

**AMULAIRES THERMAL TECHNOLOGY,**

**INC.**

**FINANCIAL STATEMENTS AND INDEPENDENT**

**AUDITORS' REPORT**

**DECEMBER 31, 2023 AND 2022**

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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.

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of AMULAIRE THERMAL TECHNOLOGY, INC.

### ***Opinion***

We have audited the accompanying parent company only balance sheets of Amulaire Thermal Technology, Inc. (the "Company") as at December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other auditors (refer to the *Other matter* section), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers 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 parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public 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 judgement, were of most significance in our audit of the Company's 2023 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2023 parent company only financial statements are stated as follows:

### **Valuation of inventories**

#### Description

Refer to Notes 4(11), 5(2) and 6(5) to the financial statements for the details of the Company's accounting policy on inventory valuation, estimates and assumptions and allowance for inventory valuation losses. The Company's inventories constituted a significant portion of total assets, and the industry involves a rapidly changing technology. Since the Company assesses obsolete or slow-moving inventories based on the market demand in future periods, and the determination of net realisable value for obsolete or slow-moving inventories involves subjective judgement resulting in a high degree of estimation uncertainty, we determined the valuation of inventories as a key audit matter.

#### How our audit addressed the matter

Our audit procedures performed in the Amulaire Thermal Technology, Inc. and its subsidiaries (recognised as investments accounted for under equity method) on the above key audit matter are as follows:

1. Obtained an understanding of the policy on allowance for inventory valuation loss to assess the reasonableness of application.
2. Validated the accuracy of the system logic in calculating the ageing of inventories.
3. Tested the basis of market value used in calculating the net realizable value of

inventory and validated the accuracy of net realizable value calculation of selected samples.

### ***Other matter***

The financial statements of an investment accounted for under the equity method, Ever Superior Technologies Corporation, for the year ended December 31, 2022 were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of Ever Superior Technologies Corporation, is based solely on the reports of the other auditors. The balance of the investment in Ever Superior Technologies Corporation accounted for under the equity method amounted to NT\$33,846 thousand, constituting 1% of the total assets as at December 31, 2022, and the comprehensive loss recognised from associates accounted for under the equity method amounted to (NT\$16,228) thousand, constituting 7% of the total comprehensive loss for the year then ended.

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

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

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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.

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Chen, Ching Chang

Liao, Fu-Ming

For and on Behalf of PricewaterhouseCoopers, Taiwan

February 29, 2024

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The accompanying 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 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.

**AMULAIRE THERMAL TECHNOLOGY, INC.**  
**BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2023		December 31, 2022	
		AMOUNT	AMOUNT	AMOUNT	AMOUNT
<b>Current assets</b>					
1100	Cash and cash equivalents	6(1)	\$ 165,908	\$ 127,827	
1136	Current financial assets at amortised cost	6(3) and 8	10,900	141,394	
1170	Accounts receivable, net	6(4)	260,012	321,334	
1180	Accounts receivable due from related parties, net	7	19,179	7,284	
1220	Current tax assets		235	127	
130X	Inventory	6(5)	370,818	351,130	
1410	Prepayments		27,728	30,236	
1460	Non-current assets classified as held for sale, net	6(6)	415,201	-	
1479	Other current assets		9,604	10,162	
11XX	<b>Total current assets</b>		<b>1,279,585</b>	<b>989,494</b>	
<b>Non-current assets</b>					
1550	Investments accounted for using equity method	6(7)	64,490	103,562	
1600	Property, plant and equipment	6(8) and 8	1,212,823	1,690,990	
1755	Right-of-use assets	6(9)	37,254	67,438	
1780	Intangible assets		31,743	34,567	
1840	Deferred income tax assets	6(22)	21,864	14,831	
1900	Other non-current assets		12,478	25,648	
15XX	<b>Total non-current assets</b>		<b>1,380,652</b>	<b>1,937,036</b>	
1XXX	<b>Total assets</b>		<b>\$ 2,660,237</b>	<b>\$ 2,926,530</b>	

(Continued)

**AMULAIRE THERMAL TECHNOLOGY, INC.**  
**BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	AMOUNT	AMOUNT	AMOUNT	
<b>Liabilities</b>						
<b>Current liabilities</b>						
2100	Short-term borrowings	6(10)	\$	-	\$ 267,750	
2120	Current financial liabilities at fair value through profit or loss	6(2)		-	422	
2170	Accounts payable		90,374		36,142	
2200	Other payables	6(11)	165,348		137,290	
2220	Other payables to related parties	7	17,729		837	
2280	Current lease liabilities	6(9)	8,373		11,194	
2320	Long-term liabilities, current portion	6(12)	52,658		38,457	
2399	Other current liabilities		3,097		4,046	
21XX	<b>Total current liabilities</b>		<u>337,579</u>		<u>496,138</u>	
<b>Non-current liabilities</b>						
2540	Long-term borrowings	6(12)	668,619		947,657	
2570	Deferred income tax liabilities	6(22)	2,689		4,745	
2580	Non-current lease liabilities	6(9)	33,253		61,313	
2600	Other non-current liabilities	6(13)	4,873		6,100	
25XX	<b>Total non-current liabilities</b>		<u>709,434</u>		<u>1,019,815</u>	
2XXX	<b>Total liabilities</b>		<u>1,047,013</u>		<u>1,515,953</u>	
<b>Equity</b>						
	Share capital	6(15)				
3110	Common stock		1,046,023		896,023	
	Capital surplus	6(16)				
3200	Capital surplus		1,091,996		815,514	
	Retained earnings	6(16)				
3310	Legal reserve		27,581		27,581	
3350	Accumulated deficit		( 552,117 )	( 329,363 )		
	Other equity interest					
3400	Other equity interest		( 259 )		822	
3XXX	<b>Total equity</b>		<u>1,613,224</u>		<u>1,410,577</u>	
	Commitments and contingent liabilities	9				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 2,660,237</u>		<u>\$ 2,926,530</u>	

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

**AMULAIRES THERMAL TECHNOLOGY, INC.**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars, except for loss per share)

Items	Notes	Year ended December 31	
		2023	
		AMOUNT	AMOUNT
4000 Operating revenue	6(18) and 7	\$ 848,743	\$ 718,734
5000 Operating costs	6(5)	( 841,739)	( 733,348)
5900 Gross profit (loss) from operations		7,004	( 14,614)
5910 Unrealized loss from sales		-	( 24)
5920 Realized profit (loss) from sales		24	( 590)
5950 Net gross profit (loss) from operations		7,028	( 15,228)
Operating expenses	6(21)		
6100 Selling expenses		( 22,144)	( 18,756)
6200 General and administrative expenses		( 55,356)	( 80,588)
6300 Research and development expenses		( 133,050)	( 150,486)
6450 Expected credit impairment gain (loss)	6(4)	6,034	( 2,884)
6000 Total operating expenses		( 204,516)	( 252,714)
6900 Operating loss		( 197,488)	( 267,942)
Non-operating income and expenses			
7100 Interest income		4,177	1,909
7010 Other income		12,296	13,223
7020 Other gains and losses	6(19)	7,874	68,995
7050 Finance costs	6(20)	( 21,702)	( 17,823)
7070 Share of loss of associates and joint ventures accounted for using equity method	6(7)	( 38,015)	( 19,283)
7000 Total non-operating income and expenses		( 35,370)	47,021
7900 <b>Loss before income tax</b>		( 232,858)	( 220,921)
7950 Income tax benefit	6(22)	9,292	795
8200 <b>Loss for the year</b>		( \$ 223,566)	( \$ 220,126)
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>			
8311 Gains on remeasurements of defined benefit plan	6(13)	\$ 1,015	\$ 664
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(22)	( 203)	( 133)
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>			
8361 Exchange differences on translation	6(7)(7)	( 1,081)	1,069
8300 <b>Other comprehensive (loss) income for the year</b>		( \$ 269)	\$ 1,600
8500 <b>Total comprehensive loss for the year</b>		( \$ 223,835)	( \$ 218,526)
Loss per share (in dollars)	6(23)		
9750 Basic loss per share		( \$ 2.47)	( \$ 2.46)
9850 Diluted loss per share		( \$ 2.47)	( \$ 2.46)

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

**AMULAIRES THERMAL TECHNOLOGY, INC.**  
**STATEMENTS OF CHANGES IN EQUITY**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

Notes	Capital		Capital Reserves		Retained earnings		Exchange differences on translation of foreign financial statements	Retail ned earn ings
	Share capital - common stock	Advance receipts for share capital	Total capital surplus, additional paid-in capital	Capital surplus, others	Legal reserve	Accumulated deficit		
<b>Year ended December 31, 2022</b>								
Balance at January 1, 2022	\$ 896,023	\$ -	\$ 798,454	\$ 17,306	\$ 27,581	(\$ 109,768 )	(\$ 247 )	\$ 1,629,349
Loss for the year	-	-	-	-	-	( 220,126 )	-	( 220,126 )
Other comprehensive income for the year	-	-	-	-	-	531	1,069	1,600
Total comprehensive income (loss)	-	-	-	-	-	( 219,595 )	1,069	( 218,526 )
Compensation cost incurred on employee stock options	6(14)	-	-	( 246 )	-	-	-	( 246 )
Balance at December 31, 2022	\$ 896,023	\$ -	\$ 798,454	\$ 17,060	\$ 27,581	(\$ 329,363 )	\$ 822	\$ 1,410,577
<b>Year ended December 31, 2023</b>								
Balance at January 1, 2023	\$ 896,023	\$ -	\$ 798,454	\$ 17,060	\$ 27,581	(\$ 329,363 )	\$ 822	\$ 1,410,577
Loss for the year	-	-	-	-	-	( 223,566 )	-	( 223,566 )
Other comprehensive income (loss) for the year	-	-	-	-	-	812	( 1,081 )	( 269 )
Total comprehensive loss	-	-	-	-	-	( 222,754 )	( 1,081 )	( 223,835 )
Issuance of shares	6(15)	150,000	-	275,869	-	-	-	425,869
Donated assets received	-	-	-	-	11	-	-	11
Compensation cost incurred on employee stock options	6(14)	-	-	602	-	-	-	602
Balance at December 31, 2023	\$ 1,046,023	\$ -	\$ 1,074,323	\$ 17,673	\$ 27,581	(\$ 552,117 )	(\$ 259 )	\$ 1,613,224

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

**AMULAIRES THERMAL TECHNOLOGY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax		( \$ 232,858 )	( \$ 220,921 )
Adjustments			
Adjustments to reconcile profit (loss)			
Realized (profit) loss from sales		( 24 )	590
Unrealized loss from sales		- 24	24
Depreciation	6(21)	98,936	86,461
Amortization	6(21)	6,592	6,234
Expected credit (gain) loss	6(4)	( 6,034 )	2,884
Net gain on financial assets or liabilities at fair value through profit or loss	6(2)	( 619 )	12,496 )
Interest expense		21,702	17,823
Interest income		( 4,177 )	( 1,909 )
Share-based payments	6(14)	602	( 246 )
Share of loss of associates and joint ventures accounted for using equity method	6(7)	38,015	19,283
Gain on disposal of property, plant and equipment		( 53 )	( 56 )
Impairment loss on non-financial assets	6(8)	-	18,542
Gain from lease modification	6(19)	( 1,383 )	( 1 )
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		67,356	100,736
Accounts receivable due from related parties, net		( 11,895 )	( 3,109 )
Inventory		( 19,688 )	( 26,930 )
Prepayments		2,509	27,031
Other current assets		450	8,890
Changes in operating liabilities			
Financial liabilities at fair value through profit or loss		197	11,732
Accounts payable		54,232	905
Other payables		42,561	( 20,774 )
Other current liabilities		( 949 )	730
Other non-current liabilities		( 1,229 )	( 845 )
Cash inflow generated from operations		54,243	14,578
Interest received		4,177	1,909
Interest paid		( 20,864 )	( 16,769 )
Income taxes paid		-	( 262 )
Net cash flows from (used in) operating activities		<u>37,556</u>	<u>( 544 )</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of financial assets at amortised cost		130,494	34,388
Acquisition of investments accounted for using equity method	6(7)	- ( 71,652 )	( 71,652 )
Acquisition of property, plant and equipment	6(24)	( 11,564 )	( 122,910 )
Proceeds from disposal of property, plant and equipment		53	56
Acquisition of intangible assets	6(24)	( 2,040 )	( 17,753 )
Decrease (increase) in other non-current assets		500	( 788 )
Net cash flows from (used in) investing activities		<u>117,443</u>	<u>( 178,659 )</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Decrease in short-term loans	6(25)	( 267,750 )	( 1,250 )
Proceeds from long-term debt	6(25)	457,538	250,000
Repayments of long-term debt	6(25)	( 722,375 )	( 37,421 )
Payments of lease liabilities	6(25)	( 10,211 )	( 11,049 )
Proceeds from issuance of shares	6(15)	425,869	-
Donated assets received		11	-
Net cash flows (used in) from financing activities		<u>( 116,918 )</u>	<u>200,280</u>
Net increase in cash and cash equivalents		38,081	21,077
Cash and cash equivalents at beginning of year		127,827	106,750
Cash and cash equivalents at end of year		<u>\$ 165,908</u>	<u>\$ 127,827</u>

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

AMULAIRES THERMAL TECHNOLOGY, INC.  
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

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

**1. HISTORY AND ORGANIZATION**

Amulaire Thermal Technology, Inc. (the “Company”) was established in June, 2011. The Company is primarily engaged in manufacturing and sales of vehicles and electronic components by using several molding technology.

The Company has been listed on the Taiwan Stock Exchange since August 26, 2020.

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

These parent company only financial statements were authorised for issuance by the Board of Directors on February 29, 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
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 Company’s financial condition and financial performance based on the Company’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 Company

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 International Accounting Standards Board
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

(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 International Accounting Standards Board
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 International Accounting Standards Board
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 Company's financial condition and financial performance based on the Company's assessment.

#### 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

**(2) Basis of preparation**

- A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:
  - (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
  - (b) Defined benefit assets 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 International Financial Reporting Standards, International Accounting Standards, IFRIC® Internations, and SIC® Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

**(3) Foreign currency translation**

Items included in the financial statements of each of the Company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The parent company only 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, nonmonetary 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 statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the company entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognised in other comprehensive income.

(4) 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 settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled 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.

**(5) Cash equivalents**

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. 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.

**(6) 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.

**(7) 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 Company'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 Company 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.
- D. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

**(8) Accounts and notes receivable**

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

(9) Impairment of financial assets

For financial assets at amortised cost including accounts receivable that have a significant financing component, at each reporting date, the Company 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 Company recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

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

(11) Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) Investments accounted for using equity method / subsidiaries and associates

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company 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.
- B. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equal or exceed its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.

- 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. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- F. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- G. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- H. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- I. In accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the profit or loss and other comprehensive income or loss presented on the parent company only financial statements are consistent with the profit or loss and the amortisation of other comprehensive income attributable to owners of the parent company presented on the consolidated financial statements. In addition, owner's equity presented on the parent company only financial statements is consistent with equity attributable to owners of parent presented in the consolidated financial statements.

**(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 Company 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. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be 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:

Buildings and structures	3~50 years
Machinery and equipment	8~11 years
Office equipment	1~35 years
Leasehold improvements	9 years

#### (15) 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 Company. 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 fixed payments, less any lease incentives receivable.

The Company 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; and
- (b) Any lease payments made at or before the commencement date.

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.

**(16) Impairment of non-financial assets**

The Company 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 to sell 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.

**(17) Borrowings**

- A. 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.
- B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

**(18) Notes and accounts payable**

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

(19) Financial liabilities at fair value through profit or loss

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges, or financial liabilities at fair value through profit or loss. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss at initial recognition:

- (a) Hybrid (combined) contracts; or
- (b) They eliminate or significantly reduce a measurement or recognition inconsistency; or
- (c) They are managed, and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(20) 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 defined contribution plan, the contributions are recognised as pension expenses when they are due on an accrual basis.

(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 Company 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) instead.

- ii. Remeasurement arising on the defined benefit plan are 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 employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

#### (21) 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-market 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. And ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

#### (22) 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 Company operates and generates 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 and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred 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 balance sheet. Deferred 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 tax asset is realised or the deferred tax liability is settled.

D. Deferred 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 tax assets are reassessed.

(23) Share capital

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.

(24) Revenue recognition

Sales of goods

- A. The Company manufactures and sells related products of vehicles and electronic components using several molding technology. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- B. Sales revenue is recognised based on the price specified in the contract, net of the estimated volume discounts as well as sales discounts and allowances and the volume discounts are usually based on the contract terms agreed. No element of financing is deemed present as the sales are made with a credit term of 60 to 90 days, which is consistent with market practice.
- 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.

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

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company'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 judgements in applying the Company's accounting policies

None.

**(2) Critical accounting estimates and assumptions**

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company 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 realisable 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.

**6. DETAILS OF SIGNIFICANT ACCOUNTS**

**(1) Cash and cash equivalents**

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 296	\$ 297
Checking accounts and demand deposits	127,259	112,175
Time deposits	38,353	15,355
	<hr/> <u>\$ 165,908</u>	<hr/> <u>\$ 127,827</u>

- A. The abovementioned 3-month time deposits pertain to investments with high liquidity.
- B. The Company 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.

**(2) Financial assets / liabilities at fair value through profit or loss**

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Financial assets (liabilities) held for trading		
Non-hedging derivatives		
Foreign exchange swap	<u>\$ -</u>	<u>(\$ 422)</u>

- A. Amounts recognised in profit or loss in relation to financial liabilities at fair value through profit or loss are listed below:

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Derivatives	\$ 482	\$ 12,496
Beneficiary certificates	137	-
	<hr/> <u>\$ 619</u>	<hr/> <u>\$ 12,496</u>

- B. The Company entered into contracts relating to derivative financial liabilities which were not accounted for under hedge accounting. The information is listed below:

There were no such circumstances at December 31, 2023.

Derivative financial products	December 31, 2022	
Contract amount (in thousands) (notional principal)	Contract period	
Current items:		
Foreign exchange swap	USD	4,500 2022.11.30~2023.1.30

The Company entered into foreign exchange swap transactions to hedge the exchange rate risk of import and export proceeds. However, these foreign exchange swap transactions are not accounted for under hedge accounting.

- C. The Company has no financial assets / liabilities at fair value through profit or loss pledged to others as collateral.
- D. Information relating to credit risk of financial liabilities at fair value through profit or loss is provided in Note 12(2).

#### (3) Financial assets at amortised cost

	December 31, 2023	December 31, 2022
Restricted time deposits	\$ 10,900	\$ 141,394

- 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 Company was the carrying amount of financial assets recognised.
- B. Details of the Company's financial assets at amortised cost pledged to others as collateral are provided in Note 8.
- C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Company's investments in certificates of deposits are financial institutions with high credit quality, so the Company expects that the probability of counterparty default is remote.

#### (4) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable	\$ 261,440	\$ 328,796
Less: Allowance for bad debts	( 1,428)	( 7,462)
	<u>\$ 260,012</u>	<u>\$ 321,334</u>

A. In principle, the average payment term granted to customers is due 60~90 days from the invoice date. Except for provisioned impairment loss for individual customers who had credit impairment, the Company calculates expected loss rate and recognises allowance for bad debts based on historical results, consideration of customers' default records and current financial status as well as industry economic situation. The Company also recognised full amount of allowance for uncollectible accounts over 150 days past due and without collateral.

B. The ageing analysis of accounts receivable is as follows:

	December 31, 2023	December 31, 2022
Not past due	\$ 200,843	\$ 139,681
Up to 30 days	46,954	11,524
31 to 90 days	9,751	48,209
91 to 150 days	941	33,940
Over 151 days	2,951	95,442
	<hr/> <u>\$ 261,440</u>	<hr/> <u>\$ 328,796</u>

The above ageing analysis was based on due date.

C. As of December 31, 2023, December 31, 2022 and January 1, 2022, the balances of receivables from contracts with customers amounted to \$261,440, \$328,796 and \$429,532, respectively. As at the end of the reporting period, without considering any collateral held or other credit enhancements, the maximum credit risk in respect of the financial loss amount incurred by unsatisfied performance obligations of counterparty is the book value of financial assets recognised by the Company.

D. The Company estimates the allowance for accounts receivable based on historical and timely information. As of December 31, 2023 and 2022, the loss rate methodology and provision matrix is as follows:

	Not past due	Up to 30 days past due	31~90 days past due	91~150 days past due	Over 151 days past due	Total
<u>December 31, 2023</u>						
Expected loss rate	0.33%	0.71%	1.11%~2.4%	5.56%~22.26%	100%	
Total accounts receivable	<u>\$ 200,843</u>	<u>\$ 46,954</u>	<u>\$ 9,751</u>	<u>\$ 941</u>	<u>\$ 2,951</u>	<u>\$ 261,440</u>
<u>December 31, 2022</u>						
Expected loss rate	0.41%	0.63%	1%~4.63%	7.92%~19.15%	100%	
Total accounts receivable	<u>\$ 139,681</u>	<u>\$ 11,524</u>	<u>\$ 48,209</u>	<u>\$ 33,939</u>	<u>\$ 95,443</u>	<u>\$ 328,796</u>

E. Movements schedule in relation to the Company applying the modified approach to provide loss allowance for accounts receivable is as follows:

	2023	2022
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
At January 1	\$ 7,462	\$ 4,578
Provision for impairment	-	2,884
Reversal of impairment loss	( 6,034)	-
At December 31	<u>\$ 1,428</u>	<u>\$ 7,462</u>

F. The Company does not hold any collateral.

G. Information relating to credit risk of accounts receivable is provided in Note 12(2).

**(5) Inventories**

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 143,335	(\$ 6,797)	\$ 136,538
Work in progress	102,555	( 8,273)	94,282
Finished goods	<u>148,632</u>	<u>( 8,634)</u>	<u>139,998</u>
	<u><u>\$ 394,522</u></u>	<u><u>(\$ 23,704)</u></u>	<u><u>\$ 370,818</u></u>

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 101,788	(\$ 5,561)	\$ 96,227
Work in progress	136,902	( 9,396)	127,506
Finished goods	<u>133,059</u>	<u>( 5,662)</u>	<u>127,397</u>
	<u><u>\$ 371,749</u></u>	<u><u>(\$ 20,619)</u></u>	<u><u>\$ 351,130</u></u>

The cost of inventories recognised as expense for the year:

	Years ended December 31,	
	2023	2022
Cost of goods sold	\$ 716,108	\$ 607,553
Loss on inventory decline in market value	3,085	9,576
Unallocated fixed manufacturing overhead	<u>122,546</u>	<u>116,219</u>
	<u><u>\$ 841,739</u></u>	<u><u>\$ 733,348</u></u>

(6) Non-current assets held for sale

	December 31, 2023
Land held for sale	\$ 238,365
Buildings and structures held for sale	176,080
Machinery held for sale	756
	<hr/>
	\$ 415,201

There were no such circumstances for the year ended December 31, 2022.

- A. For certain land and buildings located in Tongluo, Miaoli held by the Company, the Company assessed the optimal utilization of the assets in response to changes in the overall business environment, and thus transferred the related assets to non-current assets held for sale for the year ended December 31, 2023.
- B. The carrying amount of non-current assets held for sale was lower than the fair value less costs to sell based on the assessment. Thus, no impairment has occurred.
- C. Information about the non-current assets held for sale that were pledged to others as collateral is provided in Note 8.

(7) Investments accounted for using equity method

	2023	2022
At January 1	\$ 103,562	\$ 50,738
Addition of investments accounted for using equity method	-	71,652
Share of profit or loss of investments accounted for using equity method	( 38,015)	( 19,283)
Realized profit (loss) from sales	24	( 590)
Unrealized profit from sales	-	( 24)
Effect of cumulative translation	( 1,081)	1,069
At December 31	<hr/> <u>\$ 64,490</u>	<hr/> <u>\$ 103,562</u>

A. Subsidiaries and associates accounted for using equity method

Investee company	December 31, 2023		December 31, 2022	
	Carrying amount	Ownership (%)	Carrying amount	Ownership (%)
<b>Subsidiary:</b>				
Zhejiang Amulaire Thermal Technology Co., Ltd.	\$ 43,813	55%	\$ 66,988	55%
Amulaire Thermal Technology (Japan), Inc.	3,338	100%	2,728	100%
<b>Associate:</b>				
Ever Superior Technologies Corporation	<u>17,339</u>	30%	<u>33,846</u>	30%
	<u><u>\$ 64,490</u></u>		<u><u>\$ 103,562</u></u>	

B. Share of profit or loss of investments accounted for using equity method are as follows:

	December 31, 2023		December 31, 2022	
	Investment profit (loss)	Other comprehensive income (loss)	Investment profit (loss)	Other comprehensive income (loss)
<b>Subsidiary:</b>				
Zhejiang Amulaire Thermal Technology Co., Ltd.	(\$ 22,289)	(\$ 886)	(\$ 5,762)	\$ 1,098
Amulaire Thermal Technology (Japan), Inc.	781	( 195)	2,707	( 29)
<b>Associate:</b>				
Ever Superior Technologies Corporation	( 16,507)	-	( 16,228)	-
	<u><u>(\$ 38,015)</u></u>	<u><u>(\$ 1,081)</u></u>	<u><u>(\$ 19,283)</u></u>	<u><u>\$ 1,069</u></u>

C. Subsidiary:

- (a) Details of the Company's subsidiaries are provided in Note 4(3) of the Company's consolidated financial statements as of and for the year ended December 31, 2023.
- (b) In January 2022, the Company established the subsidiary, Zhejiang Amulaire Thermal Technology Co., Ltd., in order to expand and develop the cooling module of new energy vehicles in China Market. The Company's shareholding ratio was 55% and the investment amount was RMB 16,500.

D. Associate:

(a) In order to vertically integrate the processing of products electroless nickel plating and electroplating, the Company established Ever Superior Technologies Corporation jointly with Superior Plating Technology Co., Ltd. and Evergreen Aviation Technologies Co., Ltd. in May 2021. The Company's shareholding ratio was 30% and the investment amount was \$54,000.

(b) The basic information of the associate that is material to the Company is as follows:

Company name of business	Principal place of business	Registered location	Nature of relationship	Method of measurement	Shareholding ratio	
					December 31, 2023	December 31, 2022
Ever Superior Technologies Corporation	Taiwan	Taiwan	Strategic investment	Equity method	30%	30%

(c) The summarised financial information of the associate that is material to the Company is as follows:

Balance sheet

	Ever Superior Technologies Corporation	
	December 31, 2023	December 31, 2022
Current assets	\$ 42,020	\$ 50,894
Non-current assets	168,265	170,546
Current liabilities	( 81,168)	( 15,624)
Non-current liabilities	( 71,319)	( 92,995)
Total net assets	\$ 57,798	\$ 112,821
Carrying amount of the associate	\$ 17,339	\$ 33,846

Statement of comprehensive income

	Ever Superior Technologies Corporation	
	Year ended December 31, 2023	Year ended December 31, 2022
Revenue	\$ 38,690	\$ 1,565
Loss for the year from continuing operations	(\$ 55,024)	(\$ 54,091)
Total comprehensive loss	(\$ 55,024)	(\$ 54,091)

**(8) Property, plant and equipment**

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Construction in progress and equipment be inspected</u>	<u>Total</u>
<u>At January 1, 2023</u>							
Cost	\$ 715,885	\$ 558,495	\$ 476,775	\$ 151,515	\$ 38,853	\$ 122,999	\$ 2,064,522
Accumulated depreciation and impairment	-	( 81,336)	( 233,039)	( 33,403)	( 7,212)	( 18,542)	( 373,532)
	<u>\$ 715,885</u>	<u>\$ 477,159</u>	<u>\$ 243,736</u>	<u>\$ 118,112</u>	<u>\$ 31,641</u>	<u>\$ 104,457</u>	<u>\$ 1,690,990</u>
<u>2023</u>							
Opening net book amount as at January 1	\$ 715,885	\$ 477,159	\$ 243,736	\$ 118,112	\$ 31,641	\$ 104,457	\$ 1,690,990
Additions (including transfers)	-	15,146	81,485	1,418	-	( 72,977)	25,072
Disposals							
- Cost	-	-	( 1,876)	( 897)	-	-	( 2,773)
- Accumulated depreciation and impairment	-	-	1,876	897	-	-	2,773
Transferred to non-current assets held for sale	( 238,365)	( 176,080)	( 756)	-	-	-	( 415,201)
Depreciation charge	-	( 14,272)	( 51,132)	( 8,829)	( 13,805)	-	( 88,038)
Closing net book amount as at December 31	<u>\$ 477,520</u>	<u>\$ 301,953</u>	<u>\$ 273,333</u>	<u>\$ 110,701</u>	<u>\$ 17,836</u>	<u>\$ 31,480</u>	<u>\$ 1,212,823</u>
<u>At December 31, 2023</u>							
Cost	\$ 477,520	\$ 387,701	\$ 574,078	\$ 152,036	\$ 27,275	\$ 31,480	\$ 1,650,090
Accumulated depreciation and impairment	-	( 85,748)	( 300,745)	( 41,335)	( 9,439)	-	( 437,267)
	<u>\$ 477,520</u>	<u>\$ 301,953</u>	<u>\$ 273,333</u>	<u>\$ 110,701</u>	<u>\$ 17,836</u>	<u>\$ 31,480</u>	<u>\$ 1,212,823</u>

	Land	Buildings and structures	Machinery	Office equipment	Leasehold improvements	Construction in progress and equipment be inspected	Total
<u>At January 1, 2022</u>							
Cost	\$ 715,885	\$ 554,205	\$ 441,614	\$ 150,862	\$ 27,275	\$ 83,924	\$ 1,973,765
Accumulated depreciation and impairment	-	( 67,550)	( 189,937)	( 24,622)	( 3,144)	-	( 285,253)
	<u>\$ 715,885</u>	<u>\$ 486,655</u>	<u>\$ 251,677</u>	<u>\$ 126,240</u>	<u>\$ 24,131</u>	<u>\$ 83,924</u>	<u>\$ 1,688,512</u>
<u>2022</u>							
Opening net book amount as at January 1	\$ 715,885	\$ 486,655	\$ 251,677	\$ 126,240	\$ 24,131	\$ 83,924	\$ 1,688,512
Additions (including transfers)	-	4,290	40,565	653	11,578	39,075	96,161
Disposals	-	-	-	-	-	-	-
- Cost	-	-	( 5,404)	-	-	-	( 5,404)
- Accumulated depreciation and impairment	-	-	5,404	-	-	-	5,404
Impairment loss	-	-	-	-	-	( 18,542)	( 18,542)
Depreciation charge	-	( 13,786)	( 48,506)	( 8,781)	( 4,068)	-	( 75,141)
Closing net book amount as at December 31	\$ 715,885	\$ 477,159	\$ 243,736	\$ 118,112	\$ 31,641	\$ 104,457	\$ 1,690,990
<u>At December 31, 2022</u>							
Cost	\$ 715,885	\$ 558,495	\$ 476,775	\$ 151,515	\$ 38,853	\$ 122,999	\$ 2,064,522
Accumulated depreciation and impairment	-	( 81,336)	( 233,039)	( 33,403)	( 7,212)	( 18,542)	( 373,532)
	<u>\$ 715,885</u>	<u>\$ 477,159</u>	<u>\$ 243,736</u>	<u>\$ 118,112</u>	<u>\$ 31,641</u>	<u>\$ 104,457</u>	<u>\$ 1,690,990</u>

- A. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.
- B. For the year ended December 31, 2022, part of the Company's equipment was idle due to the update of the production process, and it was assessed that there was an indication of impairment, so the Company accrued impairment loss amounting to \$18,542.
- C. Details of reclassifications of non-current assets held for sale are provided in Note 6(6).

(9) Leasing arrangements – lessee

	December 31, 2023	December 31, 2022
Right-of-use assets:		
Buildings and structures	\$ 34,253	\$ 61,907
Transportation equipment (Business vehicles)	3,001	5,531
	<u>\$ 37,254</u>	<u>\$ 67,438</u>
Lease liabilities:		
Current	\$ 8,373	\$ 11,194
Non-current	33,253	61,313
	<u>\$ 41,626</u>	<u>\$ 72,507</u>

- A. The Company leases various assets including buildings and business vehicles. Periods of rental contracts are typically 1 to 10 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 Company's short-term leases comprise employees' dormitory and low-value assets comprise copy machines.
- C. The depreciation for right-of-use assets is as follows:

	Years ended December 31,	
	2023	2022
Buildings and structures	\$ 8,368	\$ 9,171
Transportation equipment (Business vehicles)	2,530	2,149
	<u>\$ 10,898</u>	<u>\$ 11,320</u>

- D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$0 and \$5,913, respectively.
- E. For the years ended December 31, 2023 and 2022, due to the amendments of the lease contract, the Company's right-of-use assets and lease liabilities decreased by \$24,516 and \$154, \$ 26,012 and \$155, respectively

F. Excluding depreciation, the information on profit and loss accounts relating to lease contracts is as follows:

	Years ended December 31,	
	2023	2022
Interest expense on lease liabilities	\$ 838	\$ 1,054
Expense on short-term lease contracts	1,503	694
Expense on leases of low-value assets	243	305
Gain on lease modification	(1,383)	-
	<u>\$ 1,201</u>	<u>\$ 2,053</u>

G. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were \$11,932 and \$12,048, respectively.

#### (10) Short-term borrowings

There were no such circumstances at December 31, 2023.

Type of borrowings	December 31, 2022	Interest rate	Collateral
Bank borrowings			
Secured borrowings	\$ 136,000	1.8%~1.91%	Note 8
Unsecured borrowings	131,750	1.50%~2.23%	-
	<u>\$ 267,750</u>		

#### (11) Other payables

	December 31, 2023	December 31, 2022
Processing fees payable	\$ 58,804	\$ 34,519
Wages and salaries payable	19,909	15,386
Bonus payable	14,360	14,573
Payables on machinery and equipment	3,965	1,399
Others	68,310	71,413
	<u>\$ 165,348</u>	<u>\$ 137,290</u>

(12) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate	December 31, 2023
Secured borrowings	Repay the loan within 20 years monthly starting from July 2021 (including grace period of 2 years)	1.93%	\$ 324,871
	Repay the loan within 15 years monthly starting from June 2016 (including grace period of 4 years)	1.93%	184,822
	Repay the loan within 17 years monthly starting from June 2018 (including grace period of 2 years)	1.93%	180,084
Unsecured borrowings	Repay the loan within 7 years monthly starting from April 2022 (including grace period of 3 years)	1.45%	
			31,500
			721,277
Less: Current portion			( 52,658)
			\$ 668,619
Type of borrowings	repayment term	Interest rate	December 31, 2022
Secured borrowings	Repay the loan within 20 years monthly starting from July 2021 (including grace period of 2 years)	1.58%	\$ 330,000
	Repay the loan within 15 years monthly starting from June 2016 (including grace period of 4 years)	1.58%	212,102
	Repay the loan within 17 years monthly starting from June 2018 (including grace period of 2 years)	1.58%	194,012
Unsecured borrowings	Repay the loan within 7 years monthly starting from April 2022 (including grace period of 3 years)	1.33%	
			250,000
			986,114
Less: Current portion			( 38,457)
			\$ 947,657

A. As of December 31, 2023 the unused long-term bank borrowing facilities of the Company is \$799,973.

B. Information on collaterals pledged to others as securities for long-term borrowings is provided in Note 8.

C. The Company intends to dispose certain land and buildings located in Tungluo, Miaoli (refer to Note 6(6) for details) and plans to simultaneously settle the long-term borrowings secured by pledging those assets upon completion of sale. The related amount is \$324,871 (including current portion).

(13) Pensions

A. Defined benefit pension plans

(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering service years of employees in Amulaire Thermal Technology, Inc. Taiwan Branch prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of abovementioned employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. 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 2% 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 annually 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 to cover the deficit by next March.

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

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	(\$ 7,080)	(\$ 7,921)
Fair value of plan assets	<u>9,011</u>	<u>8,625</u>
Net defined benefit assets	<u><u>\$ 1,931</u></u>	<u><u>\$ 704</u></u>

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit (liabilities) asset
Year ended December 31, 2023			
Balance at January 1	(\$ 7,921)	\$ 8,625	\$ 704
Interest (expense) income	( 99)	109	10
	( 8,020)	8,734	714
Remeasurements:			
Return on plan assets (Note)	-	75	75
Experience adjustments	940	-	940
	940	75	1,015
Pension fund contribution	-	202	202
Balance at December 31	(\$ 7,080)	\$ 9,011	\$ 1,931
Year ended December 31, 2022			
Balance at January 1	(\$ 7,931)	\$ 7,789	(\$ 142)
Interest (expense) income	( 56)	55	( 1)
	( 7,987)	7,844	( 143)
Remeasurements:			
Return on plan assets (Note)	-	598	598
Change in demographic assumptions	( 42)	-	( 42)
Change in financial assumptions	497	-	497
Experience adjustments	( 389)	-	( 389)
	66	598	664
Pension fund contribution	-	183	183
Balance at December 31	(\$ 7,921)	\$ 8,625	\$ 704

Note: Does not include the amount of interest income or expense.

(d) 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 Labour 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 asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labour Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2023	2022
Discount rate	1.25%	1.25%
Future salary increases	2.00%	2.00%

Assumptions regarding future mortality rate are estimated based on the Taiwan Life Insurance Industry 2nd Annuity Table.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 1%	Decrease 1%
<u>December 31, 2023</u>				
Effect on present value of defined benefit obligation	(\$ 170)	\$ 177	\$ 734	(\$ 649)
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	(\$ 217)	\$ 226	\$ 939	(\$ 824)

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 at once. The method of analysing sensitivity and the method of calculating net defined benefit assets in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2024 amount to \$203.

(g) As of December 31, 2023, the weighted average duration of the retirement plan is 12.6 years.

B. Defined contribution pension plans

(a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labour Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes 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.

(b) The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2023 and 2022 were \$9,376 and \$12,044, respectively.

(14) Share-based payment

A. For the years ended December 31, 2023 and 2022, the Company’s share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (in thousands)	Period	Vesting conditions
Cash capital increase reserved for employee preemption	2023.11.09	2,250	Not applicable	Vesting immediately
Fifth employee stock options compensation plan	2021.03.18	5,000	2 years 6 months	Service of 2 years

B. Details of the employee stock options compensation plan are as follows:

	Year ended December 31, 2023		Year ended December 31, 2022	
	No. of shares (in thousands)	Weighted-average exercise price (in dollars)	No. of shares (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at the beginning of year	2,077	\$ 69.50	5,000	\$ 69.50
Options forfeited	( 2,077)	69.50	( 2,923)	69.50
Options outstanding at the end of year	-	-	2,077	69.50
Options exercisable at the end of year	-	-	-	-

C. The Company estimated the fair value on the grant date using the Black-Scholes option-pricing model. Details are as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected vesting period	Expected dividend yield rate	Risk-free interest rate	Fair value per unit (in dollars)
Fifth employee stock options compensation plan	2021.3.18	\$ 58.50	\$ 69.50	32.8%	2.25 years	0%	0.200%	\$ 7.70

D. Compensation costs incurred on the share-based payment transactions of the employee stock option plan for the years ended December 31, 2023 and 2022 were \$1,333 and \$13,444, respectively.

E. Compensation costs incurred on the share-based payment transactions of the employee stock option plan were reversed in the amounts of \$731 and \$13,690 for the years ended December 31, 2023 and 2022, respectively, due to the failure to meet the vesting condition.

**(15) Share capital**

A. The Company's authorized capital was \$1,500,000, consisting of 150,000 thousand shares of ordinary stock (including 10,000 thousand shares reserved for employee stock options), and the paid-in capital was \$1,046,023 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

B. Movements in the number of the Company's ordinary shares outstanding are as follows:

	2023	2022
At January 1	\$ 896,023	\$ 896,023
Issuance of shares	<u>150,000</u>	<u>-</u>
At December 31	<u><u>\$ 1,046,023</u></u>	<u><u>\$ 896,023</u></u>

C. On August 10, 2023, the Board of Directors of the Company resolved to increase its cash capital by issuing 15,000 thousand ordinary shares with a par value of \$10 (in dollars) per share and a premium issuance price of \$28.5 (in dollars) per share. The effective date was set on December 13, 2023, and the registration for the change was completed.

**(16) Capital surplus**

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 Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(17) Accumulated losses

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses, then 10% of the remaining amount shall be set aside as legal reserve. After setting aside or reversing a special reserve in accordance with related laws and competent authority, the appropriation of the remaining earnings, along with the accumulated unappropriated earnings, shall be proposed by the Board of Directors and resolved by the shareholders as dividends to shareholders.
- B. For the Company's dividend policy, the shareholders' interest is given priority, and the Company's current and future development plans are considered, as well as domestic industry competition, investing environment, and capital needs. Dividends are distributed in the form of shares or cash. The general standards of the dividend distribution in the industry and capital market are used as the basis for distribution. However, cash dividends shall account for at least 10% of the total dividends. The form and ratio of distribution are subject to the actual net income and capital position and are proposed by the Board of Directors and resolved by shareholders.
- C. Except for covering accumulated deficit, distributing dividends or increasing capital, the legal reserve shall not be used for any other purpose. Capitalization of or distributing dividends from the legal reserve is permitted, provided that the Company has no deficit and the balance of the reserve exceeds 25% of the Company's paid-in capital.
- D. The deficit compensation for the year ended December 31, 2022 was resolved and approved by the shareholders in May 2023.
- E. For the information relating to employees' compensation and directors' remuneration, refer to Note 6(21).

(18) Operating revenue

Revenue from contracts with customers	Years ended December 31,		
			2022
	2023	2022	
\$ 848,743	\$ 718,734	\$ 718,734	

- A. The Company derives revenue from the transfer of goods and services at a point in time, and the Company's revenue mainly arises from Germany, China and Japan.
- B. The Company has recognised the following revenue-related contract liabilities (shown as other current liabilities):

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities	\$ 662	\$ 1,461	\$ 894

For the years ended December 31, 2023 and 2022, revenues recognised that were included in the contract liabilities balance at the beginning of the year were \$1,461 and \$894, respectively.

(19) Other gains and losses

	Years ended December 31,	
	2023	2022
Foreign exchange gains	\$ 5,937	\$ 74,985
Gain on lease modification	1,383	-
Gains on financial liabilities at fair value through profit or loss	619	12,496
Impairment loss recognised in profit or loss, property, plant and equipment	- (	18,542)
Others	( 65)	56
	<u>\$ 7,874</u>	<u>\$ 68,995</u>

(20) Finance costs

	Years ended December 31,	
	2023	2022
Interest income from bank borrowings	\$ 20,864	\$ 16,769
Interest expense on lease liability	838	1,054
	<u>\$ 21,702</u>	<u>\$ 17,823</u>

(21) Expenses by nature

	Year ended December 31, 2023		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 151,722	\$ 81,784	\$ 233,506
Employee stock options	427	175	602
Labour and health insurance fees	15,091	8,191	23,282
Pension costs	5,330	4,046	9,376
Directors' remuneration	-	500	500
Other personnel expenses	17,372	5,853	23,225
	<u>\$ 189,942</u>	<u>\$ 100,549</u>	<u>\$ 290,491</u>
Depreciation	\$ 65,296	\$ 33,640	\$ 98,936
Amortisation	\$ 2,636	\$ 3,956	\$ 6,592

	Year ended December 31, 2022		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 188,883	\$ 109,317	\$ 298,200
Employee stock options	1,768	( 2,014)	( 246)
Labour and health insurance fees	17,311	9,442	26,753
Pension costs	6,548	5,496	12,044
Directors' remuneration	-	90	90
Other personnel expenses	20,112	7,624	27,736
	<hr/> \$ 234,622	<hr/> \$ 129,955	<hr/> \$ 364,577
Depreciation	<hr/> \$ 61,935	<hr/> \$ 24,526	<hr/> \$ 86,461
Amortisation	<hr/> \$ 1,256	<hr/> \$ 4,978	<hr/> \$ 6,234

- A. As of December 31, 2023 and 2022, the Company had 313 and 431 employees, respectively. There were 6 and 5 non-employee directors , respectively.
- B. (a) For the years ended December 31, 2023 and 2022, average employee benefit expense amounted to \$945 and \$856, respectively.
  - (b) For the years ended December 31, 2023 and 2022, average employees' salaries amounted to \$761 and \$700, respectively.
  - (c) For the year ended December 31, 2023, adjustment of average employees' salaries was 9 %.
- C. According to 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 be 5~15% for employees' compensation and shall not be higher than 3% for directors' remuneration.
- D. No employees' compensation and directors' remuneration was accrued due to the net loss before tax incurred for the years ended December 31, 2023 and 2022.
- E. The Company has set up a remuneration committee. Remuneration of the directors and managers and compensation of employees shall be discussed and approved by the remuneration committee and then submitted to the Board of Directors for discussion and resolution after taking into consideration their participation frequency and contribution to the Company's operations as well as annual goal achievement and performance contribution.
- F. The Company's employee salary includes monthly salary, bonus and employees' compensation. The salary standard is determined based on the position, education experience, professional knowledge and market value.

G. Information about employees' compensation and directors' and supervisors' 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.

(22) Income tax

A. Components of income tax benefit

(a) Components of income tax benefit

	Years ended December 31,	
	2023	2022
Current tax:		
Current tax on profits for the year	\$ -	\$ 1
Prior year income tax under estimation	- -	260
Total current tax	- -	261
Deferred tax:		
Origination and reversal of temporary differences	( 9,292)	( 1,056)
Income tax benefit	<u>(\$ 9,292)</u>	<u>(\$ 795)</u>

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

	Years ended December 31,	
	2023	2022
Remeasurement of defined benefit obligations	<u>\$ 203</u>	<u>\$ 133</u>

B. Reconciliation between income tax benefit and accounting profit

	Years ended December 31,	
	2023	2022
Tax calculated based on loss before tax and statutory tax rate	(\$ 46,571)	(\$ 44,184)
Expenses disallowed by tax regulation	80	24
Tax exempt income by tax regulation	- -	2,500
Taxable loss not recognised as deferred tax assets	29,596	45,604
Change in assessment of realisation of deferred tax assets	7,603	- -
Separate taxation	- -	1
Prior year income tax under estimation	- -	260
Income tax benefit	<u><u>(\$ 9,292)</u></u>	<u><u>(\$ 795)</u></u>

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

	2023			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
<b>Temporary differences:</b>				
<b>- Deferred tax assets:</b>				
Inventory valuation loss	\$ 4,124	\$ 617	\$ -	\$ 4,741
Investment income or loss	5,070	(5,070)	-	-
Impairment loss	3,709	(309)	-	3,400
Loss carryforward	-	12,673	-	12,673
Others	1,928	(878)	-	1,050
	<u>\$ 14,831</u>	<u>\$ 7,033</u>	<u>\$ -</u>	<u>\$ 21,864</u>
<b>- Deferred tax liabilities:</b>				
Unrealised exchange gain	(\$ 4,605)	\$ 2,552	\$ -	(\$ 2,053)
Others	(140)	(293)	(203)	(636)
	<u>(\$ 4,745)</u>	<u>\$ 2,259</u>	<u>(\$ 203)</u>	<u>(\$ 2,689)</u>
	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
<b>Temporary differences:</b>				
<b>- Deferred tax assets:</b>				
Inventory valuation loss	\$ 2,209	\$ 1,915	\$ -	\$ 4,124
Unrealised exchange loss	4,264	(4,264)	-	-
Investment income or loss	1,213	3,857	-	5,070
Impairment loss	-	3,709	-	3,709
Others	1,476	452	-	1,928
	<u>\$ 9,162</u>	<u>\$ 5,669</u>	<u>\$ -</u>	<u>\$ 14,831</u>
<b>- Deferred tax liabilities:</b>				
Unrealised exchange gain	\$ -	(\$ 4,605)	\$ -	(\$ 4,605)
Others	-	(7)	(133)	(140)
	<u>\$ -</u>	<u>(\$ 4,612)</u>	<u>(\$ 133)</u>	<u>(\$ 4,745)</u>

D. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

E. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2023					
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year	
2023	Amount estimated	\$ 185,993	\$ 185,993	2033	
2022	Amount filed	212,448	212,448	2032	
2021	Amount assessed	87,233	23,868	2031	

  

December 31, 2022					
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year	
2022	Amount estimated	\$ 228,058	\$ 228,058	2032	
2021	Amount assessed	87,233	87,233	2031	

(23) Loss per share

Year ended December 31, 2023			
	Amount after tax	shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic loss per share</u>			
Loss	(\$ 223,566)	90,344	(\$ 2.47)
<u>Diluted loss per share</u>			
Loss attributable to the parent	(\$ 223,566)	90,344	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options (Note)		-	-
Loss plus assumed conversion of all dilutive potential ordinary shares	(\$ 223,566)	90,344	(\$ 2.47)

Year ended December 31, 2022			
	Amount after tax	number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
<b>Basic loss per share</b>			
Loss	(\$ 220,126)	89,602	(\$ 2.46)
<b>Diluted loss per share</b>			
Loss attributable to the parent	(\$ 220,126)	89,602	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options (Note)		-	-
Loss plus assumed conversion of all dilutive potential ordinary shares	(\$ 220,126)	89,602	(\$ 2.46)

Note: The employee stock options have anti-dilutive effect.

#### (24) Supplemental cash flow information

Investing activities with partial cash payments:

	Years ended December 31,	
	2023	2022
Purchase of property, plant and equipment	\$ 25,072	\$ 96,161
Add: Beginning balance of payable on equipment	1,399	28,833
Ending balance of prepayments for business facilities	7,909	18,851
Beginning balance of decommissioning provisions	6,695	3,900
Less: Ending balance of payable on equipment	( 3,965)	( 1,399)
Beginning balance of prepayments for business facilities	( 18,851)	( 16,742)
Ending balance of decommissioning provisions	( 6,695)	( 6,695)
Cash paid during the year	\$ 11,564	\$ 122,909

	Years ended December 31,	
	2023	2022
Purchase of intangible assets	\$ 3,767	\$ 31,658
Add: Ending balance of prepayments for software	-	1,727
Less: Beginning balance of prepayments for software	(1,727)	(15,632)
Cash paid during the year	\$ 2,040	\$ 17,753

#### (25) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings	Lease liabilities	Liabilities from financing activities-gross
At January 1, 2023	\$ 267,750	\$ 986,114	\$ 72,507	\$ 1,326,371
Changes in cash flow from financing activities	(267,750)	(264,836)	(10,211)	(542,797)
Interest paid	-	-	(838)	(838)
Changes in other non-cash items	-	-	(19,831)	(19,831)
At December 31, 2023	\$ -	\$ 721,278	\$ 41,627	\$ 762,905

	Short-term borrowings	Long-term borrowings	Lease liabilities	Liabilities from financing activities-gross
At January 1, 2022	\$ 269,000	\$ 773,535	\$ 77,749	\$ 1,120,284
Changes in cash flow from financing activities	(1,250)	212,579	(11,049)	200,280
Interest paid	-	-	(1,054)	(1,054)
Changes in other non-cash items	-	-	6,861	6,861
At December 31, 2022	\$ 267,750	\$ 986,114	\$ 72,507	\$ 1,326,371

## 7. RELATED PARTY TRANSACTIONS

### (1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Amulaire Thermal Technology (Japan), Inc.	Subsidiary
Zhejiang Amulaire Thermal Technology Co., Ltd.	Subsidiary
Ever Superior Technologies Corporation	Associate accounted for using equity method

(2) Significant related party transactions

A. Operating revenue

	Years ended December 31,	
	2023	2022
Sales of goods		
Amulaire Thermal Technolgy (Japan), Inc.	\$ 73,510	\$ 42,799
Zhejiang Amulaire Thermal Technology Co., Ltd.	2,354	-
	<u>\$ 75,864</u>	<u>\$ 42,799</u>

Sales to abovementioned related parties are based on the initial cost plus necessary profit. The term is 60~120 days after monthly billing for the related parties and 30~90 days after monthly billings for the third parties.

B. Processing fees

	Year ended December 31	
	2023	2022
Ever Superior Technologies Corporation	\$ 33,791	\$ 1,840

The above processing fees pertains to the materials provided by the Company to the related party for manufacturing products through outsourcing. Processing fees are based on the agreed price and payment terms are based on mutual agreement.

C. Receivables from related parties:

	December 31, 2023	December 31, 2022
Accounts receivable		
Amulaire Thermal Technolgy (Japan), Inc.	\$ 19,179	\$ 7,284

D. Payables to related parties

	December 31, 2023	December 31, 2022
Other payables		
Ever Superior Technologies Corporation	\$ 17,729	\$ 837

E. Key management compensation

	Years ended December 31,	
	2023	2022
Salaries and other short-term employee benefits	\$ 5,399	\$ 6,264
Post-employment benefits	176	216
	<u>\$ 5,575</u>	<u>\$ 6,480</u>

8. PLEDGED ASSETS

Items	December 31, 2023	December 31, 2022	Purpose
Land	\$ 477,520	\$ 715,885	Long-term borrowings
Land (Note 1)	238,365	-	Long-term borrowings
Building	301,953	477,159	Long-term borrowings
Time deposits (Note 2)			Short-term borrowings and performance guarantee
	10,900	141,394	
	<u>\$ 1,028,738</u>	<u>\$ 1,334,438</u>	

Note 1: Recognised in non-current assets classified as held for sale.

Note 2: Recognised in financial assets at amortised cost-current.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies:

None.

(2) Commitments:

Capital expenditures contracted but not yet paid are as follows:

	December 31, 2023	December 31, 2022
Property, plant and equipment	\$ 12,923	\$ 46,113

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

## 12. OTHERS

### (1) Capital management

The Company's objectives when managing capital are to maintain an optimal financial structure and capital ratio in order to support operations and to maximise interests for shareholders. Related ratio of net debt divided by total capital is provided in the balance sheet for each reporting period.

### (2) Financial instruments

#### A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at amortised cost (Note 1)	<u>\$ 460,570</u>	<u>\$ 602,908</u>
<u>Financial liabilities</u>		
Financial assets at amortised cost (Note 2)	<u>\$ 994,837</u>	<u>\$ 1,428,242</u>
Lease liability	<u>\$ 41,626</u>	<u>\$ 72,507</u>

Note 1: Including cash and cash equivalents, financial assets at amortized cost, accounts receivable (including related parties) and guarantee deposits paid.

Note 2: Including short-term borrowings, accounts payable, other payables (including related parties), long-term borrowings and guarantee deposits received.

#### B. Risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance.
- (b) Risk management is carried out by a treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units.

#### C. Significant financial risks and degrees of financial risks

##### (a) Market risk

###### Foreign exchange risk

- i. The Company's foreign currency transactions are mainly denominated in USD and EUR. Foreign exchange risk arises from future commercial transactions, and recognised assets and liabilities.

- ii. Management has set up a policy to require company to manage their foreign exchange risk against their functional currency. Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.
- iii. The Company hedges foreign exchange rate by using forward exchange contracts. However, the Company does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2).
- iv. The Company's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2023										
					Sensitivity analysis					
(Foreign currency: functional currency)	Foreign currency  <u>amount</u>  <u>(In thousands)</u>	Exchange rate	Book value  (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income				
<u>Financial assets</u>										
<u>Monetary items</u>										
USD:NTD	\$ 9,323	30.71	\$ 286,263	1%	\$ 2,863					
EUR:NTD	1,354	33.98	46,009	1%	460					
<u>Impact of consolidated entities net assets measured in foreign currency</u>										
RMB:NTD	\$ 10,118	4.33	\$ 43,813	1%		\$ 438				

December 31, 2022										
					Sensitivity analysis					
(Foreign currency: functional currency)	Foreign currency  <u>amount</u>  <u>(In thousands)</u>	Exchange rate	Book value  (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income				
<u>Financial assets</u>										
<u>Monetary items</u>										
USD:NTD	\$ 15,939	30.71	\$ 489,487	1%	\$ 4,895					
EUR:NTD	1,626	32.72	53,203	1%	532					
<u>Impact of consolidated entities net assets measured in foreign currency</u>										
RMB:NTD	\$ 15,190	4.41	\$ 66,988	1%		\$ 670				

- v. Total exchange gains, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022 amounted to \$5,937 and \$74,985, respectively.

#### Price risk

The Company is not exposed to commodity price risk and risk arising from investments in equity securities.

Cash flow and fair value interest rate risk

- i. The Company's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk, which is partially offset by cash and cash equivalents, financial assets at amortised cost-current and other current financial assets held at variable rates. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. During the years ended December 31, 2023 and 2022, the Company's borrowings at variable rate were denominated in the NTD.
- ii. At December 31, 2023 and 2022, if interest rates on NTD-denominated borrowings at that date had been 0.1% higher/lower with all other variables held constant, pre-tax profit for the years ended December 31, 2023 and 2022 would have been \$721 and \$1,254 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company 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. According to the Company's credit policy 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, considering their financial position, experience and other factors. The utilisation of credit limits is regularly monitored.
- ii. The Company adopts following assumptions under to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
  - (i) If the contract payments were past due over 90 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
  - (ii) The default occurs when the contract payments are past due over 150 days.
- iii. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
  - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
  - (ii) Default or delinquency in interest or principal repayments;

- (iii) Adverse changes in national or regional economic conditions that are expected to cause a default.
- (c) Liquidity risk
  - i. Cash flow forecasting is performed by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it always has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities, so that the Company does not breach borrowing limits or covenants.
  - ii. The Company's financing facilities are as follows:

	December 31, 2023	December 31, 2022
Credit facility for unsecured bank borrowings		
Drawn amount	\$ 31,500	\$ 250,000
Undrawn amount	<u>80,000</u>	<u>150,000</u>
	<u><u>\$ 111,500</u></u>	<u><u>\$ 400,000</u></u>
Credit facility for secured bank borrowings		
Drawn amount	689,777	736,114
Undrawn amount	<u>719,973</u>	<u>673,637</u>
	<u><u>\$ 1,409,750</u></u>	<u><u>\$ 1,409,751</u></u>

- iii. Company treasury invests surplus cash held by the operating entities in interest bearing current accounts, time deposits, financial assets at amortised cost and other current financial assets based on the Company's capital requirements, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. As at December 31, 2023 and 2022, the Company held money market position of \$178,512 and \$268,924, respectively, that are expected to readily generate cash inflows for managing liquidity risk.
- iv. Except for those listed in the table below, the Company's non-derivative financial liabilities will expire within 1 year. As of December 31, 2023 and 2022, the significant cash flows, including short-term borrowings, short-term notes, accounts payable and other payables, are the undiscounted and interest excluded amount and are in agreement with the balance of each account in the balance sheets.

	Within 1 year	Between		Over 5 years
		2 and 5 years	5 years	
December 31, 2023				
Long-term borrowings (including current portion)	\$ 66,490	\$ 266,932	\$ 461,506	
Lease liabilities	\$ 8,373	\$ 28,321	\$ 4,932	
December 31, 2022				
Long-term borrowings (including current portion)	\$ 50,961	\$ 265,837	\$ 527,109	
Lease liabilities	\$ 11,194	\$ 42,936	\$ 18,377	

### (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, in which transactions for the asset or liability take place with enough frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in derivative instruments is included in Level 2.

Level 3: Non-observable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The Company's carrying amounts of cash and cash equivalents, accounts receivable, other receivables, short-term borrowings, accounts payable and other payables are approximate to their fair values.

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

As of December 31, 2023, there were no financial assets or liabilities measured at fair value.

December 31, 2022	Level 1	Level 2	Level 3	Total
<b>Liabilities</b>				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value				
through profit or loss				
Derivative instruments	\$ -	\$ 422	\$ -	\$ 422

- D. Derivative instruments held by the Company were mainly from interest rate swap contracts, which were the non-standard and low-complexity financial instruments, and the Company adopts valuation technique that is widely used by market participants. The inputs are normally observable in the market.
- E. Beneficiary certificates held by the Company that used market quoted prices as their fair values (that is, Level 1) are open end funds, and the market quoted prices are based on net asset value.
- E. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.
- F. For the years ended December 31, 2023 and 2022, there was no transfer into or out of Level 3.

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

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

#### (2) Information on investees

Names, locations and other information of investee companies (not including investees in China): Refer to table 2.

#### (3) Information on investments in China

- A. Basic information: Refer to table 3.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Refer to table 4.

14. SEGMENT INFORMATION

Not applicable.

## Amulaire Thermal Technology, Inc.

## Loans to others

DECEMBER 31, 2023 AND 2022

Table 1

Expressed in thousands of NTD  
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower (Note 2)	General ledger account	Maximum outstanding				Nature of loan (Note 4)	Reason for short-term financing (Note 5)	Allowance for doubtful accounts (Note 6)	Limit on loans granted to a single party (Note 7)	Ceiling on total loans (Note 7)	Footnote	
				Is a related party	ended (Note 3)	Balance as of December 31, 2023 (Note 8)	Actual amount drawn down							
2	Amulaire Thermal Technology, Inc.	Amulaire Thermal Technology Inc. (Japan), Inc. parties	Other receivable-related	Yes	\$ 2,172	\$ 2,172	\$ -	2.40%	2	\$ -	Turnover	\$ -	\$ 161,322	\$ 645,290

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Fill in the name of account in which the loans are recognised, such as receivables-related parties, current account with stockholders, prepayments, temporary payments, etc.

Note 3: Fill in the maximum outstanding balance of loans to others during the six-month period ended December 31, 2022.

Note 4: Fill in the nature of the loan as follows:

- (1) '1' for business transaction.
- (2) '2' for short-term financing.

Note 5: Fill in the amount of business transactions when nature of the loan is 1, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 6: Fill in purpose of loan when nature of loan is 2, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 7: Fill in limit on loans granted to a single party and ceiling on total loans granted as prescribed in the creditor company's "Procedures for Provision of Loans", the calculation and amount are as follows:

- (1) Limit on loans granted to a single party is 10% of the creditor company's net assets based on the latest financial statements.
- (2) Ceiling on total loans granted is 40% of the creditor company's net assets based on the latest financial statements.

Note 8: The amounts of funds to be loaned to others which have been approved by the board of directors of a public company in accordance with Article 14, Item 1 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the board of directors of a public company has authorized the chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the board of directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

## Amulaire Thermal Technology, Inc.

## Information on investees

DECEMBER 31, 2023 AND 2022

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee (Notes 1, 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			December 31, 2023 (Note 2(2))	781	\$	781	Footnote	
				Balance as at December 31, 2023		Balance as at December 31, 2022		Number of shares						
				Initial investment amount	Balance as at December 31, 2023	Initial investment amount	Balance as at December 31, 2022							
AMULAIRES THERMAL TECHNOLOGY, INC.	Amulaire Thermal Technology (Japan), Inc.	Japan	Sales of vehicles and electronic components	\$ 2,462	\$ 2,462	900	100%	\$ 3,338		781	\$	781		
"	Ever Superior Technologies Corporation	Taiwan	Surface treatment of metal product	54,000	54,000	5,400	30%	17,339	( 55,024 )				16,507	

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

- (1) The columns of 'Investee', 'Location', 'Main business activities', 'Initial investment amount' and 'Shares held as at December 31, 2023' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column..
- (2) The 'Net profit (loss) of the investee for the year ended December 31, 2023' column should fill in amount of net profit (loss) of the investee for this period.
- (3) The 'Investment income (loss) recognised by the Company for the year ended December 31, 2023' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Amulaire Thermal Technology, Inc.

Information on investments in Mainland China

DECEMBER 31, 2023 AND 2022

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method ( Note 1 )	Mainland China as of January 1, 2023	Accumulated amount of remittance from Taiwan to	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	Investment income held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ( Note 2 )	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment in Mainland China remitted back to Taiwan as of December 31, 2023	Footnote
					Investment method ( Note 1 )	Mainland China as of January 1, 2023	Mainland China as of December 31, 2023			Mainland China as of December 31, 2023			
Ever Superior Technologies Corporation	Sales of vehicles and electronic components	\$ 130,275	(1)	\$ 71,652	\$ -	\$ -	\$ 71,652	(\$ 40,505)	55% (\$ 22,289)	\$ 43,813	\$ -		

Company name	Accumulated amount of remittance from Taiwan to Mainland China of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of the Ministry of Economic Affairs (MOEA)
Amulaire Thermal Technology, Inc.	71,652	71,652	989,443

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others

Note 2: Investment income (loss) was recognised based on the financial statements that were audited and attested by R.O.C. parent company's CPA.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

## Amulaire Thermal Technology, Inc.

## Major shareholders information

December 31, 2023

Table 4

Name of major shareholders	Shares	
	Number of shares held (Note)	Ownership (%)
LGT Bank (Singapore) Investment Fund under the custody of Standard Chartered	6,926	6.62%
PAO-YU II INVESTMENTS LIMITED	6,831	6.53%
GIC Private Limited	6,777	6.47%

**AMULAIRES THERMAL TECHNOLOGY, INC.**  
**DETAILS OF CASH AND EQUIVALENTS**  
**DECEMBER 31, 2023**

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

Item	Description	Amount
Petty cash and cash on hand		\$ 296
Time deposits		
- United States dollars	USD 500 thousand conversion rate:30.71	15,353
- New Taiwan dollars		23,000
Checking accounts		450
Demand deposits		
- New Taiwan dollars		103,910
- United States dollars	USD 551 thousand conversion rate:30.71	16,928
- Japanese yen	JPY 8,517 thousand conversion rate:0.22	1,850
- Chinese yuan	CYN 541 thousand conversion rate: 4.33	2,340
- Euros	EUR 52 thousand conversion rate: 33.98	1,781
Total		<u><u>\$ 165,908</u></u>

**AMULAIRES THERMAL TECHNOLOGY, INC.**  
**DETAILS OF ACCOUNTS RECEIVABLE**  
**DECEMBER 31, 2023**

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

Client Name	Description	Amount	Note
A company		\$ 115,007	
B company		88,903	
C company		24,523	
Others		<u>33,008</u>	Note
		261,441	
Less: Allowance for uncollectible accounts		( 1,429)	
Total		<u><u>\$ 260,012</u></u>	

Note: Balance of each client has not exceeded 5% of total account balance.

**AMULAIRES THERMAL TECHNOLOGY, INC.**  
**DETAILS OF INVENTORIES**  
**DECEMBER 31, 2023**

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

Item	Amount		Note
	Cost	Net Realizable Value	
Raw materials	\$ 143,335	\$ 147,840	
Work in progress	102,555	118,158	
Finished goods	148,632	165,351	
	<u>394,522</u>	<u>\$ 431,349</u>	
Less: Allowance for inventory valuation losses and losses for obsolete and slow-moving inventories	( 23,704)		
	<u>\$ 370,818</u>		

**AMULAIRO THERMAL TECHNOLOGY, INC.**  
**DETAILS OF LONG-TERM BORROWINGS**  
**DECEMBER 31, 2023**

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

Creditor	Amount	Contract Period	Range of Interest	Collateral	Note
	Rate				
Taiwan Cooperative Bank	\$ 324,871	According to the contract, repayment of the loan is within 20 years monthly starting from July 2021 (including grace period of 2 years).	1.928%	Refer to Note 8	Secured borrowings
Taiwan Cooperative Bank	184,822	According to the contract, repayment of the loan is within 15 years monthly starting from June 2016 (including grace period of 4 years).	1.928%	Refer to Note 8	Secured borrowings
Taiwan Cooperative Bank	180,084	According to the contract, repayment of the loan is within 17 years monthly starting from June 2018 (including grace period of 2 years).	1.928%	Refer to Note 8	Secured borrowings
Taiwan Cooperative Bank	31,500	According to the contract, repayment of the loan is within 7 years monthly starting from April 2022 (including grace period of 3 years).	1.450%		Unsecured borrowings
Less: Long-term borrowings, current portion	( 52,658)				
	<u>\$ 668,619</u>				

**AMULAIRES THERMAL TECHNOLOGY, INC.**  
**DETAILS OF OPERATING REVENUE**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
 (Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Item	Volume	Amount	Note
Sales revenue	1,145 PCS	\$ 831,555	
Sample and mould revenue		18,823	
Others		<u>17,466</u>	
		867,844	
Less: Sales returns	(	4,070)	
Sales discounts and allowances		( <u>15,031</u> )	
Operating revenue, net		<u>\$ 848,743</u>	

**AMULAIRO THERMAL TECHNOLOGY, INC.**  
**DETAILS OF OPERATING COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Item	Amount	Note
Beginning raw materials	\$ 101,788	
Add: Raw materials purchased	420,830	
Less: Ending raw materials	( 143,335)	
Transferred to expenses	( 8,199)	
Others	<u>( 27,818)</u>	
Consumption of materials for the year	343,266	
Direct labor	113,218	
Manufacturing expenses	397,359	
Unamortised manufacturing expenses	<u>( 122,546)</u>	
Manufacturing cost	731,297	
Beginning work in progress	136,902	
Less: Ending work in progress	( 102,555)	
Transferred to expenses	<u>( 1,119)</u>	
Cost of finished goods	764,525	
Add: Beginning finished goods	133,059	
Add: Net purchase for the year	15,695	
Less: Ending finished goods	( 148,632)	
Other - revenue from sale of scraps	( 44,783)	
Transferred to expenses	<u>( 2,519)</u>	
Cost of goods manufactured and sold	717,345	
Unrealised inventory valuation loss	3,085	
Underapplied overhead	122,546	
Others	<u>( 1,237)</u>	
Cost of goods sold	<u>\$ 841,739</u>	

**AMULAIRO THERMAL TECHNOLOGY, INC.**  
**DETAILS OF MANUFACTURING OVERHEAD**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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

Item	Description	Amount	Note
Outsourcing processing fees		\$ 145,660	
Wages and salaries		57,228	
Depreciation		65,296	
Utilities expense		28,442	
Others		<u>100,733</u>	Note
Total		<u>\$ 397,359</u>	

Note: Balance of each item has not exceeded 5% of this account balance.

**AMULAIRO THERMAL TECHNOLOGY, INC.**  
**DETAILS OF OPERATING EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
 (Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Item	Selling Expenses	Administrative Expenses	Research and Development Expenses	Total	Note
Wages and salaries	\$ 7,943	\$ 25,311	\$ 48,530	\$ 81,784	
Depreciation	1,016	9,710	22,914	33,640	
Insurance expense	857	2,979	4,516	8,352	
Freight	1,623	47	1,812	3,482	
Export expense	4,367	-	-	4,367	
Others	<u>6,338</u>	<u>17,309</u>	<u>55,278</u>	<u>78,925</u>	Note
Total	<u><u>\$ 22,144</u></u>	<u><u>\$ 55,356</u></u>	<u><u>\$ 133,050</u></u>	<u><u>\$ 210,550</u></u>	

Note: Balance of each item has not exceeded 5% of this account balance.