

Stock Symbol: 6187



*All Ring Tech Co., Ltd.*

# **All Ring Tech Co., Ltd.**

## **2021 Annual General Meeting**

### **Meeting Handbook**

**June 17, 2021**

All Ring Tech Co., Ltd.

Meeting Handbook of 2021 Annual General Meeting

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All Ring Tech Co., Ltd.  
Agenda of the 2021 Annual General Meeting

- I. Call the Meeting to Order
- II. Chairperson's Remarks
- III. Speeches from Distinguished Guests
- IV. Report Items
- V. Ratification Items
- VI. Discussion Items
- VII. Election Items
- VIII. Other Matters
- IX. Extraordinary Motions
- X. Meeting Adjournment

## Agenda of the 2021 Annual General Meeting

- I. Time: 9:00 a.m., June 17 (Thursday), 2021
- II. Location: No. 23, Luke 5th Rd., Luzhu Dist., Kaohsiung City 821, Taiwan (R.O.C.) (Southern Taiwan Science Park - Kaohsiung Campus)
- III. Call the Meeting to Order
- IV. Chairperson's Remarks:
- V. Speeches from Distinguished Guests:
- VI. Report Items:
  - (I) 2020 Business Report.
  - (II) Review Report of Audit Committee.
  - (III) Report on the Company's distribution of compensation to its directors, supervisors and employees in 2020.
  - (IV) Execution Status of Repurchasing Treasury Stocks.
  - (V) The Status of Endorsements and Guarantees.
  - (VI) Information on Investments in Mainland China.
- VII. Ratification Items:
  - (I) Approval of 2020 Business Report and Financial Statements.
  - (II) Approval of 2020 Profit Distribution Plan.
- VIII. Discussion Items:
  - (I) Discussion of the proposal for the cash distribution from capital surplus.
  - (II) Amendments of the Company's "Articles of Incorporation".
  - (III) Amendments of the "Rules and Procedures of the Shareholders' Meeting" of the Company.
- IX. Election Items:

By-election for Directors.
- X. Other Matters:

Proposal to release the newly elected Directors and their representatives from non-competition restrictions as per Article 209 of the Taiwan Company Act.

XI. Extraordinary Motions:

XII. Meeting Adjournment

## [Report Items]

### (I) 2020 Business Report

For the Company's 2020 Business Report, please refer to Attachment I (page 22).

(II) Audit Committee's Review Report

All Ring Tech Co., Ltd.

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2020 Business Report, Financial Statements and the proposal for distribution of earnings. Tsi-Meng Liu and Yong-Chih Lin the CPAs from PricewaterhouseCoopers Taiwan (PwC Taiwan) was retained to audit the Company's Financial Statements and have issued an audit report relating to the Financial Statements. We have examined the Company's 2020 Business Report, Financial Statements, and the proposal for distribution of earnings that have been approved by the Board of Directors. We hereby respectfully prepare and present this Report in accordance with Article 14-4 of Secu for your review.

To

2021 shareholders' meeting of All Ring Tech Co., Ltd.

All Ring Tech Co., Ltd.

Convener of the Audit Committee: Ming-Hsien Li

February 24, 2021

(III) Report on the Company's distribution of compensation to its directors, supervisors and employees in 2020

Note: the Company will pay NT\$2,476,689 as remuneration to the directors and supervisors and NT\$18,344,594 to the employees based on the profit situation in 2020 (in cash), no difference from the recognized expenses in 2020.

(IV) Execution Status of Repurchasing Treasury Stocks

Notes: 1. According to the provisions of Article 28-2 of the Securities and Exchange Act and the Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies, the status of treasury stock repurchase by the Company is as follows:

The Table of Repurchase of the Company's Shares

Repurchase time	9th repurchase
Purpose of repurchase	Shares Transferred to Employees
Repurchase Period	March 19, 2020 - May 15, 2020
Price Range of Repurchase	NT\$21~60
Type and number of shares repurchased	1,870,000 ordinary shares
Repurchased share value	NT\$66,448,500
The average buyback price per share	NT\$35.5340
Number of Shares Transferred to Employees	0 share
Cumulative number of the company's shares held	1,870,000 shares
Accumulated number of share held to total number of share issued (%)	2.24%

Notes: The shares purchased by the Company for the purpose of transferring shares to employees shall be transferred in full within five years from the date of repurchase. If the shares are not transferred within the time limit, they shall be deemed as unissued shares of the company, and the registration for change of eliminating shares shall be handled in accordance with the law.

(V) Report on Endorsements and Guarantees

Notes: In compliance with the company's Operating Procedures for Endorsements/Guarantees, the total amount of endorsement provided by the company shall not exceed 40% of its current net worth. The endorsement provided for any single entity shall not exceed 20% of the company's current net worth. For any single entity in business with the company, the endorsement should not exceed the total amount of transactions with the company in the most recent year(the purchase or sales amount between the two parties, whichever is higher). The net worth is as reported in the latest Financial Statement audited by the accountants.

Unit: NT\$ Thousands; December 31, 2020

Targets	Endorsement/Guarantee amount	Endorsement/Guarantee Limit for a Single Enterprise	Maximum Endorsement/Guarantee Limit
Uniring Tech. CO., Ltd.	50,000	380,748	761,496

(VI) Information on Investments in Mainland China

The company's investment amount in mainland China and remittance amount to mainland China approved by the Investment Commission of the Ministry of Economic Affairs are as follows:

Unit: US dollar; December 31, 2020

Company Name	Accumulated amount of investment remitted out of China at the end of this period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)
All Ring Tech Co., Ltd.	7,550,714	18,703,961
PAI FU International Limited	2,000,000	

## [Ratification Items]

### Proposal 1 (Proposed by the Board of Directors)

Proposal: To ratify the 2020 Business Report and Financial Statements.

Notes: 1. The Company's 2020 Annual Business Report and Financial Statements were approved by the Board of Directors and sent to the Audit Committee for review. The Financial Statements were verified by certified accountants Tsi-Meng Liu and Yong-Chih Lin from PwC Taiwan. The report and statements are attached for approval.

2. Please refer to Attachment I (page 22): Annual Business Report

Attachment II (pages 24~47): CPA's Audit Report, 2020 Parent Company Only Financial Statements and Consolidated Financial Statements

Resolution:

## Proposal 2 (Proposed by the Board of Directors)

Proposal: Ratification of the Company's 2020 earnings distribution.

- Notes: 1. The company's 2020 earnings distribution was approved by the Board of Directors on February 24, 2021, and was reviewed by the Audit Committee.
2. The cash dividend of NT\$228,070,926 (NT\$2.80 per share as cash dividend) to be distributed to shareholders in the company's accumulated undistributed surplus in 2020, please refer to attachment III (page 48).

Resolution:

## [Discussion Items]

### Proposal 1 (Proposed by the Board of Directors)

Proposal: Cash Distribution from Capital Reserve. Please discuss and resolve.

- Notes:
1. The company plans to issue a capital reserve of NT\$16,290,780 for common stock premium, which is to be distributed in accordance with the share ratio recorded in the shareholder's register on the benchmark date of dividend distribution, with NT\$0.20 per share.
  2. The proposal was approved by the Board of Directors on February 24, 2021, and was reviewed by the Audit Committee.
  3. The cash dividend is distributed to the amount rounded off to the nearest NT Dollar, with the decimal places removed. The total rounded off amounts, are accounted as other income in the Company's financial statements.
  4. After the distribution of the cash dividends is passed by the shareholders' meeting, authorize the Board of Directors to stipulate the ex-dividends date. If this distribution proposal is amended by the competent authority or changes in the distribution ratio due to changes in the number of outstanding shares of the company, it is proposed to submit to the shareholders' meeting for authorization of the board of directors.

Resolution:

**Proposal 2 (Proposed by the Board of Directors)**

Proposal: Amendment to the Company's "Articles of Incorporation" submitted for resolution.

Note: In order to be in line with the provisions of the Securities and Exchange Act to set up an audit committee, and delete the relevant provisions of supervisors, it is proposed to amend some provisions of the Articles of Incorporation, and the amendment comparison table is as follows:

Article	Revised Article	Former Article	Notes
Article 20-1	The Company shall allocate no less than 3% of its annual profits as compensation to the employees and no more than 3% of its annual profits as compensation to the directors. However, the Company shall reserve a sufficient amount to offset its accumulated losses. The compensation shall be distributed, in stock or in cash, to the employees of the company or the subsidiaries' employees who meet certain conditions. The earnings for the current year means the annual pre-tax earnings before deduction of the remuneration to employees and directors. Proposals of distributions to employees and directors shall be taken to the shareholders' meeting for approval after the resolution is reached by a majority of the Board with two thirds in attendance.	The Company shall allocate no less than 3% of its annual profits as compensation to the employees and no more than 3% of its annual profits as compensation to the directors and supervisors. However, the Company shall reserve a sufficient amount to offset its accumulated losses. The compensation shall be distributed, in stock or in cash, to the employees of the company or the subsidiaries' employees who meet certain conditions. The earnings for the year means the annual pre-tax earnings before deduction of the remuneration to employees, directors and supervisors. The compensation of the employees, directors and supervisors shall be agreed upon by a majority in a meeting attended by over two-thirds of the Directors, and shall be reported to the shareholders' meeting.	The Audit Committee has been set up, and relevant clauses pertaining to the supervisor role have been deleted.
Article 22	The Articles of Incorporation was established on May 18, 1996. The first Amendment was approved on July 9, 1996. The following is omitted... <u>The twenty-third Amendment was approved on June 17, 2021.</u>	The Articles of Incorporation was established on May 18, 1996. The first Amendment was approved on July 9, 1996. The following is omitted...	Add the amendment date

Resolution:

**Proposal 3 (Proposed by the Board of Directors)**

Proposal: Amendment to the Rules of Procedures for Shareholders' Meetings submitted for resolution.

Note: In order to be in line with the provisions of the Securities and Exchange Act to set up an Audit Committee and delete the relevant provisions of the supervisors, and comply with applicable laws and regulations prescribed by the competent authority, it is proposed to amend some provisions of these Rules, and the amendment comparison table is as follows:

Article	Revised Article	Former Article	Notes
Article 3	<p>Paragraphs 1 to 3 omitted.</p> <p>The selection or removal of directors, change of Articles of Incorporation, reduction of capital, application for suspension of public issuance, permit for director's business competition, surplus to capital increase, public reserve to capital increase, dissolution, merger, division of the Company, or the matters referred to in Article 185, Paragraph 1 shall be listed in the reasons for convening the meeting and the main contents shall be stated, which shall not be put forward by temporary motion; the main contents may be placed in the securities authority or the Company's designated website, and its website address shall be specified in the notice.</p> <p>The reasons for the convening of the shareholders' meeting have indicated the full re-election of directors and the date of taking office. After the re-election of the shareholders' meeting is completed, the date of taking office shall not be changed by temporary motion or other means at the same meeting. The following is omitted.</p>	<p>Paragraphs 1 to 3 omitted.</p> <p>The selection or removal of directors, supervisors, change of articles of association, reduction of capital, application for suspension of public issuance, director's competition permit, surplus to capital increase, reserve to capital increase, dissolution, merger, split of the company, or the matters referred to in article 185, paragraph 1, shall be listed in the reasons for convening the meeting and the main contents shall be stated, and shall not be put forward by temporary motion; the main contents may be placed in the website designated by the competent authority of securities or the company, and shall be indicated in the notice.</p> <p>Where the reasons to convene the shareholders' meeting has specified the re-election of Directors and Supervisors as well as the on-board dates, after the election in the shareholders' meeting, the on-board date cannot be changed via a special motion or other means in the same meeting. The following is omitted.</p>	<p>The Audit Committee has been set up, and relevant clauses pertaining to the supervisor role have been deleted.</p>
Article 9	<p>Attendance at a shareholders' meeting shall be calculated based on the number of shares. The number of shares in attendance shall include the shares indicated by the check-in book</p>	<p>Attendance at a shareholders' meeting shall be calculated based on the number of shares. The number of shares in attendance shall include the shares indicated by the check-in</p>	<p>Amendment to the reference examples in response to</p>

	<p>and the sign-in cards handed in, plus the number of shares whose voting rights are exercised in writing or electronically.</p> <p>The chairman shall call the meeting to order at the appointed meeting time together with such information as the number of non-voting rights and the number of shares present. The following is omitted.</p>	<p>book and the sign-in cards handed in, plus the number of shares whose voting rights are exercised in writing or electronically.</p> <p>The chairman shall call the meeting to order at the appointed meeting time. The following is omitted.</p>	<p>the competent authority</p>
Article 14	<p>The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected, and the names of those not elected as directors and the number of voting rights thereof. The following is omitted.</p>	<p>When an election of Directors at a Shareholders' Meeting shall be held, it shall be conducted in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as Directors and the numbers of votes with which they were elected. The following is omitted.</p>	<p>Amendment to the reference examples in response to the competent authority</p>

Resolution:

## [Election Items]

### Proposal 1 (Proposed by the Board of Directors)

Proposal: By-election of the Directors submitted for resolution.

- Notes: 1. The by-election of the Directors and Independent Directors of the 10th term of the Board of Directors is completed on June 10, 2020 (7 Directors, including 3 Independent Directors).
2. In line with the actual operation of the Company, it is proposed to by-elect 2 Directors, and the term of office of the new Directors shall be from the date of election at the 2021 Annual Shareholders' Meeting to June 9, 2023.
3. The candidates of Directors were as follows:

As of April 18, 2021

Name	Academic Background	Experience	Current Position	Number of Shares
Chiu Huang, Ching-Han, Representative of Hanlin Construction Co., Ltd.	Linyuan Junior High School	Representative of Hanlin Construction Co., Ltd.	Representative of Hanlin Construction Co., Ltd.	775,000
Representative of Jincheng Investment Co., Ltd.: Tsai, Ching-Hsu	Cheng Shiu University	Representative of Jincheng Investment Co., Ltd.	Representative of Jincheng Investment Co., Ltd.	1,619,000

Election results:

## [Other Matters]

### Proposal 1 (Proposed by the Board of Directors)

Proposal: To lift restrictions on non-competition of the by-elected Directors and their representatives under Article 209 of the Company Act. Please resolve.

- Notes:
1. In accordance with Article 209 of the Company Act, a director and his representative who does anything for himself or on behalf of another person that is within the scope of the Company's business, shall obtain approval from the Shareholders' Meeting.
  2. If the directors of the company are subject to the prohibition of directors' non-competition under Article 209 of the Company Act, in order to assist the company to develop its business smoothly, it is proposed to propose to the shareholders' regular meeting to agree to remove the newly appointed directors and their representatives from the restriction of non-competition as mentioned in the Company Act without prejudice to the interests of the company.

Resolution:

[Extraordinary Motions]

[Meeting Adjournment]

## [Attachment]

All Ring Tech Co., Ltd.

Attachment I

### Business Report

#### I. Management Principles

Customer service and satisfaction are at the core of our principles. Integrating corporate resources into developing R&D and marketing, the Company continues to root in the making of semiconductors, passive components, and LED industry equipment. Meanwhile, the Company will make full use of external resources to expand the scale of operations, and introduce high-level talents to actively innovate in R&D in order to create higher shareholder value.

#### II. Implementation Status

In addition to maintaining current customers, our future operating key strategy will strive to seek new customers. Other key strategies include focusing on research and development, improving customers' satisfaction, keeping the leading position in the industrial equipment market, and achieve better operating performance.

#### III. Results of Operations based on our Business Plan:

The consolidated net operating income of the company in 2020 is NT\$1,506,320,000, an increase of 45.91% compared with NT\$1,032,376,000 in 2019; the consolidated net profit in this period is NT\$246,844,000, an increase of 195.83% compared with NT\$83,441,000 in 2019.

#### IV. Revenue/Expenditure Forecast and Realization

The Company's financial forecast for 2020 is not disclosed, so it is not applicable.

#### V. Profitability Analysis

Despite the impact of the COVID-19 epidemic for the current year, the Company had cultivated local customers in Taiwan, and was able to achieve growth in consolidated operating revenue compared with that of 2019 and maintain a high level of gross profit

benefiting from the removal of equipment supply from the mainland China and the return of Taiwanese manufacturers to set up factories in Taiwan. Even with the exchange loss due to the appreciation of the New Taiwan dollar against the US dollar, the consolidated net profit for the year still reached NT\$246,844,000, a significant increase from 2019.

## VI. Research and Development

The company has been cultivating in the semiconductor, passive components and LED devices industries for many years. Being the best supplier for customers, it has continued to develop new equipment and improve the efficiency of existing equipment in order to keep in line with manufacturing processes. Recently, the company has also begun to focus on its core capabilities of developing visionary and innovative application technology, with a view to achieving a leading position in the industry and creating the greatest benefits for shareholders.

Sincerely, Ching-Lai Lu  
Chairman of the Board

Manager: Hsin-Yao Cheng

Accounting Supervisor:  
Hsiao-Mei Wang

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of All Ring Tech Co., Ltd.

**Opinion**

We have audited the accompanying parent company only balance sheets of All Ring Tech Co., Ltd. (the “Company”) as at December 31, 2020 and 2019, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

**Basis for opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the parent company only financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for 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 parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements of the current period are stated as follows:

## **Cutoff of revenue**

### Description

Refer to Note 4(26) for accounting policies on revenue recognition.

The sales revenue of the Company is primarily from the assembly and sales of equipment. Based on the terms of the sale agreement, sales revenue is recognised when the control of the goods sold is transferred to the customer after the installation of the goods or the acceptance of the goods by the customer, being when the goods are delivered to the customer, the customer has full discretion over the channel and price to sell the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. As the transfer of control of the goods to the customer in a sale transaction involves manual process and judgement, there exists a risk of material misstatement that may arise from improper revenue recognition for transactions that occur near the balance sheet date and the transaction amounts are usually material. Thus, we consider the cutoff of revenue a key audit matter.

### How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Obtained an understanding and assessed the accounting policy on revenue recognition.
2. Understood and assessed internal control over revenue recognition, tested the effectiveness of the internal controls over the shipment of goods and verified the timing of revenue recognition.
3. Tested the cutoff of transactions that occurred a certain time before or after the balance sheet date in order to verify whether the control of the goods for which revenue has been recognised was transferred, and whether revenue was recorded in the appropriate period.

## **Evaluation of inventories**

### Description

Refer to Note 4(8) to the parent company only financial statements for the accounting policy on inventory valuation, Note 5(2) for information on the uncertainty of accounting estimates and assumptions on inventory valuation, and Note 6(4) for information on allowance for inventory valuation losses. As of December 31, 2020, inventory and allowance for inventory valuation losses were NT\$369,569 thousand and NT\$59,638 thousand, respectively.

The Company develops, manufactures, and assembles production equipment for semiconductors and passive components. Due to rapid changes in technology, the risk of the materials inventory of related equipment incurring valuation losses or becoming obsolete is high. Inventories are stated at the lower of cost and net realisable value. The net realisable value of inventory that is over a certain age or individually identified as obsolete is determined based on the historical information on inventory obtained by management from periodic inspections.

The technology related to the Company's products is rapidly changing, and the determination of the net realisable value of inventory identified as obsolete involves subjective judgement. Thus, we consider the evaluation of inventories a key audit matter.

### How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed the reasonableness of the Company's policies and procedures on setting allowance for inventory valuation losses according to applicable accounting principles and the auditor's understanding of the nature of the Company's industry. This included assessing the reasonableness of the source of the historical information on inventory used in determining net realisable value and assessing the reasonableness of judgments of obsolete inventory items.
2. Obtained an understanding of the Company's warehousing control procedures. Reviewed annual physical inventory count plan and participated in the annual inventory count in order to assess the classification of obsolete inventory and effectiveness of internal control over obsolete inventory.
3. Tested the appropriateness of the logic used in evaluating the net realisable value of inventory and inventory aging report to verify the reasonableness of the allowance for inventory valuation losses.

## **Responsibilities of management and those charged with governance for the parent company only financial statements**

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including Audit Committees, are responsible for overseeing the Company's financial reporting process.

## **Auditors' responsibilities for the audit of the parent company only financial statements**

Our objectives are to obtain reasonable assurance about whether the parent company only 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 generally accepted auditing standards in 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 parent company only financial statements.

As part of an audit in accordance with the generally accepted auditing standards in the Republic of china, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the 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 parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

Liu Tzu-Meng

Independent Accountants

Lin Yung-Chih

PricewaterhouseCoopers, Taiwan

Republic of China

February 24, 2021

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The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

ALL RING TECH CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2020		December 31, 2019		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 776,721	29	\$ 737,829	35
1150	Notes receivable, net	6(3)	70,830	3	114,028	5
1170	Accounts receivable, net	6(3), 7 and 12	345,612	13	211,108	10
1200	Other receivables		6,223	-	499	-
1220	Current income tax assets	6(23)	8,908	-	6,098	-
130X	Inventories	5(2) and 6(4)	309,931	12	156,998	8
1410	Prepayments	7	10,399	1	3,582	-
11XX	<b>Total current assets</b>		<u>1,528,624</u>	<u>58</u>	<u>1,230,142</u>	<u>58</u>
<b>Non-current assets</b>						
1517	Financial assets at fair value through other comprehensive income - non-current	6(5)	255,355	10	88,812	4
1535	Financial assets at amortised cost - non-current	6(6) and 8	15,403	1	1,820	-
1550	Investments accounted for under equity method	6(7) and 7	377,198	14	395,817	19
1600	Property, plant and equipment	6(8) and 8	367,939	14	297,441	14
1755	Right-of-use assets	6(9)	37,851	1	40,962	2
1780	Intangible assets		2,760	-	3,036	-
1840	Deferred income tax assets	6(23)	45,333	2	57,532	3
1920	Guarantee deposits paid		4,829	-	4,646	-
1960	Prepayments for investments - non-current		10,000	-	10,000	-
1990	Other non-current assets		1,497	-	1,657	-
15XX	<b>Total non-current assets</b>		<u>1,118,165</u>	<u>42</u>	<u>901,723</u>	<u>42</u>
1XXX	<b>Total assets</b>		<u>\$ 2,646,789</u>	<u>100</u>	<u>\$ 2,131,865</u>	<u>100</u>

(Continued)

ALL RING TECH CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>						
2130	Current contract liabilities	6(16)	\$ 22,889	1	\$ 15,833	1
2150	Notes payable		791	-	1,151	-
2170	Accounts payable	7	427,438	16	204,037	9
2200	Other payables	6(10) and 7	161,889	6	120,173	6
2230	Current income tax liabilities	6(23)	23,121	1	-	-
2250	Provisions for liabilities - current	6(11)	16,078	1	12,789	1
2280	Lease liabilities - current		4,911	-	4,635	-
21XX	<b>Total current liabilities</b>		<u>657,117</u>	<u>25</u>	<u>358,618</u>	<u>17</u>
<b>Non-current liabilities</b>						
2570	Deferred income tax liabilities	6(23)	25,707	1	25,707	1
2580	Lease liabilities - non-current		33,350	1	36,560	2
2640	Net defined benefit liabilities - non-current	6(12)	26,876	1	22,510	1
25XX	<b>Total non-current liabilities</b>		<u>85,933</u>	<u>3</u>	<u>84,777</u>	<u>4</u>
2XXX	<b>Total liabilities</b>		<u>743,050</u>	<u>28</u>	<u>443,395</u>	<u>21</u>
<b>Equity</b>						
Share capital						
3110	Common stock	6(13)	833,239	31	833,239	39
3200	Capital surplus	6(13)(14)	327,202	12	377,196	18
	Retained earnings	6(5)(13)(15)				
3310	Legal reserve		256,539	10	248,195	12
3320	Special reserve		22,737	1	22,672	1
3350	Unappropriated retained earnings		394,453	15	229,905	11
3400	Other equity interest	6(5)(7)	136,018	5	(22,737)	(2)
3500	Treasury stocks	6(13)	(66,449)	(2)	-	-
3XXX	<b>Total equity</b>		<u>1,903,739</u>	<u>72</u>	<u>1,688,470</u>	<u>79</u>
	Significant contingent liabilities and unrecognised contract commitments	9				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 2,646,789</u>	<u>100</u>	<u>\$ 2,131,865</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.

ALL RING TECH CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

				For the years ended December 31,				
				2020		2019		
Items	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(16) and 7	\$	1,404,066	100	\$	935,563	100
5000	Operating costs	6(4)(9)(12)(21)(22) and 7	(	704,984	( 50)	(	496,645	( 53)
5900	Net operating margin			699,082	50		438,918	47
	Operating expenses	6(9)(12)(21)(22), 7 and 12						
6100	Selling expenses		(	46,329	( 3)	(	41,078	( 5)
6200	General and administrative expenses		(	84,177	( 6)	(	59,065	( 6)
6300	Research and development expenses		(	248,575	( 18)	(	208,421	( 22)
6450	Expected credit losses		(	1,984	-	(	6,676	( 1)
6000	Total operating expenses		(	381,065	( 27)	(	315,240	( 34)
6900	Operating profit			318,017	23		123,678	13
	Non-operating income and expenses							
7100	Interest income	6(17)		2,334	-		5,601	1
7010	Other income	6(5)(18) and 7		11,324	1		12,319	1
7020	Other gains and losses	6(19) and 12	(	20,628	( 2)	(	6,951	( 1)
7050	Finance costs	6(9)(20)	(	478	-	(	577	-
7070	Share of loss of subsidiaries, associates and joint ventures accounted for under equity method, net	6(7)	(	19,513	( 1)	(	37,699	( 4)
7000	Total non-operating income and expenses		(	26,961	( 2)	(	27,307	( 3)
7900	<b>Profit before income tax</b>			291,056	21		96,371	10
7950	Income tax expense	6(23)	(	44,212	( 3)	(	12,930	( 1)
8200	<b>Profit for the year</b>		\$	246,844	18	\$	83,441	9
	<b>Other comprehensive income (loss)</b>							
	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>							
8311	Remeasurement of defined benefit obligations	6(12)	( \$	3,607	-	( \$	2,159	-
8316	Unrealised gains on valuation of financial assets at fair value through other comprehensive income	6(5)		161,852	11		10,156	1
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(23)		721	-		432	-
	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>							
8361	Financial statements translation differences of foreign operations	6(7)		894	-	(	14,244	( 2)
8300	<b>Total other comprehensive income (loss) for the year</b>		\$	159,860	11	( \$	5,815	( 1)
8500	<b>Total comprehensive income for the year</b>		\$	406,704	29	\$	77,626	8
	Earnings per share (in dollars)	6(24)						
9750	Basic		\$	3.01		\$	1.00	
9850	Diluted		\$	3.00		\$	1.00	

The accompanying notes are an integral part of these parent company only financial statements.

ALL RING TECH CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
(Expressed in thousands of New Taiwan dollars)

	Notes	Capital surplus			Retained earnings			Other equity interest			Treasury stocks	Total equity
		Share capital - common stock	Additional paid-in capital	Stock options	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) on valuation of financial assets at fair value through other comprehensive income			
<u>For the year ended December 31, 2019</u>												
Balance at January 1, 2019		\$ 842,389	\$ 378,812	\$ 108	\$ 216,754	\$ 22,672	\$ 472,994	(\$ 18,874)	\$ 225	(\$ 45,932)	\$ 1,869,148	
Net income for the year ended December 31, 2019		-	-	-	-	-	83,441	-	-	-	83,441	
Other comprehensive income (loss) for the year ended December 31, 2019	6(5)(7)	-	-	-	-	-	( 1,727 )	( 14,244 )	10,156	-	( 5,815 )	
Total comprehensive income (loss) for the year ended December 31, 2019		-	-	-	-	-	81,714	( 14,244 )	10,156	-	77,626	
Distribution of 2018 net income												
Legal reserve		-	-	-	31,441	-	( 31,441 )	-	-	-	-	
Cash dividends	6(15)	-	-	-	-	-	( 258,304 )	-	-	-	( 258,304 )	
Treasury stocks retired	6(13)	( 9,150 )	( 1,724 )	-	-	-	( 35,058 )	-	-	45,932	-	
Balance at December 31, 2019		\$ 833,239	\$ 377,088	\$ 108	\$ 248,195	\$ 22,672	\$ 229,905	(\$ 33,118)	\$ 10,381	\$ -	\$ 1,688,470	
<u>For the year ended December 31, 2020</u>												
Balance at January 1, 2020		\$ 833,239	\$ 377,088	\$ 108	\$ 248,195	\$ 22,672	\$ 229,905	(\$ 33,118)	\$ 10,381	\$ -	\$ 1,688,470	
Net income for the year ended December 31, 2020		-	-	-	-	-	246,844	-	-	-	246,844	
Other comprehensive income (loss) for the year ended December 31, 2020	6(5)(7)	-	-	-	-	-	( 2,886 )	894	161,852	-	159,860	
Total comprehensive income (loss) for the year ended December 31, 2020		-	-	-	-	-	243,958	894	161,852	-	406,704	
Disposal of financial asstes at fair value through other comprehensive income	6(5)	-	-	-	-	-	3,991	-	( 3,991 )	-	-	
Distribution of 2019 net income												
Legal reserve		-	-	-	8,344	-	( 8,344 )	-	-	-	-	
Special reserve	6(15)	-	-	-	-	65	( 65 )	-	-	-	-	
Cash dividends	6(15)	-	-	-	-	-	( 74,992 )	-	-	-	( 74,992 )	
Distribution of cash dividends from the capital surplus	6(14)	-	( 49,994 )	-	-	-	-	-	-	-	( 49,994 )	
Treasury stocks reacquired	6(13)	-	-	-	-	-	-	-	-	( 66,449 )	( 66,449 )	
Balance at December 31, 2020		\$ 833,239	\$ 327,094	\$ 108	\$ 256,539	\$ 22,737	\$ 394,453	(\$ 32,224)	\$ 168,242	(\$ 66,449)	\$ 1,903,739	

The accompanying notes are an integral part of these parent company only financial statements.

ALL RING TECH CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31,	
		2020	2019
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 291,056	\$ 96,371
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit losses	12	1,984	6,676
Provision for inventory market price decline	6(4)	8,458	27,360
Share of loss of subsidiaries, associates and joint ventures accounted for under equity method	6(7)	19,513	37,699
Depreciation	6(8)(9)(21)	21,976	22,403
Gain on disposal of property, plant and equipment	6(19)	( 208 )	-
Amortisation	6(21)	2,259	2,904
Interest income	6(17)	( 2,334 )	( 5,601 )
Dividend income	6(5)(18)	( 6,892 )	( 8,168 )
Interest expense	6(20)	478	577
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		43,198	( 46,680 )
Accounts receivable		( 136,488 )	321,346
Other receivables		( 5,724 )	( 152 )
Inventories		( 161,391 )	20,550
Prepayments		( 6,817 )	( 380 )
Changes in operating liabilities			
Current contract liabilities		7,056	3,214
Notes payable		( 360 )	( 209 )
Accounts payable		223,401	( 63,919 )
Other payables		41,683	( 110,708 )
Provisions for liabilities - current		3,289	( 4 )
Net defined benefit liabilities - non-current		759	552
Cash inflow generated from operations		344,896	303,831
Dividend received		6,892	8,168
Interest received		2,334	5,601
Interest paid		( 478 )	( 577 )
Income tax paid		( 10,981 )	( 28,539 )
Net cash flows from operating activities		342,663	288,484

(Continued)

ALL RING TECH CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31,	
		2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through other comprehensive income		(\$ 301 )	\$ -
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(5)	5,610	-
Acquisition of financial assets at amortised cost - non-current	6(6)	( 13,583 )	-
Acquisition of investments accounted for under the equity method-subsiidiary	6(7)	-	( 76,740 )
Cash paid for acquisition of property, plant and equipment	6(25)	( 87,504 )	( 796 )
Proceeds from disposal of property, plant and equipment		306	-
Acquisition of intangible assets		( 1,983 )	( 979 )
(Increase) decrease in guarantee deposits paid		( 183 )	88
Increase in prepayments for investments		( 10,000 )	( 10,000 )
Decrease in other non-current assets		160	160
Net cash flows used in investing activities		( 107,478 )	( 88,267 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Repayment of lease principal	6(26)	( 4,858 )	( 4,581 )
Distribution of cash dividends from capital surplus	6(14)	( 49,994 )	-
Cash dividends paid	6(15)	( 74,992 )	( 258,304 )
Acquisition of treasury stocks	6(13)	( 66,449 )	-
Net cash flows used in financing activities		( 196,293 )	( 262,885 )
Net increase (decrease) in cash and cash equivalents		38,892	( 62,668 )
Cash and cash equivalents at beginning of year	6(1)	737,829	800,497
Cash and cash equivalents at end of year	6(1)	\$ 776,721	\$ 737,829

The accompanying notes are an integral part of these parent company only financial statements.

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of All Ring Tech Co., Ltd.

### **Opinion**

We have audited the accompanying consolidated balance sheets of All Ring Tech Co., Ltd. and its subsidiaries (the "Group") as at December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of 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 at December 31, 2020 and 2019, 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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

### **Basis for opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the republic of China. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for 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, we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements of the current period are stated as follows:

## **Cutoff of revenue**

### Description

Refer to Note 4(27) for accounting policies on revenue recognition.

The sales revenue of the Group is primarily from the assembly and sale of equipment. Based on the terms of the sale agreement, sales revenue is recognised when the control of the goods sold is transferred to the customer after the installation of the goods or the acceptance of the goods by the customer, being when the goods are delivered to the customer, the customer has full discretion over the channel and price to sell the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. As the transfer of control of the goods to the customer in a sale transaction involves manual process and judgement, there exists a risk of material misstatement that may arise from improper revenue recognition for transactions that occur near the balance sheet date and the transaction amounts are usually material. Thus, we consider the cutoff of revenue a key audit matter.

### How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Obtained an understanding and assessed the accounting policy on revenue recognition.
2. Understood and assessed internal control over revenue recognition, tested the effectiveness of internal controls over the shipment of goods and verified the timing of revenue recognition.
3. Tested the cutoff of transactions that occurred a certain time before or after the balance sheet date in order to verify whether the control of the goods for which revenue has been recognised was transferred, and whether the revenue was recorded in the appropriate period.

## **Evaluation of inventories**

### Description

Refer to Note 4(10) to the consolidated financial statements for the accounting policy on inventory valuation, Note 5(2) for information on the uncertainty of accounting estimates and assumptions on inventory valuation, and Note 6(5) for information on allowance for inventory valuation losses. As of

December 31, 2020, inventory and allowance for inventory valuation losses were NT\$447,011 thousand and NT\$76,240 thousand, respectively.

The Group develops, manufactures, and assembles production equipment for semiconductors and passive components. Due to rapid changes in technology, the risk of the materials inventory of related equipment incurring valuation losses or becoming obsolete is high. Inventories are stated at the lower of cost and net realisable value. The net realisable value of inventory that is over a certain age or individually identified as obsolete is determined based on the historical information on inventory obtained by management from periodic inspections.

The technology related to the Group's products is rapidly changing, and the determination of the net realisable value of inventory identified as obsolete involves subjective judgement. Thus, we consider the evaluation of inventories a key audit matter.

#### How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed the reasonableness of the Group's policies and procedures on setting allowance for inventory valuation losses according to applicable accounting principles and the auditor's understanding of the nature of the Group's industry. This included assessing the reasonableness of the source of the historical information on inventory used in determining net realisable value and assessing the reasonableness of judgments of obsolete inventory items.
2. Obtained an understanding of the Group's warehousing control procedures. Reviewed annual physical inventory count plan and participated in the annual inventory count in order to assess the classification of obsolete inventory and effectiveness of internal control over obsolete inventory.
3. Tested the appropriateness of the logic used in evaluating the net realisable value of inventory and inventory aging report to verify the reasonableness of the allowance for inventory valuation losses.

#### **Other matter – Parent company only financial reports**

We have audited and expressed an unqualified opinion on the parent company only financial statements of All Ring Tech Co., Ltd. as at and for the years ended December 31, 2020 and 2019.

## **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 the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, 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 Audit Committees, are responsible for overseeing the Group's financial reporting process.

## **Auditor's 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 auditor's 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 generally accepted auditing standards in 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 generally accepted auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement 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 auditors' 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 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 auditor's 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.

Liu Tzu-Meng

Independent Accountants

Lin Yung-Chih

PricewaterhouseCoopers, Taiwan

Republic of China

February 24, 2021

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

**ALL RING TECH CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2020		December 31, 2019		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 839,507	31	\$ 824,336	38
1136	Financial assets at amortised cost - current	6(3)	29,065	1	32,424	2
1150	Notes receivable, net	6(4)	76,449	3	115,335	5
1170	Accounts receivable, net	6(4) and 12	429,586	16	300,954	14
1200	Other receivables		7,089	-	868	-
1220	Current income tax assets	6(22)	8,908	-	6,098	-
130X	Inventories	5(2) and 6(5)	370,771	14	201,087	9
1410	Prepayments		11,975	1	8,433	1
11XX	<b>Total current assets</b>		<u>1,773,350</u>	<u>66</u>	<u>1,489,535</u>	<u>69</u>
<b>Non-current assets</b>						
1517	Financial assets at fair value through other comprehensive income - non-current	6(6)	255,355	9	88,812	4
1535	Financial assets at amortised cost - non-current	6(3) and 8	15,403	1	1,820	-
1600	Property, plant and equipment	6(7) and 8	485,344	18	402,069	19
1755	Right-of-use assets	6(8)	68,691	3	72,458	3
1780	Intangible assets		3,962	-	4,743	-
1840	Deferred income tax assets	6(22)	53,870	2	70,719	3
1920	Guarantee deposits paid		6,476	-	6,609	-
1960	Prepayments for investments - non-current		10,000	-	10,000	1
1990	Other non-current assets		13,697	1	22,304	1
15XX	<b>Total non-current assets</b>		<u>912,798</u>	<u>34</u>	<u>679,534</u>	<u>31</u>
1XXX	<b>Total assets</b>		<u>\$ 2,686,148</u>	<u>100</u>	<u>\$ 2,169,069</u>	<u>100</u>

(Continued)

**ALL RING TECH CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>						
2130	Current contract liabilities	6(15)	\$ 26,414	1	\$ 22,320	1
2150	Notes payable		791	-	1,151	-
2170	Accounts payable	7	448,781	17	218,487	10
2200	Other payables	6(9) and 7	176,380	6	136,440	6
2230	Current income tax liabilities	6(22)	23,121	1	-	-
2250	Provisions for liabilities - current	6(10)	16,078	1	12,789	1
2280	Lease liabilities - current		4,911	-	4,635	-
21XX	<b>Total current Liabilities</b>		<u>696,476</u>	<u>26</u>	<u>395,822</u>	<u>18</u>
<b>Non-current liabilities</b>						
2570	Deferred income tax liabilities	6(22)	25,707	1	25,707	1
2580	Lease liabilities - non-current		33,350	1	36,560	2
2640	Net defined benefit liabilities - non-current	6(11)	26,876	1	22,510	1
25XX	<b>Total non-current liabilities</b>		<u>85,933</u>	<u>3</u>	<u>84,777</u>	<u>4</u>
2XXX	<b>Total liabilities</b>		<u>782,409</u>	<u>29</u>	<u>480,599</u>	<u>22</u>
<b>Equity</b>						
Share capital						
3110	Common stock	6(12)	833,239	31	833,239	38
3200	Capital surplus	6(12)(13)	327,202	12	377,196	17
Retained earnings		6(6)(12)(14)				
3310	Legal reserve		256,539	10	248,195	11
3320	Special reserve		22,737	1	22,672	1
3350	Unappropriated retained earnings		394,453	15	229,905	11
3400	Other equity interest	6(6)	136,018	5	(22,737)	-
3500	Treasury stocks	6(12)	(66,449)	(3)	-	-
3XXX	<b>Total equity</b>		<u>1,903,739</u>	<u>71</u>	<u>1,688,470</u>	<u>78</u>
Significant contingent liabilities and unrecognised contract commitments		9				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 2,686,148</u>	<u>100</u>	<u>\$ 2,169,069</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.

**ALL RING TECH CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

				For the years ended December 31,				
				2020		2019		
Items	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(15)	\$	1,506,320	100	\$	1,032,376	100
5000	Operating costs	6(5)(8)(11)(20)(21) and 7	(	767,546	( 51)	(	566,338	( 55)
5900	Net operating margin			738,774	49		466,038	45
	Operating expenses	6(8)(11)(20)(21), 7 and 12						
6100	Selling expenses		(	63,812	( 4)	(	57,321	( 5)
6200	General and administrative expenses		(	105,766	( 7)	(	84,145	( 8)
6300	Research and development expenses		(	265,201	( 18)	(	234,040	( 23)
6450	Expected credit losses		(	2,870	-	(	7,028	( 1)
6000	Total operating expenses		(	437,649	( 29)	(	382,534	( 37)
6900	Operating profit			301,125	20		83,504	8
	Non-operating income and expenses							
7100	Interest income	6(16)		3,108	-		6,203	1
7010	Other income	6(6)(17)		12,643	1		11,560	1
7020	Other gains and losses	6(18) and 12	(	20,620	( 2)	(	6,702	( 1)
7050	Finance costs	6(8)(19)	(	478	-	(	586	-
7000	Total non-operating income and expenses		(	5,347	( 1)		10,475	1
7900	<b>Profit before income tax</b>			295,778	19		93,979	9
7950	Income tax expense	6(22)	(	48,934	( 3)	(	10,538	( 1)
8200	<b>Profit for the year</b>		\$	246,844	16	\$	83,441	8
	<b>Other comprehensive income (loss)</b>							
	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>							
8311	Remeasurement of defined benefit obligations	6(11)	(\$	3,607	-	(\$	2,159	-
8316	Unrealised gains on valuation of financial assets at fair value through other comprehensive income	6(6)		161,852	11		10,156	1
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(22)		721	-		432	-
	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>							
8361	Financial statements translation differences of foreign operations			894	-	(	14,244	( 1)
8300	<b>Total other comprehensive income (loss) for the year</b>		\$	159,860	11	(\$	5,815	-
8500	<b>Total comprehensive income for the year</b>		\$	406,704	27	\$	77,626	8
	Profit attributable to:							
8610	Owners of the parent		\$	246,844	16	\$	83,441	8
	Comprehensive income attributable to:							
8710	Owners of the parent		\$	406,704	27	\$	77,626	8
	Earnings per share (in dollars)	6(23)						
9750	Basic		\$	3.01		\$	1.00	
9850	Diluted		\$	3.00		\$	1.00	

The accompanying notes are an integral part of these consolidated financial statements.

ALL RING TECH CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
(Expressed in thousands of New Taiwan dollars)

	Notes	Capital surplus			Retained earnings			Other equity interest			Treasury stocks	Total equity
		Share capital - common stock	Additional paid-in capital	Stock options	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) on valuation of financial assets at fair value through other comprehensive income			
<u>For the year ended December 31, 2019</u>												
Balance at January 1, 2019		\$ 842,389	\$ 378,812	\$ 108	\$ 216,754	\$ 22,672	\$ 472,994	(\$ 18,874)	\$ 225	(\$ 45,932)	\$1,869,148	
Net income for the year ended December 31, 2019		-	-	-	-	-	83,441	-	-	-	83,441	
Other comprehensive income (loss) for the year ended December 31, 2019	6(6)	-	-	-	-	-	(1,727)	(14,244)	10,156	-	(5,815)	
Total comprehensive income (loss) for the year ended December 31, 2019		-	-	-	-	-	81,714	(14,244)	10,156	-	77,626	
Distribution of 2018 net income:												
Legal reserve		-	-	-	31,441	-	(31,441)	-	-	-	-	
Cash dividends	6(14)	-	-	-	-	-	(258,304)	-	-	-	(258,304)	
Treasury stocks retired	6(12)	(9,150)	(1,724)	-	-	-	(35,058)	-	-	45,932	-	
Balance at December 31, 2019		\$ 833,239	\$ 377,088	\$ 108	\$ 248,195	\$ 22,672	\$ 229,905	(\$ 33,118)	\$ 10,381	\$ -	\$1,688,470	
<u>For the year ended December 31, 2020</u>												
Balance at January 1, 2020		\$ 833,239	\$ 377,088	\$ 108	\$ 248,195	\$ 22,672	\$ 229,905	(\$ 33,118)	\$ 10,381	\$ -	\$1,688,470	
Net income for the year ended December 31, 2020		-	-	-	-	-	246,844	-	-	-	246,844	
Other comprehensive income (loss) for the year ended December 31, 2020	6(6)	-	-	-	-	-	(2,886)	894	161,852	-	159,860	
Total comprehensive income (loss) for the year ended December 31, 2020		-	-	-	-	-	243,958	894	161,852	-	406,704	
Disposal of financial assets at fair value through other comprehensive income	6(6)	-	-	-	-	-	3,991	-	(3,991)	-	-	
Distribution of 2019 net income:												
Legal reserve		-	-	-	8,344	-	(8,344)	-	-	-	-	
Special reserve	6(14)	-	-	-	-	65	(65)	-	-	-	-	
Cash dividends	6(14)	-	-	-	-	-	(74,992)	-	-	-	(74,992)	
Distribution of cash dividends from the capital surplus	6(13)	-	(49,994)	-	-	-	-	-	-	-	(49,994)	
Treasury stocks reacquired	6(12)	-	-	-	-	-	-	-	-	(66,449)	(66,449)	
Balance at December 31, 2020		\$ 833,239	\$ 327,094	\$ 108	\$ 256,539	\$ 22,737	\$ 394,453	(\$ 32,224)	\$ 168,242	(\$ 66,449)	\$1,903,739	

The accompanying notes are an integral part of these consolidated financial statements.

ALL RING TECH CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31,	
		2020	2019
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 295,778	\$ 93,979
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit losses	12	2,870	7,028
Provision for inventory market price decline	6(5)	11,641	31,504
Depreciation	6(7)(8)(20)	31,136	30,967
Gain on disposal of property, plant and equipment	6(18)	( 477 )	( 22 )
Amortisation	6(20)	2,914	3,394
Interest income	6(16)	( 3,108 )	( 6,203 )
Dividend income	6(6)(17)	( 6,892 )	( 8,168 )
Interest expense	6(19)	478	586
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		38,886	( 41,358 )
Accounts receivable		( 131,529 )	347,137
Other receivables		( 6,221 )	( 219 )
Inventories		( 184,121 )	20,641
Prepayments		( 3,542 )	( 923 )
Other current assets		-	572
Changes in operating liabilities			
Current contract liabilities		4,094	3,146
Notes payable		( 360 )	( 209 )
Accounts payable		230,294	( 71,987 )
Other payables		39,907	( 113,490 )
Provisions for liabilities - current		3,289	( 4 )
Advance receipts		-	( 363 )
Net defined benefit liabilities - non-current		759	552
Cash inflow generated from operations		<u>325,796</u>	<u>296,560</u>
Dividends received		6,892	8,168
Interest received		3,108	6,203
Interest paid		( 478 )	( 586 )
Income tax received		-	670
Income tax paid		( 10,981 )	( 29,209 )
Net cash flows from operating activities		<u>324,337</u>	<u>281,806</u>

(Continued)

ALL RING TECH CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31,	
		2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortised cost - current		\$ -	(\$ 32,424 )
Disposal of financial assets at amortised cost - current		3,359	-
Acquisition of financial assets at fair value through other comprehensive income		( 301 )	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(6)	5,610	-
Acquisition of financial assets at amortised cost - non-current		( 13,583 )	-
Cash paid for acquisition of property, plant and equipment	6(24)	( 104,727 )	( 27,062 )
Proceeds from disposal of property, plant and equipment		806	47
Acquisition of intangible assets		( 2,124 )	( 1,983 )
Decrease (increase) in guarantee deposits paid		133	( 893 )
Increase in prepayments for investments		( 10,000 )	( 10,000 )
Decrease in other non-current assets		8,607	8,359
Net cash flows used in investing activities		( 112,220 )	( 63,956 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Repayment of lease principal	6(25)	( 4,858 )	( 4,581 )
Distribution of cash dividends from capital surplus	6(13)	( 49,994 )	-
Cash dividends paid	6(14)	( 74,992 )	( 258,304 )
Acquisition of treasury stocks	6(12)	( 66,449 )	-
Net cash flows used in financing activities		( 196,293 )	( 262,885 )
Effect of foreign exchange rate changes on cash and cash equivalents		( 653 )	( 10,719 )
Net increase (decrease) in cash and cash equivalents		15,171	( 55,754 )
Cash and cash equivalents at beginning of year	6(1)	824,336	880,090
Cash and cash equivalents at end of year	6(1)	\$ 839,507	\$ 824,336

The accompanying notes are an integral part of these consolidated financial statements.

All Ring Tech Co., Ltd.  
Earnings Distribution Table  
Year Ended December 31, 2020

Items	Unit: NT\$ Amount
Undistributed earnings at the beginning of the period	146,505,331
Plus (minus): change in re-measurement of defined benefit plan in the current period	(2,885,890)
Proceeds from disposal of financial assets at fair value through other comprehensive profit or loss	3,991,057
Net profit after tax for the current period	246,842,802
Provision of legal reserve	(24,794,797)
Current period distributable earnings	369,658,503
Items of earnings distribution	
Shareholder bonus - cash	(228,070,926)
Undistributed earnings at the end of the period	141,587,577

Note 1: The 2020 earnings shall be distributed first.

Note 2: Cash dividends of \$NT2.80 per share shall be allocated. For reasons that have caused change in the number of outstanding shares and interest/share distributions, such as converting convertible bonds, buying back treasury shares, transferring treasury shares, or exercising employee stock options, it is proposed that the shareholders authorize the Board of Directors to handle the matter and announce it separately.

Note 3: The date of interest distribution shall be determined by the Board of Directors after the present resolution is agreed upon at the Shareholders' Meeting. Any dividend less than \$NT1 rounds down to zero. The total rounded off amounts, are accounted as other income in the Company's financial statements.

Sincerely, Ching-Lai Lu  
Chairman of the Board

Manager: Hsin-Yao Cheng

Accounting Supervisor:  
Hsiao-Mei Wang

## All Ring Tech Co., Ltd.

## Articles of Association (Before Amendment)

## Chapter I - General Provisions

- Article 1: The Company is organized in accordance with the Company Law of the Republic of China, and its name shall be All Ring Tech Co., Ltd.. The English name is All Ring Tech Co., Ltd..
- Article 2: The scope of the Company business goes as follows:
- I. CB01010 Machinery and Equipment Manufacturing
  - II. CE01030 Photographic and Optical Equipment Manufacturing
  - III. F401010 International Trade
  - IV. JE01010 Rental and leasing business (apply for self-made automatic IC ball mount tooling and automatic machinery equipment only) and research, development, manufacturing and sales of the following products:
    - (I) Automatic IC ball mount tooling
    - (II) SMD chip capacitor tester
    - (III) Digital Instant Camera Binocular
    - (IV) Automatic mechanical engineering design, manufacturing and assembly with software development of computer
    - (V) International trade of products listed above
- Article 3 The Company shall have its head office in the Kaohsiung Campus of the Southern Science and Industrial Park, and shall be free, upon approval of the board of directors, to establish branches at home or abroad when deemed necessary.
- Article 4: Public announcements of the Corporation shall be made in accordance with the Company Law, Article 28.

## Chapter II - Shares

- Article 5 The total capital of the Company shall be in the amount of NT\$1,500,000,000, which is divided into 150 million shares, at NT\$10 each. The Board of Directors are authorized to issue shares in multiple times. An amount of NT\$80,000,000 of the total capital stock is reserved for the issuance of employee stock options.
- Article 5-1 Regarding the issued employee stock certificates, the Company subscription price is not subject to the relevant laws and regulations. The resolution for issuance may be adopted with the concurrence of over two-thirds of votes exercised by the shareholders present at the shareholders' meeting who represent a majority of the issued shares of the Company. The shares shall be issued in multiple times within one year of the resolution by the shareholders.
- Article 5-2 The treasury shares bought back by the Company shall be transferred to the employees at a price lower than the average price paid for the shares. The resolution for transfer may be adopted with the concurrence of over two-thirds of votes exercised by the shareholders present at the shareholders' meeting who represent a majority of the issued shares of the Company.
- Article 5-3: The employees' compensation given to the subsidiaries' employees is as follows:
1. The shares purchased in accordance with the Company Act shall be transferred to the parties, including the subsidiaries' employees who meet certain conditions.
  2. In accordance with the Company Act, the employee stock options shall be issued to the parties, including the subsidiaries' employees who meet certain conditions.

3. In accordance with the Company Act, the employees who have subscribed new shares issued shall include the subsidiaries' employees who meet certain conditions.

4. In accordance with the Company Act, the recipients to whom restricted employee shares issued shall include the subsidiaries' employees who meet certain conditions.

Article 6 The total amount of the Company's reinvestment is not subject to the limit of 40% of the paid-in capital, asdictated by Article 13 of the Company Law.

Article 6-1 The Company may endorse and guarantee externally for business or investment reasons.

Article 7 The Company may issue shares without printing share certificates, but shall register at Taiwan Depository & Clearing Corporation.

Article 8 Registration for shares transfer shall be suspended within 60 days before the regular meeting of shareholders, within 30 days before the special meeting of shareholders, or within 5 days before dividends, bonuses or other benefits are scheduled to be paid by the Company.

#### Chapter III - Shareholders' Meeting

Article 9 Shareholders' meeting is divided into two categories; the annual shareholders' meeting is convened every year; it is convened by the Board of Directors in accordance with the law within six months after the end of each fiscal year. The interim shareholders 'meeting may be convened in accordance with the law when deemed necessary.

Article 10 A shareholder may, with written authorization issued by the Company specifying the scope of authorized rights, appoint a proxy to attend the shareholders' meeting on his behalf.

Article 11 Each share of stock shall be entitled to one vote, which can be exercised in paper form or electronically.

Article 12 Except as dictated in the Company law, resolutions shall be adopted with the concurrence of a majority of votes exercised by the shareholders present at the shareholders' meeting who represent a majority of the issued shares of the Company.

Article 12-1 The Company shareholders's meeting minutes and related reports shall be publicly announced.

#### Chapter IV Directors and the Audit Committee

Article 13 The company has seven to twelve directors. The system of nomination of candidates in Article 192-1 of the Company Act shall be adopted for the election of directors since the 10th term. The term of office shall be three years. The directors shall be selected from the list of candidates for directors and may be re-appointed if they are re-elected.

Article 13-1 In accordance with Article 14-2 of the Securities and Exchange Act, the number of the aforementioned Directors shall include at least 3 Independent Directors that account for no less than one-fifth of the number of Directors; the candidate nomination system shall be adopted for the election, as set out in Article 192-1 of the Company Act.

The Audit Committee in accordance with Article 14-4 of the Securities and Exchanges Act shall be comprised of all Independent Directors, whose number shall be no less than three, and one of whom will be the convener. At least one of the members shall have accounting or finance expertise. The exercise of the functional authorities and related matters of the Audit Committee and its members shall be handled in accordance with the Securities and Exchange Act and relevant laws and regulations.

- Article 13-2 In accordance with Article 204 of the Company Law, the Company may convene the meeting of the Board of Directors at any time in case of an emergency. The Company shall notify the directors of the meeting in paper form, by e-mail or by fax.
- Article 14 The directors shall elect from among themselves a Chairman of the Board of Directors by a majority in a meeting attended by over two-thirds of the directors. The directors may elect a Vice Chairman of the Board of Directors. The Chairman of the Board of Directors shall have the authority to represent the Company.
- Article 15 When the Chairman takes leave or fails to exercise his or her authority, his proxy shall comply with the provisions of Article 208 of the Company Law.  
According to Article 205 of the Company Law, a director may, with sealed or signed authorization specifying the scope of authorized rights, appoint another Director to attend on his behalf the meeting of the Board of Directors.
- Article 16 The Board of Directors is authorized by the shareholders' meeting to determine the compensation of all directors. Regardless of operating profits or losses, the compensation shall be paid according to the industry standard.
- Article 16-1 The Company may establish various functional committees after considering the size of the Company, the nature of the business, and the number of directors. The organizational procedures of these committees shall be decided by the Board of Directors in accordance with relevant laws and regulations.

#### Chapter V - Managers

- Article 17 The Company shall have a number of general managers, deputy general managers, and managers. Their appointment, dismissal and compensation shall comply with Article 29 of the Company Act.

#### Chapter VI - Accounting

- Article 18 In accordance with Article 228 of the Company Act, at the end of a fiscal year, the Board of Directors of the company shall prepare the following reports and statements to be submitted to the Annual Meeting of Shareholders for adoption according to the procedures prescribed by law: I. Business Report II. Financial Statements III. Proposal Concerning Earnings Distribution or Covering of Losses.
- Article 19 (Deleted.)
- Article 20 As the Company faces an ever changing industrial environment, while its business is at a steady growth stage, the distribution on the retained/appropriated earnings and cash bonuses for shareholders shall be proposed by the Board of Directors, after considering future capital expenditure budgets and funds needed, and weighing the necessity of allocating earnings to funds.  
If there is any surplus in the final accounts of the company every year, in addition to the income tax of profit-making enterprises and making up for the losses of previous years, if there is any balance, it shall set aside 10% as the legal surplus reserve first, except when the legal surplus reserve has reached the paid in capital. After the special surplus reserve is set aside or reversed in accordance with the law, plus the accumulated undistributed surplus of the previous year, it is the accumulated distributable surplus. At least 30% of the accumulated distributable surplus shall be allocated as shareholders' dividends, and the cash dividends shall not be less than 10% of the total shareholders' dividends. The Board of Directors shall, based on relevant factors, such as future business or re-investment, propose the distribution of earnings and submit the proposal to the shareholders' meeting for approval.

Article 20-1 The Company shall allocate no less than 3% of its annual profits as compensation to the employees and no more than 3% of its annual profits as compensation to the directors and supervisors. However, the Company shall reserve a sufficient amount to offset its accumulated losses. The compensation shall be distributed, in stock or in cash, to the employees of the company or the subsidiaries' employees who meet certain conditions. The earnings for the year means the annual pre-tax earnings before deduction of the remuneration to employees, directors and supervisors. The compensation of the employees, directors and supervisors shall be agreed upon by a majority in a meeting attended by over two-thirds of the Directors, and shall be reported to the shareholders' meeting.

#### Chapter VII - Supplementary Provisions

Article 21 In regard to all matters not specified in these Articles of Incorporation, the Company Act of the Republic of China shall govern.

Article 22 This Articles of Incorporation are agreed to and signed on May 18, 1996.

The first Amendment was approved on July 9, 1996.

The second Amendment was approved on May 14, 1998.

The third Amendment was approved on June 20, 1999.

The fourth Amendment was approved on May 1, 2000.

The fifth Amendment was approved on July 8, 2000.

The sixth Amendment was approved on May 12, 2001.

The seventh Amendment was approved on July 20, 2001.

The eighth Amendment was approved on May 27, 2002.

The ninth Amendment was approved on June 3, 2003.

The tenth Amendment was approved on June 15, 2004.

The eleventh Amendment was approved on June 15, 2006.

The twelfth Amendment was approved on June 21, 2007.

The thirteenth Amendment was approved on April 30, 2008.

The fourteenth Amendment was approved on June 10, 2009.

The fifteenth Amendment was approved on May 12, 2010.

The sixteenth Amendment was approved on June 22, 2011.

The seventeenth Amendment was approved on May 7, 2012.

The eighteenth Amendment was approved on June 12, 2014.

The nineteenth Amendment was approved on June 15, 2016.

The twentieth Amendment was approved on June 15, 2017.

The twenty-first amendment was approved on June 13, 2019.

The twenty-second Amendment was approved on June 10, 2020.

## All Ring Tech Co., Ltd.

## Rules and Procedures of the Shareholders' Meeting (before amendment)

## Article 1

In order to establish efficient governance of the shareholders to improve supervision and strengthen management, the Company has set up the Rules and Procedures of Shareholders's Meeting of All Ring Tech Co., LTD. (hereinafter referred to as the Rules) in accordance with the Article 5 of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

## Article 2

Unless otherwise prescribed by relevant laws and ordinances or the Company's Articles of Incorporation, the Rules and Procedures of Shareholders's Meeting of the Company shall be in accordance with these Rules.

## Article 3

Unless otherwise dictated by regulations, the shareholders' meeting is convened by the Board of Directors.

The Company shall upload the electronic version of the meeting notice for the shareholders' meeting, paper for the power of attorney, the proposals, discussions, election or dismissal of Directors to the Market Observation Post System 30 days before the annual meeting of shareholders, or 15 days before the extraordinary shareholders' meeting. The company shall prepare shareholders' meeting agenda and related supplemental materials in electronic form, and upload them to the MOPS 21 days before the annual shareholders' meeting or 15 days before a special meeting. The Company shall prepare shareholders' meeting agenda and related supplemental materials 15 days before the shareholders' meeting, and make them accessible to shareholders at any time. In addition, the agenda shall be displayed at the Company and its stock registrar and transfer agent, and distributed on-site at the shareholders' meeting.

The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of addressees, the meeting notice may be given in electronic form.

The selection or removal of directors, supervisors, change of articles of association, reduction of capital, application for suspension of public issuance, director's competition permit, surplus to capital increase, reserve to capital increase, dissolution, merger, split of the company, or the matters referred to in article 185, paragraph 1, shall be listed in the reasons for convening the meeting and the main contents shall be stated, and shall not be put forward by temporary motion; the main contents may be placed in the website designated by the competent authority of securities or the company, and shall be indicated in the notice.

Where the reasons to convene the shareholders' meeting has specified the re-election of Directors and Supervisors as well as the on-board dates, after the election in the shareholders' meeting, the on-board date cannot be changed via a special motion or other means in the same meeting.

Shareholders holding 1% or more of the total number of issued shares of the Company may submit a proposal to the Company for discussion at a shareholders' regular meeting. Such proposals, however, are limited to one item only; no proposal containing more than one item shall be included in the meeting agenda. However, if the shareholders' proposal is a proposal to urge the company to promote public interests or fulfill social responsibilities, the Board of Directors may still include the proposal. If a shareholder's proposal contains circumstances in Paragraph 4, Article 172-1 of the Company Act, the Board of Directors may not include the proposal as an agenda.

The company shall publicly announce the acceptance of the shareholder's proposal, written or electronic acceptance method, acceptance place and acceptance period before the date of suspension of stock transfer before the shareholders' meeting; the acceptance period shall not be less than 10 days.

Submitted shareholder proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The proposal sponsor shall attend, in person or by proxy, the shareholders' regular meeting and join in the discussion of the proposal.

The Company shall, prior to preparing and delivering the shareholders' meeting notice, inform all the sponsors of the proposal-screening results, and shall list in the shareholders' meeting notice the proposals conforming to this Article. At the shareholders' meeting, the Board of Directors shall explain the reasons for the dismissal of proposals.

#### Article 4

A shareholder may, with written authorization issued by the Company specifying the scope of authorized rights, appoint a proxy to attend the shareholders' meeting on his behalf.

Shareholders may appoint only one proxy by issuing a proxy authorization letter, which shall be delivered to the company five days before the date of shareholders' meeting. In case of repeated proxy authorization letter, the one delivered earliest shall prevail, except for the statement for cancellation of former proxy.

After the proxy authorization is submitted to the company, in case the shareholder wishes to attend the shareholders' meeting in person or to exercise his voting right in writing or electronically, a written notice shall be filed to the company to rescind the proxy authorization within two days prior to the date of the shareholders' meeting; otherwise, the voting power exercised by the authorized proxy at the meeting shall prevail.

## Article 5

The venue where a shareholder meeting is to be held shall be in the premises of the company or a location accessible to shareholders and appropriate for holding meetings. Shareholders' meetings shall not begin earlier than 9:00 a.m. or later than 3:00 p.m. The opinions of Independent Directors shall be fully considered in the decision of the location and time of the shareholders' meeting.

## Article 6

The Company shall specify in the shareholders' meeting notices the time period and location for registration, and other matters worthy of attention.

The check-in time described in the preceding paragraph shall be at least 30 minutes prior to the meeting. The check-in counter shall be clearly indicated and competent personnels shall be assigned to help shareholders check in.

The shareholder or the shareholder proxy (hereinafter referred to as the shareholder) shall present the attendance certificate, attendance card or other attendance certificates at the Shareholders' meeting; the solicitor of proxy authorization letters shall carry an identity document for verification.

The Company shall prepare a check-in book for shareholders to sign in; shareholders may hand in an attendance card in lieu of signing on the check-in book.

The Company shall deliver the meeting agenda, annual report, attendance permit, speaker's slip, voting ballot and other meeting materials to the shareholders attending the shareholders' meeting. If Directors are to be elected, ballots shall also be provided.

When the government or a corporate is a shareholder, it may have more than one representative at a shareholders' meeting. When a corporate is appointed to attend a shareholders' meeting, it may designate only one person to do so.

## Article 7

When a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman of the Board. In case the Chairman of the Board is on leave or unable to exercise the power of Chairman, the vice Chairman shall preside. If the Board has not appointed a vice Chairman or the vice Chairman is also on leave or unable to exercise the power of the vice Chairman, the Chairman shall appoint one of the managing directors to preside. If managing directors have not been appointed, one of the directors shall be appointed to preside. When the Chairman has not made such appointment, the managing directors or the directors shall elect a chair from among themselves.

When the chair is elected from the managing directors or directors, those who have held the position for six months or longer and understand the financial and business operations of the Company shall be considered with priority. The same shall be true for a representative of a corporate director that serves as chair.

Shareholders's meetings convened by the Board of Directors shall be attended by a majority of the directors.

If an eligible party other than the Board of Directors convenes a shareholders' meeting, the convening party shall chair the meeting. In case of two or more convening parties, they shall select a chair from among themselves.

The Company may appoint its attorneys, certified public accountants, or related personnels to attend a shareholders' meeting as guests.

#### Article 8

The Company shall record, uninterruptedly, the full process of the meeting with audio and video, from the beginning of reception, discussions to voting/vote counting.

The aforementioned video and audio files shall be kept for at least one year. If, however, a shareholder files a lawsuit in accordance with Article 189 of the Company Act, the ballots shall be retained until the litigation is closed.

#### Article 9

Attendance at a shareholders' meeting shall be calculated based on the number of shares. The number of shares in attendance shall include the shares indicated by the check-in book and the sign-in cards handed in, plus the number of shares whose voting rights are exercised in writing or electronically.

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders have not yet represented one-half of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, are made. If the quorum is not met after two postponements and the attending shareholders still represent less than one-third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted in accordance with Paragraph 1, Article 175 of the Company Act. All shareholders shall be notified of the tentative resolution and another shareholders' meeting, which is to be convened within one month.

When, prior to the close of the shareholders' meeting, the attending shareholders represent one-half of the total number of issued shares, the chair may resubmit the tentative resolution for a vote at the meeting in accordance with Article 174 of the Company Act.

#### Article 10

If a shareholders' meeting is convened by the Board of Director, the agenda shall be determined by the Board of Directors. The relevant proposals (including motions and amendment to original proposals) shall be decided by voting on a case-by-case basis. The meeting shall be convened according to the scheduled agenda. The agenda shall not be altered without a resolution adopted at the shareholders' meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by an eligible party other than the Board of Directors.

The chair shall not declare the meeting adjourned prior to the completion of deliberation on the meeting agenda as referred to in the preceding two paragraphs (including extempore motions), except by a resolution of the shareholders. If the chair declares the meeting adjourned in violation of the Rules, other members of the Board of Directors shall promptly assist the attending shareholders to elect a new chair according to statutory procedures, by agreement of one-half of the votes represented by the attending shareholders, and then continue the meeting.

The chairperson shall give the opportunity to fully explain and discuss the proposals, as well as the amendments or motions proposed by the shareholders. When the chairperson is of the opinion that a proposal has been sufficiently discussed to a degree of putting to a vote, the chairperson may announce the discussion closed and bring the proposal to vote. The chairperson shall also allocate sufficient time for voting.

#### Article 11

An attending shareholder shall, before speaking, complete a speaker's slip indicating the subject of speech, shareholder's account number (or the number of attendance permit) and account name. The sequence of speeches shall be determined by the chair.

An attending shareholder who has submitted a speaker's slip but did not speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the content of the speech shall prevail.

Unless permitted by the chair, a shareholder shall not speak more than twice on a proposal, and each speech shall not exceed five minutes. If the shareholder's speech violates the regulations or diverges from the agenda, the chair may terminate it. Unless permitted by the chairman and the shareholder who has the floor, no shareholder shall interrupt the speech; otherwise the chair shall stop such interruption.

When a corporate shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on a proposal.

After an attending shareholder has finished his/her speech, the chair may respond in person or appoint relevant personnel to respond.

#### Article 12

Voting at a shareholders' meeting shall be based on the number of shares.

With respect to the resolutions at the shareholders' meeting, the number of shares held by a shareholder with no voting right shall not be counted as part of the total number of issued shares.

A shareholder, whose interests may be related to a matter so as to potentially jeopardize the interests of the company, shall not vote on that matter, and shall not exercise his/her voting right as proxy for other shareholder.

Under the preceding paragraph, the number of shares which voting rights cannot be exercised shall not be counted as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, a shareholder proxy concurrently appointed by two or more shareholders, shall not have voting rights exceeding 3% of those represented by the total number of issued shares; the excess of voting rights shall not be counted.

#### Article 13

A shareholder shall be entitled to one vote for each share, except when the shares are deemed restricted shares or non-voting shares under Paragraph 2, Article 179 of the Company Act. When the Company convenes a shareholders' meeting, shareholders may exercise their voting power in writing or by way of electronic transmission; the method of exercising their voting power shall be described in the shareholders' meeting notice. A shareholder exercising voting rights in writing or electronically will be deemed to have attended the meeting in person, but shall be deemed to have waived his rights with respect to extempore motions and revisions to the original proposals of that meeting. It is therefore advisable that the Company avoids submission of extempore motions and revisions to the original proposals.

The notice about exercising voting rights in writing or electronically shall be delivered to the company at least two days before the date of shareholders' meeting. In case of repeated notice, the one delivered earliest shall prevail, except for the statement for cancellation of former notice.

After a shareholder has exercised his voting rights in writing or electronically, if he wishes to attend the meeting in person, he shall withdraw, in the same manner, the previous exercise of voting rights no later than 2 days before the shareholders' meeting. Once the withdrawal is overdue, the previous exercise of voting rights in writing or electronically shall prevail. When a shareholder has exercised his voting rights in writing or electronically and at the same time has appointed a proxy to attend the shareholders' meeting, the voting rights exercised by the proxy shall prevail in the meeting.

Except as otherwise dictated in the Company Act and in the Articles of Incorporation, the agreement on a proposal shall require the concurrence of over one-half of the voting rights represented by the attending shareholders. At voting, the total number of voting rights of the attending shareholders shall be declared by the chair or a designated person on a case-by-case basis. A proposal is deemed to have passed when no attending shareholders gave an objection after being inquired by the chair, and the effect thereof is the same as a vote. If there is an objection, the voting as referred to in the preceding paragraph shall be adopted.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. If one of the proposals is passed, the others will then be deemed rejected, and no further voting is required.

Vote-monitoring and vote-counting personnels for a vote on a proposal shall be appointed by the chair, provided that all monitoring personnels are shareholders of the Company.

When voting on motions or elections, the vote counting shall be conducted at an open space in the shareholders' meeting, and the results, including weights, shall be announced immediately after counting and recorded.

#### Article 14

When an election of Directors at a Shareholders' Meeting shall be held, it shall be conducted in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as Directors and the numbers of votes with which they were elected.

The ballots for the election as referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnels and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit in accordance with Article 189 of the Company Act, the ballots shall be retained until the litigation is closed.

#### Article 15

The resolutions made in a shareholders' meeting shall be recorded in the minutes and shall be handled in accordance with Article 183 of the Company Act.

#### Article 16

On the day of a shareholders' meeting, the Company shall compile in the prescribed format a statistical statement detailing the number of shares obtained by solicitors through solicitation, and the number of shares represented by proxies; the Company shall disclose explicitly the statement at the shareholders meeting.

If a matter put to a resolution at a shareholders' meeting constitutes material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or Taipei Exchange) regulations, the Company shall upload the content of such resolution to the Market Observation Post System (MOPS) within the prescribed time period.

#### Article 17

Staff handling the administrative affairs of a shareholders' meeting shall wear identification cards or armbands.

The chair may direct proctors or security personnels to help maintain order at the meeting.

When the proctors or security personnel help maintain order at the meeting, they shall wear an identification card or an armband bearing the word "Proctor".

At the shareholders' meeting, if a shareholder attempts to speak through any device other than the equipment set up by the Company, the chair may stop the shareholder.

When a shareholder violates the Rules by defying the chair's correction, obstructing the proceedings, or refusing to heed calls to stop, the chair may direct the proctors or security personnels to escort the shareholder from the meeting.

#### Article 18

When a meeting is in progress, the chair may announce a break in view of the time. If a force majeure event occurs, the chair may suspend the meeting temporarily and, in view of the circumstances, announce a time to resume the meeting.

If the meeting venue is no longer available for use and the meeting agenda (including extempore motions) has not been fully addressed, the shareholders may agree to resume the meeting elsewhere.

The shareholders may agree to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

#### Article 19

The Rules and any amendments thereafter shall become effective upon resolution at the shareholders' meeting.

## Share Ownership of Directors

I. The amount of legally held shares of the current directors of the Company are as follows:

Number of common shares issued by 83,323,902 shares  
the company

The number of shares legally required 8,332,390 shares  
to be held by all directors

If the Company has elected two or more independent directors, the share ownership figures calculated at the rates (10%) set forth in the Rules for all directors, other than the independent directors, shall be decreased to 80 percent (6,665,912 shares).

II. The shareholding of individual and all directors in the shareholders' list as of the book closure date.

The status of current shareholding is listed follows:

Base Date: April 18, 2021

Title	Name	Current Shareholding	
		Number of Shares	Shareholding Ratio
Chairman of the Board	Ching-Lai Lu	3,757,283	4.51%
Director	Hsin-Yao Cheng	503,513	0.60%
Director	Chien-Chang Chen	2,732,431	3.28%
Director	Fengqiao Investment Co., Ltd.	7,355,625	8.83%
Independent Director	Ming-Hsien Li	0	0.00%
Independent Director	Cho-Hua Kuang	0	0.00%
Independent Director	Chang-Jen Chen	0	0.00%
Subtotal of Directors		14,348,852	17.22%