

**AMULAIRES THERMAL TECHNOLOGY,  
INC. AND SUBSIDIARIES**  
**CONSOLIDATED 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 consolidated balance sheets of Amulaire Thermal Technology, Inc. and subsidiaries (the “Group”) as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

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

### ***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## ***Key audit matters***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group's 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2023 consolidated financial statements are stated as follows:

### **Valuation of inventories**

#### Description

Refer to Notes 4(12), 5(2) and 6(5) to the financial statements for the details of the Group's accounting policy on inventory valuation, estimates and assumptions and allowance for inventory valuation losses. The Group's inventories constituted a significant portion of total assets, and the industry involves a rapidly changing technology. Since the Group 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

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

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 – Reference to the audits of other auditors***

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 consolidated 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 consolidated total comprehensive loss for the year then ended.

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

We have audited and expressed an unqualified opinion on the parent company only financial statements of Amulaire Thermal Technology, Inc. as at and for the years ended December 31, 2023 and 2022.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### ***Auditors' responsibilities for the audit of the financial statements***

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

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

1. Identify and assess the risks of material misstatement of the 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

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

**AMULAIRES THERMAL TECHNOLOGY, INC. AND SUBSIDIARIES**  
**CONSOLIDATED 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)	\$ 187,937	\$ 198,867	
1136	Current financial assets at amortised cost	6(3) and 8	10,900	141,394	
1170	Accounts receivable, net	6(4)	272,876	322,263	
130X	Inventory	6(5)	376,589	351,197	
1410	Prepayments		27,765	38,497	
1460	Non-current assets classified as held for sale, net	6(6)	415,201	-	
1479	Other current assets		20,043	15,075	
11XX	<b>Total current assets</b>		<b>1,311,311</b>		<b>1,067,293</b>
<b>Non-current assets</b>					
1550	Investments accounted for using equity method	6(7)	17,339	33,846	
1600	Property, plant and equipment	6(8) and 8	1,262,993	1,736,129	
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		36,201	30,524	
15XX	<b>Total non-current assets</b>		<b>1,407,394</b>		<b>1,917,335</b>
1XXX	<b>Total assets</b>		<b>\$ 2,718,705</b>		<b>\$ 2,984,628</b>

(Continued)

**AMULAIRES THERMAL TECHNOLOGY, INC. AND SUBSIDIARIES**  
**CONSOLIDATED 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)	\$ 17,308	\$ 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)	169,826	140,131			
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	6(18)	3,932	4,495			
<b>21XX Total current liabilities</b>		<b>360,200</b>	<b>499,428</b>			
<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			
<b>25XX Total non-current liabilities</b>		<b>709,434</b>	<b>1,019,815</b>			
<b>2XXX Total liabilities</b>		<b>1,069,634</b>	<b>1,519,243</b>			
<b>Equity</b>						
Share capital	6(15)					
3110 Common shares		1,046,023	896,023			
Capital surplus	6(16)					
3200 Capital surplus		1,091,996	815,514			
Retained earnings	6(17)					
3310 Legal reserve		27,581	27,581			
3350 Accumulated deficit		( 552,117 )	( 329,363 )			
Other equity interest						
3400 Other equity interest		( 259 )	822			
<b>31XX Equity attributable to owners of parent</b>		<b>1,613,224</b>	<b>1,410,577</b>			
<b>36XX Non-controlling interests</b>	4(3) and 6(24)	<b>35,847</b>	<b>54,808</b>			
<b>3XXX Total equity</b>		<b>1,649,071</b>	<b>1,465,385</b>			
Commitments and contingent liabilities	9					
<b>3X2X Total liabilities and equity</b>		<b>\$ 2,718,705</b>	<b>\$ 2,984,628</b>			

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

AMULAIRES THERMAL TECHNOLOGY, INC. AND SUBSIDIARIES  
CONSOLIDATED 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	2022
4000 Operating revenue	6(18)	\$ 883,963	\$ 731,236
5000 Operating costs	6(5)	( 889,935)	( 739,889)
5900 Gross loss from operations		( 5,972)	( 8,653)
Operating expenses	6(21)		
6100 Selling expenses		( 29,595)	( 22,559)
6200 General and administrative expenses		( 73,497)	( 92,361)
6300 Research and development expenses		( 134,361)	( 150,485)
6450 Expected credit impairment gain (loss)	6(4)	6,034	( 2,884)
6000 Total operating expenses		( 231,419)	( 268,289)
6900 Operating loss		( 237,391)	( 276,942)
Non-operating income and expenses			
7100 Interest income		4,663	3,207
7010 Other income		13,326	13,223
7020 Other gains and losses	6(19)	6,768	68,927
7050 Finance costs	6(20)	( 21,952)	( 17,823)
7060 Share of loss of associates and joint ventures accounted for using equity method	6(7)	( 16,507)	( 16,228)
7000 Total non-operating income and expenses		( 13,702)	51,306
7900 <b>Loss before income tax</b>		( 251,093)	( 225,636)
7950 Income tax benefit	6(22)	9,292	795
8200 <b>Loss for the year</b>		( \$ 241,801)	( \$ 224,841)

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**AMULAIRO THERMAL TECHNOLOGY, INC. AND SUBSIDIARIES**  
**CONSOLIDATED 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	2022	
		AMOUNT	AMOUNT	
<b>Other comprehensive income</b>				
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8311	Gains on remeasurements of defined benefit plans	6(13)	\$ 1,015	
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	(1,807)	1,968	
8300	<b>Other comprehensive (loss) income for the year</b>	(\$ 995)	\$ 2,499	
8500	<b>Total comprehensive loss for the year</b>	(\$ 242,796)	(\$ 222,342)	
Loss attributable to:				
8610	Owners of parent	(\$ 223,566)	(\$ 220,126)	
8620	Non-controlling interests	(18,235)	(4,715)	
		(\$ 241,801)	(\$ 224,841)	
Comprehensive loss attributable to:				
8710	Owners of parent	(\$ 223,835)	(\$ 218,526)	
8720	Non-controlling interests	(18,961)	(3,816)	
		(\$ 242,796)	(\$ 222,342)	
Loss per share (in dollars)				
9750	Basic loss per share	6(23)	(\$ 2.47)	
			(\$ 2.46)	
9850	Diluted loss per share	(\$ 2.47)	(\$ 2.46)	

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

AMULAIRES THERMAL TECHNOLOGY, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Notes	Equity attributable to owners of the parent						Exchange differences on translation of foreign financial statements	Total	Non-controlling interests	Total equity				
	Capital Reserves			Retained Earnings										
	Share capital - common stock	Capital surplus, additional paid-in capital	Capital surplus, others	Legal reserve	Total accumulated deficit									
<u>Year ended December 31, 2022</u>														
Balance at January 1, 2022	\$ 896,023	\$ 798,454	\$ 17,306	\$ 27,581	(\$ 109,768)	(\$ 247)	\$ 1,629,349	\$ -	\$ 1,629,349					
Loss for the year	-	-	-	-	( 220,126 )	-	( 220,126 )	( 4,715 )	( 224,841 )					
Other comprehensive income for the year	-	-	-	-	531	1,069	1,600	899	2,499					
Total comprehensive income (loss)	-	-	-	-	( 219,595 )	1,069	( 218,526 )	( 3,816 )	( 222,342 )					
Compensation cost incurred on employee stock options	6(14)	-	-	( 246 )	-	-	( 246 )	-	( 246 )					
Changes in non-controlling interests	6(24)	-	-	-	-	-	-	58,624	58,624					
Balance at December 31, 2022	<u>\$ 896,023</u>	<u>\$ 798,454</u>	<u>\$ 17,060</u>	<u>\$ 27,581</u>	<u>(\$ 329,363)</u>	<u>\$ 822</u>	<u>\$ 1,410,577</u>	<u>\$ 54,808</u>	<u>\$ 1,465,385</u>					
<u>Year ended December 31, 2023</u>														
Balance at January 1, 2023	\$ 896,023	\$ 798,454	\$ 17,060	\$ 27,581	(\$ 329,363)	\$ 822	\$ 1,410,577	\$ 54,808	\$ 1,465,385					
Loss for the year	-	-	-	-	( 223,566 )	-	( 223,566 )	( 18,235 )	( 241,801 )					
Other comprehensive income for the year	-	-	-	-	812	( 1,081 )	( 269 )	( 726 )	( 995 )					
Total comprehensive income (loss)	-	-	-	-	( 222,754 )	( 1,081 )	( 223,835 )	( 18,961 )	( 242,796 )					
Issuance of shares	6(15)	150,000	275,869	-	-	-	-	425,869	-	425,869				
Donated assets received	-	-	11	-	-	-	-	11	-	11				
Compensation cost incurred on employee stock options	6(14)	-	-	602	-	-	-	602	-	602				
Balance at December 31, 2023	<u>\$ 1,046,023</u>	<u>\$ 1,074,323</u>	<u>\$ 17,673</u>	<u>\$ 27,581</u>	<u>(\$ 552,117)</u>	<u>(\$ 259)</u>	<u>\$ 1,613,224</u>	<u>\$ 35,847</u>	<u>\$ 1,649,071</u>					

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

**AMULAIRES THERMAL TECHNOLOGY, INC. AND SUBSIDIARIES**  
**CONSOLIDATED 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		( \$ 251,093 )	( \$ 225,636 )
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(21)	122,901	87,244
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	6(20)	21,952	17,823
Interest income		( 4,663 )	( 3,207 )
Share-based payments	6(14)	602	( 246 )
Share of loss of associates and joint ventures accounted for using equity method	6(7)	16,507	16,228
Loss (gain) on disposal of property, plant and equipment		747	( 56 )
Impairment loss on non-financial assets	6(19)	-	18,542
Gain on lease modification	6(19)	( 1,496 )	( 1 )
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		55,421	101,368
Inventory		( 25,392 )	( 24,994 )
Prepayments		10,732	18,803
Other current assets		( 4,970 )	4,118
Changes in operating liabilities			
Financial liabilities at fair value through profit or loss		197	11,732
Accounts payable		54,232	905
Other payables		70,510	( 45,202 )
Other current liabilities		( 563 )	1,151
Other non-current liabilities		( 1,228 )	( 843 )
Cash inflow (outflow) generated from operations		64,335	( 25,649 )
Interest received		4,663	3,207
Interest paid		( 20,888 )	( 16,769 )
Income taxes paid		-	( 262 )
Net cash flows from (used in) operating activities		<u>48,110</u>	<u>( 39,473 )</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of financial assets at amortised cost		130,494	34,388
Acquisition of property, plant and equipment	6(25)	( 84,266 )	( 144,128 )
Proceeds from disposal of property, plant and equipment		101	56
Acquisition of intangible assets	6(25)	( 2,040 )	( 17,753 )
Decrease (increase) in other non-current assets		( 2,364 )	( 3,138 )
Net cash flows from (used in) investing activities		<u>46,653</u>	<u>( 130,575 )</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase in short-term loans	6(26)	17,308	-
Decrease in short-term loans	6(26)	( 267,750 )	( 1,250 )
Proceeds from long-term debt	6(26)	457,538	250,000
Repayments of long-term debt	6(26)	( 722,375 )	( 37,421 )
Payments of lease liabilities	6(26)	( 15,331 )	( 11,049 )
Proceeds from issuance of shares	6(15)	425,869	-
Donated assets received		11	-
Change in non-controlling interests	6(24)	-	58,624
Net cash flows (used in) from financing activities		<u>( 104,730 )</u>	<u>258,904</u>
Effects of exchange rate changes on cash		<u>( 963 )</u>	<u>1,968</u>
Net (decrease) increase in cash and cash equivalents		<u>( 10,930 )</u>	<u>90,824</u>
Cash and cash equivalents at beginning of year		<u>198,867</u>	<u>108,043</u>
Cash and cash equivalents at end of year		<u><u>\$ 187,937</u></u>	<u><u>\$ 198,867</u></u>

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

**AMULAIRE THERMAL TECHNOLOGY, INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED 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 consolidated 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 Group’s financial condition and financial performance based on the Group’s assessment.

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

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

New Standards, Interpretations and Amendments	Effective date by 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
The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.	

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

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs 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 Group's financial condition and financial performance based on the Group's assessment.

#### 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC® Interpretations, and SIC® Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs").

**(2) Basis of preparation**

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

**(3) Basis of consolidation**

- A. Basis for preparation of consolidated financial statements:
  - (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
  - (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
  - (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2023	December 31, 2022	
Amulaire Thermal Technology, Inc.	Amulaire Thermal Technology (Japan) Inc.	Manufacturing and sales of vehicles and electronic components	100%	100%	
Amulaire Thermal Technology, Inc.	Zhejiang Amulaire Thermal Technology Co., Ltd.	Manufacturing and sales of vehicles and electronic components	55%	55%	Note

Note: Established in January 2022. Refer to Note 6(24) for details.

- C. Subsidiaries not included in the consolidated financial statements: None.
- D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

Name of subsidiary	Principal place of business	Non-controlling interest		Non-controlling interest		Description
		Amount	Ownership (%)	Amount	Ownership (%)	
Zhejiang Amulaire Thermal Technology Co., Ltd.	China	\$ 35,847	45%	\$ 54,808	45%	

Summarised financial information of the subsidiaries:

Balance sheets

	Zhejiang Amulaire Thermal Technology Co., Ltd.	
	December 31, 2023	December 31, 2022
Current assets	\$ 63,552	\$ 74,028
Non-current assets	36,518	50,003
Current liabilities	(20,411)	(2,235)
Non-current liabilities	-	-
Total net assets	\$ 79,659	\$ 121,796

Statements of comprehensive income

	Zhejiang Amulaire Thermal Technology Co., Ltd.	
	Years ended December 31,	
	2023	2022
Revenue	\$ 24,937	\$ -
Loss before income tax	(\$ 40,525)	(\$ 10,477)
Income tax expense	-	-
Loss for the year	(40,525)	(10,477)
Other comprehensive (loss) income, net of tax	(1,611)	1,998
Total comprehensive loss for the year	(\$ 42,136)	(\$ 8,479)
Comprehensive loss attributable to non-controlling interest	(\$ 18,961)	(\$ 3,816)

## Statements of cash flows

Zhejiang Amulaire Thermal Technology Co., Ltd.

Years ended December 31,

	2023	2022
Net cash used in operating activities	(\$ 20,675)	(\$ 20,544)
Net cash used in investing activities	( 44,217)	( 50,786)
Net cash provided by financing activities	12,188	130,275
Effect of exchange rates on cash and cash equivalents	( 1,611)	1,998
(Decrease) increase in cash and cash equivalents	( 54,315)	60,943
Cash and cash equivalents, beginning of year	60,943	-
Cash and cash equivalents, end of year	<u>\$ 6,628</u>	<u>\$ 60,943</u>

### (4) Foreign currency translation

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

#### A. Foreign currency transactions and balances

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

B. Translation of foreign operations

The operating results and financial position of all the group 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.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle 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.

(6) 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.

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

(8) Financial assets at amortised cost

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

(9) Notes and accounts receivable

- A. Accounts and notes receivable entitle the Group 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.

(10) Impairment of financial assets

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

(11) Derecognition of financial assets

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

(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) 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.

(14) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group 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.
- B. The Group'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 Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. 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 Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group'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 Group.

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. 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

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

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

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

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

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

- The amount of the initial measurement of lease liability; and
- 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.

(17) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs 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.

(18) 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.

(19) 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.

(20) 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 Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

**(21) 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 plans**

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

**(b) Defined benefit plans**

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurement arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

**C. Employees' compensation and directors' and supervisors' remuneration**

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, 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.

**(22) Employee share-based payment**

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

to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

**(23) 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 and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings 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 consolidated 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.

**(24) 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.

**(25) Revenue recognition**

**Sales of goods**

- A. The Group 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 Group 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.

**(26) Operating segments**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments.

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

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

**(1) Critical judgements in applying the Group'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 Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net 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**

	December 31, 2023	December 31, 2022
Cash on hand and revolving funds	\$ 296	\$ 310
Checking accounts and demand deposits	149,288	183,202
Time deposits	38,353	15,355
	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>
	\$ 187,937	\$ 198,867

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

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

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

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

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

	Years ended December 31,	
	2023	2022
Derivative	\$ 482	\$ 12,496
Beneficiary certificates	137	-
	\$ 619	\$ 12,496

B. The Group 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.

	December 31, 2022	
	Contract amount (in thousands)	Contract period
Derivative financial products	(notional principal)	
Current items:		
Foreign exchange swap	USD 4,500	2022.11.30~2023.01.30

The Group 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 Group 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 assets/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 Group was the carrying amount of financial assets recognised.

B. Details of the Group'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 Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(4) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable	\$ 274,304	\$ 329,725
Less: Allowance for bad debts	( 1,428)	( 7,462)
	<u>\$ 272,876</u>	<u>\$ 322,263</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 Group 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 Group 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	\$ 213,707	\$ 140,610
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
	<u>\$ 274,304</u>	<u>\$ 329,725</u>

The above ageing analysis was based on past 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 \$274,304, \$329,725 and \$431,093, 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 Group.

D. The Group 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	\$ 213,707	\$ 46,954	\$ 9,751	\$ 941	\$ 2,951	\$ 274,304
<u>December 31, 2022</u>						
Expected loss rate	0.41%	0.63%	1.00%~4.63%	7.92%~19.15%	100%	
Total accounts receivable	\$ 140,610	\$ 11,524	\$ 48,209	\$ 33,939	\$ 95,443	\$ 329,725

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

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

F. The Group 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	\$ 144,692	(\$ 6,797)	\$ 137,895
Work in progress	102,555	( 8,273)	94,282
Finished goods	156,599	( 12,187)	144,412
	\$ 403,846	(\$ 27,257)	\$ 376,589
	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 101,788	(\$ 5,561)	\$ 96,227
Work in progress	136,964	( 9,396)	127,568
Finished goods	133,064	( 5,662)	127,402
	\$ 371,816	(\$ 20,619)	\$ 351,197

The cost of inventories recognised as expense for the year:

	Years ended December 31,	
	2023	2022
Cost of goods sold	\$ 760,696	\$ 614,094
Loss on inventory decline in market value	6,638	9,576
Unallocated fixed manufacturing overhead	122,601	116,219
	<u>\$ 889,935</u>	<u>\$ 739,889</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
	<u>\$ 415,201</u>

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 Group, the Group 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	\$ 33,846	\$ 50,074
Share of profit or loss of investments accounted for using equity method	(16,507)	(16,228)
At December 31	<u>\$ 17,339</u>	<u>\$ 33,846</u>

- A. The basic information of the associate that is material to the Group is as follows:

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

B. The summarised financial information of the associate that is material to the Group 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	<u>\$ 57,798</u>	<u>\$ 112,821</u>
Carrying amount of the associate	<u>\$ 17,339</u>	<u>\$ 33,846</u>

Statement of comprehensive income

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

(BLANK)

(8) Property, plant and equipment

	Land	Buildings and structures	Machinery	Office equipment	Leasehold improvements	Construction in progress and equipment to be inspected	Total
<u>At January 1, 2023</u>							
Cost	\$ 715,885	\$ 558,495	\$ 508,908	\$ 152,096	\$ 52,061	\$ 122,999	\$ 2,110,444
Accumulated depreciation and impairment	-	(81,336)	(233,742)	(33,483)	(7,212)	(18,542)	(374,315)
	<u>\$ 715,885</u>	<u>\$ 477,159</u>	<u>\$ 275,166</u>	<u>\$ 118,613</u>	<u>\$ 44,849</u>	<u>\$ 104,457</u>	<u>\$ 1,736,129</u>
<u>2023</u>							
Opening net book amount as at January 1	\$ 715,885	\$ 477,159	\$ 275,166	\$ 118,613	\$ 44,849	\$ 104,457	\$ 1,736,129
Additions (including transfers)	-	15,146	85,547	1,838	436	(52,442)	50,525
Disposals							
- Cost	-	-	(2,809)	(897)	(13,606)	-	(17,312)
- Accumulated depreciation and impairment	-	-	1,961	897	13,606	-	16,464
Transferred to non-current assets held for sale	(238,365)	(176,081)	(756)	-	-	-	(415,202)
Depreciation charge	-	(14,271)	(55,916)	(9,092)	(27,410)	-	(106,689)
Net exchange differences	-	-	(553)	(12)	(39)	(318)	(922)
Closing net book amount as at December 31	<u>\$ 477,520</u>	<u>\$ 301,953</u>	<u>\$ 302,640</u>	<u>\$ 111,347</u>	<u>\$ 17,836</u>	<u>\$ 51,697</u>	<u>\$ 1,262,993</u>
<u>At December 31, 2023</u>							
Cost	\$ 477,520	\$ 387,701	\$ 608,699	\$ 153,020	\$ 38,853	\$ 51,697	\$ 1,717,490
Accumulated depreciation and impairment	-	(85,748)	(306,059)	(41,673)	(21,017)	-	(454,497)
	<u>\$ 477,520</u>	<u>\$ 301,953</u>	<u>\$ 302,640</u>	<u>\$ 111,347</u>	<u>\$ 17,836</u>	<u>\$ 51,697</u>	<u>\$ 1,262,993</u>

	Land	Buildings and structures	Machinery	Office equipment	Leasehold improvements	Construction in progress and equipment to 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	72,698	1,234	24,786	39,075	142,083
Disposals	-	-	( 5,404)	-	-	-	( 5,404)
- Cost	-	-	( 5,404)	-	-	-	( 5,404)
- Accumulated depreciation and impairment	-	-	5,404	-	-	-	5,404
Impairment loss	-	-	-	-	-	( 18,542)	( 18,542)
Depreciation charge	-	( 13,786)	( 49,209)	( 8,861)	( 4,068)	-	( 75,924)
Closing net book amount as at December 31	<u>\$ 715,885</u>	<u>\$ 477,159</u>	<u>\$ 275,166</u>	<u>\$ 118,613</u>	<u>\$ 44,849</u>	<u>\$ 104,457</u>	<u>\$ 1,736,129</u>
<u>At December 31, 2022</u>							
Cost	\$ 715,885	\$ 558,495	\$ 508,908	\$ 152,096	\$ 52,061	\$ 122,999	\$ 2,110,444
Accumulated depreciation and impairment	-	( 81,336)	( 233,742)	( 33,483)	( 7,212)	( 18,542)	( 374,315)
	<u>\$ 715,885</u>	<u>\$ 477,159</u>	<u>\$ 275,166</u>	<u>\$ 118,613</u>	<u>\$ 44,849</u>	<u>\$ 104,457</u>	<u>\$ 1,736,129</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 Group'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 Group recognised 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><u>\$ 37,254</u></u>	<u><u>\$ 67,438</u></u>
Lease liabilities:		
Current	\$ 8,373	\$ 11,194
Non-current	33,253	61,313
	<u><u>\$ 41,626</u></u>	<u><u>\$ 72,507</u></u>

- A. The Group 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 Group'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	\$ 13,682	\$ 9,171
Transportation equipment (Business vehicles)	2,530	2,149
	<u><u>\$ 16,212</u></u>	<u><u>\$ 11,320</u></u>

- D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$10,463 and \$5,913, respectively.
- E. For the years ended December 31, 2023 and 2022, due to the amendments of the lease contract, the Group'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
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,064	\$ 1,054
Expense on short-term lease contracts	6,499	694
Expense on leases of low-value assets	243	305
Gain on lease modification	(1,496)	(1)
	<u>\$ 6,310</u>	<u>\$ 2,052</u>

G. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were \$22,073 and \$12,048, respectively.

(10) Short-term borrowings

Type of borrowings	December 31, 2023	Interest rate	Collateral
Bank borrowings			
Unsecured borrowings	\$ 17,308	3.04%	-
Type of borrowings	December 31, 2022	Interest rate	Collateral
Bank borrowings			
Secured borrowings	\$ 136,000	1.80%~1.91%	Note 8
Unsecured borrowings	\$ 131,750	1.50%~2.23%	-
	<u>\$ 267,750</u>		

As of December 31, 2023 and 2022, information on collateral is provided in Note 8, and notes issued for providing guarantee for borrowings facilities amounted to \$0 and \$600,710, respectively.

(11) Other payables

	December 31, 2023	December 31, 2022
Processing fees payable	\$ 58,804	\$ 33,682
Wages and salaries payable	20,903	15,785
Bonus payable	14,721	14,614
Payables on machinery and equipment	4,645	28,617
Others	70,753	47,433
	<u>\$ 169,826</u>	<u>\$ 140,131</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%	<u>31,500</u> <u>721,277</u> <u>(52,658)</u> <u>\$ 668,619</u>
Less: Current portion			

Type of borrowings	Borrowing period and 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%	<u>250,000</u> <u>986,114</u> <u>(38,457)</u> <u>\$ 947,657</u>
Less: Current portion			

- A. As of December 31, 2023 and 2022, the unused long-term bank borrowing facilities of the Group were \$799,973 and \$823,637, respectively.
- B. Information on collaterals pledged to others as securities for long-term borrowings is provided in Note 8.
- C. The Group 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 Group 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 Group 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 Group 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 Group 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	9,011	8,625
Net defined benefit assets	<u>\$ 1,931</u>	<u>\$ 704</u>

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

Year ended December 31, 2023	Present value of		
	defined benefit obligations	Fair value of plan assets	Net defined benefit (liabilities) asset
Balance at January 1	(\$ 7,921)	\$ 8,625	\$ 704
Interest (expense) income	( 99)	109	10
	<u>( 8,020)</u>	<u>8,734</u>	<u>714</u>
Remeasurements:			
Return on plan assets (Note)	-	75	75
Experience adjustments	940	-	940
	<u>940</u>	<u>75</u>	<u>1,015</u>
Pension fund contribution	-	202	202
Balance at December 31	<u>(\$ 7,080)</u>	<u>\$ 9,011</u>	<u>\$ 1,931</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit (liabilities) asset
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 Group's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation 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 afore mentioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Group has no right to participate in managing and operating that fund and hence the Group is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor 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 2<sup>nd</sup> 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	(\$ 271)	\$ 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 Group 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 Group has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Group contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under the defined contribution pension plans of the Group 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 Group'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	Vested 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 Group 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%	0.20%	\$ 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 Group'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	150,000	-
At December 31	<u>1,046,023</u>	<u>896,023</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 Group'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 Group's dividend policy, the shareholders' interest is given priority, and the Group'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.

(18) Operating revenue

	Years ended December 31,	
	2023	2022
Revenue from contracts with customers	\$ 883,963	\$ 731,236

- A. The Group derives revenue from the transfer of goods and services at a point in time, and the Group's revenue mainly arises from Germany, China and Japan.
- B. The Group 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 losses	\$ 5,889	\$ 75,268
Gain on lease modification	1,496	1
Gain 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	( 1,236) ( 296)	
	\$ 6,768	\$ 68,927

(20) Finance costs

	Years ended December 31,	
	2023	2022
Interest income from bank borrowings	\$ 20,888	\$ 16,769
Interest expense on lease liability	1,064	1,054
	\$ 21,952	\$ 17,823

(21) Expenses by nature

	Year ended December 31, 2023		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 159,389	\$ 87,075	\$ 246,464
Employee stock options	427	175	602
Labour and health			
insurance fees	15,549	8,810	24,359
Pension costs	5,330	4,046	9,376
Directors' remuneration	-	500	500
Other personnel expenses	17,949	6,376	24,325
	<u>\$ 198,644</u>	<u>\$ 106,982</u>	<u>\$ 305,626</u>
Depreciation	<u>\$ 77,747</u>	<u>\$ 45,154</u>	<u>\$ 122,901</u>
Amortisation	<u>\$ 2,636</u>	<u>\$ 3,956</u>	<u>\$ 6,592</u>
	Year ended December 31, 2022		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 188,883	\$ 112,543	\$ 301,426
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	7,655	27,767
	<u>\$ 234,622</u>	<u>\$ 133,212</u>	<u>\$ 367,834</u>
Depreciation	<u>\$ 61,935</u>	<u>\$ 25,309</u>	<u>\$ 87,244</u>
Amortisation	<u>\$ 1,256</u>	<u>\$ 4,978</u>	<u>\$ 6,234</u>

- A. As of December 31, 2023 and 2022, the Group had 337 and 312 employees, respectively. There were 6 and 5 non-employee directors, respectively.
- B. 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.
- C. No employees' compensation and directors' remuneration were accrued due to the net loss before tax incurred for the years ended December 31, 2023 and 2022.
- D. Information about employees' compensation and directors' and supervisors' remuneration of the Group as resolved by 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
<b>Current tax:</b>		
Current tax on profits for the year	\$ -	\$ 1
Prior year income tax under estimation	- -	260
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	( 9,292)	( 1,056)
Income tax benefit	<u><u>(\$ 9,292)</u></u>	<u><u>(\$ 795)</u></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><u>\$ 203</u></u>	<u><u>\$ 133</u></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	(\$ 50,219)	(\$ 44,184)
Expenses disallowed by tax regulation	80	24
Tax exempt income by tax regulation	- (	2,500)
Separate taxation	- -	1
Taxable loss not recognised as deferred tax assets	33,244	45,604
Change in assessment of realisation of deferred tax assets	7,603	- -
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 losses	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 losses	-	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)	( 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
		<u>\$ 485,674</u>	<u>\$ 422,309</u>	
The subsidiary - Zhejiang Amulaire Thermal Technology Co., Ltd.				
2023	Amount estimated	\$ 40,525	\$ 40,525	2028
2022	Amount filed	10,452	10,452	2027
		<u>\$ 50,977</u>	<u>\$ 50,977</u>	
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 filed	87,233	87,233	2031
		<u>\$ 315,291</u>	<u>\$ 315,291</u>	
The subsidiary - Zhejiang Amulaire Thermal Technology Co., Ltd.				
2022	Amount estimated	<u>\$ 10,477</u>	<u>\$ 10,477</u>	2027

(23) Loss per share

Year ended December 31, 2023				
	Amount after tax	Retrospective adjustment to weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)	
<u>Basic loss per share</u>				
Loss attributable to ordinary shareholders of the parent	(\$ 223,566)	90,344	(\$ 2.47)	
<u>Diluted loss per share</u>				
Loss attributable to ordinary shareholders of 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	Retrospective adjustment to weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
<b>Basic loss per share</b>			
Loss attributable to ordinary shareholders of the parent	(\$ 220,126)	89,602	(\$ 2.46)
<b>Diluted loss per share</b>			
Loss attributable to ordinary shareholders of 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) Transactions with non-controlling interest

	2023	2022
At January 1	\$ 54,808	\$ -
Attributable to non-controlling interest:		
Net loss	( 18,235)	( 4,715)
Other comprehensive income	( 726)	899
Increase in non-controlling interests	-	58,624
At December 31	\$ 35,847	\$ 54,808

Note: The increase in non-controlling interest is because the Group and Ningbo Shuncheng Intelligent Technology Co., Ltd. jointly established Zhejiang Amulaire Thermal Technology Co., Ltd. in January 2022, and the equity ratio held by the Group was 55%.

(25) Supplemental cash flow information

Investing activities with partial cash payments:

	Years ended December 31,	
	2023	2022
Purchase of property, plant and equipment	\$ 50,525	\$ 142,083
Add: Beginning balance of payable on equipment	28,617	28,833
Ending balance of prepayments for business facilities	31,135	21,366
Beginning balance of decommissioning provisions	6,695	3,900
Less: Ending balance of payable on equipment	( 4,645)	( 28,617)
Beginning balance of prepayments for business facilities	( 21,366)	( 16,742)
Ending balance of decommissioning provisions	( 6,695)	( 6,695)
Cash paid during the year	<u>\$ 84,266</u>	<u>\$ 144,128</u>

	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	<u>\$ 2,040</u>	<u>\$ 17,753</u>

(26) 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	( 250,442)	( 264,837)	( 15,331)	( 530,610)
Interest paid	-	-	( 1,064)	( 1,064)
Changes in other non-cash items	-	-	( 14,486)	( 14,486)
At December 31, 2023	<u>\$ 17,308</u>	<u>\$ 721,277</u>	<u>\$ 41,626</u>	<u>\$ 780,211</u>

	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	<u>\$ 267,750</u>	<u>\$ 986,114</u>	<u>\$ 72,507</u>	<u>\$ 1,326,371</u>

## 7. RELATED PARTY TRANSACTIONS

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

Names of related parties	Relationship with the Company
Ever Superior Technologies Corporation	Associate accounted for using quity method

### (2) Significant related party transactions

#### A. Payables to related parties

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

The payables to related parties arise mainly from outsourcing processing.

#### B. Processing fees

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

The above processing fees pertains to the materials provided by the Group 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. 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)	10,900	141,394	Short-term borrowings and performance guarantee
	<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 Group'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

	December 31, 2023	December 31, 2022
<u>Financial assets</u>		
Financial assets at amortised cost (Note 1)	\$ 476,779	\$ 667,593
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss	\$ -	\$ 422
Financial liabilities held for trading	\$ 1,016,552	\$ 1,431,083
Financial assets at amortised cost (Note 2)	\$ 41,626	\$ 72,507
Lease liability		

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 Group'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 Group'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 (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units.

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

- (a) Market risk

Foreign exchange risk

- i. The Group'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 group companies 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 Group hedges foreign exchange rate by using forward exchange contracts. However, the Group 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 Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; other certain subsidiaries' functional currency: JPY and RMB). 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)	amount (In thousands)	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	\$ 286,309	1%	\$ 2,863	
EUR:NTD	1,354	33.98	46,009	1%	460	
RMB:NTD	3,309	4.33	14,328	1%	143	
JPY:NTD	122,317	0.22	26,910	1%	269	
<u>Effect of consolidated entities net assets measured in foreign currency</u>						
RMB:NTD	10,118	4.33	43,813	1%		\$ 483
December 31, 2022						
			Sensitivity analysis			
(Foreign currency: functional currency)	amount (In thousands)	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	\$ 15,970	30.71	\$ 490,439	1%	\$ 4,904	
RMB:NTD	13,827	4.41	60,977	1%	610	
EUR:NTD	1,626	32.72	53,203	1%	532	
JPY:NTD	45,040	0.23	10,359	1%	104	
<u>Effect of consolidated entities net assets measured in foreign currency</u>						
RMB:NTD	15,190	4.41	66,988			\$ 670

v. Total exchange gains, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022, amounted to \$5,889 and \$75,268, respectively.

#### Price risk

The Group 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 Group'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 amortized 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 Group'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 \$739 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 Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms. According to the Group'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 Group 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 Group treasury. Group treasury monitors rolling forecasts of the Group'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 Group does not breach borrowing limits or covenants.
- ii. The Group's financing facilities are as follows:

	December 31, 2023	December 31, 2022
Credit facility for unsecured bank borrowings		
Drawn amount	\$ 48,808	\$ 250,000
Undrawn amount	<u>80,000</u>	<u>150,000</u>
	<u><u>\$ 128,808</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. Group 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 Group'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 Group held money market position of \$198,541 and \$399,951, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

iv. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

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

(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 Group'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 Group'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.

D. 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 Group were mainly from interest rate swap contracts, which were the non-standard and low-complexity financial instruments, and the Group adopts valuation technique that is widely used by market participants. The inputs are normally observable in the market.

E. Beneficiary certificates held by the Group 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.

F. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.

G. 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

(1) General information

The Group operates business only in a single industry. The Board of Directors, who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Measurement of segment information

The Group's segment profit (loss) is measured with the operating profit before tax, which is used as a basis for assessing the performance of the operating segments.

(3) Segment information

- A. The Group's segment profit (loss) is measured using the operating profit (loss) before tax, which is used as a basis for assessing the performance of the operating segments. The accounting policies and accounting estimates of the operating segments agreed with the significant accounting policies and accounting estimates and assumptions summarized in Notes 4 and 5.
- B. The revenue from external customers reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income.
- C. The amounts provided to the Chief Operating Decision-Maker with respect to total assets and liabilities are measured in a manner consistent with that of the financial statements.

(4) Information on products and services

Revenue from external customers is mainly from sales of thermal module of inverter and its components.

(5) Geographical information

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

	Year ended December 31, 2023		Year ended December 31, 2022	
	Non-current		Non-current	
	Revenue	assets	Revenue	assets
Taiwan	\$ 30,222	\$ 1,311,637	\$ 19,208	\$ 1,852,489
Germany	295,443	-	374,599	-
China	275,691	73,882	234,340	50,003
Poland	143,609	-	17,096	
Japan	96,786	11	44,047	12
Others	42,212	-	41,946	-
	<u>\$ 883,963</u>	<u>\$ 1,385,530</u>	<u>\$ 731,236</u>	<u>\$ 1,902,504</u>

(6) Major customer information

Major customer information of the Company for the years ended December 31, 2023 and 2022 is as follows:

	Years ended December 31,	
	2023	2022
	Revenue	Revenue
A	\$ 403,516	\$ 393,395
B	183,885	46,542
C	99,897	169,666
	<u>\$ 687,298</u>	<u>\$ 609,603</u>

AMULAIRE THERMAL TECHNOLOGY, INC. AND SUBSIDIARIES

Loans to others

FOR THE YEAR ENDED DECEMBER 31, 2023

Table 1

Expressed in thousands of NTD  
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party (Note 3)	Maximum outstanding balance		Balance as of December 31, 2023 (Note 8)	Actual amount drawn down (Note 8)	Interest rate (Note 4)	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts (Note 7)	Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote	
					for the year ended December 31, 2023	Balance as of December 31, 2023											
2	Amulaire Thermal Technology, Inc.	Amulaire Thermal Technology Inc. (Japan)	Other receivable-related parties	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 June 30, 2015.

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.

## AMULAIRES THERMAL TECHNOLOGY, INC. AND SUBSIDIARIES

## Information on investees

FOR THE YEAR ENDED DECEMBER 31, 2023

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					
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value					
AMULAIRES THERMAL TECHNOLOGY, INC.	Amulaires Thermal Technology (Japan), Inc.	Japan	Sales of vehicles and electronic components	\$ 2,462	\$ 2,462	900	100%	\$ 3,338	December 31, 2023 (Note 2(2))	781	\$	781	
"	Ever Superior Technologies Corporation	Taiwan	Surface treatment of metal product	54,000	54,000	5,400	30%	17,339	781	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. AND SUBSIDIARIES

Information on investments in Mainland China  
FOR THE YEAR ENDED DECEMBER 31, 2023

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 Remitted to Mainland China	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Book value of investments in Mainland China of December 31, 2023	Accumulated amount of investment in Mainland China remitted back to Taiwan as of December 31, 2023	Footnote
					Accumulated amount of remittance from Taiwan to	Amount remitted back to Taiwan for the year ended December 31, 2023	Accumulated amount of remittance from Taiwan to Mainland China Remitted to Mainland China	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Book value of investments in Mainland China of December 31, 2023	Accumulated amount of investment in Mainland China remitted back to Taiwan as of December 31, 2023	Footnote
Zhejiang Amulaire Thermal Technology Co., Ltd.	Sales of vehicles and electronic components	\$ 130,275	(1)	\$ 71,652	\$ -	\$ -	\$ 71,652	(\$ 40,525)	55%	(\$ 22,289)	\$ 43,813	\$ -	
<b>Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023</b>													
Company name		2023	Affairs (MOEA)	MOEA									
Amulaire Thermal Technology, Inc.		\$ 71,652	\$ 71,652	\$ 989,443									

Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023

Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) as of December 31, 2023

Ceiling on investments in Mainland China imposed by the Investment Commission of the Ministry of Economic Affairs (MOEA) as of December 31, 2023

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.

## AMULAIRES THERMAL TECHNOLOGY, INC. AND SUBSIDIARIES

## 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%