

**ALL RING TECH CO., LTD. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2023 AND 2022**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

All Ring Tech Co., Ltd.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2023, pursuant to Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, the Company that is required to be included in the consolidated financial statements of affiliates, is the same as the Company required to be included in the consolidated financial statements under International Financial Reporting Standards 10. And if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare consolidated financial statements of affiliates.

Hereby declare,

All Ring Tech Co., Ltd.

February 26, 2024

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, 2023 and 2022, 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 material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 Group's 2023 consolidated financial statements. 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 2023 consolidated financial statements are stated as follows:

Revenue recognition

Description

Refer to Note 4(29) 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 considered 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 controls 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 within a certain period 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.
4. Sampled and tested sales revenue transactions for the year, including verifying trade terms, customer purchase orders, delivery orders, customer acceptance records and sales invoices to confirm the existence of sales revenue transactions.

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, 2023, inventory and allowance for inventory valuation losses were NT\$1,160,936 thousand and NT\$79,165 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 realizable value. The net realizable 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 realizable value of inventory identified as obsolete involves subjective judgement. Thus, we considered 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. Ensured consistent application and assessed the reasonableness of the Group's policies and procedures on setting allowance for inventory valuation losses according to applicable accounting principles and the auditors' 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 the net realizable 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 realizable value of inventory and inventory aging report, selected samples from inventory items by each sequence number to verify its net realizable value and 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, 2023 and 2022.

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 that came into effect 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 Committee, are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Hsu, Huei-Yu

Independent Accountants

Lin Tzu-Shu

PricewaterhouseCoopers, Taiwan

Republic of China

February 26, 2024

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, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 935,569	21	\$ 1,394,524	34
1136	Financial assets at amortised cost - current	6(2)	204,515	5	42,916	1
1150	Notes receivable, net	6(4)	9,698	-	45,278	1
1170	Accounts receivable, net	6(4) and 12	536,112	12	599,657	14
1200	Other receivables		17,513	-	1,556	-
130X	Inventories	6(5)(7)	1,081,771	24	710,538	17
1410	Prepayments		31,834	1	7,248	-
11XX	Total current assets		<u>2,817,012</u>	<u>63</u>	<u>2,801,717</u>	<u>67</u>
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6(3)(12)	93,848	2	180	-
1517	Financial assets at fair value through other comprehensive income - non- current	6(6)	474,757	10	349,116	8
1535	Financial assets at amortised cost - non-current	6(2) and 8	6,553	-	2,403	-
1600	Property, plant and equipment	6(7) and 8	925,367	21	829,440	20
1755	Right-of-use assets	6(8)	62,288	1	63,302	2
1780	Intangible assets	6(9)	26,880	1	28,162	1
1840	Deferred income tax assets	6(25)	36,126	1	41,713	1
1920	Guarantee deposits paid		4,747	-	14,173	-
1960	Prepayments for investments	6(6)	30,000	1	20,000	1
1990	Other non-current assets		10,778	-	14,529	-
15XX	Total non-current assets		<u>1,671,344</u>	<u>37</u>	<u>1,363,018</u>	<u>33</u>
1XXX	Total assets		<u>\$ 4,488,356</u>	<u>100</u>	<u>\$ 4,164,735</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, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2130	Current contract liabilities	6(18)	\$ 75,029	2	\$ 49,499	1
2150	Notes payable		1,725	-	963	-
2170	Accounts payable	7	713,574	16	357,618	9
2200	Other payables	6(10)	222,498	5	274,633	7
2230	Current income tax liabilities	6(25)	51,613	1	36,458	1
2250	Provisions for liabilities - current	6(11)	1,838	-	16,541	-
2280	Lease liabilities - current		2,678	-	10,101	-
2310	Advance receipts		7,294	-	14,723	-
21XX	Total current liabilities		<u>1,076,249</u>	<u>24</u>	<u>760,536</u>	<u>18</u>
Non-current liabilities						
2530	Bonds payable	6(12)	852,740	19	874,714	21
2570	Deferred income tax liabilities	6(25)	25,707	1	42,865	1
2580	Lease liabilities - non-current		32,037	1	24,606	1
2640	Net defined benefit liabilities - non-current	6(13)	17,495	-	26,343	1
2645	Guarantee deposits received		2,777	-	3,793	-
25XX	Total non-current liabilities		<u>930,756</u>	<u>21</u>	<u>972,321</u>	<u>24</u>
2XXX	Total liabilities		<u>2,007,005</u>	<u>45</u>	<u>1,732,857</u>	<u>42</u>
Equity						
Share capital						
3110	Common stock	6(14)	833,239	19	833,239	20
3130	Certificate of entitlement to new shares from convertible bonds	6(12)	9	-	-	-
3200	Capital surplus	6(12)(15)(16)	503,650	11	466,556	10
Retained earnings						
3310	Legal reserve	6(6)(17)	391,450	9	335,430	8
3320	Special reserve		22,672	-	22,672	1
3350	Unappropriated retained earnings		661,356	15	822,167	20
3400	Other equity interest	6(6)	167,795	3	86,164	2
3500	Treasury stocks	6(14)	(98,820)	(2)	(134,350)	(3)
3XXX	Total equity		<u>2,481,351</u>	<u>55</u>	<u>2,431,878</u>	<u>58</u>
Significant contingent liabilities and unrecognised contract commitments						
3X2X	Total liabilities and equity		<u>\$ 4,488,356</u>	<u>100</u>	<u>\$ 4,164,735</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,					
		2023		2022			
Items	Notes	AMOUNT	%	AMOUNT	%		
4000	Operating revenue	\$ 1,205,311	100	\$ 2,248,713	100		
5000	Operating costs	(580,825)	(48)	(1,171,181)	(52)		
5900	Net operating margin	624,486	52	1,077,532	48		
	Operating expenses						
6100	Selling expenses	(71,622)	(6)	(73,135)	(3)		
6200	General and administrative expenses	(129,108)	(11)	(139,943)	(6)		
6300	Research and development expenses	(340,625)	(28)	(385,510)	(17)		
6450	Expected credit gains (losses)	2,292	-	(14,048)	(1)		
6000	Total operating expenses	(539,063)	(45)	(612,636)	(27)		
6900	Operating profit	85,423	7	464,896	21		
	Non-operating income and expenses						
7100	Interest income	21,077	2	7,923	-		
7010	Other income	60,872	5	64,829	3		
7020	Other gains and losses	4,491	1	75,113	3		
7050	Finance costs	(11,022)	(1)	(10,740)	-		
7000	Total non-operating income and expenses	75,418	7	137,125	6		
7900	Profit before income tax	160,841	14	602,021	27		
7950	Income tax expense	(22,668)	(2)	(102,982)	(5)		
8200	Profit for the year	<u>\$ 138,173</u>	<u>12</u>	<u>\$ 499,039</u>	<u>22</u>		
	Other comprehensive income (loss)						
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss						
8311	Remeasurement of defined benefit obligations	\$ 2,738	-	\$ 2,021	-		
8316	Unrealised gain (loss) on valuation of financial assets at fair value through other comprehensive income	93,729	8	(106,008)	(5)		
8349	Income tax related to components of other comprehensive (loss) income that will not be reclassified to profit or loss	(548)	-	(404)	-		
	Components of other comprehensive income that will be reclassified to profit or loss						
8361	Financial statements translation differences of foreign operations	(7,529)	(1)	13,729	1		
8300	Total other comprehensive income (loss) for the year	<u>\$ 88,390</u>	<u>7</u>	<u>(\$ 90,662)</u>	<u>(4)</u>		
8500	Total comprehensive income for the year	<u>\$ 226,563</u>	<u>19</u>	<u>\$ 408,377</u>	<u>18</u>		
	Profit attributable to:						
8610	Owners of the parent	<u>\$ 138,173</u>	<u>12</u>	<u>\$ 499,039</u>	<u>22</u>		
	Comprehensive income attributable to:						
8710	Owners of the parent	<u>\$ 226,563</u>	<u>19</u>	<u>\$ 408,377</u>	<u>18</u>		
	Earnings per share (in dollars)						
9750	Basic	<u>\$ 1.70</u>		<u>\$ 6.15</u>			
9850	Diluted	<u>\$ 1.66</u>		<u>\$ 5.86</u>			

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	Share Capital		Capital Surplus			Retained Earnings			Other Equity Interest			Total equity
		Share capital - common stock	Certificate of entitlement to new shares from convertible bonds	Additional paid-in capital	Treasury share transactions	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	Treasury stocks	
For the year ended December 31, 2022													
Balance at January 1, 2022		\$ 833,239	\$ -	\$ 310,803	\$ -	\$ 108	\$ 281,334	\$ 22,737	\$ 682,546	(\$ 37,132)	\$ 275,114	(\$ 66,449)	\$ 2,302,300
Net income for the year ended December 31, 2022		-	-	-	-	-	-	-	499,039	-	-	-	499,039
Other comprehensive income (loss) for the year ended December 31, 2022	6(6)	-	-	-	-	-	-	1,617	13,729	(106,008)	-	(90,662)	
Total comprehensive income (loss) for the year ended December 31, 2022		-	-	-	-	-	-	500,656	13,729	(106,008)	-	408,377	
Distribution of 2021 net income:													
Legal reserve		-	-	-	-	54,096	-	(54,096)	-	-	-	-	
Cash dividends	6(17)	-	-	-	-	-	-	(366,543)	-	-	-	(366,543)	
Reversal of special reserve		-	-	-	-	-	(65)	65	-	-	-	-	
Disposal of financial assets at fair value through other comprehensive income	6(6)	-	-	-	-	-	-	59,539	-	(59,539)	-	-	
Conversion options of convertible bonds	6(12)	-	-	-	-	162,300	-	-	-	-	-	162,300	
Repurchase of convertible bonds	6(12)	-	-	-	9,798	(16,453)	-	-	-	-	-	(6,655)	
Treasury stocks acquired	6(14)	-	-	-	-	-	-	-	-	-	(67,901)	(67,901)	
Balance at December 31, 2022		\$ 833,239	\$ -	\$ 310,803	\$ 9,798	\$ 145,955	\$ 335,430	\$ 22,672	\$ 822,167	(\$ 23,403)	\$ 109,567	(\$ 134,350)	\$ 2,431,878
For the year ended December 31, 2023													
Balance at January 1, 2023		\$ 833,239	\$ -	\$ 310,803	\$ 9,798	\$ 145,955	\$ 335,430	\$ 22,672	\$ 822,167	(\$ 23,403)	\$ 109,567	(\$ 134,350)	\$ 2,431,878
Net income for the year ended December 31, 2023		-	-	-	-	-	-	-	138,173	-	-	-	138,173
Other comprehensive income (loss) for the year ended December 31, 2023	6(6)	-	-	-	-	-	-	2,190	(7,529)	93,729	-	88,390	
Total comprehensive income (loss) for the year ended December 31, 2023		-	-	-	-	-	-	140,363	(7,529)	93,729	-	226,563	
Distribution of 2022 net income:													
Legal reserve		-	-	-	-	56,020	-	(56,020)	-	-	-	-	
Cash dividends	6(17)	-	-	-	-	-	-	(249,723)	-	-	-	(249,723)	
Disposal of financial assets at fair value through other comprehensive income	6(6)	-	-	-	-	-	-	4,569	-	(4,569)	-	-	
Repurchase of convertible bonds	6(12)	-	-	-	3,428	(5,403)	-	-	-	-	-	(1,975)	
Transfer of treasury stocks to employees	6(14)	-	-	-	-	-	-	-	-	-	35,530	35,530	
Cost of employee share options payments	6(16)(24)	-	-	-	38,980	-	-	-	-	-	-	38,980	
Convertible bonds transferred to common stock	6(12)(27)	-	9	106	-	(17)	-	-	-	-	-	98	
Balance at December 31, 2023		\$ 833,239	\$ 9	\$ 310,909	\$ 52,206	\$ 140,535	\$ 391,450	\$ 22,672	\$ 661,356	(\$ 30,932)	\$ 198,727	(\$ 98,820)	\$ 2,481,351

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,	
		2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 160,841	\$ 602,021
Adjustments			
Adjustments to reconcile profit (loss)			
(Gain) loss on financial assets at fair value through profit or loss	6(2)(21)	(12,868)	2,520
Expected credit (gains) losses	12	(2,292)	14,048
(Reversal of allowance) provision for inventory market price decline	6(5)	(17,984)	15,339
Depreciation	6(7)(8)(21)(23)	43,275	43,533
Gain on disposal of property, plant and equipment	6(21)	(332)	(617)
Amortisation	6(9)(23)	8,160	5,670
Gain from lease modifications	6(8)(21)	(10)	(11)
Gain from repurchase of convertible bonds	6(12)(21)	(1,272)	(4,344)
Cost of employee share options payments	6(16)(24)	38,980	-
Interest income	6(19)	(21,077)	(7,923)
Dividend income	6(6)(20)	(22,442)	(32,177)
Interest expense	6(22)	11,022	10,740
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		35,580	133,519
Accounts receivable		65,828	202,209
Other receivables		(15,957)	6,442
Inventories		(360,536)	(10,161)
Prepayments		(24,586)	9,041
Changes in operating liabilities			
Current contract liabilities		25,530	22,236
Notes payable		762	(83)
Accounts payable		355,956	(346,464)
Other payables		(52,135)	8,361
Provisions for liabilities - current		(14,703)	(6,560)
Advance receipts		(7,429)	14,723
Net defined benefit liabilities - non-current		(6,110)	607
Cash inflow generated from operations		186,201	682,669
Interest received		21,077	7,923
Dividends received		22,442	32,177
Interest paid		(470)	(679)
Income tax paid		(19,671)	(119,702)
Net cash flows from operating activities		<u>209,579</u>	<u>602,388</u>

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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,	
		2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortised cost		(\$ 170,353)	(\$ 873)
Proceeds from disposal of financial assets at amortised cost		4,604	-
Acquisition of financial assets at fair value through profit or loss		(80,800)	-
Acquisition of financial assets at fair value through other comprehensive income		(33,255)	(235,744)
Proceeds from disposal of financial assets at fair fair through other comprehensive income	6(6)	21,343	271,193
Cash paid for acquisition of property, plant and equipment	6(27)	(131,176)	(299,228)
Proceeds from disposal of property, plant and equipment		7,234	821
Acquisition of intangible assets	6(9)	(6,880)	(7,510)
Cash paid for prepayments for business facilities	6(27)	-	(51,248)
Decrease (increase) in guarantee deposits paid		9,426	(9,523)
Increase in prepayments for investments		(30,000)	(20,000)
Decrease (increase) in other non-current assets		3,751	(3,764)
Net cash flows used in investing activities		(406,106)	(355,876)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Repayment of short-term borrowings	6(28)	-	(80,000)
Repayment of lease principal	6(28)	(8,379)	(9,612)
Net amount of issuance of convertible bonds	6(28)	-	1,122,743
Repurchase of convertible bonds	6(12)(28)	(33,131)	(100,802)
(Decrease) increase in guarantee deposits received	6(28)	(978)	1,381
Cash dividends paid	6(17)	(249,723)	(366,543)
Acquisition of treasury stocks	6(14)	-	(67,901)
Transfer of treasury Stocks	6(14)	35,530	-
Net cash flows (used in) from financing activities		(256,681)	499,266
Effect of foreign exchange rate changes on cash and cash equivalents		(5,747)	11,466
Net (decrease) increase in cash and cash equivalents		(458,955)	757,244
Cash and cash equivalents at beginning of year	6(1)	1,394,524	637,280
Cash and cash equivalents at end of year	6(1)	<u>\$ 935,569</u>	<u>\$ 1,394,524</u>

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

ALL RING TECH CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

(1) All Ring Tech Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on May 24, 1996. Its primary business includes the design, manufacture, and assembly of automation machines, the research, development, and design of computer software, and the manufacture of optical instruments.

(2) The common shares of the Company have been listed on the Taipei Exchange since September 2002.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorised for issuance by the Board of Directors on February 26, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board ("IASB")
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the IFRSs that came into effect as endorsed by the FSC.

(2) Basis of preparation

A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:

- (a) Financial assets at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of the subsidiary begins from the date the Group obtains control of the subsidiary and ceases when the Group loses control of the subsidiary.
- (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- (e) When the Group loses control of a subsidiary, the Group measures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. The consolidated subsidiaries and changes of the current period are as follows:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2023	December 31, 2022	
All Ring Tech Co., Ltd.	PAI FU INTERNATIONAL LIMITED	Mechanical engineering automation, and research, development and design of software	100.00	100.00	—
	Uni-Ring Tech Co., Ltd.	Other machine manufacture industry, electrical appliances, audio visual electronics and international trading industry	100.00	100.00	—
	All Ring Tech USA LLC	Other machine manufacture industry	100.00	—	Note 1
	All Ring Tech Japan Co., Ltd.	Mechanical engineering automation, and research, development and design of software and other machine manufacture industry	100.00	—	Note 2
	IMAGINE GROUP LIMITED	Investment business	71.60	71.60	Note 3

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2023	December 31, 2022	
PAI FU INTERNATIONAL LIMITED	Kunshan	Research, development, and manufacture of specialized electronic equipment used for cutting capacitance and inductance; sales of self-manufactured products and provision of corresponding technology testing services	100.00	100.00	—
	All Ring Tech Co., Ltd.				
	IMAGINE GROUP LIMITED	Investment business	28.40	28.40	Note 3
IMAGINE GROUP LIMITED	All Ring Tech (Kunshan) Co., Ltd.	Research, development, and manufacture of specialized electronic equipment, testing of instruments and accessories; sales of self-manufactured products and provision of corresponding technology testing services	100.00	100.00	—

Note 1: It is an entity newly incorporated in May 2023.

Note 2: It is an entity newly incorporated in October 2023.

Note 3: The Company and its subsidiaries own, directly or indirectly, more than 50% of the shares of these companies.

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

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional and presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

- (a) The financial performance and financial position of all the group entities, and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be paid off within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be paid off within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

- A. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
- B. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
- (a) The objective of the Group's business model is achieved by collecting contractual cash flows.

- (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

(9) Accounts and notes receivable

Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. When the cost of inventories exceeds the net realizable value, the amount of any write-down of inventories recognised as cost of sales during the period; and the amount of any reversal of inventory write-down is recognised as a reduction in cost of sales during the period.

(11) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:
 - (a) The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

- (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(12) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(13) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Property, plant and equipment apply the cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each component of property, plant and equipment is significant, it is depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

<u>Asset</u>	<u>Estimated useful lives</u>
Buildings and structures	10~35 years
Machinery and equipment	3~13 years
Transportation equipment	3~5 years
Office equipment	2~10 years
Assets leased to others	1~3 years
Other facilities	1~10 years

(15) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1 to 10 years.

(16) Leasing arrangements (lessee) – right-of-use assets/lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of the following:

- (a) Fixed payments, less any lease incentives receivable; and
- (b) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date;
- (c) Any initial direct costs incurred by the lessee; and
- (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall remeasure the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference in profit or loss.

(17) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(18) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(19) Accounts and notes payable

Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Convertible bonds payable

Convertible bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

- A. The embedded call options and put options are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.
- B. Master indenture of corporate bonds: The difference between the fair value of the bonds and the redemption value is recognised as a premium or discount on the bonds payable at the time of initial recognition; subsequently, the effective interest method is used to recognise the difference in profit or loss over the liquidity period as an adjustment to "finance costs" under the amortization procedure. The host contracts of bonds are initially recognised at fair value. Any

difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and for as the premium or discount on bonds payable and period of circulation using the effective interest method.

- C. The embedded conversion options which meet the definition of an equity instrument are initially recognised in ‘capital surplus – share options’ at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.
- D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.
- E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and ‘financial assets or financial liabilities at fair value through profit or loss’) shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and ‘capital surplus – share options’.

(21) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(22) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realised the asset and settle the liability simultaneously.

(23) Provisions

Provisions (including warranties) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(24) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plan

For the defined contribution plan, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plan

- I. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.
- II. Remeasurement arising on defined benefit plan is recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employees' compensation is distributed by shares, the Group calculated the number of shares based on the closing market price at the previous day of the board meeting resolution.

(25) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(26) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operate and generate taxable income Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings of the company and domestic subsidiary and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
- D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(27) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received,

net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(28) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(29) Revenue recognition

Sales of goods

- (a) Sales are recognised when control of the products has transferred, being when the products are delivered to the client, the client has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the client's acceptance of the products.
- (b) Revenue from these sales is recognised based on the price specified in the contract, net of the estimated output tax, sales returns, and sales discounts and allowances. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. Collection terms of sale are as follows: the first payment is collected 30 to 130 days after delivering machineries, and the second payment is collected 30 to 190 days after acceptance of machineries.
- (c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(30) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(31) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgments in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

A. As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

B. As at December 31, 2023, the carrying amount of inventories was \$1,081,771.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash:		
Cash on hand	\$ 6, 670	\$ 4, 764
Checking accounts and demand deposits	<u>504, 304</u>	<u>849, 262</u>
	<u>510, 974</u>	<u>854, 026</u>
Cash equivalents:		
Time deposits	403, 275	540, 498
Treasury bills	<u>21, 320</u>	<u>-</u>
	<u>\$ 935, 569</u>	<u>\$ 1, 394, 524</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. Refer to Note 8, 'Pledged Assets' for information on the Group's cash and cash equivalents that were pledged as collateral (shown as 'Financial assets at amortised cost - non-current') as at December 31, 2023 and 2022.

(2) Financial assets at amortised cost

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Time deposits maturing over three months	<u>\$ 204, 515</u>	<u>\$ 42, 916</u>
Non-current items:		
Pledged time deposits	<u>\$ 6, 553</u>	<u>\$ 2, 403</u>

A. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was the book value.

- B. Refer to Note 8, 'Pledged Assets' for information on the Group's financial assets at amortised cost that were pledged as collateral as at December 31, 2023 and 2022.
- C. The counterparties of the Group's investment in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(3) Financial assets at fair value through profit or loss-non current

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	\$ 21,184	\$ 21,184
Call options of bonds	2,700	2,700
Convertible bonds	<u>80,800</u>	<u>-</u>
	104,684	23,884
Valuation adjustment	(<u>10,836</u>)	(<u>23,704</u>)
	<u>\$ 93,848</u>	<u>\$ 180</u>

- A. The Group recognised net gain (loss) on financial assets at fair value through profit or loss amounting to \$12,868 and (\$2,520) (listed as "Other gains and losses") for the years ended December 31, 2023 and 2022, respectively.
- B. The Group has no financial assets at fair value through profit or loss pledged to others as collateral as at December 31, 2023 and 2022.
- C. Information relating to financial assets mandatorily measured at fair value through profit or loss – call options of bonds is provided in Note 6(12).
- D. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(4) Notes and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	<u>\$ 9,698</u>	<u>\$ 45,278</u>
Accounts receivable	\$ 568,997	\$ 634,843
Less: Allowance for uncollectible accounts	(<u>32,885</u>)	(<u>35,186</u>)
	<u>\$ 536,112</u>	<u>\$ 599,657</u>

- A. The ageing analysis of accounts and notes receivable that were past due is as follows:

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>
Less than 30 days	\$ 144,603	\$ 432	\$ 63,578	\$ 5,025
31~90 days	167,083	6,237	136,483	6,690
91~180 days	63,893	1,163	153,537	30,532
181~360 days	60,165	1,866	174,498	3,031
Over 360 days	<u>133,253</u>	<u>-</u>	<u>106,747</u>	<u>-</u>
	<u>\$ 568,997</u>	<u>\$ 9,698</u>	<u>\$ 634,843</u>	<u>\$ 45,278</u>

The above ageing analysis was based on invoice date.

- B. As at December 31, 2023 and 2022, accounts and notes receivable were all from contracts with customers. As at January 1, 2022, the balance of receivables from contracts with customers amounted to \$1,015,849.
- C. The Group has no notes and accounts receivable pledged to others as collateral as at December 31, 2023 and 2022.
- D. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was the book value.
- E. Information relating to credit risk of notes and accounts receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 264, 503	(\$ 11, 685)	\$ 252, 818
Work in process	567, 841	(43, 161)	524, 680
Finished goods	328, 592	(24, 319)	304, 273
	<u>\$ 1, 160, 936</u>	<u>(\$ 79, 165)</u>	<u>\$ 1, 081, 771</u>
	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 270, 456	(\$ 6, 333)	\$ 264, 123
Work in process	392, 483	(52, 613)	339, 870
Finished goods	144, 818	(38, 273)	106, 545
	<u>\$ 807, 757</u>	<u>(\$ 97, 219)</u>	<u>\$ 710, 538</u>

The cost of inventories recognised as expense for the year:

	For the years ended December 31,	
	2023	2022
Cost of goods sold	\$ 590, 015	\$ 1, 155, 842
Underapplied fixed manufacturing overhead	8, 794	-
(Reversal of allowance) provision for inventory market price decline (Note)	(17, 984)	15, 339
	<u>\$ 580, 825</u>	<u>\$ 1, 171, 181</u>

(Note) For the year ended December 31, 2023, the Group sold part of inventories for which a valuation loss was previously recognised, resulting in a gain on the reversal of net realizable value.

(6) Financial assets at fair value through other comprehensive income - non-current

Items	December 31, 2023	December 31, 2022
Non-current item:		
Equity instruments		
Listed stocks	\$ 223,591	\$ 207,109
Emerging stocks	3,439	3,440
Unlisted stocks	49,000	29,000
	276,030	239,549
Valuation adjustment	198,727	109,567
	\$ 474,757	\$ 349,116

- A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments was the book value as at December 31, 2023 and 2022.
- B. Considering the strategic investment, the Group sold \$21,343 and \$271,193 of equity instruments investments at fair value which resulted in cumulative gain of \$4,569 and \$59,539 on disposal during the years ended December 31, 2023 and 2022, respectively and was reclassified to retained earnings.
- C. Amounts recognised in profit or loss and other comprehensive income in relation to financial assets at fair value through other comprehensive income are listed below:

	For the years ended December 31,	
	2023	2022
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 93,729	\$ 106,008
Cumulative gains reclassified to retained earnings due to derecognition	(\$ 4,569)	(\$ 59,539)
Dividend income recognised in profit or loss		
Held at end of year	\$ 22,442	\$ 31,909
Derecognised during the year	-	268
	\$ 22,442	\$ 32,177

- D. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was the book value.
- E. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.
- F. In December 2023, the Group participated in the cash capital increase of Eternal Precision Mechanics Co., Ltd. with a total investment of \$30,000. Since the capital increase and

establishment procedures have not yet been completed, the amounts invested were recognised in 'Prepayments for investments'.

- G. In September 2022, the Group participated in the cash capital increase of Ginger Aviation Co., Ltd. and the establishment of Phoenix IV Innovation Investment Co., Ltd. as of December 31, 2022, for an investment of \$20,000. Since the capital increase and establishment procedures have not yet been completed, the amounts invested were recognised as 'Prepayments for investments'. The establishment procedures have been completed as of December 31, 2023, and classified to this account for the year ended December 31, 2023.

(7) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Assets leased to others	Other facilities	Construction in progress and equipment under acceptance	Total
<u>January 1, 2023</u>									
Cost	\$ 383,512	\$ 575,022	\$ 28,713	\$ 13,657	\$ 23,709	\$ 10,805	\$ 58,497	\$ -	\$ 1,093,915
Accumulated depreciation	-	(174,574)	(15,967)	(12,318)	(16,842)	(7,878)	(36,896)	-	(264,475)
	<u>\$ 383,512</u>	<u>\$ 400,448</u>	<u>\$ 12,746</u>	<u>\$ 1,339</u>	<u>\$ 6,867</u>	<u>\$ 2,927</u>	<u>\$ 21,601</u>	<u>\$ -</u>	<u>\$ 829,440</u>
<u>For the year ended December 31, 2023</u>									
At January 1	\$ 383,512	\$ 400,448	\$ 12,746	\$ 1,339	\$ 6,867	\$ 2,927	\$ 21,601	\$ -	\$ 829,440
Additions	10,334	85,674	12,385	10,095	2,533	-	802	9,353	131,176
Transferred from inventories	-	-	4,781	-	-	2,436	-	-	7,217
Depreciation	-	(20,084)	(3,012)	(709)	(2,529)	(2,790)	(4,901)	-	(34,025)
Disposals—Cost	-	-	(14,240)	-	(992)	-	(694)	-	(15,926)
— Accumulated depreciation	-	-	7,501	-	893	-	630	-	9,024
Net currency exchange differences	-	(1,388)	(125)	(1)	(16)	-	(9)	-	(1,539)
At December 31	<u>\$ 393,846</u>	<u>\$ 464,650</u>	<u>\$ 20,036</u>	<u>\$ 10,724</u>	<u>\$ 6,756</u>	<u>\$ 2,573</u>	<u>\$ 17,429</u>	<u>\$ 9,353</u>	<u>\$ 925,367</u>
<u>December 31, 2023</u>									
Cost	\$ 393,846	\$ 658,255	\$ 31,290	\$ 23,672	\$ 25,154	\$ 13,241	\$ 58,560	\$ 9,353	\$ 1,213,371
Accumulated depreciation	-	(193,605)	(11,254)	(12,948)	(18,398)	(10,668)	(41,131)	-	(288,004)
	<u>\$ 393,846</u>	<u>\$ 464,650</u>	<u>\$ 20,036</u>	<u>\$ 10,724</u>	<u>\$ 6,756</u>	<u>\$ 2,573</u>	<u>\$ 17,429</u>	<u>\$ 9,353</u>	<u>\$ 925,367</u>

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Assets leased to others	Other facilities	Total
<u>January 1, 2022</u>								
Cost	\$ 89,805	\$ 550,094	\$ 25,586	\$ 15,065	\$ 22,448	\$ 7,974	\$ 47,043	\$ 758,015
Accumulated depreciation	—	(155,172)	(13,633)	(12,716)	(16,214)	(3,689)	(32,609)	(234,033)
	<u>\$ 89,805</u>	<u>\$ 394,922</u>	<u>\$ 11,953</u>	<u>\$ 2,349</u>	<u>\$ 6,234</u>	<u>\$ 4,285</u>	<u>\$ 14,434</u>	<u>\$ 523,982</u>
<u>For the year ended December 31, 2022</u>								
At January 1	\$ 89,805	\$ 394,922	\$ 11,953	\$ 2,349	\$ 6,234	\$ 4,285	\$ 14,434	\$ 523,982
Additions	262,707	22,343	1,405	—	2,890	—	9,500	298,845
Transferred from inventories	—	—	1,696	—	—	2,831	2,181	6,708
Transferred from prepayments for business facilities	31,000	400	—	—	—	—	—	31,400
Depreciation	—	(18,742)	(2,399)	(853)	(2,284)	(4,189)	(4,528)	(32,995)
Disposals—Cost	—	—	(252)	(1,499)	(1,713)	—	(267)	(3,731)
— Accumulated depreciation	—	—	227	1,327	1,713	—	260	3,527
Net currency exchange differences	—	1,525	116	15	27	—	21	1,704
At December 31	<u>\$ 383,512</u>	<u>\$ 400,448</u>	<u>\$ 12,746</u>	<u>\$ 1,339</u>	<u>\$ 6,867</u>	<u>\$ 2,927</u>	<u>\$ 21,601</u>	<u>\$ 829,440</u>
<u>December 31, 2022</u>								
Cost	\$ 383,512	\$ 575,022	\$ 28,713	\$ 13,657	\$ 23,709	\$ 10,805	\$ 58,497	\$ 1,093,915
Accumulated depreciation	—	(174,574)	(15,967)	(12,318)	(16,842)	(7,878)	(36,896)	(264,475)
	<u>\$ 383,512</u>	<u>\$ 400,448</u>	<u>\$ 12,746</u>	<u>\$ 1,339</u>	<u>\$ 6,867</u>	<u>\$ 2,927</u>	<u>\$ 21,601</u>	<u>\$ 829,440</u>

- A. The information of the carrying amount of some buildings and structures and assets leased to others of the Group for the use of business lease as of December 31, 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Buildings and structures	\$ 84,907	\$ 72,363
Assets leased to others	\$ 2,573	\$ 2,927

- B. The Group has not capitalised any interest for the years ended December 31, 2023 and 2022.
- C. Refer to Note 8, 'Pledged assets' for information on the Group's property, plant and equipment that were pledged as collateral as of December 31, 2023 and 2022.

(8) Leasing arrangements – lessee

- A. The Group leased parcels of land located in the Luzhu Science Park from the Southern Taiwan Science Park Bureau and signed a contract with the government of the People's Republic of China to lease a designated parcel of land in Kunshan City of Jiangsu Province. Rental contracts are typically made for periods of 2 to 45 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

- B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 62,288	\$ 63,302

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 9,250	\$ 10,538

- C. For the years ended December 31, 2023 and 2022, the Group's additions to right-of-use assets were \$10,288 and \$19,753, respectively; remeasurements of right-of-use assets were \$— and \$1,906, respectively.

- D. The information on income and expense accounts relating to lease contracts is as follows:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 325	\$ 388
Expense on short-term lease contracts	5,457	5,823
Expense on leases of low-value assets	265	254
Gain from lease modifications	10	11

- E. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases was \$14,426 and \$16,077, respectively

(9) Intangible assets

	For the years ended December 31,	
	2023	2022
	Software	Software
<u>January 1</u>		
Cost	\$ 43,587	\$ 14,817
Accumulated amortisation	(15,425)	(9,783)
	<u>\$ 28,162</u>	<u>\$ 5,034</u>
At January 1	\$ 28,162	\$ 5,034
Additions	6,880	7,510
Transferred from prepayments for business facilities	-	21,272
Amortisation	(8,160)	(5,670)
Net currency exchange differences	(2)	16
At December 31	<u>\$ 26,880</u>	<u>\$ 28,162</u>
<u>December 31</u>		
Cost	\$ 50,129	\$ 43,587
Accumulated amortisation	(23,249)	(15,425)
	<u>\$ 26,880</u>	<u>\$ 28,162</u>

A. No interest was capitalised as part of intangible assets for the years ended December 31, 2023 and 2022.

B. Detail of amortization on intangible assets for the years ended December 31, 2023 and 2022 are as follows:

	For the years ended December 31,	
	2023	2022
Operating costs	\$ 1,652	\$ 1,089
Selling expenses	503	356
General and administrative expenses	1,069	819
Research and development expenses	4,936	3,406
	<u>\$ 8,160</u>	<u>\$ 5,670</u>

(10) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accrued salaries and bonuses	\$ 161, 443	\$ 174, 400
Compensation payable to employees, directors and supervisors	12, 746	34, 093
Provision for employee benefits	14, 106	13, 269
Others	34, 203	52, 871
	<u>\$ 222, 498</u>	<u>\$ 274, 633</u>

(11) Provisions for liabilities

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Balance at beginning of year	\$ 16, 541	\$ 23, 101
Additional provisions	3, 121	5, 073
Used during the year	(17, 824)	(11, 633)
Balance at end of year	<u>\$ 1, 838</u>	<u>\$ 16, 541</u>

The Group's warranty provision is primarily related to the sales of semiconductor equipment, passive component equipment, and light-emitting diode equipment. The amount of the provision is estimated according to historical warranty data. The Group expects the costs related to the provision to be realised in the next two years.

(12) Bonds payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Bonds payable	\$ 865, 200	\$ 898, 600
Less: Discount on bonds payable	(12, 460)	(23, 886)
	<u>\$ 852, 740</u>	<u>\$ 874, 714</u>

A. In February 2022, the Company issued the fourth domestic unsecured convertible bonds, which was listed on the Taipei Exchange on February 22, 2022. The terms of the domestic unsecured convertible bonds issuance are as follows:

- (a) The Company was approved by the competent authority to raise and issue the fourth domestic unsecured convertible bonds with a total amount of \$1,000,000 (related issuance cost was \$5,091), with a coupon rate of 0% and a maturity period of 3 years from February 22, 2022 to February 22, 2025. The convertible bonds will be redeemed in cash at the face value of the bonds upon maturity.
- (b) The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue (May 23, 2022) to the maturity date (February 22, 2025), except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

- (c) The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and the conversion price at the time of issuance is set at \$127 (in dollars) per share. The conversion price of the bonds is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. If the reset conversion price is higher than the conversion price before the reset, the conversion price will not be adjusted. Since August 1, 2023, the conversion price has been adjusted to \$116.4 (in dollars).
- (d) The Company may repurchase all the bonds outstanding in cash at the bonds face value at any time after the following events occur: (i) the closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three months of the bonds issue (May 23, 2022) to 40 days before the maturity date (January 13, 2025), or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue (May 23, 2022) to 40 days before the maturity date (January 13, 2025). For the years ended December 31, 2023 and 2022, the Company repurchased convertible corporate bonds with a face value of \$33,300 and \$101,400 from the Taipei Exchange, respectively. According to the requirements of IAS 32, the repurchase price (including transaction costs) of \$33,131 and \$100,802, respectively, was allocated to the liabilities and equity components. The difference between the amount apportioned to the liability component and its carrying amount amounted to \$1,272 and \$4,344 (listed as "Other gains and losses") has been recognized in profit or loss for the years, and the difference between the amount apportioned to the equity component and its carrying amount has been recognized in 'capital surplus - treasury share transaction' amounted to \$3,428 and \$9,798, and \$5,403 and \$16,453 was reversed to 'Capital surplus - stock options', respectively.
- (e) For the year ended December 31, 2023, the bonds totaling \$100 (face value) had been converted into 859 shares of common stock. However, the registration has not yet been completed (shown as 'Common stock' in the amount of \$9 and 'conversion premium of convertible corporate bonds' in the amount of \$106, and \$17 was reversed to 'Capital surplus - stock options').
- (f) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.
- B. Regarding the issuance of convertible bonds, the equity conversion options amounting to \$162,300 were separated from the liability component and were recognised in 'Capital surplus - stock options' in accordance with IAS 32. As at December 31, 2023, the balance of the aforementioned 'Capital surplus - stock options' after writing off the bonds repurchased by the Company and conversion options exercise by creditors in accordance with the terms of the bonds was \$140,427. The call options embedded in bonds payable were separated from their host

contracts and were recognised in ‘financial assets at fair value through profit or loss’ in the net amount of \$2,700 in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts.

C. Refer to Note 6(22), ‘Finance costs’ for information on the Group’s interest expense recognised in profit or loss for the years ended December 31, 2023 and 2022.

(13) Pensions

A. The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees’ service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 4% of the employees’ monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March. Related information on the defined benefit pension plan disclosed above is as follows:

(a) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	(\$ 25,646)	(\$ 36,106)
Fair value of plan assets	<u>8,151</u>	<u>9,763</u>
Net defined benefit liability	<u>(\$ 17,495)</u>	<u>(\$ 26,343)</u>

(b) Movements in net defined benefit liabilities are as follows:

	For the year ended December 31, 2023		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	(\$ 36,106)	\$ 9,763	(\$ 26,343)
Current service cost	(1,104)	-	(1,104)
Interest (expense) income	(433)	117	(316)
	<u>(37,643)</u>	<u>9,880</u>	<u>(27,763)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	49	49
Experience adjustments	<u>2,689</u>	<u>-</u>	<u>2,689</u>
	<u>2,689</u>	<u>49</u>	<u>2,738</u>
Paid pension	<u>9,308</u>	<u>(2,998)</u>	<u>6,310</u>
Pension fund contribution	<u>-</u>	<u>1,220</u>	<u>1,220</u>
Balance at December 31	<u><u>(\$ 25,646)</u></u>	<u><u>\$ 8,151</u></u>	<u><u>(\$ 17,495)</u></u>

	For the year ended December 31, 2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	(\$ 36,908)	\$ 9,151	(\$ 27,757)
Current service cost	(829)	-	(829)
Interest (expense) income	(258)	64	(194)
	<u>(37,995)</u>	<u>9,215</u>	<u>(28,780)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	733	733
Change in financial assumptions	1,122	-	1,122
Experience adjustments	<u>166</u>	<u>-</u>	<u>166</u>
	<u>1,288</u>	<u>733</u>	<u>2,021</u>
Paid pension	<u>601</u>	<u>(601)</u>	<u>-</u>
Pension fund contribution	<u>-</u>	<u>416</u>	<u>416</u>
Balance at December 31	<u><u>(\$ 36,106)</u></u>	<u><u>\$ 9,763</u></u>	<u><u>(\$ 26,343)</u></u>

- (c) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as at December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.
- (d) The principal actuarial assumptions used were as follows:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Discount rate	<u>1.20%</u>	<u>1.20%</u>
Future salary increases	<u>3.50%</u>	<u>3.50%</u>

For the years ended December 31, 2023 and 2022, assumptions regarding future mortality experience are set based on actuarial advice in accordance with Taiwan Life Insurance Industry 6th Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	<u>Discount rate</u>		<u>Future salary increases</u>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
<u>December 31, 2023</u>				
Effect on present value of defined benefit obligation	(\$ <u>371</u>)	<u>\$ 383</u>	<u>\$ 331</u>	(\$ <u>323</u>)
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	(\$ <u>536</u>)	<u>\$ 552</u>	<u>\$ 451</u>	(\$ <u>440</u>)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

(e) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2024 amount to \$1,200.

(f) As of December 31, 2023, the weighted average duration of the retirement plan is 7 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	9,788
2-5 years		4,131
5 years and above		13,680
	<u>\$</u>	<u>27,599</u>

B. Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan of the Company and its domestic subsidiaries for the years ended December 31, 2023 and 2022 were \$11,992 and \$11,941, respectively.

C. In accordance with the pension and insurance laws of the People’s Republic of China, Kunshan All Ring Tech Co., Ltd. and All Ring Tech (Kunshan) Co., Ltd. contribute 19% of each employee’s salary every month to a pension account managed by the government. Aside from the monthly contributions, the companies have no further obligations. The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022 were \$1,900 and \$2,255, respectively.

(14) Share capital

A. Movements in the number of the Company’s ordinary shares outstanding are as follows (in thousands of shares):

	For the years ended December 31,	
	2023	2022
At January 1	80,556	81,454
Treasury stock reacquired	–	(898)
Treasury shares transferred	1,000	–
At December 31	<u>81,556</u>	<u>80,556</u>

B. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company’s treasury shares are as follows (in thousands of shares):

	For the year ended December 31, 2023			
Reason for reacquisition	Opening Balance	Additions	Decrease	Ending Balance
To be reissued to employees	2,768	-	(1,000)	1,768

	For the year ended December 31, 2022		
Reason for reacquisition	Opening Balance	Additions	Ending Balance
To be reissued to employees	1,870	898	2,768

- (b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.
- (c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.
- (d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.
- (e) For the year ended December 31, 2022, treasury shares in the amount of \$67,901 (898 thousand shares) was acquired by the Company. As of December 31, 2023 and 2022, the balance after the Company reacquired and transferred treasury shares were \$98,820 and \$134,350, respectively.
- (f) For the year ended December 31, 2023, treasury shares in the amount of \$35,530 were transferred to employees and the proceeds collected from the treasury shares amounted to \$35,530. There was no such transaction for the year ended December 31, 2022.

C. Information about the requests for conversion of the bonds for the year ended December 31, 2023 is provided in Note 6(12).

D. As of December 31, 2023, the Company's authorised capital was \$1,500,000 (including \$80,000 reserved for employee stock options), and the paid-in capital was \$833,239 with a par value of \$10 per share. The 83,324 thousand shares were issued over several installments. All proceeds from shares issued have been collected.

(15) Capital surplus

A. Pursuant to the R.O.C Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital reserves should not be used to cover

accumulated deficit unless the legal reserve is insufficient.

- B. Information relating to capital surplus - stock options is provided in Note 6(12).
- C. The Company's Board of Directors during its meeting on February 26, 2024 resolved to distribute cash from capital surplus of \$43,500.

(16) Share-based payment

- A. As of December 31, 2023, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Treasury shares transferred to employees	2023.6.2	1,000	2023.6.2	Vested immediately

- B. The incremental fair value measured by using the Black-Scholes option-pricing model is as follows:

Type of arrangement	Grant date	Share price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Risk-free interest rate	Fair value per unit (in dollars)
Treasury stock transferred to employees	2023.6.2	\$ 74.50	\$ 35.53	43.02%	0.033 Year	0.8993%	\$ 38.98

- C. Expenses incurred on equity-settled share-based payment transactions that were recognised as compensation costs for the year ended December 31, 2023 amounted to \$38,980 (contra account 'Capital surplus'). There was no such transaction for the year ended December 31, 2022.

(17) Retained earnings

- A. Pursuant to the R.O.C. Company Act, the Company shall set aside 10% of its after-tax profits as legal reserve until the balance is equal to the paid-in capital. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- B. Under the Company's Articles of Incorporation, considering the Company is operating in a volatile environment and in the stable growth stage of its life cycle, the Board of Directors shall determine earnings appropriation based on the Company's future capital expenditures and demand for capital, as well as the necessity of using retained earnings to meet capital needs, and set the amount of dividends to be distributed to stockholders and the portion of dividends to be paid in cash. The Company's current year's earnings shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Then, either a portion of the remaining amount is set aside as special reserve or an amount is reversed from the special reserve account and added to the remaining amount in

accordance with applicable laws and regulations. The final remaining amount of current year earnings is added to the unappropriated earnings from the prior year and the total is the accumulated distributable earnings. At least 30% of the accumulated distributable earnings shall be appropriated as dividends, and cash dividends shall account for at least 10% of total dividends distributed. The Board of Directors shall propose the earnings appropriation according to future operational and investment needs which shall be submitted to the stockholders during their meeting for approval.

C. Special reserve

(a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amounts previously set aside by the Company as special reserve in the amount of \$22,672 on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1090150022, dated March 31, 2021, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

D. The Company recognised dividends distributed to owners amounting to \$249,723 (\$3.1 (in dollars) per share) and \$366,543 (\$4.5 (in dollars) per share) for the years ended December 31, 2023 and 2022, respectively. On February 26, 2024, the Board of Directors proposed for the distribution of dividends from 2023 earnings in the amount of \$87,000 (\$1.1 (in dollars) per share).

(18) Operating revenue

	For the years ended December 31,	
	2023	2022
Revenue from contracts with customers	\$ 1, 205, 311	\$ 2, 248, 713

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time. Revenue is primarily from sales of automation machinery and equipment. Related disclosures on operating revenue are provided in Note 14.

B. Contract liabilities

(a) The Group has recognised revenue-related contract liabilities amounting to \$75,029 and \$49,499 as of December 31, 2023 and 2022, respectively.

(b) As of January 1, 2023 and 2022, the Group's contract liabilities were \$49,499 and \$27,263, respectively. Revenue recognised that were included in the contract liability balance for the years ended December 31, 2023 and 2022 were \$45,867 and \$17,308, respectively.

(19) Interest income

	For the years ended December 31,	
	2023	2022
Interest income from bank deposits	\$ 21, 077	\$ 7, 923

(20) Other income

	For the years ended December 31,	
	2023	2022
Dividend income	\$ 22,442	\$ 32,177
Rent income	23,906	21,125
Government grants income	10,761	7,183
Other income	3,763	4,344
	<u>\$ 60,872</u>	<u>\$ 64,829</u>

(21) Other gains and losses

	For the years ended December 31,	
	2023	2022
Net foreign exchange gains	\$ 857	\$ 82,601
Depreciation of assets leased to others	(4,978)	(4,556)
Gain from repurchase of convertible bonds	1,272	4,344
Net gains (losses) on financial assets at fair value through profit or loss	12,868	(2,520)
Gain on disposal of property, plant and equipment	332	617
Gain from lease modifications	10	11
Miscellaneous disbursements	(5,870)	(5,384)
	<u>\$ 4,491</u>	<u>\$ 75,113</u>

(22) Finance costs

	For the years ended December 31,	
	2023	2022
Interest expense:		
Convertible bonds	\$ 10,552	\$ 10,062
Bank borrowings	145	290
Interest expense on lease liabilities	325	388
	<u>\$ 11,022</u>	<u>\$ 10,740</u>

(23) Expenses by nature

	For the year ended December 31, 2023		
	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>
Employee benefit expenses	\$ 75,445	\$ 395,104	\$ 470,549
Depreciation	16,655	21,642	38,297
Amortisation	1,652	6,508	8,160
	<u>\$ 93,752</u>	<u>\$ 423,254</u>	<u>\$ 517,006</u>

	For the year ended December 31, 2022		
	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>
Employee benefit expenses	\$ 61,535	\$ 425,749	\$ 487,284
Depreciation	12,210	26,767	38,977
Amortisation	1,089	4,581	5,670
	<u>\$ 74,834</u>	<u>\$ 457,097</u>	<u>\$ 531,931</u>

(24) Employee benefit expense

	For the year ended December 31, 2023		
	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>
Wages and salaries	\$ 61,716	\$ 314,981	\$ 376,697
Employee compensation costs	2,923	36,057	38,980
Labour and health insurance expenses	4,591	19,121	23,712
Pension costs	2,723	12,589	15,312
Other personnel expenses	3,492	12,356	15,848
	<u>\$ 75,445</u>	<u>\$ 395,104</u>	<u>\$ 470,549</u>

	For the year ended December 31, 2022		
	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>
Wages and salaries	\$ 51,706	\$ 376,403	\$ 428,109
Labour and health insurance expenses	3,478	22,170	25,648
Pension costs	2,696	12,523	15,219
Other personnel expenses	3,655	14,653	18,308
	<u>\$ 61,535</u>	<u>\$ 425,749</u>	<u>\$ 487,284</u>

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 3% for employees' compensation and shall not be higher than 3% for directors' remuneration.
- B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$10,785 and \$26,610, respectively; while directors' remuneration was accrued at \$1,961 and \$7,483, respectively. The aforementioned amounts were recognised in salary expenses and estimated and accrued based on the distributable net profit of current year calculated by the percentage prescribed under the Company's Articles of Incorporation. Employees' compensation

and directors' remuneration for 2022 amounting to \$34,093, as resolved by the Board of Directors was in agreement with the amount recognised in the 2022 financial statements. On February 26, 2024, the board of directors resolved to distribute employees' compensation and directors' remuneration of \$10,785 and \$1,961, respectively. The employees' compensation will be distributed in the form of cash. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(25) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the years ended December 31,	
	2023	2022
Current tax:		
Current tax on profits for the year	\$ 21,516	\$ 88,708
Tax on undistributed earnings	13,271	6,019
Prior year income tax overestimation	—	(13,720)
Total current tax	<u>34,787</u>	<u>81,007</u>
Deferred tax:		
Origination and reversal of temporary differences	(12,119)	21,975
Income tax expense	<u>\$ 22,668</u>	<u>\$ 102,982</u>

(b) The income tax charge relating to components of other comprehensive income is as follows:

	For the years ended December 31,	
	2023	2022
Remeasurements of defined benefit obligations	<u>\$ 548</u>	<u>\$ 404</u>

B. Reconciliation between income tax expense and accounting profit

	For the years ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	\$ 35,203	\$ 124,313
Effect from items adjusted in accordance with tax regulation	(14,079)	(13,727)
Tax on undistributed earnings	13,271	6,019
Prior year income tax overestimation	–	(13,720)
Taxable loss not recognised as deferred tax assets	65	4,142
Effect from loss carryforward	(208)	(1,813)
Realisable changes in assessment of deferred tax assets	(916)	(3,251)
Effect from investment tax credits	(10,668)	1,019
Income tax expense	<u>\$ 22,668</u>	<u>\$ 102,982</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and loss carryforward are as follows:

	For the year ended December 31, 2023			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred income tax assets				
Temporary differences:				
Allowance for doubtful accounts	\$ 6,045	\$ 532	\$ -	\$ 6,577
Loss on decline in market value of inventories	18,601	(3,514)	-	15,087
Unrealised cost to provide after-sale service	3,811	(3,443)	-	368
Unrealised compensated absences	2,598	101	-	2,699
Pension costs	5,277	52	(548)	4,781
Unrealised expenses and losses	2,227	(2,154)	-	73
Investment losses	971	-	-	971
Foreign currency exchange difference	-	3,419	-	3,419
Loss carryforward	2,183	(32)	-	2,151
	<u>\$ 41,713</u>	<u>(\$ 5,039)</u>	<u>(\$ 548)</u>	<u>\$ 36,126</u>
Deferred income tax liabilities				
Temporary differences:				
Investment income	(\$ 25,707)	\$ -	\$ -	(\$ 25,707)
Foreign currency exchange difference	(17,158)	17,158	-	-
	<u>(\$ 42,865)</u>	<u>\$ 17,158</u>	<u>\$ -</u>	<u>(\$ 25,707)</u>
	<u>(\$ 1,152)</u>	<u>\$ 12,119</u>	<u>(\$ 548)</u>	<u>\$ 10,419</u>

For the year ended December 31, 2022

	<u>January 1</u>	<u>Recognised in profit or loss</u>	<u>Recognised in other comprehensive income</u>	<u>December 31</u>
Deferred income tax assets				
Temporary differences:				
Allowance for doubtful accounts	\$ 3,377	\$ 2,668	\$ -	\$ 6,045
Loss on decline in market value of inventories	14,806	3,795	-	18,601
Unrealised cost to provide after-sale service	4,621	(810)	-	3,811
Unrealised compensated absences	2,583	15	-	2,598
Pension costs	5,551	130	(404)	5,277
Unrealised sales discounts and allowances	589	(589)	-	-
Unrealised expenses and losses	2,300	(73)	-	2,227
Investment losses	971	-	-	971
Foreign currency exchange difference	1,403	(1,403)	-	-
Government grants revenue	1,042	(1,042)	-	-
Loss carryforward	9,691	(7,508)	-	2,183
	<u>\$ 46,934</u>	<u>(\$ 4,817)</u>	<u>(\$ 404)</u>	<u>\$ 41,713</u>
Deferred income tax liabilities				
Temporary differences:				
Investment income	(\$ 25,707)	\$ -	\$ -	(\$ 25,707)
Foreign currency exchange difference	-	(17,158)	-	(17,158)
	<u>(\$ 25,707)</u>	<u>(\$ 17,158)</u>	<u>\$ -</u>	<u>(\$ 42,865)</u>
	<u>\$ 21,227</u>	<u>(\$ 21,975)</u>	<u>(\$ 404)</u>	<u>(\$ 1,152)</u>

D. Expiration dates of unused loss carryforward and amounts of unrecognised deferred tax assets are as follows:

December 31, 2023					
Year incurred	Amount		Unrecognised deferred		Expiry year
	filed/assessed	Unused amount	tax assets		
2014	\$ 32,896	\$ 32,896	\$ 32,896		2024
2015	28,015	28,015	28,015		2025
2016	14,758	14,758	14,758		2026
2017	18,769	18,769	18,769		2027
2018	23,997	23,997	23,237		2028
2019	50,054	31,988	25,958		2029
2020	12,228	12,228	11,623		2030
2021	1,104	1,104	-		2031
2022	96	96	-		2032
		<u>\$ 163,851</u>	<u>\$ 155,256</u>		

December 31, 2022					
Year incurred	Amount		Unrecognised deferred		Expiry year
	filed/assessed	Unused amount	tax assets		
2013	\$ 21,180	\$ 21,180	\$ 21,180		2023
2014	42,523	42,523	32,896		2024
2015	53,725	53,725	53,725		2025
2016	24,427	24,427	24,427		2026
2017	28,645	28,645	28,645		2027
2018	23,997	23,997	23,997		2028
2019	50,054	35,782	35,782		2029
2020	12,228	12,228	12,228		2030
2021	1,104	1,104	1,104		2031
		<u>\$ 243,611</u>	<u>\$ 233,984</u>		

E. The income tax returns of the Company and subsidiaries through 2021 ~ 2022 have been assessed and approved by the Tax Authority. This Company and subsidiaries do not have any administrative remedy as of February 26, 2024.

(27) Supplemental cash flow information

A. Investing activities with partial cash payments

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
(a) Purchase of property, plant and equipment	\$ 131,176	\$ 298,845
Add: Opening balance of payable on equipment (shown as 'other payables')	—	383
Cash paid for acquisition of property, plant and equipment	<u>\$ 131,176</u>	<u>\$ 299,228</u>

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
(b) Increase in prepayments for business facilities	\$ —	\$ 41,791
Add: Opening balance of notes payable	—	7,600
Opening balance of payable on equipment (shown as 'other payables')	—	1,857
Cash paid for prepayments for business facilities	<u>\$ —</u>	<u>\$ 51,248</u>

B. Investing and financing activities with no cash flow effects

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
(a) Prepayments for investments transferred to financial assets at fair value through other comprehensive income	<u>\$ 20,000</u>	<u>\$ —</u>
(b) Inventories transferred to property, plant and equipment	<u>\$ 7,217</u>	<u>\$ 6,708</u>
(c) Prepayments for business facilities transferred to property, plant and equipment	<u>\$ —</u>	<u>\$ 31,400</u>
(d) Prepayments for business facilities transferred to intangible assets	<u>\$ —</u>	<u>\$ 21,272</u>
(e) Convertible bonds converted into capital stocks and capital surplus	<u>\$ 98</u>	<u>\$ —</u>

(28) Changes in liabilities from financing activities

	<u>For the year ended December 31, 2023</u>			
	<u>Lease liabilities</u>	<u>Bonds payable</u>	<u>Guarantee deposits received</u>	<u>Liabilities from financing activities-gross</u>
At January 1, 2023	\$ 34,707	\$ 874,714	\$ 3,793	\$ 913,214
Changes in cash flow from financing activities	(8,379)	(33,131)	(978)	(42,488)
Changes in other non-cash items	<u>8,387</u>	<u>11,157</u>	<u>(38)</u>	<u>19,506</u>
At December 31, 2023	<u>\$ 34,715</u>	<u>\$ 852,740</u>	<u>\$ 2,777</u>	<u>\$ 890,232</u>

	<u>For the year ended December 31, 2022</u>				
	<u>Short-term borrowings</u>	<u>Lease liabilities</u>	<u>Bonds payable</u>	<u>Guarantee deposits received</u>	<u>Liabilities from financing activities-gross</u>
At January 1, 2022	\$ 80,000	\$ 33,350	\$ -	\$ 2,412	\$ 115,762
Changes in cash flow from financing activities	(80,000)	(9,612)	1,021,941	1,381	933,710
Changes in other non-cash items	<u>-</u>	<u>10,969</u>	<u>(147,227)</u>	<u>-</u>	<u>(136,258)</u>
At December 31, 2022	<u>\$ -</u>	<u>\$ 34,707</u>	<u>\$ 874,714</u>	<u>\$ 3,793</u>	<u>\$ 913,214</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Ding Ji Electrical Engineering Co., Ltd.	Other related party

(2) Significant transactions and balances with related parties

A. Purchases of goods

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Other related parties	<u>\$ 10,719</u>	<u>\$ 43,473</u>

Payment term of purchases from other related parties is 120 days after receipt. Payment terms of purchases from other suppliers are 60 to 180 days. Except for the payment terms mentioned above, other terms of purchases are the same with third parties.

B. Payables to related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable:		
Other related parties	<u>\$ 6,633</u>	<u>\$ 11,622</u>

The payables to related parties arise mainly from purchase transactions. The payables bear no

interest.

(3) Key management compensation

	For the years ended December 31,	
	2023	2022
Salaries and other short-term employee benefits	\$ 74,755	\$ 40,713
Post-employment benefits	1,267	973
	<u>\$ 76,022</u>	<u>\$ 41,686</u>

8. PLEDGED ASSETS

The Group's assets pledged as collateral were as follows:

Pledged asset	December 31, 2023	December 31, 2022	Purpose
Pledged time deposits (Note 1)	\$ 6,553	\$ 2,403	Guarantee for land leases
Land (Note 2)	268,882	338,108	Guarantee for short-term borrowings
Buildings and structures (Note 2)	338,312	279,881	Guarantee for short-term borrowings
	<u>\$ 613,747</u>	<u>\$ 620,392</u>	

Note 1: Shown as 'financial assets at amortised cost - non-current'.

Note 2: Shown as 'property, plant and equipment, net'.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

As of December 31, 2023 and 2022, the Group's guarantees and endorsements were as follows:

Endorser	Endorsee	December 31, 2023	December 31, 2022	Purpose
All Ring Tech Co., Ltd.	Uni-Ring Tech Co., Ltd.	<u>\$ 60,000</u>	<u>\$ 30,000</u>	Pledged for borrowing facilities

As of December 31, 2023 and 2022, the actual amount of the endorsement used by the subsidiary, Uni-Ring Tech Co., Ltd., was \$—.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, and maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

Details of financial instruments by category of the Group are described in Note 6.

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

I. Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries in various functional currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities and net investments in foreign operations.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.
- iii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through liabilities denominated in the relevant foreign currencies.
- iv. The Group's businesses involve some non-functional currency operations (The functional currency of the Company and several subsidiaries is the NTD; the functional currency of several subsidiaries is the USD, RMB and JPY). Information on assets and liabilities subject to significant foreign exchange risk is as follows:

December 31, 2023			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 9,664	30.71	\$ 296,781
USD:RMB	712	7.08	21,866
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	170	30.71	5,221
December 31, 2022			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 20,802	30.73	\$ 639,245
USD:RMB	417	6.98	12,814
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	175	30.73	5,378

- v. The sensitivity analysis of foreign exchange risk mainly focuses on the foreign currency monetary items at the end of the financial reporting period. If the exchange rate of NTD to all foreign currencies had appreciated/depreciated by 10%, the Group's net income for the years ended December 31, 2023 and 2022 would have decreased/increased by \$25,074 and \$51,734, respectively.
- vi. The total exchange gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022, amounted to \$857 and \$82,601, respectively.

II. Price risk

- i. The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The Group is not exposed to commodity price risk. To manage its price risk

arising from investments in equity securities, the Group has set various stop loss points, to ensure not to be exposed to significant risk. Accordingly, no material market risk was expected.

- ii. The Group's investments in equity securities comprise domestic stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other components of equity for the years ended December 31, 2023 and 2022 would have increased/decreased by \$4,748 and \$3,491, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

III. Cash flow and fair value interest rate risk

As of December 31, 2023 and 2022, with regard to sensitivity analysis of interest rate risk, if the borrowing interest rate had increased/decreased by 1% with all other variables held constant, there is no significant effect on after-tax profit for the years ended December 31, 2023 and 2022.

(b) Credit risk

- I. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- II. The Group manages its credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- III. The Group adopts the historical experience of collection and the level of customers' risk to assess whether there has been a significant increase in credit risk on that instrument since initial recognition. If the payments were past invoice date over 180 days, there has been a significant increase in credit risk on that instrument since initial recognition.
- IV. According to the historical experience of collection by the Group and the level of customers' risk, the default occurs when the payments are past invoice date over 270 days.
- V. The Group considers the characteristics of credit risk on trade, and applies the modified approach using loss rate methodology to estimate expected credit loss under the loss rate basis. The Group used the forecastability to adjust historical and timely information to assess the default possibility of notes and accounts receivable.

As of December 31, 2023 and 2022, details of expected credit loss using the loss rate methodology are as follows:

	<u>Expected loss rate</u>	<u>Book value</u>	<u>Allowance for uncollectible accounts</u>
<u>December 31, 2023</u>			
Taiwan			
Less than 90 days	0.03%	\$ 279,546	\$ -
91~180 days	0.03%~0.06%	55,001	-
181~360 days	0.05%~1%	59,489	688
Over 360 days	0.63%~100%	129,070	31,425
		<u>523,106</u>	<u>32,113</u>
Mainland China			
Less than 90 days	—	38,809	-
91~180 days	—	10,055	-
181~360 days	1%	2,542	26
Over 360 days	2%~100%	4,183	746
		<u>55,589</u>	<u>772</u>
		<u>\$ 578,695</u>	<u>\$ 32,885</u>
	<u>Expected loss rate</u>	<u>Book value</u>	<u>Allowance for uncollectible accounts</u>
<u>December 31, 2022</u>			
Taiwan			
Less than 90 days	0.03%	\$ 179,379	\$ -
91~180 days	0.03%~0.06%	165,296	-
181~360 days	0.05%~1%	158,479	1,578
Over 360 days	0.63%~100%	98,018	32,431
		<u>601,172</u>	<u>34,009</u>
Mainland China			
Less than 90 days	—	32,397	-
91~180 days	—	18,773	-
181~360 days	1%	19,050	197
Over 360 days	2%~100%	8,729	980
		<u>78,949</u>	<u>1,177</u>
		<u>\$ 680,121</u>	<u>\$ 35,186</u>

VI. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	For the years ended December 31,	
	2023	2022
	Accounts receivable	Accounts receivable
At January 1	\$ 35,186	\$ 21,127
(Reversal of) provision for impairment	(2,292)	14,048
Net exchange differences	(9)	11
At December 31	<u>\$ 32,885</u>	<u>\$ 35,186</u>

(c) Liquidity risk

- I. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times to ensure the sufficient financial flexibility of the Group.
- II. Group treasury invests surplus cash in interest bearing current accounts, time deposits and beneficiary certificates, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts, and readily generate cash flows to manage liquidity risk.
- III. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the following table are undiscounted contractual cash flows.

<u>December 31, 2023</u>	<u>Within 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Non-derivative financial liabilities:				
Notes payable	\$ 1,725	\$ -	\$ -	\$ -
Accounts payable	713,574	-	-	-
Other payables	222,498	-	-	-
Bonds payable	-	865,200	-	-
Lease liabilities	3,026	3,026	9,077	22,566
Guarantee deposits received	918	133	208	1,518

<u>December 31, 2022</u>	<u>Within 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Non-derivative financial liabilities:				
Notes payable	\$ 963	\$ -	\$ -	\$ -
Accounts payable	357, 618	-	-	-
Other payables	274, 633	-	-	-
Bonds payable	-	-	898, 600	-
Lease liabilities	10, 372	2, 420	7, 259	16, 534
Guarantee deposits received	1, 213	904	136	1, 540

IV. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in emerging stocks, listed stocks and convertible bonds are included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. Financial instruments not measured at fair value

Except for bonds payable, which are measured at the present value of the cash flow expected to be paid at the market interest rate on the balance sheet date, the carrying amounts of the Group's financial instruments not measured at fair value including cash and cash equivalents, financial assets at amortised cost - current and non-current, notes receivable, accounts receivable, other receivables, guarantee deposits paid, notes payable, accounts payable, other payables and guarantee deposits received are approximate to their fair values.

C. The related information on financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Call options of bonds	\$ -	\$ 1,128	\$ -	\$ 1,128
Debt instruments	92,720	-	-	92,720
	<u>\$ 92,720</u>	<u>\$ 1,128</u>	<u>\$ -</u>	<u>\$ 93,848</u>
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ 426,696</u>	<u>\$ -</u>	<u>\$ 48,061</u>	<u>\$ 474,757</u>
December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Call options of bonds	<u>\$ -</u>	<u>\$ 180</u>	<u>\$ -</u>	<u>\$ 180</u>
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ 322,985</u>	<u>\$ -</u>	<u>\$ 26,131</u>	<u>\$ 349,116</u>

- D. The methods and assumptions the Group used to measure fair value are as follows:
- (a) The following financial assets use quoted market prices as inputs for fair value measurement (level 1): for emerging stocks, the average trading price at the balance sheet date is used; for listed stocks and convertible bonds, the closing price at the balance sheet date is used.
- (b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The call options of bonds were evaluated based on the binomial-tree model for convertible bond pricing.
- E. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.
- F. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

	<u>Equity instruments</u>
At January 1, 2023	\$ 26,131
Transferred from prepayments for investments	20,000
Profit recognised in other comprehensive income	1,930
At December 31, 2023	<u>\$ 48,061</u>

	<u>Equity instruments</u>
At January 1, 2022	\$ 32,101
Loss recognised in other comprehensive income	(5,970)
At December 31, 2022	<u>\$ 26,131</u>

- G. Financial segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- H. The following is the qualitative information on significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted stocks	\$ 10,406	Discounted cash flow	Weighted average cost of capital	9.49%	The higher the weighted average cost of capital, the lower the fair value.
			Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value.
Venture capital stocks	37,266	Net asset value	Not applicable	—	Not applicable
Unlisted stocks	389	Net asset value	Not applicable	—	Not applicable

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted stocks	\$ 5,429	Discounted cash flow	Weighted average cost of capital	9.30%	The higher the weighted average cost of capital, the lower the fair value.
			Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value.
Venture capital stocks	20,702	Net asset value	Not applicable	—	Not applicable

I. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets categorised within Level 3 if the inputs used to valuation models have changed:

		December 31, 2023				
		Recognised in profit or loss		Recognised in other comprehensive income		
Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change	
Financial assets						
Equity instruments	Weighted average cost of capital	± 10%	\$ -	\$ -	\$ 1,841	(\$ 1,401)
	Discount for lack of marketability	± 10%	-	-	2,279	(1,700)
			\$ -	\$ -	\$ 4,120	(\$ 3,101)

		December 31, 2022				
		Recognised in profit or loss			Recognised in other comprehensive income	
		Favourable change	Unfavourable change	Favourable change	Unfavourable change	
	Input	Change				
Financial assets						
Equity instruments	Weighted average cost of capital	± 10%	\$ -	\$ -	\$ 3,238	(\$ 2,410)
	Discount for lack of marketability	± 10%	-	-	4,019	(2,950)
			<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,257</u>	<u>(\$ 5,360)</u>

13. SUPPLEMENTARY DISCLOSURES

(According to the current regulatory requirements, the Group is only required to disclose the information for the year ended December 31, 2023.)

(1) Significant transactions information

- A. Loans to others: Refer to Table 1.
- B. Provision of endorsements and guarantees to others: Refer to Table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to Table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Refer to Table 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Refer to Table 5.
- I. Trading in derivative instruments undertaken during the reporting period: None.
- J. Significant inter-company transactions during the reporting period: Refer to Table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to Table 7.

(3) Information on investments in Mainland China

- A. Basic information: Refer to Table 8.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to Table 9.

(4) Major shareholders information

Major shareholders information: Refer to Table 10.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Group's chief operating decision-maker that are used to make strategic decisions. The Group's chief operating decision-maker manages each entity in the organisation according to its role. There is no material change in the basis for information of entities and division of segments in the Group or in the measurement basis for segment information during this period.

(2) Measurement of segment information

The Group's operational decision-maker evaluates the performance of each department based on its pre-tax income. This metric excludes nonrecurring expenses of the department and unrealised gains or losses from financial products. Interest income and expense are not allocated to operating segments, as this type of activity is driven by the Group's central treasury function, which manages the cash position of the Group.

(3) Segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	For the year ended December 31, 2023				
	All Ring Tech Co., Ltd.	Kunshan All Ring Tech Co., Ltd.	All Ring Tech (Kunshan) Co., Ltd.	Others	Total
Total segment revenue	\$ 1,206,794	\$ 4,187	\$ 231,859	\$ 31,888	\$ 1,474,728
Inter-segment revenue	142,057	3,641	107,318	16,401	269,417
Revenue from external customers	1,064,737	546	124,541	15,487	1,205,311
Interest income	17,512	743	522	2,300	21,077
Depreciation and amortisation	35,372	272	11,966	3,825	51,435
Interest expense	11,022	-	-	-	11,022
Segment income (loss) before tax	157,818	(348)	18,590	1,647	177,707
Segment assets	4,427,632	56,486	511,728	260,639	5,256,485
Segment liabilities	1,946,281	16,064	198,313	24,843	2,185,501

	For the year ended December 31, 2022				
	All Ring Tech Co., Ltd.	Kunshan All Ring Tech Co., Ltd.	All Ring Tech (Kunshan) Co., Ltd.	Others	Total
Total segment revenue	\$ 2,169,547	\$ -	\$ 147,093	\$ 48,674	\$ 2,365,314
Inter-segment revenue	30,826	-	72,661	13,114	116,601
Revenue from external customers	2,138,721	-	74,432	35,560	2,248,713
Interest income	7,050	638	139	96	7,923
Depreciation and amortisation	32,948	109	11,578	4,568	49,203
Interest expense	10,727	-	-	13	10,740
Segment income (loss) before tax	598,281	(259)	8,315	17,564	623,901
Segment assets	4,129,401	42,619	349,345	87,296	4,608,661
Segment liabilities	1,697,523	1,251	47,190	15,545	1,761,509

(4) Reconciliation about segment profit or loss, assets and liabilities

A. Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the consolidated statement of comprehensive income. A reconciliation of reportable segment income or loss to the income/(loss) before tax from continuing operations is provided as follows:

	For the years ended December 31,	
	2023	2022
Reportable segments income before tax	\$ 176,060	\$ 606,337
Other segments income before tax	1,647	17,564
Less: Inter-segment loss	(16,866)	(21,880)
Profit from continuing operations before tax	\$ 160,841	\$ 602,021

B. The amounts provided to the chief operating decision-maker with respect to total assets are measured in a manner consistent with that of the financial statements. A reconciliation of assets of reportable segment and total assets is as follows:

	December 31, 2023	December 31, 2022
Assets of reportable segments	\$ 4,995,846	\$ 4,521,365
Assets of other operating segments	260,639	87,296
Less: Inter-segment transaction	(768,129)	(443,926)
Total assets	\$ 4,488,356	\$ 4,164,735

C. The amounts provided to the chief operating decision-maker with respect to total liabilities are measured in a manner consistent with that of the financial statements. A reconciliation of liabilities of reportable segment and total liabilities is as follows:

	December 31, 2023	December 31, 2022
Liabilities of reportable segments	\$ 2,160,658	\$ 1,745,964
Liabilities of other operating segments	24,843	15,545
Less: Inter-segment transaction	(178,496)	(28,652)
Total liabilities	<u>\$ 2,007,005</u>	<u>\$ 1,732,857</u>

(5) Information on products and services

Income from external customers is primarily from sales of automation machinery and equipment, therefore it is not necessary to disclose the details of this amount.

(6) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 are as follows:

	For the years ended December 31,			
	2023		2022	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 1,080,224	\$ 859,219	\$ 2,174,281	\$ 772,577
China	125,087	166,094	74,432	162,856
	<u>\$ 1,205,311</u>	<u>\$ 1,025,313</u>	<u>\$ 2,248,713</u>	<u>\$ 935,433</u>

(7) Major customer information

Major customer information of the Group (revenue is more than 10% of consolidated net operating income) for the years ended December 31, 2023 and 2022 are as follows:

	Year ended December 31, 2023		Year ended December 31, 2022	
	Revenue	Segment	Revenue	Segment
Company A	\$ 274,941	All Ring Tech Co., Ltd	\$ 868,626	All Ring Tech Co., Ltd
Company B	236,853	All Ring Tech Co., Ltd	382,647	All Ring Tech Co., Ltd
Company C	145,180	All Ring Tech Co., Ltd	139,368	All Ring Tech Co., Ltd

All Ring Tech Co., Ltd. and Subsidiaries

Loans to others

For the year ended December 31, 2023

Table 1

Expressed in thousands of NTD

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance	Ending balance	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 1)	Ceiling on total loans granted (Note 1)	Note
													Item	Value			
1	Kunshan All Ring Tech Co., Ltd.	All Ring Tech (Kunshan) Co., Ltd.	Other receivables	Y	\$ 34,616	\$ 34,616	\$ -	2%	Short-term financing	\$ -	Repayment of borrowings and operations	\$ -	-	\$ -	\$ 80,844	\$ 80,844	-

(Note 1) Calculation of limit on loans granted to a single party and ceiling on total loans granted: The total loan amount cannot exceed 40% of the company's net worth. There are three possible circumstances:

1. Loan is made to company with which the Company has a business relationship. The total loan amount cannot exceed 20% of the company's net worth.
The individual loan amount cannot exceed the total amount of business transactions between the two parties in the past year.
2. Loan is made to companies who need short-term financing. The total loan amount cannot exceed 20% of the company's net worth. The individual loan amount cannot exceed 10% of the net worth of the company.
3. The aforementioned limit does not apply if the loan is made to a company of which the parent company owns, directly or indirectly, 100% of the voting equity.
Both the total and individual loan amounts do not exceed 200% of the net worth of the creditor based on the most recent financial statements.

(Note 2) Foreign currency amounts in the table are converted into NTD according to the exchange rates on the financial reporting date (RMB:NTD = 1:4.327).

All Ring Tech Co., Ltd. and Subsidiaries
Provision of endorsements and guarantees to others
For the year ended December 31, 2023

Table 2

Expressed in thousands of NTD

Number	Endorser/ guarantor	Company name	Party being endorsed/guaranteed	Relationship with the endorser/ guarantor	Limit on endorsements/ guarantees provided for a single party (Note 2)	Maximum outstanding endorsement/ guarantee amount	Outstanding endorsement/ guarantee amount	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 2)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by parent company	Provision of endorsements /guarantees to the party in Mainland China	Note
0	All Ring Tech Co., Ltd.	Uni-Ring Tech Co., Ltd.		(Note 1)	\$ 496,270	\$ 60,000	\$ 60,000	\$ -	\$ -	2.42%	\$ 992,540	Y	N	N	-

(Note 1) Companies where the Company owns more than 50% of voting shares (direct or indirect).

(Note 2) The total endorsements and guarantees of external parties by the Company cannot exceed 40% of the net worth as measured in the current period. The endorsement and guarantee of an individual business cannot exceed 20% of the net worth as measured in the current period. The total endorsements and guarantees of external parties by the Group cannot exceed 50% of the net worth as measured in the current period. The endorsement and guarantee of an individual business cannot exceed 20% of the net worth as measured in the current period. If the endorsement and guarantee are made for the purpose of conducting business, then the amount of endorsement and guarantee cannot exceed the total amount of business transactions between the guaranteed party and the Company for the period.

All Ring Tech Co., Ltd. and Subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2023

Table 3

Expressed in thousands of NTD

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023			Fair value	Note
				Number of shares	Book value	Ownership (%)		
All Ring Tech Co., Ltd.	Stocks:							
	Egiga Source Technology Co., Ltd.	—	Financial assets at fair value through profit or loss - non-current	1,298	\$ -	14.86%	\$ -	—
	Tai-Tech Advanced Electronics Co., Ltd.	—	Financial asset measured at fair value through other comprehensive income - non-current	2,894	329,965	2.84%	329,965	—
	Favite Inc.	—	Financial asset measured at fair value through other comprehensive income - non-current	3,300	61,050	4.17%	61,050	—
	Phoenix Innovation Investment Co., Ltd.	—	Financial asset measured at fair value through other comprehensive income - non-current	1,000	12,275	3.13%	12,275	—
	Phoenix II Innovation Investment Co., Ltd.	—	Financial asset measured at fair value through other comprehensive income - non-current	1,000	11,960	2.34%	11,960	—
	Hallmark Technology Co., Ltd.	—	Financial asset measured at fair value through other comprehensive income - non-current	450	10,406	19.57%	10,406	—
	Tecstar Technology Co., Ltd.	—	Financial asset measured at fair value through other comprehensive income - non-current	165	881	0.88%	881	—
	Max Echo Technology Co., Ltd.	—	Financial asset measured at fair value through other comprehensive income - non-current	500	11,100	1.31%	11,100	—
	Phoenix IV Innovation Investment Co., Ltd.	—	Financial asset measured at fair value through other comprehensive income - non-current	1,000	13,031	4.26%	13,031	—
	Ginger Aviation Inc.	—	Financial asset measured at fair value through other comprehensive income - non-current	1,000	389	7.00%	389	—
Apaq Technology Co., Ltd.	—	Financial asset measured at fair value through other comprehensive income - non-current	341	23,700	0.38%	23,700	—	
	Convertible Bonds:							
	1st unsecured convertible bonds of Tai-Tech Advanced Electronics Co., Ltd. in 2023	—	Financial assets at fair value through profit or loss - non-current	-	92,720	-	92,720	—

All Ring Tech Co., Ltd. and Subsidiaries

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

For the year ended December 31, 2023

Table 4

Expressed in thousands of NTD

Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Description and reasons for difference in transaction terms compared to non-related party			Notes/accounts receivable (payable)	Note
							Unit price	Credit term	Balance		
All Ring Tech Co., Ltd.	All Ring Tech (Kunshan) Co., Ltd.	Subsidiary	Sales	(\$ 142,057)	(12%)	(Note)	\$ -	-	\$ 102,832	16%	-

(Note) The collection terms for related parties were receipt within 120 days.

All Ring Tech Co., Ltd. and Subsidiaries

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

December 31, 2023

Table 5

Expressed in thousands of NTD

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023		Turnover rate	Overdue receivables		Amounts Received in Subsequent Period	Allowance for doubtful accounts
			General ledger account	Amount		Amount	Action taken		
All Ring Tech Co., Ltd.	All Ring Tech (Kunshan) Co., Ltd.	Subsidiary	Accounts receivable	\$ 102,832	2.58	\$ -	-	\$ 32,016	\$ -

All Ring Tech Co., Ltd. and Subsidiaries
Significant inter-company transactions during the reporting period
For the year ended December 31, 2023

Table 6

Expressed in thousands of NTD

Number	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	All Ring Tech Co., Ltd.	All Ring Tech (Kunshan) Co., Ltd.	1	Sales of goods	\$ 142,057	Receipt within 120 days	12%
				Purchases of goods	92,499	Payment within 90 days	8%
				Accounts receivable	102,832	—	2%
				Accounts payable	41,979	—	1%
		Uni-Ring Tech Co., Ltd.	1	Purchases of goods	12,760	Payment within 90 days	1%
				Accounts payable	13,398	—	—
				Endorsements and guarantees	60,000	—	1%
1	Kunshan All Ring Tech Co., Ltd.	All Ring Tech (Kunshan) Co., Ltd.	3	Sales of goods	4,732	60 days after invoice date	—
				Purchases of goods	2,634	Payment within 45 days	—
				Accounts receivable	4,639	—	—
				Accounts payable	2,931	—	—
				Other payable	8,749	—	—
				Sales of goods	3,641	Receipt within 100 days	—

(Note 1) Business and other transactions between the parent company and its subsidiaries or between subsidiaries are not separately disclosed since the circumstances and amounts of each transaction is the same on each side. In addition, the disclosure threshold for significant transactions is set at 1 million dollars.

(Note 2) Relationship between transaction company and counterparty is classified into the following three categories;

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

(Note 3) The ratio of a transaction amount to total revenue or total assets is calculated as follows: balance sheet items are calculated by dividing the ending balance by total consolidated assets; profit or loss items are calculated by dividing the accumulated ending balance by total consolidated revenue.

(Note 4) Foreign currency amounts in the table are converted into NTD as follows: ending balances and carrying amounts are converted using the exchange rate on the financial reporting date (USD:NTD = 1 : 30.71; RMB:USD = 1 : 0.1412); profit or loss items are converted using the average exchange rate for the year ended December 31, 2023 (USD:NTD = 1 : 31.15; RMB:USD = 1 : 0.1420).

All Ring Tech Co., Ltd. and Subsidiaries

Information on investees

For the year ended December 31, 2023

Table 7

Expressed in thousands of NTD

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Note
				Balance as at December 31, 2023	Balance as at December 31, 2022 (Note 1)	Number of shares	Ownership (%)	Book value			
All Ring Tech Co., Ltd.	PAI FU INTERNATIONAL LIMITED	British Virgin Islands	Mechanical engineering automation, and research, development and design of software	\$ 59,270	\$ 59,270	1,930,000	100.00	\$ 140,330	\$ 4,271	\$ 4,271	Subsidiary
	Uni-Ring Tech Co., Ltd.	Taiwan	Other machine manufacture industry, electrical appliances, audio visual electronics and international trading industry	230,000	230,000	5,396,727	100.00	69,812	4,155	4,199	Subsidiary
	IMAGINE GROUP LIMITED	Mauritius	Investment business	160,306	160,306	5,220,000	71.60	242,012	15,956	7,598	Subsidiary
	ALL Ring Tech USA LLC	United States of America	Other machine manufacture industry	153,550	-	1	100.00	150,628 (2,964) (2,964)	Subsidiary
	ALL Ring Tech Japan Co., Ltd.	Japan	Mechanical engineering automation, and research, development, design of software and other machine manufacture industry	9,231	-	100,000	100.00	9,210 (22) (22)	Subsidiary
PAI FU INTERNATIONAL LIMITED	IMAGINE GROUP LIMITED	Mauritius	Investment business	63,570	63,570	2,070,000	28.40	95,711	15,956	-	Subsidiary (Note 2)

(Note 1) This was the balance on December 31, 2022.

(Note 2) The investment income (loss) does not need to be disclosed per the rules.

(Note 3) Foreign currency amounts in the table are converted into NTD as follows: ending balances and carrying amounts are converted using the exchange rate on the financial reporting date (USD:NTD = 1 : 30.71; JPY:NTD = 1 : 0.2172); profit or loss items are converted using the average exchange rate for the year ended December 31, 2023 (USD:NTD = 1 : 31.15; JPY:NTD = 1 : 0.2221).

All Ring Tech Co., Ltd. and Subsidiaries
Information on investments in Mainland China
For the year ended December 31, 2023

Table 8

Expressed in thousands of NTD

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023			Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023 (Note 4)	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Note
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Remitted to Mainland China	Remitted back to Taiwan							
Kunshan All Ring Tech Co., Ltd.	Research, development, and manufacture of specialized electronic equipment used for cutting capacitance and inductance; sales of self-manufactured products and provision of corresponding technology testing services	\$ 46,065	(Note 1)	\$ 46,065	\$ -	\$ -	\$ 46,065	(\$ 348)	100.00	(\$ 348)	\$ 40,422	\$ -	—
All Ring Tech (Kunshan) Co., Ltd.	Research, development, design, and manufacture of specialized electronic equipment, testing instruments and accessories; sales of self-manufactured products and provision of corresponding technology testing services	221,112	(Note 2) (Note 3)	185,817	-	-	185,817	15,987	100.00	15,987	313,415	-	—
<u>Company name</u>	<u>Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023</u>	<u>Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)</u>	<u>Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 5)</u>										
All Ring Tech Co., Ltd.	\$ 231,882	\$ 574,399	\$ 1,488,811										

(Note 1) Indirect investment in PRC through the existing company (PAI FU INTERNATIONAL LIMITED) located in the third area.

(Note 2) Indirect investment in PRC through the existing company (IMAGINE GROUP LIMITED) located in the third area.

(Note 3) \$61,420 (USD \$2,000 thousand) was indirectly invested in PRC through the existing company (PAI FU INTERNATIONAL LIMITED) located in a third area.

(Note 4) The Company recognised income (loss) based on audited financial statements of the investee.

(Note 5) The limit is the net worth or 60% of the consolidated net worth, whichever is greater.

(Note 6) Foreign currency amounts in the table are converted into TWD as follows: ending balances and carrying amounts are converted using the exchange rate on the financial reporting date (USD:TWD = 1 : 30.71; RMB:USD = 1 : 0.1412; profit or loss items are converted using the average exchange rate for the year ended December 31, 2023 (USD:TWD = 1 : 31.15 ; RMB:USD = 1 : 0.1420).

All Ring Tech Co., Ltd. and Subsidiaries

Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area

For the year ended December 31, 2023

Table 9

Expressed in thousands of NTD

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing			Interest during the year ended December 31, 2023	Others
	Amount	%	Amount	%	Balance at December 31, 2023	%	Balance at December 31, 2023	Purpose	Maximum balance during the year ended December 31, 2023	Balance at December 31, 2023	Interest rate		
All Ring Tech (Kunshan) Co., Ltd.	\$ 142,057	12%	\$ -	-	\$ 102,832	2%	\$ -	-	\$ -	\$ -	-	\$ -	-
	(92,499)	8%	-	-	(41,979)	1%	-	-	-	-	-	-	-

All Ring Tech Co., Ltd. and Subsidiaries

Major shareholders information

December 31, 2023

Table 10

Expressed in shares

Name of major shareholders	Number of shares held			Ownership	Note
	Common share	Preferred share			
Fengqiao Investment Co., Ltd.	7,684,625	—		9.22%	—

(Note) The major shareholders information was derived from the Taiwan Depository & Clearing Corporation in accordance with the common shares (including treasury shares) and preferred shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter. The share capital which was recorded in the financial statements might be different from the number of shares held in dematerialised form because of a different calculation basis.