did not provide guarantees to any other company as of December 31, 2023 and 2022.

(Continued)

(iv) Liquidity risk

The Group maintains sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the bank loan facilities and ensures in compliance with the terms of the loan agreements.

The loan was an important source of liquidity for the Group. As of December 31, 2023 and 2022, the Group has unused credit lines for bank loans of $64,335,748 thousand and $57,658,356 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities. The currencies used in these transactions are denominated in USD.

The foreign currency assets and liabilities might lead to the interest risk since the fluctuation of the market exchange rate influence the Group's future cash flow. The Group entering into forward and swap contracts are intended to manage the exchange rate risk due to the Group's current and future demand for foreign currency.

The contract periods are decided in consideration of the Group's foreseeable assets and liabilities and expected cash flow. At the maturity date of the derivative contract, the Group will settle these contracts using the foreign currencies arising from the assets denominated in foreign currency.

2) Interest risk

The Group's short-term borrowings, bear floating interest rates. The changes in effective rate along with the fluctuation of the market interest rate influence the Group's future cash flow. The Group reduces the interest risks by negotiating the loan interest rates frequently with banks.

3) Other market price risk

The Group monitors the risk arising from its FVOCI security instruments, which are held for monitoring cash flow requirements and unused capital. The management of the Group monitors the combination of equity securities and open-market funds in its investment portfolio based on cash flow requirements. Material investments within the portfolio are managed on an individual basis, and all buy-and-sell decisions are approved by the Board of directors.

(Continued)

(v) Capital management

The Group meets its objectives for managing capital to safeguard the capacity to continue to operate, and provide a return to the shareholders, also, to benefit other related parties, at the same time, to maintain an optional capital structure to reduce the cost of capital. Capital includes common share, capital surplus and retained earnings. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares or sell assets to settle any liabilities.

For the year ended December 31, 2023, the Group's capital management strategy is consistent with 2022. The Group's debt to asset ratio and debt to capital ratio at the end of the reporting period as of December 31, 2023 and 2022, were as follows:

	December 31, 2023	December 31, 2022
Debt to asset ratio	**52%**	**56%**
Debt to capital ratio	**110%**	**129%**

(w) Investing and financing activities not affecting current cash flow

For the years ended December 31, 2023 and 2022, reconciliations of liabilities arising from financing activities were as follows:

			Non-cash changes					
	January 1, 2023	Cash flows	Change in lease payments	Addition	Interest expenses	Reclassification	Foreign exchange movement	December 31, 2023
Short-term borrowings	$ -	392,503	-	-	-	-	(8,710)	383,793
Long-term borrowings	-	1,500,000	-	-	-	-	-	1,500,000
Bonds payable	9,439,683	-	-	-	3,235	(2,500,000)	-	6,942,918
Current portion of long-term liabilities	-	-	-	-	-	2,500,000	-	2,500,000
Lease liabilities	1,013,208	(278,976)	(560)	688,956	-	-	98,349	1,520,977
Guarantee deposits received	951,948	14,000	-	-	-	(965,185)	13,237	14,000
Total liabilities from financing activities	**$ 11,404,839**	**1,627,527**	**(560)**	**688,956**	**3,235**	**(965,185)**	**102,876**	**12,861,688**

			Non-cash changes					
	January 1, 2022	Cash flows	Change in lease payments	Addition	Interest expense	Reclassification	Foreign exchange movement	December 31, 2022
Short-term borrowings	$ 21,265,920	(22,560,682)	-	-	-	-	1,294,762	-
Bonds payable	9,436,448	-	-	-	3,235	-	-	9,439,683
Lease liabilities	671,015	(173,881)	(395)	424,484	-	-	91,985	1,013,208
Guarantee deposits received	-	924,953	-	-	-	-	26,995	951,948
Total liabilities from financing activities	**$ 31,373,383**	**(21,809,610)**	**(395)**	**424,484**	**3,235**	**-**	**1,413,742**	**11,404,839**

(7) Related-party transactions:

(a) Parent company and ultimate controlling party

Wistron Corporation is the parent company and the ultimate controlling party of the Group. As of December 31, 2023 and 2022, it owns 37.68%, respectively, of all shares outstanding of the Company.

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(b) Names and relationship with related parties

The followings are related parties that have had transactions with the Group during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Wistron Corporation (WHQ)	Parent Company
Wistron InfoComm (Czech), s.r.o. (WCCZ)	Other related parties
Wistron Mexico, S.A. de C.V. (WMX)	Other related parties
ICT Service Management Solutions (India) Private Limited (WIN)	Other related parties
International Standards Laboratory Corp. (ISL)	Other related parties
Wistron InfoComm (Zhongshan) Corporation (WZS)	Other related parties
SMS InfoComm Technology Services and Management Solutions Ltd. (WBR)	Other related parties
Wistron InfoComm (Kushan) Co., Ltd. (WAKS)	Other related parties
SMS InfoComm Corporation (WTX)	Other related parties
Wistron InfoComm Technology (Texas) Corporation (WITT)	Other related parties
Wistron InfoComm Technology (America) Corporation (WITX)	Other related parties
WiAdvance Technology Corporation (AGI)	Other related parties
Wistron K.K. (WJP)	Other related parties
Wistron NeWeb Corporation (WNC)	Other related parties
Wistron Information Technology and Services Corporation (WITS)	Other related parties
T-CONN Precision Corporation (TPE)	Other related parties
SMS InfoComm (Singapore) Pte. Ltd. (WSSG)	Other related parties
ANWITH Technology Corporation (WCHQ)	Other related parties
Wistron InfoComm Mexico S.A. de C.V. (WIMX)	Other related parties
WIEDU CORPORATION (WETW)	Other related parties
Wistron InfoComm Technology Service (Kunshan) Co., Ltd (WRKS)	Other related parties
Wistron Medical Technology Corporation (WMT)	Other related parties
Wuhan Wistron Virgin Technology & Service INC. (WIWZ)	Other related parties

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(c) Significant transactions with related parties

(i) Sales

The amounts of significant sales and outstanding balances between the Group and related parties were as follows:

	Sales		Receivables from related parties	
	2023	2022	December 31, 2023	December 31, 2022
WHQ	$ 18,912	47,874	3,231	15,683
Other related parties	1,066,652	2,326,369	228,798	1,074,692
	$ 1,085,564	**2,374,243**	**232,029**	**1,090,375**

The selling price and payment terms of sales to related parties depend on the economic environment and market competition, and are not significantly different from those with third-party customers.

(ii) Purchases

The amounts of significant purchase and outstanding balances between the Group and related parties were as follows:

	Purchases		Payables to related parties	
	2023	2022	December 31, 2023	December 31, 2022
WHQ	$ 47,422,154	69,645,165	4,395,834	9,838,681
Other related parties	2,821,215	4,506,107	628,686	1,483,242
	$ 50,243,369	**74,151,272**	**5,024,520**	**11,321,923**

Trading terms of purchase transactions with related parties can’ t be compared with third-party vendors due to product specifications.

(iii) Processing fee

The amounts of processing fee and outstanding balance between the Group and related parties were as follows:

	Processing Fee		Payables to related parties	
	2023	2022	December 31, 2023	December 31, 2022
WMX	**$ 4,858**	**545,497**	**-**	**59,199**

Trading terms of processing fee transactions with related parties can’ t be compared with third-party vendors due to product specifications.

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(iv) Operating Expense

The amounts of operating expense between the Group and related parties were as follows:

		2023	2022
WHQ	$	45,507	181,312
Other related parties		302,856	305,588
	$	**348,363**	**486,900**

Trading terms of operating expense with related parties are not significantly different from those with third-party vendors.

(v) Acquisitions of assets

The acquisitions of assets from related parties were as follows:

		2023	2022
WHQ	$	228,396	37,502
Other related parties			
AGI		25,332	18,520
Other related parties		6,217	1,398
	$	**259,945**	**57,420**

Trading terms of acquisitions of assets with related parties are not significantly different from those with third-party vendors.

(vi) Other receivables

The Group purchased raw materials on behalf of related parties, provide of human outsourcing service and etc. The outstanding balance were as follows:

		Other receivables from related parties	
		December 31, 2023	December 31, 2022
WHQ	$	1,860	1,200,174
Other related parties:			
WZS		48,171	59,868
WITX		7,830	35,287
Other related parties		-	11,719
Total	**$**	**57,861**	**1,307,048**

(Continued)

(vii) Other payables

The Group purchased research and development materials, testing services and etc. The outstanding balance were as follows:

	Other payables to related parties	
	December 31, 2023	December 31, 2022
WHQ	$ 21,168	10,172
Other related parties	201,326	35,598
Total	**$ 222,494**	**45,770**

(viii) Leases

The Group signed a lease contract for its factory and warehouse with WIMX and WNC, and the total value of the contract was amount to $899,924 thousand and $326,523 thousand, respectively. The outstanding balance of lease liabilities and interest expense were as follows:

	Lease liabilities (including current and non-current)	
	December 31, 2023	December 31, 2022
WIMX	$ 602,477	502,283
WNC	200,447	80,037
	$ 802,924	**582,320**

	Interest expense	
	2023	2022
WIMX	$ 56,974	46,486
WNC	2,902	1,672
	$ 59,876	**48,158**

(d) Key management personnel compensation

Key management personnel compensation comprised:

	2023	2022
Short-term employee benefits	$ 142,615	163,288
Post-employment benefits	769	960
	$ 143,384	**164,248**

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(8) Pledged assets:

The carrying amounts of pledged assets were as follows:

Pledged assets	Object	December 31, 2023	December 31, 2022
Inventory	Inventory guarantee	$ 952,785	951,948
Other non-current assets	Guarantee	29,608	29,582
Other non-current assets	Performance guarantee	14,000	-
		$ 996,393	**981,530**

(9) Commitments and contingencies:

(a) Unrecognized contractual commitments

The Group's unrecognized contractual commitments are as follows:

	December 31, 2023	December 31, 2022
Acquisition of property, plant and equipment	**$ 1,000,213**	**2,415,953**

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

(12) Other:

A summary of employee benefits, depreciation, and amortization by function, were as follows:

By function	2023			2022		
By item	**Operating costs**	**Operating expenses**	**Total**	**Operating costs**	**Operating expenses**	**Total**
Employee benefits						
Salary	2,755,398	2,099,381	4,854,779	1,940,134	2,159,502	4,099,636
Labor and health insurance	378,992	144,919	523,911	282,792	121,608	404,400
Pension	252,161	57,883	310,044	166,839	50,403	217,242
Remuneration of directors	-	30,720	30,720	-	36,650	36,650
Others	125,874	35,901	161,775	123,222	33,512	156,734
Depreciation	660,824	221,290	882,114	473,460	203,053	676,513
Amortization	34,721	85,304	120,025	33,093	51,979	85,072

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following were the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" of the Group for the year ended December 31, 2023:

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties: Table 1 attached.

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures): None.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: Table 2 attached.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: Table 3 attached.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: Table 4 attached.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: Table 5 attached.

(ix) Trading in derivative instruments: Please refer to note 6(b).

(x) Significant intercompany transactions and business relationships between parent company and its subsidiaries: Table 6 attached.

(b) Information on investments:

The following are the information on investments for the year ended December 31, 2023 (excluding information on investments in mainland China): Table 7 attached.

(c) Information on investment in mainland China: Table 8 attached.

(d) Major shareholders:

Unit: Share

Shareholding Shareholder's Name	Shares	Percentage
Wistron Corporation	65,895,129	37.68%

(Continued)

(14) Segment information:

(a) General information

The Group has one reportable segment. This segment is mainly involved in manufacturing and sale of servers and storage in cloud infrastructure and hyperscale data center.

(b) Profit or loss data of the reporting segment (including specific revenues and expenses), assets and liabilities of the segment, the basis of measurement, and the related eliminations:

The information relating to profit or loss data of the reporting segment (including specific revenues and expenses), assets and liabilities of the segment are the same as those described in the consolidated financial statements. Please refer to the consolidated balance sheets and the consolidated statements of comprehensive income.

(c) Products and services information:

The Group is a single operation segment; therefore, the Group’s revenue was not disclosed by categories of products or services.

(d) Geographical information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets that are based on the geographical location of the assets.

Revenue from external customers:

Geography		2023	2022
America	$	190,096,753	233,994,036
Europe		28,795,628	36,285,287
Asia		20,075,549	19,456,058
Others		2,933,059	3,140,659
	$	**241,900,989**	**292,876,040**

Non-current assets:

Geography		December 31, 2023	December 31, 2022
Asia	$	4,865,031	1,831,733
America		3,323,799	1,751,698
	$	**8,188,830**	**3,583,431**

Non-current assets include the property, plant and equipment, right-of-use assets, intangible assets and other non-current assets, aside from deferred tax assets, investments accounted for using equity method and financial instruments.

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(e) Major customers

The amounts of sales to external customers representing greater than 10% of net revenue were as follows:

Customer	2023	2022
Customer A	$ 111,546,046	153,624,651
Customer B	67,067,178	99,362,386
Customer C	50,523,244	11,325,827
	$ 229,136,468	**264,312,864**

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 1 Guarantees and endorsements for other parties
(December 31, 2023)

No.	Name of guarantor	Counter - party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 2)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements	Ratio of accumulated amounts of endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 1)	Parent company endorsements/ guarantees to subsidiary	Subsidiary endorsements/ guarantees to parent company	Endorsements/ guarantees to subsidiary in Mainland China	Notes
		Name	Relationship with the company (Note 3)											
0	The Company	WYMX	2	12,670,215	1,432,086	1,357,697	1,357,697	29,608	3.21%	21,117,026	Y	N	N	Note 4
0	The Company	WYUS	2	12,670,215	86,034	55,275	55,275	-	0.13%	21,117,026	Y	N	N	Note 4
0	The Company	WYMY	2	12,670,215	141	-	-	-	0.00%	21,117,026	Y	N	N	Note 4

(Note 1) The total amount for guarantees and endorsements provided by the Company to other entities shall not exceed 50% of the Company's lastest net worth, which was audited or reviewed by Certified Public Accountant.

(Note 2) The total amount for guarantees and endorsements provided by the Company to any individual entity shall not exceed 30% of the Company's lastest net worth, which was audited or reviewed by Certified Public Accountant.

(Note 3) Relationship with the Company:

1. Ordinary business relationship.
2. Subsidiary which owned more than 50% by the guarantor.
3. An investee owned more than 50% in total by both the guarantor and its subsidiary.
4. An investee owned more than 90% by the guarantor or its subsidiary.
5. Fulfillment of contractual obligations by providing mutual endorsements and guarantees for peer or joint builders in order to undertake a construction project.
6. An entity that is guaranteed and endorsed by all capital contributing shareholders in proportion to their shareholding percentages.
7. The companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre - construction homes pursuant to the Consumer Protection Act for each other.

(Note 4) The aforementioned inter - company transactions have been eliminated in the consolidated financial statements.

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 2 Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of share capital

(December 31, 2023)

Name of company	Category and name of security		Account name	Name of counter - party	Relationship with the company	Beginning balance		Purchases		Sales				Ending balance		Notes
						Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount	
The Company	WYUS	Stock	Investment accounted for using equity method	Cash subscription	The company's subsidiary	569,010	18,136,234	400,000	12,320,000	-	-	-	-	969,010	30,792,233	(Note)
The Company	WYMY	Stock	Investment accounted for using equity method	Cash subscription	The company's subsidiary	336,764	2,304,502	231,628	1,539,208	-	-	-	-	568,392	3,634,746	(Note)
The Company	WYMX	Stock	Investment accounted for using equity method	Cash subscription	The company's subsidiary	769,675	1,410,512	344,086	614,580	-	-	-	-	1,113,761	2,884,214	(Note)

(Note): The aforementioned inter - company transactions have been eliminated in the consolidated financial statements.

Table 3 Acquisition of real estate with amount exceeding the lower of NT$300 million or 20% of share capital

(December 31, 2023)

Company name	Type of property	Transaction Date	Transaction Amount	Payment Term	Counter-party	Name of Relationships	Prior Transaction of Related Counter-party				Price Reference	Purpose of Acquistion	Other Terms
							Owner	Relationships	Tranfer Date	Amount			
WYMY	Property,plant and equipment-Land	2021/9	307,504	payment:100%	SENAI AIRPORT CITY SDN. BHD.	non-related party	-	-	-	-	Refer to appraisal report issued by professional appraiser	For the Company's future operations	-
WYMY	Property,plant and equipment-Land	2021/9	187,901	payment:100%	SENAI AIRPORT CITY SDN. BHD.	non-related party	-	-	-	-	Refer to appraisal report issued by professional appraiser	For the Company's future operations	-
WYMY	Property,plant and equipment-Building	2022/3	884,074	payment:97%	HWA HIN SDN. BHD.	non-related party	-	-	-	-	Not applicable because of engaging others to build on its own land	For the Company's future operations	-
WYMY	Property,plant and equipment-Building	2022/8	2,185,795	payment:54%	HWA HIN SDN. BHD.	non-related party	-	-	-	-	Not applicable because of engaging others to build on its own land	For the Company's future operations	-

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 4 Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock
(December 31, 2023)

Name of company	Related Party	Nature of relationship	Transaction details				Transaction with terms different from others		Notes/ Accounts receivable (payable)		Notes
			Purchase/Sales	Amount	Percentage of total purchases / sales	Payment terms	Unit price	Payment Terms	Ending balance	Percentage of total notes / accounts receivable (payable)	
The Company	WYUS	The Company's subsidiary	Sale	35,793,960	40.49%	OA150	-	-	5,260,002	41.53%	(Note)
"	WYJP	The Company's subsidiary	Sale	3,246,957	3.67%	OA90	-	-	214,968	1.70%	(Note)
"	WYKR	The Company's subsidiary	Sale	1,463,292	1.66%	OA90	-	-	86,930	0.69%	(Note)
"	WYKS	The Company's subsidiary	Sale	784,659	0.89%	OA90	-	-	265,138	2.09%	(Note)
"	WYHK	The Company's subsidiary	Sale	559,295	0.63%	OA90	-	-	103,528	0.82%	(Note)
"	WIN	The Company's other related company	Sale	684,012	0.77%	OA90	-	-	212,554	1.68%	-
"	WHQ	The Company's parent company	Purchase	46,538,355	69.22%	OA45	-	-	(4,241,641)	(47.30%)	-
"	WYMY	The Company's subsidiary	Purchase	3,337,223	4.96%	OA30	-	-	(42,094)	(0.47%)	(Note)
"	WYUS	The Company's subsidiary	Purchase	2,315,252	3.44%	OA90	-	-	(237,001)	(2.64%)	(Note)
WYUS	WBR	WYUS's other related company	Sale	308,304	0.16%	OA90	-	-	16,188	0.45%	-
"	The Company	WYUS's parent company	Sale	2,315,252	1.44%	OA90	-	-	237,001	6.97%	(Note)
"	WITX	WYUS's other related company	Purchase	2,792,364	1.52%	OA90	-	-	(621,608)	(3.70%)	-
"	WHQ	WYUS's parent company	Purchase	493,868	0.27%	OA45	-	-	(121,053)	(0.72%)	-
"	The Company	WYUS's parent company	Purchase and Service cost	35,793,960	20.12%	OA150	-	-	(5,260,002)	(31.34%)	(Note)
"	WYMX	WYUS's affiliate company	Processing fee	3,600,097	1.97%	OA60	-	-	(339,563)	(2.02%)	(Note)
WYJP	The Company	WYJP's parent company	Purchase	3,246,957	100.00%	OA90	-	-	(214,968)	(100.00%)	(Note)
WYKR	The Company	WYKR's parent company	Purchase	1,463,292	100.00%	OA90	-	-	(86,930)	(100.00%)	(Note)
WYHK	The Company	WYHK's parent company	Purchase	559,295	70.87%	OA90	-	-	(103,528)	(76.33%)	(Note)
"	WHQ	WYHK's parent company	Purchase	215,752	27.32%	OA45	-	-	(33,140)	(23.67%)	-
WYMY	The Company	WYMY's parent company	Sale	3,337,223	100.00%	OA30	-	-	42,094	100.00%	(Note)
"	WHQ	WYMY's parent company	Purchase	174,179	3.77%	OA45	-	-	-	0.00%	-
WYKS	The Company	WYKS's parent company	Purchase	784,659	100.00%	OA90	-	-	(265,138)	(100.00%)	(Note)
WYMX	WYUS	WYMX's affiliate company	Processing income	3,600,097	100.00%	OA60	-	-	339,563	100.00%	(Note)

(Note): The aforementioned inter - company transactions have been eliminated in the consolidated financial statements.

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 5 Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock
(December 31, 2023)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Loss allowance	Notes
					Amount	Action taken			
Account Receivables									
The Company	WIN	The Company's other related company	212,554	427.91%	-	-	51,633	-	-
"	WYUS	The Company's subsidiary	5,260,002	301.21%	-	-	3,614,759	-	(Note)
"	WYJP	The Company's subsidiary	214,968	680.98%	-	-	-	-	(Note)
"	WYHK	The Company's subsidiary	103,528	272.30%	-	-	101,152	-	(Note)
"	WYKS	The Company's subsidiary	265,138	382.19%	-	-	37,157	-	(Note)
WYUS	The Company	WYUS's parent company	237,001	802.92%	-	-	77,608	-	(Note)
WYMX	WYUS	WYMX's affiliate company	339,563	1162.38%	-	-	339,563	-	(Note)
Other Receivables									
The Company	WYJP	The Company's subsidiary	201,762	-	-	-	-	-	(Note)
"	WYMY	The Company's subsidiary	195,287	-	43,186	Collecting	76,424	-	(Note)
WYUS	WYMY	WYUS's affiliate company	104,934	-	80,257	Collecting	76,823	-	(Note)
WYMY	WYUS	WYMY's affiliate company	106,271	-	-	-	106,271	-	(Note)

(Note): The aforementioned inter - company transactions have been eliminated in the consolidated financial statements.

Table 6 Significant intercompany transactions and business relationships between parent company and its subsidiaries
(December 31, 2023)

No.	Name of company	Name of counter-party	Nature of relationship (Note 1)	Intercompany transactions			
				Account name	Amount	Trading Terms	Percentage of the consolidated net revenue or total assets (Note 3)
0	The Company	WYUS	1	Sale	35,793,960	OA150	14.80%
0	The Company	WYJP	1	Sale	3,246,957	OA90	1.34%
0	The Company	WYKR	1	Sale	1,463,292	OA90	0.60%
0	The Company	WYHK	1	Sale	559,295	OA90	0.23%
0	The Company	WYKS	1	Sale	784,659	OA90	0.32%
1	WYUS	The Company	2	Sale	2,315,252	OA90	0.96%
1	WYMY	The Company	2	Sale	3,337,223	OA30	1.38%
2	WYMX	WYUS	3	Processing income	3,600,097	OA60	1.49%
0	The Company	WYUS	1	Account receivable	5,260,002	OA150	5.92%
0	The Company	WYKS	1	Account receivable	265,138	OA90	0.30%
0	The Company	WYJP	1	Account receivable	214,968	OA90	0.24%
0	The Company	WYHK	1	Account receivable	103,528	OA90	0.12%
0	The Company	WYKR	1	Account receivable	86,930	OA90	0.10%
1	WYUS	The Company	2	Account receivable	237,001	OA90	0.27%
1	WYMY	The Company	2	Account receivable	42,094	OA30	0.05%
2	WYMX	WYUS	3	Account receivable	339,563	OA60	0.38%

Note 1: relationship:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 2: The section only discloses the information of sales and accounts receivable of inter-company transactions, as well as is not disclosed the purchase and accounts payable of counter-party due to duplicate.

Note 3: Calculated by using the transaction amount, divided by the consolidated net revenues and total assets.

Table 7 Information on investments (excluding investees in mainland China)

The following are the information on investees for January 1 to December 31, 2023 (excluding information on investees in mainland China):

Name of the investor	Name of investee	Location	Main business and products	Original investment amount		Balance as of December 31, 2023			The highest percentage of the periods	Net income (losses) of the investee	Share of profits/losses of investee	Notes
				December 31, 2023	December 31, 2022	Shares(In thousands)	Percentage of ownership	Carrying value				
The Company	WYJP	Japan	Sales of cloud data center equipment	6,620	6,620	-	100.00%	360,068	100.00%	94,080	94,080	(Note)
"	WYUS	U.S.A	Sales of cloud data center equipment	28,773,581	16,453,581	969,010	100.00%	30,792,233	100.00%	351,025	351,025	(Note)
"	WYHK	Hong Kong	Investing activities and sales of cloud data center equipment	12,181	12,181	400	100.00%	288,537	100.00%	27,369	27,369	(Note)
"	WYKR	South Korea	Sales of cloud data center equipment	2,903	2,903	20	100.00%	200,822	100.00%	25,870	25,870	(Note)
"	WYMY	Malaysia	Manufacturing and sales of cloud data center equipment	3,839,933	2,300,724	568,392	100.00%	3,634,746	100.00%	(130,008)	(130,008)	(Note)
"	WYMX	Mexico	Human resources service provision and cloud data center equipment manufacturing	1,741,251	1,126,671	1,113,761	100.00%	2,884,214	100.00%	616,825	616,825	(Note)
"	WYSMX	Mexico	Sales of cloud data center equipment	58,025	58,025	40,444	100.00%	65,538	100.00%	(5,031)	(5,031)	(Note)
"	LiquidStack	Netherlands	R&D of liquid cooling technology	276,609	276,609	1,000	15.13%	159,246	20.00%	(395,957)	(63,979)	-

(Note): The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

Table 8 Information on investment in mainland China

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 2)	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net income (loss) of the investee	The highest percentage of the periods	Percentage of ownership	Investment income (losses) (Note 3)2.	Book value	Accumulated remittance of earnings in current period	Notes
					Outflow	Inflow								
WYKS	Sales of cloud data center equipment	10,659	2	10,659 (Note 1)	-	-	10,659	15,881	100.00%	100.00%	15,881	119,980	-	-

(ii) Limitation on investment in mainland China

Accumulated Investment in mainland China as of December 31, 2023 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA(Note 6)	Upper Limit on Investment (Note 4)
10,659(USD 350,000)	10,757(USD 350,000)	25,340,431

(Note 1) Wiwynn Technology Service Hong Kong Limited used its own capital to invest in WYKS.

(Note 2) Ways to invest in mainland China:

1.Direct investment in mainland China.

2.Reinvestment in mainland China through third place.

3.Others

(Note 3) The three categories of investment income (losses) recognized were as follows:

1. The financial statements of the investee company were audited by the global accounting firm in cooperation with ROC. accounting firm.

2. The financial statements of the investee company were reviewed by the same auditor of the Taiwan parent company.

3. Others

(Note 4) Amount of upper limit on investment was the higher between sixty percent of total equity or total consolidated equity.

(Note 5) The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(Note 6) Translated using the ending rates on December 31, 2023.

(iii) Significant transactions

For the year ended December 31, 2023, the significant inter-company transactions with the subsidiary in mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.

Stock Code:6669

WIWYNN CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

With Independent Auditors' Report
for the Years Ended December 31, 2022 and 2021

Address: 8F, No. 90, Sec.1, Xintai 5th Rd., Xizhi Dist., New Taipei City, Taiwan
Telephone: (02)6615-8888

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Representation Letter

The entities that are required to be included in the combined financial statements of Wiwynn Corporation as of and for the year ended December 31, 2022 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 "Consolidated Financial Statements." endorsed by the Financial Supervisory Commission of Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Wiwynn Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Wiwynn Corporation
Chairman: Simon Lin
Date: February 22, 2023

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Independent Auditors' Report

To the Board of Directors of Wiwynn Corporation:

Opinion

We have audited the consolidated financial statements of Wiwynn Corporation and its subsidiaries (" the Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for The Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. 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.

1. Revenue recognition

   Refer to note 4(n) "Revenue" and note 6(q) to the consolidated financial statements for the disclosure of revenue recognition.

KPMG, a Taiwan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Description of key audit matter

The Group is a listed Company in related to public interest, and the investors are highly expecting the financial performance, resulting in revenue recognition is one of the key judgmental areas of our audit.

How the matter was addressed in our audit

Our principal audit procedures included testing of the design and implement of controls over sales and collection of receivable transactions; evaluate if there is any significant abnormal changes through performing trend analysis on top 10 customers by comparing the related changes or differences; assessing and testing if the management obtained sufficient external evidence showing that the control of the products have been transferred to the customers to support the timing of revenue recognition; evaluating the adequacy of revenues recognition by testing the sale transactions during the period before and after the balance sheets date.

2. Inventory valuation

Refer to note 4(h) "Inventories", note 5 "Significant accounting assumptions and judgments, and major sources of estimation uncertainty" and note 6(d) to the consolidated financial statements for the disclosure of valuation of inventory.

Description of key audit matter

Inventories are stated at the lower of cost or net realizable value. With the rapid development of technology, the advance of new electronic products may significantly change consumer demands, which leads to product obsolescence that may result in the cost of inventory to be higher than the net realizable value. Consequently, the valuation of inventories has been identified as one of the key Judgmental areas of our audit.

How the matter was addressed in our audit

Our principal audit procedures included analyze the change of inventory aging by assessing and testing the inventory aging report, understanding the sales price which is used to evaluate the inventory valuation by management and the subsequent market price information as well as selecting the original transition documentation in order to test the appropriateness of the net realize values reviewing if the estimation and assumption used for inventory valuation and other disclosure for inventories made by management were appropriateness.

Other Matter

Wiwynn Corporation has prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for 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 responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, 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 the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our 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 Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our 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 the current period and are therefore the key audit matters. 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.

The engagement partners on the audit resulting in this independent auditors' report are Chia-Chien Tang and Ming-Hung Huang.

KPMG

KPMG

Taipei, Taiwan (Republic of China)
February 22, 2023

Wiwynn Corporation and Subsidiaries

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan dollars)

		December 31, 2022		December 31, 2021	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 26,231,920	30	22,672,892	27
1170	Accounts receivable, net (notes 6(b) and (q))	18,690,495	21	12,722,591	15
1180	Accounts receivable-related parties, net (notes 6(b), (q) and 7)	1,090,375	1	443,538	1
1200	Other receivables (note 6(c))	2,493	-	3,819	-
1210	Other receivables-related parties (notes 6(c) and 7)	1,307,048	1	381,301	-
130X	Inventories (notes 6(d) and 8)	36,011,736	41	45,383,451	54
1479	Other current assets (note 6(i))	717,023	1	417,411	-
	Total current assets	84,051,090	95	82,025,003	97
	Non-current assets:				
1550	Investments accounted for using equity method (note 6(e))	198,890	-	250,091	-
1600	Property, plant and equipment (notes 6(f), 7 and 9)	2,156,578	2	1,038,420	2
1755	Right-of-use assets (notes 6(g) and 7)	995,434	1	671,526	1
1780	Intangible assets (notes 6(h) and 7)	137,551	-	98,732	-
1840	Deferred tax assets (note 6(n))	639,799	1	304,534	-
1990	Other non-current assets (notes 6(i) and 8)	658,440	1	349,152	-
	Total non-current assets	4,786,692	5	2,712,455	3
	Total assets	**$ 88,837,782**	**100**	**84,737,458**	**100**

		December 31, 2022		December 31, 2021	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (note 6(j))	$ -	-	21,265,920	25
2130	Contract liabilities-current (note 6(q))	5,296,970	6	3,360,972	4
2170	Notes payable and accounts payable	15,083,798	17	8,972,367	11
2180	Accounts payable-related parties (note 7)	11,381,122	13	9,306,964	11
2200	Other payables (note 6(r))	3,104,403	3	2,374,998	3
2220	Other payables-related parties (note 7)	45,770	-	79,652	-
2230	Current tax liabilities	2,912,316	3	999,370	1
2280	Lease liabilities-current (notes 6(l) and 7)	211,343	-	138,700	-
2399	Other current liabilities	526,716	1	666,890	1
	Total current liabilities	38,562,438	43	47,165,833	56
	Non-current liabilities:				
2530	Bonds payable (note 6(k))	9,439,683	11	9,436,448	11
2570	Deferred tax liabilities (note 6(n))	286,411	-	219,246	-
2580	Lease liabilities-non-current (notes 6(l) and 7)	801,865	1	532,315	1
2640	Net defined benefit liabilities-non-current (note 6(m))	8,431	-	13,590	-
2645	Guarantee deposits received	951,948	1	-	-
	Total non-current liabilities	11,488,338	13	10,201,599	12
	Total liabilities	50,050,776	56	57,367,432	68
	Equity (notes 6(e), (m), (n) and (o)):				
3110	Common shares	1,748,408	2	1,748,408	2
3200	Capital surplus	8,817,380	10	8,817,380	10
3300	Retained earnings	27,039,558	31	17,235,258	20
3400	Other equity	1,181,660	1	(431,020)	-
	Total equity	38,787,006	44	27,370,026	32
	Total liabilities and equity	**$ 88,837,782**	**100**	**84,737,458**	**100**

See accompanying notes to consolidated financial statements.

Wiwynn Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan dollars, Except for Earnings Per Common Share)

		2022		2021	
		Amount	%	Amount	%
4000	**Operating revenue (notes 6(q) and 7)**	$ 292,876,040	100	192,625,942	100
5000	**Operating costs (notes 6(d), (f), (g), (h), (l), (m), (r), 7 and 12)**	268,896,763	92	177,004,761	92
	Gross profit from operations	23,979,277	8	15,621,181	8
	Operating expenses (notes 6(b), (f), (g), (h), (l), (m), (r), 7 and 12):				
6100	Selling expenses	1,305,756	-	936,512	1
6200	Administrative expenses	1,307,577	1	835,779	-
6300	Research and development expenses	3,528,532	1	2,459,313	1
6450	Expected credit loss	3,132	-	2,501	-
	Total operating expenses	6,144,997	2	4,234,105	2
	Net operating income	17,834,280	6	11,387,076	6
	Non-operating income and expenses (notes 6(e), (f), (g), (k), (l), (s) and 7):				
7100	Interest income	155,871	-	61,593	-
7010	Other income	809	-	48	-
7020	Other gains and losses	855,905	-	(64,374)	-
7050	Finance costs	(881,614)	-	(356,154)	-
7370	Share of loss of associates and joint ventures accounted for using equity method	(67,968)	-	(32,120)	-
	Total non-operating income and expenses	63,003	-	(391,007)	-
7900	**Income before tax**	17,897,283	6	10,996,069	6
7950	**Income tax expense (note 6(n))**	3,722,574	1	2,348,057	1
	Net income	14,174,709	5	8,648,012	5
8300	**Other comprehensive income (loss) (notes 6(e), (m), (n) and (o)):**				
8310	**Items that may not be reclassified subsequently to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefits plans	764	-	(4,848)	-
8349	Income tax related to items that may not be reclassified to profit or loss	(153)	-	970	-
	Total items that may not be reclassified subsequently to profit or loss	611	-	(3,878)	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	1,612,680	-	(193,126)	-
8399	Income tax related to items that may be reclassified to profit or loss	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	1,612,680	-	(193,126)	-
8300	**Other comprehensive income (net of tax)**	1,613,291	-	(197,004)	-
8500	**Total comprehensive income**	**15,788,000**	**5**	**8,451,008**	**5**
	Profit attributable to:				
8610	Owners of parent	**$ 14,174,709**	**5**	**8,648,012**	**5**
	Comprehensive income attributable to:				
8710	Owners of parent	**$ 15,788,000**	**5**	**8,451,008**	**5**
	Earnings per share (expressed in New Taiwan dollars) (note 6(p))				
9750	**Basic earnings per share**	**$ 81.07**		**49.46**	
9850	**Diluted earnings per share**	**$ 80.49**		**49.28**	

See accompanying notes to financial statements.

Wiwynn Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan dollars)

			Retained earnings				Other equity	
	Common shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Total equity
Balance on January 1, 2021	$ 1,748,408	8,817,380	1,369,881	-	12,816,148	14,186,029	(237,894)	24,513,923
Appropriation and distribution of retain earnings:								
Legal reserve	-	-	860,476	-	(860,476)	-	-	-
Special reserve	-	-	-	237,894	(237,894)	-	-	-
Cash dividends	-	-	-	-	(5,594,905)	(5,594,905)	-	(5,594,905)
Net income	-	-	-	-	8,648,012	8,648,012	-	8,648,012
Other comprehensive income	-	-	-	-	(3,878)	(3,878)	(193,126)	(197,004)
Total comprehensive income	-	-	-	-	8,644,134	8,644,134	(193,126)	8,451,008
Balance on December 31, 2021	1,748,408	8,817,380	2,230,357	237,894	14,767,007	17,235,258	(431,020)	27,370,026
Appropriation and distribution of retain earnings:								
Legal reserve	-	-	864,413	-	(864,413)	-	-	-
Special reserve	-	-	-	193,126	(193,126)	-	-	-
Cash dividends	-	-	-	-	(4,371,020)	(4,371,020)	-	(4,371,020)
Net income	-	-	-	-	14,174,709	14,174,709	-	14,174,709
Other comprehensive income	-	-	-	-	611	611	1,612,680	1,613,291
Total comprehensive income	-	-	-	-	14,175,320	14,175,320	1,612,680	15,788,000
Balance on December 31, 2022	**$ 1,748,408**	**8,817,380**	**3,094,770**	**431,020**	**23,513,768**	**27,039,558**	**1,181,660**	**38,787,006**

See accompanying notes to consolidated financial statements.

Wiwynn Corporation and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan dollars)

	2022	2021
Cash flows from (used in) operating activities:		
Income before tax	$ 17,897,283	10,996,069
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	676,513	505,835
Amortization expense	85,072	41,946
Expected credit loss	3,132	2,501
Net loss (profit) on financial assets or liabilities at fair value through profit or loss	100,986	(35,697)
Interest expense	881,614	356,154
Interest income	(155,871)	(61,593)
Share of loss of associates and joint ventures accounted for using equity method	67,968	32,120
Losses (gains) on disposal of property, plant and equipment	711	(503)
Prepayments for equipment reclassified as expenses	66	2,181
Lease modification gains	(395)	(3,119)
Total adjustments to reconcile profit	1,659,796	839,825
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in financial assets mandatorily measured at fair value through profit or loss-current	(100,986)	35,697
Increase in accounts receivable, net	(5,297,511)	(5,053,598)
Increase in accounts receivable-related parties, net	(646,837)	(103,320)
Decrease (increase) in other receivable	1,169	(653)
Decrease (increase) in other receivable-related parties	(1,094,203)	186,630
Decrease (increase) in inventories	13,408,726	(26,689,003)
Decrease (increase) in other current assets	(58,998)	596,814
Total changes in operating assets	6,211,360	(31,027,433)
Changes in operating liabilities:		
Increase in contract liabilities-current	1,935,998	1,063,555
Increase in notes and accounts payable	5,164,163	6,320,769
Increase (decrease) in accounts payable-related parties	369,381	(21,824)
Increase in other payable	742,375	333,116
Decrease in other payable-related parties	(33,882)	(69,014)
Increase (decrease) in other current liabilities	(183,926)	334,872
Decrease in net defined benefit liabilities	(4,395)	(165)
Total changes in operating liabilities	7,989,714	7,961,309
Total changes in operating assets and liabilities	14,201,074	(23,066,124)
Total adjustments	15,860,870	(22,226,299)
Cash inflow (outflow) generated from operations	33,758,153	(11,230,230)
Interest received	150,636	60,808
Interest paid	(886,260)	(334,181)
Income taxes paid	(2,344,928)	(2,708,854)
Net cash flows from (used in) operating activities	30,677,601	(14,212,457)
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	-	(276,609)
Acquisition of property, plant and equipment	(1,270,869)	(333,376)
Proceeds from disposal of property, plant and equipment	109	4,562
Acquisition of intangible assets	(123,220)	(76,076)
Increase in other non-current assets	(340,843)	(180,716)
Increase in prepayments for equipment	(194,782)	(177,278)
Net cash used in investing activities	(1,929,605)	(1,039,493)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	114,696,533	125,641,712
Decrease in short-term borrowings	(137,257,215)	(109,510,172)
Proceeds from issuing bonds	-	4,442,325
Increase in guarantee deposits received	924,953	-
Cash dividends paid	(4,371,020)	(5,594,905)
Payment of lease liabilities	(173,881)	(124,407)
Net cash flows from (used in) financing activities	(26,180,630)	14,854,553
Effect of exchange rate changes on cash and cash equivalents	991,662	(98,942)
Net increase (decrease) in cash and cash equivalents	3,559,028	(496,339)
Cash and cash equivalents at beginning of period	22,672,892	23,169,231
Cash and cash equivalents at end of period	**$ 26,231,920**	**22,672,892**

See accompanying notes to consolidated financial statements.

Wiwynn Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan dollars, Unless Otherwise Specified)

(1) Company history

Wiwynn Corporation (the "Company") was incorporated on March 3, 2012, as a company limited by shares under the laws of the Republic of China (ROC). Wiwynn Corporation and subsidiaries (the Group) were engaged in research, development, design, testing and sales of below products, semi-products, peripheral equipments and parts:

(i) Computer and peripheral equipments

(ii) Data storage media

(iii) Electric appliances and media products

(iv) Information software

(v) Export business relating to the business of the Company

(vi) Management consult services

(vii) Information software services

(viii) Data processing services

(2) Approval date and procedures of the consolidated financial statements:

The consolidated financial statements were authorized for issuance by the Board of Directors on February 22, 2023.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Group has initially adopted the new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022.

(b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its consolidated financial statements.

(Continued)

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements.

(4) Summary of significant accounting policies:

The significant accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

1) Financial instruments at fair value through profit or loss are measured at fair value;

2) The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it 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.

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding		Description
			December 31, 2022	December 31, 2021	
The Company	Wiwynn Technology Service Japan, Inc. (WYJP)	Sales of cloud data center equipment	100%	100%	-
The Company	Wiwynn International Corporation (WYUS)	Sales of cloud data center equipment	100%	100%	-
The Company	Wiwynn Technology Service Hong Kong Limited (WYHK)	Investment activities and sale of cloud data center equipment	100%	100%	-
The Company	Wiwynn Korea Ltd. (WYKR)	Sales of cloud data center equipment	100%	100%	-
The Company	Wiwynn Technology Service Malaysia SDN. BHD. (WYMY)	Sales of cloud data center equipment	100%	100%	-
The Company	Wiwynn Mexico, S.A.de C.V. (WYMX)	Human resource service provision and cloud data center equipment manufacturing	100%	100%	-
The Company	Wiwynn Technology Service Mexico, S.A. de C.V. (WYSMX)	Sales of cloud data center equipment	100%	-	(Note 1)
WYHK	Wiwynn Technology Service KunShan Ltd. (WYKS)	Sales of cloud data center equipment	100%	100%	-

Note 1: WYSMX was incorporated on May 6, 2022.

Note 2: The financial statements of the aforementioned subsidiaries were audited by KPMG Taiwan.

(iii) List of subsidiaries which are not included in the consolidated financial statements: None.

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(d) Foreign currency

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- an investment in equity securities designated as at fair value through other comprehensive income;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to noncontrolling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(Continued)

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as noncurrent. An entity shall classify a liability as current when:

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and cash in bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Accounts receivable and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. An accounts receivable without a significant financing component is initially measured at the transaction price.

(Continued)

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at amortized cost; fair value through other comprehensive income (FVOCI) – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

·it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

·its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

·it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

·its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Some accounts receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Group; therefore, those receivables are measured at FVOCI. However, they are included in the ‘accounts receivable’ line item.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

(Continued)

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established, which is normally the ex-dividend date.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable, other receivable, refundable deposits and other financial assets), debt investments measured at FVOCI .

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

(Continued)

The Group holds time deposits for domestic financial institutions, and it is considered to be low credit risk.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 180 days past due or the borrower is unlikely to pay its credit obligations to the Group in full.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses financial assets carried at amortized cost credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(Continued)

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(Continued)

(iii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(h) Inventories

Inventories are measured individually at the lower of cost and net realizable value. The standard cost method is adopted for inventory costing and the difference between standard cost and actual cost is allocated proportionately to inventory except for an unfavorable variance from normal capacity. Net realizable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses at the end of the period.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate. When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

(Continued)

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straightline basis over the estimated useful lives of each component of an item of property, plant and equipment.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Research and developments equipment: 4 years

2) Machinery and equipment: 4~10 years

3) Office equipment: 4 years

4) Lease improvements: 3~10 years

5) Other equipment: 4~10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a leasee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

(Continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including substantively fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

(Continued)

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of short-term lease that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(l) Intangible assets

(i) Recognition and measurement

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Intangible assets is software. Amortization is recognized in profit or loss on a straight-line basis 1~3 years for the estimated useful lives of intangible assets, from the date that they are available for use.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset’ s recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

(Continued)

Impairment losses are recognized in profit or loss. They are reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's 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.

(n) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Sale of goods

The Group manufactures and sells data storage equipment to customer. The Group recognizes revenue when control of the products has been transferred, being when the products are 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 products. 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 Group has objective evidence that all criteria for acceptance have been satisfied.

The Group provides customers with the extended warranty. This kind of contract contains two performance obligations and, therefore, the transaction price is allocated to each performance obligation on a relative stand-alone selling price basis. Management estimates the stand-alone selling prices at contract inception based on the observable prices at which the Group would sell the product and the extended warranty separately in similar circumstances and to similar customers.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

2) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(Continued)

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plan

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

(Continued)

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the below exceptions:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) The Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(Continued)

(q) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee stock options and employee compensation.

(r) Operating segments

An operating segment is a component of the Group 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 Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about judgments made in applying accounting policies do not have significant effects on the amounts recognized in the consolidated financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

Valuation of inventories

The Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to note 6(d) for further description of the valuation of inventories.

(Continued)

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	$ 325	580
Demand and checking deposits	17,178,555	14,672,312
Time deposits	9,053,040	8,000,000
	$ 26,231,920	**22,672,892**

Please refer to note 6(t) for the sensitivity analysis and interest rate risk of the financial assets and liabilities of the Group.

(b) Accounts receivable

	December 31, 2022	December 31, 2021
Accounts receivable－measured at amortized cost	$ 18,463,307	12,447,844
Accounts receivable－related parties－measured at amortized cost	1,090,375	443,538
Accounts receivable－measured at fair value through other comprehensive income	235,006	279,433
Less: loss allowance	(7,818)	(4,686)
	$ 19,780,870	**13,166,129**

The Group has assessed a portion of its accounts receivable that was held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; therefore, such accounts receivable were measured at fair value through other comprehensive income.

The Group applies the simplified approach to provide for expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The loss allowance were determined as follows:

	December 31, 2022		
	Gross carrying amount	Weighted - ave rage loss rate	Loss allowance
Current	$ 19,160,799	-	-
Past due under 30 days	97,603	-	-
Past due 31 to 60 days	504,913	1%	3,877
Past due 61 to 90 days	10,818	22%	2,388
Past due 91 to 180 days	14,555	11%	1,553
Total	**$ 19,788,688**		**7,818**

(Continued)

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	December 31, 2021		
	Gross carrying amount	**Weighted - ave rage loss rate**	**Loss allowance**
Current	$ 13,008,275	-	-
Past due under 30 days	69,838	-	-
Past due 31 to 60 days	4	-	-
Past due 61 to 90 days	92,669	5%	4,657
Past due over 361 days	29	100%	29
Total	**$ 13,170,815**		**4,686**

The movement in the allowance for accounts receivable was as follows:

	2022	**2021**
Balance on January 1	$ 4,686	2,185
Impairment losses recognized	12,431	41,686
Impairment losses reversed	(9,299)	(39,185)
Balance on December 31	**$ 7,818**	**4,686**

As of December 31, 2022 and 2021, the accounts receivable were not pledged.

For further credit risk information, please refers to note 6(t).

The Group entered into separate factoring agreements with different financial institutions to sell its trade receivables. Under the agreements, the Group does not have the responsibility to assume the default risk of the transferred trade receivables but is liable for the losses incurred on any business dispute. The Group derecognized the above trade receivables because it has transferred substantially all of the risks and rewards of their ownership, and it does not have any continuing involvement in them. As of December 31, 2022 and 2021, the Group sold its accounts receivable without recourse as follows:

Unit: USD in thousands

	December 31, 2022					
Purchaser	**Assignment Facility**	**Amount Advanced Unpaid**	**Amount Advanced Paid**	**Amount Recognized in Other Receivables**	**Range of Interest Rate**	**Collateral**
Financial institutions	**$ 841,848**	**202,080** (Note)	**841,848**	-	4.87%~5.37%	None

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

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	December 31, 2021					
Purchaser	**Assignment Facility**	**Amount Advanced Unpaid**	**Amount Advanced Paid**	**Amount Recognized in Other Receivables**	**Range of Interest Rate**	**Collateral**
Financial institutions	**$ 908,329**	**44** (Note)	**908,329**	**-**	0.50%~0.98%	None

(Note): For vender financing transactions, the factoring credit limit was the credit line that the financial institution provided to the Group's client.

(c) Other receivables

	December 31, 2022	December 31, 2021
Other receivables	$ 2,493	3,819
Other receivables - related parties	1,307,048	381,301
Less: loss allowance	-	-
	$ 1,309,541	**385,120**

As of December 31, 2022 and 2021, the other receivables were not pledged.

For further credit risk information, please refers to note 6(t).

(d) Inventories

	December 31, 2022	December 31, 2021
Raw materials	$ 12,131,458	31,420,396
Finished goods	19,540,141	12,450,813
Inventory in transit	4,340,137	1,512,242
	$ 36,011,736	**45,383,451**

Except cost of goods sold, the remaining gains or losses which were recognized as cost sales were as follow:

	2022	2021
Losses on valuation of inventories	$ 1,197,700	144,052
Royalty	47,541	33,901
Others	(6,901)	(8,656)
	$ 1,238,340	**169,297**

As of December 31, 2022, the inventories of the Company had pledged, please refer to note 8. There were no such transaction for the year ended December 31, 2021.

(Continued)

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Notes to the Consolidated Financial Statements

(e) Investments accounted for using equity method

The components of investments accounted for using the equity method at the reporting date were as follows:

	December 31, 2022	December 31, 2021
Associates	**$ 198,890**	**250,091**

(i) Associates

On March, 2021, the Group acquired 20% amounted to 1,000 thousand shares of LiquidStack Holding B.V. (LiquidStack) for $276,609 thousand (USD 10,000 thousand) in cash, resulting in the Group to have significant influence over LiquidStack Holding B.V.

Associates which are material to the Group consisted of the followings:

Name of associate	Nature of Relationship with the Group	Main operating location / Registered Country of the Company	Proportion of Shareholding and voting rights	
			December 31, 2022	December 31, 2021
LiquidStack Holding B.V.	R&D of liquid cooling technology	Netherlands	20%	20%

The Group's financial information on investments accounted for using the equity method that are individually insignificant was as follows. This financial information is included in the consolidated financial statements.

	December 31, 2022	December 31, 2021
Carrying amount of individually insignificant associates' equity	**$ 198,890**	**250,091**

	2022	2021
Attributable to the Group:		
Net loss from continuing operations	$ (67,968)	(32,120)
Other comprehensive income	16,767	5,602
Comprehensive income	**$ (51,201)**	**(26,518)**

(ii) Pledge

As of December 31, 2022 and 2021, the investments accounted for using equity method were not pledged.

(Continued)

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Notes to the Consolidated Financial Statements

(f) Property, plant and equipment

The cost and accumulated depreciation of the property, plant and equipment of the Group for the years ended December 31, 2022 and 2021, were as follows:

	Land	Research and development equipment	Machinery and equipment	Office equipment	Lease improvements	Other equipment	Construction in progress	Total
Cost or deemed cost:								
Balance on January 1, 2022	$ -	185,806	784,754	168,602	275,357	510,047	40,056	1,964,622
Additions	159,233	40,645	25,537	50,230	17,333	130,145	847,746	1,270,869
Disposals	-	(3,056)	-	(4,743)	-	(2,150)	-	(9,949)
Reclassification (Note)	-	2,059	24,237	6,319	134,039	157,565	(74,264)	249,955
Effect of changes in foreign exchange rates	9,696	-	5,126	11,504	2,433	38,663	37,485	104,907
Balance on December 31, 2022	**$ 168,929**	**225,454**	**839,654**	**231,912**	**429,162**	**834,270**	**851,023**	**3,580,404**
Balance on January 1, 2021	$ -	143,104	739,973	107,132	226,819	282,361	13,968	1,513,357
Additions	-	23,542	29,767	58,013	52,030	119,802	50,222	333,376
Disposals	-	(244)	(815)	(3,026)	(8,803)	(5,584)	-	(18,472)
Reclassification (Note)	-	19,404	17,101	8,338	5,311	118,341	(23,062)	145,433
Effect of changes in foreign exchange rates	-	-	(1,272)	(1,855)	-	(4,873)	(1,072)	(9,072)
Balance on December 31, 2021	**$ -**	**185,806**	**784,754**	**168,602**	**275,357**	**510,047**	**40,056**	**1,964,622**
Accumulated depreciation:								
Balance on January 1, 2022	$ -	118,683	256,576	68,784	173,911	308,248	-	926,202
Depreciation	-	29,313	139,849	43,175	99,149	173,693	-	485,179
Disposals	-	(3,054)	-	(4,543)	-	(1,532)	-	(9,129)
Effect of changes in foreign exchange rates	-	-	3,056	3,677	82	14,759	-	21,574
Balance on December 31, 2022	**$ -**	**144,942**	**399,481**	**111,093**	**273,142**	**495,168**	**-**	**1,423,826**
Balance on January 1, 2021	$ -	99,573	124,079	42,538	102,635	192,751	-	561,576
Depreciation	-	19,353	133,534	29,661	80,079	119,363	-	381,990
Disposals	-	(243)	(475)	(2,917)	(8,803)	(1,975)	-	(14,413)
Effect of changes in foreign exchange rates	-	-	(562)	(498)	-	(1,891)	-	(2,951)
Balance on December 31, 2021	**$ -**	**118,683**	**256,576**	**68,784**	**173,911**	**308,248**	**-**	**926,202**
Carrying value:								
Balance on December 31, 2022	**$ 168,929**	**80,512**	**440,173**	**120,819**	**156,020**	**339,102**	**851,023**	**2,156,578**
Balance on December 31, 2021	**$ -**	**67,123**	**528,178**	**99,818**	**101,446**	**201,799**	**40,056**	**1,038,420**
Balance on January 1, 2021	**$ -**	**43,531**	**615,894**	**64,594**	**124,184**	**89,610**	**13,968**	**951,781**

(Note): Reclassified from prepayment for equipment and construction in progress reclassified to lease improvements and other equipment.

As of December 31, 2022 and 2021, the property, plant and equipment were not pledged.

(Continued)

(g) Right-of-use assets

The cost and accumulated depreciation of the Group leases buildings and other equipment for the years ended December 31, 2022 and 2021, were as follows:

		Buildings	Other equipment	Total
Cost:				
Balance on January 1, 2022	$	916,328	5,309	921,637
Acquisitions		424,054	430	424,484
Disposals		(21,437)	(3,042)	(24,479)
Effect of changes in foreign exchange rates		108,555	50	108,605
Balance on December 31, 2022	**$**	**1,427,500**	**2,747**	**1,430,247**
Balance on January 1, 2021	$	528,712	5,620	534,332
Acquisitions		444,965	-	444,965
Disposals		(36,114)	(292)	(36,406)
Effect of changes in foreign exchange rates		(21,235)	(19)	(21,254)
Balance on December 31, 2021	**$**	**916,328**	**5,309**	**921,637**
Accumulated depreciation:				
Balance on January 1, 2022	$	247,566	2,545	250,111
Depreciation		189,323	2,011	191,334
Disposals		(21,437)	(3,042)	(24,479)
Effect of changes in foreign exchange rates		17,814	33	17,847
Balance on December 31, 2022	**$**	**433,266**	**1,547**	**434,813**
Balance on January 1, 2021	$	155,469	1,636	157,105
Depreciation		122,650	1,195	123,845
Disposals		(27,978)	(273)	(28,251)
Effect of changes in foreign exchange rates		(2,575)	(13)	(2,588)
Balance on December 31, 2021	**$**	**247,566**	**2,545**	**250,111**
Carrying amount:				
Balance on December 31, 2022	**$**	**994,234**	**1,200**	**995,434**
Balance on December 31, 2021	**$**	**668,762**	**2,764**	**671,526**
Balance on January 1, 2021	**$**	**373,243**	**3,984**	**377,227**

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Notes to the Consolidated Financial Statements

(h) Intangible assets

The cost and accumulated amortization of the intangible assets for the years ended December 31, 2022 and 2021, were as follows:

	Software	Other	Total
Costs:			
Balance on January 1, 2022	$ 158,004	1,040	159,044
Additions	123,220	-	123,220
Effect of changes in foreign exchange rates	1,616	-	1,616
Balance on December 31, 2022	**$ 282,840**	**1,040**	**283,880**
Balance on January 1, 2021	$ 112,685	1,040	113,725
Additions	76,076	-	76,076
Disposals	(30,750)	-	(30,750)
Effect of changes in foreign exchange rates	(7)	-	(7)
Balance on December 31, 2021	**$ 158,004**	**1,040**	**159,044**
Accumulated amortization:			
Balance on January 1, 2022	$ 60,312	-	60,312
Amortization	85,072	-	85,072
Effect of changes in foreign exchange rates	945	-	945
Balance on December 31, 2022	**$ 146,329**	**-**	**146,329**
Balance on January 1, 2021	$ 49,123	-	49,123
Amortization	41,946	-	41,946
Disposals	(30,750)	-	(30,750)
Effect of changes in foreign exchange rates	(7)	-	(7)
Balance on December 31, 2021	**$ 60,312**	**-**	**60,312**
Carrying value:			
Balance on December 31, 2022	**$ 136,511**	**1,040**	**137,551**
Balance on December 31, 2021	**$ 97,692**	**1,040**	**98,732**
Balance on January 1, 2021	**$ 63,562**	**1,040**	**64,602**

(i) Amortization

For the years ended December 31, 2022 and 2021, the amortization of intangible assets is included in the statement of comprehensive income:

	2022	2021
Operating costs	$ 33,093	12,812
Operating expense	51,979	29,134
	$ 85,072	**41,946**

(ii) Pledge

As of December 31, 2022 and 2021, the intangible assets were not pledged.

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

	December 31, 2022	December 31, 2021
Other current assets:		
Tax refundable	$ 236,445	234,473
Other prepayments	210,875	151,869
Others	269,703	31,069
	$ 717,023	**417,411**
Other non-current assets:		
Refundable deposits	$ 334,990	41,319
Restricted deposits	29,582	26,675
Prepayments for equipment	55,700	107,191
Prepayments for land	238,168	113,710
Others	-	60,257
	$ 658,440	**349,152**

(j) Short-term borrowings

The details of the Group for short-term borrowings were as follows:

	December 31, 2022			
	Currency	Interest rate collars	Expiration	Amount
Unsecured bank borrowings	-	-	-	$ -
Unused credit line				$ 57,658,356

	December 31, 2021			
	Currency	Interest rate collars	Expiration	Amount
Unsecured bank borrowings	USD	0.58%~1.01%	2022/1/3~2022/3/4	$ 21,265,920
Unused credit line				$ 17,953,409

(k) Bonds payable

The details of unsecured ordinary bonds were as follows:

	December 31, 2022	December 31, 2021
Total ordinary corporate bonds issued	$ 9,450,000	9,450,000
Unamortized discounted bonds payable	(10,317)	(13,552)
Bonds payable balance at period-end	**$ 9,439,683**	**9,436,448**

	2022	2021
Interest expense	**$ 72,770**	**55,130**

(Continued)

The Group issued 4,450 unsecured 5-years ordinary corporate bonds, and pays interest yearly at a fixed interest rate of 0.63% in Taiwan on August 6, 2021. It is agreed that half of principal will be repaid in the fourth and fifth years.

The Group issued 5,000 unsecured 5-years ordinary corporate bonds, and pays interest yearly at a fixed interest rate of 0.83% in Taiwan on October 20, 2020. It is agreed that half of principal will be repaid in the fourth and fifth years.

(l) Lease liabilities

The carrying amounts of lease liabilities were as follow:

	December 31, 2022	December 31, 2021
Current	$ 211,343	138,700
Non-current	$ 801,865	532,315

For the maturity analysis, please refer to note 6(t).

The amounts recognized in profit or loss were as follows:

	2022	2021
Interest expenses on lease liabilities	$ 60,491	30,285
Expenses relating to short-term leases	$ 161,081	78,887

The amounts recognized in the statement of cash flows by the Group were as follows:

	2022	2021
Total cash outflow for leases	$ 395,453	233,579

(i) Real estate leases

The Group leases land and buildings for its office space and factory. The leases of office space typically run for a period of 1 to 7 years, and of factory for 2 to 10 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

The Group leases other equipment, with lease terms of 2 to 3 years. In some cases, the Group has options to purchase the assets at the end of the contract term.

(Continued)

(m) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value is as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	$ 67,182	67,270
Fair value of plan assets	(58,751)	(53,680)
Net defined benefit liabilities	**$ 8,431**	**13,590**

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan and Taipei Fubon commercial bank that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's Bank of Taiwan and Taipei Fubon commercial bank labor pension reserve account balance amounted to $58,751 thousand and $53,680 thousand, respectively, as of December 31, 2022 and 2021. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the Group were as follows:

	2022	2021
Defined benefit obligations at January 1	$ 67,270	63,480
Current service cost	401	286
Interest expenses	370	389
Net remeasurements of defined benefit liability	(859)	4,921
Benefit paid by the plan	-	(1,806)
Defined benefit obligations at December 31	**$ 67,182**	**67,270**

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group were as follows:

		2022	2021
Fair value of plan assets at January 1	$	53,680	54,573
Interest income		288	8
Net remeasurements of defined benefit assets		(95)	73
Amounts contributed to plan		4,878	832
Benefit paid by the plan		-	(1,806)
Fair value of plan assets at December 31	**$**	**58,751**	**53,680**

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follow:

		2022	2021
Current service cost	$	401	286
Net interest of net liabilities for defined benefit obligations		82	381
	$	**483**	**667**
Operating expense	**$**	**483**	**667**

5) Remeasurements of the net defined benefit liability recognized in other comprehensive income

The Group’s remeasurement of the net defined benefit liability recognized in other comprehensive income for the years ended December 31, 2022 and 2021, was as follows:

		2022	2021
Accumulated amount at January 1	$	13,281	8,433
Recognized during the period		(764)	4,848
Accumulated amount at December 31	**$**	**12,517**	**13,281**

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.750%	0.625%
Future salary increases	4.000%	4.000%

(Continued)

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is $1,293 thousand.

The weighted-average lifetime of the defined benefits plans is 14.88 years.

7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Effects to the defined benefit obligation	
	Increase 0.25%	Decrease 0.25%
December 31, 2022:		
Discount rate (change in 0.25%)	$ (1,437)	1,497
Future salary increases (change in 0.25%)	1,441	(1,386)
December 31, 2021:		
Discount rate (change in 0.25%)	(1,633)	1,700
Future salary increases (change in 0.25%)	1,617	(1,565)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above.

The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

(i) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The subsidiaries of the Group are under defined contribution plan in accordance with local regulations, and they recognized pension cost and were made to local government.

The Group's pension costs under the defined contribution plan were $216,759 thousand and $119,507 thousand for the years 2022 and 2021, respectively. Payments were made to the Bureau of Labor Insurance and to local government for the overseas subsidiaries.

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(n) Income taxes

(i) Income tax expense

The components of income tax were as follows:

		2022	2021
Current tax expense			
Current period	$	4,018,745	2,147,817
Adjustments for prior periods		(27,918)	117
		3,990,827	2,147,934
Deferred tax expense (profit)			
Origination and reversal of temporary different		(268,253)	200,123
Income tax expense	**$**	**3,722,574**	**2,348,057**

(ii) The amount of income tax recognized in other comprehensive income (loss) for 2022 and 2021 were as follows:

	2022	2021
Items that may not be reclassified subsequently profit or loss:		
Gains (loss) on remeasurements of defined benefit plans	**$ (153)**	**970**

(iii) Reconciliation of income tax and profit before tax for 2022 and 2021 are as follows:

	2022	2021
Income before tax	$ 17,897,283	10,996,069
Income tax using the Company’s domestic tax rate	3,579,457	2,199,214
Effect of tax rates in foreign jurisdiction	167,178	100,223
Additional tax on undistributed earnings	57,511	90,374
Tax incentives	(67,525)	(42,434)
Prior-period tax adjustments	(27,918)	117
Others	13,871	563
Income tax expense	**$ 3,722,574**	**2,348,057**

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(iv) Deferred tax assets and liabilities

1) Unrecognized deferred tax asset and liability

As of December 31, 2022 and 2021, the details of unrecognized deferred tax assets were as follows:

	December 31, 2022	December 31, 2021
Unrecognized deferred tax asset:		
Tax effect of deductible temporary difference	**$ 20,449**	**18,439**

There was no significant unrecognized deferred tax liabilities as of December 31, 2022 and 2021.

2) Recognized deferred tax assets and liabilities

Changes in the amounts of deferred tax assets and liabilities for 2022 and 2021 were as follows:

	Unrealized exchange loss	Unrealized inter-company profits	Accrued expense	Other	Total
Deferred tax assets:					
Balance at January 1, 2022	$ 27,422	99,257	140,645	37,210	304,534
Recognized in profit or loss	19,868	51,568	225,341	38,641	335,418
Recognized in other comprehensive income	-	-	-	(153)	(153)
Balance at December 31, 2022	**$ 47,290**	**150,825**	**365,986**	**75,698**	**639,799**
Balance at January 1, 2021	47,883	167,702	185,293	18,205	419,083
Recognized in profit or loss	$ (20,461)	(68,445)	(44,648)	18,035	(115,519)
Recognized in other comprehensive income	-	-	-	970	970
Balance at December 31, 2021	**$ 27,422**	**99,257**	**140,645**	**37,210**	**304,534**

	Recognized share of gain of subsidiaries and associates accounted for equity method	Other	Total
Deferred tax liabilities:			
Balance at January 1, 2022	$ 199,143	20,103	219,246
Recognized in profit or loss	84,930	(17,765)	67,165
Balance at December 31, 2022	**$ 284,073**	**2,338**	**286,411**
Balance at January 1, 2021	$ 134,642	-	134,642
Recognized in profit or loss	64,501	20,103	84,604
Balance at December 31, 2021	**$ 199,143**	**20,103**	**219,246**

(Continued)

(v) Assessment of tax

The ROC income tax authorities have examined the Company's income tax returns for all years through 2020.

(o) Capital and other equity

As of December 31, 2022 and 2021, the Company's authorized common shares consisted of 250,000 thousand shares with a par value of $10 per share, amounted to $2,500,000 thousands, of which 174,841 thousand shares, were issued and outstanding.

(i) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2022	December 31, 2021
A premium issuance of common shares for cash	$ 8,436,510	8,436,510
Employee stock options	364,685	364,685
Others	16,185	16,185
	$ 8,817,380	**8,817,380**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(ii) Retained earnings

The Company's Articles of Incorporation stipulate that if the Company has a profit as a result of the yearly accounting closing, ten percent of the profit net of tax and the amount for making up of any accumulated loss shall be set aside as legal reserve, and thereafter an amount, including the reserved special reserve, shall be set aside, along with any undistributed profits accumulated from previous years to be identified as profits to be distributed. The amount of dividends to shareholders shall not less than 10% of profit from the currency year.

As the Company is a technology and capital-intensive enterprise and is in its growth phase, it has adopted a more prudent approach in the appropriation of its remaining earnings as its dividend policy, in order to sustain its long-term capital needs and thereby maintain continuous development and steady growth. Under this approach, the distribution of cash dividend is not lower than 10% of total distribution of dividends.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

(Continued)

2) Special reserve

In accordance with regulations by the FSC, a special reserve equal to the contra account of other shareholders' equity is appropriated from current and prior period earnings . For the year 2021 and 2020 earnings distribution in 2022 and 2021, the amount to be reclassified to special reserve shall be a portion of current-period after-tax net profit plus items other than current-period after-tax net profit in the undistributed retained earnings and undistributed prior-period earning. When the debit balance of any of the contra accounts in the shareholders' equity is reversed, the related special reserve can be reversed. The subsequent reversals of the contra accounts in shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

The appropriation of 2021 and 2020 earnings that were approved by the shareholders' meeting on May 31, 2022 and July 8, 2021, respectively, were as follows:

	2021	2020
Dividends distributed to ordinary shareholders		
Cash	**$ 4,371,020**	**5,594,905**

The amount of cash dividends for 2022 has been approved during the board meeting held on February 22, 2023. The relevant dividend distributions to shareholder was as follow:

	2022
Dividends distributed to ordinary shareholders	
Cash	**$ 8,742,040**

(iii) Other equity (net of tax)

	Exchange differences on translation of foreign financial statements
Balance on January 1, 2022	$ (431,020)
Exchange differences on translation of foreign financial statements	1,612,680
Balance on December 31, 2022	**$ 1,181,660**
Balance on January 1, 2021	$ (237,894)
Exchange differences on translation of foreign financial statements	(193,126)
Balance on December 31, 2021	**$ (431,020)**

(Continued)

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Notes to the Consolidated Financial Statements

(p) Earnings per share

The calculation of basic and diluted earnings per share (unit: NTD in dollar) is as follows:

	2022	2021
Basic earnings per share:		
Profit attributable to common shareholders of the Company	**$ 14,174,709**	**8,648,012**
Weighted-average common stock outstanding (in thousands)	**174,841**	**174,841**
	$ 81.07	**49.46**
Diluted earnings per share:		
Profit attributable to common shareholders of the Company	**$ 14,174,709**	**8,648,012**
Weighted-average common stock outstanding (in thousands)	174,841	174,841
Effect of potentially dilutive common stock (in thousands):		
Employee compensation	1,263	641
Weighted average common stock outstanding plus the effect of potentially dilutive common stock (in thousands)	**176,104**	**175,482**
	$ 80.49	**49.28**

(q) Revenue from contracts with customers

(i) Disaggregation of revenue

	2022	2021
Primary geographical markets		
America	$ 233,994,036	145,456,042
Europe	36,285,287	31,064,576
Asia	19,456,058	14,156,309
Other	3,140,659	1,949,015
	$ 292,876,040	**192,625,942**
Major products		
Hyperscale data center	**$ 292,876,040**	**192,625,942**

(Continued)

(ii) Contract balance

	December 31, 2022	December 31, 2021	January 1, 2021
Accounts receivable	$ 18,698,313	12,727,277	7,829,267
Accounts receivable – related parties	1,090,375	443,538	340,218
Less: loss allowance	(7,818)	(4,686)	(2,185)
	$ 19,780,870	**13,166,129**	**8,167,300**

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities – provisions for warranty	**$ 5,296,970**	**3,360,972**	**2,297,417**

For details on accounts receivable and loss allowance, please refer to note 6(b).

The contract liabilities primarily related to the advance consideration received from customers for the electronic components under sales contracts, for which revenue is recognized when products are delivered to customers.

The major change in the balance of contract liabilities is the difference between the time frame of the performance obligation to be satisfied and the payment to be received. There was no significant changes during the current period.

(iii) Transaction price allocated to the remaining performance obligations

The Group recognizes revenue related to warranty service in the amount to which the Group has a right to invoice, thus the Group applies the practical expedient of IFRS 15 and does not disclose information about the transaction price allocated to the remaining performance obligations of the contract.

(r) Employee's and directors' compensation

According to the Company's Article of Incorporation, if the Company has profit (which means income before tax excluding the amounts of employees' and directors' compensation) shall be contributed by the following rules. However, if the amount Company have accumulated deficit, it shall reserve the amount for offsetting deficit.

(i) No less than 5% of profit as employees' compensation. The Company may distributed in the form of shares or in cash, and the qualification requirements of employees, including the employees of subsidiaries of the Company meeting certain specific requirement shall be determined by the Board of Directors.

(ii) No more than 1% of profit as the compensation in cash to the Directors.

(Continued)

The Company estimated it's employees' and directors' compensation as follows:

	For the years ended December 31,	
	2022	**2021**
Employees' compensation	$ 935,000	574,000
Directors' compensation	36,000	27,450
	$ 971,000	**601,450**

The amount of employees' and directors' compensation were estimated based on profit before tax, net of the amount of compensation, and multiplied by the rule of Company's Article of Incorporation. The amounts were accounted for under cost of sales and operating expenses. The differences between the estimated amounts in the financial statements and the actual amounts approved by the Board of Directors, if any, shall be accounted for as a change in accounting estimate and recognized in next year.

The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2022 and 2021. Related information would be available at the Market Observation Post System website.

(s) Non-operating income and expenses

(i) Interest income

The details of Interest income were as follows:

	2022	**2021**
Interest income from bank deposits	**$ 155,871**	**61,593**

(ii) Other income

The details of other income were as follows:

	2022	**2021**
Others	**$ 809**	**48**

(iii) Other gains and losses

The details of other gains and losses were as follows:

	2022	**2021**
Foreign exchange gains (losses), net	$ 930,598	(111,063)
Gains (losses) on valuation of financial assets and liabilities at fair value	(100,986)	35,697
Others	26,293	10,992
Total	**$ 855,905**	**(64,374)**

(Continued)

(iv) Finance costs

The details of finance costs were as follows:

	2022	2021
Interest expenses		
Bank loans	$ (748,353)	(270,739)
Bonds payable	(72,770)	(55,130)
Others	(60,491)	(30,285)
Total	**$ (881,614)**	**(356,154)**

(t) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

The Group's majority customers are in Cloud Infrastructure and Hyperscale Data Center industries. To reduce concentration of credit risk, the Group evaluates customers' financial positions periodically and requires customers to provide collateral, if necessary. In addition, the Group evaluates the aging of accounts receivable periodically, accrue allowance for doubtful accounts and purchasing insurance contracts of accounts receivable, if necessary. Historically, impairment losses has always been under management's expectation. As of December 31, 2022 and 2021, 92.18% and 84.27% of the Group's accounts receivable were concentrated on 5 and 3 specific customers, respectively. Accordingly, concentrations of credit risk exist.

3) Receivable and debt securities

For credit risk exposure of accounts receivable, please refer to note 6(b). Other financial assets at amortized cost includes other receivables.

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses (Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(g)).

As of December 31, 2022 and 2021, the other receivables were not accrue any loss allowance.

(Continued)

(ii) Liquidity risk

The followings table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flow	Within 1 year	1-2 years	2-5 years	More than 5 years
December 31, 2022						
Non-derivative financial liabilities						
Bonds payable	$ 9,439,683	9,632,396	69,535	2,565,442	6,997,419	-
Notes and accounts payable (including related parties)	26,464,920	26,464,920	26,464,920	-	-	-
Other payables (including related parties)	3,132,145	3,132,145	3,132,145	-	-	-
Lease liabilities (including current and non-current)	1,013,208	1,223,825	261,489	245,769	344,374	372,193
Guarantee deposits received	951,948	951,948	951,948	-	-	-
Total	**$ 41,001,904**	**41,405,234**	**30,880,037**	**2,811,211**	**7,341,793**	**372,193**
December 31, 2021						
Non-derivative financial liabilities						
Short-term borrowings	$ 21,265,920	21,282,809	21,282,809	-	-	-
Bonds payable	9,436,448	9,701,930	69,535	69,535	9,562,860	-
Notes and accounts payable (including related parties)	18,279,331	18,279,331	18,279,331	-	-	-
Other payables (including related parties)	2,443,127	2,443,127	2,443,127	-	-	-
Lease liabilities (including current and non-current)	671,015	866,517	176,293	171,708	259,460	259,056
Total	**$ 52,095,841**	**52,573,714**	**42,251,095**	**241,243**	**9,822,320**	**259,056**

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Market risk

1) Currency risk

The Group's significant exposure to foreign currency risk were as follows:

	December 31, 2022			December 31, 2021		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets						
Monetary items						
USD	1,054,486	30.708	32,381,171	902,027	27.690	24,977,131
Financial liabilities						
Monetary items						
USD	435,066	30.708	13,360,014	575,314	27.690	15,930,456

(Continued)

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable (including related parties) and other receivables (including related parties), loans and borrowings, notes and accounts payable (including related parties) and other payables (including related parties) that are denominated in foreign currency. A strengthening (weakening) 5 % of appreciation (depreciation) of the NTD against the USD for the years ended December 31, 2022 and 2021, the net income would be changed by $760,846 thousand and $361,867 thousand, respectively. The analysis assumes that all other variable remain constant.

Since the Group has many kinds of functional currency, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For the years ended December 31, 2022 and 2021, foreign exchange gains (losses) (including realized and unrealized portions) amounted to $930,598 thousand and $(111,063) thousand, respectively.

2) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of non-derivative financial instruments on the reporting date. Regarding liabilities with variable rates, the analysis is based on the assumption that the liabilities were outstanding for lifetime on the reporting date.

If the interest rate increased / decreased by 1%, the Group's net income would have been changed by $6,845 thousand and $11,309 thousand, respectively, for the years ended December 31, 2022 and 2021, with all other variable factors that remain constant. This is mainly due to the Group's borrowings at floating variable rate.

(iv) Fair value information

1) Categories and fair values of financial instruments

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It shall not include fair value information of the financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of the fair value and investments in equity instruments which do not have any quoted price in an active market in which the fair value cannot be reasonably measured.

(Continued)

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	December 31, 2022				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Accounts receivable	**235,006**	-	-	-	-
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 26,231,920	-	-	-	-
Accounts receivable (including related parties)	19,545,864	-	-	-	-
Other receivable (including related parties)	1,309,541	-	-	-	-
Other non-current assets	364,572	-	-	-	-
Subtotal	**$ 47,451,897**	-	-	-	-
Financial liabilities measured at amortized cost					
Bonds payable	$ 9,439,683	-	-	-	-
Notes and accounts payable (including related parties)	26,464,920	-	-	-	-
Other payables (including related parties)	3,132,145	-	-	-	-
Lease liabilities (including current and non-current)	1,013,208	-	-	-	-
Guarantee deposits received	951,948	-	-	-	-
Subtotal	**$ 41,001,904**	-	-	-	-

	December 31, 2021				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Accounts receivable	**$ 279,433**	-	-	-	-
Financial assets measured at amortized cost					
Cash and cash equivalents	22,672,892	-	-	-	-
Accounts receivable (including related parties)	12,886,696	-	-	-	-
Other receivable (including related parties)	385,120	-	-	-	-
Other non-current assets	67,994	-	-	-	-
Subtotal	**$ 36,012,702**	-	-	-	-
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 21,265,920	-	-	-	-
Bonds payable	9,436,448	-	-	-	-
Notes and accounts payable (including related parties)	18,279,331	-	-	-	-
Other payables (including related parties)	2,443,127	-	-	-	-
Lease liabilities (including current and non-current)	671,015	-	-	-	-
Subtotal	**$ 52,095,841**	-	-	-	-

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

2) Valuation techniques for financial instruments measured at fair value: none.

3) Transfers between Level 1 and Level 2: none.

4) Changes between Level 3: none.

5) Offsetting financial assets and financial liabilities

The Group has financial instruments transactions applicable to the International Financial Reporting Standards Sections 42 NO. 32 approved by the FSC which required for offsetting. Financial assets and liabilities relating to those transactions are recognized in the net amount of the balance sheets.

December 31, 2022						
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	**Gross amounts of financial liabilities offset in the balance sheet (b)**	**Net amount of financial assets presented in the balance sheet (c)=(a)-(b)**	**Amounts not offset in the balance sheet (d)**		**Net amounts (e)=(c)-(d)**
				Financial instruments	**Cash collateral received**	
Other receivable	**$ 169,444**	**169,444**	-	-	-	-

December 31, 2022						
Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial liabilities (a)	**Gross amounts of financial assets offset in the balance sheet (b)**	**Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)**	**Amounts not offset in the balance sheet (d)**		**Net amounts (e)=(c)-(d)**
				Financial instruments	**Cash collateral received**	
Note payable and accounts payable	**$ 9,965,364**	**169,444**	**9,795,920**	-	-	**9,795,920**

December 31, 2021						
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	**Gross amounts of financial liabilities offset in the balance sheet (b)**	**Net amount of financial assets presented in the balance sheet (c)=(a)-(b)**	**Amounts not offset in the balance sheet (d)**		**Net amounts (e)=(c)-(d)**
				Financial instruments	**Cash collateral received**	
Other receivable	**$ 224,932**	**224,932**	-	-	-	-

December 31, 2021						
Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial liabilities (a)	**Gross amounts of financial assets offset in the balance sheet (b)**	**Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)**	**Amounts not offset in the balance sheet (d)**		**Net amounts (e)=(c)-(d)**
				Financial instruments	**Cash collateral received**	
Note payable and accounts payable	**$ 8,501,168**	**224,932**	**8,276,236**	-	-	**8,276,236**

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(u) Financial risk management

(i) Overview

1) Credit risk

2) Liquidity risk

3) Market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Group's finance management department provides business services for the overall internal department. It sets the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both the domestic and international financial market operations.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to financial instruments fails to meet its contractual obligations that arise principally from the Group's accounts receivable and investment.

1) Accounts and other receivable

The Group's credit policy is transacting with creditworthy customers, and obtains collateral to mitigate risks arising from financial loss due to default. The Group will transact with corporations of credit ratings equivalent to investment grade and such ratings are provided by independent rating agencies. Where it is not possible to obtain such information, the Group will assess the ratings based on other publicly available financial information and transactions records with its major customers. The Group continues to monitor the exposure to credit risk and counterparty credit rating, and evaluate the customers' credit rating and credit limit via automatic finance system to manage the credit exposure.

(Continued)

The Group did not have any collateral or other credit enhancements to avoid credit risk of financial assets.

2) Investment

The credit risk exposure in the bank deposits and other financial instruments are measured and monitored by the Group's finance department. Since the Group's transactions resulted from the external parties with good credit standing and investment grade above financial institutions, publicly-traded stocks companies and non publicly-traded stocks companies, with good credit ratings, there are no incompliance issues and therefore no significant credit risk.

3) Guarantee

According to the Group's policy, the Group can only provide guarantee to which is listed under the regulation. The Group did not provide guarantees to any other company as of December 31, 2022 and 2021.

(iv) Liquidity risk

The Group maintains sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the bank loan facilities and ensures in compliance with the terms of the loan agreements.

The loan was an important source of liquidity for the Group. As of December 31, 2022 and 2021, the Group has unused credit lines for bank loans of $57,658,356 thousand and $17,953,409 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities. The currencies used in these transactions are denominated in USD.

The foreign currency assets and liabilities might lead to the interest risk since the fluctuation of the market exchange rate influence the Group's future cash flow. The Group entering into forward and swap contracts are intended to manage the exchange rate risk due to the Group's current and future demand for foreign currency.

The contract periods are decided in consideration of the Group's foreseeable assets and liabilities and expected cash flow. At the maturity date of the derivative contract, the Group will settle these contracts using the foreign currencies arising from the assets denominated in foreign currency.

(Continued)

2) Interest risk

The Group's short-term borrowings, bear floating interest rates. The changes in effective rate along with the fluctuation of the market interest rate influence the Group's future cash flow. The Group reduces the interest risks by negotiating the loan interest rates frequently with banks.

3) Other market price risk

The Group monitors the risk arising from its FVOCI security instruments, which are held for monitoring cash flow requirements and unused capital. The management of the Group monitors the combination of equity securities and open-market funds in its investment portfolio based on cash flow requirements. Material investments within the portfolio are managed on an individual basis, and all buy-and-sell decisions are approved by the Board of directors.

(v) Capital management

The Group's meets its objectives for managing capital to safeguard the capacity to continue to operate, and provide a return to the shareholders, also, to benefit other related parties, at the same time, to maintain an optional capital structure to reduce the cost of capital. Capital includes common share, capital surplus and retained earnings. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares or sell assets to settle any liabilities.

For the year ended December 31, 2022, the Group's capital management strategy is consistent with 2021. The Group's debt to asset ratio and debt to capital ratio at the end of the reporting period as of December 31, 2022 and 2021, were as follows:

	December 31, 2022	December 31, 2021
Debt to asset ratio	**56%**	**68%**
Debt to capital ratio	**129%**	**210%**

(w) Investing and financing activities not affecting current cash flow

For the years ended December 31, 2022 and 2021, reconciliations of liabilities arising from financing activities were as follows:

			Non-cash changes				
	January 1, 2022	Cash flows	Change in lease payments	Addition	Interest expenses	Foreign exchange movement	December 31, 2022
Short-term borrowings	$ 21,265,920	(22,560,682)	-	-	-	1,294,762	-
Bonds payable	9,436,448	-	-	-	3,235	-	9,439,683
Lease liabilities	671,015	(173,881)	(395)	424,484	-	91,985	1,013,208
Guarantee deposits received	-	924,953	-	-	-	26,995	951,948
Total liabilities from financing activities	**$ 31,373,383**	**(21,809,610)**	**(395)**	**424,484**	**3,235**	**1,413,742**	**11,404,839**

(Continued)

	January 1, 2021	Cash flows	Non-cash changes: Change in lease payments	Non-cash changes: Addition	Non-cash changes: Interest expense	Non-cash changes: Foreign exchange movement	December 31, 2021
Short-term borrowings	$ 5,359,504	16,131,540	-	-	-	(225,124)	21,265,920
Bonds payable	4,991,783	4,442,325	-	-	2,340	-	9,436,448
Lease liabilities	380,337	(124,407)	(11,274)	444,965	-	(18,606)	671,015
Total liabilities from financing activities	**$ 10,731,624**	**20,449,458**	**(11,274)**	**444,965**	**2,340**	**(243,730)**	**31,373,383**

(7) Related-party transactions:

(a) Parent company and ultimate controlling party

Wistron Corporation is the parent company and the ultimate controlling party of the Group. As of December 31, 2022 and 2021, it owns 37.68% and 42.26%, respectively, of all shares outstanding of the Company.

(b) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Wistron Corporation (WHQ)	Parent Company
Wistron InfoComm (Czech), s.r.o. (WCCZ)	Other related parties
Wistron Mexico, S.A. de C.V. (WMX)	Other related parties
ICT Service Management Solutions (India) Private Limited (WIN)	Other related parties
International Standards Laboratory Corp. (ISL)	Other related parties
Wistron InfoComm (Zhongshan) Corporation (WZS)	Other related parties
SMS InfoComm Technology Services and Management Solutions Ltd. (WBR)	Other related parties
Wistron InfoComm (Kushan) Co., Ltd. (WAKS)	Other related parties
SMS InfoComm Corporation (WTX)	Other related parties
Wistron InfoComm Technology (Texas) Corporation (WITT)	Other related parties
Wistron InfoComm Technology (America) Corporation (WITX)	Other related parties
WiAdvance Technology Corporation (AGI)	Other related parties
Wistron K.K. (WJP)	Other related parties
Wistron NeWeb Corporation (WNC)	Other related parties
Wistron Information Technology and Services Corporation (WITS)	Other related parties
T-CONN Precision Corporation (TPE)	Other related parties
SMS InfoComm (Singapore) Pte. Ltd. (WSSG)	Other related parties
ANWITH Technology Corporation (WCHQ)	Other related parties
Wistron InfoComm Mexico S.A. de C.V. (WIMX)	Other related parties
Wistron Technology (Malaysia) Sdn. Bhd. (WMMY)	Other related parties
WIEDU CORPORATION (WETW)	Other related parties
Wuhan Wistron Virgin Technology & Service INC. (WIWZ)	Other related parties

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(c) Significant transactions with related parties

(i) Sales

The amounts of significant sales and outstanding balances between the Group and related parties were as follows:

	Sales		Receivables from related parties	
			December 31,	December 31,
	2022	2021	2022	2021
WHQ	$ 47,874	45,728	15,683	41,598
Other related parties	2,326,369	908,104	1,074,692	401,940
	$ 2,374,243	**953,832**	**1,090,375**	**443,538**

The selling price and payment terms of sales to related parties depend on the economic environment and market competition, and are not significantly different from those with third-party customers.

(ii) Purchases

The amounts of significant purchase and outstanding balances between the Group and related parties were as follows:

	Purchases		Payables to related parties	
			December 31,	December 31,
	2022	2021	2022	2021
WHQ	$ 69,645,165	54,737,558	9,838,681	8,480,074
Other related parties	4,506,107	1,088,860	1,483,242	826,890
	$ 74,151,272	**55,826,418**	**11,321,923**	**9,306,964**

Trading terms of purchase transactions with related parties can’ t be compared with third-party vendors due to product specifications.

(iii) Processing fee

The amounts of processing fee and outstanding balance between the Group and related parties were as follows:

	Processing Fee		Payables to related parties	
			December 31,	December 31,
	2022	2021	2022	2021
WMX	**$ 545,497**	**645,955**	**59,199**	**-**

Trading terms of processing fee transactions with related parties can’ t be compared with third-party vendors due to product specifications.

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(iv) Operating Expense

The amounts of operating expense between the Group and related parties were as follows:

		2022	2021
WHQ	$	181,312	393,802
Other related parties		305,588	155,981
	$	**486,900**	**549,783**

Trading terms of operating expense with related parties are not significantly different from those with third-party vendors.

(v) Acquisitions of assets

The acquisitions of assets from related parties were as follows:

		2022	2021
WHQ	$	37,502	-
Other related parties:			
AGI		18,520	19,449
WMX		291	55,416
Other related parties		1,107	89
	$	**57,420**	**74,954**

Trading terms of acquisitions of assets with related parties are not significantly different from those with third-party vendors.

(vi) Other receivables

The Group purchased raw materials on behalf of related parties, provide of human outsourcing service and etc. The outstanding balance were as follows:

		Other receivables from related parties	
		December 31, 2022	December 31, 2021
WHQ	$	1,200,174	138,747
Other related parties:			
WZS		59,868	218,106
Other related parties		47,006	24,448
Total	**$**	**1,307,048**	**381,301**

(Continued)

(vii) Other payables

The Group purchased research and development materials and related parties paid traveling expenses on behalf of the Group, testing services and etc. The outstanding balance were as follows:

	Other payables to related parties	
	December 31, 2022	December 31, 2021
WHQ	$ 10,172	54,179
Other related parties	35,598	25,473
Total	**$ 45,770**	**79,652**

(viii) Leases

The Group signed a lease contract for its factory and warehouse with WIMX and WNC, and the total value of the contract was amount to $703,232 thousand and $226,502 thousand, respectively. The outstanding balance of lease liabilities and interest expense were as follows:

	Lease liabilities (including current and non-current)	
	December 31, 2022	December 31, 2021
WIMX	$ 502,283	376,724
WNC	80,037	70,835
	$ 582,320	**447,559**

	Interest expense	
	2022	2021
WIMX	$ 46,486	16,618
WNC	1,672	1,808
	$ 48,158	**18,426**

(d) Key management personnel compensation

Key management personnel compensation comprised:

	2022	2021
Short-term employee benefits	$ 163,288	107,427
Post-employment benefits	960	935
	$ 164,248	**108,362**

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(8) Pledged assets:

The carrying amounts of pledged assets were as follow:

Pledged assets	Object	December 31, 2022	December 31, 2021
Inventory	Inventory guarantee	$ 951,948	-
Other non-current assets	Guarantee	29,582	26,675
		$ 981,530	**26,675**

(9) Commitments and contingencies:

(a) Unrecognized contractual commitments

The Group's unrecognized contractual commitments are as follows:

	December 31, 2022	December 31, 2021
Acquisition of property, plant and equipment	**$ 2,415,953**	**338,032**

(b) Contingencies

(i) Alacritech Inc. filed a patent infringement complaint against the Company in the United States District Court - East District of Texas in June 2016. The Company had appointed an attorney to deal with the matter. The US Patent trial and Appeal Board had finish reviewed, the court ruled to reopen the litigation, both parties will discuss the schedule after reopening the litigation.

(ii) Acqis LLC. filed a patent infringement complaint against the Company in the United States District Court - West District of Texas in October 2020. The Company had appointed an attorney to deal with the matter, with the case is still pending in the court.

(10) Losses due to major disasters: None.

(11) Subsequent events:

(a) The Company resolved to cash subscribe the new share contributed by its subsidiary, Wiwynn International Corporation with USD400,000 thousand in cash, proposed in the Board of Director's meeting held on February 22, 2023.

(b) The Company resolved to cash subscribe the new share contributed by its subsidiary, Wiwynn Technology Service Malaysia SDN. BHD. with USD50,000 thousand in cash, proposed in the Board of Director's meeting held on February 22, 2023.

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(12) Other:

A summary of employee benefits, depreciation, and amortization by function, were as follows:

By function / By item	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	1,940,134	2,159,502	4,099,636	989,775	1,545,097	2,534,872
Labor and health insurance	282,792	121,608	404,400	128,639	98,577	227,216
Pension	166,839	50,403	217,242	79,442	40,732	120,174
Remuneration of directors	-	36,650	36,650	-	25,570	25,570
Others	123,222	33,512	156,734	55,806	27,135	82,941
Depreciation	473,460	203,053	676,513	347,388	158,447	505,835
Amortization	33,093	51,979	85,072	12,812	29,134	41,946

(13) Other disclosures:

(a) Information on significant transactions:

The following were the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" of the Group for the year ended December 31, 2022:

(i) Loans to other parties: Table 1 attached.

(ii) Guarantees and endorsements for other parties: Table 2 attached.

(iii) Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures): None.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: : Table 3 attached.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: Table 4 attached.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: Table 5 attached.

(Continued)

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: Table 6 attached.

(ix) Trading in derivative instruments: None.

(x) Significant intercompany transactions and business relationships between parent company and its subsidiaries: Table 7 attached.

(b) Information on investments:

The following are the information on investments for the year ended December 31, 2022 (excluding information on investments in mainland China): Table 8 attached.

(c) Information on investment in mainland China: Table 9 attached.

(d) Major shareholders:

Unit: Share

Shareholding Shareholder's Name	Shares	Percentage
Wistron Corporation	65,895,129	37.68%

(14) Segment information:

(a) General information

The Group has one reportable segment. This segment is mainly involved in manufacturing and sale of servers and storage in cloud infrastructure and hyperscale data center.

(b) Profit or loss data of the reporting segment (including specific revenues and expenses), assets and liabilities of the segment, the basis of measurement, and the related eliminations:

The information relating to profit or loss data of the reporting segment (including specific revenues and expenses), assets and liabilities of the segment are the same as those described in the consolidated financial statements. Please refer to the consolidated balance sheets and the consolidated statements of comprehensive income.

(c) Products and services information:

The Group is a single operation segment; therefore, the Group's revenue was not disclosed by categories of products or services.

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(d) Geographical information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets that are based on the geographical location of the assets.

Revenue from external customers:

Geography		2022	2021
America	$	233,994,036	145,456,042
Europe		36,285,287	31,064,576
Asia		19,456,058	14,156,309
Others		3,140,659	1,949,015
	$	**292,876,040**	**192,625,942**

Non-current assets:

Geography		December 31, 2022	December 31, 2021
Asia	$	1,831,733	1,273,167
America		1,751,698	816,669
	$	**3,583,431**	**2,089,836**

Non-current assets include the property, plant and equipment, right-of-use assets, intangible assets and other non-current assets, aside from deferred tax assets, investments accounted for using equity method and financial instruments.

(e) Major customers

The amounts of sales to external customers representing greater than 10% of net revenue were as follows:

Customer		2022	2021
Customer A	$	153,624,651	96,202,158
Customer B		99,362,386	75,389,889
	$	**252,987,037**	**171,592,047**

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 1 Financing to other parties
(December 31, 2022)

No.	Creditor	Borrower	Financial statement account	Related party	Maximum outstanding balance for the period	Ending balance	Actual amount drawn down	Interest Rate	Nature of financing (Note 2)	Amount of transaction	Reasons for short-term financing	Allowance for doubtful accounts	Collateral		Limit on financing granted to each borrower (Note 3 and Note 4)	Ceiling on total financing granted (Note 1)	Notes
													Item	Value			
0	The Company	WYUS	Other receivables	Yes	2,241,680	-	-	0.75%	2	-	Working capital	-	-	-	3,878,700	19,393,503	(Note1、Note3、Note4 and Note5)

(Note 1) The total amount available for financing purposes shall not exceed 50% of the Company's net worth, which was audited or reviewed by Certified Public Accountant; and the total amount for short-term financing shall not exceed 40% Company's net worth.
(Note 2) Nature of financing:
1 For entities that the Company has business transactions with.
2 For entities with short-term financing needs.
(Note 3) The limit on financing granted of the entities that the Company has business transactions with:
(1) For entities in which the Company, directly or indirectly, owned more than 50% of their shares, the amount available for financing shall not exceed 10% of net worth of the Company.
(2) For entities in which the Company, directly or indirectly, owned below 50% of their shares, the amount available for financing shall not exceed 40% and 5% of net worth of the borrower and the Company, respectively.
(3) For other borrowers, the amount available for financing shall not exceed 25% of net worth of the borrower and 5% of net worth of the Company.
(Note 4) For entities with short-term financing needs, the amount available for financing shall not exceed 10% of net worth of the Company.
(Note 5) The aforementioned inter - company transactions have been eliminated in the consolidated financial statements.

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 2 Guarantees and endorsements for other parties
(December 31, 2022)

No.	Name of guarantor	Counter - party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 2)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements	Ratio of accumulated amounts of endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 1)	Parent company endorsements/ guarantees to subsidiary	Subsidiary endorsements/ guarantees to parent company	Endorsements/ guarantees to subsidiary in Mainland China	Notes
		Name	Relationship with the company (Note 3)											
0	The Company	WYMX	2	11,636,101	1,458,658	1,390,639	1,390,639	-	3.59%	19,393,503	Y	N	N	Note 4
0	The Company	WYUS	2	11,636,101	111,542	81,875	81,875	-	0.21%	19,393,503	Y	N	N	Note 4
0	The Company	WYMY	2	11,636,101	139	139	139	-	0.00%	19,393,503	Y	N	N	Note 4

(Note 1) The total amount for guarantees and endorsements provided by the Company to other entities shall not exceed 50% of the Company's lastest net worth, which was audited or reviewed by Certified Public Accountant.

(Note 2) The total amount for guarantees and endorsements provided by the Company to any individual entity shall not exceed 30% of the Company's lastest net worth, which was audited or reviewed by Certified Public Accountant.

(Note 3) Relationship with the Company:

1. Ordinary business relationship.
2. Subsidiary which owned more than 50% by the guarantor.
3. An investee owned more than 50% in total by both the guarantor and its subsidiary.
4. An investee owned more than 90% by the guarantor or its subsidiary.
5. Fulfillment of contractual obligations by providing mutual endorsements and guarantees for peer or joint builders in order to undertake a construction project.
6. An entity that is guaranteed and endorsed by all capital contributing shareholders in proportion to their shareholding percentages.
7. The companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre - construction homes pursuant to the Consumer Protection Act for each other.

(Note 4) The aforementioned inter - company transactions have been eliminated in the consolidated financial statements.

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 3 Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of share capital

(December 31, 2022)

Name of company	Category and name of security		Account name	Name of counter -party	Relationship with the company	Beginning balance		Purchases		Sales				Ending balance		Notes
						Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount	
The Company	WYUS	Stock	Investment accounted for using equity method	Cash subscription	The company's subsidiary	169,010	5,095,045	400,000	11,432,000	-	-	-	-	569,010	18,136,234	(Note)
The Company	WYMY	Stock	Investment accounted for using equity method	Cash subscription	The company's subsidiary	35,214	232,596	301,550	2,064,385	-	-	-	-	336,764	2,304,502	(Note)
The Company	WYMX	Stock	Investment accounted for using equity method	Cash subscription	The company's subsidiary	180,297	267,790	589,378	869,546	-	-	-	-	769,675	1,410,512	(Note)

(Note): The aforementioned inter - company transactions have been eliminated in the consolidated financial statements.

Table 4 Acquisition of real estate with amount exceeding the lower of NT$300 million or 20% of share capital (December 31, 2022)

Company name	Type of property	Transaction Date	Transaction Amount	Payment Term	Counter-party	Name of Relationships	Prior Transaction of Related Counter-party				Price Reference	Purpose of Acquistion	Other Terms
							Owner	Relationships	Tranfer Date	Amount			
WYMY	Property,plant and equipment-Land	2021/9	278,306	payment: 50%	SENAI AIRPORT CITY SDN. BHD.	non-related party	-	-	-	-	Refer to appraisal report issued by professional appraiser	For the Company's future operations	-
WYMY	Property,plant and equipment-Land	2021/9	170,060	payment: 50%	SENAI AIRPORT CITY SDN. BHD.	non-related party	-	-	-	-	Refer to appraisal report issued by professional appraiser	For the Company's future operations	-
WYMY	Property,plant and equipment-Building	2022/3	628,723	payment: 56%	HWA HIN SDN. BHD.	non-related party	-	-	-	-	Not applicable because of engaging others to build on its own land	For the Company's future operations	-
WYMY	Property,plant and equipment-Building	2022/8	1,935,677	payment: 6%	HWA HIN SDN. BHD.	non-related party	-	-	-	-	Not applicable because of engaging others to build on its own land	For the Company's future operations	-

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 5 Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock
(December 31, 2022)

Name of company	Related Party	Nature of relationship	Transaction details				Transaction with terms different from others		Notes/ Accounts receivable (payable)		Notes
			Purchase/Sales	Amount	Percentage of total purchases / sales	Payment terms	Unit price	Payment Terms	Ending balance	Percentage of total notes / accounts receivable (payable)	
The Company	WYUS	The Company's subsidiary	Sale	43,730,667	43.12%	OA150	-	-	18,506,683	71.04%	(Note)
"	WYJP	The Company's subsidiary	Sale	3,078,534	3.04%	OA90	-	-	738,647	2.84%	(Note)
"	WYKR	The Company's subsidiary	Sale	1,408,518	1.39%	OA90	-	-	92,743	0.36%	(Note)
"	WYHK	The Company's subsidiary	Sale	1,020,728	1.01%	OA90	-	-	307,258	1.18%	(Note)
"	WBR	The Company's other related company	Sale	856,557	0.84%	OA90	-	-	468,216	1.80%	-
"	WYKS	The Company's subsidiary	Sale	452,776	0.45%	OA90	-	-	145,474	0.56%	(Note)
"	WIN	The Company's other related company	Sale	433,505	0.43%	OA90	-	-	107,148	0.41%	-
"	WHQ	The Company's parent company	Purchase	69,270,472	87.77%	OA45	-	-	(9,795,920)	(87.07%)	-
"	WYUS	The Company's subsidiary	Purchase	1,462,484	1.85%	OA90	-	-	(422,290)	(3.75%)	(Note)
"	WSSG	The Company's other related company	Purchase	162,799	0.21%	OA60	-	-	(10,351)	(0.09%)	-
WYUS	The Company	WYUS's parent company	Sale	1,462,484	0.75%	OA90	-	-	422,290	3.42%	(Note)
"	WBR	WYUS's other related company	Sale	1,020,882	0.43%	OA90	-	-	499,328	4.00%	-
"	The Company	WYUS's parent company	Purchase and Service cost	43,730,667	21.00%	OA150	-	-	(18,506,683)	(53.80%)	(Note)
"	WITX	WYUS's other related company	Purchase	4,270,030	1.87%	OA90	-	-	(1,472,759)	(4.28%)	-
"	WYMX	WYUS's affiliate company	Processing fee	2,244,616	0.98%	OA60	-	-	(260,832)	(0.76%)	(Note)
"	WMX	WYUS's other related company	Processing fee	545,497	0.24%	OA90	-	-	(59,199)	(0.17%)	-
"	WHQ	WYUS's parent company	Purchase	374,431	0.16%	OA90	-	-	(42,491)	(0.12%)	-
WYJP	The Company	WYJP's parent company	Purchase	3,078,534	100.00%	OA90	-	-	(738,647)	(100.00%)	(Note)
WYKR	The Company	WYKR's parent company	Purchase	1,408,518	100.00%	OA90	-	-	(92,743)	(100.00%)	(Note)
WYHK	The Company	WYHK's parent company	Purchase	1,020,728	99.97%	OA90	-	-	(307,258)	(99.90%)	(Note)
WYKS	The Company	WYKS's parent company	Purchase	452,776	100.00%	OA90	-	-	(145,474)	(100.00%)	(Note)
WYMX	WYUS	WYMX's affiliate company	Processing income	2,244,616	100.00%	OA60	-	-	260,832	100.00%	(Note)

(Note): The aforementioned inter - company transactions have been eliminated in the consolidated financial statements.

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 6 Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock
(December 31, 2022)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Loss allowance	Notes
					Amount	Action taken			
Account Receivables									
The Company	WYUS	The Company's subsidiary	18,506,683	259.59%	10,397	Collecting	-	-	(Note)
"	WYJP	The Company's subsidiary	738,647	524.27%	-	-	-	-	(Note)
"	WBR	The Company's other related company	468,216	282.43%	-	-	28,644	-	-
"	WYHK	The Company's subsidiary	307,258	663.50%	-	-	-	-	(Note)
"	WIN	The Company's other related company	107,148	251.80%	-	-	14,105	-	-
"	WYKS	The Company's subsidiary	145,474	216.51%	-	-	-	-	(Note)
WYUS	WBR	WYUS's other related company	499,328	397.74%	-	-	48,726	-	-
"	The Company	WYUS's parent company	422,290	830.01%	-	-	-	-	(Note)
WYMX	WYUS	WYMX's affiliate company	260,832	1059.16%	-	-	260,832	-	(Note)
Other Receivables									
The Company	WYUS	The Company's subsidiary	1,348,896	-	-	-	-	-	(Note)
"	WYJP	The Company's subsidiary	163,841	-	-	-	-	-	(Note)
WYUS	WHQ	WYUS's parent company	1,188,545	-	2,163	Collecting	52,478	-	-
"	The Company	WYUS's parent company	366,774	-	1,687	Collecting	-	-	(Note)

(Note): The aforementioned inter - company transactions have been eliminated in the consolidated financial statements.

WIWYNN CORPORATION AND SUBSIDIARIES
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Table 7 Significant intercompany transactions and business relationships between parent company and its subsidiaries
(December 31, 2022)

No.	Name of company	Name of counter-party	Nature of relationship (Note 1)	Intercompany transactions			
				Account name	Amount	Trading Terms	Percentage of the consolidated net revenue or total assets (Note 3)
0	The Company	WYUS	1	Sale	43,730,667	OA150	14.93%
0	The Company	WYJP	1	Sale	3,078,534	OA90	1.05%
0	The Company	WYKR	1	Sale	1,408,518	OA90	0.48%
0	The Company	WYHK	1	Sale	1,020,728	OA90	0.35%
0	The Company	WYKS	1	Sale	452,776	OA90	0.15%
1	WYUS	The Company	2	Sale	1,462,484	OA90	0.50%
2	WYMX	WYUS	3	Processing income	2,244,616	OA60	0.77%
0	The Company	WYUS	1	Account receivable	18,506,683	OA150	20.83%
0	The Company	WYJP	1	Account receivable	738,647	OA90	0.83%
0	The Company	WYKR	1	Account receivable	92,743	OA90	0.10%
0	The Company	WYHK	1	Account receivable	307,258	OA90	0.35%
0	The Company	WYKS	1	Account receivable	145,474	OA90	0.16%
1	WYUS	The Company	2	Account receivable	422,290	OA90	0.48%
2	WYMX	WYUS	3	Account receivable	260,832	OA60	0.29%

Note 1: relationship:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 2: The section only discloses the information of sales and accounts receivable of inter-company transactions, as well as is not disclosed the purchase and accounts payable of counter-party due to duplicate. Note 3: Calculated by using the transaction amount, divided by the consolidated net revenues and total assets.

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 8 Information on investments (excluding investees in mainland China)
The following are the information on investees for January 1 to December 31, 2022 (excluding information on investees in mainland China):

Name of the investor	Name of investee	Location	Main business and products	Original investment amount		Balance as of December 31, 2022			The highest percentage of the periods	Net income (losses) of the investee	Share of profits/losses of investee	Notes
				December 31, 2022	December 31, 2021	Shares(In thousands)	Percentage of ownership	Carrying value				
The Company	WYJP	Japan	Sales of cloud data center equipment	6,620	6,620	-	100.00%	285,165	100.00%	101,257	101,257	(Note)
"	WYUS	U.S.A	Sales of cloud data center equipment	16,453,581	5,021,581	569,010	100.00%	18,136,234	100.00%	196,921	196,921	(Note)
"	WYHK	Hong Kong	Investing activities and sales of cloud data center equipment	12,181	12,181	400	100.00%	263,788	100.00%	39,555	39,555	(Note)
"	WYKR	South Korea	Sales of cloud data center equipment	2,903	2,903	20	100.00%	178,738	100.00%	38,127	38,127	(Note)
"	WYMY	Malaysia	Sales of cloud data center equipment	2,300,724	236,340	336,764	100.00%	2,304,502	100.00%	(40,291)	(40,291)	(Note)
"	WYMX	Mexico	Human resources service provision and cloud data center equipment manufacturing	1,126,671	257,125	769,675	100.00%	1,410,512	100.00%	159,177	159,177	(Note)
"	WYSMX	Mexico	Sales of cloud data center equipment	58,025	-	40,444	100.00%	61,438	100.00%	(2,131)	(2,131)	(Note)
"	LiquidStack	Netherlands	R&D of liquid cooling technology	276,609	276,609	1,000	20.00%	198,890	20.00%	(339,839)	(67,968)	-

(Note): The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

Table 9 Information on investment in mainland China

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 2)	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net income (loss) of the investee	The highest percentage of the periods	Percentage of ownership	Investment income (losses) (Note 3)2.	Book value	Accumulated remittance of earnings in current period	Notes
					Outflow	Inflow								
WYKS	Sales of cloud data center equipment	10,659	2	10,659 (Note 1)	-	-	10,659	12,696	100.00%	100.00%	12,696	106,694	-	-

(ii) Limitation on investment in mainland China

Accumulated Investment in mainland China as of December 31, 2022 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA(Note 6)	Upper Limit on Investment (Note 4)
10,659(USD 350,000)	10,748(USD 350,000)	23,272,203

(Note 1) Wiwynn Technology Service Hong Kong Limited used its own capital to invest in WYKS.

(Note 2) Ways to invest in mainland China:

1.Direct investment in mainland China.

2.Reinvestment in mainland China through third place.

3.Others

(Note 3) The three categories of investment income (losses) recognized were as follows:

1. The financial statements of the investee company were audited by the global accounting firm in cooperation with ROC. accounting firm.

2. The financial statements of the investee company were reviewed by the same auditor of the Taiwan parent company.

3. Others

(Note 4) Amount of upper limit on investment was the higher between sixty percent of total equity or total consolidated equity.

(Note 5) The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(Note 6) Translated using the ending rates on December 31, 2022.

(iii) Significant transactions

For the year ended December 31, 2022, the significant inter-company transactions with the subsidiary in mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.

APPENDIX A – THE SECURITIES MARKET OF THE ROC

The information presented in this section has been extracted from publicly available documents which have not been prepared or independently verified by us, the Initial Purchaser, or any of our or its respective affiliates or advisors in connection with the offering.

In September 1960, the MOEA established the ROC Securities and Exchange Commission to supervise and control all aspects of the existing domestic securities market and the TWSE began to take shape soon thereafter. In the 1970s and the early 1980s, the ROC Government implemented a number of steps designed to upgrade the quality and importance of the ROC securities markets, such as encouraging listing on the TWSE and establishing an over-the-counter securities exchange. In the mid-1980s, the ROC Government began to revise its laws and regulations in a manner designed to facilitate the gradual internationalization of the ROC securities markets. In 1997, the ROC Securities and Exchange Commission was renamed the ROC Securities and Futures Commission. Effective July 1, 2004, the ROC Government established the FSC, the single financial regulator which supervises banking, securities and insurance affairs in the ROC. The ROC Securities and Futures Commission has since then become a bureau under the supervision of the FSC and been renamed the Securities and Futures Bureau.

The TWSE

In 1961, under the instruction of the ROC Government, the TWSE was established to provide a marketplace for securities trading. The TWSE is a corporation owned by government-controlled and private banks, securities companies and enterprises. The TWSE is independent of the entities transacting business through it, each of which pays to the TWSE a user's fee. Subject to limited exceptions, all transactions in listed securities by brokers, traders and integrated securities firms must be made through the TWSE.

The TWSE commenced operations in 1962. During the early 1980s, the TWSE actively encouraged new listings on the TWSE and the number of listed companies has grown from 119 in 1983 to 1,006 as of March 29, 2024. As of March 29, 2024, the market capitalization of companies listed on the TWSE was approximately NT$64.5 trillion. Historically, ROC companies have listed only shares and bonds on the TWSE. However, the TWSE has encouraged companies to list other types of securities. In 1988, the Ministry of Finance permitted the issuance of ROC's first exchangeable bonds. Since 1989, there have been offerings of domestic convertible bonds and convertible preferred shares. In addition, beneficiary units evidencing beneficiary interests in closed-end investment funds and bonds issued by supra-national financial institutions are also listed on the TWSE or traded on the TPEx (which is discussed below). The FSC also has promulgated regulations which permit foreign issuers to list certain securities on the TWSE.

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The TWSE considers the following factors when evaluating a company for listing:

- the number of shareholders and the distribution of shareholdings among such shareholders;
- the length of time in business;
- the amount of paid-in capital; and
- profitability.

However, special listing criteria apply to certain industries, such as technology companies and key businesses engaging in national economic development.

The following table sets forth, for the periods indicated, information relating to the TWSE.

Period Ended December 31,	Number of Listed Companies at the Period End	Stock Trading Values (NT$ in billions)	Index High	Index Low	Index at Period End
2001	584	18,354.94	6,104.24	3,446.26	5,551.24
2002	638	21,873.95	6,462.30	3,850.04	4,452.45
2003	669	20,333.24	6,142.32	4,139.50	5,890.69
2004	697	23,875.37	7,034.10	5,316.87	6,139.69
2005	691	18,818.90	6,575.53	5,632.97	6,548.34
2006	688	23,900.36	7,823.72	6,257.80	7,823.70
2007	698	33,043.85	9,809.88	7,344.56	8,506.28
2008	718	26,115.41	9,295.20	4,089.93	4,591.22
2009	741	29,680.47	8,188.11	4,242.61	8,188.11
2010	758	28,218.68	8,972.50	7,071.67	8,972.50
2011	790	26,197.41	9,145.35	6,633.33	7,072.08
2012	809	20,238.17	8,144.04	6,894.66	7,699.50
2013	838	18,940.93	8,623.43	7,616.64	8,611.51
2014	854	21,898.54	9,569.17	8,264.48	9,307.26
2015	874	20,191.49	9,973.12	7,410.34	8,338.06
2016	892	16,771.14	9,392.68	7,664.01	9,253.50
2017	907	23,972.24	10,854.57	9,272.88	10,642.86
2018	928	29,608.87	11,253.11	9,478.99	9,727.41
2019	942	26,464.63	12,122.45	9,382.51	11,997.14
2020	948	45,654.29	14,732.53	8,681.34	14,732.53
2021	959	92,289.97	18,248.28	14,902.03	18,218.84
2022	971	56,080.59	18,562.35	12,666.12	14,137.69
2023	997	63,170.25	17,930.81	14,199.13	17,930.81
2024 (through March 29, 2024)	1,006	20,173.16	20,294.45	17,161.79	20,294.45

Source: TWSE

The TPEx

To complement the TWSE, the GreTai Securities Market was established in November 1994 on the initiative of the MOF to encourage the trading of securities of companies who do not qualify for listing on the TWSE, and later renamed as TPEx. As of March 29, 2024, 820 companies had listed equity securities on the TPEx and the total market capitalization of those companies was approximately NT$6.2 trillion.

The TPEx has established specific requirements for trading securities on the TPEx based on the history of a company, the number and distribution of a company's shareholders, amount of capital, profitability and capital structure.

Price Limits, Commissions, Transaction Tax and Other Matters

The TWSE has placed limits on block trading and on the range of daily price movements. According to the TWSE's block trading guidelines, an order for sale or purchase of 500 or more trading lots or trading amounts exceeding NT$15 million of one class of securities, or securities of five or more different classes and trading amounts exceeding NT$15 million, must be registered and executed in accordance with the guidelines. Fluctuations in the price of stock traded on the TWSE are currently subject to a restriction of 10% above and below the previous day closing price (or reference price set by the TWSE if the previous day closing price is not available because of lack of trading activity). However, these restrictions have been modified from time to time by the FSC based on market conditions. Brokerage commission can be set at any rate of the transaction price provided that any rate exceeding 0.1425% shall be reported to the TWSE and notify the client in advance. A securities transaction tax, currently levied at 0.3% of the transaction price, is payable by the seller of equity securities. Such securities transaction taxes are withheld at the time of the transaction giving rise to such tax. Sales of shares of companies listed on the TWSE are currently sold in round lots of 1,000 shares. Investors who desire to sell less than 1,000 shares of a listed company occasionally experience delays in effecting such sales.

Starting from January 15, 2016, upon the occurrence of any matter which may have a material impact on the shareholders' equity or the price of securities of a TWSE-listed company (e.g., merger), such company should apply to the TWSE, or the TWSE should request, for suspension of trading of its shares for one to three trading days (or a longer period if necessary).

Regulation and Supervision

The FSC has extensive regulatory authority over public companies. Public companies are generally required to obtain the deemed approval from the FSC for all securities offerings. The FSC has promulgated regulations requiring, unless otherwise exempted, periodic reporting of financial and operating information by all public companies. In addition, the FSC establishes standards for financial reporting and carries out licensing and supervision of participants in the ROC securities market.

The FSC has responsibility for implementing ROC Securities and Exchange Act and for overall administration of governmental policies in the ROC securities market. It has extensive regulatory authority over the offering, issuance and trading of securities. In addition, ROC Securities and Exchange Act specifically empowers the FSC to promulgate necessary rules. ROC Securities and Exchange Act prohibits market manipulation. For example, it permits an issuer to recover short-swing trading profits made through purchases and sales within six months by directors, managerial personnel, supervisors, as well as the spouses, minor children and nominees of these parties, and shareholders (together with their spouses, minor children and nominees) who hold more than 10% of the shares of the issuer. ROC Securities and Exchange Act prohibits trading by "insiders" based on non-public information that materially affects share price movement prior to publication of such information and within 18 hours after publication of such information. "Insiders" include:

- directors, supervisors, managers, as well as the spouses, minor children and nominees of these parties, and shareholders (together with their spouses, minor children and nominees) who hold more than 10% of the issuing company's shares and any individual designated by a governmental or corporate director or supervisor to act on its behalf;

- any person who has learned material non-public information due to an occupational or controlling relationship with the issuing company;

- any person who has discharged from the status or position in the first and second bullet points for not more than six months; and

- any person who has learned material non-public information from any of the above.

Sanctions include imprisonment. In addition, damages may be awarded to persons injured by the transaction. ROC Securities and Exchange Law also imposes criminal liability on certified public accountants and lawyers who make false certifications in their examination and audit of an issuer's contracts, reports and other documents related to securities

transactions. The FSC regulations require that financial reports of listed companies be audited by accounting firms consisting of at least three certified public accountants and be signed by at least two certified public accountants.

In addition, ROC Securities and Exchange Law provides for civil liability for material misstatements or omissions made by issuers and regulation of tender offers. Although the FSC does not have criminal or civil enforcement powers under the ROC Securities and Exchange Law, the FSC has the quasi-judicial power under the Organization Act Governing the Financial Supervisory Commission to investigate a person who violates the Banking Act, the Securities and Exchange Act, the Insurance Act, and other relevant laws. Criminal actions may be pursued only by government prosecutors. Civil actions may only be brought by plaintiffs who assert that they have suffered damages. The FSC is empowered to curb abuses and violations of laws and regulations only through administrative measures including:

- issuance of warnings;
- temporary suspension of operation;
- imposition of administrative fines; and
- revocation of licenses.

In addition to providing a market for securities trading, the TWSE reviews applications by ROC and foreign issuers to list securities on the TWSE. If issuers of listed securities violate laws and regulations or encounter significant difficulties, the TWSE may, with the approval of the FSC, delist the securities of these issuers.

APPENDIX B – FOREIGN INVESTMENT AND EXCHANGE CONTROLS IN THE ROC

The information presented in this section has been extracted from publicly available documents which have not been prepared or independently verified by us, the Initial Purchaser or any of our or its respective affiliates or advisors in connection with this offering.

Foreign Investment

Historically, foreign investment in the ROC securities markets has been restricted. Since 1983, the ROC Government has periodically enacted legislation and adopted regulations to permit foreign investment in the ROC securities market.

Regulations Governing Investment in Securities By Overseas Chinese and Foreign Nationals (the "**Foreign Regulations**"), which was approved by the ROC Executive Yuan on May 26, 1983 and has been amended from time to time, and the Regulations Governing Mainland Chinese Investors' Securities Investments and Futures Trading in Taiwan (the "**PRC Regulations**"), which was announced by the FSC on April 30, 2009, are two of the major regulations governing foreign investment in companies listed on TWSE or TPEx in the ROC.

Under the Foreign Regulations, foreign investors (other than PRC persons) are classified as either "onshore foreign investors" or "offshore foreign investors" according to their respective geographical location. Unless otherwise specified in the laws and regulations, both onshore and offshore foreign investors are allowed to trade securities listed on TWSE after they register with the TWSE; provided, the TWSE may terminate the registration if the application documents submitted by foreign investors are untrue or incomplete or if any material violation of laws or relevant regulations exists. The Foreign Regulations further classify foreign investors into foreign institutional investors and foreign individual investors. "Foreign institutional investors" refer to those investors incorporated and registered in accordance with foreign laws outside of the ROC (i.e., offshore foreign institutional investors) or their branches set up and recognized within the ROC (i.e., onshore foreign institutional investors). Offshore overseas Chinese and foreign individual investors may be subject to a maximum investment ceiling that will be separately determined by the FSC after consultation with the CBC. Currently, there is no maximum investment ceiling for offshore overseas Chinese and foreign individual investors. On the other hand, foreign institutional investors are not subject to any ceiling for investment in the ROC securities market.

In the past, PRC persons were prohibited from investing, whether directly or indirectly, in the ROC. The Securities Investment Regulations for PRC Nationals promulgated in 2009 (as amended in 2010) allow PRC nationals and institutional investors to make investment in ROC securities, if they are qualified for any of the following categories: (i) qualified domestic institutional investors approved by the PRC government, also known as "QDIIs"; (ii) PRC residents who are employees of a TWSE-listed or TPEx listed company and thereupon granted securities; (iii) companies incorporated under the laws of PRC or PRC residents who are the stockholders of a foreign company whose shares or depositary receipts are listed and traded on the TWSE or TPEx; or (iv) other categories as permitted by the competent authority. Subject to the requirements and restrictions set forth below, a PRC investor may invest in TWSE-listed or TPEx-listed securities, beneficiary certificates issued by securities investment trusts, government bonds, bank debentures, corporate bonds issued by public companies, beneficiary securities or asset-backed securities issued by the special purpose trust or special purpose vehicle, warrants and other securities as permitted by the FSC.

- PRC investors are required to appoint their agent or nominee in Taiwan for opening a securities trading account.
- PRC investors are required to appoint a custodian permitted by the competent authority to handle the custody of funds and certificates related to securities.
- In exercising the voting rights of the shares of a TWSE-listed or TPEx-listed company, unless otherwise permitted by laws and regulations, PRC investors may not substantially control or effect the operation and management of the company.
- The amount of investment remittance for each QDII is capped at US$100 million, and the total amount remitted into Taiwan by all QDIIs shall not exceed US$500 million.

- The PRC investor may not exceed the PRC ownership limit imposed by the Taiwan competent authority.

Depositary Receipts

In April 1992, the FSC enacted regulations permitting ROC companies with securities listed on the TWSE, with the prior approval of the FSC, to sponsor the issue and sale to foreign investors of depositary receipts. Depositary receipts represent deposited shares of ROC companies. In December 1994, the MOF further allowed companies whose shares are traded on the TPEx or listed on the TWSE, upon approval of the FSC, to sponsor the issue and sale of depositary receipts.

A holder of depositary receipts may, after the issuance of the depositary receipts representing new shares and upon the listing of the underlying shares and (in practice, typically four to seven business days thereafter), request the depositary to either cause the underlying shares to be sold in the ROC and to distribute the sale proceeds to the holder or to withdraw from the depositary receipt facility the shares represented by the depositary receipts and deliver the shares to the holder. For depositary shares that represent previously issued and existing shares, a holder of the depositary receipts could, immediately after the issuance of the depositary receipts, request the depositary to conduct the foregoing. Currently, a holder of depositary shares who is a PRC person may not withdraw and hold shares unless (i) it is a QDII who will hold less than 10% (or less in certain industries) of the issuer's issued shares, or (ii) if all the businesses of the issuer are in the positive list promulgated by the ROC Executive Yuan, the holder withdraws shares which (together with its existing shareholding in the issuer) accounts for 10% or more (or other threshold required by the regulators) of the issuer’s issued shares and it otherwise obtains the approval of the Department of Investment Review of the MOEA. However, QDIIs are currently prohibited from investing in certain industries, and their investment of certain other industries in a given company is restricted to a certain percentage pursuant to a list promulgated by the ROC Executive Yuan and amended from time to time. In addition, there are restrictions on the amount remitted to the ROC for investments by each individual QDII and for QDIIs in the aggregate in certain industries. Accordingly, the qualification criteria for a PRC person to make investment, the restrictions on investment in certain industries and the investment threshold imposed by the FSC might accordingly cause a holder of depositary shares who is a PRC person to be unable to withdraw and hold the underlying shares.

Under existing laws and regulations relating to foreign exchange control, a depositary or a holder of depositary receipts may, without obtaining further approvals from the CBC or any other governmental authority or agency of the ROC, convert NT dollars into other currencies, including US dollars, in respect of the following: (1) proceeds of the sale of shares represented by depositary receipts, (2) proceeds of the sale of shares received as stock dividends and deposited into the depositary receipt facility and (3) any cash dividends or cash distributions received. In addition, a depositary, also without any of these approvals, may convert inward remittances of payments into NT dollars for purchases of shares for deposit into the depositary receipt facility against the creation of additional depositary receipts. A depositary may be required to obtain foreign exchange approval from the CBC on a payment-by-payment basis for conversion from NT dollars into foreign currencies relating to the sale of subscription rights for new shares if the proceeds are in excess of US$100,000 per remittance. Proceeds from the sale of the underlying shares withdrawn from the depositary receipt facility may be used for reinvestment in the TWSE or the TPEx securities, subject to relevant regulations.

Under current ROC laws, a non-ROC holder of depositary receipts, when withdrawing the shares underlying the depositary receipts, will be required to register with the TWSE and appoint a local agent to open a securities trading account with a local brokerage firm and an NT dollar bank account, pay taxes, remit funds, exercise rights relating to the securities and perform such other matters as may be designated by such holder of depositary receipts on behalf of and as an agent for such holder of depositary receipts. Any such holder of depositary receipts is also required to appoint a local bank or securities firm to act as custodian to hold the securities and any cash proceeds in safekeeping, to make confirmations, to settle trades and to report all relevant information. In addition, such holder of depositary receipts is required to appoint a tax guarantor for filing tax returns and making tax payments. Without meeting the foregoing requirements, the withdrawing holder of depositary receipts would be unable to hold and subsequently sell or otherwise transfer the underlying shares withdrawn from the depositary receipt facility on the TWSE or otherwise.

Overseas Corporate Bonds

Since 1989, the FSC has approved a series of overseas bonds issued by ROC companies listed on the TWSE in offerings outside the ROC. Under current ROC law, such overseas corporate bonds (i) can be converted by bondholders into shares of ROC companies or (ii) subject to FSC approval, may be converted into depositary receipts issued by the

same ROC company or by the issuing company of the exchange shares, in the case of exchangeable bonds. A PRC holder of convertible bonds may not convert bonds unless (i) it is a QDII who will hold less than 10% (or less in certain industries) of the issuer's issued shares or (ii) if all the businesses of the issuer are in the positive list promulgated by the ROC Executive Yuan, the shares converted from overseas convertible bonds which (together with its existing shareholding in the issuer) accounts for 10% or more (or other threshold required by the regulators) of the issuer's issued shares and it otherwise obtains the approval of the MOEA. However, QDIIs are currently prohibited from investing in certain industries, and their investment of certain other industries in a given company is restricted to a certain percentage pursuant to a list promulgated by the FSC and amended from time to time. In addition, there are restrictions on the amount remitted to the ROC for investments by QDIIs, separately and jointly. Accordingly, the qualification criteria for a PRC person to make investment, the restrictions on investment in certain industries and the investment threshold imposed by the FSC might accordingly cause a holder of the corporate bonds who is a PRC person to be unable to convert or exchange the bonds and hold the shares. The relevant regulations also permit public issuing companies to issue corporate debt in offerings outside the ROC. Proceeds from the sale of the shares converted from overseas convertible bonds may be used for reinvestment in securities listed on the TWSE or traded on the TPEx, subject to relevant regulations.

Under current ROC law, a non-ROC converting bondholder, when exercising his conversion right to convert bonds into common shares, is required to register with the TWSE and appoint a local agent to open a securities trading account with a local brokerage firm and an NT dollar bank account, pay taxes, remit funds, exercise rights relating to the securities and perform such other matters as may be designated by such converting bondholder on behalf of and as agent for such converting bondholder. Also, any such converting bondholder is also required to appoint a custodian bank to hold the securities and any cash proceeds in safekeeping, to make confirmations, to settle trades and to report all relevant information. In addition, such converting bondholder is required to appoint a tax guarantor for filing tax returns and making tax payments. Without meeting these requirements, the converting holder would not be able to receive, hold, or subsequently sell or otherwise transfer the shares into which the overseas bonds may have been converted on the TWSE or otherwise.

Unless otherwise limited by the CBC, an ROC company may, without obtaining further approvals from the CBC or any other government authority of the ROC, convert NT dollars to other non-ROC currencies, including US dollars, for making payments in respect of redemption of the bonds or repayment of principal of and interest on the bonds. A non-ROC converting bondholder may, through its local agent and without obtaining prior approval from the CBC, convert into foreign currencies net proceeds realized from the sale of converted common shares or any stock dividends relating to such shares, or any cash dividend or other cash distribution in respect of such common shares and, after becoming a shareholder, inward remittances of subscription payments in connection with a rights offering. However, a converting bondholder must obtain prior approval from the CBC on a payment-by-payment basis for conversion from NT dollars into other currencies in respect of the proceeds from the sale of subscription rights for newly issued shares if the proceeds are in excess of US$100,000 per remittance.

Other Foreign Investment

In addition to investments permitted under the Foreign Regulations and PRC Regulations, foreign investors (other than PRC persons) who wish to make (i) direct investments in the shares of ROC private companies or (ii) investment in 10% or more of the equity interest of an ROC company listed on the TWSE or the TPEx in any single transaction and PRC investors who wish to make (i) direct investment in the shares of ROC private companies or (ii) investments, individually or aggregately, in 10% or more (or other threshold required by the regulators) of the equity interest of an ROC company listed on the TWSE or the TPEx in certain industries on the positive list, as promulgated by the ROC Executive Yuan are required to submit an Investment Approval application to the DIR of the MOEA or other government authority. The DIR or such other government authority reviews Investment Approval application and approves or disapproves each application after consultation with other governmental agencies (such as the CBC and the FSC). PRC investors other than QDII are prohibited from making investments in an ROC company listed on the TWSE or the TPEx if the investment is less than 10% (or less in certain industries) of the equity interest of such ROC company.

Under current law, any non-ROC person possessing an Investment Approval may remit capital for the approved investment and is entitled to repatriate annual net profits, interest and cash dividends attributable to such investment. Dividends attributable to such investment may be repatriated upon submitting certain required documents to the remitting bank, and investment capital and capital gains attributable to such investment may be repatriated after approvals of the DIR or other authorities have been obtained.

In addition to the general restriction against direct investment by foreign investors in securities of ROC companies, foreign investors (other than PRC persons or except in certain limited cases) are currently prohibited from investing in certain industries in the ROC pursuant to a Negative List, as amended by the ROC Executive Yuan. The prohibition on foreign investment in the prohibited industries specified in the Negative List is absolute in the absence of specific exemption from the application of the Negative List. Pursuant to the Negative List, certain other industries are restricted so that foreign investors (except in certain limited cases) may invest in such industries only up to a specified level and with the specific approval of the relevant competent authority which is responsible for enforcing the relevant legislation which the Negative List is intended to implement.

On the other hand, in addition to the general restriction against direct investment by PRC investors in securities of ROC companies, PRC investors may only invest in certain industries in the Positive List, as promulgated by the ROC Executive Yuan. In addition, PRC investor who wishes to be elected as an ROC company's director or supervisor shall also submit an Investment Approval application to the DIR of the MOEA or other government authority for approval.

Exchange Controls

The ROC Foreign Exchange Control Statute and regulations provide that all foreign exchange transactions must be executed by banks designated by the FSC and the CBC to handle foreign exchange transactions. Current regulations favor trade-related foreign exchange transactions. Consequently, foreign currency earned from exports of merchandise and services may now be retained and used freely by exporters. All foreign currency needed for the importation of merchandise and services may be purchased freely from the designated foreign exchange banks.

Aside from trade-related foreign exchange transactions, ROC companies and individual residents of the ROC may, without foreign exchange approval, remit to and from the ROC in each calendar year foreign currencies of up to US$50 million (or its equivalent) and US$5 million (or its equivalent), respectively, or such other amount as determined by the CBC from time to time at its discretion in consideration of the ROC's economic and financial conditions or the needs to maintain the order of foreign exchange market in the ROC. These limits apply to remittances involving a conversion between NT dollars and US dollars or other foreign currencies. In addition, all private enterprises are required to register all medium- and long-term foreign debt with the CBC.

In addition, a foreign person may, subject to certain requirements but without foreign exchange approval, remit to and from the ROC foreign currencies of up to US$100,000 (or its equivalent) per remittance if the required documentation is provided to the ROC authorities. This limit applies to remittances involving a conversion between NT dollars and US dollars or other foreign currencies.

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