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Inquiry Website: mops.twse.com.tw



AMPOC FAR-EAST CO.,LTD

2023

Annual Report

Published on May 10, 2024

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Acting spokesperson: Zheng, Fei-Wen/Manager of the Finance Department

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4. Name of CPAs, for the financial statements of the most recent year, name, address, website, and tel. of CPA's firm

CPAs: Lin, Se-Kai and Chih, Ping-Chiun

Accounting Firm: PricewaterhouseCoopers, Taiwan (PwC Taiwan)

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5. Names of any exchanges where the Company's marketable securities are traded offshore, and the method by which to access information on said offshore securities: None.

6. Company's website: www.ampoc.com.tw

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One. Letter to Shareholders

Dear Shareholders,

In 2023, the global electronics industry continued to face challenges and transformations, while Taiwan's electronics industry demonstrated remarkable resilience and vitality. Many companies actively adjusted their strategies and strengthened supply chain management to adapt to market changes and uncertainties. At the same time, with the continuous progress and innovation of technology, especially the widespread application of emerging technologies such as artificial intelligence, the Internet of Things, and 5G, new growth opportunities were brought to the industry. In 2023, global economic growth slowed to 3.1%, global potential inflation heated up again, and the related geopolitical situation continued to affect the electronics industry. However, in this environment, AMPOC demonstrated strong development momentum. Not only did it maintain steady development, but it also placed more emphasis on the development and investment in the electronics industry. In 2023, AMPOC invested in purchasing a new factory, laying the groundwork for next-generation technological innovation. It also invested in green and sustainable development plans, reducing carbon emissions, improving the environmental performance of its products, and strengthening recycling and reuse.

Looking ahead to 2024, AMPOC is expected to benefit from market recovery and continued growth in applications such as artificial intelligence, 5G, and high-performance computing, ushering in new development opportunities.

I. The 2023 business report

(I) Implementation achievements of the business plan

The 2023 net consolidated sales revenue was NT\$3,354,285 thousand, 2.73% decrease over the 2022 net consolidated sales revenue of NT\$3,448,284 thousand. The 2023 consolidated net profit after tax was NT\$690,310 thousand, the profit margin is 20.58%, and the earnings per share after tax is NT\$6.03.

As AMPOC steps into 2024, it will steadfastly hold to how it carried out business in the past, commit to the production and development of high-end products, reinforce the R&D capacity, increase profits, create greater profits, and develop energy-saving and waste-reduction equipment to align itself with global requirements of environment protection and duly carry out its corporate social responsibilities.

(II) Budget execution

The Company did not disclose its financial forecast for 2023.

(III) Financial income and expenses and analysis of profitability

1. Financial income and expenses

The Company's net profit in 2023 increased by 17% compared with that in 2022, and the non-current asset ratio in 2023 increased by 8% compared with 2022, mainly

due to the 96% increase in real estate, plant and equipment, and the current ratio and debt ratio were still similar to those in 2022. From the above figures, it can be seen that the Company's own funds are abundant, and the financial structure is not affected by the procurement of real estate.

2. Profitability analysis

Item		2022	2023
Return on assets (%)		13.99	14.37
Return on equity (%)		22.76	23.95
Ratio to paid-in capital (%)	Operating profit	66.09	73.07
	Income before tax	66.01	76.31
Profit margin (%)		17.18	20.58
Earnings per share (NT\$)		5.18	6.03

(IV) Status of R&D

In response to global competition and to continue maintaining our leading position in the industry, the Company is committed to the research and development of PCB, 5G, MINI LED-related products, HDI, BGA, FPC, IC Mfg, IC Pkg, EVs, solar power, touch panel, high luminance LED and other process chain equipment with the objective to improve manufacturing yield and global marketing. AMPOC has been actively developing high-efficiency and high-quality process equipment and pursues a TQM-free zero deficiency spirit to create common value with its customers. AMPOC is also the only multi-faceted enterprise in Taiwan that possesses concurrent distribution, R&D, and technological integration functions.

In welcoming the 5G era in the area of professional technologies, AMPOC invests in multiple relevant R&D equipment to respond to new procedure requirements and provide the best solutions to customers, improve procedure yield and AI automated equipment detection systems, and reduce the labor required for procedures and contact of machines and tools with product parts to produce dust-free and contact-free process equipment, improve the yield of high-end products, reduce checking and repairing time, and accurately calculate the timing to change consumables and parts for the benefit of the production scheduling of production lines, production capacity improvement, and reduction of unnecessary suspension. For wet PCB process equipment, in response to global trends of reducing energy consumption and carbon dioxide emissions, we released the AMPOC ECO heat recovery system which significantly reduces the power consumption of user equipment, allowing energy to be effectively utilized. In terms of process improvements, we adopt the automated AMPOC Intelligent Arm (AI ARM) to effectively assist users in precisely measuring and automatically adjusting etching and compensation to improve the full manual processing in the past, avoid human-made mistakes, and make more effective use of labor. As for our production lines, we

exclusively launched the AMPOC PURE system which effectively blocks minuscule dissolved films in developers, hence eliminating re-adhesion and improving yield. AMPOC has also made joint progress with customers and efforts for dust-free high-end products. The contactless magnet pulley system adopted actively reduce dust generation and improves yield. The AMPOC SARA SARA system which processes waste from production lines makes use of exclusive patents to effectively dry the film residue after stripping to reduce customers' waste processing costs. In order to improve the rapid response management of production staff, AMPOC present the "AMPOC EYES" board behavior inspection system in 2024, which can immediately identify the correct location and deal with the appropriate disposal when the product is abnormal.

II. Summary of the 2024 business plan

(I) Business policy

1. Quality first
2. Innovation and advancement
3. Professionalism-oriented
4. Employee engagement
5. Global production and sales
6. Premium service
7. Sustainable operation

(II) Estimated sales volume and basis

As the Company did not voluntarily disclose its financial forecast in 2024, relevant forecasts and data are not provided.

(III) Material production and sales policy

1. Adopt professional technology marketing as the development orientation and determine the development of electronic industries based on customers' requirements. Leverage relationships with suppliers, product marketing and customer channels to expand our business scope and increase product items so as to effectively minimize our operating risks, actively create operating income, and improve profitability.
2. Reinforce the integration capacity of relevant series of products and include premium products locally produced to provide comprehensive product portfolios and overall solutions to customers and improve the added value of products.
3. The Company is committed to developing ultra-high precision horizontal wet procedure equipment for PCB, HDI, and BGA and horizontal wet procedure production equipment for FPC (flexible) to fully satisfy market demands and actively develop energy-saving and waste-reduction equipment to reduce environmental pollution in the hope of contributing to the environment.

As we uphold a customer-first service calling, not only do we go the extra mile to assist our customers in reducing production costs, but we also actively provide procedure management recommendations to our customers to improve both production yield and product quality.

III. Future development strategy of the Company

The future development strategy of the Company is, primarily, to actively develop and introduce new procedure technologies and continue to make advancements to respond to the requirements of the hi-tech industry and environmental protection issues through collaborated development with customers. At the current stage, to respond to the environmental protection policies, political changes, increases in labor costs, and other factors in Mainland China, major domestic and foreign companies have transferred their production bases to Southeast Asia. To meet the requirements of our customers, Ampoc has been committed to expanding its service branches. Our long-term sales strategy is to spread the market proportion averagely to Japan, Mainland China, countries in Southeast Asia, and Taiwan to spread the risk of poor economic development in different regions.

IV. Impact from external competition, legal environment, and overall business environment

Since its establishment, Ampoc has been adhering to the cautious attitude of seeking development at a stable pace. We keep abreast of the changes and trends of economic development at all times and duly implement the following countermeasures. Over four decades, despite multiple economic downturns and unfavorable environments, we made it through safe and sound, and maintained stable growth.

Ampoc aims to provide services to the electronic industry and has been actively serving as the bridge to the information and electronic industries. With explicit industrial counterparties and directions for operations that we engage in, we have been growing concurrently with the major electronic industries in Taiwan to minimize the unfavorable effects caused by economic changes based on industry trends. Adopting professional technology marketing as our development orientation, we started by providing services to the PCB industry, and invested in IC wafer manufacturing, assembly and testing, and TFT-LCD industries; in recent years, we invested in product development of the solar power industry, and became the only equipment and material suppliers that set foot in major electronic industries. We engage in different industries through professional technology marketing, successive expansion in the scope of business and increases in product items, which minimize the adverse effects caused by economic changes on a single industry.

Shareholders' meeting of Ampoc Far-East Co., Ltd.

Chairman: Su, Sheng-Yi

Two. Company Profile

I. Establishment Date: November 1, 1980

II. Company history

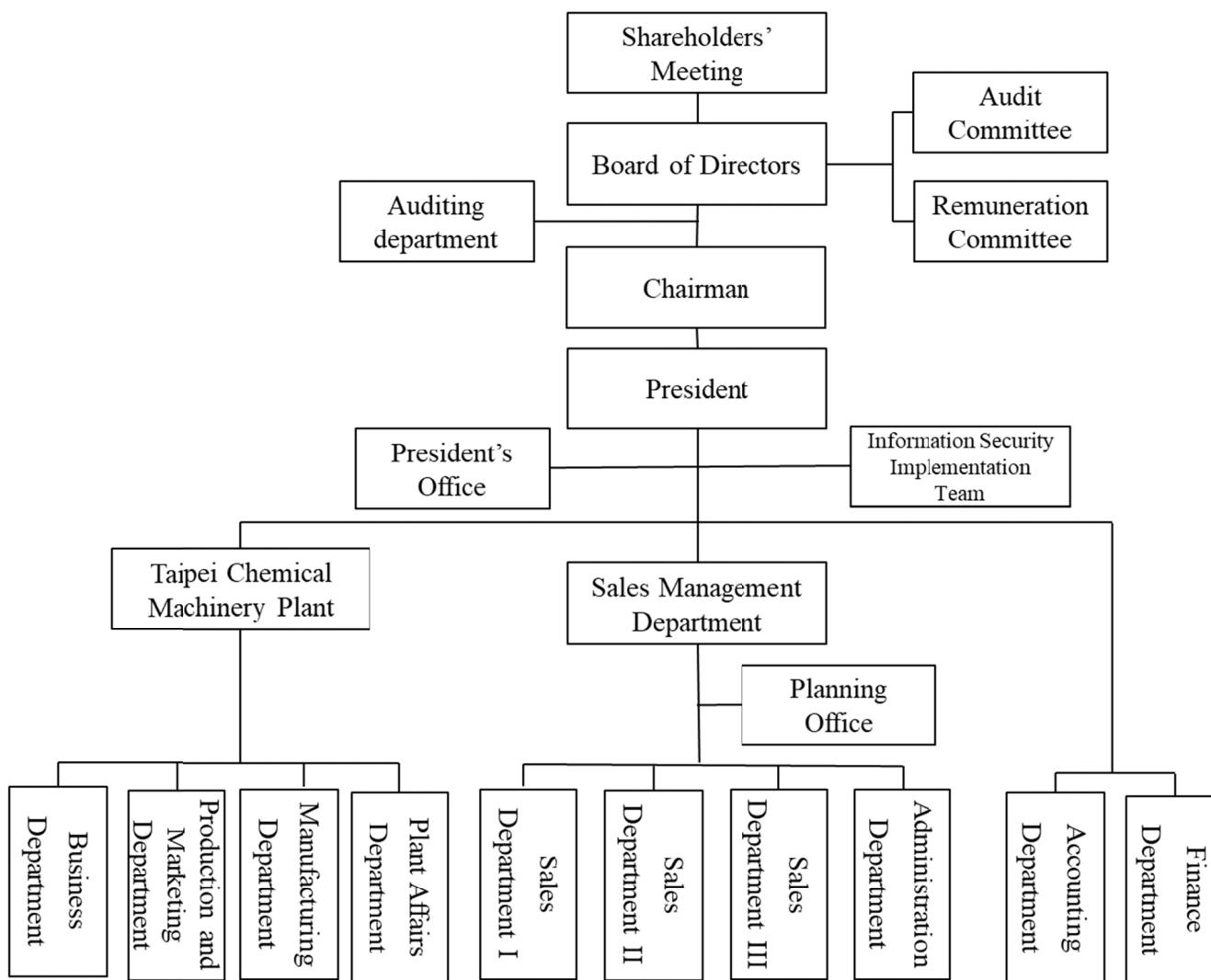
Year	Important Records:
November 1980	Established with a capital of NT\$1 million, headquartered in Ningbo W. St, Taipei City.
August 1995	Conducted a cash capital increase of NT\$40 million, bringing the total capital to NT\$120 million.
October 1996	Conducted a cash capital increase of NT\$78 million, bringing the total capital to NT\$198 million.
March 1997	Purchased and relocated to the 17th floor office at 171 Songde Rd., Taipei City.
August 1997	1. Invested in Taipei Chemical Machinery Limited and began strategic alliance with PCB equipment manufacturers for sales. 2. Actively expanded business and technical services into the LCD industry.
March 1998	Established a precision instrument inspection and testing laboratory to strengthen customer service and quality.
December 1998	Approved by the Securities and Futures Commission as a publicly-traded company, and conducted a cash capital increase of NT\$102 million, bringing the total capital to NT\$300 million.
July 1999	Conducted a capital increase of NT\$60 million from retained earnings, bringing the total capital to NT\$360 million.
December 1999	Approved by the Securities and Futures Commission to merge with Taipei Chemical Machinery Limited and issue new shares worth NT\$211.07 million, bringing the total capital to NT\$571.07 million.
January 2000	After the merger, added business operations: (1) Machinery manufacturing (2) Machinery wholesale (3) Machinery retail.
October 2000	Conducted a cash capital increase of NT\$48 million, a capital increase of NT\$39.97 million from retained earnings, a capital increase of NT\$74.24 million from merger capital reserves, and a capital increase of NT\$4.01 million from employee bonuses, bringing the total capital to NT\$737.29 million.
June 2001	1. Applied for company name change to "AMPOC FAR-EAST CO., LTD." 2. Conducted a capital increase of NT\$167.71 million from retained earnings, bringing the total capital to NT\$905 million.
December 2001	Obtained ISO 9001 certification.
January 2002	Approved for listing on the Taiwan Stock Exchange.
August 2002	Conducted a capital increase of NT\$90.5 million from retained earnings and NT\$16.5 million from employee bonuses, bringing the total capital to NT\$1.012 billion.
September 2003	Conducted a capital increase of NT\$50.6 million from capital reserves and NT\$2.75 million from employee bonuses, bringing the total capital to NT\$1.0653 billion.

Year	Important Records:
March 2004	Cancelled treasury shares worth NT\$50 million, reducing the paid-in capital to NT\$1.0153 billion.
September 2004	Cancelled treasury shares worth NT\$34.68 million, reducing the paid-in capital to NT\$980.67 million.
September 2005	Conducted a capital increase of NT\$49.03 million from retained earnings and NT\$7.06 million from employee bonuses, bringing the total capital to NT\$1.0367 billion.
November 2005	Conducted a capital increase of NT\$77.57 million from ECB conversion, bringing the total capital to NT\$1.1143 billion.
February 2006	Conducted a capital increase of NT\$14.1 million from ECB conversion, bringing the total capital to NT\$1.1284 billion.
September 2006	Conducted a capital increase of NT\$33.86 million from retained earnings and NT\$10.15 million from employee bonuses, bringing the total capital to NT\$1.1724 billion.
December 2006	Absorbed and merged with 100% owned subsidiary Yang Xin Investment Co., Ltd. without changing the total capital.
August 2007	Conducted a capital increase of NT\$35.17 million from retained earnings and NT\$10.54 million from employee bonuses, bringing the total capital to NT\$1.2182 billion.
February 2008	Obtained a new utility model patent in Taiwan for a PCB drying device.
August 2008	Obtained a new utility model patent in Taiwan for a thin board material conveying device.
November 2008	Obtained a new utility model patent in Taiwan for a board material drying device.
December 2008	Cancelled treasury shares worth NT\$94.32 million in two instances, conducted a capital increase of NT\$35.04 million from retained earnings and NT\$10.5 million from employee bonuses, ending the year with a paid-in capital of NT\$1.1694 billion.
April 2009	Cancelled treasury shares worth NT\$25 million, reducing the paid-in capital to NT\$1.1444 billion.
February 2010	Developed the Ampoc Wing vertical wet process equipment to meet future PCB process needs.
June 2013	Ampoc Wing officially delivered and put into production with customers.
August 2018	Board of Directors approved the establishment of a subsidiary in Hong Kong.
January 2019	Invested in Ampoc Trading (Shanghai) Co., Ltd. through the Hong Kong subsidiary.
December 2023	Purchased land and factory at No. 2, Nanyuan Road, Zhongli District, Taoyuan City.

Three. Corporate Governance Report

I. Organization

(I) Organizational structure



(II) Scope of business of the major department of the Company

Department	Scope of business
Auditing department	<ol style="list-style-type: none"> 1. Responsible for reviewing and evaluating the company's budget, finances, business operations, and performance. 2. Reviewing the efficiency of each department in implementing plans or policies and their designated functions, supervising them to conduct self-inspections, and performing audits. 3. Based on risk assessment results, formulating an annual audit plan to conduct regular and irregular audits on the soundness, reasonableness, and effectiveness of the internal control system and various management systems, and providing timely recommendations for improvement.
President's Office	<ol style="list-style-type: none"> 1. Responsible for formulating, implementing, and coordinating various company policies; accepting, planning, and promoting various projects. 2. Responsible for the company's organizational structure and personnel management guidance.
Information Security Promotion Team	<ol style="list-style-type: none"> 1. Information and communication security policies and promotion organizations 2. Identifying the company's core businesses and their importance 3. Inventory and risk assessment of information and communication systems 4. Information and communication security development and security maintenance 5. Information and communication security protection and control measures 6. Management measures for outsourcing information and communication systems or services 7. Information and communication security incident reporting, response, and threat assessment 8. Continuous improvement and performance management mechanisms for information and communication security
Taipei Chemical Machinery Plant	<ol style="list-style-type: none"> 1. Manufacturing various products 2. Improvement of procedure technologies. 3. Quality control of products.
Sales Management Department	<ol style="list-style-type: none"> 1. Responsible for promoting the implementation of company policies and achieving goals 2. Planning departmental organizations and evaluating and improving operational performance 3. Planning, reviewing, and promoting the implementation of annual business goals 4. Formulating, supervising, and executing company business policies 5. Responsible for marketing plans, promoting business personnel development, and external advertising and promotion 6. Formulating annual business plans based on the company's operational goals and plans 7. Formulating personnel training plans and compiling necessary teaching materials 8. Strengthening external public relations to enhance the company's brand awareness 9. Responsible for market research and product promotion 10. Planning cost-effective procurement and inventory control to achieve effective utilization of products

Department	Scope of business
Finance Department	<ol style="list-style-type: none"> 1. Capital planning and allocation. 2. Stock affairs operations 3. Investment operations 4. Compiling the annual financial budget
Accounting Department	<ol style="list-style-type: none"> 1. Responsible for accounting operations, cost analysis, and tax matters 2. Responsible for compiling, controlling, and analyzing the annual budget and execution results 3. Managing and inventorying the company's fixed assets and inventory accounts 4. Announcing and reporting financial statements and related information
Administration Department	<ol style="list-style-type: none"> 1. Responsible for various administrative affairs of the company 2. Responsible for various personnel management matters, formulating, interpreting, and implementing the company's personnel policies, plans, and management systems, promoting harmonious relations between the company and employees, conducting manpower analysis, and organizing personnel training to strengthen the effective utilization of the company's human resources 3. Handling domestic and international procurement, insurance planning, processing documents, and office layout 4. Handling customs clearance for import and export goods, tracking and coordinating the movement of import and export goods 5. Responsible for the management of incoming and outgoing shipments, distribution, and warehousing of the company's inventory 6. System planning 7. Software and hardware maintenance, testing, and training 8. System management, updates, and information backups

II. Information on Directors, President, Vice Presidents, Assistant Vice Presidents, and directors of departments and branches

(I) Information on Directors

April 19, 2024 Unit: Shares

Position	Nationality or Place of Registration	Name	Gender & Age	Date of Election (Take Office)	Term (Years)	Date First Elected	Shareholding when Elected		Number of shares currently held		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Professional Qualifications and Experience	Positions held concurrently in the Company and other Companies	Managers, Directors or Supervisors who are Spouses or Within the Second Degree of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Position	Name	Relation	
Chairman	R.O.C.	Su, Sheng-Yih	Male 76-85	2022.6.16	3 years	1983.4.1	11,325,114	9.90%	11,325,114	9.90%	4,579,272	4.00%	0	0.00%	Master's degree, Law Enforcement Dept., Michigan State University Chairman, Taipei Chemical Machinery Limited Managing director, TPCA	President, Ampoc Far-East Co., Ltd. Chairman, Qualibond Technology Co., Ltd. Chairman, Yang Yi Investment Co., Ltd. Corporate representative and chairman of Yang Sheng Investment Co., Ltd. Director, Ampoc Tech. Limited	Director	Su, Wendell Ronald	Father and son	Note
Director	R.O.C.	Nova Technology Corp. Representative : Wu, Jian-Nan	-	2022.6.16	3 years	2022.6.16	3,969,000	3.47%	4,309,000	3.77%	0	0.00%	0	0.00%	-	-	None	None	None	None
			Male 56-65	-	-	-	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master's degree in manufacturing engineering, University of South Australia Vice president, Nova Technology Corp. President, Ale Global Technology	President/Corporate representative and Director of Winnega Technology Corp.	None	None	None	None
Director	R.O.C.	Wu, Kun-Sing	Male 56-65	2022.6.16	3 years	2022.6.16	200,000	0.17%	200,000	0.17%	0	0.00%	0	0.00%	Master's degree in mechanical engineering, National Central University Assistant vice president of Taipei Chemical Machinery Limited	Vice President, Ampoc Far-East Co., Ltd.	None	None	None	None
Director	The U.S.	Su, Wendell Ronald	Male 26-35	2022.6.16	3 years	2016.6.17	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master's degree in biological engineering, Boston University Cellanx Diagnostics Lead Product Engineer	Director, Yang Yi Investment Co., Ltd. Director, Yang Sheng Investment Co., Ltd. Director, Somnics, Inc. Special assistant to chairman, Yang Sheng Investment Co., Ltd. Special assistant to chairman, Qualibond Technology Co., Ltd.	Chairman	Su, Sheng-Yih	Father and son	None
Independent Director	R.O.C.	Chen, Rong-Jie	Male 76-85	2022.6.16	3 years	2016.6.17	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Department of Law, National Taiwan University M.A. and Ph.D. in laws of Southern Methodist University (SMU)	Member of the Audit Committee and Remuneration Committee, Ampoc Far-East Co., Ltd.	None	None	None	None
															Adjunct associate professor and professor, College of Law of Soochow University and Graduate School of Central University					
															Director-General of the Ministry of Foreign Affairs, vice chairman of the Overseas Compatriot Affairs Council, and Secretary-General, Straits Exchange Foundation Deputy representative to the U.S. and deputy representative to Russia					

Position	Nationality or Place of Registration	Name	Gender & Age	Date of Election (Take Office)	Term (Years)	Date First Elected	Shareholding when Elected		Number of shares currently held		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Professional Qualifications and Experience	Positions held concurrently in the Company and other Companies	Managers, Directors or Supervisors who are Spouses or Within the Second Degree of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Position	Name	Relation	
Independent Director	R.O.C.	Lin, Ming-Qin	Female 56-65	2022.6.16	3 years	2022.6.16	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Ph.D. in business, National Chengchi University	Member of the Audit Committee and Remuneration Committee, Ampoc Far-East Co., Ltd. Associate professor, Department of Finance, Chaoyang University of Technology	None	None	None	None
Independent Director	R.O.C.	Chen, Zhi-Cheng	Male 66-75	2022.6.16	3 years	2022.6.16	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Ph.D., RWTH Aachen University Professor, Central University	Member of the Audit Committee and Remuneration Committee, Ampoc Far-East Co., Ltd. Honorary professor, Department of Information Management, Tatung University	None	None	None	None
Independent Director	R.O.C.	Wang, Lin-Li-Chu	Female 66-75	2023.6.14	2 years	2023.6.14	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Bachelor's degree from National Taiwan University Master's degree in Business Administration from San Jose State University, California, USA CFO at Parade Technologies, Inc.	Member of the Audit Committee and Remuneration Committee, Ampoc Far-East Co., Ltd. Consultant at Parade Technologies, Inc.	None	None	None	None

Note : In the event that the Chairman and President or a position of the same level (top-level manager) of the Company are the same person, or a spouse or a relative within the first degree of kinship, the reasons, rationality, necessity, and countermeasures (i.e., adding the number of Independent Directors, having more than half of the Directors not concurrently being the employees or managers, and other methods), and relevant information shall be specified:

The Chairman of the Company also serves as the President to enhance operational efficiency and decision-making execution. The Chairman closely communicates with all directors on the company's operational status and policy directions to implement corporate governance. Additionally, more than half of the directors do not concurrently serve as employees or managers. To strengthen the independence of the Board of Directors, the Company has appointed four independent directors to enhance the functions of the Board of Directors and reinforce its supervisory role.

1. Major shareholders of corporate shareholders:

March 23, 2024

Corporate shareholder	Major shareholders of corporate shareholders
Nova Technology Corp.	Acter Group Corporation Limited (57.98%); Liang, Chin-Li (0.77%); Citibank (Taiwan) Commercial Bank is entrusted with the custody of DBS Bank Ltd.(0.69%); Ma, Wei (0.62%); ISUI Inc. (0.56%); Gains Investment Corporation (0.51%); Hua Nan Commercial Bank, Ltd.(0.49%); Hsu, Tsung-Cheng(0.49%); HSBC Bank (Taiwan) Limited acts as the custodian for Macquarie Bank Limited(0.47%); HSBC custodian specialized account for Morgan Stanley International Company Limited(0.42%).

2. Major shareholders of major corporate shareholders:

March 23, 2024

Corporation	Major shareholders of corporate shareholders
Acter Group Corporation Limited	Xiang Hui Development Co., Ltd. (4.35%); Jiu Chang Investment Co., Ltd. (3.95%); Liang, Chin-Li (3.72%); Sumitomo Chemical Co., Ltd. (2.23%); Hu, Tai-Zhen (2.10%); Cathay Life Insurance.(2.10%); Yang, Jung-Tang (1.69%); Tsai, Chih-Cheng (1.30%); Vanguard Total International Stock Index Fund in the custodianship of JPMorgan Chase Bank (1.14%); The investment account of Vanguard Emerging Markets Stock Index Fund in the custodianship of JPMorgan Chase Bank (1.10%)
ISUI Inc. (Note)	Lin, Jun-Yao (99.99%)
Gains Investment Corporation. (Note)	China Steel Corporation. (100%)
Hua Nan Commercial Bank, Ltd. (Note)	Hua Nan Financial Holdings Co.,Ltd. (100%)

Note: The data source is the Application for English certificate of Company Registration public information inquiry system.

(II) Information on Directors and supervisors

1. Information disclosure of Directors' professional qualifications and independence of Independent Directors:

Criteria Name	Qualifications and experience	Independence	Number of other public companies where the individual serves as an independent director concurrently
Su, Sheng-Yih Chairman	For the qualification and experience of Directors, please refer to p.10-p.11 of the annual report. None of the circumstances specified in subparagraphs of Article 30 of the Company Act occurred to the Directors.	Apart from Director Su, Sheng-Yi and Director Su, Wendell Ronald, who are relatives within the second degree of kinship, the Directors have complied with requirements under paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act. Four Independent Directors comply with the requirements under paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	None of the Director is an independent director of Corporate Director another public company.
Representative of Nova Technology Corp.:			
Wu, Jian-Nan			
Wu, Kun-Sing Director			
Su, Wendell Ronald Director			
Chen, Rong-Jie Independent Director			
Lin, Ming-Qin Independent Director			
Chen, Zhi-Cheng Independent Director			
Wang, Lin-Li-Chu Independent Director			

2. Board diversification and independence:

Regarding the Board structure of the Company, an appropriate number of five Directors or above shall be determined based on the scale of the Company's business development and the shareholding of major shareholders with reference to the actual operating requirements.

Members of the Board possess different professional backgrounds, professional knowledge and skills, and industry experience, and the overall abilities they are equipped with are as follows:

- (1).Ability to make operational judgments.
- (2).Ability to perform accounting and financial analysis.
- (3).Ability to conduct management administration.
- (4).Ability to conduct crisis management.
- (5).Knowledge of the industry.
- (6).An international market perspective.
- (7).Ability to lead.
- (8).Ability to make policy decisions.

Currently, the Board has eight Directors, including four Independent Directors (accounting for 50%), two female Director (accounting for 25%), and two Directors are concurrently managers of the Company (accounting for 25%).

Name	Concurrently an employee	Term of office and seniority of Independent Director		Industry experience						Professional ability		
		0-3 years	6-9 years	Machinery	Chemical engineering	Biotech	Construction	Finance and investment	Law and governmental agency	Technology	Finance and accounting	Law
Su, Sheng-Yih Chairman	V			V	V			V		V	V	
Representative of Nova Technology Corp.: Wu, Jian-Nan				V			V			V	V	
Wu, Kun-Sing Director	V			V						V		
Su, Wendell Ronald Director						V				V		
Chen, Rong-Jie Independent Director			V						V			V
Lin, Ming-Qin Independent Director		V						V			V	
Chen, Zhi-Cheng Independent Director		V								V		
Wang, Lin-Li-Chu Independent Director		V						V			V	

3. Members of the Board and the succession plan of the management

The Company stated in its Articles of Incorporation that a candidate nomination system shall be adopted for the election of Directors. The “Corporate Governance Best-Practice Principles” stipulated that the composition of the Board shall consider diversification. The Company cultivates senior managers to join the Board to allow them to familiarize themselves with the operations of the Board and the operations of all departments of the Group and deepen their industry experience through work rotation. Among the current Directors, Mr. Wu, Kun-Sing joined the management team in 1991, and held positions of chief of the Production and Sales Section, assistant manager of the Sales Department, manager of the Sales Department, Assistant Vice President of the Sales Department, and Vice President, and joined the Board in 2022.

The Company has stipulated its “Regulations for Evaluations of Board Performance” to confirm whether the operation of the Board is effective and rate the performance of Directors by adopting the measuring items for performance evaluation, including alignment of the goals and missions of the Company, awareness of the duties, participation in the operation, management of internal relationship and communication, professionalism and continuing education, internal control, and substantial opinion presentation, to serve as a reference for the nomination of Directors for re-appointment.

The Company selects employees with potential and appoints them to different positions to train them within their fields of expertise, together with external continuing education (i.e., professional programs, seminars, and lectures), in order to nurture their abilities to become material management. Mr. Li, Zhi-Sheng, the current Vice President, possesses extensive past experience in semiconductor assembly and testing and front section with comprehensive academic background and work experience. He joined Ampoc in 2006 and led the Equipment Sales Team and the Material Sales Team; he was appointed as the Assistance Vice President of the Sales Management Department in 2019, and made material contributions in terms of setting advanced assembly procedures, semiconductor front section, AI/5G-related industries as operating objectives, which further strengthened Ampoc’s business layout in the semiconductor industry; he was promoted to Vice President in 2022.

(III) President, Vice Presidents, Assistant Vice Presidents, and directors of departments and branches

April 19, 2024 Unit: Shares

Position	National ity	Name	Gen der	Date of Election(Ta ke Office)	Shareholding		Shareholding of Spouse or Minor Children		Shareholding by Nominee Arrangement		Professional Qualifications and Experience	Concurrent positions in other companies	Manager with a spouse or relatives within the second degree of kinship			Remark s
					Shares	%	Shares	%	Shares	%			Position	Name	Relation	
President	R.O.C.	Su, Sheng-Yih	Male	2021.11.5	11,325,114	9.90%	4,579,272	4.00%	0	0.00%	Master's degree, Law Enforcement Dept., Michigan State University Chairman, Taipei Chemical Machinery Limited Managing director, TPCA	Chairman, Qualibond Technology Co., Ltd. Chairman, Yang Yi Investment Co., Ltd. Corporate representative and chairman of Yang Sheng Investment Co., Ltd. Director, Ampoc Tech. Limited	None	None	None	Note
Vice President	R.O.C.	Wu, Kun-Sing	Male	2021.11.22	200,000	0.17%	0	0.00%	0	0.00%	Master's degree in mechanical engineering, National Central University Assistant vice president of Taipei Chemical Machinery Limited	None	None	None	None	None
Vice President	R.O.C.	Li, Tzu-Sheng	Male	2021.11.22	100,000	0.09%	0	0.00%	0	0.00%	Master of Business Administration from the University of Warwick, United Kingdom Deputy Manager at United Microelectronics Corp.	None	None	None	None	None
Manager of the Finance Department	R.O.C.	Zheng, Fei-Wen	Female	2023.01.01	34,253	0.03%	0	0.00%	0	0.00%	Department of Accounting, National Taiwan University MBA, Kyushu University, Japan	None	None	None	None	None
Manager of the Accounting Department	R.O.C.	Huang, Yu-Hua	Female	2023.01.01	59,165	0.05%	0	0.00%	0	0.00%	Department of Accounting, Fu Jen Catholic University EMBA, National Chengchi University	None	None	None	None	None

Note : In the event that the President or a position of the same level (top-level manager) and the Chairman of the Company are the same person, or a spouse or a relative within the first degree of kinship, the reasons, rationality, necessity, and countermeasures (i.e., adding the number of Independent Directors, having more than half of the Directors not concurrently being the employees or managers, and other methods), and relevant information shall be disclosed:

The Chairman of the Company also serves as the President to enhance operational efficiency and decision-making execution. The Chairman closely communicates with all directors on the company's operational status and policy directions to implement corporate governance. Additionally, more than half of the directors do not concurrently serve as employees or managers. To strengthen the independence of the Board of Directors, the Company has appointed four independent directors to enhance the functions of the Board of Directors and reinforce its supervisory role.

III. Remunerations Paid to Directors, Supervisors, the President, and vice presidents

(I) Remuneration of Directors (including Independent Directors)

December 31, 2023 Unit: NT\$ Thousand

Position	Name	Remuneration to Directors								(A+B+C+D) as % of Net Income		Compensation Earned as Employee of the Company or of the Company's Affiliates								Sum of A, B, C, D, E,F, and G and as a % of the net profit after tax		Compensation Paid to Directors from Non – consolidated Affiliates or Parent Company
		Compensation (A)		Pension (B)		Compensation to Directors (C)		Expenses for business execution (D)				Salary, bonus, and allowance (E)		Retirement pay and pensions (F)		Remuneration of employees (G)						
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
																Amount in cash	Stock (Amount paid in shares)	Amount in cash	Stock (Amount paid in shares)			
Chairman	Su, Sheng-Yih	2,400	2,400	0	0	8,822	8,822	0	0	11,222 1.62%	11,222 1.62%	12,307	12,307	0	0	3,765	0	3,765	0	27,294 3.95%	27,294 3.95%	0
Director	Nova Technology Corp. Representative: Wu, Jian-Nan																					
Director	Wu, Kun-Sing																					
Director	Su, Wendell Ronald																					
Independent Director	Chen, Rong-Jie	2,128	2,128	0	0	6,178	6,178	0	0	8,306 1.20%	8,306 1.20%	0	0	0	0	0	0	0	0	8,306 1.20%	8,306 1.20%	0
Independent Director	Lin, Ming-Qin																					
Independent Director	Chen, Zhi-Cheng																					
Independent Director	Wang, Lin-Li-Chu																					
1. Please describe the policy, system, standards, and structure of the remuneration of Independent Directors and describe the linkage of duties and risks assumed, time invested, and other factors to the amount of remuneration: The Company adopts the “Regulations for Evaluations of Board Performance” as the basis for evaluation, and determine the remuneration based on their participation in the Company’s operations and the value of contributions with reference to the general standard within the industry; the remuneration paid is positively correlated to the contributions to the Company and operating performance of individuals.																						
2. Except as disclosed in the above table, the remuneration received by the Company’s Directors for providing services to all companies in the financial statements (such as serving as a consultant in the parent company/all companies in the financial statements/investees in a non-employee capacity) in the most recent year: Nil.																						

1. Please describe the policy, system, standards, and structure of the remuneration of Independent Directors and describe the linkage of duties and risks assumed, time invested, and other factors to the amount of remuneration: The Company adopts the "Regulations for Evaluations of Board Performance" as the basis for evaluation, and determine the remuneration based on their participation in the Company's operations and the value of contributions with reference to the general standard within the industry; the remuneration paid is positively correlated to the contributions to the Company and operating performance of individuals.

2. Except as disclosed in the above table, the remuneration received by the Company's Directors for providing services to all companies in the financial statements (such as serving as a consultant in the parent company/all companies in the financial statements/investees in a non-employee capacity) in the most recent year: Nil.

Note 1: (C) refers to the remuneration of Directors approved by the Board on March 13, 2024.

Note 2: (G) is the amount of remuneration of employees to be distributed for the year calculated based on the actual distribution amount and ratio last year that was approved by the Board on March 13, 2024.

Note 3: Independent Director Wang, Lin-Li-Chu was appointed on June 14, 2023.

Remuneration Range Table

Range of remuneration paid to the Company's Directors	Name of Director			
	Sum of A+B+C+D		Sum of A+B+C+D+E+F+G	
	The Company	Consolidated Entities (H)	The Company	Consolidated Entities (I)
Below NT\$ 1,000,000	—	—	—	—
NT\$ 1,000,000 (inclusive) -NT\$ 2,000,000 (non-inclusive)	Wang, Lin-Li-Chu	Wang, Lin-Li-Chu	Wang, Lin-Li-Chu	Wang, Lin-Li-Chu
NT\$ 2,000,000 (inclusive) -NT\$ 3,500,000 (non-inclusive)	Su, Sheng-Yih Nova Technology Corp. Wu, Kun-Sing Su, Wendell Ronald Chen, Rong-Jie Lin, Ming-Qin Chen, Zhi-Cheng	Su, Sheng-Yih Nova Technology Corp. Wu, Kun-Sing Su, Wendell Ronald Chen, Rong-Jie Lin, Ming-Qin Chen, Zhi-Cheng	Nova Technology Corp. Su, Wendell Ronald Chen, Rong-Jie Lin, Ming-Qin Chen, Zhi-Cheng	Nova Technology Corp. Su, Wendell Ronald Chen, Rong-Jie Lin, Ming-Qin Chen, Zhi-Cheng
NT\$ 3,500,000 (inclusive) -NT\$ 5,000,000 (non-inclusive)	—	—	—	—
NT\$ 5,000,000 (inclusive) -NT\$ 10,000,000 (non-inclusive)	—	—	Su, Sheng-Yih	Su, Sheng-Yih
NT\$ 10,000,000 (inclusive) -NT\$ 15,000,000 (non-inclusive)	—	—	Wu, Kun-Sing	Wu, Kun-Sing
NT\$ 15,000,000 (inclusive) -NT\$ 30,000,000 (non-inclusive)	—	—	—	—
NT\$ 30,000,000 (inclusive) -NT\$ 50,000,000 (non-inclusive)	—	—	—	—
NT\$ 50,000,000 (inclusive) -NT\$ 100,000,000 (non-inclusive)	—	—	—	—
NT\$ 100,000,000 and above	—	—	—	—
Total	8	8	8	8

(II) Remuneration of supervisors N/A.

(III) Remuneration of President and Vice Presidents

December 31, 2023 Unit: NT\$ Thousand

Position	Name	Salary (A)		Pension (B)		Bonus and Allowance (C)		Employee profit-sharing compensation (D)				Sum of A, B, C, and D and as a % of the net profit after tax (%)		Compensation Paid to Directors from Non-consolidated Affiliates or Parent Company
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Amount in cash	Stock (Amount paid in shares)	Amount in cash	Stock (Amount paid in shares)			
President	Su, Sheng-Yih	9,628	9,628	108	108	7,691	7,691	5,516	0	5,516	0	22,943 3.32%	22,943 3.32%	0
Vice President	Wu, Kun-Sing													
Vice President	Li, Tzu-Sheng													

Note: (D) is the amount of remuneration of employees to be distributed for the year calculated based on the actual distribution amount and ratio last year that was approved by the Board on March 13, 2024.

Remuneration Range Table

Range of remuneration paid to the President and Vice Presidents	Names of President and Vice Presidents	
	The Company	All companies included in the financial statements
Below NT\$ 1,000,000	—	—
NT\$ 1,000,000 (inclusive) -NT\$ 2,000,000 (non-inclusive)	—	—
NT\$ 2,000,000 (inclusive) -NT\$ 3,500,000 (non-inclusive)	—	—
NT\$ 3,500,000 (inclusive) -NT\$ 5,000,000 (non-inclusive)	—	—
NT\$ 5,000,000 (inclusive) -NT\$ 10,000,000 (non-inclusive)	Su, Sheng-Yih Li, Tzu-Sheng	Su, Sheng-Yih Li, Tzu-Sheng
NT\$ 10,000,000 (inclusive) -NT\$ 15,000,000 (non-inclusive)	Wu, Kun-Sing	Wu, Kun-Sing
NT\$ 15,000,000 (inclusive) -NT\$ 30,000,000 (non-inclusive)	—	—
NT\$ 30,000,000 (inclusive) -NT\$ 50,000,000 (non-inclusive)	—	—
NT\$ 50,000,000 (inclusive) -NT\$ 100,000,000 (non-inclusive)	—	—
NT\$ 100,000,000 and above	—	—
Total	3	3

(IV) Names of managers who distribute employee remuneration and the distribution status

December 31, 2023
Unit: NT\$ Thousand

Position		Name	Stock (Amount paid in shares)	Amount in cash	Total	Percentage of total amount to net income after tax (%)
Managers	President	Su, Sheng-Yih	0	6,782	6,782	0.98%
	Vice President	Wu, Kun-Sing				
	Vice President	Li, Tzu-Sheng				
	Manager of the Finance Department	Zheng, Fei-Wen				
	Manager of the Accounting Department	Huang, Yu-Hua				

Note: Refer to the amount of remuneration of employees to be distributed for the year calculated based on the actual distribution amount and ratio last year that was approved by the Board on March 22, 2023.

(V) Compare and describe the analysis of the ratio of total remuneration to net profit after tax in the parent company only or separate financial statements, as paid by the Company and all companies in the consolidated statements during the most recent two years to the Directors, supervisors, President, and Vice Presidents of the Company, and describe the remuneration policies, standards, and packages, the procedures for determining remunerations, and its linkage to business performance and future risks:

1. Analysis of remuneration of Directors, President, and Vice Presidents

Unit: NT\$ Thousand

Position \ Item	2022				2023			
	Ratio of total compensation to net profit after tax (%)				Ratio of total compensation to net profit after tax (%)			
	The Company		All companies included in the financial statements		The Company		All companies included in the financial statements	
Director	15,953	2.69%	15,953	2.69%	19,528	2.82%	19,528	2.82%
Supervisor	1,725	0.29%	1,725	0.29%	-	-	-	-
President/vice president	20,780	3.51%	20,780	3.51%	22,943	3.32%	22,943	3.32%

2. Remuneration policies, standards and package, procedures for establishing remunerations, and their linkage to business performance and future risks:
- (1) The Company has established the Regulations for Compensation of Directors also, according to the requirements of Incorporation of the Company, if there is still a balance from the profit before tax of the year and before the distribution of remunerations of employees and remunerations of Directors of the year after compensating for losses, the Company shall appropriate 5% to 8% as the remuneration of employees and no more than 3% as the remunerations Directors. The amount of remuneration paid to Directors is reviewed and discussed by the Remuneration Committee and submitted to the Board for resolution. The “Regulations for Evaluations of Board Performance” of the Company are adopted as the basis for evaluation, and the evaluation items include the alignment of the goals and missions of the Company, the participation in the operations of the Company, professionalism and continuing education of Directors, internal and external relationship management, and legal compliance.
 - (2) The amount of remuneration paid to the President and Vice Presidents is reviewed and discussed by the Remuneration Committee based on the Regulations for Remuneration” and submitted to the Board for resolution. The considerations for the Board include the performance achievement rate, status of customer development, accounts receivable, and inventory management, and the determination is based on the participation in the operations of the Company and the value of contributions in the past year.
 - (3) The remuneration paid is positively correlated to the contributions to the Company and the operating performance of individuals.

IV. Corporate governance

(I) Operation of the Board

Seven Board meetings (A) were held in 2023, and the attendance (presence) of Directors and supervisors is as follows:

Position	Name	Number of attendance (presence) in person (B)	Number of proxy attendance	Attendance (%) [B/A] (Note)	Remarks
Chairman	Su, Sheng-Yih	7	0	100	
Director	Nova Technology Corp.	7	0	100	
Director	Wu, Kun-Sing	7	0	100	
Director	Su, Wendell Ronald	7	0	100	
Independent Director	Chen, Rong-Jie	7	0	100	
Independent Director	Lin, Ming-Qin	7	0	100	
Independent Director	Chen, Zhi-Cheng	7	0	100	
Independent Director	Wang, Lin-Li-Chu	4	0	100	Newly elected on June 14, 2023

Note: The attendance (presence) rate (%) shall be calculated based on the number of Board meetings and the number of attendance (presence) during its term of office.

Other mandatory disclosures:

I. In 2023, Independent Directors approved the matters set out in Article 14-3 of the Securities and Exchange Act as proposed with no dissenting opinion and had no opposing or qualified opinions for matters not set out in Article 14-3 of the Securities and Exchange Act. For proposals related to matters set out in Article 14-3 of the Securities and Exchange Act, please refer to pages 46 to 47.

II. The execution status regarding the recusal of Directors for proposals of conflict of interests:

On January 11, 2023, the Board of Directors discussed and voted on the year-end bonus for the managers in 2022 and the salary adjustment case for 2023. Chairman and President Su, Sheng-Yih did not participate in the discussion and vote on his individual year-end bonus and personal salary adjustment. Director Su, Wendell Ronald, being the son of Chairman Su, Sheng-Yih, also did not participate in the discussion and vote on Chairman Su, Sheng-Yih's year-end bonus and salary adjustment. Chairman and Vice General Manager Wu, Kun-Sing did not participate in the discussion and vote on his individual year-end bonus and personal salary adjustment.

On June 20, 2023, the Board of Directors appointed members of the Remuneration Committee. Independent Director Wang, Lin-Li-Chu did not participate in the discussion and vote.

On June 20, 2023, the Board of Directors discussed and voted on the distribution of remuneration to directors and supervisors. Each director did not participate in the discussion and vote on their individual remuneration. For the distribution of employee compensation and salary adjustment case for managers, Su, Sheng-Yih, Chairman Su, Sheng-Yih, and Director Wu, Kun-Sing did not participate in the discussion and vote on their individual compensation and salary adjustment. Director Su, Wendell Ronald also did not participate in the discussion and vote on Chairman Su, Sheng-Yih's compensation and salary adjustment.

III. Information related to the self-evaluation of the Board and functional committees is as follows:

Evaluation cycle	Evaluation period	Evaluation scope	Method of evaluation	Content of evaluation
Once a year	2022/1/1~2022/12/31	Board of Directors	Internal self-evaluation of the Board	There are a total of five major aspects, including participation in the operation of the Company, improvement of the quality of the Board's decision-making, composition and structure of the Board, election and continuing education of the Directors, and internal control.
Once a year	2022/1/1~2022/12/31	Individual board members	Self-evaluation of Board members	Alignment of the goals and missions of the Company, awareness of the duties of Directors, participation in the operation of the Company, management of internal relationships and communication, and professionalism and continuing education of Directors.
Once a year	2022/1/1~2022/12/31	Remuneration Committee	Self-evaluation of members	Participation in the operation of the Company, awareness of the duties of the member, improvement of quality of decisions made by the functional committee, the makeup of the functional committee and election of its members, and internal control.
Once a year	2022/6/7~2022/12/31	Audit Committee	Self-evaluation of members	Participation in the operation of the Company, awareness of the duties of the member, improvement of quality of decisions made by the functional committee, the makeup of the functional committee and election of its members, and internal control.

Evaluation results showed that the operations of the Board and functional committees were favorable.

IV. Objectives to reinforce the functions of Directors and implementation evaluation of the year and in the most recent year:

1. The Remuneration Committee of the Company evaluates the Board performance in 2022 according to the Regulations for Evaluations of Board Performance.
2. Material resolutions made by the Board of the Company are immediately and entirely disclosed on MOPS according to the law to improve our information transparency.

(II) Operation of the Audit Committee or participation of supervisors in the Board's operation

1. Operation of the Audit Committee: Four Independent Directors were elected at the Regular Shareholders' Meeting on June 16, 2022, and the Company established its Audit Committee. Five Audit Committee meetings (A) were held in 2022, and the attendance of Independent Director is as follows:

Position	Name	No. of meetings attended in person (B)	Attendance (%) [B/A]	Remarks
Independent Director	Chen, Rong-Jie	5	100	
Independent Director	Lin, Ming-Qin	5	100	
Independent Director	Chen, Zhi-Cheng	5	100	
Independent Director	Wang, Lin-Li-Chu	3	100	Newly elected on June 14, 2023

Other mandatory disclosures:

I. In 2023, members of the Audit Committee approved the matters set out in Article 14-5 (as set out in the following table) of the Securities and Exchange Act as proposed with no dissenting opinion.

Date of Audit Committee meeting	Period	Motion
March 22, 2023	3rd meeting of the 1st session	1. Issue an internal control system statement 2. Evaluation of auditor change and independence
May 10, 2023	4th meeting of the 1st session	2. CPA's remuneration
August 9, 2023	5th meeting of the 1st session	1. 2023 Financial Statements
September 7, 2023	6th meeting of the 1st session	1. Purchase real estate
November 9, 2023	7th meeting of the 1st session	1. Amend the internal control system

Any other proposals not approved by the Audit Committee that were approved by two-thirds of all Directors other than the abovementioned matters: None.

II. In 2022, no Independent Director was required to be recused due to the conflict of interest for any proposal at the meetings of the Audit Committee.

III. Communication between the Independent Directors and chief auditor and CPAs: Independent Directors review the audit report on a monthly basis and supervise the execution of audit operations of the Company via video conferences, e-mails, and phone calls. CPAs communicate with Independent Directors in writing in terms of material matters found during the audit or review of the Company's financial statements and internal control each quarter.

(III) Implementation of corporate governance and the deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor

Assess criteria	Implementation status			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
I. Has the Company formulated and disclosed the Corporate Governance Best-practice Principles in accordance with the Corporate Governance Best-practice Principles for TWSE/TPEX Listed Companies?	✓		The Company has established its Corporate Governance Best Practice Principles and disclosed them on the Company's website and MOPS.	No deviation
II. The Company's shareholding structure and shareholders' equity				
(I). Has the Company formulated internal operating procedures for handling shareholders' suggestions or questions or disputes and litigation with them and complied with the procedures?	✓		(I). The Company has established its internal control system for "stock affairs operations" and has a spokesperson and an acting spokesperson in place to handle relevant matters.	No deviation
(II). Does the Company have a list of the major shareholders with ultimate control over the Company and a list of the ultimate controllers of the major shareholders?	✓		(II). The Company keeps abreast of relevant information via the list provided by its stock affairs agency and declares the shareholding of Directors, supervisors, and major shareholders each month according to the requirements of the Securities and Exchange Act.	No deviation
(III). Has the Company established and implemented a risk control and a firewall mechanism between itself and affiliates?	✓		(III). The Company has established relevant control in its internal control system.	No deviation
(IV). Has the Company formulated internal regulations to prohibit insiders from using information undisclosed in the market to buy and sell securities?	✓		(IV). The Company has established the "Procedures for Handling Material Inside Information" and "Code of Ethical Conduct" to regulate Directors, supervisors, managers, and employees.	No deviation
III Composition and Responsibilities of the Board of Directors				
(I). Has the Company established a diversification policy, concrete management objectives and its implementation?		✓	(I). For the composition of the Board, even though there is no written policy, there is two female Director among all eight Directors, and the academic background and working experience of Directors include fields of industry, laws, business management, and finance; the Company has implemented diversification. (Please refer to p13-14)	No material deviation
(II). Has the Company voluntarily established other functional committees in addition to the remuneration and the audit committees established in accordance with the law?		✓	(II). Except for the Remuneration Committee and the Audit Committee, the Company has not established other functional committees, which will be established based on the actual conditions and requirements.	No material deviation
(III). Has the Company established and implemented risk management practices and firewalls for its affiliated companies?	✓		(III). The Company has been evaluation the performance of the Board each year starting from 2014 according to the Regulations for Evaluations of Board Performance.	No deviation

Assess criteria	Implementation status			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies																					
	Yes	No	Summary																						
(IV).Does the Company regularly assess the independence of the CPAs?	✓		(IV).Every first half of the year, the Company's Audit Committee and Board of Directors evaluate the independence and competence of the certified public accountants, requiring them to provide an "Independent Spirit And Objective Statement " and Audit Quality Indicators (AQIs) annually, and conduct the evaluation based on the following criteria (covering the five dimensions of AQIs). After the evaluation was approved by the Audit Committee resolution on March 13, 2023, it was submitted to the Board of Directors meeting on the same day for resolution to approve the independence and suitability of the certified public accountant. <table><tr><th>Assess criteria</th><th>Yes</th><th>No</th></tr><tr><td>1. Is there a direct or significant indirect financial interest relationship between the company and its related parties?</td><td><input type="checkbox"/>Yes</td><td><input checked="" type="checkbox"/>No</td></tr><tr><td>2. Are there any financing or guarantee arrangements between the company and its related parties or their directors and supervisors?</td><td><input type="checkbox"/>Yes</td><td><input checked="" type="checkbox"/>No</td></tr><tr><td>3. Is the possibility of customer loss considered?</td><td><input type="checkbox"/>Yes</td><td><input checked="" type="checkbox"/>No</td></tr><tr><td>4. Is there a close business relationship between the company and its related parties?</td><td><input type="checkbox"/>Yes</td><td><input checked="" type="checkbox"/>No</td></tr><tr><td>5. Is there a potential employment relationship between the company and its related parties?</td><td><input type="checkbox"/>Yes</td><td><input checked="" type="checkbox"/>No</td></tr><tr><td>6. Are there any contingent fees related to the audit case?</td><td><input type="checkbox"/>Yes</td><td><input checked="" type="checkbox"/>No</td></tr></table>	Assess criteria	Yes	No	1. Is there a direct or significant indirect financial interest relationship between the company and its related parties?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	2. Are there any financing or guarantee arrangements between the company and its related parties or their directors and supervisors?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	3. Is the possibility of customer loss considered?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	4. Is there a close business relationship between the company and its related parties?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	5. Is there a potential employment relationship between the company and its related parties?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	6. Are there any contingent fees related to the audit case?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	No deviation
Assess criteria	Yes	No																							
1. Is there a direct or significant indirect financial interest relationship between the company and its related parties?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No																							
2. Are there any financing or guarantee arrangements between the company and its related parties or their directors and supervisors?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No																							
3. Is the possibility of customer loss considered?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No																							
4. Is there a close business relationship between the company and its related parties?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No																							
5. Is there a potential employment relationship between the company and its related parties?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No																							
6. Are there any contingent fees related to the audit case?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No																							
			<table><tr><th>Assess criteria</th><th>Yes</th><th>No</th></tr><tr><td>7. Currently or within the past two years, have any members of the audit service team served as directors, supervisors, managers, or positions with significant influence on the audit case for the company and its related parties?</td><td><input type="checkbox"/>Yes</td><td><input checked="" type="checkbox"/>No</td></tr><tr><td>8. Will the non-audit services provided to the company and its related parties directly affect important items in the audit case?</td><td><input type="checkbox"/>Yes</td><td><input checked="" type="checkbox"/>No</td></tr><tr><td>9. Is the company or its related parties involved in advertising or acting as an agent for the issuance of shares or other securities?</td><td><input type="checkbox"/>Yes</td><td><input checked="" type="checkbox"/>No</td></tr></table>	Assess criteria	Yes	No	7. Currently or within the past two years, have any members of the audit service team served as directors, supervisors, managers, or positions with significant influence on the audit case for the company and its related parties?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	8. Will the non-audit services provided to the company and its related parties directly affect important items in the audit case?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	9. Is the company or its related parties involved in advertising or acting as an agent for the issuance of shares or other securities?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No										
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9. Is the company or its related parties involved in advertising or acting as an agent for the issuance of shares or other securities?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No																							

Assess criteria	Implementation status					Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary			
			10. Is the company or its related parties acting as a defense attorney or representing them in coordinating conflicts with other third parties?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
			11. Do any members of the audit service team have family relationships with directors, supervisors, managers, or positions with significant influence on the audit case for the company and its related parties?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
			12. Within one year of leaving, have any former co-practicing accountants served as directors, supervisors, managers, or positions with significant influence on the audit case for the company and its related parties?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
			13. Have any valuable gifts or presents been received from the company and its related parties or their directors, supervisors, or managers?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
			14. Have the company and its related parties requested that the accountant accept inappropriate choices of accounting policies or inappropriate disclosures in the financial statements?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
			15. Have the company and its related parties exerted pressure on the accountant to improperly reduce the necessary audit work in order to lower the audit fees?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
IV. Has the Company allocated an appropriate number of qualified persons and appointed a chief of corporate governance in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by Directors and supervisors, assisting Directors and supervisors to comply with laws, handling matters relating to Board meetings and shareholders' meetings according to laws, and preparing minutes of Board meetings and shareholders' meetings)?	✓		The Finance Department of the Company is the contact with the competent authority for affairs related to corporate governance; the Chairman's Office integrates the resources of departments and promotes corporate governance in response to the competent authority.			No material deviation
V. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, clients, and suppliers) and set up a section dedicated to stakeholders on the Company's website to properly respond to stakeholders' major CSR issues of concern?	✓		The Company publishes its monthly operating income on MOPS, publishes quarterly financial statements on MOPS and its website, and has set up a stakeholder section on its website and a spokesperson system, and discloses relevant information according to the requirements to allow shareholders, transacting banks, suppliers, and stakeholders to fully understand the			No deviation

Assess criteria	Implementation status			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies						
	Yes	No	Summary							
			<p>Company’s finance and operating status; when necessary, stakeholders may contact us for communication via phone calls or e-mails at any time.</p> <table> <tr> <td>Customer</td> <td> <p>Issue concerned Product quality and information, delivery terms, payment conditions, and services Contact Vice President Li, Zhi-Sheng Tel.: 886-3-4617200 E-mail : sam@ampoc.com.tw Vice President Wu, Kun-Sing Tel.: 886-3-4516410 E-mail : ttcms14.hinet.net Communication channel Corporate website, tel., e-mail, and visit Communication status The Company updates the information on its website at least once every quarter; customers may call the Company or send e-mails to No deviation the Company at all times; there is a dedicated sales representative in place for each customer to handle the requirements.</p> </td> </tr> <tr> <td>Suppliers</td> <td> <p>Issue concerned Delivery terms, quality warranty, and collection conditions Communication channel Corporate website, tel., and e-mail Contact Vice President Li, Zhi-Sheng Tel.: 886-3-4617200 E-mail : sam@ampoc.com.tw Vice President Wu, Kun-Sing Tel.: 886-3-4516410 E-mail : ttcms14.hinet.net Communication status The Company updates the information on its website at least once every quarter; suppliers may call the Company or send e-mails to the Company at all times; there is a dedicated person in place for each supplier to be responsible for arrangement</p> </td> </tr> <tr> <td>Shareholder Investors</td> <td> <p>Issue concerned Operating performance, operating status, and future prospects Communication channel Corporate website, tel., and e-mail Contact</p> </td> </tr> </table>	Customer	<p>Issue concerned Product quality and information, delivery terms, payment conditions, and services Contact Vice President Li, Zhi-Sheng Tel.: 886-3-4617200 E-mail : sam@ampoc.com.tw Vice President Wu, Kun-Sing Tel.: 886-3-4516410 E-mail : ttcms14.hinet.net Communication channel Corporate website, tel., e-mail, and visit Communication status The Company updates the information on its website at least once every quarter; customers may call the Company or send e-mails to No deviation the Company at all times; there is a dedicated sales representative in place for each customer to handle the requirements.</p>	Suppliers	<p>Issue concerned Delivery terms, quality warranty, and collection conditions Communication channel Corporate website, tel., and e-mail Contact Vice President Li, Zhi-Sheng Tel.: 886-3-4617200 E-mail : sam@ampoc.com.tw Vice President Wu, Kun-Sing Tel.: 886-3-4516410 E-mail : ttcms14.hinet.net Communication status The Company updates the information on its website at least once every quarter; suppliers may call the Company or send e-mails to the Company at all times; there is a dedicated person in place for each supplier to be responsible for arrangement</p>	Shareholder Investors	<p>Issue concerned Operating performance, operating status, and future prospects Communication channel Corporate website, tel., and e-mail Contact</p>	
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Assess criteria	Implementation status			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			<p>Spokesperson Su, Sheng-Yi Tel.: 886-2-27262220 E-mail : invest@ampoc.com.tw</p> <p>Communication status The Company updates the information on its website at least once every quarter; shareholders may call the Company or send e-mails to the Company at all times, and the spokesperson, acting spokesperson, chief accountant, and chief of finance will respond to the inquiries of shareholders or investors on a timely basis.</p> <p>Employees Issue concerned Functional development, benefits, and training Communication channel Tel., e-mail, employee's opinion box, intranet of the Company, and internal announcement of the Company Contact Vice President Li, Zhi-Sheng E-mail : lservice@ampoc.com.tw</p> <p>Communication status Employees may express their opinions via various communication channels and propose recommendations at all times. The Company announces matters of employees' benefits (i.e., company trips, quarterly birthday celebrations, and festive bonuses) from time to time; in 2022, two new employee educational training were held.</p>	
VI. Does the Company engage a share transfer agency to handle shareholder meeting affairs?	✓		The Company engages the Transfer Agency Department, CTBC Bank Co., Ltd., for handling matters related to stock affairs.	No deviation
VII Information disclosures (I) Has the Company established a website that discloses financial, business, and corporate governance-related information?	✓		(I) The Company has its website in place (website: www.ampoc.com.tw) to disclose relevant information and has dedicated personnel to maintain and update the information.	No deviation
(II) Does the Company adopt other methods to disclose information (such as setting up an English website, designating personnel to collect and disclose company information, implementing a spokesperson system, or placing the proceeding of investor conferences on the Company website)?	✓		(II) The Company also has an English website; dedicated personnel is responsible for collecting and disclosing the information and regularly declaring and announcing our finance and operating information on MOPS; it also implements a spokes person system. The video recordings of investor conferences are also uploaded to the Company's website. The video recording of the corporate briefing is also available on the company's website.	No deviation

Assess criteria	Implementation status			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
(III) Does the Company announce and submit an annual financial report to the competent authority within two months after the end of each fiscal year and announce and submit the financial reports for the first, second, and third quarters and the operations of each month to the competent authority before a specified deadline?	✓		(III) In 2022, the Company announced and declared the Q1, Q2, and Q3 financial statements in advance before the prescribed deadline.	No material deviation
VIII. Does the Company have other important information that facilitates the understanding of the operations of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' rights, directors' and supervisors' continuing education, the implementation of risk management policies and risk measurement standards, the implementation of client policies, and the Company's purchase of directors and supervisors liability insurance)?	✓		<p>(I) The Company has formulated relevant regulations and systems to protect employees' legal interests in accordance with the Labor Standards Act, Gender Equality Act, and Sexual Harassment Prevention Act and cares for employees via various benefits measures (i.e., the Employee Benefits Committee, employees' group insurance, the retirement pension system, subsidies for marriages, funerals, and celebrations, and company trips).</p> <p>(II) The Company discloses information on MOPS and its website to allow investors to understand the operating status of the Company; it also has a spokesperson and an acting spokesperson to communicate with investors.</p> <p>(III) The Company trade with suppliers based on the procedures stated under the internal control and maintains mutually beneficial business relationships with suppliers.</p> <p>(IV) The Company has set up a stakeholder section on its website, and stakeholders may also communicate with the Company via phone calls and e-mails to maintain their interest.</p> <p>(V) The Company discloses the attendance and presence of Directors and supervisors at Board meetings and the continuing education of Directors and supervisors on MOPS; the majority of the Directors are able to attend Board meetings.</p> <p>(VI) For risk management, the Company has established its "Procedures for the Acquisition or Disposal of Assets," "Procedures for Loans to Others," and "Procedures for Endorsements and Guarantees" to regulate investments, loans to others, endorsements and guarantees, derivative, and other transactions, and auditors carry out audits of the Company's internal control system regularly and from time to time and submits reports.</p>	No deviation

Assess criteria	Implementation status			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			<p>(VII) The Company has established collection conditions and limits with customers, strives to consider for customers to provide services they require, strictly complies with contracts entered into with customers, and maintains stable and favorable relationships. In addition, we also established the “Specifications for the Guarantee of Environmental Quality of Products”</p> <p>to comply with customers’ requirements and have dedicated personnel in place to handle customer complaints.</p> <p>(VIII) The Company has been purchasing liability insurance for Directors and supervisors each year starting from September 3, 2010.</p>	
<p>IX. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by TWSE Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified. The company's board of directors approved the establishment of a corporate governance officer on May 10, 2023, and approved the Ethical Corporate Management Best Practice Principles on November 9, 2023. We will continue to cooperate with the amendments to the Corporate Governance Evaluation to improve our information disclosure in our annual reports and on the Company’s website and require Directors to increase the hours of continuing education.</p>				

(IV) Composition, duties, and operations of the Remuneration Committee

The Board of the Company approved the establishment of the Remuneration Committee on December 16, 2011; the committee composes of four members, and currently, it is currently the 5th session.

The duties of the Remuneration Committee are, primarily, to establish and examine the performance evaluation of Directors, supervisors, and managers and policies, systems, standards, and structures of remuneration, and regularly evaluate and set the remuneration of Directors, supervisors, and managers.

1. Information regarding members of the Remuneration Committee

Criteria		Qualifications and experience	Independence	Number of other public companies where the individual serves as a member of the remuneration committee concurrently
Identity	Name			
Independent Director (convener)	Lin, Ming-Qin	Please refer to page 10-11 of the annual report	<p>All members fulfill the following conditions two years prior to the election and during the term of office:</p> <p>(1) Not an employee of the Company or its affiliated companies.</p> <p>(2) Not a Director or supervisor of the Company or any of its affiliates (however, this shall not include the concurrent positions of Independent Directors of the Company held in its parent company, subsidiaries, or subsidiaries of the same parent company according to the Act or local laws and regulations of the country).</p> <p>(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of 1% or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.</p> <p>(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of managers in (1) or any person set out in (2) or (3).</p> <p>(5) Not a Director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, who is appointed according to paragraph 1 or paragraph 2 under Article 27 of the Company Act (however, this shall not include the concurrent positions of Independent Directors of the Company held in its parent company, subsidiaries, or subsidiaries of the same parent company according to the Act or local laws and regulations of the country).</p> <p>(6) Not a director, supervisor, manager, or shareholder of a company with over half of the directors or shares with voting rights being controlled by the same person (however, this shall not include the concurrent positions of Independent Directors of the Company held in its parent company, subsidiaries, or subsidiaries of the same parent company according to the Act or local laws and regulations of the country).</p>	None of the four committee members concurrently serve on the compensation committee of other publicly issued companies.
Independent Director	Chen, Rong-Jie			
Independent Director	Chen, Zhi-Cheng			
Independent Director	Wang, Lin-Li-Chu			

			<p>(7) Not a director, supervisor, or employee of a company or institution with a person concurrently is the chairman and president or a position of the same level or its spouse (however, this shall not include the concurrent positions of Independent Directors of the Company held in its parent company, subsidiaries, or subsidiaries of the same parent company according to the Act or local laws and regulations of the country).</p> <p>(8) Not a director, supervisor, manager, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the Company (however, this shall not include the concurrent positions of Independent Directors of a particular company or institution that holds over 20% (but less than 50%) of the Company's total issued shares and is the Company's parent company, subsidiary, or a subsidiary of the same parent company according to the Act or local laws and regulations of the country).</p> <p>(9) Not a business owner, partner, director, supervisor, manager, or its spouse of a professional, sole proprietorship, joint venture, company, or institution providing audit services to the Company or its affiliates obtain a cumulative amount of less than NT\$0.5 million for business, legal, financial, accounting, and other relevant services in the most recent two years. However, this shall not apply to members of the Remuneration Committee, Public Offer Review Committee, or Special Merger Committee who exercise their powers according to the Securities and Exchange Act, Business Mergers and Acquisitions Act, and relevant laws and regulations.</p> <p>(9) Not a business owner, partner, director, supervisor, manager, or its spouse of a professional, sole proprietorship, joint venture, company, or institution providing audit services to the Company or its affiliates obtain a cumulative amount of less than NT\$0.5 million for business, legal, financial, accounting, and other relevant services in the most recent two years. However, this shall not apply to members of the Remuneration Committee, Public Offer Review Committee, or Special Merger Committee who exercise their powers according to the Securities and Exchange Act, Business Mergers and Acquisitions Act, and relevant laws and regulations.</p>	
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2. Operation of the Remuneration Committee

(1) Term of office of the 5th session of the members: From June 20, 2022 to June 15, 2025.

(2) Three Remuneration Committee meetings (A) were held in the most recent year (2023), and the attendance is as follows:

Position	Name	No. of meetings attended in person (B)	Number of proxy attendance	Attendance Rate (%) (B/A) (Note)	Remarks
Convener	Lin, Ming-Qin	3	0	100	Re-election
Committee member	Chen, Rong-Jie	3	0	100	Re-election
Committee member	Chen, Zhi-Cheng	3	0	100	Re-election
Committee member	Wang, Lin-Li-Chu	0	0	N/A.	Newly elected on June 20, 2023

Other mandatory disclosures:

I. If the Board declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the Board, and the Company's response to the remuneration committee's opinion: The Board has adopted the recommendations of the Remuneration Committee.

II. For any objections or qualified opinions raised by a member of the Remuneration Committee against a resolution with records or written statements, the date of the Remuneration Committee meeting, session, the content of the proposals, opinions of all members, and the Company's response to the opinions of members shall be described: None.

(3) Remuneration Committee meetings

Date	Motion	Resolution results	The Company's response to the opinions of the Remuneration Committee members
January 12, 2023 2nd meeting of the 5th session	1.1. Proposal for the year-end bonus of the President in 2022 and the salary adjustment in 2023 2.2. Proposal for the year-end bonus of managers in 2021 and the salary adjustment in 2022 3. Proposal for performance evaluation of the Company's directors, supervisors, remuneration committee, and audit committee for the year 2022.	Approved by attending members with no dissenting opinion	Approved by all attending Directors and Independent Directors after being submitted to and discussed by the Board
March 22, 2023 The 3rd Meeting of the 5th Term	1.1. Proposal for the total remuneration of Directors and supervisors and remuneration of employees in 2022	Approved by attending members with no dissenting opinion	Approved by all attending Directors and Independent Directors after being submitted to and discussed by the Board
June 20, 2023 4th meeting of the 5th session	1. Proposal for the remuneration of Directors and supervisors in 2022 2. Proposal for the remuneration of employees of the President in 2022 and the salary adjustment of the President in 2023 3. Proposal for the remuneration of employees of managers in 2022 and the salary adjustment of managers in 2023	Approved by attending members with no dissenting opinion	Approved by all attending Directors and Independent Directors after being submitted to and discussed by the Board

(V) Implementation of promoting sustainable development and the differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor:

Assess criteria	Implementation status			Differences and reasons between the Company's sustainable development practices and the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
I. Has the Company established a governance framework for promoting sustainable development and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the Board authorized the senior management to handle related matters under the supervision of the Board?	√		The Company has established a GHG inventory project team in July 2022, and its members cover the majority of the responsible directors of different departments; the progress is reported to the Board on a quarterly basis.	No material deviation
II. Has the Company conducted a risk assessment on environmental, social, and corporate governance issues that are relevant to its operations and implemented risk management policies or strategies based on principles of materiality?	√		Departments of the Company closely cooperate to identify and evaluate risks of environmental, social, and corporate governance issues that affect our operations and adopt countermeasures based on the level of risks and the level of possible impacts in the hope of minimizing risks .	No material deviation
IV Social issues				
(I) Does the Company formulate relevant management policies and procedures in accordance with applicable laws and the International Bill of Human Rights?	√		(I). The Company has established its Specifications for the Guarantee of Environmental Quality of Products” and “Operating Environment Monitoring Plan” to minimize the impacts the Company’s products on the environment, and has maintained work environments according to the Occupational Safety and Health Act and Waste Disposal Act.	No material deviation
(II) Has the Company formulated and implemented reasonable employee benefit measures (including remuneration, leave, and other benefits) and reflected business performance or achievements in employee remuneration appropriately?	√		(II). The company implements waste sorting, resource recycling and reuse, sorting and selling reusable scraps, and practicing water conservation in daily life, with the aim of increasing the reuse of various resources. Paper and wooden boxes are recycled and reused, resulting in a total carbon emission reduction of 25.85 tonnes, with a 6.4% increase in recycling effectiveness in 2023 compared to 2022.	No material deviation No material deviation

Assess criteria	Implementation status			Differences and reasons between the Company's sustainable development practices and the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
(III) Does the Company provide employees with a safe and healthy work environment and offer safety and health education to employees regularly?	√		(III).The Company promotes garbage classification and recycling and gathers usable scraps for sale in the hope of improving the reuse of resources.	No material deviation
(IV) Has the Company established an effective career development training program for employees?	√		(IV).The company has compiled statistics on greenhouse gas emissions, water consumption, and domestic waste for 2022 and 2023. In 2023, these figures have decreased by 6.5%, 4.6%, and 6.5% respectively compared to 2022. Use energy-efficient lighting fixtures and control air conditioning temperatures to save electricity in factories and offices; reduce unnecessary water usage; sign contracts with professional waste disposal companies and have dedicated personnel monitor the waste disposal process.	
(V) Does the Company comply with applicable laws and international standards regarding issues, such as customer health and safety, customer privacy, as well as marketing and labelling of products and services? Has it formulated relevant policies and complaint procedures to protect consumers' or clients' rights and interests?	√			
(VI) Does the Company comply with applicable laws and international standards regarding issues, such as customer health and safety, customer privacy, as well as marketing and labelling of products and services?	√			
V. Does the Company prepare a sustainability report or any report of non-financial information based on international reporting standards or guidelines? Are the abovementioned reports supported by the assurance or opinion of a third-party certifier?		√	The 2023 Sustainability Report has been prepared in accordance with the latest 2021 GRI Standards and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), but has not yet obtained assurance or assurance opinions from third-party verification agencies.	No material deviation
VI. If the Company has established its own Sustainable Development Best Practice Principles based on the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," please describe any differences from the Principles in the Company's operations: The Company has not established its "Sustainable Development Best Practice Principles."				
VII. Other information useful to the understanding of the implementation of sustainable development: The company has expanded its statistical scope from greenhouse gas emissions to water consumption and domestic waste generation, and will gradually improve the utilization efficiency of various resources. Quality management is carried out according to internal procedures to reduce the environmental impact.				

(VI). Implementation of climate-related information

Item	Implementation status				
1. Describe the Board of Directors' and management's oversight and governance of climate-related risks and opportunities.	<p>The highest climate governance body of the Company is the Board of Directors, which is responsible for promoting and deciding the company's climate-related strategy direction, while also playing the role of overseeing the overall implementation of the company's climate actions. The Board of Directors is also a key player in deciding the company's climate commitments and goals, and periodically discusses current climate risk and opportunity trends, proposing specific group-wide strategies for key climate risks to maintain the company's sustainable operations. On June 28, 2022, the Board of Directors planned the timeline for greenhouse gas inventory and verification and will report the progress to the Board of Directors on a quarterly basis.</p>				
2. Describe how the identified climate risks and opportunities impact the business, strategy, and finances (short-term, medium-term, long-term).	Aspect	Issue	Impact period	Current climate risk/opportunity situation	
	Transition risks	Changing customer preferences	Medium-term (3-10 years)	<p>With the recent trend towards sustainability and the momentum of carbon reduction, to effectively implement value chain carbon reduction, brand owners' procurement preferences have also been adjusted. Not only are there higher environmental requirements for low-carbon and high-efficiency products from suppliers, but suppliers are also being asked to participate in international sustainability initiatives to understand the carbon footprint information and reduction targets of the supply chain. If upstream suppliers do not respond proactively, they may lose competitiveness and orders, while additional participation in sustainability initiatives and carbon footprint introduction will also increase the company's basic operating costs.</p> <p>In recent years, Ampoc Far-East's has received numerous sustainability-related requests from customers, such as responding to the CDP carbon disclosure questionnaire to disclose carbon footprint information and reduction targets. Additionally, some customers have requested more energy-efficient PCB motors, with the requirement for high-efficiency motors increasing the manufacturing cost of the company's products and impacting product profitability. Furthermore, participating in sustainability initiatives requires additional consultancy fees.</p>	
	Physical risks	Rising average temperatures	Long-term (occurring after 10 years)	<p>Keeping global warming below 1.5°C above pre-industrial levels is the common goal for companies globally. However, in recent years, global decarbonization has not kept pace with the rate of global warming. If the world fails to collectively achieve the 1.5°C target in time, according to the "Taiwan Climate Change Science Report 2017," under the worst-case RCP 8.5 scenario, Taiwan's temperature could rise by 3.0-3.6°C by the end of the 21st century, which could increase the electricity consumption of air conditioning and chemical product storage costs in the plant area.</p> <p>The chemicals distributed by the Company are easily affected by temperature changes and can degrade. Therefore, they must be stored using temperature control equipment. If the overall environmental temperature rises in the future, it is expected to increase the overall electricity consumption of temperature control equipment, and the plant and office areas may also increase electricity consumption due to higher air conditioning cooling intensity, which will gradually increase the company's basic operating and production costs in the long run.</p>	

Item	Implementation status				
	Opportunities	Develop and/or expand low-carbon products and services	Short-term (within 2 years)	<p>With the introduction of carbon pricing mechanisms such as carbon fees and carbon taxes in various countries in recent years, the era of carbon emissions having a price has arrived. In addition to major measures like replacing old equipment and purchasing green electricity to reduce emissions, companies may need to focus on raw material procurement and process improvements for carbon reduction. If a company can develop products that assist enterprises in reducing carbon emissions, it will have the opportunity to expand its niche market under the sustainability trend and increase orders and revenue.</p> <p>The Company is actively investing in the research and development of low-carbon products. The patented ECO System heat recovery system design applies the principle of converting hot air into hot water for energy conversion in the process equipment, saving at least half the electricity compared to traditional electric heating principles. In response to the rising trend of energy-saving and carbon reduction needs in enterprises, Ampoc Far-East's will continue to invest in the research and development of low-carbon products to assist customers in energy-saving from the process aspect. The company will also continue to invest in the research and development of low-carbon products, which is expected to have a positive impact on orders and revenue.</p>	
3. Describe the impact of extreme climate events and transition actions on finance.	Extreme climate events leading to heavy rainfall may cause flooding in the plant, damaging machinery and equipment, affecting production, and resulting in a decrease in revenue.				
4. Describe how the process of identifying, assessing, and managing climate risks is integrated into the overall risk management system.	Code	Risk Opportunity	Aspect	Type	
	R1	Transition risks	Policy and Legal	Increasing pricing of GHG emissions	
	R2			Mandated products and services	
	R3			Enhanced emissions reporting obligations	
	R4		Market	Increased cost of raw materials	
	R5			Changing customer preferences	
	R6		Reputation	Increased stakeholder concern or negative feedback	
	R7	Physical risks	Acute	Increased severity of extreme weather events such as typhoons and floods	
	R8		Chronic	Rising average temperatures	
	O1	Opportunities	Resource Efficiency	Use of recycling	
	O2			Moving to more efficient transportation/distribution modes	
	O3		Products and Services	Develop and/or expand low-carbon products and services	
	O4		Energy Source	Use of lower-emission sources of energy	

Item	Implementation status								
5. If scenario analysis is used to assess the resilience against climate change risks, describe the scenarios, parameters, assumptions, analytical choices, and key financial impacts.	<div><p>揚博科技氣候風險與機會矩陣圖</p></div>								
6. If there is a transition plan for managing climate-related risks, describe the plan's contents, as well as the indicators and targets used to identify and manage physical and transition risks.	<p>To ensure that the company can grasp the current key climate opportunities and risks, the greenhouse gas inventory working group collects information from relevant plants and departments on their annual response to climate risks, and through interviews with units related to climate issues, gathers their views on the level of impact and probability of occurrence for each issue. This information is then compiled to identify the Company’s key annual climate risks and opportunities, and the results are reported upwards to the Board of Directors for resolution and formulation of group strategies.</p> <table><tr><th>Collect Issues</th><th>Identify Risks</th><th>Formulate</th><th>Track &</th></tr><tr><td><ul style="list-style-type: none">Sustainability reports of industry peers (climate issues)</td><td><ul style="list-style-type: none">Interview each plant unitCompany staff score the materiality of risks and opportunities</td><td><ul style="list-style-type: none">Take stock of the response situation at each operating siteFormulate</td><td><ul style="list-style-type: none">Each site annually submits target achievement status to</td></tr></table>	Collect Issues	Identify Risks	Formulate	Track &	<ul style="list-style-type: none">Sustainability reports of industry peers (climate issues)	<ul style="list-style-type: none">Interview each plant unitCompany staff score the materiality of risks and opportunities	<ul style="list-style-type: none">Take stock of the response situation at each operating siteFormulate	<ul style="list-style-type: none">Each site annually submits target achievement status to
Collect Issues	Identify Risks	Formulate	Track &						
<ul style="list-style-type: none">Sustainability reports of industry peers (climate issues)	<ul style="list-style-type: none">Interview each plant unitCompany staff score the materiality of risks and opportunities	<ul style="list-style-type: none">Take stock of the response situation at each operating siteFormulate	<ul style="list-style-type: none">Each site annually submits target achievement status to						
7. If internal carbon pricing is used as a planning tool, describe the basis for setting the price.	Currently not used								
8. If climate-related targets have been set, describe the activities covered, greenhouse gas emission scopes, planning period, annual progress achieved, etc. If carbon offsets or renewable energy	Currently not set								

Item	Implementation status
certificates (RECs) are used to achieve the targets, describe the source and amount of carbon reductions or the number of RECs.	
9. Greenhouse gas inventory and verification status, reduction targets, strategies, and concrete action plans.	The greenhouse gas inventory information is expected to be released in 2025.

(VII). Ethical Corporate Management and Differences and Causes of CSR Practices:

Assess criteria	Operational situation			Deviation from the Corporate Governance Best-practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary	
I. Formulation of ethical management policies and plans				
(I)Has the Company formulated an ethical management policy approved by the board of directors and disclosed the policy and practice of ethical management in its regulations and public documents? Are the board of directors and the senior management committed to actively implementing the policy?	√		(I).The company has formulated the Ethical Corporate Management Best Practice Principles, Code of Ethical Conduct, various management regulations, rules and internal control systems. The board of directors and senior management adhere to and implement ethical management practices.	No material deviation
(II).Has the Company established an assessment mechanism for the risk of unethical conduct to regularly analyze and evaluate the business activities with a higher risk of unethical conduct within the business scope and formulated a prevention plan accordingly, at least covering the prevention measures for the acts under each subparagraph under Article 7, paragraph 2 of the Corporate Governance Best-practice Principles for TWSE/TPEX Listed Companies?	√		(II).The Company's Code of Ethical Conduct clearly stipulates acts of dishonesty, and the design of the internal control system has incorporated measures to prevent dishonest behavior, with an annual internal control risk assessment conducted.	No material deviation
(III).Has the Company clearly specified operating procedures, guidelines for conduct, and a violation punishment and complaint system in the unethical conduct prevention plan and duly implemented them? Does the Company regularly review and revise said plan?	√		(III).The Company's Code of Ethical Conduct specifically regulates the matters that the Company's personnel should pay attention to when conducting business operations. Relevant regulations have been established for operational activities such as sales and procurement to prevent dishonest behavior in related	No material deviation

Assess criteria	Operational situation			Deviation from the Corporate Governance Best-practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary	
			processes. The internal control system has also incorporated measures to prevent dishonest behavior. The implementation of relevant regulations is reviewed irregularly, and amendments are made in accordance with legal revisions and operational practices.	
II. Implementation of ethical management				
(I). Does the Company evaluate each counterparty's records for ethics? Has the Company specified the terms of ethical conduct in each contract signed with each counterparty?	√		(I).The company assesses the risks associated with transactions with customers and suppliers. If any unethical behavior is found in business dealings, we will cease dealings with them.	No material deviation
(II). Has the Company established a dedicated (concurrent) unit under the board of directors to conduct ethical corporate management, regularly (at least once a year) report to the board of directors on its ethical management policies and prevention plans for unethical conduct, and supervise the implementation?		√	(II).If the management department or audit office discovers any unethical conduct, it will be reported and handled according to their respective authority. The chief auditor attends board meetings to report internal audit results.	No material deviation
(III).Has the Company formulated policies to prevent conflicts of interest, provided appropriate methods for stating one's conflicts of interest, and implemented them appropriately?	√		(III).The company's code of ethical conduct and ethical behavior standards require company personnel to avoid conflicts of interest between personal interests and the overall interests of the company. The company has an employee suggestion box that can also serve as a channel for expressing related opinions.	No material deviation

Assess criteria	Operational situation			Deviation from the Corporate Governance Best-practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary	
<p>(IV) Has the Company established an effective accounting system and an internal control system for the implementation of ethical management and assigned the internal audit unit to formulate relevant audit plans based on the assessment results of the risk of unethical conduct and regularly audit the compliance with the unethical conduct prevention plan accordingly or commissioned a CPA to perform such audits?</p> <p>(V) Does the Company regularly hold internal and external education and training on ethical management?</p>	√	√	<p>(IV) The company's accounting system and internal control system are established to implement ethical management. Internal auditors regularly audit the effectiveness of the system's operations and report to the board of directors. Accountants also audit the internal control system.</p> <p>(V) The company's management team promotes the company's business philosophy of conducting business activities with integrity during regular meetings.</p>	<p>No material deviation</p> <p>No material deviation</p>
<p>III. Implementation of the Company's whistleblowing system</p> <p>(I). Has the Company formulated a specific whistleblowing and reward system, established a convenient whistleblowing method, and assigned appropriate personnel to handle the party accused?</p> <p>(II). Has the company established investigation standards and operating procedures for handling whistleblowing cases and related confidentiality mechanisms?</p> <p>(III). Does the Company take measures to protect whistleblowers from being mistreated due to their whistleblowing behavior?</p>		√ √ √	<p>The company has established a major reporting system for significant matters, where incidents are reported to relevant supervisors or units according to their nature. The identity and related content of the reporter are strictly kept confidential. The company also has an employee suggestion box for reporting.</p>	<p>A whistleblowing system was established in 2024.</p> <p>No material deviation</p>
<p>IV. Enhanced information disclosure</p> <p>Has the Company disclosed the content of its Corporate Governance Best-Practice Principles and the effectiveness of the implementation of the principles on its website and the MOPS?</p>	√		<p>The company's Code of Integrity Operation is disclosed on its website http://www.ampoc.com.tw/Investor/Rule and the Market Observation Post System.</p>	No material deviation

Assess criteria	Operational situation		Deviation from the Corporate Governance Best-practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	
			Summary
V. If the company has established its own Code of Integrity Operation based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies," please describe the differences between its operation and the prescribed Code: The company has established a Code of Integrity Operation based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies," and implements ethical operations in accordance with this Code without significant differences from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies."			
VI. Other important information that helps understand the company's ethical operation practices: Major policies, financing from financial institutions, investments, acquisition or disposal of assets, lending of funds, and endorsements/guarantees of the company are all evaluated by relevant departments and resolved by the Board of Directors. The directors strictly adhere to the principle of recusal for any agenda items that may involve conflicts of interest with themselves or the entities they represent, which could harm the company's interests.			

- (VIII) If the company has established corporate governance principles and relevant regulations, it should disclose how to access them: The company's Articles of Incorporation, Rules of Procedure for Board of Directors Meetings, Rules of Procedure for Shareholders' Meetings, Organizational Rules for the Remuneration Committee, Internal Material Information Handling Procedures, Board Performance Evaluation Measures, Code of Ethical Conduct, Corporate Governance Best Practice Principles, and Code of Integrity Operation are all disclosed on the company's website www.ampoc.com.tw under the "Corporate Governance" section of the Investor Services area.
- (IX) Other important information that helps understand the company's corporate governance operations: To establish a sound internal material information processing and disclosure mechanism, prevent improper leakage of information, and ensure the consistency and accuracy of information released by the company to external parties, the company has formulated Internal Material Information Handling Procedures, which were approved by the Board of Directors on March 27, 2009, and announced to all employees.

(X) Implementation of the internal control system

1. Internal control statement

Ampoc Far-East Co., Ltd.
Declaration of Internal Control System

Date: March 13, 2024

The Company has conducted internal audits in accordance with its Internal Control Regulations for the period ended December 31, 2023, and hereby declares the following:

- I. The Company acknowledges and understands that the establishment, enforcement, and preservation of internal control systems are the responsibility of the Board of Directors and that the managers and the Company have already established such systems. The purpose is to reasonably ensure the effectiveness (including profitability, performance, and security of assets), the reliability, timeliness, transparency of financial reporting, and legal and regulation compliance.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its 3 stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond control. However, the Company's internal control system has a self-monitoring mechanism. Once a deficiency is identified, the Company will take corrective actions.
- III. The internal control systems of the Company feature certain self-monitoring mechanisms. The Company will take immediate corrective actions once any shortcomings are identified. The Company judges the effectiveness of the internal control systems in design and enforcement according to the "Criteria for the Establishment of Internal Control Systems of Public Offering Companies" (hereinafter referred to as "Criteria"). The "Criteria" is instituted for judging the effectiveness of the design and enforcement of internal control systems. There are five components for effective internal control as specified by the Criteria of which the procedures for effective internal controls are composed: (1) Control environment (2) Risk evaluation (3) Control operation (4) Information and communication (5) Monitoring. Each of the elements in turn contains several items, and the Criteria shall be referred to for details. Each component element consists of several items. Please refer to the provisions of the "Criteria" for the aforementioned items.
- IV. The Company has adopted the aforementioned internal control systems for an internal assessment of the effectiveness of internal control design and enforcement.
- V. Based on the aforementioned audit findings, the Company is of the opinion that, as of December 31, 2023, its internal control procedures (including the procedures to monitor subsidiaries), effectiveness and efficiency of operations, reliability, timeliness, transparency of reporting, and compliance with relevant legal regulations, and design and enforcement of internal controls, are effective. The aforementioned goals can be achieved with reasonable assurance.
- VI. This statement of declaration shall form an integral part of the annual report and prospectus of the Company and shall be made public. If there is any fraud, concealment, or unlawful practices discovered in the content of the aforementioned information, the Company shall be liable for legal consequences under Articles 20, 32, 171, and 174 of the Securities and Exchanges Act.
- VII. This statement has been approved by the Board on March 13, 2024. Among the 8 directors present, none of them expressed objections. All the others agreed with the content of this statement. Therefore, this statement is hereby declared.

Ampoc Far-East Co., Ltd.

Chairman: Su, Sheng-Yih signature and seal

President Su, Sheng-Yih signature and seal

2. For those who appointed a CPA to review the internal control system, the CPA's review report shall be disclosed: None

(XI) In the most recent fiscal year and up until the date of publication of the annual report, there were no instances of the company or its insiders being penalized according to the law, no punishments imposed by the company on its insiders for violating internal control regulations, and no major deficiencies or improvement situations.

(XII) Major Resolutions of Shareholders' Meeting and Board Meetings during the Most Recent Fiscal Year and the Current Fiscal Year Up to the Date of Publication of the Annual Report

1.Shareholders Meeting

Meeting date	Summary of important proposals	Implementation status
Regular Shareholders' Meeting on June 14, 2023	1. Acknowledge the Company's 2022 business report and financial statements.	Statements were acknowledged and approved as proposed by shareholders' voting.
	2. Approve of the Company's 2022 surplus distribution proposal.	Ex-dividend date set for July 17, 2023, and the dividend was paid on August 4, 2022.
	3. Amendments to the Company's "Articles of Incorporation"	Implemented according to the amendment rules.
	4. Private placement of common shares through cash capital increase	Not executed in 2023, and an announcement was made on January 24, 2024 to discontinue the process.
	4. Election of an independent director	The change in registration was approved by the Ministry of Economic Affairs on July 6, 2023.
	5. Lifting the non-competition restriction for newly appointed directors (including independent directors)	Statements were acknowledged and approved as proposed by shareholders' voting.

2.Board of Directors

Meeting date	Summary of important proposals
January 12, 2023 5th meeting of the current Board	1.Approved the proposal for the year-end bonus of the President in 2022 and the salary adjustment in 2023. 2.Approved the proposal for the year-end bonus of managers in 2022 and the salary adjustment in 2023. 3. Approved the proposal for the performance evaluation of Directors, supervisors, and Remuneration Committee in 2022.
March 22, 2023 6th meeting of the current Board	1.Issue an internal control system statement of the Company for 2022. 2. Approved the change of CPAs and independence assessment. 3. Formulated the general principles for the Company's policy of pre-approving non-assurance services of the CPA firm. 4. Approved the distribution of employee and director/supervisor compensation for 2022. 5. Acknowledged the financial statements of the Company for 2022. 6. Approved the business report of the Company for 2022 and the business plan overview for 2023. 7. Approved the surplus distribution of the Company for 2022. 8. Approved the cash dividend distribution of the Company for 2022, with the ex-dividend date set on July 17, 2023, and the payment date on August 4, 2023. 9. Amendments to the Company's "Articles of Incorporation". 10. Approved the cash capital increase by private placement of ordinary shares. 11. Elected the Company's Independent Director(s). 12. Approved the nomination period, number of vacancies, and location for accepting Independent Director candidates. 13. Approved the list of Independent Director candidates nominated by the Board of Directors. 14. Approved the release of the newly appointed Independent Director(s) from non-competition restrictions. 15. Convened the Company's Annual General Meeting for 2023.

Meeting date	Summary of important proposals
May 10, 2023 7th meeting of the current Board	<ol style="list-style-type: none"> 1. Approved the consolidated financial statements of the Company for the first quarter of 2023. 2. Approved the remuneration for the accountant in 2023. 3. Appointed the Corporate Governance Officer of the Company.
June 20, 2023 8th meeting of the current Board	<ol style="list-style-type: none"> 1. Supplemented the appointment of new members to the 5th Remuneration Committee. 2. Approved the distribution of director/supervisor compensation for 2022. 3. Approved the employee compensation for 2022 and salary adjustment for the President in 2023. 4. Approved the employee compensation for 2022 and salary adjustment for managers in 2023. 5. Approved the renewal of the comprehensive revolving credit line from financial institutions.
August 9, 2023 9th meeting of the current Board	<ol style="list-style-type: none"> 1. Amended the standard operating procedures for handling director requests 2. Approved the consolidated financial statements of the Company for the second quarter of 2023.
September 7, 2023 10th meeting of the current Board	<ol style="list-style-type: none"> 1. Approved the purchase of real estate by the Company.
November 9, 2023 11th meeting of the current Board	<ol style="list-style-type: none"> 1. Approved the audit plan of the Company for 2024. 2. Approved the revision of the Company's Internal Control System. 3. Approved the consolidated financial statements of the Company for the third quarter of 2023. 4. Approved the medium-term guaranteed credit line from Mega International Commercial Bank. 5. Established the Company's Ethical Corporate Management Best Practice Principles.
January 24, 2024 12th meeting of the current Board	<ol style="list-style-type: none"> 1. Approved the proposal for the year-end bonus of the President in 2023 and the salary adjustment in 2024. 2. Approved the proposal for the year-end bonus of managers in 2023 and the salary adjustment in 2024. 3. Approved the proposal for the performance evaluation of Directors, supervisors, and Remuneration Committee in 2023. 4. Approved the pre-approved non-assurance service items for the CPA firm. 5. Approved not to proceed with the cash capital increase by private placement of ordinary shares approved at the Annual General Meeting for 2023.
March 13, 2024 13th meeting of the current Board	<ol style="list-style-type: none"> 1. Issue an internal control system statement of the Company for 2023. 2. Approved the independence assessment of the CPA. 3. Approved the distribution of employee and director/supervisor compensation for 2023. 4. Approved the financial statements of the Company for 2023. 5. Approved the business report of the Company for 2023 and the business plan overview for 2024. 6. Approved the surplus distribution of the Company for 2022. 7. Approved the cash dividend distribution of the Company for 2023, with the ex-dividend date set on July 15, 2024, and the payment date on August 2, 2024. 8. Approved the cash capital increase by private placement of ordinary shares. 9. Approved the Company's Whistleblowing System and Operating Procedures. 10. Convened the Company's Annual General Meeting for 2024.

(XIII) During the most recent year and up to the date publication of this annual report, if the directors or supervisors had different opinions on important resolutions approved by the Board of Directors with records or written statements, the main content of the opinions: None.

(XIV) A summary of resignations and dismissals of the persons related to financial statements (including the Chairman, President, chief accountant, and chief auditor)during the most recent year and up to the publication date of the annual report:

V. Information on CPA fees

(I) The amount of audit fees and non-audit fees paid to CPAs and CPA's firm and its affiliates, as well as the content of non-audit services, shall be disclosed.

Unit: NT\$ Thousand

Name of accounting firm	Name of CPA	Audit Period	Audit fees	Non-audit fees					Remarks
				System design	Business registration	Human resources	Others	Subtotal	
PricewaterhouseCoopers, Taiwan (PwC Taiwan)	Lin, Se-Kai	2023.1.1-2023.12.31	3,640	-	16	-	2,102	2,118	Non-audit fees-others: Fees for transfer pricing, taxation certification, translation, review of remuneration of non-directors, printing and binding, and business trips.
	Chih, Ping-Chiun	2023.1.1-2023.12.31							

(II) If the accounting firm is replaced and the audit fees paid during the year in which the replacement occurs are less than those paid in the prior year, the amount for the decrease in the audit fees and the reason thereof shall be disclosed: None.

(III) When the audit fees paid for the current year are lower than those paid for the prior year by 10% or more, the amount and percentage of the decrease and thereof shall be disclosed: None.

VI. Information on replacement of CPAs

(I) Former CPAs

Date of replacement	January 1, 2023		
Reason for the replacement and description	In response to the internal adjustments of PwC Taiwan, CPAs for financial statements changed from CPAs Chou, Hsiao-Tzu and Chih, Ping-Chiun to CPAs Lin, Se-Kai and Chih, Ping-Chiun from 2023 Q1.		
The statement is for the appointor or accountant to terminate or not accept the appointment	Counterparty Circumstances	CPA	Appointer
	the termination of the appointment	N/A.	N/A.
	Refuse to accept (continue) the appointment	N/A.	N/A.
Opinions for audit reports other than unqualified opinions in the most recent two years and the reason	None		
Whether there is any different opinion from the issuer	Yes		Accounting principles or practices
			Disclosure of financial statements
			Audit scope or steps
			Others
	None		V
	Explanation		None
Other disclosures (those to be disclosed under items 1-4 to items 1-7, subparagraph 6, Article 10 of the Regulations)	None		

(II) Succession CPAs

CPA's firm	PricewaterhouseCoopers, Taiwan (PwC Taiwan)
Name of CPA	CPAs Lin, Se-Kai and Chih, Ping-Chiun
Date of appointment	January 1, 2023
Opinions that may be issued, consultation matters, and results for the particular accounting methods or accounting principles, and financial statements before the appointment	None
Written opinion of the succession CPAs on matters different from the former CPAs	None

(III) Response letter of the former CPAs regarding matters stated in item 1 and item 2-3, subparagraph 6, Article 10 of the Regulations: None.

VII. Where the Company's Chairman, President, or any manager in charge of finance or accounting matters has held a position at the CPA's firm of its CPAs or at an affiliate of the CPA's firm in the most recent year: None.

VIII. Transfer of equity and changes in equity pledges of Directors, managers and shareholders with a shareholding of 10% and above in the most recent year and up to the date of publication of the annual report:

(1) Change in Equity Interests by Directors, Managerial Officers, and Major Shareholders

Unit: Shares

Position	Name	2023		As of April 19 of the Current Year	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Concurrently the Chairman and President and a shareholder with a shareholding of 10% or above	Su, Sheng-Yih	0	0	0	0
Director	Nova Technology Corp. Representative: Wu, Jian-Nan	0	0	0	0
		0	0	0	0
Concurrently the Director and Vice President	Wu, Kun-Sing	0	0	0	0
Director	Su, Wendell Ronald	0	0	0	0
Independent Director	Chen, Rong-Jie	0	0	0	0
Independent Director	Lin, Ming-Qin	0	0	0	0
Independent Director	Chen, Zhi-Cheng	0	0	0	0
Independent Director	Wang, Lin-Li-Chu	0	0	0	0
Vice Presidents	Li, Tzu-Sheng	50,000	0	0	0
Concurrently Manager of the Finance Department and Corporate Governance Officer	Zheng, Fei-Wen	0	0	0	0
Manager of the Accounting Department	Huang, Yu-Hua	0	0	0	0

Note 1: Independent Director Wang, Lin-Li-Chu assumed the position on June 14, 2023.

Note 2: Manager of the Finance Department Zheng, Fei-Wen concurrently served as Corporate Governance Officer on May 10, 2023.

(2) Information on equity transfer: There is no situation where the counterparty to the equity transfer is a related party.

(3) Information on equity pledge: There is no situation where the counterparty to the equity pledge is a related party.

IX. Information on shareholders with top ten shareholdings who are related parties, spouses, or relatives within the second degree of kinship:

April 19, 2024

Name	Shares held in own name		Shareholding of spouse and underage children		Shareholding under the title of a third party		Name and relationship of the top ten shareholders who are related parties, spouses, or relatives within the second degree of kinship.		Remarks Shares
	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	%	Shares	Shareholding percentage	
Su, Sheng-Yih	11,325,114	9.90%	4,579,272	4.00%	-	-	Peng, Yu-Feng	Spouse	-
							Yang Sheng Investment Co., Ltd.	Corporate representative and chairman	
							Qualibond Technology Co., Ltd.	Chairman	
C SUN MFG LTD. Representative: Liang, Mao-Sheng	5,466,000 -	4.78% -	- -	- -	- -	- -	Gallant Precision Machining Co., Ltd.:	The director is Corporate Director of the company	-
Gallant Precision Machining Co., Ltd.: Representative: Chen, Cheng-Hsing	5,000,000 -	4.37% -	- -	- -	- -	- -	C SUN MFG LTD.	The Chairman is a director of the company	-
Peng, Yu-Feng	4,579,272	4.00%	11,325,114	9.90%	-	-	Su, Sheng-Yih	Spouse	-
							Yang Sheng Investment Co., Ltd.	Supervisor	
							Qualibond Technology Co., Ltd.	Supervisor	
Nova Technology Corp. Representative: Liang, Chin-Li	4,309,000 -	3.77% -	- -	- -	- -	- -	Acter Group Corporation Limited	Chairman The same person	-
Acter Group Corporation Limited Representative: Liang, Chin-Li	2,598,000 -	2.27% -	- -	- -	- -	- -	Nova Technology Corp.	Chairman The same person	-
Yang Sheng Investment Co., Ltd. Representative: Su, Sheng-Yih	2,580,000	2.25%	-	-	-	-	Su, Sheng-Yih	Corporate representative and chairman	-
	11,325,114	9.90%	4,579,272	4.00%	-	-	Peng, Yu-Feng	Supervisor	
							Qualibond Technology Co., Ltd.	Chairman The same person	
Chen Lin, Feng-Ching	1,962,899	1.72%	1,500,674	1.31%	-	-	Chen, Ping-Chu	Spouse	-
Chen, Ping-Chu	1,500,674	1.31%	1,962,899	1.72%	-	-	Chen Lin, Feng-Ching	Spouse	-
Qualibond Technology Co., Ltd. Representative: Su, Sheng-Yih	1,490,000	1.30%	-	-	-	-	Su, Sheng-Yih	Chairman	-
	11,325,114	9.90%	4,579,272	4.00%	-	-	Peng, Yu-Feng	Supervisor	
							Yang Sheng Investment Co., Ltd.	Chairman The same person	

X. The total number of shares and the consolidated shareholding held in any single investee by the Company, its Directors, supervisors, managers, or any companies controlled either directly or indirectly by the Company

Total Shareholding Percentage

December 31, 2023

Unit: Share ; %

Investee (Note)	Held by the Company		Investment of Directors, supervisors, managers, or any companies controlled either directly or indirectly by the Company		Aggregate ownership	
	Shares	Shareholding	Shares	Shareholding	Shares	Shareholding
Ampoc Tech. Limited	9,500,000	100%	-	-	9,500,000	100%

Note: Long-term investments accounted for by adopting the equity method.

Four. Fund Raising Status

I. Capital and shares

(I) Source of share capital

1.Source of share capital

Year/Month	Issue price	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of share capital	Capital increased by assets other than cash	Others
1996.11	10	19,800,000	198,000,000	19,800,000	198,000,000	Capital increase in cash 78,000,000	None	Jing-(85)-Shang-Zi No.118914
1998.12	10	60,000,000	600,000,000	30,000,000	300,000,000	Capital increase in cash 102,000,000	None	(87)-Tai-Cai-Zheng-(Yi) No.101089
1999.07	10	60,000,000	600,000,000	36,000,000	360,000,000	Capital increase from earnings 60,000,000	None	(88)-Tai-Cai-Zheng-(Yi) No.65571
2000.03	10	60,000,000	600,000,000	57,106,769	571,067,690	Capital increase from earnings 60,000,000	None	(88)-Tai-Cai-Zheng-(Yi) No.107784
2000.10	10	92,000,000	920,000,000	73,729,085	737,290,850	Capital increase in cash 48,000,000 Capital increase from earnings 39,974,740 Capital surplus 74,238,800 Capital increase from employees' bonuses 4,009,620	None	(89)-Tai-Cai-Zheng-(Yi) No.58490
2001.06	10	92,000,000	920,000,000	90,500,000	905,000,000	Capital increase from earnings 167,709,150	None	(90)-Tai-Cai-Zheng-(Yi) No.134286
2002.08	10	128,800,000	1,288,000,000	101,200,000	1,012,000,000	Capital increase from earnings 90,500,000 Capital increase from employees' bonuses 16,500,000	None	Tai-Cai-Zheng-Yi-Zi No. 0910138268
2003.09	10	178,800,000	1,788,000,000	106,535,000	1,065,350,000	Capital increase from the capital reserve 50,600,000 Capital increase from employees' bonuses 2,750,000	None	Tai-Cai-Zheng-Yi-Zi No. 0920131475
2004.03	10	178,800,000	1,788,000,000	101,535,000	1,015,350,000	Capital decrease from treasury shares 50,000,000	None	Tai-Cai-Zheng-Yi-Zi No. 0920158078
2004.09	10	178,800,000	1,788,000,000	98,067,000	980,670,000	Capital decrease from treasury shares 34,680,000	None	Tai-Cai-Zheng-Yi-Zi No. 0930126825
2005.09	10	178,800,000	1,788,000,000	103,676,350	1,036,763,500	Capital increase from earnings 49,033,500 Capital increase from employees' bonuses 7,060,000	None	Jin-Guan-Zheng-Yi-Zi No.0940129041
2005.11	10	178,800,000	1,788,000,000	111,433,028	1,114,330,280	ECB conversion 77,566,780	None	Tai-Zheng-Shang-Zi No.0940033604

Year/Month	Issue price	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of share capital	Capital increased by assets other than cash	Others
2006.02	10	178,800,000	1,788,000,000	112,843,332	1,128,433,320	ECB conversion 14,103,040	None	Tai-Zheng-Shang-Zi No.0950003724
2006.09	10	178,800,000	1,788,000,000	117,243,632	1,172,436,320	Capital increase from earnings 33,853,000 Capital increase from employees' bonuses 10,150,000	None	Jin-Guan-Zheng-Yi-Zi No.0950131501
2007.08	10	178,800,000	1,788,000,000	121,814,941	1,218,149,410	Capital increase from earnings 35,173,090 Capital increase from employees' bonuses 10,540,000	None	Jin-Guan-Zheng-Yi-Zi No.0960032565
2008.05	10	178,800,000	1,788,000,000	116,814,941	1,168,149,410	Capital decrease from treasury shares 50,000,000	None	Jin-Guan-Zheng-San-Zi No.0970014558
2008.07	10	178,800,000	1,788,000,000	121,369,390	1,213,693,900	Capital increase from earnings 35,044,490 Capital increase from employees' bonuses 10,500,000	None	Jin-Guan-Zheng-Yi-Zi No.0970034144
2008.12	10	178,800,000	1,788,000,000	116,937,390	1,169,373,900	Capital decrease from treasury shares 44,320,000	None	Jin-Guan-Zheng-San-Zi No.0970054822
2009.04	10	178,800,000	1,788,000,000	114,437,390	1,144,373,900	Capital decrease from treasury shares 25,000,000	None	Jin-Guan-Zheng-San-Zi No.0980003641

2. Share category

Share category	Authorized capital			Remarks
	Outstanding shares (listed)	Unissued shares	Total	
Common Stock	114,437,390	64,362,610	178,800,000	

(II) Shareholder structure

April 19, 2024

Shareholder structure Amount	Government agency	Financial institution	Other institutional entities	Individual	Foreign institutions and foreigners	Total
Number of persons	0	1	222	33,610	120	33,953
Shareholding	0	395,000	26,670,487	76,248,716	11,123,187	114,437,390
Shareholding	0.00%	0.35%	23.31%	66.62%	9.72%	100.00%

(III) Equity dispersion

A par value of NT\$10 per share

April 19, 2024

Shareholding range	Number of shareholders	Shareholding	Shareholding
1 to 999	23,980	504,848	0.44%
1,000 to 5,000	7,756	15,807,447	13.82%
5,001 to 10,000	1,113	8,859,158	7.74%
10,001 to 15,000	359	4,603,766	4.02%
15,001 to 20,000	209	3,882,983	3.39%
20,001 to 30,000	190	4,845,984	4.23%
30,001 to 40,000	96	3,485,013	3.05%
40,001 to 50,000	61	2,857,758	2.50%
50,001 to 100,000	107	8,089,152	7.07%
100,001 to 200,000	37	5,074,202	4.43%
200,001 to 400,000	21	5,738,270	5.01%
400,001 to 600,000	6	2,937,850	2.57%
600,001 to 800,000	3	2,052,000	1.79%
800,001 to 1,000,000	3	2,716,000	2.37%
More than 1,000,001	12	42,982,959	37.57%
Total	33,953	114,437,390	100.00%

Note: The Company did not issue preferred shares.

(IV) List of major shareholders

April 19, 2024

Name of major shareholder	Shares	No. of shares held	Shareholding
Su, Sheng-Yih		11,325,114	9.90%
C SUN MFG LTD.		5,466,000	4.78%
Gallant Precision Machining Co., Ltd.:		5,000,000	4.37%
Peng, Yu-Feng		4,579,272	4.00%
Nova Technology Corp.		4,309,000	3.77%
Acter Group Corporation Limited		2,598,000	2.27%
Yang Sheng Investment Co., Ltd.		2,580,000	2.25%
Chen Lin, Feng-Ching		1,962,899	1.72%
Chen, Ping-Chu		1,500,674	1.31%
Qualibond Technology Co., Ltd.		1,490,000	1.30%

(V) Market price and net asset value per share, earnings, dividends, and relevant information in the most recent two years

Item \ Year		2022	2023	Current year up to April 30, 2024 (Note 8)
Market price per share (Note 1)	Highest	45.50	82.40	111.00
	Lowest	37.55	43.00	78.00
	Average	41.23	63.43	89.27
Net worth per share (Note 2)	Before distribution	24.16	26.22	22.70
	After distribution	20.16	21.22	N/A.
Earnings per share	Weighted average number of shares	114,437	114,437	114,437
	Earnings per share (Note 3)	5.18	6.03	1.43
Dividend per share	Cash dividend	4.00	5.00	N/A.
	Stock dividend	Stock dividends from earnings	0	N/A.
		Stock dividends from capital surplus	0	N/A.
	Cumulative undistributed dividends (Note 4)		0	N/A.
Analysis of investment returns	Price-to-earnings ratio (Note 5)	7.96	10.52	N/A.
	Price-to-dividend ratio (Note 6)	10.53	12.69	N/A.
	Cash dividend yield (Note 7)	9.70	8.29	N/A.

Note 1: The highest and lowest market prices of ordinary shares in each year shall be listed, and the average market price for each year calculated as per the transaction value and volume for each year.

Note 2: Calculate the net value per share based on the number of outstanding shares at the end of the year and set out the amount of distribution based on the resolution made by the Board or at the shareholders' meeting in the following year.

The Board approved a cash dividend of NT\$5.00 per share for 2023 on March 13, 2024.

Note 3: If retrospective adjustment is required due to stock dividends paid out, the earnings per share before and after the adjustment shall be listed.

Note 4: If the undistributed dividends for a year may be accumulated and not be distributed until a year with earnings available as stipulated in the equity securities regulations, the cumulative unpaid dividends up to the current year shall be disclosed separately.

Note 5: Price to earnings ratio = Average closing price per share for the year/earnings per share.

Note 6: Price to dividend ratio = Average closing price per share for the year/cash dividend per share.

Note 7: Cash dividend yield = Cash dividend per share/average closing price per share for the year.

Note 8: Net value per share and earnings per share are based on the data audited (reviewed) by CPAs from the publication date of the annual report up to the latest quarter. For all other fields, calculations are based on the data for the current year as of the date of publication of the annual report.

(VI) The Company's dividend policy and implementation

1. Dividend policy

If the Company has surplus in its annual final accounts, it shall first pay the profit-seeking enterprise income tax, make up for the losses from previous years, and if there is still a balance, it shall set aside 10% of the legal surplus reserve in accordance with the law. However, if the legal surplus reserve has reached the total amount of the Company's paid-in capital, no further provision shall be made. And when necessary, special surplus reserves or reversals of special surplus reserves shall be provided or reversed in accordance with laws or regulations of the competent authority, and the remaining amount shall be added to the accumulated undistributed earnings of the previous year to form the accumulated distributable earnings. The aforementioned distributable earnings shall be proposed by the Board of Directors in a distribution proposal and submitted to the shareholders' meeting for resolution on distribution. In order to meet the needs of business expansion and industrial growth, the Company may, based on the overall capital budget planning for the required funds, distribute stock dividends to retain the required funds as a principle, and the remaining portion may be distributed in cash dividends. However, cash dividends shall not be less than 10% of the total amount of dividends distributed to shareholders in the current year. However, if the cash dividend per share is less than NT\$0.5, it may be replaced by a stock dividend. In the past 10 years, the cash dividend per share has not been less than 75% of the earnings per share.

2. The proposed dividend distribution at this shareholders' meeting:

In accordance with the Company's Articles of Incorporation approved and amended by the shareholders' meeting on June 11, 2019, the Board of Directors, with the attendance of more than two-thirds of the directors and the resolution of more than half of the attending directors, may distribute all or part of the dividends, capital surplus, or legal surplus reserve in cash, and report to the shareholders' meeting.

As resolved by the Board of Directors on March 13, 2024, a cash dividend of NT\$5.00 per share will be distributed for the year 2023.

(VII) The influence of the stock dividend proposed at the shareholders' meeting on the Company's operating performance and earnings per share: None.

(VIII) Remuneration of employees, Directors, and supervisors

1. Ratio or scope of remuneration of employees, Directors, and supervisors stated in the Articles of Incorporation: The Company, after compensating losses, if there is still a balance from the profit before tax of the year and before the distribution of remunerations of employees and Directors and supervisors of the year, the Company shall appropriate 5% to 8% as the remuneration of employees and no more than 3% as the remuneration of Directors and supervisors.

2. Basis for estimation of the remuneration of employees, Directors, and supervisors during the period, the basis for the calculation basis of the number of shares for remuneration distributed in shares, and the accounting treatment if the distribution amount is different from the estimated amount: The Company estimates the remuneration of employees and remuneration of Directors and supervisors at 6% and 2% of net profits before tax, respectively, during the period.

Differences between the actual amount of distribution and the amount estimated will be treated as changes in accounting estimated and presented as profit or loss of the distribution year.

3. Remuneration distribution approved by the Board:

(1) On March 13, 2024, the Board resolved to distribute a remuneration of employees of NT\$55,095,764 and remuneration of Directors and supervisors of NT\$15,000,000 in cash. The remuneration of employees has no difference from the estimation in 2023, and the remuneration of Directors and supervisors was NT\$3,365,254 less than the estimation in 2023, being the differences from the estimation.

(2) The amount of intended remuneration of employees in shares to be distributed and the ratio to net profit after tax and total remuneration of employees of the period: Not applicable.

4. Distribution of remuneration of employees, Directors and supervisors in the preceding year (including the number of shares, amount, and stock price of the distribution); if there is any difference with the remuneration of employees, Directors and supervisors recognized, the difference, reason, and measures adopted:

	2022			
	Actual distribution	Recognition	Difference	Reason for differences
I. Distribution:				
1. Remuneration of employees in cash	NT\$47,623 thousand	NT\$47,623 thousand	NT\$0 thousand	
2. Remuneration of employees in shares	NT\$0 thousand	NT\$0 thousand		
(1) Shares	0 thousand	0 thousand	0	
(2) Amount	shares	shares		
(3) Ratio to the number of outstanding shares at the end of the year	NT\$0 thousand 0.00%	NT\$0 thousand 0.00%	0	
3. Remuneration of Directors and supervisors	NT\$13,000 thousand	NT\$15,874 thousand	NT\$2,874 thousand	Estimate differences

(IX) The repurchase of the Company's shares:

In 2023 and up to the publication date of the annual report, the Company had not repurchased any shares.

II. Corporate bonds: None.

III. Preferred shares: None.

IV. Global depository receipts: None.

V. Employee stock options: None.

VI. Restricted stock awards: None.

VII. Mergers or receipt of new shares issued by other companies: None.

VIII. Implementation of capital utilization plans:

(I) Content of plan

As of the quarter preceding the publication date of the annual report, if any prior issuance or private offering has not been completed or has been completed, but the effects of the plan are not fully exerted: The capital increase in cash through the private placement of common shares approved by the shareholders' regular meeting in 2023 has not been implemented and will not be continued.

(II) Implementation

Analysis of the implementation and comparison with effects initially expected for the use of plans in the preceding paragraph: None.

Five. Operational Highlights

I. Business activities

(I) Scope of business

1. Major scope of business

- CB01010 Mechanical Equipment Manufacturing
- C801010 Basic Chemical Industrial
- C801030 Precision Chemical Material Manufacturing
- C802060 Veterinary Drug Manufacturing
- C802080 Environmental Agents Manufacturing
- C802990 Other Chemical Products Manufacturing
- CF01011 Medical Devices Manufacturing
- E603050 Automatic Control Equipment Engineering
- E604010 Machinery Installation
- F107200 Wholesale of Chemical Feedstock
- F113010 Wholesale of Machinery
- F113030 Wholesale of Precision Instruments
- F113050 Wholesale of Computers and Clerical Machinery Equipment
- F113060 Wholesale of Measuring Instruments
- F115010 Wholesale of Jewelry and Precious Metals
- F213030 Retail Sale of Computers and Clerical Machinery Equipment
- F213040 Retail Sale of Precision Instruments
- F213050 Retail Sale of Measuring Instruments
- F213080 Retail Sale of Machinery and Tools
- F215010 Retail Sale of Jewelry and Precious Metals
- F401010 International Trade
- F107070 Wholesale of Veterinary Drugs
- F107080 Wholesale of Environmental Agents
- F108031 Wholesale of Medical Devices
- F207050 Retail Sale of Fertilizer
- F207070 Retail Sale of Veterinary Drugs
- F207080 Retail Sale of Environmental Agents
- F207200 Retail Sale of Chemical Feedstock
- F208031 Retail Sale of Medical Apparatus
- F601010 Intellectual Property Rights
- IG01010 Biotechnology Services
- G801010 Warehousing
- I301010 Information Software Services
- I501010 Product Designing
- ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

2. Business proportion

Unit: NT\$ Thousand

Operating revenue	2023	
	Amount	Percentage (%)
Machinery and equipment income	2,169,760	64.69
Consumable income	1,114,589	33.23
Maintenance income	69,936	2.08
Total	3,354,285	100.00

3. Major product (service) items of the Company at present

The Company is a professional equipment and material supplier for major electronic industries of LED, LCD, IC wafer manufacturing, assembly, and PCB in Taiwan, and the major items of supplies are as follows:

Industry	PCB	LCD	Semiconductor	LED	OLED
Item of supply	Print circuit board various liquids Various wet process equipment Electroplating equipment Electroplating process chemicals O/S Tester FPC soft board wet process equipment BGA horizontal wet process equipment Vacuum etching machine Ampoc Jet (two-fluid) etching system Vertical Ampoc Wing Wet process heat recovery energy-saving system Vertical contactless wet process equipment High-efficiency developing solution membrane filtration system Contactless dust-proof conveying system High-efficiency energy-saving sludge treatment system AI ARM intelligent etching system Contactless production equipment Ambient drying machine Development defoamer system Plasma desmear machine (Plasma Desmear)	Automated process equipment LCD inspection instruments Backlight module inspection machine Aluminum etching endpoint detection machine Atmospheric plasma cleaning equipment LED process equipment Contactless carrier handling system	Semiconductor testing, process equipment and materials Yellow light process specialty chemicals Packaging process equipment and materials Electroplating chemicals Nanoimprint molds Wafer exposure machine Laser processing machine Various AOI machines Bump inspection equipment Wafer/chip bonding equipment Ball placement equipment	LED Aligner series equipment Stepper	UV Sealing System

4. New products planned for development

1	12-inch wafer 0.13um and below automated inspection equipment	20	New display (OLED/PLED/PDP) process equipment and materials
2	Semiconductor CMP related process materials	21	Embedded board process/materials
3	Flip Chip packaging process equipment and materials	22	Fine Pitch component process and related inspection equipment
4	Wafer Level CSP process and inspection equipment	23	PCB CONTACT FREE wet process equipment
5	GaAs/MENS related processes and equipment	24	Air Spray Coater required for PCB thick copper/HDI boards
6	OLED UV Sealing System	25	PCB low-acid fine line etching system
7	OLED UV Bonding materials	26	PCB fine line single-point etching compensation system
8	TAB/COF related process materials	27	Touch panel UV aqueous adhesive
9	Lead-free processes and materials	28	Wafer bump process materials

10	PCB Build up BGA related processes and equipment (high-end exposure machines, Stepper or LPI, Bump process/materials, AOI/AVI)	29	Wafer 3D-TSV chemical electroplating
11	High polymer materials used in PCBs, such as green coatings, carbon resins, photoresists, etc.	30	Wafer level ball placement equipment and materials
12	Touch panel OCA/UV Glue bonding equipment	31	PCB Metal finish process materials
13	Flexible circuit board wet process equipment and board loading/unloading systems	32	AOI inspection equipment for IC packaging
14	Research and development of process equipment related to solar panels	33	Laser cutting equipment for semiconductors/LEDs
15	12-inch Cu/W CMP grinding equipment and materials	34	Bump inspection equipment suitable for Bump, TSV applications
16	12-inch wafer high-k dielectric vapor deposition equipment	35	PCB copper process electroplating chemicals
17	Optical Device packaging process equipment and materials	36	Vertical wet process conveying equipment
18	Green Material lead-free and halogen-free materials	37	AiP inspection equipment
19	Automated packaging processes and equipment (Roll to Roll Process)		

(II) Industry overview

1. Current status and development of the industry

(1) PCB equipment manufacturing business

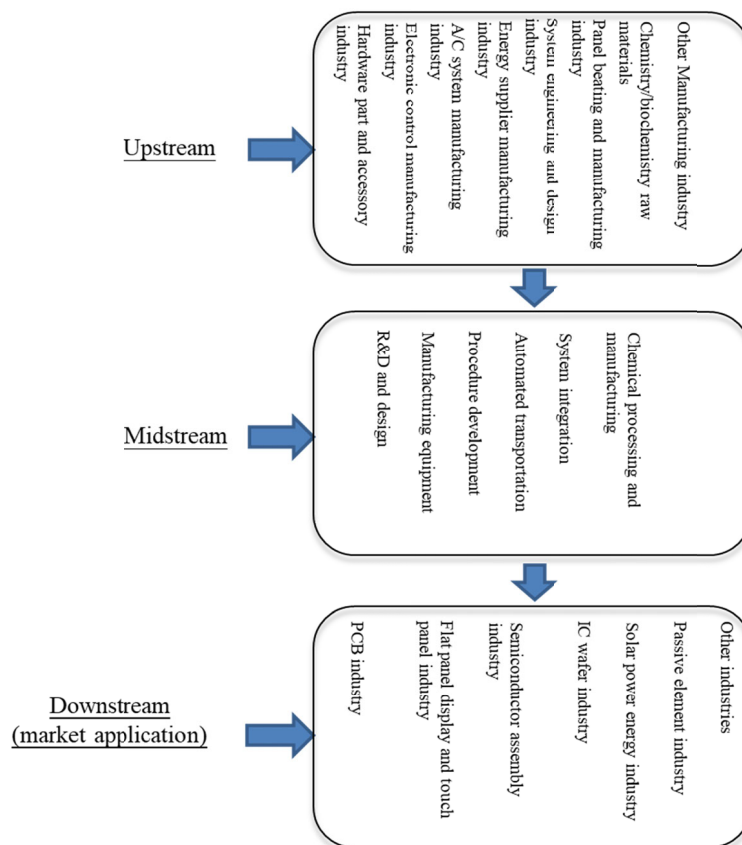
In 2023, the main self-manufactured equipment will mainly be used for printed circuit boards and HDI, accounting for a relatively high proportion of similar boards. The application markets include products such as smartphones, automotive electronics, servers, etc. The patented new product Ampoc 5A (Arrows) will be officially launched and presented at TPCA. Among them, the patented design of the ECO heat recovery system contributes greatly to customers' energy-saving and carbon reduction in response to the trend of energy-saving due to global warming. Future equipment development and demand outlook:

- Demand for high-end ABF board manufacturing process equipment.
- Various PCB manufacturers have entered the competition for high-end products, including equipment demand for 5G-related boards, similar boards, HDI, and flexible boards.
- Demand for PCB equipment related to electric vehicles and safety.
- Continuous research and development of energy-saving and waste reduction equipment.

(2) Agency electronic and specialty chemical business

For the agency electronic and specialty chemical business, focusing on semiconductor packaging equipment/materials, including consumables for the semiconductor front-end and solar industry, and actively expanding into the three major directions of semiconductor front-end, advanced packaging, and 5G communication/AI.

2. The semiconductor manufacturing supply chain



Printed circuit boards: Providing high value-added support and services to the printed circuit board industry with self-manufactured main process machinery and equipment, as well as agency for various leading brands of machinery, equipment, and materials.

The self-manufactured PCB process equipment products include vacuum etching machines, room temperature super drying machines, film stripping heat recovery and regeneration heating systems, wet process equipment for coating crystalline substrates, and etching compensation systems for fine PCB circuits, etc.

Flat panel displays and touch panels: Automatic chemical analysis and dispensing equipment, light boxes/lamps, etc.

Semiconductor packaging: Mainly providing process chemicals and consumables, including automatic chemical analysis and dispensing equipment, tin-lead electroplating solutions, tin discoloration inhibitors, selective copper etchants, pure tin electroplating solutions, and more.

IC wafer industry: Selective copper etchants, selective titanium etchants, high-speed copper electroplating solutions, ammonium sulfamate nickel, bumping tin-lead electroplating solutions, bumping tin-silver electroplating solutions, etc

Solar industry: Consumable guide wheels for HCT wire cutting equipment, specialized guide wheels for HCT wire cutting equipment, low wear and high stability PU plastics, and consumables related to solar process equipment.

3. Development Trends and Competition of Products

(1) PCB equipment manufacturing business

PCB equipment manufacturing focuses on high-end wet process equipment. In response to the new processes for 5G applications, it creates production equipment that meets the trend of fine line patterns, low pollution, and zero contact, while also installing AI automatic detection systems to precisely calculate the timing for replacing consumables, improving production scheduling efficiency. With the development of high-frequency, high-speed, and ultra-fine line patterns driven by 5G, PCB customers in China and Taiwan are reinvesting, although the pandemic has caused some delays. However, the demand for equipment investment remains strong and has not been directly affected by the pandemic.

(2) Agency electronic and specialty chemical business

In the agency electronic and specialty chemical business, focusing on semiconductor packaging materials, including consumables for the semiconductor front-end and solar industry, and actively expanding into the three major directions of semiconductor front-end, advanced packaging, and 5G communication/AI.

(3) Technology and R&D

1. Research and development expenditures for the most recent fiscal year and up to the date of publication of the annual report:

(1) NTD 34,623 thousand was spent in 2023.

(2) NTD 39,038 thousand is expected to be invested in 2024, and NTD 10,397 thousand has been invested as of the first quarter of 2024.

2. Successfully developed technologies or products:

(1) Non-contact FLIP CHIP underfill wet process equipment

(2) PCB fine line etching compensation system

- (3) TFT-LCD large panel automatic optical inspection equipment
- (4) TFT-LCD large panel cassette cleaning equipment
- (5) TFT-LCD large panel etching equipment
- (6) Solar process equipment-related consumables
- (7) Fuel cell testing equipment
- (8) Touch Panel ultrasonic cleaning machine
- (9) Bumping plating and etching process chemicals
- (4) Long-term and short-term business development plans
 - 1. Short-term plan
 - (1) With a focus on professional technical marketing, we analyze the development trends of various electronic industries based on customer needs. Leveraging our existing relationships with manufacturers, product marketing, and customer channels, we aim to expand our business scope, increase product offerings, effectively reduce operational risks, actively generate revenue, and enhance profitability.
 - (2) We are committed to developing ultra-high precision PCBs, HDIs, BGA horizontal wet-process equipment, FPC (flexible printed circuit) horizontal wet-process production equipment, and LCD wet-process equipment to fully meet market demands. We also actively research and develop processes that reduce environmental pollution, contributing to a greener planet.
 - (3) With a customer-centric service philosophy, we not only strive to assist customers in reducing production costs but also actively advise them on improving process management, increasing production yields, and enhancing product quality.
 - (4) We strengthen our integration capabilities across related product series, incorporating outstanding locally produced products to offer customers a more comprehensive product portfolio and provide them with overall solutions, thereby increasing product added value.
 - 2. Long-term plan
 - (1) To achieve the strategic goal of market diversification, the market share is evenly distributed among Japan, mainland China, Southeast Asian countries, and Taiwan, effectively reducing the impact of regional economic conditions.
 - (2) Actively research and introduce new process technologies, and continually improve to meet the future needs of the high-tech industry through collaboration with customers in product development.

II. Overview of the market, production, and sales

(I) Market analysis

1. Sales region of major products

Unit: NT\$ thousand; %

Operating revenue		2022		2023	
		Amount	Percentage (%)	Amount	Percentage (%)
Domestic sales		1,712,267	49.66	1,509,471	45.00
Export	China	1,197,337	34.72	1,347,110	40.16
	Southeast Asia	400,498	11.61	382,525	11.41
	Japan	80,563	2.34	115,179	3.43
	Americas	57,719	1.67	-	-
	Subtotal	1,736,117	50.34	1,844,814	55.00
Total		3,448,384	100.00	3,354,285	100.00

2. Market share

The company is a professional agent for process equipment and consumables in the IC and PCB industry, and a professional manufacturer of process equipment in the PCB industry. Due to the complexity of the manufacturing processes in the aforementioned industries, and the need for some equipment to fully meet customers' specific requirements through special design and planning, most products do not have fixed specifications and are produced in small quantities with various styles. Therefore, there is no complete and objective market share statistics.

3. Supply and demand and growth potential of the market in the future

In 2023, the consumer electronics market is sluggish, and high inflation suppresses consumer purchasing power. The global PCB industry is experiencing a significant decline, with PCB output declining by nearly 17% in 2023. In the second half of 2023, as consumer demand gradually recovers, coupled with the continued AI boom driven by ChatGPT, the demand for AI servers, AI PCs, and AI phones will drive a wave of device upgrades, leading to an improvement in the consumer electronics market. Overall, the electronics and PCB industries are expected to welcome the next growth cycle.

4. Competitive niches

Since its establishment, our company has always adhered to a prudent attitude of seeking development while maintaining stability. We have closely monitored trends in economic fluctuations and implemented the following strategies. Over the past four decades, despite facing multiple unfavorable economic cycles, we have been able to navigate through them safely and maintain steady growth.

A. Our company is dedicated to serving the electronics industry and has actively played the role of a bridge in the information and electronics industry. The industries we serve and our business directions are clear, aligning with the growth of major domestic electronics industries. The adverse effects of economic fluctuations are minimized in line with industry trends.

- B. Our company is oriented towards professional technical marketing. We have a strong ability to accurately assess the development trends of major electronics industries. Over four decades ago, we started by serving the PCB industry and gradually expanded into the IC wafer manufacturing and packaging and testing industries, becoming a supplier of equipment and materials for Taiwan's major electronics industries. By engaging in professional technical marketing across different industries, we have gradually expanded our business scope and increased our product offerings, relatively dispersing the adverse impacts of a single industry's economic fluctuations.
- C. With years of rich experience in professional technical marketing, our company has highly competitive products and an exceptional ability to upgrade products and technologies. This is our strongest asset in the face of any unfavorable economic changes and the most solid profitability when the economy is booming.
- D. In addition to actively engaging in agency sales, we continuously select competitive products from our offerings and introduce the technologies into domestic production. Through our R&D team's efforts, we enhance product functionality, reduce costs, and create the greatest profit potential for our company while enabling customers to purchase production equipment at more reasonable prices.
- E. During the aforementioned in-house production and R&D processes, our company has carefully nurtured several competent satellite factories to undertake outsourced production of various types of machinery, thereby dispersing the risks of workforce and capacity allocation during economic booms and downturns.
- F. The company continuously enhances its ability to integrate product lines and incorporates outstanding domestically manufactured products to offer more comprehensive product combinations and provide customers with overall solutions, increasing product added value. We have currently achieved this goal in the PCB industry and completed many successful cases under the full trust of our customers.
- G. The company actively follows the footsteps of industries moving to mainland China and strengthens cooperation with the trend of Japanese industrial relocation, seizing excellent business opportunities.

In summary, our company has always adhered to the philosophy of professionalism and innovation, actively undertaking various rooting and expansion initiatives. We have established excellent development and adaptability capabilities, enabling our company to stand firm and maintain steady growth in this fiercely competitive high-tech industry.

5. The favorable and unfavorable factors for future development and countermeasures

*Favorable factors:

- A. Key components heavily rely on foreign manufacturers, making the role of agents increasingly important

Many of the key components needed domestically rely on foreign suppliers, so agents often sign contracts with one or more foreign manufacturers to meet customers' one-stop purchasing needs. Under the premise of global comparative advantage and limited resources, Taiwan has developed into a production hub for high-tech products, focusing on reducing production costs and improving manufacturing yields. It has become the most suitable partner for international corporations to seek outsourcing opportunities, while international corporations can focus on developing new products. Under the premise of global comparative advantage and limited resources, Taiwan has developed into a production hub for high-tech products, focusing on reducing production costs and improving manufacturing yields. It has become the most suitable partner for international corporations to seek outsourcing opportunities, while international corporations can focus on developing new products.

B. Strong and experienced management team

The company's key executives have extensive experience working in the industry. They have rich experience in research, marketing, and have served the company for many years, demonstrating the high quality of the company's core management team, which is beneficial to the company's business development.

C. Stable agency rights

Stable agency rights can be considered the most critical success factor for the agency business. The company maintains a good relationship of mutual trust, interdependence, and mutual assistance with the manufacturers.

D. Diversified agency lines and comprehensive product lines

Brands like CERMA and ISHIHARA from Japan form a strong and diverse team of suppliers. Currently, these suppliers offer a wide range of products that can meet various product development, design, and production needs. In addition to providing customers with the convenience of one-stop shopping, it also reduces the risk associated with fluctuations in a single product.

E. Professional image and professional services

Since its establishment in 1980, the company has adhered to the principles of integrity, professionalism, and sustainability. Its professional image has been well recognized in the industry. At the same time, the company upholds the spirit of specialization, responsibility, and professionalism, providing comprehensive pre-sales and after-sales professional services to manage business and relationships between suppliers and customers. Beyond being business partners with suppliers and customers, the company is also a loyal friend and professional consultant.

*Unfavorable factors and countermeasures

A. The product life cycle is relatively short.

The electronics and information industry often replaces products with new ones, and the sales of computer, communications, and consumer products are subject to changes in trends and economic cycles. Consequently, the pressure to increase inventory quantities also increases relatively.

Countermeasures

- a. Actively keep track of product trends, stay updated on new product and market trends, research related technologies to provide technical information and gain customer trust, actively introduce new agencies, and develop new customers.
- b. Strictly control inventory quality. Use the information system to obtain an aging analysis of inventory every month, regularly review the "in-out" status of components, and take timely measures to handle inventory quantities and adopt preventive measures.
- c. Pursue product completeness and diversity, adopt a low-margin, high-sales approach to expand economic scale, and pursue completeness and diversity in product applications to diversify operational risks and ensure stable operations and profitability.

B. Intense price competition

Intense competition in transactions often results in low gross margins, increasing operational risks.

Countermeasures

- a. Leverage bulk purchasing to lower costs and offer customers more competitive prices while maintaining a reasonable profit margin.
- b. Enhance transaction quality, strengthen transaction terms and credit limit management to prevent abnormal transactions from causing crises in overall operations.
- c. Introduce more high-margin products to boost profitability.

C. Risk of exchange rate fluctuations

50% of the company's operating revenue comes from exports, mostly priced in foreign currencies, so exchange rate fluctuations can lead to foreign exchange gains or losses.

Countermeasures

In addition to natural hedging from offsetting foreign currency assets and liabilities, the company's foreign exchange risk management methods also involve using forward exchange operations when necessary to mitigate the impact of exchange rate fluctuations.

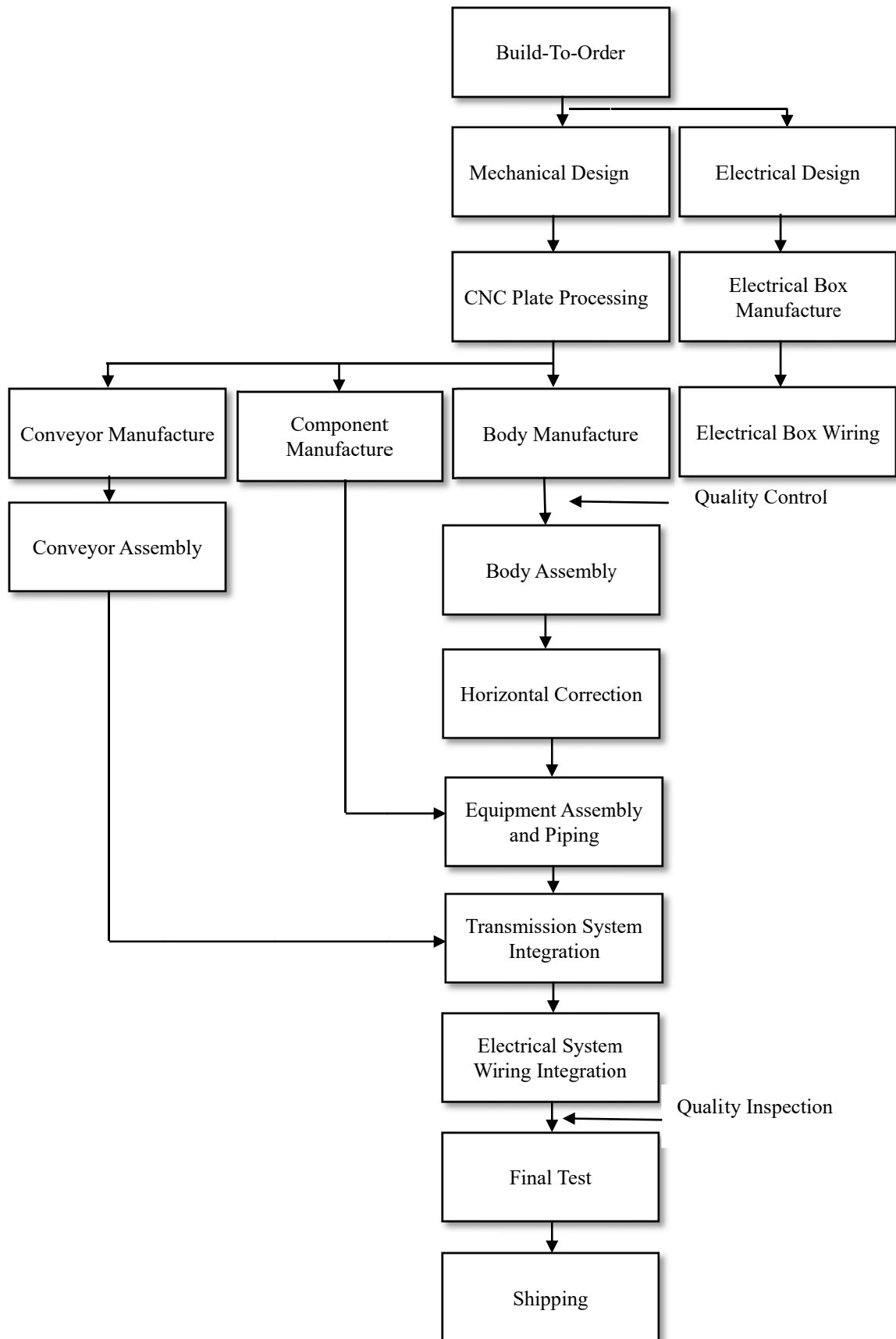
(II) Main usage and manufacturing processes of the Company's main products

1. Main usage of the Company's main products

Product	Usage
Inner layer Line	PCB multilayer board inner layer photoresist exposure, copper layer etching and photoresist stripping
Outer layer Line	PCB outer layer photoresist stripping, copper layer etching and tin-lead stripping
Developer	PCB photoresist exposure
Desmear Line	PCB hole deburring
PTH Line	PCB chemical copper treatment
Electrolytic & ElectrolessNi/Au Plating Line	PCB electroless & electroplated nickel/gold
Photoresist	Photoresist is the main material for imaging in the semiconductor process, relating to the precision and density of circuits
Printed circuit board wet process equipment	Inner and outer layer exposure, green ink exposure, inner and outer layer etching, inner and outer layer stripping, tin-lead stripping, pretreatment and various cleaning equipment in the PCB process
Coater Line	PCB PR coating
Sheet-fed wet process	Cleaning, exposure, etching, stripping
Vertical wet process	Cleaning, exposure, etching, stripping
Full Automatic Cutting M/C	Automatic glass panel cutting
Full Automatic Beveling M/C	Chamfering, polishing
Sputter	α -Si、Metal、ITO deposition
EPD	For LCD wet etching end point detector
EPD	For wet or dry etching end point detector
IC EPL	Electroplating machine used in IC packaging process
Stepper	PCB, substrate exposure machine
Solar panel process related equipment	Pre-etch cleaning and glass surface cleaning before plating
Light Source & Lamp	Illumination box and lamps for automatic optical inspection machines of LCD, PCB
Stamp	Nanoimprint mold for semiconductor, MEMS fine circuits
Atmospheric pressure plasma equipment	SMT, LCM surface cleaning equipment
Vacuum plasma equipment	PKG cleaning, PCB Desmear equipment
Batch Type Cleaner	Ultrasonic cleaning equipment for Solar Cell, Touch Panel
Bump Inspection System, Model :BHT-1000G	3D measurement (height, depth) corresponding to fine surfaces, using white light interference detection principle, achieving nanometer-level measurement accuracy
Metal finish	PCB chemical tin process equipment & chemicals
Metal finish	IC packaging electroplating chemicals (Sn, Sn/Bi, Sn/Pb)

Product	Usage
Metal finish	Tin bump electroplating chemicals (Eutectic, High Lead, Sn/Ag)
Metal finish	Bumping copper electroplating chemicals
Metal Etching	Bump process UMB etchant
Fuel cell testing equipment	Methanol concentration determination and data collection & analysis of voltage, current, temperature, flow rate for DMFC fuel cells
Consumables related to solar process equipment	Consumables used in upstream Solar wafer process equipment
Solder bump plating chemical	Tin-lead, tin-silver electroplating chemicals
Laser processing machine	Applicable to cutting processes in LCD, semiconductor industries
Plasma desmear machine	Plasma Desmear can effectively remove residue in via holes under 100um, improving the yield of subsequent blind via plating and via filling
Mask Aligner equipment	LED Mask Aligner series equipment, e.g. MDA-400M, MDA-40FA, etc

2. Manufacturing processes of the Company's main products



(III) Supply of major raw materials

Regarding major raw materials self-produced by the Company (i.e., board materials, PVCs, axels, and pumps), the Company extensively cooperates with domestic and foreign excellent companies of competitiveness based on the requirements of equipment specifications, nature, and quality. With accurate backup systems and long-term and stable cooperation, the Company is able to secure the source of goods and quality effectively.

(IV) List of major purchase and sales customers in the most recent two years

1. Major suppliers in the most recent two years

Unit: NT\$ Thousand

Item	2022				2023				As of 2023 Q1			
	Name	Amount	Percentage of annual net purchases (%)	Relationship with the issuer	Name	Amount	Percentage of annual net purchases (%)	Relationship with the issuer	Name	Amount	Percentage of net purchases up to the Q1 of the current year (%)	Relationship with the issuer
1	Supplier A	719,037	34.01	None	Supplier A	580,338	33.86	None	Supplier A	178,027	44.73	None
2	Others (less than 10%)	1,395,239	65.99		Others (less than 10%)	1,133,678	66.14		Others (less than 10%)	219,978	55.27	
	Net purchase	2,114,276	100.00		Net purchase	1,714,016	100.00		Net purchase	398,005	100.00	

Note 1: List the name of all suppliers accounting for 10% or more of the total procurement amount in the most recent two years and the purchase amounts and the ratio. If the Company is prohibited by contract from revealing the name of a supplier, or a trading counterparty is an individual who is not a related party, it may use a code in place of the actual name.

2. Major sales customers in the most recent two years

Unit: NT\$ Thousand

Item	2022				2023				As of 2023 Q1			
	Name	Amount	As a percentage of the annual net sales (%)	Relationship with the issuer	Name	Amount	As a percentage of the annual net sales (%)	Relationship with the issuer	Name	Amount	Percentage of net sales up to the Q1 of the current year (%)	Relationship with the issuer
1	Company A	-	-	None	Company A	-	-	None	Company A	112,364	13.07	None
	Others (less than 10%)	3,448,384	100.00		Others (less than 10%)	3,354,285	100.00		Others (less than 10%)	747,062	86.93	
	Net sale	3,448,384	100.00		Net sale	3,354,285	100.00		Net sale	859,426	100.00	

Note 1: List the name of all customers accounting for 10% or more of the total sales amount in the most recent two years and the sales amounts and the ratio. If the Company is prohibited by contract from revealing the name of a customer, or a trading counterparty is an individual who is not a related party, it may use a code in place of the actual name.

(V) Production Volume and Value in the Past Two Years

Unit: Machine/NT\$ thousand

Production volume and value Main product	Year	2022			2023		
		Production capacity (Note 1)	Production volume	Production value	Production capacity (Note 1)	Production volume	Production value
PCB equipment		-	136	1,212,552	-	110	1,072,317
LCD equipment		-	-	-	-	-	-
Total		-	136	1,212,552	-	110	1,072,317

Note 1: The Company adopts build-to-order production, and products may be designed and produced based on customers' requirements with different equipment specifications; therefore, there is no estimated production capacity.

(VI) Table of sales volume and value in the most recent two years

Unit: NT\$ Thousand

Sales volume and value	Year	2022				2023			
		Domestic sales		Export		Domestic sales		Export	
Main product		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Machinery and equipment		57	769,564	81	1,413,405	53	718,625	73	1,433,447
Consumable		-	887,177	-	299,158	-	742,397	-	389,880
Others		-	55,526	-	23,554	-	48,4489	-	21,487
Total		-	1,712,267	-	1,736,117	-	1,509,471	-	1,844,814

III. Employees

(I) Employees in the most recent two years and up to the publication date of the annual report
May 10, 2024

Year		2022	2023	Current year up to May 10, 2024
Number of employees	Direct personnel	202	212	207
	Indirect personnel	135	139	136
	Total	337	351	343
Average age		41.37	41.77	41.73
Average years of service		12.84	13.11	13.13
Academic background	Doctoral Degree	-	-	-
	Master's Degree	3.86%	3.70%	3.79%
	College/University	43.32%	43.02%	42.86%
	Senior high school	48.37%	48.15%	48.40%
	Below senior high school	4.45%	5.13%	4.95%

IV. Contribution to environmental protection

- (I) Losses incurred due to environmental pollution in the most recent year and up to the publication date of the annual report: None.
- (II) Future countermeasures and possible expenses: None.

V. Labor-management relations

For more than forty years since its establishment, this company has been renowned for harmonious labor-management relations. Both labor and management have been like one family, with few disputes. All employees have been able to unite their efforts and grow together with the company.

The company regards employees as the most precious asset. Since its establishment, it has upheld the corporate philosophy of "quality first, innovation and progress, professionalism, all-employee operations, international production and sales, and supreme service." It values employee welfare and rights, strives to promote employee well-being, and improves labor-management relations. All colleagues cherish these achievements, are willing to contribute their wisdom and efforts to drive the company's development and progress, and use this opportunity to build their own hopeful and wonderful future.

(I) Current important labor-management agreements and implementation:

1. Employee welfare measures

To enhance employee welfare measures, this company provides benefits to employees in various aspects such as work, life, safety, and health, ensuring that employees not only receive regular wage payments but also enjoy various subsidies and protections for their work, life, and family, fostering a strong sense of belonging among all employees towards the company.

The following are some of the welfare measures currently implemented by the company:

- (1) Domestic and overseas study for employees
- (2) Implementation of employee salary adjustments and bonus system
- (3) Regular physical health examinations for employees
- (4) Group insurance coverage for all employees
- (5) Subsidies for employee weddings, funerals, celebrations, and additional bonuses for three major holidays
- (6) Occasional staff banquets and recreational activities

2. Employee training and development

To enhance the overall quality, performance, and quality of personnel, the company has established the "Regulations for Subsidizing Outstanding Employees for In-service Degree Programs" and the "Regulations for Overseas Training for Outstanding Employees" to introduce new technologies and knowledge that align with job requirements and the company's future development needs.

To keep up with rapid changes in industrial technology and ensure the abilities and career development of employees in achieving the company's operational goals, employee learning and development is a key focus of human resource management. The company's recent employee education and training are as follows:

Course Category	Total Participants	Total Hours	Total Cost (NT\$)
Professional training for management talents	32	288	87,448
New Employee Training	33	229	
General knowledge training	258	1,356	
Total	323	1,873	

3. Employee code of conduct or ethics

The company has established various regulations and rules to govern employee behavior and ethics, providing guidelines for ethical principles, rights, obligations, and conduct for all employees. These regulations are summarized as follows:

- (1) Authority Delegation Table: Improve work efficiency and define the authority of employees at various levels to achieve a hierarchical management structure.
- (2) Departmental Duties and Job Descriptions: Clearly define the responsibilities and organizational functions of each department.
- (3) Attendance Regulations: Establish a sound attendance system and cultivate good discipline among employees.
- (4) Employee Rewards and Disciplinary Measures: Maintain internal order and employee morale.

4. Retirement system and implementation

- (1) To care for retired employees' livelihood, promote labor-management relations, and improve work efficiency, the company established a Labor Retirement Reserve Supervision Committee in accordance with the Labor Standards Act in 1998 and contributed to the Labor Retirement Reserve Fund deposited with the Central Trust Bureau to fund future retirement payments for employees.
- (2) Since July 2005, the company has adopted a defined contribution retirement plan in accordance with the Labor Pension Act. For employees who choose to apply the labor retirement pension system under the Act, the company contributes 6% of their monthly salary to the individual accounts managed by the Labor Insurance Bureau.

5. Agreements between labor and management

The company has always embraced the philosophy of labor-management unity and co-existence and co-prosperity in resolving issues between the two parties. As such, it highly values employee opinions. Employees can express their concerns and problems related to life and work through the company's formal or informal communication channels at any time. Through mutual understanding and empathy, a consensus is formed, and achievements are jointly created.

Losses suffered due to labor disputes during the most recent years and up to the publication date of this annual report, the estimated potential amount at present and in the future, and countermeasures: None.

VI. Cybersecurity management

- (I) Cyber security risk management framework, policy, specific management plans, and resources put in cyber security management.

The company strengthens information security management to ensure the confidentiality, integrity, and availability of information assets, providing an information environment for the continuous operation of our business.

1. Comprehensively review network and system security, and track and improve vulnerabilities

- (1) Establish regular inventory of information assets and data registers, conduct risk management based on information security risk assessments, and implement various control measures.
- (2) Appoint dedicated personnel to manage the implementation of information systems and regularly record and inspect them according to security levels.
- (3) Outsource maintenance services to professional computer information vendors.

2. Establish host security levels and strengthen information security audits

- (1) Include information security and personal data protection inspections and control operations as annual audit items.

- (2) In the annual self-inspection of the internal control system, report the implementation effectiveness to the Board of Directors and issue a statement on the internal control system.
 3. The information unit regularly conducts vulnerability scans, social engineering email drills, and penetration tests
 - (1) Conduct comprehensive vulnerability scans, social engineering email drills, and penetration tests at least every six months.
 - (2) For more severe specific vulnerabilities or viruses, scan as needed irregularly.
 4. Enhance general staff's awareness of information security
 - (1) Irregularly conduct information security and personal data protection education, training, and promotion.
 - (2) New employees must sign information and communication security confidentiality agreements and comply with company information or confidentiality security regulations.
 - (3) Require personal computers to install and regularly update antivirus software and prohibit the use of unauthorized software.
 5. Improve information security management capabilities of system administrators
 - (1) Establish system audit logs on hosts to avoid backdoors or Trojan programs.
 - (2) Promptly update patches for operating systems and applications.
 - (3) Pay attention to relevant security issues on the internet and take early precautions.
 - (4) Analyze system log files on time.
 - (5) Enhance system administrators' ability to interpret host system logs.
 6. Strengthen network security management
 - (1) Use firewalls to protect and isolate external and internal networks, preventing attackers from indirectly invading internal networks.
 - (2) Isolate important information systems or data from the internet. Information systems open to external connections may use proxy servers to provide access.
 7. Implement system access control
 - (1) Strictly control system access permissions.
 - (2) User accounts and passwords should be updated regularly, and insecure passwords should not be used.
 - (3) Hosts that require remote login for maintenance should have restricted access lists and enhanced control.
 - (4) Our company's suppliers and outsourced vendors must comply with our information security regulations and agreements.
 8. Important information systems or equipment have established appropriate backups and contingencies.
- (II) List losses incurred due to material cybersecurity events and possible effects in the most recent year and up to the publication date of the report, and countermeasures; if reasonable estimations cannot be made, the fact that reasonable estimations cannot be made shall be specified: None

VII. Major contracts

Nature of contract	Counterparty	Major content	Starting and end date of contract	Restrictive clauses
Credit loans	First Commercial Bank	Financing limit: NT\$80 million	2023/11/22~2024/11/22	-
Credit loans	Hua Nan Bank	Financing limit: NT\$80 million	2024/03/15~2025/03/15	-
Credit loans Borrowings on pledge	Mega International Commercial Bank	Financing limit: US\$4 million Financing limit: NT\$190 million	2023/09/11~2024/09/10 2023/12/19~2028/12/19	- Pledge on land and plant
Borrowings on pledge	The Shanghai Commercial & Savings Bank	Financing limit: NT\$110 million	2023/12/20~2024/12/20	Pledge on land and office
Borrowings on pledge	Chang Hwa Bank	Financing limit: NT\$150 million	2023/07/31~2024/07/31	Pledge on land and plant

Six. Finance Overview

I. Condensed balance sheet and statement of comprehensive income for the most recent five years

(I) Consolidated condensed balance sheet - IFRS (consolidated)

Unit: NT\$ Thousand

Year Item		Financial information for the past five years					Current year up to March 31, 2024 Financial information
		2019	2020	2021	2022	2023	
Current asset		2,660,223	2,951,161	3,145,641	3,992,366	3,869,784	3,715,927
Property, plant and equipment		486,488	482,020	489,562	484,335	952,022	959,576
Intangible assets		408	900	746	908	548	558
Other assets		221,397	214,963	205,261	148,338	161,253	160,976
Total assets		3,368,516	3,649,044	3,841,210	4,625,947	4,983,607	4,837,037
Current liabilities	Before distribution	892,531	1,141,638	1,282,260	1,762,805	1,709,646	2,001,412
	After distribution	1,178,624	1,427,731	1,596,963	2,220,555	1,709,646	2,001,412
Non-current liabilities		126,181	153,401	119,162	98,176	273,407	237,541
Total liabilities	Before distribution	1,018,712	1,295,039	1,401,422	1,860,981	1,983,053	2,238,953
	After distribution	1,304,805	1,581,132	1,716,125	2,318,731	1,983,053	2,238,953
Equity Attributable to Shareholders of the Parent Company		2,349,804	2,354,005	2,439,788	2,764,966	3,000,554	2,598,084
Share capital		1,144,373	1,144,373	1,144,373	1,144,373	1,144,373	1,144,373
Additional paid-in capital		322,023	322,023	322,023	322,023	322,023	322,023
Retained earnings	Before distribution	857,181	861,707	928,954	1,233,688	1,455,567	1,047,404
	After distribution	571,088	575,614	614,251	775,938	1,455,567	1,047,404
Other equity		26,227	25,902	44,438	64,882	78,591	84,284
Treasury shares		-	-	-	-	-	-
Non-controlling interests		-	-	-	-	-	-
Total equity	Before distribution	2,349,804	2,354,005	2,439,788	2,764,966	3,000,554	2,598,084
	After distribution	2,063,711	2,067,912	2,125,085	2,307,216	3,000,554	2,598,084

Note 1: The Company commenced preparing the consolidated statements since 2019, and the statements are audited and certified by CPAs.

Note 2: The 2024 Q1 financial information had been reviewed by CPAs.

(II) Consolidated condensed statement of comprehensive income - IFRS (consolidated)

Unit: NT\$ Thousand

Item \ Year	Financial information for the past five years					Current year up to March 31, 2024 Financial information
	2019	2020	2021	2022	2023	
Operating revenue	2,482,446	2,600,664	2,938,974	3,448,384	3,354,285	859,426
Gross profit	653,556	687,947	778,114	1,098,413	1,219,708	298,116
Operating profit and loss	354,944	397,524	453,574	756,369	836,161	199,909
Non-operating income and expenses	(44,834)	(2,322)	(29,414)	(977)	37,147	2,552
Profit Before tax	310,110	395,202	424,160	755,392	873,308	202,461
Income from Continuing Operations	228,519	308,769	343,298	592,400	690,310	164,024
Loss on discontinued operations	-	-	-	-	-	-
Net profit (loss) for the period	228,519	308,769	343,298	592,400	690,310	164,024
Other Comprehensive Profit or loss (after Tax)	(16,125)	(18,475)	28,578	47,481	3,028	5,693
Total comprehensive income in the current period	212,394	290,294	371,876	639,881	693,338	169,717
Net income attributable to parent company shareholders	228,519	308,769	343,298	592,400	690,310	164,024
Net income attributable to non-controlling interests	-	-	-	-	-	-
Comprehensive Income Attributable to Owners of the Parent	212,394	290,294	371,876	639,881	693,338	169,717
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-	-
Earnings per share	2.00	2.70	3.00	5.18	6.03	1.43

Note 1: The Company commenced preparing the consolidated statements since 2019, and the statements are audited and certified by CPAs.

Note 2: The 2023 Q1 financial information had been reviewed by CPAs.

(III) Condensed balance sheet - IFRS (parent company only)

Unit: NT\$ Thousand

Year Item		Financial information for the past five years					Current year up to March 31, 2024 Financial information
		2019	2020	2021	2022	2023	
Current asset		2,560,156	2,792,720	2,971,387	3,749,964	3,577,985	
Property, plant and equipment		485,977	481,380	488,774	483,499	950,703	
Intangible assets		374	874	730	901	548	
Other assets		274,067	315,233	333,439	325,293	384,849	
Total assets		3,320,574	3,590,207	3,794,330	4,559,657	4,914,085	
Current liabilities	Before distribution	844,589	1,083,099	1,235,547	1,697,054	1,644,290	
	After distribution	1,130,682	1,369,192	1,550,250	2,154,804	1,644,290	
Non-current liabilities		126,181	153,103	118,995	97,637	269,241	
Total liabilities	Before distribution	970,770	1,236,202	1,354,542	1,794,691	1,913,531	
	After distribution	1,256,863	1,522,295	1,669,245	2,252,441	1,913,531	
Equity Attributable to Shareholders of the Parent Company		2,349,804	2,354,005	2,439,788	2,764,966	3,000,554	
Share capital		1,144,373	1,144,373	1,144,373	1,144,373	1,144,373	
Additional paid-in capital		322,023	322,023	322,023	322,023	322,023	
Retained earnings	Before distribution	857,181	861,707	928,954	1,233,688	1,455,567	
	After distribution	571,088	575,614	614,251	775,938	1,455,567	
Other equity		26,227	25,902	44,438	64,882	78,591	
Treasury shares		-	-	-	-	-	-
Non-controlling interests		-	-	-	-	-	-
Total equity	Before distribution	2,349,804	2,354,005	2,439,788	2,764,966	3,000,554	
	After distribution	2,063,711	2,067,912	2,125,085	2,307,216	3,000,554	

Note 1: The Company commenced preparing the consolidated statements since 2019, and the statements are audited and certified by CPAs.

(IV) Condensed statement of comprehensive income - IFRS (parent company only)

Unit: NT\$ Thousand

Item \ Year	Financial information for the past five years					Current year up to March 31, 2024 Financial information
	2019	2020	2021	2022	2023	
Operating revenue	2,402,680	2,492,957	2,845,220	3,372,629	3,229,509	
Gross profit	612,230	613,592	713,037	1,048,779	1,131,331	
Operating profit and loss	326,833	335,772	422,145	704,821	771,495	
Non-operating income and expenses	(24,276)	44,819	3,247	45,031	91,240	
Profit Before tax	302,557	380,591	425,392	749,852	862,735	
Income from Continuing Operations	228,519	308,769	343,298	592,400	690,310	
Loss on discontinued operations	-	-	-	-	-	
Net profit (loss) for the period	228,519	308,769	343,298	592,400	690,310	
Other Comprehensive Profit or loss (after Tax)	(16,125)	(18,475)	28,578	47,481	3,028	
Total comprehensive income in the current period	212,394	290,294	371,876	639,881	693,338	
Net income attributable to parent company shareholders	-	-	-	-	-	
Net income attributable to non-controlling interests	-	-	-	-	-	
Comprehensive Income Attributable to Owners of the Parent	-	-	-	-	-	
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-	
Earnings per share	2.00	2.70	3.00	5.18	6.03	

Note 1: The Company commenced preparing the consolidated statements since 2019, and the statements are audited and certified by CPAs.

(V) Names and opinions of CPAs for the most recent five years

Year	Name of CPA	Audit opinion
2023	PricewaterhouseCoopers, Taiwan (PwC Taiwan) CPAs Lin, Se-Kai and Chih, Ping-Chiun	Unqualified opinion
2022	PricewaterhouseCoopers, Taiwan (PwC Taiwan) CPAs Chou, Hsiao-Tzu and Chih, Ping-Chiun	Unqualified opinion
2021	PricewaterhouseCoopers, Taiwan (PwC Taiwan) CPAs Chou, Hsiao-Tzu and Chih, Ping-Chiun	Unqualified opinion
2020	PricewaterhouseCoopers, Taiwan (PwC Taiwan) CPAs Chou, Hsiao-Tzu and Li, Hsiu-Ling	Unqualified opinion
2019	PricewaterhouseCoopers, Taiwan (PwC Taiwan) CPAs Chou, Hsiao-Tzu and Li, Hsiu-Ling	Unqualified opinion

II. Financial analysis for the last 5 years

(I) Financial analysis - consolidated financial statements

Analysis item		Year	Financial analysis for the last 5 years					Financial information as of March 31, 2024
			2019	2020	2021	2022	2023	
Financial structure (%)	Debt to assets ratio		30.24	35.49	36.48	40.23	39.79	46.29
	Ratio of long-term capital to property, plant and equipment		483.01	488.36	498.36	570.88	330.95	282.56
Solvency (%)	Current ratio		298.05	258.50	245.32	226.48	226.35	185.67
	Quick ratio		206.80	167.93	148.19	156.49	163.36	135.61
	Interest earned ratio		2,232.01	3,953.02	6,238.65	17,568.26	7,465.17	6,532.00
Operating performance	Accounts receivable turnover (times)		2.69	2.88	3.54	4.09	4.08	4.58
	Average collection period (days)		135.68	126.53	102.99	89.16	89.45	79.73
	Inventory turnover (times)		2.19	2.08	1.91	1.91	1.86	2.18
	Accounts payable turnover (times)		4.76	4.60	4.46	4.17	3.91	4.82
	Average days in sales		166.88	175.22	191.33	190.88	195.73	167.10
	Property, plant, and equipment turnover (times)		5.07	5.37	6.05	7.08	4.67	0.90
	Total assets turnover (times)		0.73	0.74	0.78	0.81	0.70	0.18
Profitability	Return on total assets (%)		6.69	8.80	9.17	13.99	14.37	3.34
	Return on equity (%)		9.57	13.13	14.32	22.76	23.95	5.86
	Pre-tax income to paid-in capital (%)		27.10	34.53	37.06	66.01	76.31	17.69
	Profit margin (%)		9.21	11.87	11.68	17.18	20.58	19.09
	Earnings per share (NT\$)		2.00	2.70	3.00	5.18	6.03	1.43
Cash flow	Cash flow ratio (%)		42.45	26.98	36.52	38.44	47.60	-0.85
	Cash flow adequacy ratio (%)		108.52	100.27	88.31	112.72	102.97	98.18
	Cash reinvestment ratio (%)		3.61	0.84	6.84	12.19	10.49	-0.58
Leverage	Operating leverage		2.38	2.27	2.26	1.77	1.75	1.72
	Financial leverage		1.00	1.00	1.00	1.00	1.00	1.00

Please describe the reason for changes in financial ratios in the most recent two years. (exempted if the change is less than 20%)

1. The ratio of long-term funds to fixed assets decreased in 2023 compared to 2022, mainly due to the acquisition of land and plants in 2023.
2. The interest coverage ratio decreased in 2023 compared to 2022, mainly due to an increase in earnings before interest and taxes and an increase in interest expenses in 2022.
3. The turnover rate of property, plant and equipment decreased in 2023 compared to 2022, mainly due to the purchase of land and plants in 2023.
4. The increase in cash flow ratio in 2023 compared to 2022 is primarily due to the improved collection of accounts receivable in 2023, resulting in a higher net cash inflow from operating activities compared to 2022.

Note 1: The Company commenced preparing the consolidated statements since 2019, and the statements are audited and certified by CPAs.

(II) Financial analysis - parent company only financial statements

Analysis item		Year	Financial analysis for the last 5 years					Financial information as of March 31, 2024
			2019	2020	2021	2022	2023	
Financial structure (%)	Debt to assets ratio		29.24	34.43	35.70	39.36	38.94	
	Ratio of long-term capital to property, plant and equipment		483.52	489.01	499.16	571.87	331.41	
Solvency (%)	Current ratio		303.12	257.85	240.49	220.97	217.60	
	Quick ratio		210.44	164.86	141.35	149.91	152.77	
	Interest earned ratio		2,258.89	4,093.38	6,974.64	20,830.22	13,916.08	
Operating performance	Accounts receivable turnover (times)		2.61	2.77	3.41	3.96	3.90	
	Average collection period (days)		139.93	131.97	106.91	92.12	93.48	
	Inventory turnover (times)		2.18	2.12	1.92	1.93	1.87	
	Accounts payable turnover (times)		4.67	4.53	4.82	4.13	3.88	
	Average days in sales		167.79	172.55	189.83	189.16	195.15	
	Property, plant, and equipment turnover (times)		4.91	5.15	5.87	6.94	4.50	
	Total assets turnover (times)		0.71	0.72	0.77	0.81	0.68	
Profitability	Return on total assets (%)		6.73	8.94	9.30	14.18	14.57	
	Return on equity (%)		9.57	13.13	14.32	22.76	23.95	
	Pre-tax income to paid-in capital (%)		26.44	33.26	37.17	65.53	75.39	
	Profit margin (%)		9.51	12.39	12.07	17.56	21.38	
	Earnings per share (NT\$)		2.00	2.70	3.00	5.18	6.03	
Cash flow	Cash flow ratio (%)		41.04	22.30	34.34	37.29	47.79	
	Cash flow adequacy ratio (%)		104.00	92.70	79.43	100.25	93.05	
	Cash reinvestment ratio (%)		2.36	-1.71	5.19	10.70	9.69	
Leverage	Operating leverage		2.49	2.65	2.44	1.88	1.84	
	Financial leverage		1.00	1.00	1.00	1.00	1.00	

Please describe the reason for changes in financial ratios in the most recent two years. (exempted if the change is less than 20%)

1. The ratio of long-term funds to fixed assets decreased in 2023 compared to 2022, mainly due to the acquisition of land and plants in 2023.
2. The interest coverage ratio decreased in 2023 compared to 2022, mainly due to an increase in earnings before interest and taxes and an increase in interest expenses in 2022.
3. The turnover rate of property, plant and equipment decreased in 2023 compared to 2022, mainly due to the purchase of land and plants in 2023.
4. The increase in net profit margin in 2023 compared to 2022 was mainly due to the increase in net profit after tax in 2023.
5. The increase in cash flow ratio in 2023 compared to 2022 is primarily due to the improved collection of accounts receivable in 2023, resulting in a higher net cash inflow from operating activities compared to 2022.

Note 1: The financial information for the years above was audited and certified by CPAs.

The calculation formulas are set up as follows:

1. Financial structure

- (1) Debt ratio = Total liabilities/Total assets.
- (2). Long-term funds to property, plant and equipment ratio = (total equity + long-term liabilities) / net property, plant and equipment.

2. Solvency

- (1) Current ratio = Current assets/Current liabilities.
- (2) Quick ratio = (Current assets - Inventory - Prepaid expenses)/Current liabilities.
- (3) Interest earned ratio = Net income before tax and interest expense/Interest expenses in this period.

3. Operating performance

- (1) Accounts receivable (including accounts receivable and notes receivable generated from operations) turnover rate = Net sales/Average balance of accounts receivable (including accounts receivable and notes receivable generated from operations) for each period.
- (2) Average collection period (days) = 365/Accounts receivable turnover.
- (3) Inventory turnover = Cost of sales/Average inventory.
- (4) Payables turnover (including accounts payable and notes payable from operating activities) = Cost of sales/Balance of average accounts payable in each period (including accounts payable and notes payable from operating activities).
- (5) Average days in sales = 365/Inventory turnover.
- (6) Property, plant, and equipment turnover rate = Net sales/Average net property, plant, and equipment.
- (7) Total asset turnover = Net sales/Average total assets.

4. Profitability

- (1) Return on assets = [Profit or loss after tax + Interest expenses \times (1 - Tax rate)]/Average total assets.
- (2) Return on equity = Profit or loss after tax/Average total equity.
- (3) Profit margin = Profit or loss after tax/Net sales.
- (4) Earnings per share = (Income attributable to owners of the parent - Preferred stock dividends)/Weighted average number of shares issued.

5. Cash flows

- (1) Cash flow ratio = Net cash flows from operating activities/Current liabilities.
- (2) Cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years/(Capital expenditures + Inventory increment + Cash dividends) for the most recent five years.
- (3) Cash reinvestment ratio = (Net cash flows from operating - cash dividends)/(Gross amount of property, plant, and equipment + Long term investment + Other non-current assets + Working capital).

6. Leverage:

- (1) Operating leverage = (Net operating revenue - Variable operating costs & expenses)/Operating income.
- (2) Financial leverage = Operating income/(Operating income - Interest expenses).

III. The Audit Committee's Review Report of financial statements for the most recent year

Audit Committee's Review Report

The Board of Directors has submitted the Company's financial statements for the year 2023, which have been jointly audited by CPAs Lin, Se-Kai and Chih, Ping-Chiun from PricewaterhouseCoopers Taiwan, along with the business report and the proposal for the distribution of surplus. The Audit Committee has reviewed these documents and found them to be in compliance with the Company Act and other relevant laws and regulations. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report for your review.

To:

2024 Annual Shareholders' Meeting

Ampoc Far-East Co., Ltd.

Convener of the Audit Committee :Lin, Ming-Qin

March 13, 2024

IV. Financial statements of the most recent year

Representation Letter

In connection with the Consolidated Financial Statements of Affiliated Enterprises of AMPOC FAR-EAST CO., LTD. (the “Consolidated FS of the Affiliates”), we represent to you that, the entities required to be included in the Consolidated FS of the Affiliates as of and for the year ended December 31, 2023 in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those required to be included in the Consolidated Financial Statements of AMPOC FAR-EAST CO., LTD. and its subsidiaries (the “Consolidated FS of the Group”) in accordance with International Financial Reporting Standard 10. Additionally, the information required to be disclosed in the Consolidated FS of Affiliates is disclosed in the Consolidated FS of the Group. Consequently, AMPOC FAR-EAST CO., LTD. does not prepare a separate set of Consolidated FS of Affiliates.

Very truly yours,

AMPOC FAR-EAST CO., LTD.

By

Su, Sheng Yih, Chairman

March 13, 2024

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR23000518

To the Board of Directors and Shareholders of Ampoc Far-East Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Ampoc Far-East Co., Ltd. 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, 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 *Auditor's Responsibilities for the Audit of the consolidated Financial Statements* section of our report. We are independent of the Group in accordance with 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:

Cut-off of machinery and equipment sales revenue

Description

Please refer to Note 4(26) for accounting policy on revenue recognition. The Group derives revenue from the manufacture and sales of machinery and equipment as well as the agency and sales of electronic and chemical related products. The machinery and equipment sales revenue amounted to NT\$2,169,760 thousand, constituting 65% of the total operating revenue for the year then ended December 31, 2023. The machinery and equipment sales revenue is recognised when the customer accepts the goods, the significant risks and rewards of ownership have been transferred to the customer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or according to the transaction conditions and there is objective evidence showing that all acceptance provisions have been satisfied.

Given that the process of revenue recognition from machinery and equipment sales contains many manual procedures, which would potentially result in improper timing of revenue recognition from machinery and equipment sales and the transaction amounts are significant to the consolidated financial statements, we identified the cut-off of machinery and equipment sales revenue as a key audit matter.

How our audit addressed the matter

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

1. Assessed and obtained an understanding on the internal control procedures of revenue recognition from machinery and equipment sales and ascertained the related internal controls were performed effectively.
2. Tested the accuracy and completeness of machinery and equipment revenue statement, including sampling and reviewing the transaction conditions and agreements of sales contracts and the reasonableness of date of acceptance confirmation from customer to ascertain the appropriateness of the timing of revenue recognition from machinery and equipment sales.
3. Performed cut-off tests for transactions from machinery and equipment sales during a certain period before and after balance sheet date and sampled whether the records of movements in inventory and cost of goods sold have been accounted for in the appropriate period.
4. Observed physical inventory count for the inventories of the machinery and equipment, checked the records of inventories, investigated the reason for the difference between the observation and accounting records and processed the records appropriately.

Evaluation of allowance for inventory valuation loss

Description

Please refer to Notes 4(14), 5(2) and 6(6) for accounting policy on inventory evaluation, critical accounting estimates and assumptions of inventory evaluation and details of allowance for inventory valuation loss, respectively. The Group's inventories and allowance for inventory valuation loss amounted to NT\$1,070,298 thousand and NT\$ 45,054 thousand as at December 31, 2023, respectively.

The Group is primarily engaged in the agency and sales of various production and testing mechanical equipment as well as electronic and speciality chemicals. Due to the diversification of such products and the competitive nature of the market, there is a higher

risk of incurring inventory valuation loss or obsolescence. The Group's inventories are stated at the lower of cost and net realisable value. The obsolete or destroyed inventories are assessed individually. The evaluation of allowance for inventory valuation loss, including the determination of net realisable value and identification of obsolete inventories, involves management's subjective judgment and contains a high degree of estimation uncertainty. Considering that the allowance for valuation loss is significant to the consolidated financial statements, we identified the evaluation of allowance for inventory valuation loss as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in order to assess the adequacy of the measurement of net realisable value and provision on allowance for inventory valuation loss:

1. Assessed the reasonableness of policies and procedures related to the provision of allowance for inventory valuation loss based on our understanding on the Group's operations and the industrial characteristics.
2. Obtained an understanding of the Group's warehousing control procedures, reviewed the annual physical inventory count plan and participated in such count in order to assess the classification of obsolete inventory and effectiveness of internal control on obsolete inventory management.
3. Obtained and verified the accuracy of ageing report, sampled the last movement of inventories before the balance sheet date in order to verify the accuracy of ageing range and assessed the reasonableness of the allowance for inventory valuation losses with a longer inventory age.
4. Verified the accuracy of the inventory ageing report and net realisable value report that the Group used in evaluation to ascertain the logic and information of the reports are consistent with its policies.

5. Reviewed the appropriateness of the estimation basis adopted by the Group for the evaluation of net realisable value, verified the accuracy of the sales and purchases prices for products and recalculated and assessed the reasonableness of the allowance for inventory valuation loss.

Impairment assessment of accounts receivable

Description

Please refer to Notes 4(10), 4(11), 5(2) and 6(5) for accounting policy on accounts receivable, accounting policy on impairment of financial assets, impairment assessment of accounts receivable and details of accounts receivable, respectively.

The Group reviewed the adequacy of the provision on loss allowance periodically based on the internal impairment assessment policy of the Group. The impairment assessment is based on the historical credit loss of accounts receivable, forecastability and objective evidence of impairment. The accounts receivable and allowance for doubtful accounts amounted to NT\$ 736,131 thousand and NT\$ 34,763 thousand, respectively. The management must apply judgements and estimates to determine the recoverability of accounts receivable and determine the amount of impairment loss. Due to the high degree of estimation uncertainty and considering that the amount is significant to the consolidated financial statements, we identified the impairment of accounts receivable as a key audit matter.

How our audit addressed the matter

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

1. Assessed the reasonableness of policies and procedures on impairment assessment determined by the management based on our understanding on the industrial characteristics and ascertained whether the policies on impairment assessment of accounts receivable have been consistently applied in all the periods.
2. Reviewed the accounts receivable ageing reports prepared by the management and checked the logic of preparing the reports and the classification of the ageing reports to ascertain the ageing reports are consistent with its policies.

3. Reviewed loss allowance for accounts receivable recognised by the customer based on lifetime expected credit losses and ascertained that the past default experience of the customer, current consolidated financial position and forecastability are considered to assess the reasonableness of the expected credit loss rate of accounts receivable.
4. Reviewed the subsequent collection of significant accounts receivable.
5. Discussed the recoverability of overdue accounts with the management for the accounts receivable long overdue, obtained additional supporting documents and assessed the adequacy of allowance for doubtful accounts at the end of the year.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Ampoc Far-East Co., Ltd. as at and for the years ended December 31, 2023 and 2022.

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

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Lin, Se-Kai

Chih, Ping-Chiun

For and on behalf of PricewaterhouseCoopers, Taiwan

March 13, 2024

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

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

AMPOC FAR-EAST CO., LTD. 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	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 988,276	20	\$ 1,028,451	22
1110	Financial assets at fair value through profit or loss - current	6(2)	919,250	19	785,974	17
1136	Current financial assets at amortised cost	6(4)	218,700	4	97,670	2
1150	Notes receivable, net	6(5)	641	-	1,255	-
1170	Accounts receivable, net	6(5)	701,368	14	883,078	19
1200	Other receivables		1,300	-	1,113	-
1220	Current tax assets		8	-	8	-
130X	Inventories	6(6)	1,025,244	21	1,174,820	25
1470	Other current assets		14,997	-	19,997	1
11XX	Current Assets		3,869,784	78	3,992,366	86
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	2,660	-	2,660	-
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	105,421	2	100,822	2
1600	Property, plant and equipment	6(7) and 8	952,022	19	484,335	11
1755	Right-of-use assets	6(8)	7,392	-	2,140	-
1780	Intangible assets		548	-	908	-
1840	Deferred income tax assets	6(23)	34,455	1	34,028	1
1900	Other non-current assets		11,325	-	8,688	-
15XX	Non-current assets		1,113,823	22	633,581	14
1XXX	Total assets		\$ 4,983,607	100	\$ 4,625,947	100

(Continued)

AMPOC FAR-EAST CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2130	Current contract liabilities	6(16)	\$ 809,155	16	\$ 799,862	17
2150	Notes payable		2,050	-	2,268	-
2170	Accounts payable		487,981	10	600,208	13
2200	Other payables	6(9)	243,507	5	222,235	5
2230	Current income tax liabilities		95,016	2	109,852	2
2250	Provisions for liabilities - current	6(11)	25,612	-	24,669	1
2280	Current lease liabilities		2,845	-	1,601	-
2320	Long-term liabilities, current portion	6(10)	39,864	1	-	-
2399	Other current liabilities, others		3,616	-	2,110	-
21XX	Current Liabilities		1,709,646	34	1,762,805	38
Non-current liabilities						
2540	Long-term borrowings	6(10)	150,136	3	-	-
2570	Deferred income tax liabilities	6(23)	46,338	1	38,415	1
2580	Non-current lease liabilities		4,937	-	539	-
2600	Other non-current liabilities	6(12)	71,996	2	59,222	1
25XX	Non-current liabilities		273,407	6	98,176	2
2XXX	Total Liabilities		1,983,053	40	1,860,981	40
	Share capital	6(13)				
3110	Share capital - common stock		1,144,373	23	1,144,373	25
	Capital surplus	6(14)				
3200	Capital surplus		322,023	7	322,023	7
	Retained earnings	6(15)				
3310	Legal reserve		590,564	12	528,620	12
3350	Unappropriated retained earnings		865,003	17	705,068	15
	Other equity interest					
3400	Other equity interest		78,591	1	64,882	1
3XXX	Total equity		3,000,554	60	2,764,966	60
3X2X	Total liabilities and equity		\$ 4,983,607	100	\$ 4,625,947	100

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

AMPOC FAR-EAST CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

			Year ended December 31			
			2023		2022	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(16)		\$ 3,354,285	100	\$ 3,448,384	100
5000 Operating costs	6(6)(21)(22)	(	2,134,577)	(64)	(2,349,971)	(68)
5900 Net operating margin			<u>1,219,708</u>	<u>36</u>	<u>1,098,413</u>	<u>32</u>
Operating expenses	6(21)(22)					
6100 Selling expenses		(	200,773)	(6)	(196,229)	(6)
6200 General and administrative expenses		(	136,284)	(4)	(126,054)	(3)
6300 Research and development expenses		(	34,623)	(1)	(30,950)	(1)
6450 Impairment (loss) profit (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	6(5)(21) and 12(2)					
		(	11,867)	-	11,189	-
6000 Total operating expenses		(	383,547)	(11)	342,044)	(10)
6900 Operating profit			<u>836,161</u>	<u>25</u>	<u>756,369</u>	<u>22</u>
Non-operating income and expenses						
7100 Interest income	6(4)(17)		8,987	-	2,408	-
7010 Other income	6(18)		10,038	-	9,257	-
7020 Other gains and losses	6(2)(19)		18,239	1	(12,599)	-
7050 Finance costs	6(8)(20)	(	117)	-	(43)	-
7000 Total non-operating income and expenses			<u>37,147</u>	<u>1</u>	<u>(977)</u>	<u>-</u>
7900 Profit before income tax			873,308	26	755,392	22
7950 Income tax expense	6(23)	(	182,998)	(5)	(162,992)	(5)
8000 Profit for the year from continuing operations			<u>690,310</u>	<u>21</u>	<u>592,400</u>	<u>17</u>
Other comprehensive income						
Components of other comprehensive income that will not be reclassified to profit or loss						
8311 Other comprehensive income, before tax, actuarial gains on defined benefit plans	6(12)	(	13,352)	-	33,796	1
8316 Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)		15,827	-	13,885	1
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(23)		<u>2,671</u>	-	<u>(6,759)</u>	-
8310 Components of other comprehensive income that will not be reclassified to profit or loss			<u>5,146</u>	-	<u>40,922</u>	<u>2</u>
Components of other comprehensive income that will be reclassified to profit or loss						
8361 Exchange differences on translation		(	2,648)	-	8,199	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(23)		<u>530</u>	-	<u>(1,640)</u>	-
8360 Components of other comprehensive (loss) income that will be reclassified to profit or loss		(	2,118)	-	6,559	-
8300 Total other comprehensive income for the year			<u>\$ 3,028</u>	<u>-</u>	<u>\$ 47,481</u>	<u>2</u>
8500 Total comprehensive income for the year			<u>\$ 693,338</u>	<u>21</u>	<u>\$ 639,881</u>	<u>19</u>
Profit attributable to:						
8610 Owners of parent			<u>\$ 690,310</u>	<u>21</u>	<u>\$ 592,400</u>	<u>17</u>
Comprehensive income attributable to:						
8710 Owners of parent			<u>\$ 693,338</u>	<u>21</u>	<u>\$ 639,881</u>	<u>19</u>
Basic earnings per share	6(24)					
9750 Total basic earnings per share			<u>\$ 6.03</u>		<u>\$ 5.18</u>	
9850 Total diluted earnings per share			<u>\$ 5.98</u>		<u>\$ 5.12</u>	

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

AMPOC FAR-EAST CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent						
		Capital surplus			Retained earnings		Other equity interest	
							Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	
	Notes	Share capital - common stock	Additional paid-in capital	Treasury stock transactions	Legal reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Total equity
<u>Year 2022</u>								
		\$ 1,144,373	\$ 282,398	\$ 39,625	\$ 493,286	\$ 435,668	(\$ 4,346)	\$ 48,784
		-	-	-	-	592,400	-	-
Other comprehensive income	6(23)	-	-	-	-	27,037	6,559	13,885
Total comprehensive income		-	-	-	-	619,437	6,559	13,885
Appropriation and distribution of 2021 retained earnings	6(15)							
Legal reserve		-	-	-	35,334	(35,334)	-	-
Cash dividends to shareholders		-	-	-	-	(314,703)	-	-
Balance at December 31, 2022		\$ 1,144,373	\$ 282,398	\$ 39,625	\$ 528,620	\$ 705,068	\$ 2,213	\$ 62,669
<u>Year 2023</u>								
		\$ 1,144,373	\$ 282,398	\$ 39,625	\$ 528,620	\$ 705,068	\$ 2,213	\$ 62,669
Profit for the year		-	-	-	-	690,310	-	-
Other comprehensive income (loss)	6(23)	-	-	-	-	(10,681)	(2,118)	15,827
Total comprehensive income (loss)		-	-	-	-	679,629	(2,118)	15,827
Appropriation and distribution of 2022 retained earnings	6(15)							
Legal reserve		-	-	-	61,944	(61,944)	-	-
Cash dividends to shareholders		-	-	-	-	(457,750)	-	-
Balance at December 31, 2023		\$ 1,144,373	\$ 282,398	\$ 39,625	\$ 590,564	\$ 865,003	\$ 95	\$ 78,496

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

AMPOC FAR-EAST CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 873,308	\$ 755,392
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(7)(8)(21)	15,185	13,343
Amortisation expense	6(21)	5,869	5,302
Expected credit loss (gain)	6(5)(21) and 12(2)	11,867	(11,189)
Net (profit) loss on financial assets at fair value through profit or loss	6(2)(19)	(10,277)	49,006
Interest income	6(17)	(8,987)	(2,408)
Dividend income	6(18)	(8,162)	(7,359)
Interest expense	6(20)	117	43
Loss on disposals of property, plant and equipment	6(7)(19)	618	110
Unrealized foreign exchange gain		(16,179)	(43,219)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		(123,000)	(314,787)
Notes receivable		614	(387)
Accounts receivable		169,843	(128,223)
Other receivables		140	(88)
Inventories		149,576	20,246
Other current assets		2,741	(4,327)
Changes in operating liabilities			
Current contract liabilities		9,293	306,120
Notes payable		(218)	10
Accounts payable		(112,227)	77,384
Other payables		21,938	30,384
Provisions for liabilities - current		943	1,527
Other current liabilities, others		1,506	(632)
Other non-current liabilities		(577)	(660)
Cash inflow generated from operations		983,931	745,588
Interest received		8,660	2,285
Dividends received		8,162	7,359
Interest paid		(117)	(43)
Income tax paid		(186,923)	(78,872)
Income tax refunded		1	1,348
Net cash flows from operating activities		813,714	677,665

(Continued)

AMPOC FAR-EAST CO., LTD. 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
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortised cost		(\$ 121,030)	(\$ 42,100)
Proceeds from capital reduction of financial assets	12(3)		
at fair value through other comprehensive income		11,228	3,000
Acquisition of property, plant and equipment	6(7)	(472,718)	(4,185)
Proceeds from disposal of property, plant and equipment	6(7)	182	76
Acquisition of intangible assets		(3,875)	(901)
Increase in refundable deposits		(2,508)	(1,082)
Increase in prepayments for business facilities		(1,766)	(1,141)
Increase in other non-current assets		(3,580)	(4,222)
Net cash flows used in investing activities		(594,067)	(50,555)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from long-term borrowings	6(10)	190,000	-
Payments of lease liabilities	6(8)	(5,120)	(4,021)
Cash dividends paid	6(15)	(457,750)	(314,703)
Net cash flows used in financing activities		(272,870)	(318,724)
Effect of exchange rate changes on cash and cash equivalents		13,048	47,434
Net (decrease) increase in cash and cash equivalents		(40,175)	355,820
Cash and cash equivalents at beginning of year		1,028,451	672,631
Cash and cash equivalents at end of year		<u>\$ 988,276</u>	<u>\$ 1,028,451</u>

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

AMPOC FAR-EAST CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

1. History and Organisation

(1) Ampoc Far-East Co., Ltd. (the “Company”) was incorporated in November 1980 and merged with Taipei Chemical Machinery Co., Ltd. on December 30, 1999. The Company was the surviving company and Taipei Chemical Machinery Co., Ltd. was the dissolved company. In addition, the Company merged with the wholly-owned subsidiary, Yangxin Investment Co., Ltd., on December 18, 2006. The Company was the surviving company and Yangxin Investment Co., Ltd. was the dissolved company.

(2) After the merger, the Company and its subsidiaries (the “Group”) is primarily engaged in the agency and sales of various production and testing mechanical equipment as well as electronic and speciality chemicals which shall be provided for the use of domestic and foreign electronic industries such as PCB, IC and LCD and undertaking the design, manufacture and sales of the production mechanical equipment for PCB and LCD originally from Taipei Chemical Machinery Co., Ltd..

(3) The Company’s shares have been listed on the Taiwan Stock Exchange starting from January 23, 2002.

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 March 13, 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 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:

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

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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 at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of 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	
AMPOC FAR-EAST CO., LTD.	Ampoc Tech. Limited (ATL)	Trade of machinery equipment and parts	100	100	Note 1
Ampoc Tech. Limited (ATL)	Ampoc Trading Co., Ltd. (ASC)	Trade of parts and specialty chemicals	100	100	Note 1

Note 1: The company's financial statements as of and for the years December 31, 2023 and 2022 were audited by independent auditors.

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

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

E. Significant restrictions

Cash and short-term deposits of \$163,168 deposited in mainland China are under local foreign exchange control which restricts the capital to be remitted outside the borders (except for normal dividend distribution).

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

(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 currency.

A. Foreign currency transactions and balances

- Foreign currency transactions are translated into New Taiwan dollars using the exchange rates prevailing at the dates of the transactions. 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.
- 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.
- 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, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

(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 (including time deposits with contract period less than three months) 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. Financial assets at amortised cost or fair value through other comprehensive income are designated as at fair value through profit or loss at initial recognition when they eliminate or significantly reduce a measurement or recognition inconsistency.
- 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 fair value through other comprehensive income

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

(9) 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. 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.

(10) Accounts and notes 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.

(11) Impairment of financial assets

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

(12) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(13) Leasing arrangements (lessor) - operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(14) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

(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	10 ~ 55 years
Machinery and equipment	20 ~ 25 years
Other equipment	4 ~ 20 years

(16) Intangible assets

Intangible assets, mainly computer software and network construction expense, are stated at cost and amortised on a straight-line basis over their estimated useful lives of 2 ~ 3 years.

(17) Leasing arrangements (lessee) — right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.
Lease payments are comprised of the following:
 - (a) Fixed payments, less any lease incentives receivable;
 - (b) Variable lease payments that depend on an index or a rate;
 - (c) Amounts expected to be payable by the lessee under residual value guarantees;
 - (d) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
 - (e) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

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

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

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

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term.

When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(18) 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.

(19) Borrowings

A. 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.

(20) 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.

(21) Provisions

Provisions refer to warranties and are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. However, short-term provisions without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(22) 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 expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense 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 government bonds of a currency and term consistent with the currency and term of the employment benefit obligations.
- ii. Remeasurements 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 accrued amounts and the subsequently actual distributed amounts resolved by the Board of Directors is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(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 Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(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) Dividends

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

(26) Revenue recognition

A. Sales revenue

- (a) The Group manufactures mechanical equipment and agents and sells related products of electronic and speciality chemicals. 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 wholesaler'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) The Group's obligation to provide a repair for faulty products under the standard warranty terms is recognised as a provision.
- (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.

B. Repairs and maintenance revenue

The Group provides related services for the repairs and maintenance of electronic product. Revenue from providing repairs and maintenance is recognised in the accounting period in which the services are rendered.

(27) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these 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

A. 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. As of December 31, 2023, the carrying amount of inventories was \$1,025,244.

B. Impairment assessment of accounts receivable

Impairment assessment of accounts receivable is based on IFRS 9 through the application of the simplified approach to estimate the expected credit loss. The management uses ageing of receivables as of the balance sheet date and the payment history, financial and economic condition of customer and many other factors that would affect the payment ability of customer as well as the forecastability to assess the default possibility of accounts receivable.

As of December 31, 2023, the Group's accounts receivable and allowance for bad debts amounted to \$736,131 and \$34,763, respectively.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 4,575	\$ 3,693
Checking accounts and demand deposits	704,822	585,889
Time deposits	195,000	-
Cash equivalents - bonds sold under repurchase agreement	83,879	438,869
	<u>\$ 988,276</u>	<u>\$ 1,028,451</u>

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

B. The Group has no cash and cash equivalents pledged to others.

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

Items	December 31, 2023	December 31, 2022
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 902,422	\$ 776,696
Valuation adjustment	16,828	9,278
	<u>\$ 919,250</u>	<u>\$ 785,974</u>
Non-current items:		
Unlisted stocks	64,960	105,832
Valuation adjustment	(62,300)	(103,172)
	<u>\$ 2,660</u>	<u>\$ 2,660</u>

A. In August 2022, the Group cooperated with Somnics, Inc. to convert the ordinary shares of Somnics, Inc. at a price of US\$0.0173 per share into 5,168,005 ordinary shares of Somnics Cayman Inc.

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

	Year ended December 31	
	2023	2022
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	\$ -	(\$ 53,245)
Beneficiary certificates	10,277	4,239
	<u>\$ 10,277</u>	<u>(\$ 49,006)</u>

C. The Group has fully recognised loss on valuation adjustment after assessing the possible value of the unlisted stocks held.

D. The Group has no financial assets at fair value through profit or loss pledged to others.

E. Information relating to price risk and fair value is provided in Notes 12(2) and (3).

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

Items	December 31, 2023	December 31, 2022
Non-current items:		
Equity instruments		
Unlisted stocks	\$ 26,926	\$ 38,154
Valuation adjustment	78,495	62,668
	<u>\$ 105,421</u>	<u>\$ 100,822</u>

A. The Group has elected to classify unlisted stocks that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$105,421 and \$100,822 as at December 31, 2023 and 2022, respectively.

- B. The Group recognised \$15,827 and \$13,885 in other comprehensive income for fair value change for the years ended December 31, 2023 and 2022, respectively.
- C. As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was \$105,421 and \$100,822, respectively.
- D. The Group has no financial assets at fair value through other comprehensive income pledged to others.
- E. Information relating to fair value is provided in Note 12(3).

(4) Financial assets at amortised cost

Items	December 31, 2023	December 31, 2022
Current items:		
Time deposits with maturity over three months	\$ 218,700	\$ 97,670

- A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Year ended December 31	
	2023	2022
Interest income	\$ 2,779	\$ 637

- 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 Company's investments in certificates of deposit are financial institutions with high credit quality, so the Company expects that the probability of counterparty default is remote.

(5) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	\$ 641	\$ 1,255
Accounts receivable	\$ 736,131	\$ 905,984
Less: Allowance for uncollectible accounts	(34,763)	(22,906)
	\$ 701,368	\$ 883,078

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows

	December 31, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 594,456	\$ 641	\$ 708,060	\$ 1,255
Up to 90 days	39,550	-	91,296	-
91 to 180 days	34,311	-	43,725	-
181 to 365 days	38,638	-	45,164	-
Over 365 days	29,176	-	17,739	-
	<u>\$ 736,131</u>	<u>\$ 641</u>	<u>\$ 905,984</u>	<u>\$ 1,255</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2023 and 2022, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2022, the balance of receivables from contracts with customers amounted to \$744,534.

C. As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable was \$641 and \$1,255 and accounts receivable (including related parties) was \$701,368 and \$883,078, respectively.

D. The Group did not hold any collateral.

E. Information relating to credit risk is provided in Note 12(2).

(6) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Merchandise inventory	\$ 104,144	\$ (2,006)	\$ 102,138
Raw materials	165,050	(31,864)	133,186
Work in progress	54,662	(575)	54,087
Finished goods	30,072	(10,609)	19,463
Outsourced finished goods	716,360	-	716,360
Inventory in transit	10	-	10
	<u>\$ 1,070,298</u>	<u>(45,054)</u>	<u>\$ 1,025,244</u>
	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Merchandise inventory	\$ 158,630	(\$ 2,613)	\$ 156,017
Raw materials	170,663	(34,418)	136,245
Work in progress	80,612	(547)	80,065
Finished goods	55,415	(6,658)	48,757
Outsourced finished goods	753,736	-	753,736
	<u>\$ 1,219,056</u>	<u>(\$ 44,236)</u>	<u>\$ 1,174,820</u>

The cost of inventories recognised as expense for the year:

	Year ended December 31	
	2023	2022
Cost of goods sold	\$ 2,100,540	\$ 2,313,994
(Gain from price recovery) loss on inventory obsolescence and market price decline	818	437
Maintenance costs	33,220	35,540
Loss on physical inventory	(1)	-
	<u>\$ 2,134,577</u>	<u>\$ 2,349,971</u>

(7) Property, plant and equipment

	2023					
	Land	Buildings and structures	Machinery and equipment	Construction in progress	Others	Total
At January 1						
Cost	\$ 358,223	\$ 176,834	\$ 17,323	\$ -	\$ 46,330	\$ 598,710
Accumulated depreciation	-	(90,992)	(2,515)	-	(20,868)	(114,375)
	<u>\$ 358,223</u>	<u>\$ 85,842</u>	<u>\$ 14,808</u>	<u>\$ -</u>	<u>\$ 25,462</u>	<u>\$ 484,335</u>
Opening net book amount as at January 1	\$ 358,223	\$ 85,842	\$ 14,808	\$ -	\$ 25,462	\$ 484,335
Additions	350,474	6,667	2,270	109,589	3,718	472,718
Reclassifications	-	2,857	900	-	1,669	5,426
Disposals	-	-	-	-	(800)	(800)
Depreciation charge	-	(4,884)	(772)	-	(3,992)	(9,648)
Net exchange differences	-	-	-	-	(9)	(9)
Closing net book amount as at December 31	<u>\$ 708,697</u>	<u>\$ 90,482</u>	<u>\$ 17,206</u>	<u>\$ 109,589</u>	<u>\$ 26,048</u>	<u>\$ 952,022</u>
At December 31						
Cost	\$ 708,697	\$ 184,033	\$ 20,493	\$ 109,589	\$ 47,939	\$ 1,070,751
Accumulated depreciation	-	(93,551)	(3,287)	-	(21,891)	(118,729)
	<u>\$ 708,697</u>	<u>\$ 90,482</u>	<u>\$ 17,206</u>	<u>\$ 109,589</u>	<u>\$ 26,048</u>	<u>\$ 952,022</u>

2022					
	Land	Buildings and structures	Machinery and equipment	Others	Total
At January 1					
Cost	\$ 358,223	\$ 176,834	\$ 17,310	\$ 43,232	\$ 595,599
Accumulated depreciation	-	(86,103)	(1,921)	(18,013)	(106,037)
	<u>\$ 358,223</u>	<u>\$ 90,731</u>	<u>\$ 15,389</u>	<u>\$ 25,219</u>	<u>\$ 489,562</u>
Opening net book amount as at January 1	\$ 358,223	\$ 90,731	\$ 15,389	\$ 25,219	\$ 489,562
Additions	-	-	134	4,051	4,185
Reclassifications	-	-	-	76	76
Disposals	-	-	(19)	(167)	(186)
Depreciation charge	-	(4,889)	(696)	(3,733)	(9,318)
Net exchange differences	-	-	-	16	16
Closing net book amount as at December 31	<u>\$ 358,223</u>	<u>\$ 85,842</u>	<u>\$ 14,808</u>	<u>\$ 25,462</u>	<u>\$ 484,335</u>
At December 31					
Cost	\$ 358,223	\$ 176,834	\$ 17,323	\$ 46,330	\$ 598,710
Accumulated depreciation	-	(90,992)	(2,515)	(20,868)	(114,375)
	<u>\$ 358,223</u>	<u>\$ 85,842</u>	<u>\$ 14,808</u>	<u>\$ 25,462</u>	<u>\$ 484,335</u>

A. The aforementioned property, plant and equipment were all for its own use.

B. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Amount capitalised	\$ 130	\$ -
Range of the interest rates for capitalisation	1.90%	

C. The significant components of buildings and structures include main plants and decor improvements, which are depreciated over 55 and 20 years, respectively.

D. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(8) Leasing arrangements — lessee

A. The Group leases various assets including buildings (including land) and transportation equipment (business vehicles). Rental contracts are typically made for periods of 1 to 5 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. Short-term leases with a lease term of 12 months or less comprise warehouses, transportation equipment and photocopiers.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings (including land)	\$ 5,877	\$ 2,140
Transportation equipment (Business vehicles)	1,515	-
	<u>\$ 7,392</u>	<u>\$ 2,140</u>
	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings (including land)	\$ 4,780	\$ 4,001
Transportation equipment (Business vehicles)	757	24
	<u>\$ 5,537</u>	<u>\$ 4,025</u>

D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$10,794 and \$1,960, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 114	\$ 28
Expense on short-term lease contracts	5,689	6,587

F. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were \$10,923 and \$10,636, respectively.

(9) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Employees' compensation and directors' and supervisors' remuneration payable	\$ 73,461	\$ 63,498
Annual bonus payable	51,947	47,219
Wages and salaries payable	34,836	38,382
Others	83,263	73,136
	<u>\$ 243,507</u>	<u>\$ 222,235</u>

(10) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2023</u>
Long-term bank borrowings				
Secured borrowings	Borrowing period is from December 19,2023 to December 19,2028; monthly amortized payment on principal and interest	1.90%	Property, plant and equipment	\$ 190,000
Less: Current portion				(39,864)
				<u>\$ 150,136</u>

(11) Provisions

Warranty:	Year ended December 31	
	2023	2022
At January 1	\$ 24,669	\$ 23,142
Additional provisions	25,638	21,576
Used during the year	(24,695)	(20,049)
At December 31	<u>\$ 25,612</u>	<u>\$ 24,669</u>

The Group provides warranties on mechanical equipment sold. Provision for warranty is estimated based on historical warranty data of mechanical equipment products. The Group expects that the liability will be used in the following year, so it is shown as current liabilities.

(12) Pensions

A. (a) The Group has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the 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 assess the balance in the aforementioned labor pension reserve account by the end of 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 for 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	(\$ 171,781)	(\$ 164,627)
Fair value of plan assets	<u>99,946</u>	<u>105,417</u>
Net defined benefit liability (shown as “Other non-current liabilities”)	<u>(\$ 71,835)</u>	<u>(\$ 59,210)</u>

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>2023</u>			
At January 1	(\$ 164,627)	\$ 105,417	(\$ 59,210)
Current service cost	(531)	-	(531)
Interest (expense) income	(2,012)	1,285	(727)
Past service cost	150	-	150
Settlement profit or loss	<u>2,431</u>	<u>-</u>	<u>2,431</u>
	<u>(164,589)</u>	<u>106,702</u>	<u>(57,887)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	1,020	1,020
Change in demographic assumptions	(1)	-	(1)
Change in financial assumptions	(650)	-	(650)
Experience adjustments	<u>(13,721)</u>	<u>-</u>	<u>(13,721)</u>
	<u>(14,372)</u>	<u>1,020</u>	<u>(13,352)</u>
Pension fund contribution	-	1,806	1,806
Paid pension	7,151	(7,151)	-
Settlement or curtailment of payments	<u>29</u>	<u>(2,431)</u>	<u>(2,402)</u>
At December 31	<u>(\$ 171,781)</u>	<u>\$ 99,946</u>	<u>(\$ 71,835)</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>2022</u>			
At January 1	(\$ 203,269)	\$ 109,602	(\$ 93,667)
Current service cost	(613)	-	(613)
Interest (expense) income	(1,392)	744	(648)
	<u>(205,274)</u>	<u>110,346</u>	<u>(94,928)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	9,192	9,192
Change in demographic assumptions	(3)	-	(3)
Change in financial assumptions	7,446	-	7,446
Experience adjustments	<u>17,161</u>	<u>-</u>	<u>17,161</u>
	<u>24,604</u>	<u>9,192</u>	<u>33,796</u>
Pension fund contribution	-	1,900	1,900
Paid pension	<u>16,043</u>	<u>(16,021)</u>	<u>22</u>
At December 31	<u>(\$ 164,627)</u>	<u>\$ 105,417</u>	<u>(\$ 59,210)</u>

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the 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 aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator.

The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as 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:

	Year ended December 31	
	2023	2022
Discount rate	1.20%	1.25%
Future salary increases	2.00%	2.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

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 0.25%	Decrease 0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	(\$ 3,139)	\$ 3,235	\$ 3,201	(\$ 3,122)
December 31, 2022				
Effect on present value of defined benefit obligation	(\$ 3,218)	\$ 3,321	\$ 3,288	(\$ 3,203)

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

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

- (f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2024 amount to \$2,020.
- (g) As of December 31, 2023, the weighted average duration of the retirement plan is 7 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$ 13,574
2~3 years	17,312
4~5 years	41,732
Over 5 years	113,482
	<u>\$ 186,100</u>

- B. (a) Effective July 1, 2005, the Company 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 Company 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 Group’s mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on certain percentage of employees’ monthly salaries and wages. The contribution percentage for the years ended December 31, 2023, was 14%~16%. Other than the monthly contributions, the Group has no further obligations.

(c) The Group's Hong Kong subsidiary has a defined contribution plan. Monthly contributions to the local pension accounts in accordance with the local regulations in Hong Kong are based on 5% of employees' monthly salaries and wages.

(d) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022, were \$16,440 and \$16,950, respectively.

(13) Share capital

A. As of December 31, 2023, the Company's authorised capital was \$1,788,000, consisting of 178,800 thousand shares of ordinary stock, and the paid-in capital was \$1,144,373 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

B. To increase working capital, the shareholders at their shareholders' meeting on June 14, 2023 adopted a resolution to raise additional cash through private placement. The maximum number of shares to be issued through the private placement is 23,000 thousand shares at an estimated subscription price of \$10 (in dollars) per share. As of March 13, 2024, the private placement had not yet been raised.

(14) 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. surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(15) Retained earnings / Events after the balance sheet date

A. The Company has amended the Company's Articles of Incorporation as resolved by the shareholders on June 11, 2019. Under the Company's amended Articles of Incorporation, if the Company has any profit for the current year, shall be used to pay income tax and offset prior years' operating losses. The remaining amount, if any, then 10% shall be set aside as legal reserve. When necessary, the special reserve shall be set aside or reversed in accordance with related laws or the regulations of the regulatory authority, after that, adding the accumulated undistributed surplus of the previous year is the accumulated undistributed earnings. The aforesaid distributable earnings shall be proposed by the Board of Directors and resolved by the shareholders.

After the amendment of the Company's Articles of Incorporation, the Board of Directors may, upon resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, distribute dividends and bonus, capital surplus or legal reserve, in whole or in part, in the form of cash, which shall also be reported at the shareholders' meeting. The above distribution is not subject to approval by the shareholders.

- B. To meet the needs of business expansion and industrial growth, the Company can distribute stock dividends for reserving sufficient capital based on the Company's overall capital budget, and remaining dividends can be distributed in the form of cash. 10% of the total dividend distribution to shareholders. However, cash dividends shall not be less than 10% of the total dividends distributed to shareholders for the year unless the cash dividend per share is less than 5 dimes, it may be paid in the form of stock dividend instead.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- E. Distributions of dividends to the shareholders from the appropriation of earnings for the years ended December 31, 2022 and 2021 approved by the shareholders on June 14, 2023 and June 16, 2022, respectively, are as follows:

	Year ended December 31			
	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 61,944		\$ 35,334	
Cash dividends	457,750	\$ 4.00	314,703	\$ 2.75

The mentioned above distribution of earnings for the years 2022 and 2021 was in agreement with those amounts proposed by the Board of Directors on March 22, 2023 and March 24, 2022. On March 13, 2024, the Board of Directors resolved to distribute cash dividends from the 2023 earnings is the amount of \$572,187 at \$5 (in dollars) per share. As of March 13, 2024, the aforementioned appropriations of 2023 earnings had not yet been reported to the shareholders' meeting.

(16) Operating revenue

	Year ended December 31	
	2023	2022
Revenue from contracts with customers	\$ 3,354,285	\$ 3,448,384

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

<u>Year ended December 31, 2023</u>	<u>Mechanical equipment</u>	<u>Expendable Merchandise</u>	<u>Maintenance</u>	<u>Total</u>
Total segment revenue	\$ 2,463,002	\$ 1,306,621	\$ 173,144	\$ 3,942,767
Inter-segment revenue	(293,242)	(192,032)	(103,208)	(588,482)
Revenue from external customer contracts	<u>\$ 2,169,760</u>	<u>\$ 1,114,589</u>	<u>\$ 69,936</u>	<u>\$ 3,354,285</u>

<u>Year ended December 31, 2022</u>	<u>Mechanical equipment</u>	<u>Expendable Merchandise</u>	<u>Maintenance</u>	<u>Total</u>
Total segment revenue	\$ 2,432,298	\$ 1,380,732	\$ 175,475	\$ 3,988,505
Inter-segment revenue	(249,329)	(194,397)	(96,395)	(540,121)
Revenue from external customer contracts	<u>\$ 2,182,969</u>	<u>\$ 1,186,335</u>	<u>\$ 79,080</u>	<u>\$ 3,448,384</u>

B. Contract assets and liabilities

The Group has recognised the following revenue-related contract assets and liabilities:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contract liabilities:			
Contract liabilities-advance sales receipts	<u>\$ 809,155</u>	<u>\$ 799,862</u>	<u>\$ 493,742</u>

(a) Significant changes in contract assets and liabilities

None.

(b) Revenue recognised that was included in the contract liability balance at the beginning of the year

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Revenue recognised that was included in the contract liability balance at the beginning of the year	<u>\$ 737,163</u>	<u>\$ 490,978</u>

(17) Interest income

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Interest income from bank deposits	\$ 6,208	\$ 1,771
Interest income from financial assets measured at amortised cost	<u>2,779</u>	<u>637</u>
	<u>\$ 8,987</u>	<u>\$ 2,408</u>

(18) Other income

	Year ended December 31	
	2023	2022
Rent income	\$ 157	\$ 157
Dividend income	8,162	7,359
Other income, others	1,719	1,741
	<u>\$ 10,038</u>	<u>\$ 9,257</u>

(19) Other gains and losses

	Year ended December 31	
	2023	2022
Losses on disposals of property, plant and equipment	(\$ 618)	(\$ 110)
Net currency exchange gains	8,937	36,876
Losses on financial assets at fair value through profit or loss	10,277	(49,006)
Other losses	(357)	(359)
	<u>\$ 18,239</u>	<u>(\$ 12,599)</u>

(20) Finance costs

	Year ended December 31	
	2023	2022
Interest expense:		
Bank borrowings	\$ 3	\$ 15
Leases	114	28
	<u>\$ 117</u>	<u>\$ 43</u>

(21) Expenses by nature

	Year ended December 31	
	2023	2022
Change in inventories of merchandise, finished goods and work in progress	\$ 143,548	\$ 41,859
Net purchase for the year	697,326	908,305
Raw materials and supplies used	947,027	1,094,643
Employee benefit expense	445,411	432,809
Outsourcing processing fee	34,684	30,125
Depreciation charges on property, plant and equipment and right-of-use assets	15,185	13,343
Amortisation charge	5,869	5,302
Expected credit impairment loss (gain)	11,867	(11,189)
Other expenses	217,207	176,818
Operating costs and operating expenses	<u>\$ 2,518,124</u>	<u>\$ 2,692,015</u>

(22) Employee benefit expense

	Year ended December 31	
	2023	2022
Wages and salaries	\$ 364,043	\$ 356,808
Labour and health insurance fees	27,311	25,423
Pension costs	17,698	18,211
Directors' remuneration	22,894	18,437
Other personnel expenses	13,465	13,930
	<u>\$ 445,411</u>	<u>\$ 432,809</u>

- A. In accordance with the Articles of Incorporation of the Group, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 5%~8% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration.
- B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$55,096 and \$47,623, respectively; while directors' and supervisors' remuneration was accrued at \$18,365 and \$15,875, respectively. The aforementioned amounts were recognised in salary expenses. The employees' compensation and directors' remuneration were estimated and accrued based on the percentage of distributable profit of current year as of the end of the reporting period as prescribed by the Company's Articles of Incorporation.

The amount of employees' compensation and directors' and supervisors' remuneration of 2022 as resolved by the Board of Directors was \$47,623 and \$13,000, respectively. The amount of the employees' compensation and directors' and supervisors' remuneration recognised in the 2023 financial report was \$47,623 and \$15,875, respectively. The difference of \$2,875 had been adjusted to loss in 2023.

Information about employees' compensation and directors' and supervisors' remuneration of the Group as resolved by the Board of Directors and reported in the shareholders' meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(23) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31	
	2023	2022
Current tax:		
Current tax on profits for the year	\$ 165,827	\$ 145,957
Tax on undistributed surplus earnings	4,987	165
Prior year income tax under (over) estimation	1,487	(385)
Total current tax	<u>172,301</u>	<u>145,737</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>10,697</u>	<u>17,255</u>
Total deferred tax	<u>10,697</u>	<u>17,255</u>
Income tax expense	<u>\$ 182,998</u>	<u>\$ 162,992</u>

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

	Year ended December 31	
	2023	2022
Remeasurement of defined benefit obligations	(\$ 2,671)	\$ 6,759
Currency translation differences	(530)	1,640
	<u>(\$ 3,201)</u>	<u>\$ 8,399</u>

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	\$ 190,883	\$ 161,088
Expenses disallowed by tax regulation	228	10,020
Tax exempt income by tax regulation	(14,587)	(7,896)
Tax on undistributed earnings	4,987	165
Prior year income tax over estimation	1,487	(385)
Income tax expense	<u>\$ 182,998</u>	<u>\$ 162,992</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
Temporary differences:				
— Deferred tax assets:				
Allowance for bad debts	\$ 8,857	(\$ 2,732)	\$ -	\$ 6,125
Unrealised loss on valuation loss and slow-moving inventories	5,818	435	-	6,253
Provision for after sale services	4,934	188	-	5,122
Pensions	11,842	(116)	2,671	14,397
Unrealised gross profit	1,206	(584)	-	622
Currency translation differences	(554)	-	530	(24)
Others	1,925	35	-	1,960
	<u>\$ 34,028</u>	<u>(\$ 2,774)</u>	<u>\$ 3,201</u>	<u>\$ 34,455</u>
— Deferred tax liabilities:				
Provision for land increment tax	(\$ 4,727)	\$ -	\$ -	(\$ 4,727)
Unrealised exchange gain	(4,624)	2,661	-	(1,963)
Gain on investments accounted for under equity method	(29,064)	(10,584)	-	(39,648)
	<u>(\$ 38,415)</u>	<u>(\$ 7,923)</u>	<u>\$ -</u>	<u>(\$ 46,338)</u>
	<u>(\$ 4,387)</u>	<u>(\$ 10,697)</u>	<u>\$ 3,201</u>	<u>(\$ 11,883)</u>
2022				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
— Deferred tax assets:				
Unrealised exchange loss	\$ 3,061	(\$ 3,061)	\$ -	\$ -
Allowance for bad debts	9,565	(708)	-	8,857
Unrealised loss on valuation loss and slow-moving inventories	6,543	(725)	-	5,818
Provision for after sale services	4,628	306	-	4,934
Pensions	18,733	(132)	(6,759)	11,842
Unrealised gross profit	663	543	-	1,206
Currency translation differences	1,086	-	(1,640)	(554)
Others	1,853	72	-	1,925
	<u>\$ 46,132</u>	<u>(\$ 3,705)</u>	<u>(\$ 8,399)</u>	<u>\$ 34,028</u>
— Deferred tax liabilities:				
Provision for land increment tax	(\$ 4,727)	\$ -	\$ -	(\$ 4,727)
Unrealised exchange gain	-	(4,624)	-	(4,624)
Gain on investments accounted for under equity method	(20,138)	(8,926)	-	(29,064)
	<u>(\$ 24,865)</u>	<u>(\$ 13,550)</u>	<u>\$ -</u>	<u>(\$ 38,415)</u>
	<u>\$ 21,267</u>	<u>(\$ 17,255)</u>	<u>(\$ 8,399)</u>	<u>(\$ 4,387)</u>

D. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	December 31, 2023	December 31, 2022
Deductible temporary differences	\$ 117,180	\$ 117,180

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

(24) Earnings per share

	Year ended December 31, 2023		
	Amount after tax	Ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 690,310	114,437	\$ 6.03
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	690,310	114,437	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	937	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 690,310	115,374	\$ 5.98
	Year ended December 31, 2022		
	Amount after tax	Ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 592,400	114,437	\$ 5.18
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	592,400	114,437	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,262	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 592,400	115,699	\$ 5.12

(25) Supplemental cash flow information

Investing activities with no cash flow effects:

	Year ended December 31	
	2023	2022
Prepayments for business facilities transferred into property, plant and equipment	\$ 5,426	\$ 76

(26) Changes in liabilities from financing activities

	2023	2022
	Lease liabilities	Lease liabilities
At January 1	\$ 2,140	\$ 4,186
Changes in cash flow from financing activities	(5,120)	(4,021)
Changes in other non-cash items	10,908	1,988
Impact of changes in foreign exchange rate	(146)	(13)
At December 31	<u>\$ 7,782</u>	<u>\$ 2,140</u>

7. Related Party Transactions

(1) Names of related parties and relationship

None.

(2) Significant related party transactions

None.

(3) Key management compensation

	Year ended December 31	
	2023	2022
Short-term employee benefits	\$ 38,965	\$ 31,474
Other long-term benefits	524	509
	<u>\$ 39,489</u>	<u>\$ 31,983</u>

8. Pledged Assets

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

Pledged asset	Book value		Purpose
	December 31, 2023	December 31, 2022	
Property, plant and equipment			
Land (including revaluation increment)	\$ 708,697	\$ 358,223	Issuance of letter of credit and credit line for long-term and short-term borrowings
- Buildings and structures	90,482	85,842	"
- Construction in progress	109,589	-	"
	<u>\$ 908,768</u>	<u>\$ 444,065</u>	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

None.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

Please refer to Note 6(15).

12. Others

(1) Capital management

The Group plans for working capital, research and development expenses and dividend distribution based on the Group's current operating characteristics and future development, taking into account changes in the external environment, so as to safeguard the Group's ability to continue as a going concern, grant returns to the shareholders and maintain an optimal capital structure in order to enhance shareholders' value in the long-term. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 921,910	\$ 788,634
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	105,421	100,822
Financial assets at amortised cost		
Cash and cash equivalents	988,276	1,028,451
Financial assets at amortised cost	218,700	97,670
Notes receivable	641	1,255
Accounts receivable	701,368	883,078
Other receivables	1,300	1,113
Guarantee deposits paid	4,588	2,080
	<u>\$ 2,942,204</u>	<u>\$ 2,903,103</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Notes payable	\$ 2,050	\$ 2,268
Accounts payable	487,981	600,208
Other accounts payable	243,507	222,235
Long-term borrowings (including current portion)	190,000	-
Guarantee deposits paid	13	13
	<u>\$ 923,551</u>	<u>\$ 824,724</u>
Lease liability	<u>\$ 7,782</u>	<u>\$ 2,140</u>

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023			
	Foreign currency			
	amount			Book value
	(in thousands)	Exchange rate		(NTD)
(Foreign currency: functional currency)				
Financial assets				
Monetary items				
USD:NTD	\$ 16,365	\$ 30.71	\$	502,487
USD:HKD	6,397	3.929		196,398
JPY:NTD	1,146,126	0.2172		248,939
JPY:RMB	551,438	4.327		119,812
Non-monetary items				
USD:NTD	\$ 35	\$ 29.60	\$	1,036
Financial liabilities				
Monetary items				
USD:NTD	\$ 402	\$ 30.71	\$	12,343
USD:HKD	2,324	3.929		71,357
JPY:NTD	230,397	0.2172		50,042
JPY:RMB	205,260	4.327		44,597

	December 31, 2022		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 21,015	\$ 30.71	\$ 645,371
USD:HKD	6,870	3.9380	210,603
JPY:NTD	1,070,187	0.2324	248,711
JPY:RMB	444,538	4.408	102,597
<u>Non-monetary items</u>			
USD:NTD	\$ 35	\$ 29.60	\$ 1,036
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 374	\$ 30.71	\$ 11,486
USD:HKD	3,452	3.9380	105,823
JPY:NTD	345,258	0.2324	80,238
JPY:RMB	213,933	4.408	49,374

- ii. The total exchange gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022, amounted to \$8,937 and \$36,876, respectively.

iii. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2023				
Sensitivity analysis				
	Degree of variation		Effect on profit or loss before tax	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	5,025	\$ -
USD:HKD	1%		1,964	-
JPY:NTD	1%		2,489	-
JPY:RMB	1%		1,198	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	123	\$ -
USD:HKD	1%		714	-
JPY:NTD	1%		500	-
JPY:RMB	1%		446	-

Year ended December 31, 2022				
Sensitivity analysis				
	Degree of variation		Effect on profit or loss before tax	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	6,454	\$ -
USD:HKD	1%		2,106	-
JPY:NTD	1%		2,487	-
JPY:RMB	1%		1,026	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	115	\$ -
USD:HKD	1%		1,058	-
JPY:NTD	1%		802	-
JPY:RMB	1%		494	-

Price risk

The Group's financial assets, which are exposed to price risk, are classified as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income at the balance sheet. To manage its price risk arising from investments in financial assets, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The Group's investments in financial securities comprise listed stocks, emerging stocks and open-end funds issued by the domestic and foreign companies. The prices of financial securities would change due to the change of the future value of investee companies. If the prices of these financial securities had increased/decreased by 1% with all other variables held constant, the profit for the years ended December 31, 2023 and 2022 would have increased/decreased by \$9,219 and \$7,886, respectively, as a result of gains/losses on financial securities classified as at fair value through profit or loss.

Cash flow and fair value interest rate risk

None.

(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, and the contract cash flows of debt instruments stated at fair value through other comprehensive income, at fair value through profit or loss and at amortised cost.
- ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a rating above investment grade are accepted. According to the Group's credit policy, each local unit in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. According to the Group's management on credit risk, the default occurs when the contract payments are past due over 365 days.
- iv. The Group assesses whether there has been a significant increase in credit risk on that instrument since initial recognition is that when the contract payments were past due over 180 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

- v. 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 reorganisation due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Group classifies customers' accounts receivable in accordance with credit risk on trade. The Group applies the modified approach using a provision matrix based on the loss rate methodology to estimate the expected credit loss.
- vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. On December 31, 2023 and 2022, the Group had no written-off financial assets that are still under recourse procedures.
- viii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts and notes receivable (including related parties). On December 31, 2023 and 2022, the loss rate methodology is as follows:

	Not past due	Up to 90 days	91~ 180 days	181~ 365 days	Over 365 days	Total
<u>December 31, 2023</u>						
Expected loss rate	0%	1.00%~3.00%	3.01%~5.00%	5.01%~15.00	50.00%~100%	
Total book value	\$ 595,097	\$ 39,550	\$ 34,311	\$ 38,638	\$ 29,176	\$ 736,772
Loss allowance	\$ -	\$ 988	\$ 1,716	\$ 4,862	\$ 27,197	\$ 34,763
	Not past due	Up to 90 days	91~ 180 days	181~ 365 days	Over 365 days	Total
<u>December 31, 2022</u>						
Expected loss rate	0%	1.00%~3.00%	3.01%~5.00%	5.01%~15.00	50.00%~100%	
Total book value	\$ 709,315	\$ 91,296	\$ 43,725	\$ 45,164	\$ 17,739	\$ 907,239
Loss allowance	\$ -	\$ 1,595	\$ 2,186	\$ 4,931	\$ 14,194	\$ 22,906

- ix. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable and notes receivable are as follows:

	2023
	Accounts and notes receivable
At January 1	\$ 22,906
Provision for impairment loss	29,354
Reversal of impairment loss	(17,487)
Effect of exchange rate changes	(10)
At December 31	\$ 34,763

	2022
	Accounts and notes receivable
At January 1	\$ 32,917
Provision for impairment loss	23,397
Reversal of impairment loss	(34,586)
Effect of exchange rate changes	1,178
At December 31	\$ 22,906

(c) Liquidity risk

- i. Cash flow forecasting is performed by the Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. The table below analyses the Group's non-derivative financial liabilities based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>Non-derivative financial liabilities:</u>	Less than	Between 1	Over 5
December 31, 2023	1 year	and 5 years	years
Notes payable	\$ 2,050	\$ -	\$ -
Accounts payable	487,981	-	-
Other payables	243,507	-	-
Lease liability	2,962	4,965	-
Long-term borrowings (including current portion)	39,864	150,136	-
Guarantee deposits received	-	13	-

<u>Non-derivative financial liabilities:</u>	Less than	Between 1	Over 5
December 31, 2022	1 year	and 5 years	years
Notes payable	\$ 2,268	\$ -	\$ -
Accounts payable	600,208	-	-
Other payables	222,235	-	-
Lease liability	1,615	545	-
Guarantee deposits received	-	13	-

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

(3) Fair value information

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

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

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

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

B. The carrying amounts of financial instruments that are not measured at fair value including cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables, time deposits with maturity over three months, short-term borrowings, notes payable, accounts payable and other payables are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2023 and 2022 are as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
- Equity securities	\$ 919,250	\$ -	\$ 2,660	\$ 921,910
Financial assets at fair value through other comprehensive income				
- Equity securities	-	-	105,421	105,421
	<u>\$ 919,250</u>	<u>\$ -</u>	<u>\$ 108,081</u>	<u>\$ 1,027,331</u>

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
- Equity securities	\$ 785,974	\$ -	\$ 2,660	\$ 788,634
Financial assets at fair value through other comprehensive income				
- Equity securities	-	-	100,822	100,822
	<u>\$ 785,974</u>	<u>\$ -</u>	<u>\$ 103,482</u>	<u>\$ 889,456</u>

D. The methods and assumptions the Group used to measure fair value are as follows:

The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Emerging stocks	Open-end fund
Market quoted price	Closing price	Last transaction price	Net asset value

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

F. Movements on transfer into or out from Level 3 for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
	Equity instruments	Equity instruments
At January 1	\$ 103,482	\$ 89,938
Gains and losses recognised in profit or loss		
Recorded as non-operating income and expenses	- (	53,568)
Transfers into level 3	-	56,227
Proceeds from capital reduction	(11,228)	(3,000)
Gains recognised in other comprehensive income	15,827	13,885
At December 31	<u>\$ 108,081</u>	<u>\$ 103,482</u>

G. Somnics, Inc. was delisted since January 26, 2022, therefore, the Company transferred the fair value from Level 1 to Level 3 at the end of the month when the event occurred.

H. In August 2022, the Group cooperated with Somnics, Inc. to convert the ordinary shares of Somnics, Inc. at a price of US\$0.0173 per share into 5,168,005 ordinary shares of Somnics Cayman Inc.

I. Financial segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating

inputs used to the valuation model and making any other necessary adjustments to the fair value.

J. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted stocks or emerging stocks	\$ 108,081	Market comparable companies	Discount for lack of marketability	21.5%	The higher the discount for lack of marketability, the lower the fair value.
		Income approach	Weighted average cost of capital rate	12.14%	The higher the weighted average cost of capital, the lower the fair value.
		Asset approach	N/A	-	N/A
	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted stocks or emerging stocks	\$ 103,482	Market comparable companies	Discount for lack of marketability	21.5%	The higher the discount for lack of marketability, the lower the fair value.
		Income approach	Weighted average cost of capital rate	10.06%	The higher the weighted average cost of capital, the lower the fair value.
		Asset approach	N/A	-	N/A

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: None.
- 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): Please refer to table 1.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 2.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.

- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 3.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 3.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods(Individual transactions not exceeding \$10,000 are not disclosed; Additionally, the corresponding related parties transactions are not disclosed separately.): Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 5.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 7.

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

14. Operating Segment Information

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. The Group considers the business from a geographic perspective.

(2) Measurement of segment information

The chief operating decision-maker of the Group evaluates the performance of the operating segments based on gross profit in order to allocate resources to segments and assess their performance.

(3) Information about segment

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

December 31, 2023						
	Taipei Factory			Zhongli Factory		
	Mechanical equipment	Expendable Merchandise	Maintenance	Mechanical equipment	Expendable expenses	Maintenance
Total segment revenue	\$ 5,118	\$ 914,850	\$ 6,732	\$ 2,146,954	\$ 92,651	\$ 63,204
Segment income (loss)	\$ 1,264	\$ 179,805	(\$ 337)	\$ 848,709	\$ 67,759	\$ 37,053
December 31, 2023						
	Others					
	Mechanical equipment	Expendable Merchandise	Maintenance	Adjustments and write-offs	Total	
Total segment revenue	\$ 310,930	\$ 299,120	\$ 103,208	(\$ 588,482)	\$ 3,354,285	
Segment income (loss)	\$ 21,765	\$ 2,441	\$ 61,249	\$ -	\$ 1,219,708	
December 31, 2022						
	Taipei Factory			Zhongli Factory		
	Mechanical equipment	Expendable Merchandise	Maintenance	Mechanical equipment	Expendable expenses	Maintenance
Total segment revenue	\$ 68,670	\$ 1,040,591	\$ 5,553	\$ 2,098,266	\$ 86,022	\$ 73,527
Segment income (loss)	\$ 5,264	\$ 196,605	\$ 1,246	\$ 747,127	\$ 53,529	\$ 42,296
December 31, 2022						
	Others					
	Mechanical equipment	Expendable Merchandise	Maintenance	Adjustments and write-offs	Total	
Total segment revenue	\$ 265,362	\$ 254,119	\$ 96,395	(\$ 540,121)	\$ 3,448,384	
Segment income (loss)	\$ 18,576	(\$ 20,654)	\$ 54,424	\$ -	\$ 1,098,413	

Identifiable Assets

	December 31, 2023	December 31, 2022
Taipei Factory	\$ 2,720,964	\$ 2,132,054
Zhongli Factory	1,837,001	2,086,842
Others	425,642	407,051
	<u>\$ 4,983,607</u>	<u>\$ 4,625,947</u>

The amounts provided to the chief operating decision-maker with respect to total assets are measured in a manner consistent with that of the financial statements. Additionally, the related information was not disclosed as the measurement amount of liabilities was not provided to the chief operating decision-maker.

(4) Reconciliation for segment income (loss)

A reconciliation of reportable segment income or loss to the income/(loss) before tax from continuing operations for the years ended December 31, 2023 and 2022 is provided as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Reportable segments income	\$ 1,219,708	\$ 1,098,413
Unappropriated amount:		
Operating expense	(383,547)	(342,044)
Non-operating income	<u>37,147</u>	<u>(977)</u>
Net income before tax from continuing operations	<u>\$ 873,308</u>	<u>\$ 755,392</u>

(5) Information on products and services

Revenue from external customers is mainly from sales of mechanical equipment and chemical business. Analysis of mechanical equipment and chemical business performance is as follows: Mechanical equipment arose from the Group's self-produced wet process equipment, such as PCB, LCD, etc., while chemicals were primarily pertained to the sale of specialty chemical liquid in relation to electronics industry.

	Year ended December 31, 2023	Year ended December 31, 2022
Mechanical equipment revenue	\$ 2,169,760	\$ 2,182,969
Expendable Merchandise revenue	1,114,589	1,186,335
Repairs and maintenance revenue	69,936	79,080
	<u>\$ 3,354,285</u>	<u>\$ 3,448,384</u>

(6) Geographical information

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

	<u>Year ended December 31, 2023</u>		<u>Year ended December 31, 2022</u>	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 2,749,671	\$ 959,669	\$ 2,946,335	\$ 491,460
China(including Hongkong)	604,614	7,030	502,049	2,531
	<u>\$ 3,354,285</u>	<u>\$ 966,699</u>	<u>\$ 3,448,384</u>	<u>\$ 493,991</u>

Revenues are reported based on the countries in which the Group's companies are located.

(7) Major customer information

For the years ended December 31, 2023 and 2022, there were not a single external customer that amount to 10% or more of the Group's revenues.

Ampoc Far-East Co., Ltd. and subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
Year ended December 31, 2023

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2023				Footnote (Note 4)
				Number of shares (in thousands)	Book value (Note 3)	Ownership (%)	Fair value	
Ampoc Far-East Co., Ltd.	Stocks-QUALIBOND TECHNOLOGY CORP.	N/A	Financial assets at fair value through other comprehensive income - non-current	2,380	\$ 71,710	17.00%	\$ 71,710	
Ampoc Far-East Co., Ltd.	Stocks-MILAGEN INC.	N/A	Financial assets at fair value through other comprehensive income - non-current	109	1,036	0.50%	1,036	
Ampoc Far-East Co., Ltd.	CBID Capital Healthcare Ventures Co., Ltd.	N/A	Financial assets at fair value through other comprehensive income - non-current	677	32,675	1.71%	32,675	
Ampoc Far-East Co., Ltd.	Stocks-CERMA PRECISION, INC.	N/A	Financial assets at fair value through profit or loss - non-current	28	-	0.78%	-	
Ampoc Far-East Co., Ltd.	Stocks-FORMOSA GOLF AND COUNTRY CLUB CORP.	N/A	Financial assets at fair value through profit or loss - non-current	3	-	0.01%	-	
Ampoc Far-East Co., Ltd.	Stocks-Somnics Cayman Inc.	N/A	Financial assets at fair value through profit or loss - non-current	5,168	2,660	17.03%	2,660	Note5
Ampoc Far-East Co., Ltd.	Capital RMB Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	1,459	15,412	-	15,412	
Ampoc Far-East Co., Ltd.	Capital Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	1,939	32,161	-	32,161	
Ampoc Far-East Co., Ltd.	TCB The RSIT Enhanced Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	5,499	67,411	-	67,411	
Ampoc Far-East Co., Ltd.	Franklin Templeton Sinoam Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	7,675	81,554	-	81,554	
Ampoc Far-East Co., Ltd.	FSITC Taiwan Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	4,882	76,840	-	76,840	

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2023				Footnote (Note 4)
				Number of shares (in thousands)	Book value (Note 3)	Ownership (%)	Fair value	
Ampoc Far-East Co., Ltd.	FSITC Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	334	\$ 61,103	-	\$ 61,103	
Ampoc Far-East Co., Ltd.	PGIM Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	4,386	71,313	-	71,313	
Ampoc Far-East Co., Ltd.	Allianz Global Investors Taiwan Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	2,808	36,194	-	36,194	
Ampoc Far-East Co., Ltd.	Nomura Taiwan Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	379	6,347	-	6,347	
Ampoc Far-East Co., Ltd.	CTBC Hua Win Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	6,751	76,387	-	76,387	
Ampoc Far-East Co., Ltd.	Cathay Taiwan Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	6,355	81,109	-	81,109	
Ampoc Far-East Co., Ltd.	Union Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	1,235	16,764	-	16,764	
Ampoc Far-East Co., Ltd.	UPAMC James Bond Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	4,725	81,012	-	81,012	
Ampoc Far-East Co., Ltd.	Fubon Chi-Hsiang Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	950	15,295	-	15,295	
Ampoc Far-East Co., Ltd.	Fubon China Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	1,936	21,846	-	21,846	
Ampoc Far-East Co., Ltd.	Yuanta/P-shares Taiwan Dividend Plus ETF	N/A	Financial assets at fair value through profit or loss-current	20	748	-	748	
Ampoc Far-East Co., Ltd.	JKO Pion Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	6,820	80,807	-	80,807	
Ampoc Far-East Co., Ltd.	SinoPac TWD Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	4,306	61,579	-	61,579	
Ampoc Far-East Co., Ltd.	KGI Victory Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	1,261	15,001	-	15,001	

				As of December 31, 2023				Footnote (Note 4)
Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	Number of shares (in thousands)	Book value (Note 3)	Ownership (%)	Fair value	
Ampoc Far-East Co., Ltd.	Fubon Global Investment-grade Bond Fund A	N/A	Financial assets at fair value through profit or loss-current	997	\$ 10,276	-	10,276	
Ampoc Far-East Co., Ltd.	Fubon US Treasury Inflation- Linked Bond Index Fund A	N/A	Financial assets at fair value through profit or loss-current	981	10,091	-	10,091	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Note 5: In August 2022, the Company cooperated with Somnics, Inc. to convert the ordinary shares of Somnics, Inc. at a price of USD \$0.0173 per share into 5,168,005 ordinary shares of Somnics Cayman Inc.

Ampoc Far-East Co., Ltd. and subsidiaries
Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more
Year ended December 31, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

						If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:					Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate		Other commitments
Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount		real estate		
Ampoc Far-East Co., Ltd.	Land and Construction in progress	October 20,2023	\$ 458,880	Paid in full	Note	N/A	N/A	N/A	N/A	N/A	Based on the price appraised by the professional report	Operational needs and future development		N/A

Note: The transaction is based on the relevant transaction information and signed contract of the acquisition of real estate resolution approved by the board of directors. The counterparty is a natural person and not a related party of the company.

Ampoc Far-East Co., Ltd. and subsidiaries
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
Year ended December 31, 2023

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Ampoc Far-East Co., Ltd.	ATL	Subsidiary	Sales	(\$ 298,591)	(9.25%)	Based on sales contracts	Based on the general sales and purchase price and conditions	The transaction terms are approximately the same as those with third parties	\$ 71,243	10.13%	
Ampoc Far-East Co., Ltd.	ASC	Subsidiary	Sales	(181,246)	(5.61%)	Based on sales contracts	Based on the general sales and purchase price and conditions	The transaction terms are approximately the same as those with third parties	52,018	7.39%	

Note: Regarding percentage of transaction amount to total operating revenues or total assets, it is computed based on period-end balance of transaction to total assets for balance sheet accounts and based on accumulated transaction amount for the period to total operating revenues for income statement accounts.

Ampoc Far-East Co., Ltd. and subsidiaries
Significant inter-company transactions during the reporting periods
Year ended December 31, 2023

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Ampoc Far-East Co., Ltd.	ATL	1	Operating revenue	\$ 298,591	240 days after monthly billings	8.90%
0	Ampoc Far-East Co., Ltd.	ATL	1	Accounts receivable	71,243	240 days after monthly billings	1.43%
0	Ampoc Far-East Co., Ltd.	ASC	1	Operating revenue	181,246	150 days after monthly billings	5.40%
0	Ampoc Far-East Co., Ltd.	ASC	1	Accounts receivable	52,018	150 days after monthly billings	1.04%
0	Ampoc Far-East Co., Ltd.	ASC	1	Service expenditure	103,208	60 days after monthly billings	3.08%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1)Parent company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1)Parent company to subsidiary.

(2)Subsidiary to parent company.

(3)Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

Ampoc Far-East Co., Ltd. and subsidiaries
Information on investees (excluding information on investments in Mainland china)
Year ended December 31, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income(loss) recognised by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	(Note 2(2))	(Note 2(3))	
Ampoc Far-East Co., Ltd.	ATL	Hong Kong	Trade of machinery equipment and parts	\$ 37,601	\$ 37,601	9,500	100%	\$ 232,853	\$ 52,922	\$ 52,922	Note 3

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.

Note 3: The capital was actually invested on March 6, 2019 (HKD \$9,500,000)

Ampoc Far-East Co., Ltd. and subsidiaries
Information on investments in Mainland China
Year ended December 31, 2023

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 6

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee as of December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023 (Note 3)	Book value of investments in Mainland China 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
ASC	Trade of parts and specialty chemicals	\$ 7,382	2	\$ 33,692	\$ -	\$ -	\$ 33,692	\$ 31,077	100%	\$ 31,077	\$ 119,605	\$ -	Note 2

Company name	Accumulated amount of	Investment amount approved	Ceiling on investments in
ASC	\$ 33,692	\$ 39,580	\$ 1,800,332

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: It referred to reinvest in Mainland China companies by cash through a Hong Kong subsidiary, ATL (HKD\$8,643,000).

Note 3: Investment income (loss) recognised by the Company for the year ended December 31, 2022 was based on the financial statements of the investee that were reviewed by parent company's independent accountants.

Ampoc Far-East Co., Ltd. and subsidiaries
Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas
Year ended December 31, 2023

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
	Amount	%	Amount	%	Balance at December 31, 2023	%	Balance at December 31, 2023	Purpose	Maximum balance during the year ended December 31, 2023	Balance at December 31, 2023	Interest rate	Interest during the year ended December 31, 2023	Others (Note1)
ASC	\$ 181,246	5.40%	\$ -	-	\$ 52,018	1.04%	\$ -	-	\$ -	\$ -	-	\$ -	(\$ 103,208)

Note 1: It referred to the service expenditure granted to Mainland China investees for machinery installations.
Note 2: Only material transactions with an amount greater than \$10,000 are disclosed.

Ampoc Far-East Co., Ltd. and subsidiaries
Major shareholders information
December 31, 2023

Table 8

Name of major shareholders	Shares (unit: share)	
	Number of shares held	Ownership (%)
Su, Sheng Yih	11,325,114	9.89%

V. Parent company only financial statements audited and certified by CPAs in the most recent year

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR 23000399

To the Board of Directors and Shareholders of Ampoc Far-East Co., Ltd.

Opinion

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

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

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

Key audit matters

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

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

Cut-off of machinery and equipment sales revenue

Description

Please refer to Note 4(26) for accounting policy on revenue recognition. The Company derives revenue from the manufacture and sales of machinery and equipment as well as the agency and sales of electronic and chemical related products. The machinery and equipment sales revenue amounted to NT\$2,152,072 thousand, constituting 67% of the total operating revenue for the year then ended December 31, 2023. The machinery and equipment sales revenue is recognised when the customer accepts the goods, the significant risks and rewards of ownership have been transferred to the customer, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or according to the transaction conditions and there is objective evidence showing that all acceptance provisions have been satisfied. Given that the process of revenue recognition from machinery and equipment sales contains many manual procedures, which would potentially result in improper timing of revenue recognition from machinery and equipment sales and the transaction amounts are significant to the parent company only financial statements, we identified the cut-off of machinery and equipment sales revenue as a key audit matter.

How our audit addressed the matter

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

1. Assessed and obtained an understanding on the internal control procedures of revenue recognition from machinery and equipment sales and ascertained the related internal controls were performed effectively.
2. Tested the accuracy and completeness of machinery and equipment revenue statement, including sampling and reviewing the transaction conditions and agreements of sales contracts and the reasonableness of date of acceptance confirmation from customer to ascertain the appropriateness of the timing of revenue recognition from machinery and equipment sales.
3. Performed cut-off tests for transactions from machinery and equipment sales during a certain period before and after balance sheet date and sampled whether the records of movements in inventory and cost of goods sold have been accounted for in the appropriate period.
4. Observed physical inventory count for the inventories of the machinery and equipment, checked the records of inventories, investigated the reason for the difference between the observation and accounting records and processed the records appropriately.

Evaluation of allowance for inventory valuation loss

Description

Please refer to Notes 4(13), 5(2) and 6(6) for accounting policy on inventory evaluation, critical accounting estimates and assumptions of inventory evaluation and details of allowance for inventory valuation loss, respectively. The Company's inventories and allowance for inventory valuation loss amounted to NT\$1,052,994 thousand and NT\$31,266 thousand as at December 31, 2023, respectively.

The Company is primarily engaged in the agency and sales of various production and testing mechanical equipment as well as electronic and speciality chemicals. Due to the diversification of such products and the competitive nature of the market, there is a higher risk of incurring inventory valuation loss or obsolescence. The Company's inventories are stated at the lower of cost and net realisable value. The obsolete or destroyed inventories are assessed individually. The evaluation of allowance for inventory valuation loss, including the determination of net realisable value and identification of obsolete inventories, involves management's subjective judgment and contains a high degree of estimation uncertainty. Considering that the allowance for valuation loss is significant to the parent company only financial statements, we identified the evaluation of allowance for inventory valuation loss as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in order to assess the adequacy of the measurement of net realisable value and provision on allowance for inventory valuation loss:

1. Assessed the reasonableness of policies and procedures related to the provision of allowance for inventory valuation loss based on our understanding on the Company's operations and the industrial characteristics.
2. Verified the accuracy of the inventory aging report and net realisable value report that the Company used in evaluation to ascertain the logic and information of the reports are consistent with its policies.
3. Reviewed the appropriateness of the estimation basis adopted by the Company for the evaluation of net realisable value, verified the accuracy of the sales and purchases prices for products and recalculated and assessed the reasonableness of the allowance for inventory valuation loss.

Impairment assessment of accounts receivable

Description

Please refer to Notes 4(9), 4(10), 5(2) and 6(5) for accounting policy on accounts receivable, accounting policy on impairment of financial assets, impairment assessment of accounts receivable and details of accounts receivable, respectively.

The Company reviewed the adequacy of the provision on loss allowance periodically based on the internal impairment assessment policy of the Company. The impairment assessment is based on the historical credit loss of accounts receivable, forecastability and objective evidence of impairment. The accounts receivable and allowance for doubtful accounts amounted to NT\$736,622 thousand and NT\$33,775 thousand, respectively. The management must apply judgements and estimates to determine the recoverability of accounts receivable and determine the amount of impairment loss. Due to the high degree of estimation uncertainty and considering that the amount is significant to the parent company only financial statements, we identified the impairment of accounts receivable as a key audit matter.

How our audit addressed the matter

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

1. Assessed the reasonableness of policies and procedures on impairment assessment determined by the management based on our understanding on the industrial characteristics and ascertained whether the policies on impairment assessment of accounts receivable have been consistently applied in all the periods.
2. Reviewed the accounts receivable ageing reports prepared by the management and checked the logic of preparing the reports and the classification of the ageing reports to ascertain the ageing reports are consistent with its policies.

3. Reviewed loss allowance for accounts receivable recognised by the customer based on lifetime expected credit losses and ascertained that the past default experience of the customer, current parent company only financial position and forecastability are considered to assess the reasonableness of the expected credit loss rate of accounts receivable.
4. Reviewed the subsequent collection of significant accounts receivable.
5. Discussed the recoverability of overdue accounts with the management for the accounts receivable overdue for a long time, obtained additional supporting documents and assessed the adequacy of allowance for doubtful accounts at the end of the year.

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

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

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

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

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

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

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

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

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

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

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

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

Lin, Se-Kai

Chih, Ping-Chiun

For and on behalf of PricewaterhouseCoopers, Taiwan

March 13, 2024

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

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

AMPOC FAR-EAST CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 702,440	14	\$ 791,778	17
1110	Financial assets at fair value through profit or loss - current	6(2)	919,250	19	785,974	17
1136	Current financial assets at amortised cost	6(4) and 8	218,700	4	97,670	2
1150	Notes receivable, net	6(5)	641	-	1,255	-
1170	Accounts receivable, net	6(5)	579,586	12	732,730	16
1180	Accounts receivable - related parties	6(5) and 7	123,261	3	161,099	4
1200	Other receivables	7	621	-	375	-
130X	Inventories	6(6)	1,021,728	21	1,161,509	26
1470	Other current assets		11,758	-	17,574	-
11XX	Current Assets		3,577,985	73	3,749,964	82
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	2,660	-	2,660	-
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	105,421	2	100,822	2
1550	Investments accounted for using equity method	6(7)	232,853	5	179,656	4
1600	Property, plant and equipment	6(8) and 8	950,703	19	483,499	11
1755	Right-of-use assets	6(9)	1,681	-	451	-
1780	Intangible assets		548	-	901	-
1840	Deferred income tax assets	6(24)	34,455	1	34,028	1
1900	Other non-current assets		7,779	-	7,676	-
15XX	Non-current assets		1,336,100	27	809,693	18
1XXX	Total assets		\$ 4,914,085	100	\$ 4,559,657	100

(Continued)

AMPOC FAR-EAST CO., LTD.
PARENT COMPANY ONLY 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	%		
Current liabilities								
2130	Current contract liabilities	6(17) and 7	\$	800,080	16	\$	784,546	17
2150	Notes payable			2,050	-		2,268	-
2170	Accounts payable			475,042	10		595,235	13
2180	Accounts payable to related parties	7		3,476	-		3,936	-
2200	Other payables	6(10)		201,890	4		178,067	4
2230	Current income tax liabilities	6(24)		91,444	2		105,772	2
2250	Provisions for liabilities - current	6(11)		25,612	-		24,669	1
2280	Current lease liabilities			1,216	-		451	-
2320	Long-term liabilities, current portion	6(12)		39,864	1		-	-
2399	Other current liabilities, others			3,616	-		2,110	-
21XX	Current Liabilities			1,644,290	33		1,697,054	37
Non-current liabilities								
2540	Long-term borrowings	6(12)		150,136	3		-	-
2570	Deferred income tax liabilities	6(24)		46,338	1		38,415	1
2580	Non-current lease liabilities			770	-		-	-
2600	Other non-current liabilities	6(13)		71,997	2		59,222	1
25XX	Non-current liabilities			269,241	6		97,637	2
2XXX	Total Liabilities			1,913,531	39		1,794,691	39
	Share capital	6(14)						
3110	Share capital - common stock			1,144,373	23		1,144,373	25
	Capital surplus	6(15)						
3200	Capital surplus			322,023	7		322,023	7
	Retained earnings	6(16)						
3310	Legal reserve			590,564	12		528,620	12
3350	Unappropriated retained earnings			865,003	17		705,068	16
	Other equity interest	6(3)(7)						
3400	Other equity interest			78,591	2		64,882	1
3XXX	Total equity			3,000,554	61		2,764,966	61
	Significant contingent liabilities and unrecorded contract commitments	9						
3X2X	Total liabilities and equity		\$	4,914,085	100	\$	4,559,657	100

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

AMPOC FAR-EAST CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

			Year ended December 31			
Items	Notes	2023		2022		
		AMOUNT	%	AMOUNT	%	
4000 Sales revenue	6(17) and 7	\$ 3,229,509	100	\$ 3,372,629	100	
5000 Operating costs	6(6)(22)(23) and 7	(2,098,178)	(65)	(2,323,850)	(69)	
5900 Net operating margin		1,131,331	35	1,048,779	31	
5910 Unrealized loss from sales		(3,108)	-	(6,031)	-	
5920 Realized profit on from sales		6,031	-	3,314	-	
5950 Net operating margin		1,134,254	35	1,046,062	31	
Operating expenses	6(22)(23)					
6100 Selling expenses		(200,466)	(6)	(194,927)	(6)	
6200 General and administrative expenses		(115,717)	(4)	(110,512)	(3)	
6300 Research and development expenses		(34,623)	(1)	(30,950)	(1)	
6450 Impairment loss determined in accordance with IFRS 9	6(5)(22) and 12(2)	(11,953)	-	(4,852)	-	
6000 Total operating expenses		(362,759)	(11)	(341,241)	(10)	
6900 Operating profit		771,495	24	704,821	21	
Non-operating income and expenses						
7100 Interest income	6(4)(18)	7,483	-	2,042	-	
7010 Other income	6(19)	8,846	-	8,081	-	
7020 Other gains and losses	6(2)(20)	22,051	1	9,692	-	
7050 Finance costs	6(21)	(62)	-	(36)	-	
7070 Share of profit of associates and joint ventures accounted for using equity method	6(7)	52,922	2	44,636	1	
7000 Total non-operating income and expenses		91,240	3	45,031	1	
7900 Profit before income tax		862,735	27	749,852	22	
7950 Income tax expense	6(24)	(172,425)	(6)	(157,452)	(4)	
8000 Profit for the year from continuing operations		690,310	21	592,400	18	
Other comprehensive income						
Components of other comprehensive income that will not be reclassified to profit or loss						
8311 Other comprehensive (loss) income, before tax, actuarial gains on defined benefit plans	6(13)	(13,352)	-	33,796	1	
8316 Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)	15,827	-	13,885	-	
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(24)	2,671	-	(6,759)	-	
8310 Components of other comprehensive income that will not be reclassified to profit or loss		5,146	-	40,922	1	
Components of other comprehensive income that will be reclassified to profit or loss						
8361 Exchange differences on translation	6(7)	(2,648)	-	8,199	-	
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(24)	530	-	(1,640)	-	
8360 Components of other comprehensive (loss) income that will be reclassified to profit or loss		(2,118)	-	6,559	-	
8300 Total other comprehensive income for the year		\$ 3,028	-	\$ 47,481	1	
8500 Total comprehensive income for the year		\$ 693,338	21	\$ 639,881	19	
Basic earnings per share						
9750 Total basic earnings per share	6(25)	\$ 6.03		\$ 5.18		
9850 Total diluted earnings per share		\$ 5.98		\$ 5.12		

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

AMPOC FAR-EAST CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Capital surplus			Retained earnings		Other equity interest		
	Notes	Share capital - common stock	Additional paid-in capital	Treasury stock transactions	Legal reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity
Year 2022									
Balance at January 1, 2022		\$ 1,144,373	\$ 282,398	\$ 39,625	\$ 493,286	\$ 435,668	(\$ 4,346)	\$ 48,784	\$ 2,439,788
Profit for the year		-	-	-	-	592,400	-	-	592,400
Other comprehensive income	6(3)(7)(13)(24)	-	-	-	-	27,037	6,559	13,885	47,481
Total comprehensive income		-	-	-	-	619,437	6,559	13,885	639,881
Appropriation and distribution of 2021 retained earnings:	6(16)								
Legal reserve		-	-	-	35,334	(35,334)	-	-	-
Cash dividends to shareholders		-	-	-	-	(314,703)	-	-	(314,703)
Balance at December 31, 2022		\$ 1,144,373	\$ 282,398	\$ 39,625	\$ 528,620	\$ 705,068	\$ 2,213	\$ 62,669	\$ 2,764,966
Year 2023									
Balance at January 1, 2023		\$ 1,144,373	\$ 282,398	\$ 39,625	\$ 528,620	\$ 705,068	\$ 2,213	\$ 62,669	\$ 2,764,966
Profit for the year		-	-	-	-	690,310	-	-	690,310
Other comprehensive income (loss)	6(3)(7)(13)(24)	-	-	-	-	(10,681)	(2,118)	15,827	3,028
Total comprehensive income (loss)		-	-	-	-	679,629	(2,118)	15,827	693,338
Appropriation and distribution of 2022 retained earnings:	6(16)								
Legal reserve		-	-	-	61,944	(61,944)	-	-	-
Cash dividends to shareholders		-	-	-	-	(457,750)	-	-	(457,750)
Balance at December 31, 2023		\$ 1,144,373	\$ 282,398	\$ 39,625	\$ 590,564	\$ 865,003	\$ 95	\$ 78,496	\$ 3,000,554

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

AMPOC FAR-EAST CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 862,735	\$ 749,852
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(8)(9)(22)	13,260	11,967
Amortisation expense	6(22)	5,862	5,292
Expected credit loss	6(5)(22) and 12(2)	11,953	4,852
Net (profit) loss on financial assets at fair value	6(2)(20)		
through profit or loss	(	10,277)	49,006
Interest income	6(18)	(7,483)	(2,042)
Dividend income	6(19)	(8,162)	(7,359)
Interest expense	6(21)	62	36
Loss on disposals of property, plant and equipment	6(8)(20)	416	99
Gain on investments accounted for using the equity	6(7)		
method	(	52,922)	(44,636)
Unrealized foreign exchange loss (gain)		13,305	(38,421)
Unrealised (profit) loss from sales	6(7)	(2,923)	2,717
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss	(	123,000)	(314,787)
Notes receivable		614	(387)
Accounts receivable		141,191	(124,335)
Accounts receivable due from related parties, net		37,838	(6,694)
Other receivables		81	(69)
Inventories		139,781	23,868
Other current assets		3,896	(8,428)
Changes in operating liabilities			
Current contract liabilities		15,534	293,799
Notes payable	(	218)	10
Accounts payable	(	120,193)	74,042
Accounts payable to related parties	(	460)	569
Other payables		23,822	27,490
Provisions for liabilities - current		943	1,527
Other current liabilities, others		1,506	(632)
Other non-current liabilities	(	576)	(660)
Cash inflow generated from operations		946,585	696,676
Interest received		7,156	1,919
Dividends received		8,162	7,359
Interest paid	(	62)	(36)
Income tax paid	(	176,056)	(73,160)
Net cash flows from operating activities		785,785	632,758

(Continued)

AMPOC FAR-EAST CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortised cost		(\$ 121,030)	(\$ 42,100)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	12(3)	11,228	3,000
Acquisition of property, plant and equipment	6(8)	(471,858)	(4,005)
Proceeds from disposal of property, plant and equipment	6(8)	181	76
Acquisition of intangible assets		(3,875)	(901)
Decrease (increase) in refundable deposits		25	(480)
Increase in prepayments for business facilities		(1,766)	(1,141)
Increase in other non-current assets		(3,502)	(4,220)
Net cash flows used in investing activities		(590,597)	(49,771)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Payments of lease liabilities	6(9)	(3,471)	(2,786)
Proceeds from long-term borrowings	6(12)	190,000	-
Cash dividends paid	6(16)	(457,750)	(314,703)
Net cash flows used in financing activities		(271,221)	(317,489)
Effect of exchange rate changes on cash and cash equivalents		(13,305)	38,421
Net (decrease) increase in cash and cash equivalents		(89,338)	303,919
Cash and cash equivalents at beginning of year		791,778	487,859
Cash and cash equivalents at end of year		\$ 702,440	\$ 791,778

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

AMPOC FAR-EAST CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

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

1. History and Organisation

(1) Ampoc Far-East Co., Ltd. (the “Company”) was incorporated in November 1980 and merged with Taipei Chemical Machinery Co., Ltd. on December 30, 1999. The Company was the surviving company and Taipei Chemical Machinery Co., Ltd. was the dissolved company. In addition, the Company merged with the wholly-owned subsidiary, Yangxin Investment Co., Ltd., on December 18, 2006. The Company was the surviving company and Yangxin Investment Co., Ltd. was the dissolved company.

(2) After the merger, the Company is primarily engaged in the agency and sales of various production and testing mechanical equipment as well as electronic and speciality chemicals which shall be provided for the use of domestic and foreign electronic industries such as PCB, IC and LCD and undertaking the design, manufacture and sales of the production mechanical equipment for PCB and LCD originally from Taipei Chemical Machinery Co., Ltd..

(3) The Company’s shares have been listed on the Taiwan Stock Exchange starting from January 23, 2002.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These parent company only financial statements were authorised for issuance by the Board of Directors on March 13, 2024.

3. Application of New Standards, Amendments and Interpretations

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

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

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

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024
The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.	

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

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

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

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

4. Summary of Material Accounting Policies

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

(1) Compliance statement

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

(2) Basis of preparation

- A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:
- (a) Financial assets and financial liabilities at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of parent company only financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The financial statements are presented in New Taiwan dollars, which is the Company’s functional currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into New Taiwan dollars using the exchange rates prevailing at the dates of the transactions. 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 company entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

(4) Classification of current and non-current items

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

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

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations (including time deposits with contract period less than three months) are classified as cash equivalents.

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income. Financial assets at amortised cost or fair value through other comprehensive income are designated as at fair value through profit or loss at initial recognition when they eliminate or significantly reduce a measurement or recognition inconsistency.
- 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 Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

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

(10) Impairment of financial assets

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

(11) Derecognition of financial assets

The Company derecognises a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(12) Leasing arrangements (lessor) - operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(13) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

(14) Investments accounted for using the equity method - subsidiaries

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

- B. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.
- D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- E. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.
- F. Pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, profit (loss) and other comprehensive income of the current period in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the financial statements prepared with basis for consolidation. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared with basis for consolidation.

(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 Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	10 ~ 55 years
Machinery and equipment	20 ~ 25 years
Other equipment	5 ~ 20 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 Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:
- (a) Fixed payments, less any lease incentives receivable;
 - (b) Variable lease payments that depend on an index or a rate;
 - (c) Amounts expected to be payable by the lessee under residual value guarantees;
 - (d) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
 - (e) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

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

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- (a) The amount of the initial measurement of lease liability;
 - (b) Any lease payments made at or before the commencement date;
 - (c) Any initial direct costs incurred by the lessee; and

- (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term.

When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(17) Intangible assets

Intangible assets, mainly computer software and network construction expense, are stated at cost and amortised on a straight-line basis over their estimated useful lives of 2 ~ 3 years.

(18) Impairment of non-financial assets

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

(19) Borrowings

A. 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.

(20) 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.

(21) Provisions

Provisions refer to warranties and are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. However, short-term provisions without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(22) 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 expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense 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 Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds of a currency and term consistent with the currency and term of the employment benefit obligations.
- ii. Remeasurements 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 accrued amounts and the subsequently actual distributed amounts resolved by the Board of Directors 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.

(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 operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(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) Dividends

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

(26) Revenue recognition

A. Sales revenue

- (a) The Company manufactures mechanical equipment and agents and sells related products of electronic and speciality chemicals. 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 wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- (b) The Company's obligation to provide a repair for faulty products under the standard warranty terms is recognised as a provision.
- (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.

B. Repairs and maintenance revenue

The Company provides related services for the repairs and maintenance of electronic product. Revenue from providing repairs and maintenance is recognised in the accounting period in which the services are rendered.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

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

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation. As of December 31, 2023, the carrying amount of inventories was \$1,021,728.

B. Impairment assessment of accounts receivable

Impairment assessment of accounts receivable is based on IFRS 9 through the application of the simplified approach to estimate the expected credit loss. The management uses ageing of receivables as of the balance sheet date and the payment history, financial and economic condition of customer and many other factors that would affect the payment ability of customer as well as the forecastability to assess the default possibility of accounts receivable.

As of December 31, 2023, the Company's accounts receivable and allowance for bad debts amounted to \$736,622 and \$33,775, respectively.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 2,921	\$ 2,010
Checking accounts and demand deposits	420,640	350,899
Time deposits	195,000	-
Cash equivalents - bonds sold under repurchase agreement	83,879	438,869
	<u>\$ 702,440</u>	<u>\$ 791,778</u>

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

B. The Company has no cash and cash equivalents pledged to others.

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

Items	December 31, 2023	December 31, 2022
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 902,422	\$ 776,696
Valuation adjustment	16,828	9,278
	<u>\$ 919,250</u>	<u>\$ 785,974</u>
Non-current items:		
Unlisted stocks	64,960	105,832
Valuation adjustment	(62,300)	(103,172)
	<u>\$ 2,660</u>	<u>\$ 2,660</u>

A. In August 2022, the Company cooperated with Somnics, Inc. to convert the ordinary shares of Somnics, Inc. at a price of USD \$0.0173 per share into 5,168,005 ordinary shares of Somnics Cayman Inc.

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

	Year ended December 31	
	2023	2022
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	\$ -	(\$ 53,245)
Beneficiary certificates	10,277	4,239
	<u>\$ 10,277</u>	<u>(\$ 49,006)</u>

C. The Company has fully recognised loss on valuation adjustment after assessing the possible value of the unlisted stocks held.

D. The Company has no financial assets at fair value through profit or loss pledged to others.

E. Information relating to price risk and fair value is provided in Notes 12(2) and (3).

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

Items	December 31, 2023	December 31, 2022
Non-current items:		
Equity instruments		
Unlisted stocks	\$ 26,926	\$ 38,154
Valuation adjustment	78,495	62,668
	<u>\$ 105,421</u>	<u>\$ 100,822</u>

A. The Company has elected to classify unlisted stocks that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$105,421 and \$100,822 as at December 31, 2023 and 2022, respectively.

- B. The Company recognised \$15,827 and \$13,885 in other comprehensive income for fair value change for the years ended December 31, 2023 and 2022, respectively.
- C. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Company was \$105,421 and \$100,822, respectively.
- D. The Company has no financial assets at fair value through other comprehensive income pledged to others.
- E. Information relating to fair value is provided in Note 12(3).

(4) Financial assets at amortised cost

Items	December 31, 2023	December 31, 2022
Current items:		
Time deposits with maturity over three months	\$ 218,700	\$ 97,670

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Year ended December 31	
	2023	2022
Interest income	\$ 2,779	\$ 637

B. Details of the Company's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

The counterparties of the Company's investments in certificates of deposit are financial institutions with high credit quality, so the Company expects that the probability of counterparty default is remote.

(5) Notes and accounts receivable

	December 31, 2023		December 31, 2022	
	Non-related parties	Related parties	Non-related parties	Related parties
Notes receivable	\$ 641	\$ -	\$ 1,255	\$ -
Accounts receivable	\$ 613,361	\$ 123,261	\$ 754,552	\$ 161,099
Less: Allowance for uncollectible accounts	(33,775)	-	(21,822)	-
	\$ 579,586	\$ 123,261	\$ 732,730	\$ 161,099

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 608,820	\$ 641	\$ 750,859	\$ 1,255
Up to 90 days	27,145	-	64,798	-
91 to 180 days	34,311	-	34,337	-
181 to 365 days	38,638	-	47,919	-
Over 365 days	27,708	-	17,738	-
	<u>\$ 736,622</u>	<u>\$ 641</u>	<u>\$ 915,651</u>	<u>\$ 1,255</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2023 and 2022, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2022, the balance of receivables from contracts with customers amounted to \$768,520.

C. 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 Company's notes receivable was \$641 and \$1,255 and accounts receivable (including related parties) was \$702,847 and \$893,829, respectively.

D. The Company did not hold any collateral.

E. Information relating to credit risk is provided in Note 12(2).

(6) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Merchandise inventory	\$ 101,226	\$ (392)	\$ 100,834
Raw materials	150,664	(19,690)	130,974
Work in progress	54,662	(575)	54,087
Finished goods	30,072	(10,609)	19,463
Outsourced finished goods	716,360	-	716,360
Inventory in transit	10	-	10
	<u>\$ 1,052,994</u>	<u>(31,266)</u>	<u>\$ 1,021,728</u>
	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Merchandise inventory	\$ 151,548	\$ (676)	\$ 150,872
Raw materials	149,286	(21,207)	128,079
Work in progress	80,612	(547)	80,065
Finished goods	55,415	(6,658)	48,757
Outsourced finished goods	753,736	-	753,736
	<u>\$ 1,190,597</u>	<u>\$ (29,088)</u>	<u>\$ 1,161,509</u>

The cost of inventories recognised as expense for the year:

	Year ended December 31	
	2023	2022
Cost of goods sold	\$ 2,062,781	\$ 2,291,937
Loss on inventory obsolescence and market price decline (Gain from price recovery)	2,178 (	3,627)
Maintenance costs	33,220	35,540
Loss on physical inventory	(1)	-
	<u>\$ 2,098,178</u>	<u>\$ 2,323,850</u>

The Company reversed a previous inventory write-down because the inventories were partially sold and disposed by the Company during the year ended December 31, 2022.

(7) Investments accounted for using the equity method

	December 31, 2023	December 31, 2022
Subsidiaries:		
Ampoc Tech Limited	<u>\$ 232,853</u>	<u>\$ 179,656</u>
	2023	2022
At January 1	\$ 179,656	\$ 129,538
Share of profit or loss of investments accounted for using the equity method	52,922	44,636
Unrealised loss (profit) from sales	2,923 (	2,717)
Exchange differences on translation	(2,648)	8,199
At December 31	<u>\$ 232,853</u>	<u>\$ 179,656</u>

Please refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2023 for the information regarding the Company's subsidiaries.

(8) Property, plant and equipment

		2023				
	Land	Buildings and structures	Machinery and equipment	Construction in progress	Others	Total
At January 1						
Cost	\$ 358,223	\$ 176,834	\$ 17,323	\$ -	\$ 41,801	\$ 594,181
Accumulated depreciation	-	(90,992)	(2,515)	-	(17,175)	(110,682)
	<u>\$ 358,223</u>	<u>\$ 85,842</u>	<u>\$ 14,808</u>	<u>\$ -</u>	<u>\$ 24,626</u>	<u>\$ 483,499</u>
Opening net book amount as at						
January 1	\$ 358,223	\$ 85,842	\$ 14,808	\$ -	\$ 24,626	\$ 483,499
Additions	350,474	6,667	2,270	109,589	2,858	471,858
Reclassifications	-	2,857	900	-	1,669	5,426
Disposals	-	-	-	-	(597)	(597)
Depreciation charge	-	(4,884)	(772)	-	(3,827)	(9,483)
Closing net book amount as at						
December 31	<u>\$ 708,697</u>	<u>\$ 90,482</u>	<u>\$ 17,206</u>	<u>\$ 109,589</u>	<u>\$ 24,729</u>	<u>\$ 950,703</u>
At December 31						
Cost	\$ 708,697	\$ 184,034	\$ 20,493	\$ 109,589	\$ 44,440	\$ 1,067,253
Accumulated depreciation	-	(93,552)	(3,287)	-	(19,711)	(116,550)
	<u>\$ 708,697</u>	<u>\$ 90,482</u>	<u>\$ 17,206</u>	<u>\$ 109,589</u>	<u>\$ 24,729</u>	<u>\$ 950,703</u>
		2022				
	Land	Buildings and structures	Machinery and equipment	Others	Total	
At January 1						
Cost	\$ 358,223	\$ 176,834	\$ 17,214	\$ 38,943	\$ 591,214	
Accumulated depreciation	-	(86,103)	(1,825)	(14,512)	(102,440)	
	<u>\$ 358,223</u>	<u>\$ 90,731</u>	<u>\$ 15,389</u>	<u>\$ 24,431</u>	<u>\$ 488,774</u>	
Opening net book amount as at						
January 1	\$ 358,223	\$ 90,731	\$ 15,389	\$ 24,431	\$ 488,774	
Additions	-	-	134	3,871	4,005	
Reclassifications	-	-	-	76	76	
Disposals	-	-	(19)	(156)	(175)	
Depreciation charge	-	(4,889)	(696)	(3,596)	(9,181)	
Closing net book amount as at						
December 31	<u>\$ 358,223</u>	<u>\$ 85,842</u>	<u>\$ 14,808</u>	<u>\$ 24,626</u>	<u>\$ 483,499</u>	
At December 31						
Cost	\$ 358,223	\$ 176,834	\$ 17,323	\$ 41,801	\$ 594,181	
Accumulated depreciation	-	(90,992)	(2,515)	(17,175)	(110,682)	
	<u>\$ 358,223</u>	<u>\$ 85,842</u>	<u>\$ 14,808</u>	<u>\$ 24,626</u>	<u>\$ 483,499</u>	

A. The aforementioned property, plant and equipment were all for its own use.

B. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
Amount capitalised	\$ 130	\$ -
Range of the interest rates for capitalisation	1.90%	

C. The significant components of buildings and structures include main plants and decor improvements, which are depreciated over 55 and 20 years, respectively.

D. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(9) Leasing arrangements — lessee

A. The Company leases various assets including buildings (including land) and transportation equipment (business vehicles). Rental contracts are typically made for periods of 1 to 5 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. Short-term leases with a lease term of 12 months or less comprise warehouses, transportation equipment and photocopiers.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings (including land)	\$ 166	\$ 451
Transportation equipment (Business vehicles)	1,515	-
	<u>\$ 1,681</u>	<u>\$ 451</u>
	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings (including land)	\$ 3,020	\$ 2,762
Transportation equipment (Business vehicles)	757	24
	<u>\$ 3,777</u>	<u>\$ 2,786</u>

D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$5,007 and \$0, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 59	\$ 21
Expense on short-term lease contracts	5,358	6,121

F. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were \$8,888 and \$8,928, respectively.

(10) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Employees' compensation and directors' and supervisors' remuneration payable	\$ 73,461	\$ 63,498
Annual bonus payable	51,947	47,219
Wages and salaries payable	31,069	32,482
Others	45,413	34,868
	<u>\$ 201,890</u>	<u>\$ 178,067</u>

(11) Provisions

Warranty:	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
At January 1	\$ 24,669	\$ 23,142
Additional provisions	25,638	21,576
Used during the year	(24,695)	(20,049)
At December 31	<u>\$ 25,612</u>	<u>\$ 24,669</u>

The Company provides warranties on mechanical equipment sold. Provision for warranty is estimated based on historical warranty data of mechanical equipment products. The Company expects that the liability will be used in the following year, so it is shown as current liabilities.

(12) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2023</u>
Long-term bank borrowings				
Secured borrowings	Borrowing period is from December 19, 2023 to December 19, 2028; monthly amortized payment on principal and interest.	1.90%	Property, plant and equipment	\$ 190,000
Less: Current portion				(39,864)
				<u>\$ 150,136</u>

(13) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit

for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	(\$ 171,781)	(\$ 164,627)
Fair value of plan assets	<u>99,946</u>	<u>105,417</u>
Net defined benefit liability (shown as "Other non-current liabilities")	(\$ <u>71,835</u>)	(\$ <u>59,210</u>)

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

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
<u>2023</u>			
At January 1	(\$ 164,627)	\$ 105,417	(\$ 59,210)
Current service cost	(531)	-	(531)
Interest (expense) income	(2,012)	1,285	(727)
Past service cost	150	-	150
Settlement profit or loss	<u>2,431</u>	<u>-</u>	<u>2,431</u>
	(<u>164,589</u>)	<u>106,702</u>	(<u>57,887</u>)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	1,020	1,020
Change in demographic assumptions	(1)	-	(1)
Change in financial assumptions	(650)	-	(650)
Experience adjustments	(<u>13,721</u>)	<u>-</u>	(<u>13,721</u>)
	(<u>14,372</u>)	<u>1,020</u>	(<u>13,352</u>)
Pension fund contribution	-	1,806	1,806
Paid pension	7,151	(7,151)	-
Settlement or curtailment of payments	<u>29</u>	(<u>2,431</u>)	(<u>2,402</u>)
At December 31	(\$ <u>171,781</u>)	\$ <u>99,946</u>	(\$ <u>71,835</u>)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>2022</u>			
At January 1	(\$ 203,269)	\$ 109,602	(\$ 93,667)
Current service cost	(613)	-	(613)
Interest (expense) income	(1,392)	744	(648)
	<u>(205,274)</u>	<u>110,346</u>	<u>(94,928)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	9,192	9,192
Change in demographic assumptions	(3)	-	(3)
Change in financial assumptions	7,446	-	7,446
Experience adjustments	17,161	-	17,161
	<u>24,604</u>	<u>9,192</u>	<u>33,796</u>
Pension fund contribution	-	1,900	1,900
Paid pension	16,043	(16,021)	22
At December 31	<u>(\$ 164,627)</u>	<u>\$ 105,417</u>	<u>(\$ 59,210)</u>

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the 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 aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator.

The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as 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:

	Year ended December 31	
	2023	2022
Discount rate	1.20%	1.25%
Future salary increases	2.00%	2.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

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 0.25%	Decrease 0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	(\$ 3,139)	\$ 3,235	\$ 3,201	(\$ 3,122)
December 31, 2022				
Effect on present value of defined benefit obligation	(\$ 3,218)	\$ 3,321	\$ 3,288	(\$ 3,203)

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

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

(f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2024 amount to \$2,020.

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

Within 1 year	\$ 13,574
2~3 years	17,312
4~5 years	41,732
Over 5 years	113,482
	<u>\$ 186,100</u>

B. (a) Effective July 1, 2005, the Company 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 Company 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 defined contribution pension plans of the Company for the years ended December 31, 2023 and 2022, were \$9,563 and \$9,505, respectively.

(14) Share capital

As of December 31, 2023, the Company's authorised capital was \$1,788,000, consisting of 178,800 thousand shares of ordinary stock, and the paid-in capital was \$1,144,373 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

(15) 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. surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(16) Retained earnings / Events after the balance sheet date

- A. The Company has amended the Company's Articles of Incorporation as resolved by the shareholders on June 11, 2019. Under the Company's amended Articles of Incorporation, if the Company has any profit for the current year, shall be used to pay income tax and offset prior years' operating losses. The remaining amount, if any, then 10% shall be set aside as legal reserve. When necessary, the special reserve shall be set aside or reversed in accordance with related laws or the regulations of the regulatory authority, after that, adding the accumulated undistributed surplus of the previous year is the accumulated undistributed earnings. The aforesaid distributable earnings shall be proposed by the Board of Directors and resolved by the shareholders.

The additions after the amendment of the Company's Articles of Incorporation are as follow: the Board of Directors may, upon resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, distribute dividends and bonus, capital surplus or legal reserve, in whole or in part, in the form of cash, which shall also be reported at the shareholders' meeting. The above distribution is not subject to approval by the shareholders.

- B. To meet the needs of business expansion and industrial growth, the Company can distribute stock dividends for reserving sufficient capital based on the Company's overall capital budget, and remaining dividends can be distributed in the form of cash. 10% of the total dividend distribution to shareholders. However, cash dividends shall not be less than 10% of the total dividends distributed to shareholders for the year unless the cash dividend per share is less than 5 dimes, it may be paid in the form of stock dividend instead.

- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- E. Distributions of dividends to the shareholders from the appropriation of earnings for the years ended December 31, 2022 and 2021 approved by the shareholders on June 14, 2023 and June 16, 2022, respectively, are as follows:

	Year ended December 31			
	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 61,944		\$ 35,334	
Cash dividends	457,750	\$ 4.00	314,703	\$ 2.75

The mentioned above distribution of earnings for the years 2022 and 2021 was in agreement with those amounts proposed by the Board of Directors on March 22, 2023 and March 24, 2022. On March 13, 2024, the Board of Directors resolved to distribute cash dividends from the 2023 earnings is the amount of \$572,187 at \$5 (in dollars) per share. As of March 13, 2024, the aforementioned appropriations of 2023 earnings had not yet been reported to the shareholders' meeting.

(17) Operating revenue

	Year ended December 31	
	2023	2022
Revenue from contracts with customers	\$ 3,229,509	\$ 3,372,629

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

<u>Year ended December 31, 2023</u>	<u>Mechanical equipment</u>	<u>Expendable Merchandise</u>	<u>Maintenance</u>	<u>Total</u>
Revenue from contracts with customers	\$ 2,152,072	\$ 1,007,501	\$ 69,936	\$ 3,229,509
<u>Year ended December 31, 2022</u>	<u>Mechanical equipment</u>	<u>Expendable Merchandise</u>	<u>Maintenance</u>	<u>Total</u>
Revenue from contracts with customers	\$ 2,166,936	\$ 1,126,613	\$ 79,080	\$ 3,372,629

B. Contract assets and liabilities

The Company has recognised the following revenue-related contract assets and liabilities:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2023</u>
Contract liabilities:			
Contract liabilities-advance sales receipts	\$ 800,080	\$ 784,546	\$ 490,747

(a) Significant changes in contract assets and liabilities

None.

(b) Revenue recognised that was included in the contract liability balance at the beginning of the year

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Revenue recognised that was included in the contract liability balance at the beginning of the year	\$ 727,625	\$ 484,519

(18) Interest income

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Interest income from bank deposits	\$ 4,704	\$ 1,405
Other interest income	2,779	637
	<u>\$ 7,483</u>	<u>\$ 2,042</u>

(19) Other income

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Rent income	\$ 157	\$ 157
Dividend income	8,162	7,359
Other income, others	527	565
	<u>\$ 8,846</u>	<u>\$ 8,081</u>

(20) Other gains and losses

	Year ended December 31	
	2023	2022
Net currency exchange gains	\$ 12,170	\$ 39,413
Losses on financial assets at fair value through profit or loss	10,277 (	49,006)
Losses on disposals of property, plant and equipment	(416) (	99)
Other income, others	20	-
	<u>\$ 22,051</u>	<u>(\$ 9,692)</u>

(21) Finance costs

	Year ended December 31	
	2023	2022
Interest expense:		
Bank borrowings	\$ 3	\$ 15
Leases	59	21
	<u>\$ 62</u>	<u>\$ 36</u>

(22) Expenses by nature

	Year ended December 31	
	2023	2022
Change in inventories of merchandise, finished goods and work in progress	\$ 138,981	\$ 43,500
Net purchase for the year	696,818	889,197
Raw materials and supplies used	905,875	1,048,224
Employee benefit expense	386,106	371,632
Outsourcing processing fee	137,892	126,520
Depreciation charges on property, plant and equipment and right-of-use assets	13,260	11,967
Amortisation charge	5,862	5,292
Expected credit impairment loss	11,953	4,852
Other expenses	164,190	163,907
Operating costs and operating expenses	<u>\$ 2,460,937</u>	<u>\$ 2,665,091</u>

(23) Employee benefit expense

	Year ended December 31	
	2023	2022
Wages and salaries	\$ 317,874	\$ 309,215
Labour and health insurance fees	23,297	22,222
Pension costs	10,821	10,766
Directors' remuneration	22,894	18,437
Other personnel expenses	11,220	10,992
	<u>\$ 386,106</u>	<u>\$ 371,632</u>

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 5%~8% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration.

B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$55,096 and \$47,623, respectively; while directors' and supervisors' remuneration was accrued at \$18,365 and \$15,875, respectively. The aforementioned amounts were recognised in salary expenses. The employees' compensation and directors' remuneration were estimated and accrued based on the percentage of distributable profit of current year as of the end of the reporting period as prescribed by the Company's Articles of Incorporation.

The amount of employees' compensation and directors' and supervisors' remuneration of 2022 as resolved by the Board of Directors was \$47,623 and \$13,000, respectively. The amount of the employees' compensation and directors' and supervisors' remuneration recognised in the 2023 financial report was \$47,623 and \$15,875, respectively. The difference of \$2,875 had been adjusted to loss in 2023.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31	
	2023	2022
Current tax:		
Current tax on profits for the year	\$ 155,422	\$ 141,330
Tax on undistributed surplus earnings	4,987	165
Prior year income tax under (over) estimation	1,319	(1,298)
Total current tax	<u>161,728</u>	<u>140,197</u>
Deferred tax:		
Origination and reversal of temporary differences	10,697	17,255
Total deferred tax	<u>10,697</u>	<u>17,255</u>
Income tax expense	<u>\$ 172,425</u>	<u>\$ 157,452</u>

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

	Year ended December 31	
	2023	2022
Remeasurement of defined benefit obligations	(\$ 2,671)	\$ 6,759
Currency translation differences	(530)	1,640
	<u>(\$ 3,201)</u>	<u>\$ 8,399</u>

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	\$ 172,547	\$ 149,971
Expenses disallowed by tax regulation	83	9,774
Tax exempt income by tax regulation	(6,511)	(1,160)
Tax on undistributed earnings	4,987	165
Prior year income tax under (over) estimation	1,319	(1,298)
Income tax expense	<u>\$ 172,425</u>	<u>\$ 157,452</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
Temporary differences:					
— Deferred tax assets:					
Allowance for bad debts	\$	8,857	(\$ 2,732)	\$ -	\$ 6,125
Unrealised loss on valuation loss and slow-moving inventories		5,818	435	-	6,253
Provision for after sale services		4,934	188	-	5,122
Pensions		11,842	(116)	2,671	14,397
Unrealised gross profit		1,206	(584)	-	622
Currency translation differences	(	554)	-	530	(24)
Others		1,925	35	-	1,960
	\$	<u>34,028</u>	<u>(\$ 2,774)</u>	<u>\$ 3,201</u>	<u>\$ 34,455</u>
— Deferred tax liabilities:					
Provision for land increment tax	(\$	4,727)	\$ -	\$ -	(\$ 4,727)
Unrealised exchange gain	(	4,624)	2,661	-	(1,963)
Gain on investments accounted for under equity method	(	29,064)	(10,584)	-	(39,648)
	(\$	<u>38,415</u>)	<u>(\$ 7,923)</u>	<u>\$ -</u>	<u>(\$ 46,338)</u>
	(\$	<u>4,387</u>)	<u>(\$ 10,697)</u>	<u>\$ 3,201</u>	<u>(\$ 11,883)</u>
		2022			
		January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:					
— Deferred tax assets:					
Unrealised exchange loss	\$	3,061	(\$ 3,061)	\$ -	\$ -
Allowance for bad debts		9,565	(708)	-	8,857
Unrealised loss on valuation loss and slow-moving inventories		6,543	(725)	-	5,818
Provision for after sale services		4,628	306	-	4,934
Pensions		18,733	(132)	(6,759)	11,842
Unrealised gross profit		663	543	-	1,206
Currency translation differences		1,086	-	(1,640)	(554)
Others		1,853	72	-	1,925
	\$	<u>46,132</u>	<u>(\$ 3,705)</u>	<u>(\$ 8,399)</u>	<u>\$ 34,028</u>
— Deferred tax liabilities:					
Provision for land increment tax	(\$	4,727)	\$ -	\$ -	(\$ 4,727)
Unrealised exchange gain	-	(4,624)	-	-	(4,624)
Gain on investments accounted for under equity method	(	20,138)	(8,926)	-	(29,064)
	(\$	<u>24,865</u>)	<u>(\$ 13,550)</u>	<u>\$ -</u>	<u>(\$ 38,415)</u>
	\$	<u>21,267</u>	<u>(\$ 17,255)</u>	<u>(\$ 8,399)</u>	<u>(\$ 4,387)</u>

D. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Deductible temporary differences	<u>\$ 117,180</u>	<u>\$ 117,180</u>

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

(25) Earnings per share

	<u>Year ended December 31, 2023</u>		
	<u>Amount after tax</u>	<u>Ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	<u>\$ 690,310</u>	<u>114,437</u>	<u>\$ 6.03</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	690,310	114,437	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>927</u>	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 690,310</u>	<u>115,364</u>	<u>\$ 5.98</u>
	<u>Year ended December 31, 2022</u>		
	<u>Amount after tax</u>	<u>Ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	<u>\$ 592,400</u>	<u>114,437</u>	<u>\$ 5.18</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	592,400	114,437	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>1,262</u>	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 592,400</u>	<u>115,699</u>	<u>\$ 5.12</u>

(26) Supplemental cash flow information

Investing activities with no cash flow effects:

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Prepayments for business facilities transferred into property, plant and equipment	<u>\$ 5,426</u>	<u>\$ 76</u>

7. Related Party Transactions

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Ampoc Tech Limited (ATL)	Subsidiary
Ampoc Trading (Shanghai) Co., Ltd. (ASC)	Sub-subsidiary

(2) Significant related party transactions

A. Operating revenue

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Sales of goods:		
ATL	\$ 298,591	\$ 265,933
ASC	181,246	160,360
	<u>\$ 479,837</u>	<u>\$ 426,293</u>

For the above-mentioned products sold to ATL which belong to mechanical equipment, their various product specifications are due to different customer needs, so their sales prices cannot be compared with general customers; the prices of other sales items are calculated based on market prices and are the same as general customers. The collection period of the payment for the goods, the mechanical equipment sold to ATL is collected according to the contract, and the remaining payment is collected as 2 to 5 months after monthly billings.

B. Service expenditures

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
ASC	\$ 103,208	\$ 96,395

The above-mentioned service expenditures was paid to ASC because ASC assists the Company to provide machinery and equipment maintenance services to Chinese customers, which was shown as ‘Manufacturing overhead-outsourcing processing fee’. The payment amount is calculated by ASC’s monthly manufacturing overhead and the actual payment on behalf of others for materials and is based on the contract-plus ratio, and the payment would be made in the following month.

C. Receivables from related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable:		
ATL	\$ 71,243	\$ 105,840
ASC	52,018	55,259
	<u>123,261</u>	<u>161,099</u>
Allowances for uncollectible accounts	-	-
	<u>\$ 123,261</u>	<u>\$ 161,099</u>
Other receivables:		
ATL	\$ 6	\$ 6

The receivables from related parties arise mainly from sale of goods. For information of the receivables, please refer to A.

D. Payables to related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable:		
ASC	<u>\$ 3,476</u>	<u>\$ 3,936</u>

E. Contract liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
ATL	<u>\$ 262,599</u>	<u>\$ 130,294</u>

It is the advance sales receipts from the sales of machinery and equipment between the parent and subsidiary companies, which are transferred to revenue when the machine installation is confirmed. Revenue recognised that was included in the contract liability balance at the beginning of the year:

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
ATL	<u>\$ 115,440</u>	<u>\$ 43,926</u>

(3) Key management compensation

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 38,965	\$ 31,474
Other long-term benefits	524	509
	<u>\$ 39,489</u>	<u>\$ 31,983</u>

8. Pledged Assets

The Company's assets pledged as collateral are as follows:

<u>Pledged asset</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>	
Property, plant and equipment			
Land (including revaluation increment)	\$ 708,697	\$ 358,223	Issuance of letter of credit and credit line for long-term and short-term borrowings
- Buildings and structures	90,482	85,842	"
- Construction in progress	109,589	-	"
	<u>\$ 908,768</u>	<u>\$ 444,065</u>	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

None.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

Please refer to Note 6(16).

12. Others

(1) Capital management

The Company plans for working capital, research and development expenses and dividend distribution based on the Company's current operating characteristics and future development, taking into account changes in the external environment, so as to safeguard the Company's ability to continue as a going concern, grant returns to the shareholders and maintain an optimal capital structure in order to enhance shareholders' value in the long-term. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 921,910	\$ 788,634
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	105,421	100,822
Financial assets at amortised cost		
Cash and cash equivalents	702,440	791,778
Financial assets at amortised cost	218,700	97,670
Notes receivable	641	1,255
Accounts receivable (including related parties)	702,847	893,829
Other receivables (including related parties)	621	375
Guarantee deposits paid	1,042	1,067
	<u>\$ 2,653,622</u>	<u>\$ 2,675,430</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Notes payable	\$ 2,050	\$ 2,268
Accounts payable (including related parties)	478,518	599,171
Other accounts payable (including related parties)	201,890	178,067
Long-term borrowings (including current portion)	190,000	-
Other financial liabilities	13	13
	<u>\$ 872,471</u>	<u>\$ 779,519</u>
Lease liability	<u>\$ 1,986</u>	<u>\$ 451</u>

B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.
- (b) Risk management is carried out by the relevant department of the Company under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.
- C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023			
	Foreign currency			
	amount			Book value
	(in thousands)	Exchange rate		(NTD)
(Foreign currency: functional currency)				
Financial assets				
Monetary items				
USD:NTD	\$ 16,365	\$ 30.71	\$	502,487
JPY:NTD	1,146,126	0.2172		248,939
Non-monetary items				
USD:NTD	\$ 35	\$ 29.60	\$	1,036
Long-term equity investments accounted for using the equity method				
HKD:NTD	\$ 59,265	\$ 3.9290	\$	232,853
Financial liabilities				
Monetary items				
USD:NTD	\$ 402	\$ 30.71	\$	12,343
JPY:NTD	230,397	0.2172		50,042

December 31, 2022			
(Foreign currency: functional currency)	Foreign currency		
	amount		Book value
	(in thousands)	Exchange rate	(NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 21,015	\$ 30.71	\$ 645,371
JPY:NTD	1,070,187	0.2324	248,711
<u>Non-monetary items</u>			
USD:NTD	\$ 35	\$ 29.60	\$ 1,036
<u>Long-term equity investments accounted for using the equity method</u>			
HKD:NTD	\$ 45,621	\$ 3.9380	\$ 179,656
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 374	\$ 30.71	\$ 11,486
JPY:NTD	345,258	0.2324	80,238

- ii. The total exchange gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022, amounted to \$12,170 and \$39,413, respectively.
- iii. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2023			
(Foreign currency: functional currency)	Sensitivity analysis		
	Degree of variation	Effect on profit or loss before tax	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 5,025	\$ -
JPY:NTD	1%	2,489	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 123	\$ -
JPY:NTD	1%	500	-

		Year ended December 31, 2022		
		Sensitivity analysis		
		Degree of variation	Effect on profit or loss before tax	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	6,454	\$ -
JPY:NTD	1%		2,487	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	115	\$ -
JPY:NTD	1%		802	-

Price risk

The Company's financial assets, which are exposed to price risk, are classified as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income at the balance sheet. To manage its price risk arising from investments in financial assets, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

The Company's investments in financial securities comprise listed stocks, emerging stocks and open-end funds issued by the domestic and foreign companies. The prices of financial securities would change due to the change of the future value of investee companies. If the prices of these financial securities had increased/decreased by 1% with all other variables held constant, the profit for the years ended December 31, 2023 and 2022 would have increased/decreased by \$9,219 and \$7,886, respectively, as a result of gains/losses on financial securities classified as at fair value through profit or loss.

Cash flow and fair value interest rate risk

None.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at fair value through other comprehensive income, at fair value through profit or loss and at amortised cost.
- ii. The Company manages their credit risk taking into consideration the entire company's concern. For banks and financial institutions, only independently rated parties with a rating above investment grade are accepted. According to the Company's credit policy, each local unit in the Company is responsible for managing and analysing the credit risk for each of

their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

- iii. According to the Company's management on credit risk, the default occurs when the contract payments are past due over 365 days.
- iv. The Company assesses whether there has been a significant increase in credit risk on that instrument since initial recognition is that when the contract payments were past due over 180 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. 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 reorganisation due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Company classifies customers' accounts receivable in accordance with credit risk on trade. The Company applies the modified approach using a provision matrix based on the loss rate methodology to estimate the expected credit loss.
- vii. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights. On December 31, 2023 and 2022, the Company's written-off financial assets that are still under recourse procedures amounted to \$0.

viii.

- ix. The Company used the forecastability to adjust historical and timely information to assess the default possibility of accounts and notes receivable (including related parties). On December 31, 2023 and 2022, the loss rate methodology is as follows:

	Not past due	Up to 90 days	91~ 180 days	181~ 365 days	Over 365 days	Total
<u>December 31, 2023</u>						
Expected loss rate	0%	1.00%~3.00%	3.01%~5.00%	5.01%~15.00	50.00%~100%	
Total book value	\$ 609,461	\$ 27,145	\$ 34,311	\$ 38,638	\$ 27,708	\$ 737,263
Loss allowance	\$ -	\$ 734	\$ 1,715	\$ 4,862	\$ 26,464	\$ 33,775
	Not past due	Up to 90 days	91~ 180 days	181~ 365 days	Over 365 days	Total
<u>December 31, 2022</u>						
Expected loss rate	0%	1.00%~3.00%	3.01%~5.00%	5.01%~15.00	50.00%~100%	
Total book value	\$ 752,114	\$ 64,798	\$ 34,337	\$ 47,919	\$ 17,738	\$ 916,906
Loss allowance	\$ -	\$ 1,104	\$ 1,593	\$ 4,931	\$ 14,194	\$ 21,822

- x. Movements in relation to the Company applying the modified approach to provide loss allowance for accounts receivable and notes receivable are as follows:

	2023
	Accounts and notes receivable
At January 1	\$ 21,822
Provision for impairment loss	28,863
Reversal of impairment loss	(16,910)
At December 31	\$ 33,775
	2022
	Accounts and notes receivable
At January 1	\$ 16,970
Provision for impairment loss	23,176
Reversal of impairment loss	(18,324)
At December 31	\$ 21,822

(c) Liquidity risk

- i. Cash flow forecasting is performed by the Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. The table below analyses the Company's non-derivative financial liabilities based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>Non-derivative financial liabilities:</u>	Less than	Between 1	Over 5
December 31, 2023	1 year	and 5 years	years
Notes payable	\$ 2,050	\$ -	\$ -
Accounts payable (including related parties)	478,518	-	-
Other payables (including related parties)	201,890	-	-
Lease liability	1,238	778	-
Long-term borrowings (including current portion)	39,864	150,136	-
Other financial liabilities	-	13	-
<u>Non-derivative financial liabilities:</u>	Less than	Between 1	Over 5
December 31, 2022	1 year	and 5 years	years
Notes payable	\$ 2,268	\$ -	\$ -
Accounts payable (including related parties)	599,171	-	-
Other payables (including related parties)	178,067	-	-
Lease liability	452	-	-
Other financial liabilities	-	13	-

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

(3) Fair value information

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

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

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

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

- B. The carrying amounts of financial instruments that are not measured at fair value including cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties), time deposits with maturity over three months, notes payable, accounts payable (including related parties) and other payables (including related parties) are approximate to their fair values.
- C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2023 and 2022 are as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
- Equity securities	\$ 919,250	\$ -	\$ 2,660	\$ 921,910
Financial assets at fair value through other comprehensive income				
- Equity securities	-	-	105,421	105,421
	<u>\$ 919,250</u>	<u>\$ -</u>	<u>\$ 108,081</u>	<u>\$ 1,027,331</u>
December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
- Equity securities	\$ 785,974	\$ -	\$ 2,660	\$ 788,634
Financial assets at fair value through other comprehensive income				
- Equity securities	-	-	100,822	100,822
	<u>\$ 785,974</u>	<u>\$ -</u>	<u>\$ 103,482</u>	<u>\$ 889,456</u>

- D. The methods and assumptions the Company used to measure fair value are as follows:
The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Emerging stocks	Open-end fund
Market quoted price	Closing price	Last transaction price	Net asset value

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

F. Movements on transfer into or out from Level 3 for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
	<u>Equity instruments</u>	<u>Equity instruments</u>
At January 1	\$ 103,482	\$ 89,938
Gains and losses recognised in profit or loss recorded as non-operating income and expenses	-	(53,568)
Transfers into level 3	-	56,227
Proceeds from capital reduction	(11,228)	(3,000)
Gains recognised in other comprehensive income	15,827	13,885
At December 31	<u>\$ 108,081</u>	<u>\$ 103,482</u>

G. Somnics, Inc. was delisted since January 26, 2022, therefore, the Company transferred the fair value from Level 1 to Level 3 at the end of the month when the event occurred.

H. In August 2022, the Company cooperated with Somnics, Inc. to convert the ordinary shares of Somnics, Inc. at a price of USD \$0.0173 per share into 5,168,005 ordinary shares of Somnics Cayman Inc.

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

J. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at <u>December 31, 2023</u>	<u>Valuation technique</u>	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted stocks or emerging stocks	\$ 108,081	Market comparable companies	Discount for lack of marketability	21.5%	The higher the discount for lack of marketability, the lower the fair value.
		Income approach	Weighted average cost of capital rate	12.14%	The higher the weighted average cost of capital, the lower the fair value.
		Asset approach	N/A	-	N/A

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted stocks or emerging stocks	\$ 103,482	Market comparable companies	Discount for lack of marketability	21.5%	The higher the discount for lack of marketability, the lower the fair value.
		Income approach	Weighted average cost of capital rate	10.06%	The higher the weighted average cost of capital, the lower the fair value.
		Asset approach	N/A	-	N/A

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: None.
- 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): Please refer to table 1.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 2.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 3.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods (Individual transactions not exceeding \$10,000 are not disclosed; Additionally, the corresponding related parties transactions are not disclosed separately.): Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 5.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 6.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 7.

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

14. Operating Segment Information

N/A.

Ampoc Far-East Co., Ltd.
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
Year ended December 31, 2023

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2023				Footnote (Note 4)
				Number of shares (in thousands)	Book value (Note 3)	Ownership (%)	Fair value	
Ampoc Far-East Co., Ltd.	Stocks-QUALIBOND TECHNOLOGY CORP.	N/A	Financial assets at fair value through other comprehensive income - non-current	2,380	\$ 71,710	17.00%	\$ 71,710	
Ampoc Far-East Co., Ltd.	Stocks-MILAGEN INC.	N/A	Financial assets at fair value through other comprehensive income - non-current	109	1,036	0.50%	1,036	
Ampoc Far-East Co., Ltd.	CBID Capital Healthcare Ventures Co., Ltd.	N/A	Financial assets at fair value through other comprehensive income - non-current	677	32,675	1.71%	32,675	
Ampoc Far-East Co., Ltd.	Stocks-CERMA PRECISION, INC.	N/A	Financial assets at fair value through profit or loss - non-current	28	-	0.78%	-	
Ampoc Far-East Co., Ltd.	Stocks-FORMOSA GOLF AND COUNTRY CLUB CORP.	N/A	Financial assets at fair value through profit or loss - non-current	3	-	0.01%	-	
Ampoc Far-East Co., Ltd.	Stocks-Somnics Cayman Inc.	N/A	Financial assets at fair value through profit or loss - non-current	5,168	2,660	17.03%	2,660	Note5
Ampoc Far-East Co., Ltd.	Capital RMB Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	1,459	15,412	-	15,412	
Ampoc Far-East Co., Ltd.	Capital Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	1,939	32,161	-	32,161	
Ampoc Far-East Co., Ltd.	TCB The RSIT Enhanced Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	5,499	67,411	-	67,411	
Ampoc Far-East Co., Ltd.	Franklin Templeton Sinoam Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	7,675	81,554	-	81,554	
Ampoc Far-East Co., Ltd.	FSITC Taiwan Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	4,882	76,840	-	76,840	

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2023				Footnote (Note 4)
				Number of shares (in thousands)	Book value (Note 3)	Ownership (%)	Fair value	
Ampoc Far-East Co., Ltd.	FSITC Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	334	\$ 61,103	-	\$ 61,103	
Ampoc Far-East Co., Ltd.	PGIM Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	4,386	71,313	-	71,313	
Ampoc Far-East Co., Ltd.	Allianz Global Investors Taiwan Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	2,808	36,194	-	36,194	
Ampoc Far-East Co., Ltd.	Nomura Taiwan Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	379	6,347	-	6,347	
Ampoc Far-East Co., Ltd.	CTBC Hua Win Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	6,751	76,387	-	76,387	
Ampoc Far-East Co., Ltd.	Cathay Taiwan Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	6,355	81,109	-	81,109	
Ampoc Far-East Co., Ltd.	Union Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	1,235	16,764	-	16,764	
Ampoc Far-East Co., Ltd.	UPAMC James Bond Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	4,725	81,012	-	81,012	
Ampoc Far-East Co., Ltd.	Fubon Chi-Hsiang Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	950	15,295	-	15,295	
Ampoc Far-East Co., Ltd.	Fubon China Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	1,936	21,846	-	21,846	
Ampoc Far-East Co., Ltd.	Yuanta/P-shares Taiwan Dividend Plus ETF	N/A	Financial assets at fair value through profit or loss-current	20	748	-	748	
Ampoc Far-East Co., Ltd.	JKO Pion Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	6,820	80,807	-	80,807	
Ampoc Far-East Co., Ltd.	SinoPac TWD Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	4,306	61,579	-	61,579	
Ampoc Far-East Co., Ltd.	KGI Victory Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	1,261	15,001	-	15,001	

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2023				Footnote (Note 4)
				Number of shares (in thousands)	Book value (Note 3)	Ownership (%)	Fair value	
Ampoc Far-East Co., Ltd.	Fubon Global Investment-grade Bond Fund A	N/A	Financial assets at fair value through profit or loss-current	997	\$ 10,276	-	10,276	
Ampoc Far-East Co., Ltd.	Fubon US Treasury Inflation-Linked Bond Index Fund A	N/A	Financial assets at fair value through profit or loss-current	981	10,091	-	10,091	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Note 5: In August 2022, the Company cooperated with Somnics, Inc. to convert the ordinary shares of Somnics, Inc. at a price of USD \$0.0173 per share into 5,168,005 ordinary shares of Somnics Cayman Inc.

Ampoc Far-East Co., Ltd.
Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more
Year ended December 31, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:													
Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount	Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
Ampoc Far-East Co., Ltd.	Land and Construction in progress	October 20,2023	\$ 458,880	Paid in full	Note	N/A	N/A	N/A	N/A	N/A	Based on the price appraised by the professional report	Operational needs and future development	N/A

Note: The transaction is based on the relevant transaction information and signed contract of the acquisition of real estate resolution approved by the board of directors. The counterparty is a natural person and not a related party of the company.

Ampoc Far-East Co., Ltd.
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
Year ended December 31, 2023

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Ampoc Far-East Co., Ltd.	ATL	Subsidiary	Sales	(\$ 298,591)	(9.25%)	Based on sales contracts	Based on the general sales and purchase price and conditions	The transaction terms are approximately the same as those with third parties	\$ 71,243	10.13%	
Ampoc Far-East Co., Ltd.	ASC	Subsidiary	Sales	(181,246)	(5.61%)	Based on sales contracts	Based on the general sales and purchase price and conditions	The transaction terms are approximately the same as those with third parties	52,018	7.39%	

Note: Regarding percentage of transaction amount to total operating revenues or total assets, it is computed based on period-end balance of transaction to total assets for balance sheet accounts and based on accumulated transaction amount for the period to total operating revenues for income statement accounts.

Ampoc Far-East Co., Ltd.
Significant inter-company transactions during the reporting periods
Year ended December 31, 2023

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Ampoc Far-East Co., Ltd.	ATL	1	Operating revenue	\$ 298,591	240 days after monthly billings	8.90%
0	Ampoc Far-East Co., Ltd.	ATL	1	Accounts receivable	71,243	240 days after monthly billings	1.43%
0	Ampoc Far-East Co., Ltd.	ASC	1	Operating revenue	181,246	150 days after monthly billings	5.40%
0	Ampoc Far-East Co., Ltd.	ASC	1	Accounts receivable	52,018	150 days after monthly billings	1.04%
0	Ampoc Far-East Co., Ltd.	ASC	1	Service expenditure	103,208	60 days after monthly billings	3.08%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1)Parent company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1)Parent company to subsidiary.

(2)Subsidiary to parent company.

(3)Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

Ampoc Far-East Co., Ltd.
Information on investees (excluding information on investments in Mainland china)
Year ended December 31, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income(loss) recognised by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	(Note 2(2))	(Note 2(3))	
Ampoc Far-East Co., Ltd.	ATL	Hong Kong	Trade of machinery equipment and parts	\$ 37,601	\$ 37,601	9,500	100%	\$ 232,853	\$ 52,922	\$ 52,922	Note 3

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.

Note 3: The capital was actually invested on March 6, 2019 (HKD \$9,500,000)

Ampoc Far-East Co., Ltd.
Information on investments in Mainland China
Year ended December 31, 2023

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 6

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee as of December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023 (Note 3)	Book value of investments in Mainland China 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
ASC	Trade of parts and specialty chemicals	\$ 7,382	2	\$ 33,692	\$ -	\$ -	\$ 33,692	\$ 31,077	100%	\$ 31,077	\$ 119,605	\$ -	Note 2

Company name	Accumulated amount of	Investment amount approved	Ceiling on investments in
ASC	\$ 33,692	\$ 39,580	\$ 1,800,332

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: It referred to reinvest in Mainland China companies by cash through a Hong Kong subsidiary, ATL (HKD\$8,643,000).

Note 3: Investment income (loss) recognised by the Company for the year ended December 31, 2023 was based on the financial statements of the investee that were reviewed by parent company's independent accountants.

Ampoc Far-East Co., Ltd.
Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas
Year ended December 31, 2023

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
	Amount	%	Amount	%	Balance at December 31, 2023	%	Balance at December 31, 2023	Purpose	Maximum balance during the year ended December 31, 2023	Balance at December 31, 2023	Interest rate	Interest during the year ended December 31, 2023	Others (Note1)
ASC	\$ 181,246	5.40%	\$ -	-	\$ 52,018	1.04%	\$ -	-	\$ -	\$ -	-	\$ -	(\$ 103,208)

Note 1: It referred to the service expenditure granted to Mainland China investees for machinery installations.
Note 2: Only material transactions with an amount greater than \$10,000 are disclosed.

Ampoc Far-East Co., Ltd.
Major shareholders information
December 31, 2023

Table 8

Name of major shareholders	Shares (unit: share)	
	Number of shares held	Ownership (%)
Su, Sheng Yih	11,325,114	9.89%

VI. The Impact on the Company's Financial Status in Cases where the Company or its Affiliates have Financial Difficulties : None.

Seven. Review and analysis of the financial position and business achievements and evaluation of risk management

I. Financial position

(I) Table of comparison and analysis of the financial position

Unit: NT\$ Thousand

Item \ Year	2022	2023	Difference		
			Amount of increase (decrease)	%	Explanation
Current asset	3,992,366	3,869,784	-122,582	-3.07	
Property, plant and equipment	484,335	952,022	467,687	96.56	1
Other assets	149,246	161,801	12,555	8.41	
Total assets	4,625,947	4,983,607	357,660	7.73	
Current liabilities	1,762,805	1,709,646	-53,159	-3.02	
Non-current liabilities	98,176	273,407	175,231	178.49	2
Total liabilities	1,860,981	1,983,053	122,072	6.56	
Share capital	1,144,373	1,144,373	-	-	
Additional paid-in capital	322,023	322,023	-	-	
Retained earnings	1,233,688	1,455,567	221,879	17.99	
Other equity	64,882	78,591	13,709	21.13	3
Total shareholders' equity	2,764,966	3,000,554	235,588	8.52	

(II) Description of the analysis of changes:

1. The increase in property, plant and equipment in 2023 compared to 2022 was primarily due to the acquisition of land and factory buildings located at No. 2, Nanyuan Road, Zhongli District, Taoyuan City in October 2023.
2. The increase in non-current liabilities in 2023 compared to 2022 was mainly due to the increase in long-term borrowings for the acquisition of property, plant and equipment in 2023.
3. The increase in other equity in 2023 compared to 2022 was primarily due to an increase in unrealized valuation gains on equity instrument investments measured at fair value through other comprehensive income in 2023 compared to 2022.

II. Financial performance

(I) Comparison and analysis of business achievements

Unit: NT\$ Thousand

Item \ Year	2022	2023	Amount of increase (decrease)	Change ratio (%)	Explanation
Operating revenue	3,448,384	3,354,285	-94,099	-2.73	
Operating costs	2,349,971	2,134,577	-215,394	-9.17	
Gross profit	1,098,413	1,219,708	121,295	11.04	
Operating expenses	342,044	383,547	41,503	12.13	
Net operating profit (loss)	756,369	836,161	79,792	10.55	
Non-operating income and expenses	(977)	37,147	38,124	3,902.15	1
Profit Before tax	755,392	873,308	117,916	15.61	
Income tax expenses	162,992	182,998	20,006	12.27	
Net (losses) profits of continuing operations	592,400	690,310	97,910	16.53	
Other comprehensive profit and loss (net)	47,481	3,028	-44,453	-93.62	2

(II) Description of the analysis of changes:

1. Non-operating income and expenses increased in 2023 compared to 2022, mainly due to gains on financial assets measured at fair value through profit or loss in 2023, while there were losses in 2022.
2. Other comprehensive income (net) increased in 2023 compared to 2022, mainly due to a decrease in the remeasurement of defined benefit plans in 2023 compared to 2022.

III. Cash flow

(I) Description of analysis of changes in cash flows in the most recent year

Item \ Year	2022	2023	Amount of increase (decrease)	Increase (decrease) ratio (%)	Explanation
Operating activities	677,665	813,714	136,049	20.08	1
Investing activities	-50,555	-594,067	-543,512	1,075.09	2
Financing activities	-318,724	-272,870	45,854	-14.39	

1. The increase in net cash inflow from operating activities was mainly due to an increase in net cash inflow from accounts receivable and inventories.
2. The increase in net cash outflow from investing activities was mainly due to the acquisition of property, plant and equipment in 2023.

(II). Recent liquidity analysis

Item \ Year	2022	2023	Increase (decrease) ratio (%)	Explanation
Cash flow ratio (%)	38.44	47.60	23.83	1
Cash flow adequacy ratio (%)	112.72	102.97	-8.65	
Cash reinvestment ratio (%)	12.19	10.49	-13.95	

1. The cash flow ratio increased in 2023 compared to 2022, mainly due to an increase in net cash inflow from operating activities in 2023 compared to 2022.

(III) Cash flow analysis for the following year

Unit: NT\$ Thousand

Opening balance of cash	Net cash flow from operating activities throughout the year	Cash outflow throughout the year	Cash flow surplus (deficit)	Remedial measures for cash flow deficit	
				Investment plan	Financial management plan
988,276	3,449,001	3,200,930	1,236,347	—	—

1. The analysis of changes in cash flows in 2023
 - (1) Operating activities: In 2023, it is estimated the profiting status will continue, and there will be net cash inflow from operating activities.
 - (2) Investing activities: In 2023, it is estimated that there will not be any material investing activity.
 - (3) Financing activities: In 2024, apart from distributing cash dividends of NT\$572,187 thousand, it is estimated that there will not be other material financing activities.

(IV) Improvement plan for insufficient liquidity: Not applicable.

IV. Effects of material capital expenditures on finance and business in the most recent year

- (1) The use of major capital expenditures and sources of funds: In 2023, the land and factory at No. 2, Nanyuan Road, Zhongli District, Taoyuan City were purchased. The main sources of funds were largely from their own funds and partially from bank loans.

V. Investment policy for the most recent year, the main reasons for profit or loss, improvement plan, and investment plans for the following year (those with an investment amount exceeding 5% of the paid-in capital during the year): None.

VI. Risk management and evaluation

- (I) Effects of changes in the interest rate, exchange rate, and inflation on the Company's profit or loss in the most recent year

1. Effects of changes in the interest rate on the Company's profit or loss and future countermeasures: Borrowings at a floating interest rate expose the Company to risks of cash flow interest rate, and partial risks were offset by cash and cash equivalent held by

the Company at a floating interest rate. Borrowings at a fixed interest rate expose the Company to risks of fair value interest rate. Since the end of March, 2016, the Company has had no long-term borrowings calculated at floating interest rates.

The Company will generally consider the costs of capital to raise the capital required for operations.

2. Effects of changes in the exchange rate on the Company's profit or loss and future countermeasures:

Assets and liabilities in foreign currencies of the Company are primarily denominated in USD. In general, our assets in USD are more than our liabilities in USD; therefore, there are effects on the Company, in principle, due to changes in exchange rates. Regarding the USD position on December 31, 2023, if USD appreciates against NTD by 1%, our net profit before tax will increase by NT\$4,902 thousand; if JPY appreciates against NTD by 1%, our net profit before tax will increase by NT\$1,989 thousand. As the changes in exchange rates are hard to predict, the Company adopts the basic strategy to reduce net foreign currency positions, keeps abreast of information related to changes in exchange rates, and engages in hedging transactions for exchange rates to minimize the risks of changes in exchange rates.

3. Effects of inflation on the Company's profit or loss:

The industry in which the Company operates has low linkage to price changes in crude oil, basic metal, and agricultural products; however, it keeps abreast of changes in raw material prices to minimize the effects of inflation on the Company.

(II) Policies regarding high-risk investments, high-leverage investments, loans to others, endorsement/guarantees, and derivative transactions, main reasons for gains or losses in the most recent year, and countermeasures in the future:

1. The Company has established its "Procedures for the Acquisition or Disposal of Assets," "Procedures for Loans to Others," and "Procedures for Endorsements and Guarantees" to regulate investments, loans to others, endorsements and guarantees, derivatives, and other transactions.
2. In 2023, the Company has not engaged in any high-risk investment or high-leverage investment, and it adopts policies for derivative transactions merely for hedging transactions in the hope of minimizing the effects of changes in exchange rates on the Company's profit or loss.
3. In 2023, there was no endorsement or guarantee provided to external parties.
4. In 2023, there was no loan to any external corporation or individual outside of the Group.

(III) Future R&D plan and R&D expenses expected to be invested

1. Future R&D plan

- (1) Develop ultra-thin and ultra-thick horizontal wet procedure equipment.
- (2) Development of ultra-fine circuit procedure equipment for the direction of light, thin, short, and small features.
- (3) Develop energy-saving equipment in response to energy shortage and environmental protection awareness.
- (4) R&D of equipment related to solar panel manufacturing processes..

2. The Company estimates to invest in R&D expenses of NT\$39,038 thousand.

(IV) Effect of changes in domestic and foreign policies and laws of significance on the finance and business of the Company and countermeasures: None.

(V) Effect of technological changes and industrial changes on the Company's finance and business, and countermeasures: The Company has established the data backup system based on the level of risks for its information system and structure, with backup information remotely preserved, and reinforced the simulation tests and emergency response exercises for the machine room. In addition, to allow the information system to smoothly recover to operation as soon as possible when any damage occurs and minimize possible losses and risks, the Company carries out exercises and tests the system recovery plan from time to time each year and has established backup network line, accurate anti-virus software, safety firewall setting, machine room access control, and other information safety protection measures to ensure the normal operation of the information system and data security.

(VI) Effect of changes in the corporate image on corporate crisis management and countermeasures: None.

(VII) Expected benefits and possible risks related to mergers and acquisitions, and countermeasures: None

(VIII) Expected benefits and possible risks related to plant expansion and countermeasures: None.

(IX) Risks of concentrated purchases or sales and countermeasures: The Company has entered into long-term contracts with its suppliers and customers and maintained stable relationships and healthy interactions; therefor, there is no abnormal purchase or sale.

(X) Effects and risks of mass transfer or change in the equity held by Directors, supervisors, or major shareholders with a shareholding over 10% of the Company and countermeasures: None.

(XI) Effects and risks of changes in the right to management of the Company and countermeasures: None.

(XII) For litigious and non-litigious disputes, the Company's Directors, supervisors, President, persons with actual responsibility for the Company, major shareholders holding a stake of greater than 10%, and subsidiaries that have been concluded by means of a final and unappealable judgment, or are still under litigation, where such a dispute could materially affect shareholders' equity or the prices of the Company's securities, disclose the facts of the dispute, the amount of money at stake in the dispute, the date of litigation commencement, the main parties involved in the dispute, and the status of the dispute as of the publication date of the annual report: None.

(XIII) Other important risks and countermeasures: None.

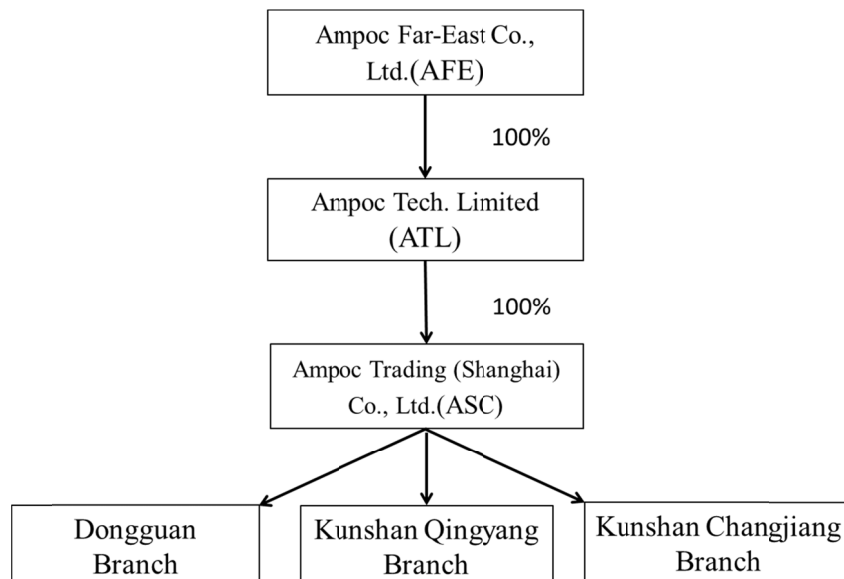
VII. Other Material Matters : None.

Eight. Special Disclosure

I. Information on affiliates:

(I) Consolidated business report of affiliates

1. Organizational structure of affiliates



2. Basic information on affiliates

December 31, 2023 Unit: NT\$ thousand

Company name	Date of incorporation	Company address:	Paid-in capital	Business item
Ampoc Tech. Limited	2018.10.30	Rm.1315,13/F, Shatin Galleria, 18-24 ShanMei Street, Fotan, Shatin, N.T., Hong Kong	HKD 9,500,000	Machinery and equipment and part trading
Ampoc Trading (Shanghai) Co., Ltd.	1998.01.08	Room 704B, 7F, No.118, Xinling Road, China (Shanghai) Pilot Free Trade Zone	USD 200,000	Part and Fine chemical trading

3. Information on the same shareholder of associates presumed to have a relationship of control or subordination: None.

4. Industries cover by the overall scope of business of affiliates: The scope of business of the Company and affiliates primarily include the distribution and sales of various production and testing machinery and equipment, electronics, and fine chemicals for PCB, IC, LCD, and other electronic industries, and the design, manufacturing, and sales of machinery and equipment for the production of PCB and LCD.

5. Directors and presidents of affiliates

December 31, 2023

Company name	Position	Name or name of legal representative	Shareholding	
			Shares	Shareholding
Ampoc Tech. Limited	Director	Su, Sheng-Yih	- Ampoc holds 9,500,000 shares	- 100%
Ampoc Trading (Shanghai) Co., Ltd.	Executive director and President	Su, Sheng-Yih	- ATL contributed US\$200,000	- 100%

6. Business overview of affiliates

December 31, 2023 Unit: NT\$ thousand

Company name	Paid-in capital	Total assets	Total liabilities	Net value	Operating revenue	Operating income	Gains or losses for the period (after tax)	Earnings per share (NT\$)
Ampoc Tech. Limited	37,601	454,584	338,790	115,794	311,092	20,160	21,845	-
Ampoc Trading(Shanghai) Co., Ltd.	7,382	234,451	114,284	120,167	396,730	44,508	31,077	-

II. Status of private securities in the most recent year and up to the publication date of the annual report, the date and amount approved by the shareholders' meeting or the Board, the basis and rationale for the pricing, the selection method of specific persons, and the reason for the necessity of the private placement shall be specified: None.

III. Holding or disposal of the Company's shares by its subsidiaries in the most recent year and up to the publication date of the annual report: None.

IV. Other supplementary information: None.

Nine. Any of the circumstances listed in subparagraph 2, paragraph 3, Article 36 of the Securities and Exchange Act, which may materially affect shareholders' interest or the price of the Company's securities, that have occurred in the most recent year and up to the publication date of the annual report shall be set out on an item-by-item basis: None.